



EASON PAINT PUBLIC COMPANY LIMITED

ANNUAL REPORT 2013



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Mr. Sanan Eksangkul
Chairman

Message from Chairman

It has been less than a year since our last Annual General Shareholders' Meeting and during this time we have had so many issues to deal with, the political situation which has escalated to levels that the Thai people have never experienced before. Even now no definite solution seems likely. This has followed on from the years of severe flooding which hurt the Thai economy and business in general and as a result, the company has been inevitably affected by the current economic climate.

I myself together with the management team realising that our business is operating in an uncertain atmosphere have taken steps to be more cautious in all aspects relating to the operations of the business to ensure continuity. Our investment in Indonesia is expected to show high a growth rate as its motorcycle market is 4 times bigger than that of Thailand. Our operations are scheduled to start in the third quarter of 2014 with the expectation of securing at least a 10% market share of motorcycle paints within 3 years time. At the same time, the plant in Vietnam has been being fully operational since the middle of 2012 and the current market share is approximately 5% and it is anticipated that it will double in the coming year.

Currently, the company is in the process of establishing a subsidiary in Malaysia in order to increase its capabilities to serve customers in Malaysia and Singapore. Even though the domestic market is shrinking, the company intends to focus more on ASEAN region to maintain and increase sales and market share.

Lastly, I would like to express my sincere gratitude to all of the shareholders, directors, management, and staff for their continued contribution towards the success of the company. It is with great hope that we as a country will achieve unity again soon and that peace and prosperity will follow.

Report of Audit Committee

The Audit Committee consists of four independent directors who master in finance and organization management, namely Mrs. Pismai Boonyakiat as Chairman, Mr. Vitien Nildum, Mr. Jane Wong-isariyakul and Ms. Thipawan Uthaisang as members.

The committee performed duties under the delegation of authority set out by the Board. In 2013, total of 4 Audit Committee meeting were held, joint with the Management, the external auditor and the Corporate Audit, as summarized below ;



Mrs. Pismai Boonyakiat
Chairman of Audit Committee

- *Review of quarterly, annual, and consolidated financial statement* This review was made along with the management and the Office of Corporate Audit each time quarterly financial statements and annual financial statements were deliberated, with the external auditor in attendance, to ensure that the prepared financial statements complied with legal and accounting standard requirements under generally accepted accounting principles, that adequate and timely information was disclosed in the financial statements for the benefit of shareholders. This year the Committee and the external auditor held one non management meeting to acknowledge accounting approaches and audit plans. The Audit Committee proposed the appointment of Dhamniti Auditing Co., Ltd. as the external auditor for the company for year 2014 to the Board, which would in turn submit it for shareholder's approval at the AGM 2014.
- *Review of internal control* Reviewed and monitored the quarterly compliance and internal audit report and the annual corporate and internal audit plan, followed up on and corrected any issue found by internal auditors and made recommendation aimed at ensuring compliance to procedures, policy and the rules of company. The committee also provided reasonable assurance that the internal control system is sufficient and appropriate as well as encouraging the independence of internal audit department.
- *Review of disclosure of information* on related party transactions between the Company and its affiliates, or any transactions that could possibly have been perceived as entailing a potential conflict of interest.
- *Review of risk management* The Audit Committee considered and provided opinions on the risk management report and audit results in order to ensure that the overall risks are exposed at a low level, and that any high risk transaction is controlled and managed properly.
- *Corporate governance* The Audit Committee followed up on the business operation to ensure that it complied with good corporate governance principles, to required standards and encouraged further development of good corporate governance.



Mrs. Pismai Boonyakiat
Chairman of the Nomination
and Remuneration Committee

Report of the Nomination and Remuneration Committee

On February 22, 2013, the Board of Eason Paint Public Company Limited appointed its Nomination and Remuneration Committee comprising four members namely, 1) Mrs. Pismai Boonyakiat (Independent Director) as Chairman of the Committee, 2) Mr. Vitien Nildum (Independent Director), 3) Mr. Jane Wong-isariyakul (Independent Director), and 4) Ms. Thipawan Uthaisang (Independent Director).

During 10 month work period in 2013, the Committee performed its duties as assignment by the Board of Director. It held once Committee meeting, and joint meeting was held with the company's management team, and also took course "Role of Nomination and Governance Committee" and "Role of The Compensation Committee". The committee's significant undertakings are detail below;

Nomination

- Selected and nominated a qualified person to fill the vacant director seat
- Determined the qualification for a person to be nominated for directorship
- Studied and proposed the structure and composition of the company's board of Director

Remuneration

- Reviewed the structure of the Director's remuneration and propose for the Board of Directors
- Set out guideline for director's bonus determination
- Formulated criteria and procedure for evaluation of management, and evaluated performance and considered remuneration for management team

In 2013, the committee performed its assigned duties fully and properly with competence, dedication and independence for the best interest of the company and its shareholders.

Our Achievement in 2013



Outstanding Company Performance Awards



Outstanding CEO Awards



CSR-DIW Award 2013



Ms. Petcharat Eksangkul, Managing Director, received 2 SET Awards from Mr. Charnporn Jotikasthira, President, the Stock Exchange of Thailand, at "SET Awards 2013" November 20, 2013

Board of Directors





1. Mr. Sanan Eksangkul
Chairman of 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. Vitien Nildum
Independent Director / Audit Committee
8. Mr. Jane Wong-isariyakul
Independent Director / Audit Committee
9. Ms. Thipawan Uthaisang
Independent Director / Audit Committee

Management Team



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

8. Mr. Piti Eksangkul

Assistant Deputy Managing Director

9. Mrs. Wilaivan Mitrapanon

Supply Chain Manager

10. Ms. Siriporn Choochird

Product Manager

11. Ms. Phanphimon Boonyapinyo

Financial Manager

12. Mr. Chayuth Sereerak

Accounting Manager

5C Policy

**Corporate
Governance**

Compliance

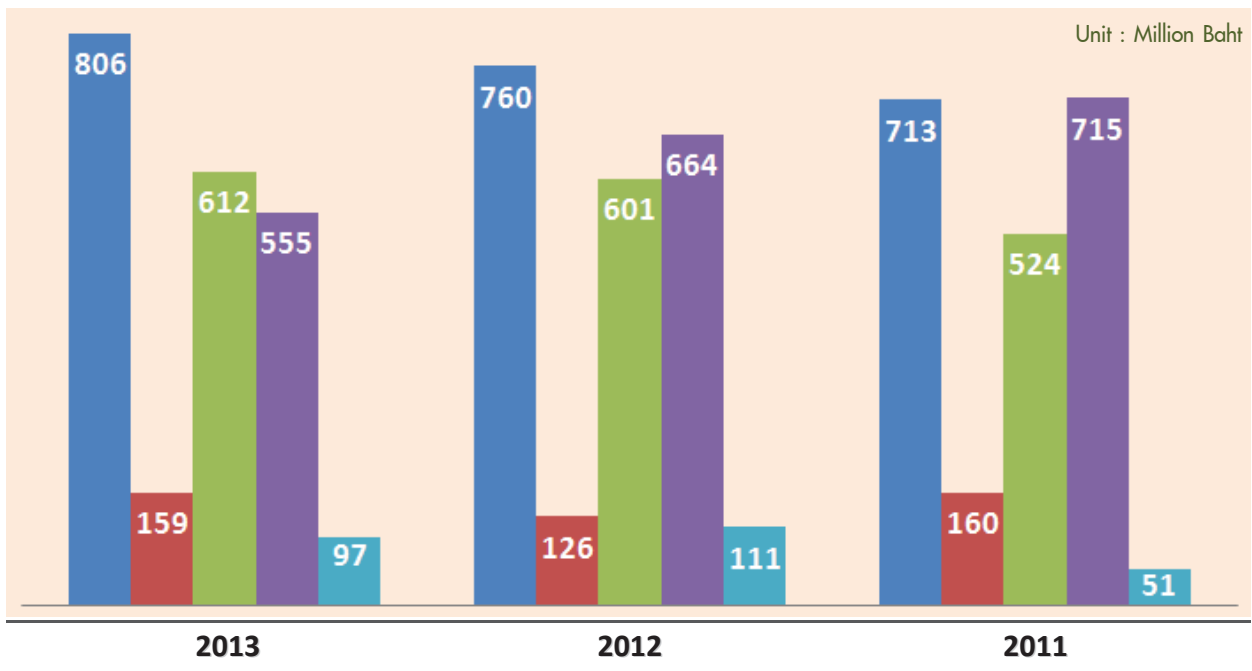
Commitment

Care

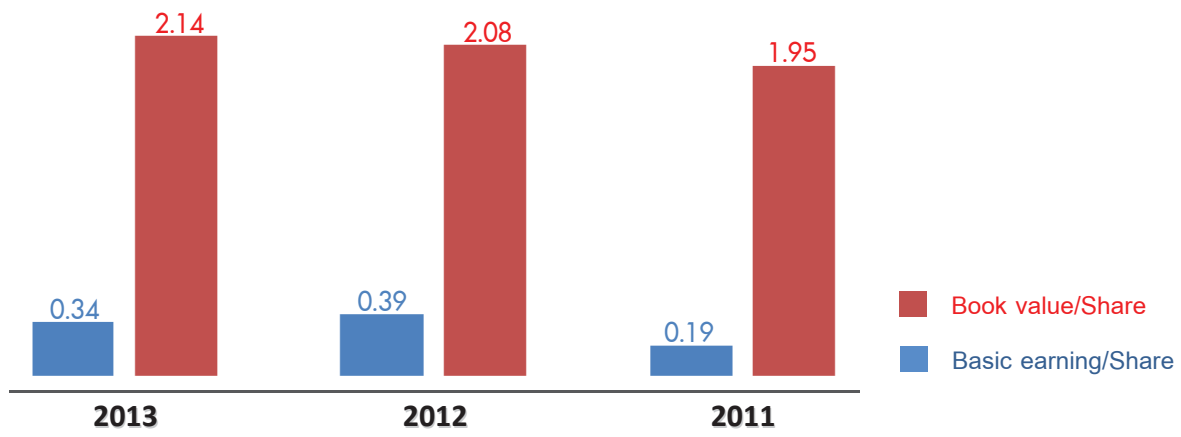
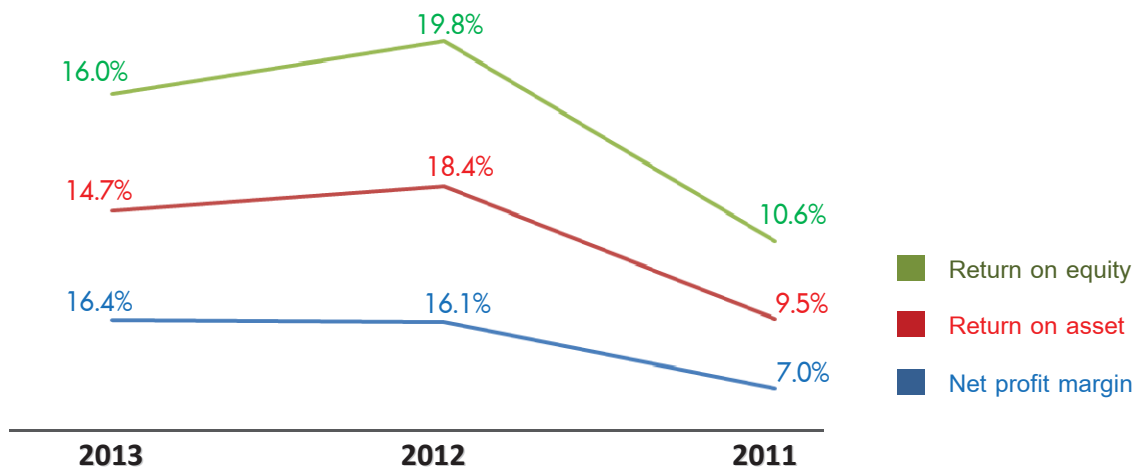
Competency



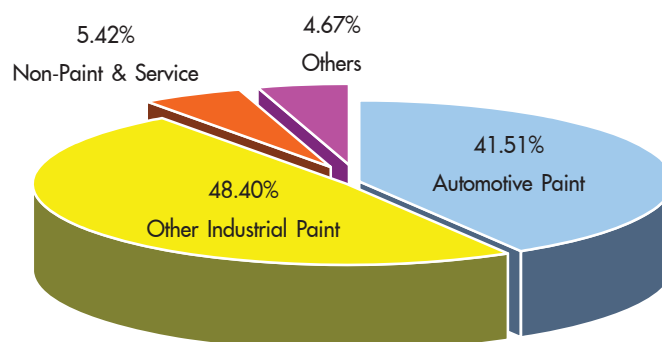
■ Total assets
 ■ Total debt
 ■ Total shareholder's equity on the parent
 ■ Total revenues
 ■ Parent shareholder's profit



Remark: Total revenue not include share of profit of associated company



Executive Summary



In 2013, the company recorded a consolidated income of 554.76 million baht and net profit of 96.52 million baht. Net profit was decreased in amount of 14.17 million baht or 12.80% from former year as a result of the slowdown in automotive industry after the year 2013, which was supported with promotional campaign of the government and the strong recovery of industries from the flood. Also continuing with the political issue in the last quarter of 2013 which made household spending shrank.

For an overview of subsidiary companies and joint venture company continued favorable operating result. The subsidiary company in Vietnam has improved performance of automotive paint tolling. The company recognized gain on foreign exchange rate from fund deposit with bank in the currency of USD. The subsidiary company in Thailand has lower loss from former year, and the company recognized increased gains on investment in joint venture company.

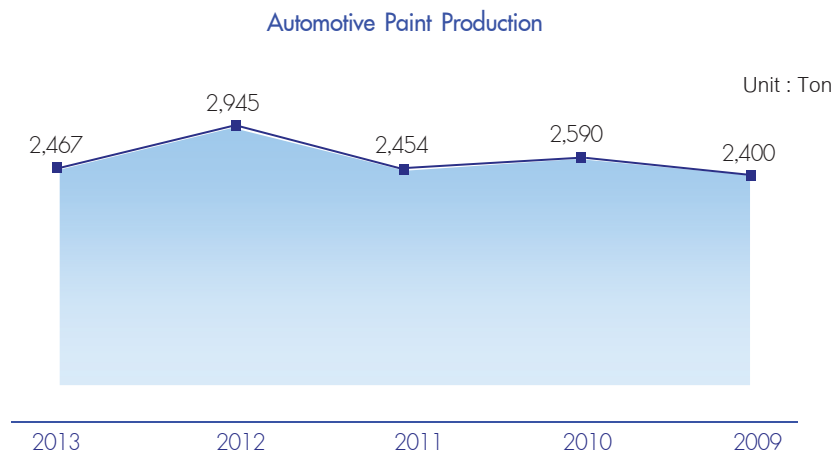
In April 2012, the subsidiary company in Indonesia named PT. Eason Indonesia has been established with register capital of 3 million USD. The company holds 99.97% of proportion with aim to be the manufacturer and distributor automotive paints and others industrial paints in ASEAN. PT. Eason Indonesia is now under the process of machine and equipments installment which expect to complete within the 2nd quarter 2014.

Moreover, in August 2013, The Board of Directors passed the resolution to approve an establishment of the subsidiary company in Malaysia for expansion market base in the future. The total of the company's investment is not over 1 million MYR (around Baht 10 millions). Now, Eason Far East Sdn. Bhd. Is now on registration process with registered capital of 0.4 million MYR, which expect to be complete within the 2nd quarter 2014.

Automotive Paints

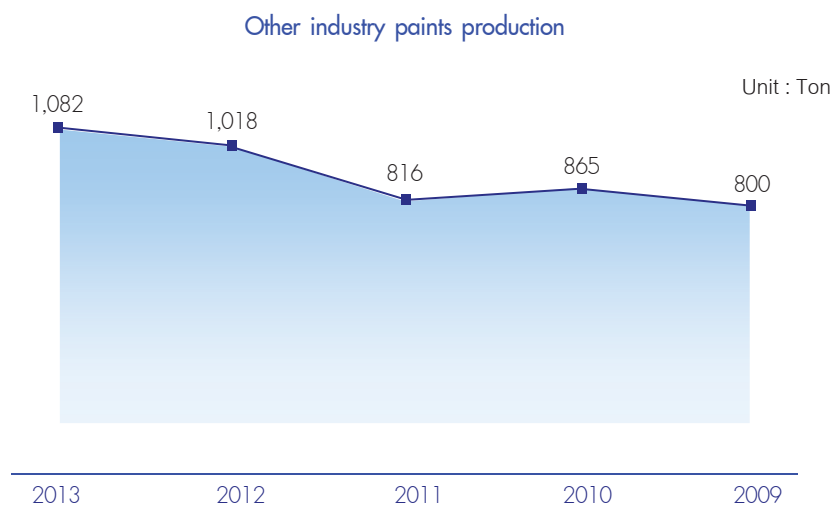
Eason is the toll manufacturer of motorcycle for BASF where the products are beneficial to customers as the substituted source to import. In 2013, revenue from tolling of automotive paint was decreased by 33.66 million baht or 23.12% from the former year, which was a result of slowdown in domestic automotive industry.

However, the company has developed efficiently technology of production together with quick response to production lines at customer’s site for beyond satisfaction.



The promotional campaign of the government especially for automotive sector reflected directly to the business of Origin Eason Paint Co. Ltd. (“OEP”), which is the joint venture entity, who produce plastic coatings for automobile, car accessories, and electronic appliances, Although OEP has 17.81% net profit increased from former year, however, an increasing is still lower than expectation in 2013 due to the political unrest.

The year 2014 will be the challenging year for Thai industries since Thailand’s economic growth rate likely being in risk such as the political issue, investment project of infrastructure from government, energy and electricity price, and cost of living, which could effected to sectors of production, consumer, investment and importer. Although domestic automotive industry could be slowdown, but export market still being viewed positively.



