

**EASON**

ANNUAL REPORT

**2015**

EASON PAINT PUBLIC COMPANY LIMITED



## Content

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Mr. Sanan Eksangkul  
Chairman

## Message from Chairman

It had been a difficult year for the world economy, despite the slow recovery; as a whole in 2015 including Asia and Thailand itself. Although, there were some stimulus packages given by the government lately; there had been a significant diminishing spending power which affected most business sectors as well as, automotive and certain beverages products of which influenced directly to the performance of the company.

However, the expansion in South East Asia in the past couples of years has diversified the risk of the company by lowering an exposure of depending on domestic consumption only, moreover; it is expected that the gearing towards ASEAN Economic Community (AEC) together with strengthening relationship between strategic partners in certain areas of businesses would benefit the performance of the company.

On behalf of the Company, I would like to express my sincere gratitude to our staff, directors, partners and shareholders for your kind support. It is my utmost wish that all problems would be solved peacefully for the bests of everyone in the country, also would like to take this opportunity to wish every single shareholder with good health, success investment, and "May the force be with you".

## Report of Audit Committee

The Audit Committee of the company consists of 4 independent directors with knowledgeable about financial, accounting, organization management, and industrial paint business, responsible for duties as assigned by the Board, in compliance with the regulations of the Stock Exchange of Thailand.

The Board of Directors' meeting No.4/2015 appointed the Audit Committee to resume position as the Audit Committee for the year 2015 - 2017. In 2015, the Committee held 4 meetings 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 team and the internal audit each time quarterly financial statements, to ensure that the prepared financial statements complied with legal and accounting standard requirements under generally accepted accounting principles. 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 2016 to the Board, which would in turn submit it for shareholder's approval at the AGM 2016
- Review of risk management* To ensure acceptable risk management practices, the Committee directed group of companies by constantly reviewing the risk management plans of 2015 to ensure the company against its risk profile efficiently by using suitable best practice.
- Review of internal audit assessment* Together with the external auditor and the Corporate Audit, the Committee revised and reviewed the internal control system with a focus on resource utilization, due care of properties, and prevention or minimization of defects, losses and frauds. The external auditor agreed that no significant findings or shortcomings were encountered.
- Review of connected transactions* The Audit Committee reviewed connected transactions with the company and group of companies to ensure that these were conducted under normal business conditions with complete and adequate information disclosure.
- Oversight of internal audit* The Audit Committee reviewed the annual audit plan, as well as their compliance. The audit findings were reviewed and recommendations given to follow up the corrective actions of those items considered significant to bring about good corporate governance and sufficient internal control. The Audit Committee also reviewed the annual budget to ensure that it was successfully conducted against goals.