Offset Inks for Metal Packaging

The company is only manufacturer of UV inks for 3-piece can in ASEAN under the technology from INX international ink Co, USA, and also is INX special offset ink importer for 2-piece can, which will various build value added to the customer's products.

An operating result of 2013 shows the significant growth by 42% especially customers in ASEAN from former year. The consequences of knowledge sharing to customers regarding the benefits and applications of UV ink technology therefore, the company's products are well accepted from customers.

In part of research and development, the company has continuously improved ink's quality which supports customer's technology, speed of printing machine and bill of materials which comply the consumer safety rules. The company also provides advance accessories and tools for using in research process. This allows company to have product which meet with the needs of customers.

Packaging Coatings

In 2013 , the company has achieved the target of 30% growth in metal packaging particularly Asean market by high quality of product, reasonable price and environment friendly product. The company has target to continuously develop product and their applications in order to serve customer, together with more advanced technology and equipments for more active responds and troubles shooting.

Food and beverage industry is major industry which generates revenue with continuous growth rate, especially during economic crisis period. However, in 2014 the company has target to expand 15% of revenue in this category from both domestic and export since customer has plan to set up new production lines.

Summary of the Company's products

Products		License	Brand
Packaging coatings	Company	Company's Know-how	Eason
Offset ink for metal	Company	Company's Know-how	Eason
Special offset ink for metal	INX	Manufacturer and distributor UV ink of INX	INX

Other Business

Beside paints business, there is a subsidiary entity which is engaging in the water and air purifiers named Bright Blue Water Corporation Co., Ltd. Despite the dissatisfy performance recently, the BBW Shareholder meeting has resolved special resolution to approve the decreasing of authorized capital for minimize the deficit by reducing par value from 1,000 baht per share to 5 baht per share, which authorized capital will be decreased from 35,000,000 baht to 175,000 baht

After the decreasing of authorized capital, BBW will increase the authorized capital for the amount of 16,000,000 baht, which will increase BBW's authorized capital to be 16,175,000 baht in total. Together with higher health and safety concerns in the society on drinking water will be opportunity of business, the Board of Directors has resolved resolution to invest in whole of new ordinary shares or 16 million baht. This will bring the company's proportion in BBW from 60% to 99.57%, which BBW expected to complete authorized capital registration within 2014.

Report on the Responsibilities for Community and Environment

For the year 2013, it was the challenge year of Eason Paint Public Company Limited since we had to face intensifying risks throughout the year, such risks included the drastic changes in economic, social and political development, particularly the volatile climate environments causing the massive flooding situation in Panthong District, Chonburi Province, where is based of Head Office and factory of the company.

We must give a credit to Eason emergency task force who had well prepared to save all own facilities for flooding crisis. Furthermore, we did try our effort to help our employees who have affected by flooding. We adhered top priority to such display of responsibility for important of stakeholder of the company. Together with supporting its CSR program such as campaign to reduce global warming by forest planting project or waste management to reduce global warming project.

The company chose to apply the concept and practice of Social Responsibility Standard to its business operation, which brought the company received accreditation for its compliance with the Corporate Responsibility Standard toward the Society (CSR-DIW), under the Program Promoting Participatory Society Responsibility Among Industrial Company, organized by Industrial Works Department. The company believes that its commitments and dedication to pursue above approach towards the society and environments, shall serve as a significant threshold leading the organization towards sustainable developments in the future.



Ms. Petcharat Eksangkul
Managing Director

Community and Environment

“Corporate Social Responsibility” (CSR) is being committed and treated as an integral part of the strategic sustainability business plan 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. Moreover, 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.

Knowledge Sharing

Ms. Petcharat Eksangkul, Managing Director, have joined panel discussion for sharing real experiences on “How Thai Business should do to prepare for AEC” for Thai business in Bangkok and Rayong.



Environment Care



Think Global Warming by reforestation with Panthong Sub-district municipality, Chonburi

Brain Storming for Community

Visited Sub-district municipality to brainstorm on activities for Panthong community, Chonburi



Education Support

An education support for both students in Panthong, Chonburi and distance on National Children's Day 2013



Hygiene Supported for Student



Hygiene supported for students by providing drinking water filter machine at Panthong School, Chonburi

Think Global Warming

Arranged the reducing Global Warming project for student "Waste segregation for Global Warming" at Panthong School, Chonburi



Human Resource Development

The Company arranged 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 believes that its commitments and dedication to pursue above approach towards the society and environments, shall serve as a significant threshold leading the organization towards sustainable developments in the future.

Religious and Cultural Heritage



Arranged activities on important religious and cultural heritage day

- Offering dedicated to Buddhist monk and arranged Dhamma Talk
- Paying respect elder staffs on Songkran Day
- Perform merit making, giving alms to monks on the Buddhist Lent Day at Wat Panthong, Chonburi



Public Consciousness

The company, in cooperation with Thai Red Cross, has arranged blood donation activity on Mother's Day and Father's Day 2013



Skills Development Training



Focuses on consistent human resource development with various learning methods to staffs for their skills development



Improve Quality of Life

Encourage quality of life for staffs with various activities,

- Big Cleaning Day Activity
- Annual employee recognition on Eason Honor Day
- Emergency Situation Practice on for safety works
- Sporting Relations Day
- Relaxing with Christmas & New Year Party



Eason Together helped flooding victims

Eason family are concerned for one another and helped colleagues who are affected by disaster with supporting boat and vehicle to relief staffs, and provide life bags to victims of disaster



Energy Conservation

The company focuses on efficient energy consumption by organize Energy Management Committee to prepare campaign to conserve energy, so that employees are conscious about energy consumption in the long run such as improve efficiency of machinery and equipment to conserve energy in the electrical and air conditioning system



Shareholding and Management Structure

As of December 31, 2013, the Company has registered capital at the value of 286,817,400 baht; dividend into ordinary shares amount 286,817,400 shares at par value of 1 baht; paid-up capital as the amount of 285,894,029 baht, and the reserved share remained amount 923,371 shares from exercising of ESOP and Right Offering warrants.

Top Ten major shareholders as of December 31, 2013

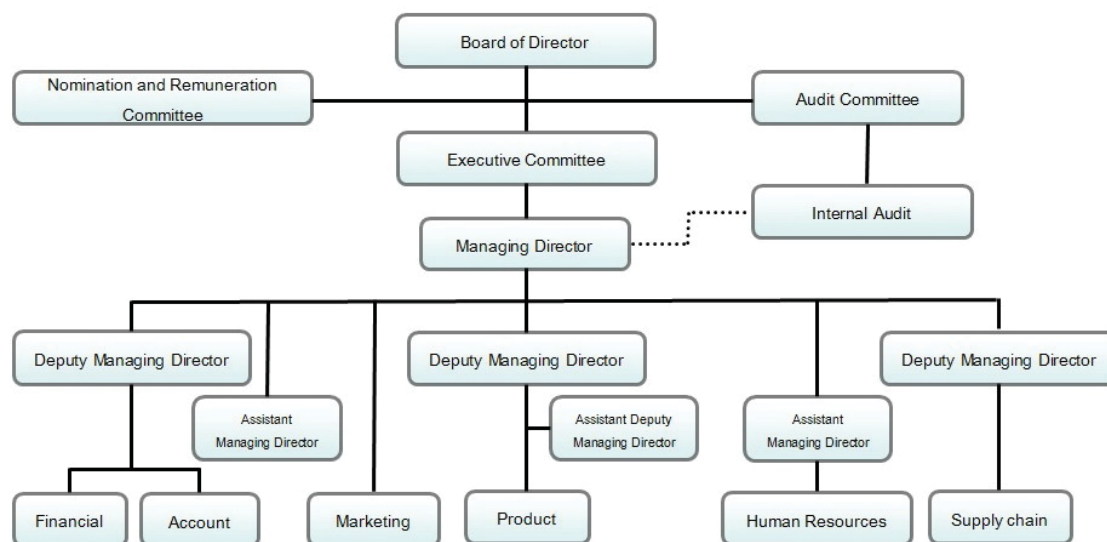
Item	Shareholder's name	The number of shares	Percentage
1	Eksang Holding Co., Ltd. and Eksangkul Group	150,875,279	52.77
2	Maybank Kim Eng Securities PTE. Ltd.	18,084,100	6.33
3	Thai NVDR Co. Ltd.	18,048,300	6.31
4	Dej-amornthan Group	14,408,700	5.04
5	Miki & Co. Ltd. (Japan)	7,500,000	2.62
6	Lohprakrong Group	5,048,300	1.77
7	Prugsananond Group	3,789,200	1.33
8	Anantawachkom Group	2,600,000	0.91
9	Ms. Anchana Pinijkusoljit	2,500,000	0.87
10	Mr. Thawat Tantimate	2,460,000	0.86

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, 2013



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

Company’s Directors group

The Company has 4 directorate groups; Board of Directors, Executive Committee, Audit Committee and Nomination and Remuneration Committee. Names of directors of each group, including scope of duties and authorization are as follows:

- **Board of Directors** As of December 31, 2013, 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' information as of December 31, 2012

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>	59	<ul style="list-style-type: none"> Mini MBA Thammasat University Bachelor of Arts (Literature) Fujien University, Taiwan Director Accreditation Program 31st 	10,000	2007 - Present 2009 - Present 2002-2005	Chairman Chairman Advisor to Chairman	Eason Urai Paint Co., Ltd. Bright Blue Water Corp. The House of Representatives
2. Ms. Petcharat Eksangkul <i>Director</i> <i>Executive Committee</i> <i>Managing Director</i>	57	<ul style="list-style-type: none"> XMBA Thammasat University Bachelor of Science Chulalongkorn University Director Accreditation Program 31st Director Certificate Program 154th National Defense College (NDC) Program 49th Top Executive Program in Commerce and Trade (TEPCoT) Program 6 	6,044,000	2007 - Present 1996 - Present 2004 - Present 2008 - Present 2006 - Present	Director Director Director Honorable Chairman Academic Advisor	Eason Urai Paint Co., Ltd. N.O.F.(Thailand) Co., Ltd. Eksang Holding Co., Ltd. Chemical Industry Club The Federation of Thai Industries Association Faculty of Science, Chulalongkorn University Thai Paint Manufacturer
3. Mr. Sanit Eksangkul <i>Director</i> <i>Executive Committee</i> <i>Deputy Managing Director</i>	56	<ul style="list-style-type: none"> Mini MBA Kasetsart University BA, Ramkhamhaeng University Director Accreditation Program 31st 	1,670,000	2013 - Present 2009 - Present 2007 - Present 2008 - Present 2004 - Present	Director Managing Director Managing Director Director Director	PT. Eason Indonesia Bright Blue Water Corp. Eason Urai Paint Co., Ltd. Origin Eason Paint Co., Ltd. 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 Committee</i> <i>Deputy Managing Director</i> Spouse's share holding	51	<ul style="list-style-type: none"> Master of Science Kasetsart University Bachelor of Science Kasetsart University Director Accreditation Program 31^s 	5,620,000	2013 - Present 2009 - Present 1996 - Present 2004 - Present	President Director Director Director	PT. Eason Indonesia Bright Blue Water Corp. N.O.F.(Thailand) Co., Ltd. Eksang Holding Co., Ltd.
5. Ms. Sirinun Eksangkul <i>Director</i> <i>Executive Committee</i> <i>Assistant Managing Director</i>	50	<ul style="list-style-type: none"> Mini MBA Kasetsart University BA, Ramkhamhaeng University Director Accreditation Program 31st 	5,395,000	1996 - Present 2004 - Present	Director Director	N.O.F.(Thailand) Co., Ltd. Eksang Holding Co., Ltd.
6. Mrs. Pismai Boonyakiat <i>Independent Director</i> <i>Chairman of Audit Committee</i> <i>Chairman of the Nomination and Remuneration Committee</i>	69	<ul style="list-style-type: none"> Master of Commerce Thammasat University Bachelor of Accountancy Chulalongkorn University Director Accreditation Program 34th Director Certification Program 58th 	-	2005 - Present 2000 - Present	Chairman of Audit Committee Associated Judiciary for Juvenile and Family Nonthaburee Court Chairman Director of Internal audit office	D-Con Public Company Limited Nonthaburee Court New Wave Institute and Consultant Bio File Co., Ltd.
7. Mr. Vitien Niidum <i>Independent Director</i> <i>Audit Committee</i> <i>Director of the Nomination and Remuneration Committee</i>	72	<ul style="list-style-type: none"> Mini MBA Thammasat University Bachelor of Science Chulalongkorn University Certificate of Chemical Practice Director Accreditation Program 32th 	200,000	2009 - Present 2010 - Present 2010 - Present	Director Advisor Advisor	The Council of Science and Technology professional The Council of Scientist and Technology of Thailand The Thai Packaging Association

Name/Position	Age (year)	Education	Shareholding Ordinary shares	Experience		
				Period	Position	Company
8. Mr. Jane Wong-isariyakul <i>Independent Director</i> <i>Audit Committee</i> <i>Director of the Nomination and Remuneration Committee</i>	61	<ul style="list-style-type: none"> • Role of Nomination and Governance Committee (RNG 5/2013) • XMBA Thammasat University • Bachelor of Science Chulalongkorn University • Director Accreditation Program 31st • Role of Nomination and Governance Committee (RNG 5/2013) 	-	1983 - Present	Director/	Winner Group Enterprise PCL.
				2010 - Present	Managing Director	CU Science Alumni Association
				2008 - Present	Chairman	Jamjuree Innovation Products Co., Ltd.
					Director	
9. Ms. Thipawan Uthaisang <i>Independent Director</i> <i>Audit Committee</i> <i>Director of the Nomination and Remuneration Committee</i>	56	<ul style="list-style-type: none"> • XMBA Thammasat University • Bachelor of Accountancy Thammasat University • Director Certification Program 29th • The College of Politics and Governance, The King Prajadhipok's Institute 9th • Capital Market Academy 8th • National Defense College (NDC) Program 53rd • Roll of the Compensation Committee (RCC 17/2013) 	70,000	2013 - Present	Chairman of Audit Committee	Prodigy Public Company Limited
				2013 - Present	Audit Committee, Chairman of Remuneration Committee	Winner Group Enterprise PCL.
				2009 - Present	Audit Committee	Ladprao General Hospital
				2009 - Present	Audit Committee Managing	Pailin Booknet PCL.
				2001 - Present	Director	Papermate (Thailand) Co., Ltd.
				2012 - Present	Chairman Executive Limited	P.A.E. (Thailand) Public Company Limited
				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.

Selection of Board of Directors and Committee of Independent Director

The Nomination and Remuneration Committee will responsible for 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
- **Executive Committee** As of December 31, 2013, the Executive Committee of the Company consisted of 5 persons as follows:

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

Scope of duties and authorization of Executive Committee

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

1. To operate and manage the Company's business in accordance with Company's objectives, regulation, policies, standards, requirements, instruction and the resolution of the Board of Directors meeting and/or the shareholders' meeting in every other way.
2. To formulate and to execute policies, direction and strategy of the Company, budget planning, human resources management, investment in information technology, business expansion, public relation, including to control and to oversee that the working teams/committee accomplish the goal as assigned.

3. To review an annual budget allocation as proposed by management departments before submitting to Board of Directors meeting for approval. To make any necessary changes of annual expense budget when the immediate Board of Directors meeting is not possible. These changes have to be reported in the next meeting for the directors' acknowledgement.
4. To authorize expenditures incurring from regular business operation ie. purchase of assets, raw materials, vehicles, and etc. with the ceiling of approvable amount of 30 million baht per item.
5. Be able to authorize expenditures of significant investment as specified in the annual expense budget which was approved earlier by Board of Directors.
6. Be able to authorize borrowing fund, applying for a loan, issuing debt instruments, giving warranty and guarantee for a loan, whereas the ceiling of such funds must not exceed 50 million baht.
7. To act as a consultant to the management departments in the areas of finance, marketing, human resource, and other operations.
8. To designate a structure of organization, administrative power and authorization, including overseeing such activities as appointing, recruiting, rotating employees, determining salary, compensation, and a bonus of employee in management level, and terminating employment.
9. Be able to authorize one or more directors or other persons to perform a particular assignment under a control of Executive Committee, or to assign the person as mentioned to have a certain authorization for a period of time which Executive Committee considers as appropriate. Executive Committee may terminate, make any necessary changes upon appointment of that person(s)
10. Apart from the aforementioned duties, responsibility and authorization, Executive Committee may perform other actions or operations as assigned by Board of Directors.

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

- **Independent Director/Audit Committee** As of December 31, 2013, 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 Committee / Independent Director
3	Mr. Jane Wongissariyakul	Audit Committee / Independent Director
4	Miss Thipawan Uthaisang	Audit Committee / Independent Director

According to the resolution of the Board of Committee No. 2/2013 on May 13, 2013, 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.

Scope of duties and authorization of 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 external auditors and executives who are directly responsible to prepare quarterly and annual financial statement. During audit period, Audit directors may suggest external auditors to check/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 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 Director/Audit Committee

1. Having a stake in the Company, subsidiaries, joint-venture companies, or other related companies not exceeding 1% 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 / 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 affect 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.
- **The Nomination and Remuneration Committee** The Board of Directors No.1/2013 dated on February 22, 2013 has approved the appointment of the Nomination and Remuneration Committee, members are as follows;

No.	Name	Position
1	Mrs. Pismai Boonyakiat	Chairman of the Nomination and Remuneration Committee
2	Mr. Vitien Nildum	The Nomination and Remuneration Committee
3	Mr. Jane Wongissariyakul	The Nomination and Remuneration Committee
4	Miss Thipawan Uthaisang	The Nomination and Remuneration Committee

Scope of duties of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is appointed by the Board of Director with 3 years each term. The scope of duties and responsibilities of the Nomination and Remuneration Committee is assigned by Board of Directors. The Nomination and Remuneration Committee is responsible to perform the following work and to report to Board of Directors.

1. Setting guidelines and policies in nominating Board of Directors by considering what would be the appropriate structure and composition of members, and outlining necessary directors' qualifications, and proposing these ideas for approval by the Board of Directors and/or Shareholders Meeting as appropriate.
2. Setting guidelines and policies in determining the Board of Directors and other committees' remuneration, and proposing it to the Board of Directors and/or Shareholders Meeting for approval as appropriate.

3. Searching, selecting and proposing appropriate persons to assume the position of the Company's directors whose terms have expired or became vacant, including newly appointed director.
4. Determining necessary and appropriate monetary and non-monetary remuneration of the Board of Directors each year, by taking into consideration each director's duties and responsibilities, performance, and comparisons against similar businesses, and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the Shareholders' Meeting for approval.
5. To ensure the meeting of Nomination and Remuneration Committee once a year minimally
6. Report work progress and findings to Board of Directors once a year minimally.

Qualification of the Nomination and Remuneration Committee

1. Having a stake in the Company, subsidiaries, joint-venture companies, or other related companies not exceeding 1% of the paid-up shares, whereas including shares hold by other related persons
2. The Chairman of the Nomination and Remuneration Committee must be independent director for independence in performance truly
3. Not participating in management of the Company, subsidiaries, joint-venture companies, or other related companies and not being one of the majorities of the Company's shareholders, or the director who is a member of management should be minimal part of the Committee, and the Chairman of the Board of Directors must not be a member of the Nomination and Remuneration Committee.
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 the Committee. Upon Board of Director's consideration, the above circumstance does not affect the ability to perform the duties of the Nomination and Remuneration Committee.
6. Be able to perform duties, to express opinion, or to report work progress or findings as assigned by the Board of Directors whereas not being under the influence of the Company's executives or the majority of shareholders, including any persons related to or being the next of kin to those aforementioned executives or shareholders.

- **Management Team** As of December 31, 2013 Management Team consisted of 12 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	Mr. Piti Eksangkul	Assistant Deputy Managing Director
9	Ms. Siriporn Choochird	Product Manager
10	Mrs. Wilaivan Mitrapanon	Supply Chain Manager
11	Mr. Chayuth Sereerak	Accounting Manager
12	Ms. Phanphimon Boonyapinyo	Financial Manager

Scope of duties and authorization of Managing Director

Managing Director has duties, authorization, and responsibility to manage the regular business operation of 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 or has to follow regulation, requirements or instruction of Board of Directors and to follow the Company's requirement
5. Follow-up business operation in order to evaluate Company's performance on regular basis so that a proper action will be taken to prevent or 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. To authorize, issue regulation, announcement, memorandum to assure that the Company's policy are followed, to safeguard 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 or ceiling of approvable fund.

Remuneration of directors and executives

Total remuneration of the Company's Directors

Unit : Baht

Directors	2013	2012	2011
Meeting allowance	565,000	430,000	335,000
Bonus	1,370,000	920,000	920,000
Total	1,935,000	1,350,000	1,255,000

Remunerations to Directors as of 2013

Unit : Baht

No.	Name	Position	Amount
1	Mr. Sanan Eksangkul	Chairman of Executive Committees	235,000
2	Ms. Petcharat Eksangkul	Director	190,000
3	Mr. Sanit Eksangkul	Director	190,000
4	Mr. Wichai Eksangkul	Director	190,000
5	Ms. Sirinun Eksangkul	Director	190,000
6	Mrs.Pismai Boonyakiat	Chairman of Audit Committee/ Independent Director	250,000
7	Mr.Vitien Nildum	Audit Director/ Independent Director	230,000
8	Mr.Jane Wong-issariyakul	Audit Director/ Independent Director	230,000
9	Ms.Thipawan Uthaisang	Audit Director/ Independent Director	230,000

Remark According to the Annual General Meeting 2013 dated on April 2, 2013, the resolution of the meeting on the issue of remuneration of Company's directors in 2013 would total up no greater than 2.2 million baht.

Remuneration for Company's Executives

Unit : Baht

Remuneration	2013	2012	2011
Salary, Bonus and Provident Fund	25,348,832	28,186,033	26,795,081

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 Committees* 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	
	2013	2012	2013	2012
Mr. Sanan Eksangkul	5/5	5/5	-	-
Ms. Petcharat Eksangkul	5/5	5/5	-	-
Mr. Sanit Eksangkul	5/5	5/5	-	-
Mr. Wichai Eksangkul	5/5	5/5	-	-
Ms. Sirinun Eksangkul	5/5	5/5	-	-
Mrs. Pismai Boonyakiat	5/5	5/5	4/4	4/4
Mr. Vitien Nildum	5/5	5/5	4/4	4/4
Mr. Jane Wongissariyakul	5/5	5/5	4/4	4/4
Ms. Thipawan Uthaisang	5/5	5/5	4/4	4/4

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

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 to get Company's information.

Labor dispute -None-

Safety, Occupational Health and Environment

The company has focused on environmental, safety and social responsibility. After the company has been certified in ISO 14001 in 2011, the company has participated in programs of CSR-DIW for beginner with Department of Industrial Work (“DIW”). From participation with DIW, the company was awarded the CSR-DIW beginner level in 2012, and Flagship project award in 2013. In order to build the confidence of the community, the company has built good relationship by collaboration with government agencies, and private organization in its area on Fire prevention and training e.g.

The company 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.

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 IZ, Mai Dinh Commune, Soc Son, Hanoi, Vietnam

PT. Eason Indonesia ("EI")

Business:	Manufacturing and distributing motorcycle paint and other Industrial paints
Address:	JL.Tekno Boulevard Block A3 No.3A-6, Pasirgombong-Cikarang Utara, Bekasi-Jawa Barat, Indonesia

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

Eason Far East Sdn. Bhd. (Malaysia)

Business : Distributing packaging coatings, inks and other Industrial paints

Current status : Under the process of setting up

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 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.

- 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 by issuing 107 million new ordinary shares for exercising of EASON-W1 and ESOP. All warrants now have expired, and the reserved share remained amount 923,371 shares.
- In 2007, Eason Urai Paint Co., Ltd. was established with aim to be the manufacturer and distributor motorcycle paint and others industrial paints in Vietnam,
- In 2008, increased the proportion of shareholding in Origin Miki Thailand Co.Ltd. from 10% to 40%, and change its name to Origin Eason Paint Co., Ltd.
- In 2009, Bright Blue Water Corporation Co., Ltd. was established with aim to be service provider and distributor of water filter and air filtering machine.
- In 2013, PT. Eason Indonesia was established with aim to be the manufacturer and distributor motorcycle paint and others industrial paints in Indonesia.
- In August 2013, the Board of Directors passed the resolution to approve an establishment of the subsidiary company in Malaysia for expansion market base in the future with an investment is not over MYR 1 million (around Baht 10 millions). Now, the subsidiary company named Eason Far Eason Sdn. Bhd. Is under process of setting up in Malaysia.

Subsidiaries Companies and Related Companies

- Eason Urai Paint Co., Ltd. (“EUP”)

EUP, registered capital amount of USD 4 million in 2007, and increased to USD 4.5 million in 2012, aim to be the manufacturer and distributor motorcycle paint and others industrial paints in Vietnam, which locate in Noi Bai Industrial park, Hanoi. 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, and under Urai Panich group in Vietnam, Lao, Cambodia and Myanmar, and other Thai shareholder is holding 8 % of total shareholders. EUP has been entered into business agreement with BASF (Vietnam) Ltd. (“BVL”) for having rights to manufacture motorcycle coating product. BVL will then response for product distribution to client’s base in motorcycle industry in Vietnam since the 3rd quarter of 2010.

- **PT. Eason Indonesia (“EI”)**

PT. Eason Indonesia or EI was established in April 2013 in Indonesia with registered capital amount of USD 3 million. The Company is holding 99.97% of total shares, and aims to be the manufacturer and distributor motorcycle paint and others industrial paints in Indonesia. EI is now under the process of machinery and equipment installation, which is expected to be complete in the 2nd quarter of 2014.

- **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. Despite the dissatisfy performance recently, the BBW Shareholder meeting has resolved special resolution to approve the decreasing of authorized capital for minimize the deficit by reducing par value from 1,000 baht per share to 5 baht per share, which authorized capital will be decreased from 35,000,000 baht to 175,000 baht

After the decreasing of authorized capital, BBW will increase the authorized capital for the amount of 16,000,000 baht, which will increase BBW’s authorized capital to be 16,175,000 baht in total. Together with higher health and safety concerns in the society on drinking water will be opportunity of business, the Board of Directors has resolved resolution to invest in whole of new ordinary shares or 16 million baht. This will bring the company’s proportion in BBW increase from 60% to 99.57%, which BBW expected to complete authorized capital registration within 2014.

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

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

After entered cooperation with BASF Thailand Ltd. (“BTL”), the Company sold NTL’s asset to BTL (customer database and marketing) for the right to manufacture motorcycle paint and opportunity to manufacture other industrial paints 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.

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

Risk from ASEAN Economic Community (AEC)

An approaching of ASEAN Economic Community (AEC) in the end of 2015 is another big challenging task for all Thai industries as it would encourage more competition among member countries; in the pursuit of drawing fund and investment. The country with competitive edge in terms of cost and production efficiency would be fascinated by various manufacturers; as a result the production of automotive, food and beverage cans might relocate their plants to the place where they could enjoy such benefits which directly effects the consumption of paints and coatings. In order to cope up with this foreseeing risk, the company has already expanded its

production facility in Vietnam as well as setting up a new plant in Indonesia and services centre and distribution office in Malaysia in the year to come. Such moves would enable Eason to lower the exposure towards aforementioned risk since the company together with its partners will be able to response to customers' requirements in each area specifically with continuity of supports as expected by both automotive manufacturers and can maker counterparts.

Risk 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 2011 and 2012, the Company's percentage of raw material purchases through importer or distributors are 90.80% and 91.70% of the total raw material purchases respectively and the percentage of raw materials imported by the Company are 9.20 and 8.30% 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 8 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 tolling fee of automotive paint. In the year 2011 and 2012, the Company's revenue accounted for 66.83% and 55.50% of the total revenue respectively, increasing along with expansion of automotive industry. Even the world economic crisis and oil price situation was gradually increased in 2012, Thai economic and many sectors, especially automotive sector, after the flood has been a

significant recovery in the first half of the year 2012. The motorcycle consumption was increased due to consumer reduce their daily cost by using motorcycle rather than higher cost of car. At the same time, 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 BASF brand

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 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 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 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, 2012, Eksangkul group who are presently in control of management of the Company is holding 53.27% 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 transaction which occurred between Eason Paint Public Company Limited and the related parties in accordance with notes to the financial statements as of 31 December 2013 and 2012 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
				2013	2012	
Eksang Holdings Co., Ltd.	<ul style="list-style-type: none"> ▪ Related company (holding Eason Paint Public Company Limited shares 44.80% of total suffrage) ▪ 100% of paid-up shares were held by Eksangkul Group. ▪ Having the same group of directors. 	<p>Short-term property rental</p> <ul style="list-style-type: none"> ▪ Rental expenses 	<ul style="list-style-type: none"> ▪ Rented office space for Bangkok branch office, R&D department. Rental contract commenced on March 1, 2011 and expired on February 28, 2014. The contract term is 3 years. Rental rate of Baht 298,760 per month. ▪ Rented office space additional rental for Bangkok branch office. Rental contract commenced on May 1, 2010 and expired on April 30, 2013. Contract has a period a 3 years. Rental fee was Baht 107,000 per month. It will 	5.71	5.30	<ul style="list-style-type: none"> ▪ The company rented office space for Bangkok branch office and R&D department ▪ <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&D department. ▪ The first contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee. G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010. ▪ The second contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee G.P.V. Global

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
				2013	2012	
			<p>be renewed on May 01, 2013 expired on April 30, 2016. Contract has a period of 3 years. Rental fee was Baht 111,600 per month.</p> <ul style="list-style-type: none"> Rent space and its improvement for warehouse and car park, the contract is one year which the period is from January 1, 2011 to December 31, 2011. Rental rate of Baht 30,000 per month. Contract has a period of one year. It will be renewed on January 1, 2012 and expired on December 31, 2012. Rental rate of Baht 32,600 per month. On November 25, 2012, the Company had extended the contract and revised the rental fee which was effective from December 1, 2012 and 			<p>Property Valuation Co., Ltd. appraised on March 22, 2010</p> <ul style="list-style-type: none"> 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. 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 and G.P.V. Global Property Valuation Co., Ltd. appraised on November 11, 2013. The rental fee rates which are appraised by the independent appraisers are close to market rates and representing normal business transactions.

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
				2013	2012	
Origin Eason Paint Co., Ltd. ("OEP")	<ul style="list-style-type: none"> ▪ 40% of holding and co-shareholders / directors ▪ Associated company 	<ul style="list-style-type: none"> ▪ Revenue from selling raw material. ▪ Accounts receivable and notes receivable - Beginning balance - Ending balance ▪ Purchase goods 	<p>expired on December 31, 2013. The monthly rental fee was Baht 67,410 due to space increasing 158 sqm.</p> <ul style="list-style-type: none"> ▪ 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. ▪ Normal business transactions associated with selling activities. ▪ 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 	0.14	0.23	<ul style="list-style-type: none"> ▪ 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 ▪ <u>Audit Committee's Opinion:</u> The company joined with OEP for flexibility to expand plastic coating market. ▪ <u>Audit Committee's Opinion:</u> Being normal business transactions. ▪ 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

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
				2013	2012	
			plastic coatings which was in normal business transactions. The reference prices were not available due to specialized raw material; therefore selling price is agreed by both parties.			stock of raw material.
		<ul style="list-style-type: none"> ▪ Accounts payable - Beginning balance - Ending balance 	<ul style="list-style-type: none"> ▪ Normal business transactions associated with purchase activities 	0.068	0.178	<ul style="list-style-type: none"> ▪ <u>Audit Committee's Opinion:</u> Being normal business transactions.
		Short-term property <ul style="list-style-type: none"> ▪ Rental fee ▪ Service fee 	<ul style="list-style-type: none"> ▪ The Company entered into factory building and warehouse 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. ▪ From March 1, 2011, The Company has subleased the space of Bangkok 	6.84	6.68	<ul style="list-style-type: none"> ▪ 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 ▪ The Company has leased the space of Bangkok branch in order to be office building and R&D department total area of 939 square meters.
				0.004	0.068	<ul style="list-style-type: none"> ▪ <u>Audit Committee's Opinion:</u> ▪ The first contract has a period of 3 years. The Company hired the
				2.14	1.57	

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
				2013	2012	
			<p>branch in order to be office building and R&D department of OEP. 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. The Company had entered an amendment of contract on May 23, 2012 to revise the monthly rental fee to be Baht 130,390 and the monthly service fee to be Baht 35,282 due to space increasing 92 sqm.</p> <ul style="list-style-type: none"> ▪ The Company had entered an amendment of contract on Sep. 30, 2013 to revise the monthly rental fee to be Baht 159,630 and the monthly service fee to be Baht 93,900 due to space 			<p>independent appraisers to appraise the rental fee. 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"> ▪ The second contract has a period of 3 years. 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 170 and service rate is Baht 46 per square meters. The Company has entered an amendment of contract service rate is Baht 46 to Baht 100. ▪ The rental fee rates which are appraised by the independent appraisers are close to market rates and representing normal business.

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
				2013	2012	
		<ul style="list-style-type: none"> Service charges 	<p>increase 172 sqm.</p> <ul style="list-style-type: none"> The Company provides other service such as property tax, electrical charge, tent rental and information service systems etc. in order to maximize asset utility. The price is charged at cost plus marginal charge. 	2.87	2.50	<ul style="list-style-type: none"> <u>Audit Committee's Opinion:</u> Being normal business transactions.
Miki (Thailand) Co., Ltd.	<ul style="list-style-type: none"> 15% of holding in associated company Related company 	<p>Short-term property</p> <ul style="list-style-type: none"> Rental fee Service fee 	<ul style="list-style-type: none"> The Company entered into office building sublease contract 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. The Company had extended the agreement for 1 year which was effective on March 1, 2012 and expired on February 28, 2013. The 	0.22 0.06	0.14 0.03	<ul style="list-style-type: none"> Rental building for office building. <u>Audit Committee's Opinion:</u> The Company hired the independent appraisers to appraise the rental fee. G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010 and September 11, 2013. Rental rate is Baht 170 and service rate is Baht 46 per square meters. The rental fee rates which are appraised by the independent appraisers are close to market rates

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
				2013	2012	
			monthly rental fee was Baht 12,240 and the monthly service fee was Baht 3,312. The Company had entered an amendment of contract on July 16, 2013 to revise the monthly rental fee to be Baht 24,990 and the monthly service fee to be Baht 6,762 which is due to space increase 75 sqm.			and representing normal business.
		<ul style="list-style-type: none"> ▪ Service charges 	<ul style="list-style-type: none"> ▪ The Company provides other service such as property tax, electric charge and training and seminar, and etc. The price is charged at cost plus marginal charge. 	0.08	0.09	<ul style="list-style-type: none"> ▪ <u>Audit Committee's Opinion:</u> Being normal business transactions.

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.

Management Discussion & Analysis

Overview of the Company's performance

Eason Paint Public Company Limited and its subsidiaries ("the Company") engage in 3 major operating sectors 1) Automotive Paints Sector 2) Other industrial Paints sector and 3) Other operating sector

Revenue

In year 2013 and year 2012, Total revenue was 554.76 million and 663.94 million Baht respectively. Major revenue is from automotive paints sale and other industrial paint sale by both the company and its subsidiaries. The company has accounted for automotive paint sale to total revenue equal to 41.51% and 55.50% respectively, other industrial paint sale to total revenue equal to 48.41% and 36.53% respectively.

Revenues (Unit : MB, %)	Year 2013	Year 2012	% 2013	% 2012
Sales and Services	528.83	639.43	95.33%	96.31%
Automotive	230.29	368.50	41.51%	55.50%
Other industrial paints	268.50	242.51	48.41%	36.53%
Other	30.04	28.42	5.41%	4.28%
Other income	25.93	24.51	4.67%	3.69%
Total revenues	554.76	663.94	100.00%	100.00%

Total revenue contains:

- 1) Sale and service revenue can be categorized into 3 major sectors as below.
 - Automotive paint e.g. Motorcycle paint use for spray on motorcycle's body and parts. This revenue would vary with 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 food industry and packaging industry.
 - Other sale and service revenue e.g. revenue from sale and rental water filtering and air filtering, and administrative service fee.
- 2) Other income is from gain on available for sale securities, gain on exchange rate, other fees such as assets sale, interest and dividend.

Revenue from automotive paint in 2013 amount of 230.29 million baht was decreased comparing to former year as a result of the slowdown in automotive industry (However, consumption of tolling from subsidiary was higher). Together with due to term of Toll manufacturing agreement, which partner has self purchase raw material instead of serving by company. Therefore, revenue in 2013 was decreased since income from selling and services in former year was combined with raw materials selling in total.

Revenue from other industrial paints was increased by adopter of customer order both domestic and international. (Unit in ton was decreased)

Other income in 2013 amount of 25.93 million baht, which was increased from gain on available for sale securities, and gain on exchange rate

Expenses

The cost of goods sold and service revenue in 2013 and 2012 was in the range of 58.75% and 63.00 to total revenue respectively. The cost of goods sold and service in 2013 was decreased due to term of Toll manufacturing agreement which partner has self purchase raw materials.

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 – 5 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 2013 and 2012, selling and administrative expenses was 162.52 million baht and 154.54 million baht respectively, where as the ratio of selling and administrative expenses to total revenue in 2013 and 2012 was 29.29% and 23.29% respectively. In 2013, 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, plus with building renovation cost and aboard traveling cost from investment project in ASEAN.

Financial cost and corporate tax

In 2013 and 2012, the Company had financial cost of 3.56 million baht and 0.72 million baht respectively. The ratio of interest payment to total revenue was 0.64 % and 0.11% respectively. The interest payment was from financial institution and leasing contracts.

At the end of 2013, the company has loan from financial institution amount of 69.84 million baht for project in Indonesia. As for corporate tax in 2013 and 2012 were amount of 14.96 million baht and 25.32 million baht respectively. An increasing of corporate tax was from tax rate 20% for 2013 and 23% for 2012 as per government campaign.

Profit

In 2013 and 2012, the company's gross profit to revenue from sale and service for 41.24%, and 37.00%. The operating profit to revenue from sale and service are 21.67% and 21.09% respectively. Also the Company earned net profit to total revenue of 16.42% and 16.05% respectively.

Gross profit ratio was increased due to higher sale volume of high margin product. The company has higher share of profit of associated company due to increasing of net profit of associated company.

However, net profit attributable to shareholder in 2013 and 2012 were 96.09 million baht and 108.89 million baht respectively. Net profit was decreased due to revenue from tolling agreement of automotive paints has decline as per the slowdown in automotive industries. At the same time, an expenses was increased due to an investment project in ASEAN such as cost of personal and travelling. The company also has interest expense increased from former year, therefore, net profit was decreased in same direction, and rate of return on equity was decreased as well.

Total assets

As of December 31, 2013, the Company had total assets of 805.93 million baht, increased from former year 46.21 million baht. Current assets of 338.11 million baht (account receivable, cash on hand, cash in bank and inventory). Fixed assets of 467.82 million baht (land, buildings, machine under process of installation in Indonesia project).

Account receivable

In 2013, the company had net accounts and bills receivables in amount of 135.05 million baht or accounted for 16.75% of total assets with decrease by 1.70 million baht from former year. Most of the trade receivables were in current according to the credit terms. The details of the account receivables are classified as follows:

Trade account (Unit : million baht, %)	2013	2012	%2013	%2012
Current	76.88	94.44	56.92%	69.08%
Overdue 0 day to 90 days	40.20	26.23	29.76%	19.19%
Overdue from 91 days onwards	2.28	1.65	1.69%	1.21%
Total	119.36	122.32	88.38%	89.47%
<u>Less allowance for doubtful accounts</u>	<u>(0.30)</u>	<u>(0.40)</u>	<u>-0.22%</u>	<u>-0.29%</u>
Other trade account	16.00	14.80	11.85%	10.83%
Total	135.06	136.72	100.00%	100.00%

The policy for allowance for doubtful debt from the account receivable which is in 2013, allowance for doubtful debts was 0.30 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. In 2013, the company had no allowance for the diminishing, and 2012 the Company had allowance for the diminishing value of 0.07 million baht

Liquidity

At the end of year 2013, the company had net cash flow increase of 5.49 million baht. The company had net cash flow include cash at beginning of period of 104.19 million baht in total. Cash from operating was decreased comparing to former year, which was used for inventory of inks and packaging coatings.

The cash from investing activities was decreased comparing to former year from fix assets investment in Indonesia by using dividend and increment of short term investment.

As for cash provided by (used in) financing activities was increased comparing to former year from long term loan from financial institution which will be used for Indonesia project.

Resource of capital

In 2013 and 2012, the company had debt to equity ratio of 0.26 times and 0.21 times respectively. The company had increased debt to equity ratio from period year since long term loan from financial institution which will be used for Indonesia project. However, the company has been offered the short term loan from financial institution such as overdraft, amount of promissory note, guarantee the amount of L/C, T/R and forward contract.

Liabilities

At the end of 2013 and 2012, the company had liability 159.35 million baht and 125.98 million baht respectively, separated into short term loan 81.93 million baht and 108.41 million baht, mostly account payable and long term loan due in 1 year. Account payable was decreased from the partner has self purchased raw materials.

As for long term loan total of 77.42 million baht and 17.56 million baht respectively, mostly long term loan from financial institution for Indonesia project, and employee benefits obligations.

External Auditor fee

The company and its subsidiaries paid external auditor fee in the Accounting period of 2013 and 2012 totaling 1.14 million baht and 0.93 million baht respectively. The company has not been charged for non audit service fee by auditor and auditing company.

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

1. The company has established PT. Eason Indonesia with aims to be the manufacturer and distributor motorcycle paint and others industrial paints in Indonesia (the company holds 99.97% of authorized capital amount of USD 3 million), The project will invest for plant, office building, warehouse, machinery, equipment and inventory, which will bring an asset of the company's overall growth. The result in a depreciation of buildings and equipment might affect the profit of the company
2. Shareholder meeting of Bright Blue Water Corporation Co. Ltd., which is engaging in the water and air purifiers (the company holds 60% of authorized capital amount of 35 million baht), has resolved resolution to decrease authorized capital for minimize the deficit by reducing par value from 1,000 baht per share to 5 baht per share, which authorized capital will be decreased from 35,000,000 baht to 175,000 baht. After the decreasing of authorized capital, BBW will increase the authorized capital amount of 16,000,000 baht, which will increase BBW's authorized capital to be 16,175,000 baht in total. The company will invest in whole of new ordinary shares or 16 million baht. This will bring the company's proportion in BBW from 60% to 99.57%, which BBW expected to complete authorized capital registration within 2014.

Business expansion

The company will set up a subsidiary company, named Eason Far East Sdn. Bhd., to develop industrial paints business in Malaysia. The total of the company's investment is not over 1 million MYR (around Baht 10 millions). The company is now on registration process which expects to complete within the 2nd quarter 2014.

Summary consolidated balance sheets as at December 31, 2011 – 2013

Consolidated Balance Sheet (Unit : Million Baht)	2013	2012	2011	2013%	2012%	2011%
Current Assets						
Cash and cash equivalents	104.19	98.70	161.70	12.93%	12.99%	22.68%
Short term investment	15.74	53.86	0.25	1.95%	7.09%	0.04%
Trade account and note receivables, net	135.06	136.76	117.39	16.76%	18.00%	15.50%
Inventories, net	75.06	57.42	65.84	9.31%	7.55%	9.24%
Advance payment - deposit for factory building	-	12.84	-	0.00%	1.69%	0.00%
Other current assets	8.05	0.62	0.60	1.00%	0.08%	1.05%
Total current assets	338.11	360.15	345.79	41.95%	47.41%	48.50%
Non-current assets						
Investment in associated company	72.41	79.30	62.67	8.99%	10.44%	8.79%
Other long term investment	-	10.00	-	0.00%	1.32%	0.00%
Property, plant and equipment, net	349.06	268.08	272.27	43.31%	35.29%	38.19%
Intangible assets, net	4.69	5.65	6.61	0.58%	0.74%	0.93%
Leasehold right, net	17.81	17.27	18.14	2.21%	2.27%	2.54%
Deferred Tax Assets	12.78	8.96	-	1.59%	1.18%	0.00%
Other non-current assets	11.06	10.30	7.43	1.37%	1.36%	1.04%
Total non-current assets	467.82	399.57	367.12	58.05%	52.59%	51.50%
Total assets	805.94	759.72	712.91	100.00%	100.0%	100.0%
Current liabilities						
Trade account and note payables	62.87	92.72	128.61	7.80%	12.20%	18.04%
Short-term loan from director	0.70	-	-	0.09%	0.00%	0.00%
Long-term loan due within one year	7.95	-	-	0.99%	0.00%	0.00%
Current portion of long term loans from financial institution	2.40	0.34	9.02	0.30%	0.04%	1.27%
Accrued income tax	4.23	10.01	4.28	0.53%	1.32%	0.60%
Account payable for purchase assets	3.79	5.35	3.77	0.47%	0.70%	0.53%
Total current liabilities	81.94	108.42	145.69	10.17%	14.27%	20.44%
Non-current liabilities						
Long term loans from financial institution, net	61.90	-	-	7.68%	0.00%	0.00%
Liabilities under-hire purchase agreement, net	0.30	0.24	0.58	0.04%	0.03%	0.08%
Deferred tax liabilities	1.04	2.24	-	0.13%	0.30%	0.00%
Employee benefits	14.19	15.08	13.58	1.76%	1.99%	1.90%
Total non-current liabilities	77.42	17.56	14.16	9.61%	2.31%	1.99%
Total liabilities	159.36	125.98	159.84	19.77%	16.58%	22.42%
Shareholders' equity						
Issued and paid-up capital : Ordinary shares	285.89	285.89	306.08	35.47%	37.63%	42.93%
Premium on share capital	92.02	92.02	111.42	11.42%	12.11%	15.63%
Appropriated regal reserve	28.68	24.50	20.15	3.56%	3.22%	2.83%
Treasury shares reserve	-	-	39.58	0.0%	0.00%	5.55%
Unappropriated	238.60	209.16	103.68	29.61%	27.53%	14.54%
Other components of shareholder's equity	(33.14)	(10.66)	(17.68)	-4.11%	-1.40%	-2.48%
<u>Less</u> treasury shares	-	-	(39.58)	0.0%	0.0%	-5.55%
Shareholder's equity of the parent, net	612.05	600.91	523.64	75.94%	79.10%	73.45%
Minority interest in subsidiaries	34.52	32.83	29.42	4.28%	4.32%	4.13%
Total shareholder's equity	646.58	633.74	553.06	80.23%	83.42%	77.58%
Total liabilities and shareholder's equity	805.94	759.72	712.91	100.0%	100.0%	100.0%

Summary statements of income for the year ended December 31, 2011 – 2013

Consolidated statement of income (Unit : Million Baht)	2013	2012	2011	2013%	2012%	2011%
Revenues						
Sales and services	528.82	639.43	707.85	95.32%	96.31%	98.99%
Dividends income	0.44	0.03	0.01	0.08%	0.00%	0.00%
Other income	25.50	24.47	7.18	4.60%	3.69%	1.00%
Total income	554.76	663.94	715.04	100.00%	100.00%	100.00%
Expenses						
Cost of sales and services	310.73	402.87	516.15	56.01%	60.68%	72.18%
Selling and administrative expenses	162.52	154.54	148.50	29.30%	23.28%	20.77%
Selling expenses	9.42	7.75	7.74	1.70%	1.17%	1.08%
Administrative expenses	153.10	146.79	140.76	27.60%	22.11%	19.69%
Financial cost	3.56	0.72	2.44	0.64%	0.11%	0.34%
Total expenses	476.80	558.13	667.08	85.95%	84.06%	93.29%
Share of profit associated company	33.11	28.40	17.21	5.97%	4.28%	2.41%
Profit before financial cost and income tax	111.06	134.21	65.17	20.02%	20.21%	9.11%
Income tax	14.97	25.32	18.33	2.70%	3.81%	2.56%
Net profit	96.10	108.89	46.83	17.32%	16.40%	6.55%

Profit (loss) attributable to:						
Shareholders of the parent	96.52	110.69	51.02	17.40%	16.67%	7.14%
Non-controlling interests	(0.42)	(1.79)	(4.19)	-0.08%	-0.27%	-0.59%

Summary statements of cash flows for the year ended December 31, 2011 – 2013

Statement of cash flows (Unit : Million Baht)	2013	2012	2011
Net cash provident by operating activities	34.58	71.63	75.40
Net cash used in investing activities	(20.05)	(85.39)	7.78
Net cash provident by (used in) financing activities	1.58	(49.14)	(28.89)
Net increase (decrease) statement of foreign entity	(10.61)	(0.10)	6.75
Net increase (decrease) in cash and cash equivalents	5.50	(63.00)	61.04
Cash and cash equivalents, at beginning of year	98.70	161.70	100.67
Cash and cash equivalents, at end of year	104.19	98.70	161.70

Financial ratio as at December 31, 2011 - 2013

Financial ratio	Unit	2013	2012	2011
<u>Liquidity ratio</u>				
Current ratio	(times)	4.13	3.35	2.37
Quick ratio	(times)	3.11	2.81	1.92
Collection period	(days)	99.20	75.04	56.94
Holding period	(days)	77.81	55.84	47.92
Payment period	(days)	91.57	92.52	77.92
Cash Cycle	(days)	85.44	38.35	26.94
<u>Profitability ratio</u>				
Gross profit margin	(%)	41.24%	37.00%	27.08%
Operating profit margin	(%)	21.67%	21.09%	9.55%
Cash to net profit	(times)	0.36	0.53	1.48
Net profit margin *	(%)	16.42%	16.05%	6.97%
Return on equity	(%)	15.98%	19.84%	10.55%
<u>Management efficiency ratio</u>				
Current assets to Total assets	(times)	42.63%	48.36%	48.50%
Non-current assets to Total assets	(times)	57.37%	51.64%	51.50%
Return on assets	(%)	14.73%	18.44%	9.54%
Return on fixed assets	(%)	22.91%	29.45%	13.77%
<u>Leverage ratio or Financial ratio</u>				
Debt to equity	(times)	0.26	0.21	0.31

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Report of Auditor

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

I have audited the accompanying consolidated financial statements of EASON PAINT PUBLIC COMPANY LIMITED and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2013, and the related consolidated statement of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended and the separate financial statements of EASON PAINT PUBLIC COMPANY LIMITED, which comprise the statement of financial position as at December 31, 2013, and the statement of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, 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, 2013, and their consolidated financial performance and cash flows for the year then ended, and the financial position of EASON PAINT PUBLIC COMPANY LIMITED as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with the Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 2.3 to the financial statements. In presenting the financial statements for the year ended December 31, 2013 the Company and its subsidiaries have adopted new financial reporting standards issued by the Federation of Accounting Professions (FAP) which are effective from the period beginning on or after January 1, 2013. The effect of changing in accounting policy has been described in Note 2.4 to the financial statements. The comparative information presented herewith has been restated on this matter. My opinion to the financial statement is not qualified in respect of this matter.



(Miss Sulalit Ardsawang)

Certified Public Accountant

Registration No. 7517

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 26, 2014

2014/155/0113

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

ASSETS

		Baht					
		Consolidated financial statements			Separate financial statements		
		As at December	As at December	As at January	As at December	As at December	As at January
		31, 2013	31, 2012	1, 2012	31, 2013	31, 2012	1, 2012
Note		(Restated)			(Restated)		
Current assets							
Cash and cash equivalents	5	104,194,869.44	98,697,972.54	161,700,790.57	21,556,549.53	74,582,607.27	142,170,830.03
Current investments	6	15,742,266.99	53,864,896.58	252,500.00	13,955,671.05	53,360,949.01	252,500.00
Trade and other receivables	4, 7	135,058,643.53	136,762,168.66	113,976,203.13	126,100,174.47	127,774,896.13	110,865,395.95
Inventories	8	75,061,936.79	57,364,130.33	65,740,381.57	70,151,259.81	51,852,513.94	60,491,593.75
Advance payment-deposit for factory building	10	-	12,842,856.11	-	58,008,493.64	12,842,856.11	-
Other current assets		8,052,980.50	617,585.50	1,295,388.87	203,065.74	197,262.76	163,407.25
Total current assets		338,110,697.25	360,149,609.72	342,965,264.14	289,975,214.24	320,611,085.22	313,943,726.98
Non-current assets							
Investment in associated company	9	72,414,385.65	79,303,454.45	62,898,313.87	35,784,300.00	35,784,300.00	35,784,300.00
Investment in subsidiaries	10	-	-	-	188,131,082.41	105,436,492.41	111,248,190.13
Other long-term investments	6	-	10,000,000.00	-	-	10,000,000.00	-
Long-term loans to subsidiary	11	-	-	-	15,000,000.00	13,100,000.00	11,000,000.00
Property, plant and equipment	12	349,062,234.37	268,083,909.02	272,271,120.62	203,655,744.30	205,111,336.00	205,101,412.41
Intangible assets	13	4,694,503.88	5,654,627.34	6,613,231.86	4,537,243.60	5,427,367.05	6,315,971.59
Leasehold right	14	17,809,855.93	17,265,946.97	18,137,500.89	-	-	-
Deferred tax assets	15	12,783,176.64	8,959,514.93	8,595,698.64	5,068,782.88	2,960,030.94	2,818,029.38
Other non-current assets		11,060,237.12	10,302,985.53	10,252,195.12	8,493,338.41	8,537,385.07	8,530,787.20
Total non-current assets		467,824,393.59	399,570,438.24	378,768,061.00	460,670,491.60	386,356,911.47	380,798,690.71
TOTAL ASSETS		805,935,090.84	759,720,047.96	721,733,325.14	750,645,705.84	706,967,996.69	694,742,417.69

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2013

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht					
		Consolidated financial statements			Separate financial statements		
		As at December	As at December	As at January	As at December	As at December	As at January
		31, 2013	31, 2012	1, 2012	31, 2013	31, 2012	1, 2012
Note					(Restated)		
Current liabilities							
Trade and other payables	4, 16	62,867,821.37	93,038,639.53	127,814,281.60	47,522,593.73	80,580,173.82	117,092,137.71
Short-term loan from director	4	700,000.00	-	-	-	-	-
Current portion of long-term loans from financial							
institutions	17	7,950,000.00	-	7,536,000.00	7,950,000.00	-	7,536,000.00
Current portion of liabilities under hire-purchase							
agreements	19	2,401,595.12	341,710.78	1,487,839.55	1,864,573.98	341,710.78	1,487,839.55
Accrued income tax		4,232,959.75	10,010,268.08	4,278,552.26	4,142,379.96	10,010,268.08	4,278,552.26
Other current liabilities		3,786,277.26	5,026,605.87	4,572,890.65	2,734,735.77	4,734,213.58	3,181,262.40
Total current liabilities		81,938,653.50	108,417,224.26	145,689,564.06	64,214,283.44	95,666,366.26	133,575,791.92
Non-current liabilities							
Long-term loans from financial institutions	18	61,897,599.00	-	-	61,897,599.00	-	-
Liabilities under hire-purchase agreements	19	296,281.49	237,343.72	579,054.52	296,281.49	237,343.72	579,054.52
Deferred tax liabilities	15	1,036,411.94	2,244,524.48	652,217.18	1,036,259.29	2,244,524.48	652,217.18
Employee benefit obligations	20	14,190,473.48	15,081,428.03	13,576,166.94	13,120,548.52	14,286,796.11	13,045,475.94
Total non-current liabilities		77,420,765.91	17,563,296.23	14,807,438.64	76,350,688.30	16,768,664.31	14,276,747.64
Total liabilities		159,359,419.41	125,980,520.49	160,497,002.70	140,564,971.74	112,435,030.57	147,852,539.56

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONT.)
AS AT DECEMBER 31, 2013

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Baht					
	Consolidated financial statements			Separate financial statements		
	As at December	As at December	As at January	As at December	As at December	As at January
	31, 2013	31, 2012	1, 2012	31, 2013	31, 2012	1, 2012
	Note	(Restated)		(Restated)		
Shareholders' equity						
Share capital	21					
Registered share capital						
286,817,400 ordinary shares of Baht 1.00 each	286,817,400.00	286,817,400.00		286,817,400.00	286,817,400.00	
307,000,000 ordinary shares of Baht 1.00 each			307,000,000.00			307,000,000.00
Issued and paid-up shares capital						
285,894,029 ordinary shares of Baht 1.00 each	285,894,029.00	285,894,029.00		285,894,029.00	285,894,029.00	
306,076,629 ordinary shares of Baht 1.00 each			306,076,629.00			306,076,629.00
Premium on share capital	92,020,440.57	92,020,440.57	111,416,500.00	92,020,440.57	92,020,440.57	111,416,500.00
Retained earnings						
Appropriated						
- legal reserve	28,681,740.00	24,500,218.86	20,147,030.51	28,681,740.00	24,500,218.86	20,147,030.51
- treasury shares reserve	-	-	39,578,659.43	-	-	39,578,659.43
Unappropriated	238,599,569.83	209,156,264.03	106,120,812.88	212,876,085.07	188,202,312.88	109,264,258.62
Other components of shareholders' equity	(33,141,289.06)	(10,663,073.82)	(14,142,323.90)	(9,391,560.54)	3,915,964.81	(14,540.00)
Total shareholders' equity of the parent	612,054,490.34	600,907,878.64	569,197,307.92	610,080,734.10	594,532,966.12	586,468,537.56
Less treasury shares	-	-	(39,578,659.43)	-	-	(39,578,659.43)
Total shareholder's equity of the parent	612,054,490.34	600,907,878.64	529,618,648.49	610,080,734.10	594,532,966.12	546,889,878.13
Non-controlling interests	34,521,181.09	32,831,648.83	31,617,673.95	-	-	-
Total shareholders equity	646,575,671.43	633,739,527.47	561,236,322.44	610,080,734.10	594,532,966.12	546,889,878.13
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	805,935,090.84	759,720,047.96	721,733,325.14	750,645,705.84	706,967,996.69	694,742,417.69

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

		Baht				
		Consolidated financial statements		Separate financial statements		
		2013	2012	2013	2012	
Note			(Restated)		(Restated)	
Revenues						
	Sales and services	4	528,824,826.64	639,432,277.24	489,260,292.31	606,258,278.78
	Dividend income		438,861.00	33,500.00	40,423,000.00	12,033,500.00
	Gain on sale of available-for-sale securities		8,301,245.02	883,429.57	8,301,245.02	883,429.57
	Gain on exchange rate		6,443,246.01	633,820.95	2,175,649.88	120,884.52
	Other income	4	10,747,025.01	22,956,437.80	10,310,077.36	22,545,318.78
	Total revenues		554,755,203.68	663,939,465.56	550,470,264.57	641,841,411.65
Expenses						
	Cost of sales and services	4	310,728,376.08	402,870,229.12	290,475,803.62	384,752,580.58
	Selling expenses		9,420,169.59	7,751,285.53	6,333,755.12	7,004,654.74
	Administrative expenses	4	153,100,787.82	146,788,948.43	143,505,253.47	137,432,711.34
	Finance costs		3,555,384.77	717,498.37	3,492,565.45	695,208.37
	Total expenses		476,804,718.26	558,127,961.45	443,807,377.66	529,885,155.03
	Share of profit of associated company	9	33,110,931.20	28,405,140.58	-	-
	Profit before income tax expenses		111,061,416.62	134,216,644.69	106,662,886.91	111,956,256.62
	Income tax expenses	26	14,965,924.49	25,320,311.91	14,910,907.20	25,360,169.09
	Profit for the year		96,095,492.13	108,896,332.78	91,751,979.71	86,596,087.53
Profit (loss) attributable to :						
	Shareholders of the parent		96,521,513.32	110,693,484.42	91,751,979.71	86,596,087.53
	Non-controlling interests		(426,021.19)	(1,797,151.64)	-	-
Basic earnings per share						
	Profit for the year of parent	27	0.3376	0.3872	0.3209	0.3029

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Note	(Restated)		(Restated)	
Profit for the year	96,095,492.13	108,896,332.78	91,751,979.71	86,596,087.53
Other comprehensive income :				
- Currency translation changes of the financial statements of foreign entity	(7,086,296.44)	(366,678.21)	-	-
- Unrealized gain (loss) on valuation of available-for-sale securities	(13,307,525.35)	3,930,504.81	(13,307,525.35)	3,930,504.81
Total comprehensive income for the year	<u>75,701,670.34</u>	<u>112,460,159.38</u>	<u>78,444,454.36</u>	<u>90,526,592.34</u>
Total comprehensive income (loss) attributable to :				
Shareholders of the parent	74,043,298.08	114,172,734.50	-	-
Non-controlling interests in subsidiaries	1,658,372.26	(1,712,575.12)	-	-

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Baht											
	Consolidated financial statements											
	Shareholders' equity of the parent											
	Share capital issued and paid-up	Premium on share capital	Retained earnings		Other components of shareholders' equity		Treasury shares	Total equity of the parent	Non-controlling interests	Total equity		
Appropriated			Unappropriated	Unappropriated	Other comprehensive income							
	- Legal reserve	- Appropriated	- Treasury shares reserve	- Currency translation changes of the financial statements of foreign entity	- Unrealized gain (loss) on change in value of investment							
Ending balance, 2011, as previously reported	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
Cumulative effect of changes in accounting policy	-	-	-	-	2,442,991.72	3,531,945.98	3,635.00	3,535,580.98	-	5,978,572.70	2,197,133.96	8,175,706.66
- Income taxes	-	-	-	-	2,442,991.72	3,531,945.98	3,635.00	3,535,580.98	-	5,978,572.70	2,197,133.96	8,175,706.66
Ending balance, 2011, as restated	306,076,629.00	111,416,500.00	20,147,030.51	39,578,659.43	106,120,812.88	(14,127,783.90)	(14,540.00)	(14,142,323.90)	(39,578,659.43)	529,618,648.49	31,617,673.95	561,236,322.44
Reduce paid-up share capital by writing off treasury shares	(20,182,600.00)	(19,396,059.43)	-	(39,578,659.43)	39,578,659.43	-	-	-	39,578,659.43	-	-	-
Reversal of appropriated retained earnings for treasury shares	-	-	-	(39,578,659.43)	-	-	-	-	-	-	-	-
Increase in share capital	-	-	4,353,188.35	-	(4,353,188.35)	-	-	-	-	-	-	-
Legal reserve	-	-	4,353,188.35	-	(4,353,188.35)	-	-	-	-	-	-	-
Dividend payment	-	-	(42,883,504.35)	-	(42,883,504.35)	-	-	-	-	(42,883,504.35)	-	(42,883,504.35)
Total comprehensive income for the year (restated)	-	-	110,693,484.42	-	110,693,484.42	(451,254.73)	3,930,504.81	3,479,250.08	-	114,172,734.50	(1,712,575.12)	112,460,159.38
Ending balance, 2012 (restated)	285,894,029.00	92,020,440.57	24,500,218.86	-	209,156,264.03	(14,579,038.63)	3,915,964.81	(10,663,073.82)	-	600,907,878.64	32,831,648.83	633,739,527.47
Increase in share capital	-	-	-	-	(4,181,521.14)	-	-	-	-	-	31,160.00	31,160.00
Legal reserve	-	-	4,181,521.14	-	(4,181,521.14)	-	-	-	-	-	-	-
Dividend payment	-	-	(62,896,686.38)	-	(62,896,686.38)	-	-	-	-	(62,896,686.38)	-	(62,896,686.38)
Total comprehensive income for the year	-	-	96,521,513.32	-	96,521,513.32	(9,170,689.89)	(13,307,525.35)	(22,478,215.24)	-	74,043,298.08	1,658,372.26	75,701,670.34
Ending balance, 2013	285,894,029.00	92,020,440.57	28,681,740.00	-	238,599,569.83	(23,749,728.52)	(9,391,560.54)	(3,314,289.06)	-	612,054,490.34	34,521,181.09	646,575,671.43

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2013

	Baht							
	Separate financial statements							
	Share capital issued and paid-up	Premium on share capital	Retained earnings		Other components of shareholders' equity		Treasury shares	Total equity
		Appropriated	Unappropriated	Unrealized gain (loss) on change in value	of investment			
		- legal reserve	-Treasury shares reserve					
Ending balance, 2011, as previously reported	306,076,629.00	20,147,030.51	39,578,659.43	107,102,081.42	(18,175.00)		(39,578,659.43)	544,724,065.93
Cumulative effect of changes in accounting policy - Income taxes	-	-	-	2,162,177.20	3,635.00		-	2,165,812.20
Ending balance, 2011, as restated	306,076,629.00	20,147,030.51	39,578,659.43	109,264,258.62	(14,540.00)		(39,578,659.43)	546,889,878.13
Reduce paid-up share capital by writing off treasury shares	(20,182,600.00)	(19,396,059.43)		39,578,659.43				-
Reversal of appropriated retained earnings treasury shares			(39,578,659.43)				39,578,659.43	-
Legal reserve		4,353,188.35		(4,353,188.35)				-
Dividend payment				(42,883,504.35)				(42,883,504.35)
Total comprehensive income for the year (restated)				86,596,087.53	3,930,504.81			90,526,592.34
Ending balance, 2012 (restated)	285,894,029.00	92,020,440.57	-	188,202,312.88	3,915,964.81		-	594,532,966.12
Legal reserve		4,181,521.14		(4,181,521.14)				-
Dividend payment				(62,896,686.38)				(62,896,686.38)
Total comprehensive income for the year				91,751,979.71	(13,307,525.35)			78,444,454.36
Ending balance, 2013	285,894,029.00	92,020,440.57	-	212,876,085.07	(9,391,560.54)		-	610,080,734.10

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<u>Cash flows from operating activities</u>				
Profit for the year	96,095,492.13	108,896,332.78	91,751,979.71	86,596,087.53
Items to reconcile profit for the year to net cash provided by (used in) operating activities :				
Gain on sale of available-for-sale securities	(8,301,245.02)	(883,429.57)	(8,301,245.02)	(883,429.57)
Allowance for doubtful accounts (reversal)	(40,000.00)	(35,000.00)	(40,000.00)	(35,000.00)
Bad debt	12,669.49	39,876.00	-	-
Depreciation and amortization	32,492,259.57	32,543,728.83	23,099,923.11	23,976,739.31
Loss on declining value of inventories (reversal)	(73,896.58)	(351,685.26)	(73,896.58)	(351,685.26)
Loss on impairment of investment in subsidiary	-	-	10,395,000.00	10,692,647.72
Expenses for employee benefits	1,776,945.45	1,755,261.09	1,501,652.41	1,491,320.17
Gain on sale of fixed assets	(1,421,196.93)	(265,482.25)	(1,066,586.09)	(655,335.50)
Share of net profit in associated company	(33,110,931.20)	(28,405,140.58)	-	-
Dividend income	(438,861.00)	(33,500.00)	(40,423,000.00)	(12,033,500.00)
Interest income	(433,219.67)	(1,330,779.73)	(976,709.24)	(1,220,373.93)
Interest expenses	2,971,363.86	156,512.96	2,941,275.58	156,512.96
Income tax expenses	14,965,924.49	25,320,311.91	14,910,907.20	25,360,169.09
Profit from operations before changes in operating assets and liabilities	104,495,304.59	137,407,006.18	93,719,301.08	133,094,152.52
(Increase) decrease in operating assets				
Investment in securities held-for-trading	(1,282,648.37)	(503,947.57)	-	-
Trade and other receivables	17,301,737.20	(22,694,512.96)	21,308,260.50	(16,768,620.56)
Inventories	(17,623,909.88)	8,727,936.50	(18,224,849.29)	8,990,765.07
Other current assets	(7,435,395.00)	677,803.37	(5,802.98)	(33,855.51)
Other non-current assets	(3,607,017.30)	(50,790.41)	17,800.00	(6,597.87)
Increase (decrease) in operating liabilities				
Trade and other payables	(33,121,871.40)	(35,005,963.94)	(33,057,580.09)	(36,813,069.31)
Other current liabilities	(1,240,328.61)	1,253,262.74	(1,999,477.81)	1,854,056.60
Cash generated from operation	57,485,871.23	89,810,793.91	61,757,651.41	90,316,830.94
Cash received from interest income	528,713.27	1,234,451.16	994,620.32	1,114,494.31
Benefits paid by the plan	(2,667,900.00)	(250,000.00)	(2,667,900.00)	(250,000.00)
Cash paid for income tax	(20,768,931.12)	(19,160,773.73)	(20,768,931.12)	(19,160,773.73)
Net cash provided by operating activities	34,577,753.38	71,634,471.34	39,315,440.61	72,020,551.52

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<u>Cash flows from investing activities</u>				
(Increase) decrease in current investments	31,072,116.30	(47,311,888.43)	31,072,116.30	(47,311,888.43)
Increase in advance payment - deposit for factory building	-	(12,842,856.11)	(64,777,087.45)	(12,842,856.11)
Cash paid for investment in subsidiary	-	-	(93,089,590.00)	(4,880,950.00)
Cash paid for other long-term investments	-	(10,000,000.00)	-	(10,000,000.00)
Cash received from sale of other long-term investment	10,000,000.00	-	10,000,000.00	-
Cash paid for loans to subsidiary	-	-	(1,900,000.00)	(2,100,000.00)
Cash received from dividend	40,438,861.00	12,033,500.00	40,423,000.00	12,033,500.00
Cash paid for purchase of fixed assets	(103,364,651.96)	(33,534,708.24)	(16,674,080.46)	(26,139,696.64)
Cash received from sale of fixed assets	2,062,895.31	6,477,486.27	1,660,330.25	3,916,473.78
Cash paid for intangible assets	(257,825.00)	(219,500.00)	(257,825.00)	(219,500.00)
Net cash used in investing activities	(20,048,604.35)	(85,397,966.51)	(93,543,136.36)	(87,544,917.40)
<u>Cash flows from financing activities</u>				
Cash received from long-term loans from financial institution	69,847,599.00	-	69,847,599.00	-
Cash paid for long-term loans from financial institution	-	(7,536,000.00)	-	(7,536,000.00)
Cash received from director	700,000.00	-	-	-
Cash paid for hire-purchase agreements	(3,134,230.09)	(1,487,839.57)	(2,807,999.03)	(1,487,839.57)
Cash received from issued ordinary shares	31,160.00	2,926,550.00	-	-
Cash paid for dividend	(62,896,686.38)	(42,883,504.35)	(62,896,686.38)	(42,883,504.35)
Cash paid for interest expenses	(2,971,363.86)	(156,512.96)	(2,941,275.58)	(156,512.96)
Net cash provided by (used in) financing activities	1,576,478.67	(49,137,306.88)	1,201,638.01	(52,063,856.88)
Decrease in currency translation change of financial statements of foreign entity	(10,608,730.80)	(102,015.98)	-	-
Net increase (decrease) in cash and cash equivalents	5,496,896.90	(63,002,818.03)	(53,026,057.74)	(67,588,222.76)
Cash and cash equivalents, at beginning of year	98,697,972.54	161,700,790.57	74,582,607.27	142,170,830.03
Cash and cash equivalents, at end of year	104,194,869.44	98,697,972.54	21,556,549.53	74,582,607.27

Supplemental disclosures of cash flows information:

Non-monetary transactions

The Company and its subsidiaries acquired vehicle by entering into

hire-purchase contract	5,253,052.20	-	4,389,800.00	-
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Notes to financial statements form an intergral part of these statements.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

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, 2013 and 2012, the company's major shareholder is Eksang holdings Co., Ltd. who held 44.88% and 45.40%, respectively of the paid-up share capital (as Eksang holdings Co., Ltd. held 100% by Eksangkul family) and the rest 7.90% and 7.87%, respectively is held by the person from Eksangkul family, making up 52.77% and 53.27%, 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, 2013

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:-

Subsidiary	Nature business	Country of incorporation	Percentage of holding		Percentage of assets to the consolidated total assets		Percentage of revenues from sales to the consolidated total revenues from sales	
			2013	2012	2013	2012	2013	2012
N.O.F (Thailand) Ltd.	Under the process to establish policy and strategic plan	Thailand	99.98	99.98	0.58	0.56	-	-
Bright Blue Water Corp. Ltd.	Selling and services air purifiers and water filtration devices	Thailand	60.00	60.00	1.81	2.19	3.23	2.35
Eason Urai Paint Co., Ltd.	Manufacturing and selling of automotive, industrial paint and other	Vietnam	62.00	62.00	12.93	13.38	4.34	2.36
P.T. Eason Indonesia	Manufacturing and selling of automotive, industrial paint and other	Indonesia	99.97	-	18.67	-	-	-

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, 2013

2.3 Accounting standards effective for using in current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the revised 2009, and the new issued of accounting standards financial reporting standards, the interpretations and accounting treatment guidance of which they are effective for using in the periods beginning on or after January 1, 2013, as follows.

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
	Accounting Treatment Guidance for Transfers of Financial Assets

The management of the Company and its subsidiaries believe that these accounting standards do not have any significant impact on the financial statements for the year when they are initially applied, except for TAS 12 Income Taxes that the Company and its subsidiaries have used at the effective date and have the effects of changes in the Company's accounting policies as disclosed in note 2.4; Effect of changes in accounting policies.

2.4 Effect of changes in accounting policies due to application of new accounting standards

From January 1, 2013, the Company and its subsidiaries have used of TAS 12 Income Taxes. This accounting standard requires an entity to identify temporary differences arising from differences between the carrying amount of an asset or liability in the statement of financial position and its tax base in order to recognize the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

The Company and its subsidiaries has used this accounting policy in this current year and restated the prior year's financial statements, presented for comparative purposes, as though the Company had initially recognized the tax effects as deferred tax assets or liabilities. The change in accounting policies has been the effects are as follows:

	Baht					
	Consolidated financial statements			Separate financial statements		
	As at December 31, 2013	As at December 31, 2012	As at January 1, 2012	As at December 31, 2013	As at December 31, 2012	As at January 1, 2012
Statements of financial position						
Deferred tax assets increase	12,783,176.64	8,959,514.93	8,595,698.64	5,068,782.88	2,960,030.94	2,818,029.38
Investment in associated company increase	281,811.60	257,780.80	232,225.20	-	-	-
Deferred tax liabilities increase	1,036,411.94	2,244,524.48	652,217.18	1,036,259.29	2,244,524.48	652,217.18
Retained earnings increase	2,098,084.85	2,040,724.96	2,442,991.72	1,684,633.46	1,694,497.66	2,162,177.20
Other component of shareholder's equity						
Increase (decrease)	8,186,135.06	2,665,768.46	3,535,580.98	2,347,890.13	(978,991.20)	3,635.00
Non-controlling interests in its subsidiaries						
increase	1,744,356.39	2,266,277.83	2,197,133.96	-	-	-

	Baht				
	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	
Statements of income					
Profit and loss :					
Income tax increase (decrease)		(33,329.09)	427,822.36	9,864.20	467,679.54
Profit increase (decrease)		33,329.09	(427,822.36)	(9,864.20)	(467,679.54)
Basic earnings per share increase (decrease)		0.0001	(0.0015)	(0.0000)	(0.0016)
Other comprehensive income :					
Currency translation changes increase (decrease)		1,671,550.96	181,957.55	-	-
Gain on valuation of available-for-sale securities increase (decrease)		3,326,881.33	(975,356.20)	3,326,881.33	(975,356.20)

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

2.5 The new and revised accounting standards but are not yet effective

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards.

These new and revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2014 are as follows:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10	Interim Financial Reporting and Impairment

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets - Web Site Costs

The new accounting standard which is effective for the fiscal year beginning on or after January 1, 2016 is as follows:

TFRS 4	Insurance Contracts
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The management of the Company and its subsidiaries is evaluating the impact of these new and revised accounting standards when they are initially applied.

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.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2013****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.

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.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

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).

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

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2013**

The Company and its subsidiaries 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.

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.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2013****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 accordance with the financial reporting standards 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.

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 and its subsidiaries have 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.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2013****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.

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.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2013**

3.17 Income tax expense

Income tax comprises current income tax and deferred tax.

Current tax

The Company and its subsidiaries record income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (year 2013 : 20%, year 2012 : 23%) of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

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

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

4. TRANSACTIONS WITH RELATED COMPANIES

	<u>Relationship</u>
<u>Subsidiary companies</u>	
N.O.F (Thailand) Ltd.	99.98% of holding, Co - Director/Shareholder
Bright Blue Water Corp. Ltd.	60% of holding, Co - Director/Shareholder
Eason Urai Paint Co., Ltd.	62% of holding, Co - Director/Shareholder
P.T. Eason Indonesia	99.97% of holding, Co - Director/Shareholder
<u>Associated company</u>	
Origin Eason Paint Co., Ltd.	40% of holding, Co - Director/Shareholder
<u>Related companies</u>	
Eksang holdings Co., Ltd.	44.88% of holding in the Company
Urai Panich Co., Ltd.	30% of holding in subsidiary company
Miki (Thailand) Co., Ltd.	15% of holding in associated company
<u>Pricing policy</u>	
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 and service income	- Warehouse and office rental depending on actual space are approximately Baht 11,520 - 432,640 per month in accordance with agreements.
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 - 298,760 per month in accordance with agreements.
Other expenses	- Raw materials for research and development are charged at market value.
Purchase of asset for lease	- Book value and at agreed upon pricing method.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Transactions in the statement of income</u>				
<u>Subsidiary companies</u>				
Rental and service income				
Bright Blue Water Corp. Ltd.	-	-	-	16,471.50
Other income				
Bright Blue Water Corp. Ltd.	-	-	816,761.54	724,868.06
Eason Urai Paint Co., Ltd.	-	-	450,747.00	696,031.00
	-	-	1,267,508.54	1,420,899.06
Other expense				
Bright Blue Water Corp. Ltd.	-	-	235,401.93	232,570.16
<u>Associated company</u>				
Sale	141,751.00	234,508.00	141,751.00	234,508.00
Rental and service income	11,849,572.44	10,751,187.31	11,849,572.44	10,751,187.31
Purchases	113,419.00	736,673.00	113,419.00	736,673.00
<u>Related companies</u>				
Rental and service income				
Miki (Thailand) Co., Ltd.	367,547.28	267,571.00	367,547.28	267,571.00
Other expenses				
Eksang holdings Co., Ltd.	5,714,840.00	5,295,130.00	5,714,840.00	5,295,130.00

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Outstanding balances at the statements of financial position</u>				
<u>Subsidiary companies</u>				
Trade and other receivables				
Bright Blue Water Corp. Ltd.			140,958.90	63,376.38
Eason Urai Paint Co., Ltd.	-	-	620,396.67	855,299.00
P.T. Eason Indonesia	-	-	826,040.00	-
	-	-	1,587,395.57	918,675.38
Advance payment - deposit for factory building				
P.T. Eason Indonesia	-	-	58,008,493.64	-
Long - term loans to				
Bright Blue Water Corp. Ltd.	-	-	15,000,000.00	13,100,000.00
Other non-current assets				
Bright Blue Water Corp. Ltd.	-	-	1,401.87	1,401.87

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Associated companies</u>				
Trade and other receivables	1,282,599.90	1,055,270.67	1,282,599.90	1,055,270.67
Trade and other payables	4,494.00	68,160.07	4,494.00	68,160.07
<u>Related companies</u>				
Trade and other receivables				
Miki (Thailand) Co., Ltd.	37,805.93	20,599.64	37,805.93	20,599.64
<u>Related person</u>				
Loans from				
Director (No interest)	700,000.00	-	-	-

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, 2013 and 2012 as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short - term employee benefits	28,002,332.00	30,418,133.00	27,283,832.00	29,536,033.00
Post - employment benefits	534,713.00	504,967.00	403,046.00	379,328.00
Other long - term benefits	8,272.00	8,902.00	5,278.00	6,105.00
Total	28,545,317.00	30,932,002.00	27,692,156.00	29,921,466.00

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash on hand	241,935.50	289,249.15	54,669.45	177,944.85
Cheque in hand	-	4,975,228.33	-	4,975,228.33
Cash at banks - current account	22,532,807.15	34,028,166.81	15,327,526.01	34,039,221.33
Cash at banks - savings account	81,420,126.79	59,405,328.25	6,174,354.07	35,390,212.76
Total	104,194,869.44	98,697,972.54	21,556,549.53	74,582,607.27

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

6. INVESTMENTS

Investments consisted of :-

	Baht			
	Consolidated financial statements			
	2013		2012	
	At cost	Fair Value	At cost	Fair Value
<u>Current investments</u>				
Investments in securities held-for-trading				
Unit trust	970,576.24	889,194.24	500,000.00	503,947.57
Investment in marketable equity	988,855.74	897,401.70	-	-
	<u>1,959,431.98</u>	<u>1,786,595.94</u>	<u>500,000.00</u>	<u>503,947.57</u>
Investments in available-for-sale securities				
Unit trust	367,305.22	380,672.65	30,000,000.00	30,409,949.01
Investment in marketable equity	25,327,816.50	13,574,998.40	18,465,993.00	22,951,000.00
Total	<u>25,695,121.72</u>	<u>13,955,671.05</u>	<u>48,465,993.00</u>	<u>53,360,949.01</u>
	<u>27,654,553.70</u>	<u>15,742,266.99</u>	<u>48,965,993.00</u>	<u>53,864,896.58</u>
<u>Other long-term investments</u>				
Savings lottery				
Bank of Agriculture and Agricultural Cooperatives				
(Maturity interest 22.50 Baht per unit, Maturity on 20/07/2015)	-	-	5,000,000.00	5,000,000.00
Government Savings Bank				
(Maturity interest 3.50 Baht per unit, Maturity on 02/07/2015)	-	-	5,000,000.00	5,000,000.00
Total	<u>-</u>	<u>-</u>	<u>10,000,000.00</u>	<u>10,000,000.00</u>
	<u>-</u>	<u>-</u>	<u>10,000,000.00</u>	<u>10,000,000.00</u>
Baht				
Separate financial statements				
2013		2012		
At cost	Fair Value	At cost	Fair Value	
<u>Current investments</u>				
Investments in available-for -sale securities				
Unit trust	367,305.22	380,672.65	30,000,000.00	30,409,949.01
Investment in marketable equity	25,327,816.50	13,574,998.40	18,465,993.00	22,951,000.00
Total	<u>25,695,121.72</u>	<u>13,955,671.05</u>	<u>48,465,993.00</u>	<u>53,360,949.01</u>
<u>Other long-term investments</u>				
Savings lottery				
Bank of Agriculture and Agricultural Cooperatives				
(Maturity interest 22.50 Baht per unit, Maturity on 20/07/2015)	-	-	5,000,000.00	5,000,000.00
Government Savings Bank				
(Maturity interest 3.50 Baht per unit, Maturity on 02/07/2015)	-	-	5,000,000.00	5,000,000.00
Total	<u>-</u>	<u>-</u>	<u>10,000,000.00</u>	<u>10,000,000.00</u>
	<u>-</u>	<u>-</u>	<u>10,000,000.00</u>	<u>10,000,000.00</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

7. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade receivable are classified by aging				
Trade note receivables				
Not yet due	1,640,534.70	3,762,005.51	1,640,534.70	3,762,005.51
Trade receivables				
Not yet due	75,241,483.36	90,689,757.08	69,641,531.66	84,082,865.18
Overdue 0 day to 90 days	40,202,917.13	26,227,469.81	39,428,533.45	26,027,860.47
Overdue 91 days to 180 days	1,882,838.91	979,134.18	50,912.02	921,474.18
Overdue 181 days to 360 days	74,394.80	326,916.46	51,124.80	242,527.46
Overdue from 361 days onwards	330,890.03	365,950.03	323,950.03	363,950.03
Total	119,373,058.93	122,351,233.07	111,136,586.66	115,400,682.83
<u>Less allowance for doubtful accounts</u>	(323,950.03)	(363,950.03)	(323,950.03)	(363,950.03)
Trade receivables, net	119,049,108.90	121,987,283.04	110,812,636.63	115,036,732.80
Other receivables				
Accrued other income	8,491,552.37	7,732,713.34	8,491,552.37	7,796,089.72
Prepaid expenses	3,267,312.26	2,444,718.16	2,100,665.15	2,269,593.96
Other receivables	4,250,670.00	4,597,454.12	4,695,320.32	2,672,479.65
Total	16,009,534.63	14,774,885.62	15,287,537.84	12,738,163.33
Total trade and other receivables, net	135,058,643.53	136,762,168.66	126,100,174.47	127,774,896.13

8. INVENTORIES

Inventories consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Finished goods	19,017,793.14	15,614,524.91	16,276,287.06	11,823,464.06
Goods in transit	365,802.36	-	-	-
Work in process	299,835.34	132,636.59	99,182.20	115,884.40
Raw materials	52,715,052.88	38,422,060.21	52,168,745.76	38,031,057.23
Supplies	1,957,679.88	2,181,293.14	901,271.60	868,492.77
Package	705,773.19	1,087,512.06	705,773.19	1,087,512.06
Total	75,061,936.79	57,438,026.91	70,151,259.81	51,926,410.52
<u>Less provision for declining in value</u>				
of inventories	-	(73,896.58)	-	(73,896.58)
Net	75,061,936.79	57,364,130.33	70,151,259.81	51,852,513.94

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

Movements of provision for declining in value of inventories for the years ended December 31, 2013 and 2012 as follows :-

	Baht	
	Consolidated / Separate financial statements	
	2013	2012
Beginning balance	73,896.58	425,581.84
Increase during the year	-	70,035.52
Decrease during the year	(73,896.58)	(421,720.78)
Ending balance	-	73,896.58

9. INVESTMENT IN ASSOCIATED COMPANY

Investment in associated company consisted of:-

	Number of share	Percentage of holding	Baht					
			Consolidated financial statements		Separate financial statements			
			At equity		At cost		Dividend	
			2013	2012 (Restated)	2013	2012 (Restated)	2013	2012
<i>Associated Company</i>								
Origin Eason Paint Co., Ltd.	120,000	40	72,414,385.65	79,303,454.45	35,784,300.00	35,784,300.00	40,000,000.00	12,000,000.00

Share of profit of Origin Eason Paint Co., Ltd. was included in the consolidated financial statements for the years ended December 31, 2013 and 2012 of Baht 33.11 million and Baht 28.41 million, respectively.

10. INVESTMENTS IN SUBSIDIARIES

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

	Number of share		Percentage of holding		Baht		
					At cost		
	2013	2012	2013	2012	2013	2012	
<i>Subsidiary companies</i>							
N.O.F (Thailand) Ltd.	19,996	19,996	99.98	99.98	9,152,120.00	9,152,120.00	
Bright Blue Water Corp. Ltd.	21,000	21,000	60.00	60.00	21,000,000.00	21,000,000.00	
Eason Urai Paint Co., Ltd.	2,790	2,790	62.00	62.00	90,323,809.80	90,323,809.80	
P.T. Eason Indonesia	2,999,000	-	99.97	-	93,089,590.00	-	
<i>Less allowance for impairment</i>							
- N.O.F. (Thailand) Ltd.						(4,539,437.39)	(4,539,437.39)
- Bright Blue Water Corp. Ltd.						(20,895,000.00)	(10,500,000.00)
Investments in subsidiaries, net						188,131,082.41	105,436,492.41

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2013**Investments in subsidiary - N.O.F. (Thailand) Ltd.

As at December 31, 2013 and 2012 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 - Bright Blue Water Corp. Ltd.

Due to the consecutive losses of operations by Bright Blue Water Corp. Ltd., the shareholders' equity has decreased. Therefore, the Company has recorded an allowance for impairment of investment in such company for the years ended December 31, 2013 and 2012 in the amount of Baht 10.395 million and Baht 10.500 million, respectively.

At extraordinary general meeting of shareholders No. 1/2013 held on November 29, 2012 a special resolution to reduce the share capital by reducing the par value from Baht 1,000.00 per share to Baht 5 per share, which the share capital of the company, down from Baht 35 million to Baht 0.18 million. And a special resolution to increase the authorized capital of Baht 16 million later reduced par value of outstanding shares of Baht 5, divided into 3,200,000 shares of newly issued common stock, which will provide the company with a total registered capital of Baht 16.18 million divided into 3,235,000 ordinary shares with a total resolution to all newly issued shares to the parent company. The Company expects to register the capital increase in the year 2014.

Investments in subsidiary - P.T. Eason Indonesia

According to the annual general meeting of shareholders of 2013 held on April 2, 2013, the shareholders approved the establishment of a subsidiary in Indonesia as a production base and market expansion in the future. The Company was incorporated PT Eason Indonesia on April 12, 2013 which was legal entity of Indonesia with registered capital USD 3,000,000 by issuing 3,000,000 shares at par value of USD 1. The Company will hold shares in the amount of 2,999,000 shares and has transferred funds amounting to USD 2,999,000 on June 20, 2013 (approximately Baht 93.09 million), representing 99.97 % of the registered capital.

From the Company's investment plan in Indonesia, the Company has paid to advance for down payment to purchase factory building in Bekasi, Indonesia as at December 31, 2013 and 2012 the amount of Baht 58.01 million and Baht 12.84 million, respectively.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

11. LONG - TERM LOANS TO SUBSIDIARY

Long-term loans to subsidiary consisted of:-

	Baht	
	2013	2012
Loans, beginning balance	13,100,000.00	11,000,000.00
<u>Add</u> increase during the year	1,900,000.00	2,100,000.00
<u>Less</u> decrease during the year	-	-
Loans, ending balance	<u>15,000,000.00</u>	<u>13,100,000.00</u>

As at December 31, 2013 and 2012, the Company has long-term loans to subsidiary totalling Baht 15.00 million and 13.10 million, respectively and the term of loans is 6 years with the interest rate at year 1st - 2nd MLR - 1.50% per annum and 3rd - 6th MLR - 1.25% per annum, and the interest rate at year 1st - 6th MLR - 1.25% per annum and starting repayments on the 55th with interest every month until the loan is fully paid.

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of:-

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2012	Additions	Deductions	Balance per book Dec. 31, 2013
<u>At cost</u>				
Land	46,419,827.10	-	-	46,419,827.10
Building and building improvement	202,098,757.71	1,266,372.89	(52,000.00)	203,313,130.60
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	115,378,416.41	16,528,542.69	(6,230,732.85)	125,676,226.25
Factory equipment	-	8,955.58	-	8,955.58
Lab equipment	20,590,714.52	2,782,970.03	(1,295,457.00)	22,078,227.55
Electric equipment	4,824,438.52	1,278,145.73	-	6,102,584.25
Water-purifier for leases	19,434,458.34	1,019,327.17	(63,331.70)	20,390,453.81
Office equipment	25,678,966.01	2,581,794.90	(1,139,020.86)	27,121,740.05
Office decoration	16,488,184.53	1,297,740.28	(320,504.79)	17,465,420.02
Vehicle	51,005,924.27	8,497,252.20	(5,330,545.00)	54,172,631.47
Machinery and equipment installation	3,167,602.41	82,453,784.67	(6,100,128.74)	79,521,258.34
Total	<u>525,999,165.39</u>	<u>117,714,886.14</u>	<u>(20,531,720.94)</u>	<u>623,182,330.59</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

	Baht			
	Consolidated financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2012			Dec. 31, 2013
<u>Less accumulated depreciation</u>				
Building and building improvement	58,960,898.37	9,645,031.88	(15,471.64)	68,590,458.61
Building for lease	8,840,849.03	1,029,423.15	-	9,870,272.18
Machinery and equipment	81,787,313.68	8,922,611.66	(6,041,647.62)	84,668,277.72
Factory equipment	-	307.88	-	307.88
Lab equipment	16,819,812.66	1,186,847.83	(1,244,678.13)	16,761,982.36
Electric equipment	3,541,629.91	645,083.96	-	4,186,713.87
Water-purifier for leases	11,727,537.25	3,488,403.17	(26,232.35)	15,189,708.07
Office equipment	20,518,356.27	2,080,275.69	(1,061,475.59)	21,537,156.37
Office decoration	15,343,366.56	613,176.02	(320,105.45)	15,636,437.13
Vehicle	28,132,713.93	2,874,689.87	(5,060,529.70)	25,946,874.10
Total	<u>245,672,477.66</u>	<u>30,485,851.11</u>	<u>(13,770,140.48)</u>	<u>262,388,188.29</u>
Currency translation changes of financial statements of foreign entity	(12,242,778.71)			(11,731,907.93)
Property, plant and equipment, net	<u>268,083,909.02</u>			<u>349,062,234.37</u>

	Baht			
	Consolidated financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2011			Dec. 31, 2012
<u>At cost</u>				
Land	46,419,827.10	-	-	46,419,827.10
Building and building improvement	201,952,776.23	393,581.48	(247,600.00)	202,098,757.71
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	95,862,861.53	19,527,088.93	(11,534.05)	115,378,416.41
Lab equipment	20,068,678.87	522,035.65	-	20,590,714.52
Electric equipment	4,063,224.03	761,214.49	-	4,824,438.52
Water-purifier for leases	18,534,924.61	899,533.73	-	19,434,458.34
Office equipment	25,991,079.00	1,476,800.65	(1,788,913.64)	25,678,966.01
Office decoration	16,232,037.61	451,358.52	(195,211.60)	16,488,184.53
Vehicle	49,578,144.12	10,990,431.30	(9,562,651.15)	51,005,924.27
Machinery and equipment installation	6,812,949.62	10,668,077.94	(14,313,425.15)	3,167,602.41
Total	<u>506,428,378.29</u>	<u>45,690,122.69</u>	<u>(26,119,335.59)</u>	<u>525,999,165.39</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

	Baht			
	Consolidated financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2011			Dec. 31, 2012
<u>Less accumulated depreciation</u>				
Building and building improvement	48,978,747.28	10,194,572.25	(212,421.16)	58,960,898.37
Building for lease	8,070,187.99	770,661.04	-	8,840,849.03
Machinery and equipment	73,657,849.12	8,140,746.29	(11,281.73)	81,787,313.68
Lab equipment	15,714,157.36	1,105,655.30	-	16,819,812.66
Electric equipment	2,865,596.04	676,033.87	-	3,541,629.91
Water-purifier for leases	8,070,449.86	3,657,087.39	-	11,727,537.25
Office equipment	19,347,128.20	2,450,713.07	(1,279,485.00)	20,518,356.27
Office decoration	13,903,891.31	1,634,395.59	(194,920.34)	15,343,366.56
Vehicle	31,669,997.66	1,947,299.51	(5,484,583.24)	28,132,713.93
Total	<u>222,278,004.82</u>	<u>30,577,164.31</u>	<u>(7,182,691.47)</u>	<u>245,672,477.66</u>
Currency translation changes of financial statements of foreign entity	(11,879,252.85)			(12,242,778.71)
Property, plant and equipment, net	<u>272,271,120.62</u>			<u>268,083,909.02</u>

	Baht			
	Separate financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2012			Dec. 31, 2013
<u>At cost</u>				
Land	46,419,827.10	-	-	46,419,827.10
Building and building improvement	146,865,400.18	1,266,372.89	(52,000.00)	148,079,773.07
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	102,213,735.14	4,112,152.32	(6,230,732.85)	100,095,154.61
Lab equipment	17,851,096.60	2,782,970.03	(1,295,457.00)	19,338,609.63
Electric equipment	4,824,438.52	1,278,145.73	-	6,102,584.25
Office equipment	21,489,740.01	1,770,687.07	(764,372.28)	22,496,054.80
Office decoration	16,315,104.84	1,297,740.28	(147,425.10)	17,465,420.02
Vehicle	41,070,215.26	7,634,000.00	(3,952,545.00)	44,751,670.26
Machinery and equipment installation	3,167,602.41	7,067,940.88	(6,100,128.74)	4,135,414.55
Total	<u>421,129,035.63</u>	<u>27,210,009.20</u>	<u>(18,542,660.97)</u>	<u>429,796,383.86</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

	Baht			
	Separate financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2012			Dec. 31, 2013
<u>Less accumulated depreciation</u>				
Building and building improvement	55,711,877.33	8,020,521.36	(15,471.64)	63,716,927.05
Building for lease	8,840,849.03	1,029,423.15	-	9,870,272.18
Machinery and equipment	80,031,767.71	6,922,224.03	(6,041,647.62)	80,912,344.12
Lab equipment	16,130,707.38	878,764.96	(1,244,678.13)	15,764,794.21
Electric equipment	3,541,629.91	645,083.96	-	4,186,713.87
Office equipment	18,142,947.42	1,273,989.73	(697,306.54)	18,719,630.61
Office decoration	15,171,459.26	612,377.97	(147,400.10)	15,636,437.13
Vehicle	18,446,461.59	2,569,589.50	(3,682,530.70)	17,333,520.39
Total	<u>216,017,699.63</u>	<u>21,951,974.66</u>	<u>(11,829,034.73)</u>	<u>226,140,639.56</u>
Property, plant and equipment, net	<u>205,111,336.00</u>			<u>203,655,744.30</u>

	Baht			
	Separate financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2011			Dec. 31, 2012
<u>At cost</u>				
Land	46,419,827.10	-	-	46,419,827.10
Building and building improvement	146,719,418.70	393,581.48	(247,600.00)	146,865,400.18
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	88,279,271.79	13,945,997.40	(11,534.05)	102,213,735.14
Lab equipment	17,353,807.04	497,289.56	-	17,851,096.60
Electric equipment	4,063,224.03	761,214.49	-	4,824,438.52
Office equipment	21,157,016.55	1,106,386.05	(773,662.59)	21,489,740.01
Office decoration	16,057,257.92	451,358.52	(193,511.60)	16,315,104.84
Vehicle	35,913,650.06	12,579,216.35	(7,422,651.15)	41,070,215.26
Machinery and equipment installation	6,762,949.62	10,561,027.94	(14,156,375.15)	3,167,602.41
Total	<u>403,638,298.38</u>	<u>40,296,071.79</u>	<u>(22,805,334.54)</u>	<u>421,129,035.63</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

	Baht			
	Separate financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2011			Dec. 31, 2012
<u>Less accumulated depreciation</u>				
Building and building improvement	47,354,236.76	8,570,061.73	(212,421.16)	55,711,877.33
Building for lease	8,070,187.99	770,661.04	-	8,840,849.03
Machinery and equipment	72,979,099.17	7,063,950.27	(11,281.73)	80,031,767.71
Lab equipment	15,329,214.30	801,493.08	-	16,130,707.38
Electric equipment	2,865,596.04	676,033.87	-	3,541,629.91
Office equipment	17,206,918.05	1,702,444.62	(766,415.25)	18,142,947.42
Office decoration	13,737,823.77	1,627,138.09	(193,502.60)	15,171,459.26
Vehicle	20,993,809.89	1,656,852.07	(4,204,200.37)	18,446,461.59
Total	198,536,885.97	22,868,634.77	(5,387,821.11)	216,017,699.63
Property, plant and equipment, net	<u>205,101,412.41</u>			<u>205,111,336.00</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, 2013 and 2012 of Baht 11.04 million and Baht 12.29 million, respectively. The term of the lease agreement is 3 years commencing from January 1, 2011 and the Company received the rent monthly of Baht 0.43 million.

As at December 31, 2013 and 2012, the Company has vehicles purchased under hire-purchase agreements total book value of Baht 7.26 million and Baht 1.49 million, respectively.

As at December 31, 2013 and 2012, the fully depreciated plant and equipment that still in use were at cost of Baht 130.33 million and Baht 129.60 million, respectively for the consolidated financial statement and at cost of Baht 127.58 million and Baht 125.04 million, respectively for the separate financial statement.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

13. INTANGIBLE ASSETS

Intangible assets consisted of :-

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2012	Additions	Deductions	Balance per book Dec. 31, 2013
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	10,157,050.00	257,825.00	-	10,414,875.00
Total	18,967,212.83	257,825.00	-	19,225,037.83
<u>Less accumulated amortization</u>				
Technical license	8,786,708.07	23,453.76	-	8,810,161.83
Computer software	4,525,877.42	1,194,494.70	-	5,720,372.12
Total	13,312,585.49	1,217,948.46	-	14,530,533.95
Intangible assets, net	5,654,627.34			4,694,503.88

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2011	Additions	Deductions	Balance per book Dec. 31, 2012
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	9,937,550.00	219,500.00	-	10,157,050.00
Total	18,747,712.83	219,500.00	-	18,967,212.83
<u>Less accumulated amortization</u>				
Technical license	8,730,633.45	56,074.62	-	8,786,708.07
Computer software	3,403,847.52	1,122,029.90	-	4,525,877.42
Total	12,134,480.97	1,178,104.52	-	13,312,585.49
Intangible assets, net	6,613,231.86			5,654,627.34

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2012	Additions	Deductions	Balance per book Dec. 31, 2013
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	9,807,050.00	257,825.00	-	10,064,875.00
Total	18,617,212.83	257,825.00	-	18,875,037.83
<u>Less accumulated amortization</u>				
Technical license	8,786,708.07	23,453.76	-	8,810,161.83
Computer software	4,403,137.71	1,124,494.69	-	5,527,632.40
Total	13,189,845.78	1,147,948.45	-	14,337,794.23
Intangible assets, net	<u>5,427,367.05</u>			<u>4,537,243.60</u>

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2011	Additions	Deductions	Balance per book Dec. 31, 2012
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	9,587,550.00	219,500.00	-	9,807,050.00
Total	18,397,712.83	219,500.00	-	18,617,212.83
<u>Less accumulated amortization</u>				
Technical license	8,730,633.45	56,074.62	-	8,786,708.07
Computer software	3,351,107.79	1,052,029.92	-	4,403,137.71
Total	12,081,741.24	1,108,104.54	-	13,189,845.78
Intangible assets, net	<u>6,315,971.59</u>			<u>5,427,367.05</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

14. LEASEHOLD RIGHT

Leasehold right consisted of :-

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2012	Additions	Deductions	Balance per book Dec. 31, 2013
<u>At cost</u>				
Leasehold right - land	27,990,331.00	-	-	27,990,331.00
<u>Less accumulated amortization</u>	4,073,709.92	788,460.00	-	4,862,169.92
	<u>23,916,621.08</u>	<u>788,400.00</u>	<u>-</u>	<u>23,128,161.08</u>
Currency translation changes of				
financial statements of foreign entity	(6,650,674.11)			(5,318,305.15)
Leasehold right, net	<u>17,265,946.97</u>			<u>17,809,855.93</u>

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2011	Additions	Deductions	Balance per book Dec. 31, 2012
<u>At cost</u>				
Leasehold right - land	27,990,331.00	-	-	27,990,331.00
<u>Less accumulated amortization</u>	3,285,249.92	788,460.00	-	4,073,709.92
	<u>24,705,081.08</u>	<u>788,460.00</u>	<u>-</u>	<u>23,916,621.08</u>
Currency translation changes of				
financial statements of foreign entity	(6,567,580.19)			(6,650,674.11)
Leasehold right, net	<u>18,137,500.89</u>			<u>17,265,946.97</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.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2013 and 2012 are summarized as follows:

	Baht			
	Consolidated financial statements			
	Balance as at Dec. 31, 2012	Revenue (expenses) during the year		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Trade receivables	83,708.51	(18,918.50)	-	64,790.01
Inventories	11,463.21	20,529.83	-	31,993.04
Employee benefits obligations	2,985,698.60	(197,390.71)	-	2,788,307.89
Difference from financial statement converted	5,878,644.61	-	1,671,550.96	7,550,195.57
Remeasuring available-for-sale investments	-	-	2,347,890.13	2,347,890.13
Total	<u>8,959,514.93</u>	<u>(195,779.38)</u>	<u>4,019,441.09</u>	<u>12,783,176.64</u>
Deferred tax liabilities:				
Property, plant and equipment	1,265,533.28	(229,426.64)	-	1,036,411.94
Remeasuring available-for-sale investments	978,991.20	-	978,991.20	-
Total	<u>2,244,524.48</u>	<u>(229,426.64)</u>	<u>978,991.20</u>	<u>1,036,411.94</u>
Baht				
Consolidated financial statements				
	Balance as at Dec. 31, 2011	Revenue (expenses) during the year		Balance as at Dec. 31, 2012
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Trade receivables	91,750.51	(8,042.00)	-	83,708.51
Inventories	104,698.68	(93,235.47)	-	11,463.21
Employee benefits obligations	2,698,927.39	286,771.21	-	2,985,698.60
Difference from financial statement converted	5,696,687.06	-	181,957.55	5,878,644.61
Remeasuring available-for-sale investments	3,635.00	-	(3,635.00)	-
Total	<u>8,595,698.64</u>	<u>185,493.74</u>	<u>178,322.55</u>	<u>8,959,514.93</u>
Deferred tax liabilities:				
Property, plant and equipment	652,217.18	613,316.10	-	1,265,533.28
Remeasuring available-for-sale investments	-	-	(978,991.20)	978,991.20
Total	<u>652,217.18</u>	<u>613,316.10</u>	<u>(978,991.20)</u>	<u>2,244,524.48</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

	Baht				
	Separate financial statements				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 2012	In profit or loss	In other comprehensive income		Dec. 31, 2013
Deferred tax assets:					
Trade receivables	83,708.51	(18,918.50)	-	64,790.01	
Inventories	11,463.21	20,529.83	-	31,993.04	
Employee benefits obligations	2,864,859.22	(240,749.52)	-	2,624,109.70	
Remeasuring available-for-sale investments	-	-	2,347,890.13	2,347,890.13	
Total	<u>2,960,030.94</u>	<u>(239,138.19)</u>	<u>2,347,890.13</u>	<u>5,068,782.88</u>	
Deferred tax liabilities:					
Property, plant and equipment	1,265,533.28	(229,273.99)	-	1,036,259.29	
Remeasuring available-for-sale investments	978,991.20	-	978,991.20	-	
Total	<u>2,244,524.48</u>	<u>(229,273.99)</u>	<u>978,991.20</u>	<u>1,036,259.29</u>	
	Baht				
	Separate financial statements				
	Balance as at	Revenue (expenses) during the year		Balance as at	
	Dec. 31, 2011	In profit or loss	In other comprehensive income	Dec. 31, 2012	
Deferred tax assets:					
Trade receivables	91,750.51	(8,042.00)	-	83,708.51	
Inventories	104,698.68	(93,235.47)	-	11,463.21	
Employee benefits obligations	2,617,945.19	246,914.03	-	2,864,859.22	
Remeasuring available-for-sale investments	3,635.00	-	(3,635.00)	-	
Total	<u>2,818,029.38</u>	<u>145,636.56</u>	<u>(3,635.00)</u>	<u>2,960,030.94</u>	
Deferred tax liabilities:					
Property, plant and equipment	652,217.18	613,316.10	-	1,265,533.28	
Remeasuring available-for-sale investments	-	-	(978,991.20)	978,991.20	
Total	<u>652,217.18</u>	<u>613,316.10</u>	<u>(978,991.20)</u>	<u>2,244,524.48</u>	

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

16. TRADE AND OTHER PAYABLES

Trade and other payables consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statement	
	2013	2012	2013	2012
Trade payables	40,538,692.66	76,115,191.20	40,339,155.50	75,754,838.51
Other payables				
Revenue received in advance	1,825,303.18	1,542,231.43	-	-
Deposit received for sale of land	3,194,100.00	-	3,194,100.00	-
Payable for purchase of fixed assets	12,098,005.93	9,146,952.69	-	-
Accrued expenses	4,879,392.66	5,809,368.31	3,657,011.29	4,504,955.37
Other	332,326.94	424,895.90	332,326.94	320,379.94
Total trade and other payables	<u>62,867,821.37</u>	<u>93,038,639.53</u>	<u>47,522,593.73</u>	<u>80,580,173.82</u>

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

As at December 31, 2013, the Company has total credit facilities Baht 335 million with four local commercial banks, consisting of bank overdrafts of baht 30 million with interest at MOR per annum, promissory notes for credit lines of Baht 130 million with interest at MLR and MMR per annum, Letter of Guarantee of Baht 5 million, Letter of Credit and Trust Receipt of Baht 110 million and Forward Contract of Baht 60 million and USD 1.50 million, which these loans are unsecured.

As at December 31, 2012, the Company has total credit facilities Baht 335 million with four local commercial banks consisting of bank overdrafts of Baht 60 million with interest at MOR per annum, promissory notes for credit lines of Baht 100 million with interest at MLR per annum, Letter of Guarantee Baht 5 million, Letter of Credit and Trust Receipt of Baht 110 million and Forward Contract Baht 60 million and USD 1.50 million, which these loans are no guarantee. And not yet withdrawal the such loans.

18. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

Long - term loans from financial institution consisted of :

	Baht	
	Consolidated/Separate financial statements	
	2013	2012
Long - term loan	69,847,599.00	-
<u>Less</u> current portion due within one year	(7,950,000.00)	-
Net	<u>61,897,599.00</u>	<u>-</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

As at December 31, 2013, the Company has long-term loan from financial institutions amounted to Baht 69.85 million, as part of investment in subsidiary, to finance the construction of factory building and purchase machinery or equipment in Indonesia with a local commercial bank under the credit line 95 million, at interest rate MLR-2.25% per annum for the month 1st - 36th and MLR-2.00% per annum from 37th month onwards. The repayment of Baht 1.59 million per month of principal and interest, in 60 installments, shall be completed by 72th month upon receipt of the first loan and starting repayments on the 13th with interest monthly.

This loan is unsecured, but the Company shall have to comply with certain conditions and restrictions as specified in the loan agreement.

19. LIABILITIES UNDER HIRE-PURCHASE AGREEMENTS

Liabilities under hire-purchase agreements consisted of:

	Baht					
	Consolidated financial statements					
	Payment due within 1 year		Payment due over 1 year to 5 year		Total	
	2013	2012	2013	2012	2013	2012
Liabilities under hire-purchase agreements	2,466,725.14	362,640.00	298,492.84	241,760.00	2,765,217.98	604,400.00
<u>Less</u> deferred interest	(65,130.02)	(20,929.22)	(2,211.35)	(4,416.28)	(67,341.37)	(25,345.50)
Liabilities under hire-purchase agreements, net	<u>2,401,595.12</u>	<u>341,710.78</u>	<u>296,281.49</u>	<u>237,343.72</u>	<u>2,697,876.61</u>	<u>579,054.50</u>

	Baht					
	Separate financial statements					
	Payment due within 1 year		Payment due over 1 year to 5 year		Total	
	2013	2012	2013	2012	2013	2012
Liabilities under hire-purchase agreements	1,929,704.00	362,640.00	298,492.84	241,760.00	2,228,196.84	604,400.00
<u>Less</u> deferred interest	(65,130.02)	(20,929.22)	(2,211.35)	(4,416.28)	(67,341.37)	(25,345.50)
Liabilities under hire-purchase agreements, net	<u>1,864,573.98</u>	<u>341,710.78</u>	<u>296,281.49</u>	<u>237,343.72</u>	<u>2,160,855.47</u>	<u>579,054.50</u>

As at December 31, 2013 and 2012, the Company and its subsidiaries have 6 hire-purchase agreements for vehicle with the leasing companies and a local commercial bank in the amount of Baht 5.11 million and 1 hire-purchase agreements for vehicle with a local commercial banks and Baht 1.09 million (Included VAT), respectively with a term of 12 - 36 months, and repayable monthly at Baht 0.22 million and Baht 0.03 million (Included VAT), respectively.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

As at December 31, 2013 and 2012, the Company has 5 hire-purchase agreement for vehicle with leasing companies and a local commercial bank in the amount of Baht 4.46 million (Included VAT) and 1 hire-purchase agreements for vehicle with a local commercial banks and Baht 1.09 million (Included VAT), respectively with a term of 24 - 36 months, and repayable monthly at Baht 0.17 million and Baht 0.03 million (Included VAT), respectively.

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

Movement of the employee benefit obligations account for the years ended December 31, 2013 and 2012

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligations as at January 1,	15,081,428.03	13,576,166.94	14,286,796.11	13,045,475.94
Benefits paid by the plan	(2,667,900.00)	(250,000.00)	(2,667,900.00)	(250,000.00)
Current service costs and interest	1,776,945.45	1,755,261.09	1,501,652.41	1,491,320.17
Defined benefit obligations as at December 31,	<u>14,190,473.48</u>	<u>15,081,428.03</u>	<u>13,120,548.52</u>	<u>14,286,796.11</u>

Expense recognized in the statements of income for the years ended December 31, 2013 and 2012

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service costs				
Cost of sales and service	202,172.21	231,675.10	147,489.29	169,583.14
Administrative expenses	447,767.33	448,731.58	394,549.25	397,608.62
Management benefit expenses	542,985.00	513,869.00	408,324.00	385,433.00
	<u>1,192,924.54</u>	<u>1,194,275.68</u>	<u>950,362.54</u>	<u>952,624.76</u>
Interest on obligation	584,020.91	560,985.41	551,289.87	538,695.41
Total	<u>1,776,945.45</u>	<u>1,755,261.09</u>	<u>1,501,652.41</u>	<u>1,491,320.17</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

Principal actuarial assumptions at the reporting date for the years ended December 31, 2013 and 2012

	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. SHARE CAPITAL

Movement of share capital account for the years ended December 31, 2013 and 2012 as follow:-

	Consolidated/ Separate financial statements			
	2013		2012	
	Shares	Amount Baht	Shares	Amount Baht
Registered share capital - ordinary shares				
As at January 1,	286,817,400	286,817,400.00	307,000,000	307,000,000.00
Decrease	-	-	(20,182,600)	(20,182,600.00)
As at December 31,	<u>286,817,400</u>	<u>286,817,400.00</u>	<u>286,817,400</u>	<u>286,817,400.00</u>
Share capital issued and paid-up-ordinary shares				
As at January 1,	285,894,029	285,894,029.00	306,076,629	306,076,629.00
Increase	-	-	-	-
Decrease	-	-	(20,182,600)	(20,182,600.00)
As at December 31,	<u>285,894,029</u>	<u>285,894,029.00</u>	<u>285,894,029</u>	<u>285,894,029.00</u>
Premium on share capital				
As at January 1,	-	92,020,440.57	-	111,416,500.00
Increase	-	-	-	-
Decrease	-	-	-	(19,396,059.43)
As at December 31,	<u>-</u>	<u>92,020,440.57</u>	<u>-</u>	<u>92,020,440.57</u>

During the year 2011, 4,640,400 warrants were exercised to purchase 4,640,400 new ordinary shares at Baht 1 each, in the amount of Baht 4,640,400.00 the Company has registered as paid-up shares capital with the Ministry of Commerce on January 10, 2011. And 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 with the Ministry of Commerce on June 23, 2011 (Year 2011 total of increase share capital 81,072,582 ordinary shares, in the amount of Baht 81,072,582.00).

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

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, and on March 5, 2012, the Company registered the decrease in its share capital with the Ministry of Commerce.

22. 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, 2013 and 2012 debt-to-equity ratio were follows :-

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Debt-to-equity ratio	0.25 : 1	0.20 : 1	0.23:1	0.19 : 1

23. 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 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. On March 5, 2012, the Company registered a decrease in its share capital by 20,182,600 shares with the Ministry of Commerce, because the Company was unable to sell all the treasury shares within the specified period.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2013**

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. The first quarterly in 2012, the Company reversed all the appropriated retained earnings for treasury shares after decreasing paid-up share capital by writing off the treasury shares as stated above.

24. 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.

25. DIVIDEND PAYMENTFor the year 2013

At the ordinary shareholders' meeting of the company for the year 2013 held on April 2, 2013, the shareholders unanimously approved to pay dividend from operating results of 2012 for the shareholders in the registered book as at March 13, 2013 in the amount of Baht 62.90 million, appropriated by 285,894,029 shares of Baht 0.22 each.

For the year 2012

At the ordinary shareholders' meeting of the company for the year 2012 held on April 3, 2012, the shareholders unanimously approved to pay dividend from operating results of 2011 for the shareholders in the registered book as at March 13, 2011 in the amount of Baht 42.88 million, appropriated by 285,890,029 shares of Baht 0.15 each.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

26. INCOME TAX EXPENSE

26.1 Major components of income tax expense for the years ended December 31, 2013 and 2012 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Income tax expense shown in profit or loss :				
Current tax expense:				
Income tax expense for the year	14,999,253.58	24,892,489.55	14,901,043.00	24,892,489.55
Deferred tax expense				
Changes in temporary differences relating to the original recognition and reversal	(33,329.09)	427,822.36	9,864.20	467,679.54
Total	<u>14,965,924.49</u>	<u>25,320,311.91</u>	<u>14,910,907.20</u>	<u>25,360,169.09</u>
Income tax relating to components of other comprehensive income:				
Deferred tax relating to:				
Difference from financial statements converted	1,671,550.96	181,957.55	-	-
Remeasuring available-for-sale investments	<u>3,326,881.33</u>	<u>(975,356.20)</u>	<u>3,326,881.33</u>	<u>(975,356.20)</u>
Total	<u>4,998,432.29</u>	<u>(793,398.65)</u>	<u>3,326,881.33</u>	<u>(975,356.20)</u>

26.2 A numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2013 and 2012 which are summarized as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Accounting profit for the year	<u>111,061,416.62</u>	<u>134,216,644.69</u>	<u>106,662,886.91</u>	<u>111,956,256.62</u>
The applicable tax rate	20%	23%	20%	23%
Tax expense at the applicable tax rate	<u>22,212,283.32</u>	<u>30,869,828.28</u>	<u>21,332,577.38</u>	<u>25,749,939.02</u>
Any adjustments recognized in the year for current tax of previous year	<u>-</u>	<u>(277,369.02)</u>	<u>-</u>	<u>(277,369.02)</u>
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	292,185.37	1,156,880.10	227,728.81	791,884.09
- Loss on impairment of investment in subsidiary	-	-	2,079,000.00	2,459,308.98
Tax effect of income or profit that are not required in determining taxable profit:				
- Exemption of non-taxable dividend income	(86,186.10)	(7,705.00)	(8,084,600.00)	(2,767,705.00)
- Expense in determining tax	(115,331.59)	(96,569.67)	(115,331.59)	(96,569.67)
Share of profit of associated company	(6,622,186.24)	(6,533,182.33)	-	-
Unrecognized tax losses on deferred tax assets	1,151,146.60	1,632,066.76	-	-
Unrecognized tax losses for a prior period that is used to reduce current tax expense	(957,722.13)	(618,144.65)	-	-
Others	<u>(908,264.74)</u>	<u>(805,492.56)</u>	<u>(528,467.40)</u>	<u>(274,517.49)</u>
Total reconciliation items	<u>(7,246,358.83)</u>	<u>(5,272,147.35)</u>	<u>(6,421,670.18)</u>	<u>(112,400.91)</u>
Total tax expense	<u>14,965,924.49</u>	<u>25,320,311.91</u>	<u>14,910,907.20</u>	<u>25,360,169.09</u>

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

26.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2013 and 2012 are summarized as follows:

	Consolidated financial statements			
	2013		2012	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	111,061,416.62		134,216,644.69	
Tax expense at the applicable tax rate	22,212,283.32	20.00	30,869,828.28	23.00
Corporate income tax expense of prior year	-	-	(277,369.02)	(0.20)
Reconciliation items	(7,246,358.83)	(6.52)	(5,272,147.35)	(3.93)
Tax expense at the average effective tax rate	14,965,924.49	13.48	25,320,311.91	18.87

	Separate financial statements			
	2013		2012	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expense for the year	106,662,886.91		111,956,256.62	
Tax expense at the applicable tax rate	21,332,577.38	20.00	25,749,939.02	23.00
Corporate income tax expense of prior year	-	-	(277,369.02)	(0.25)
Reconciliation items	(6,421,670.18)	(6.02)	(112,400.91)	(0.10)
Tax expense at the average effective tax rate	14,910,907.20	13.98	25,360,169.09	22.65

27. 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.

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Profit for the year (Baht)				
- Profit attributable to equity holders of the parent	96,521,513.32	110,693,484.42	91,751,979.71	86,596,087.53
Weighted average number of ordinary shares (shares)	285,894,029	285,894,029	285,894,029	285,894,029
Basic earnings per share (Baht per share)				
- Profit attributable to equity holders of the parent	0.3376	0.3872	0.3209	0.3029

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

28. 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 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's contributions for the years ended December 31, 2013 and 2012 amounted to Baht 2.31 million and Baht 2.14 million, respectively.

39. EXPENSES BY NATURE

Expenses by nature has significant transactions for the years ended December 31, 2013 and 2012 are as following :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Raw material and consumable used	263,532,187.55	352,277,516.55	258,791,542.26	347,569,547.56
Change in inventories of finished goods and work in process	(6,281,961.55)	(1,307,148.88)	(4,436,120.80)	(1,186,652.78)
Employee benefit cost	115,142,956.83	112,893,424.28	102,673,860.87	102,575,516.04
Depreciation and amortization	32,492,259.57	32,543,728.83	23,099,923.11	23,976,739.31

30. FINANCIAL INFORMATION BY SEGMENT

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

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.

The Company and its subsidiary mainly geographical area of their operations is Thailand.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

Business activities are classified by product segments for the years ended December 31, 2013 and 2012 are as follows: -

	Consolidated financial statements (Thousand Baht)							
	Automotive		Other industrial paints		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
								(Restated)
Sales and services	230,294	368,501	268,495	242,515	30,035	28,416	528,824	639,432
Cost of sales and expenses	(183,471)	(295,036)	(258,262)	(231,730)	(31,516)	(30,644)	(473,249)	(557,410)
Profit (loss) from operating	46,823	73,465	10,233	10,785	(1,481)	(2,228)	55,575	82,022
Other income							25,930	24,507
Share of profit of an associated company							33,111	28,405
Financial cost							(3,555)	(718)
Income tax expense							(14,966)	(25,320)
Profit for the year							96,095	108,896

As at December 31,

Property, plant and equipment	157,698	74,809	11,472	9,455	6,192	9,371	175,362	93,635
Common property, plant and equipment							173,700	174,449
Intangible assets							4,695	5,655
Leasehold right							17,810	17,266

Major customer

In 2013 and 2012, the Company had sales from a major customer which is automotive segment with revenue more of 10 percent an entity's revenues.

31. COMMITMENTS AND CONTINGENT LIABILITIES

31.1 Commitments of long-term rental and services agreements

As at December 31, 2013, 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:

	Million Baht
Payable within :	
1 year	7.25
2 - 3 years	5.01

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS (CONT.)****DECEMBER 31, 2013**

31.2 Commitments under the technical assistance agreements

As at December 31, 2013, 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.

31.3 Guarantees

As at December 31, 2013, the Company has letters of guarantees in total of Baht 1.50 million, which were issued by bank for the usage of electricity by the company.

32. FINANCIAL INSTRUMENTS

32.1 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.

32.2 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.

32.3 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.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2013

As at December 31, 2013, 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	81,420,126.79	-	22,774,742.65	104,194,869.44
Current investment	-	-	15,742,266.99	15,742,266.99
Trade and other receivables	-	-	135,058,643.53	135,058,643.53
<u>Financial liabilities</u>				
Trade and other payables	-	-	62,867,821.37	62,867,821.37
Liabilities under hire-purchase agreement	-	296,281.49	-	296,281.49
Employee benefit obligations	-	14,190,473.48	-	14,190,473.48

	Baht			
	Separate financial statements			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	6,174,354.07	-	15,382,195.46	21,556,549.53
Current investment	-	-	13,955,671.05	13,955,671.05
Trade and other receivables	-	-	126,100,174.47	126,100,174.47
Long-term loan to subsidiary	-	15,000,000.00	-	15,000,000.00
<u>Financial liabilities</u>				
Trade and other payables	-	-	47,522,593.73	47,522,593.73
Liabilities under hire-purchase agreement	-	296,281.49	-	296,281.49
Employee benefit obligations	-	13,120,548.52	-	13,120,548.52

32.4 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.

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2013

32.5 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.

32.6 Fair value

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

33. OTHER

The meeting of the board of directors of the company No.3/2013 on August 14, 2013 passed the resolution to approve an establishment of the subsidiary company in Malaysia for expansion market base in the future. The total of the company's investment is not over MYR 1 million (around Baht 10 million).

34. RECLASSIFICATION

Certain accounts in 2012 the financial statements have been reclassified to conform to the current period classification, without any effect to the previously reported profit (loss) or shareholder's equity

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's director on February 26, 2014.

The background of the page features a large, semi-transparent watermark of the Eason Paint logo. The logo consists of the letters 'E', 'A', 'S', and 'O' in a stylized, bold font. Each letter is filled with a repeating geometric pattern of small squares. The letters are arranged in a staggered, descending sequence from top-left to bottom-right. The background is a light gray with a fine, repeating geometric pattern of small squares. The entire page is framed by a black border at the top and bottom.

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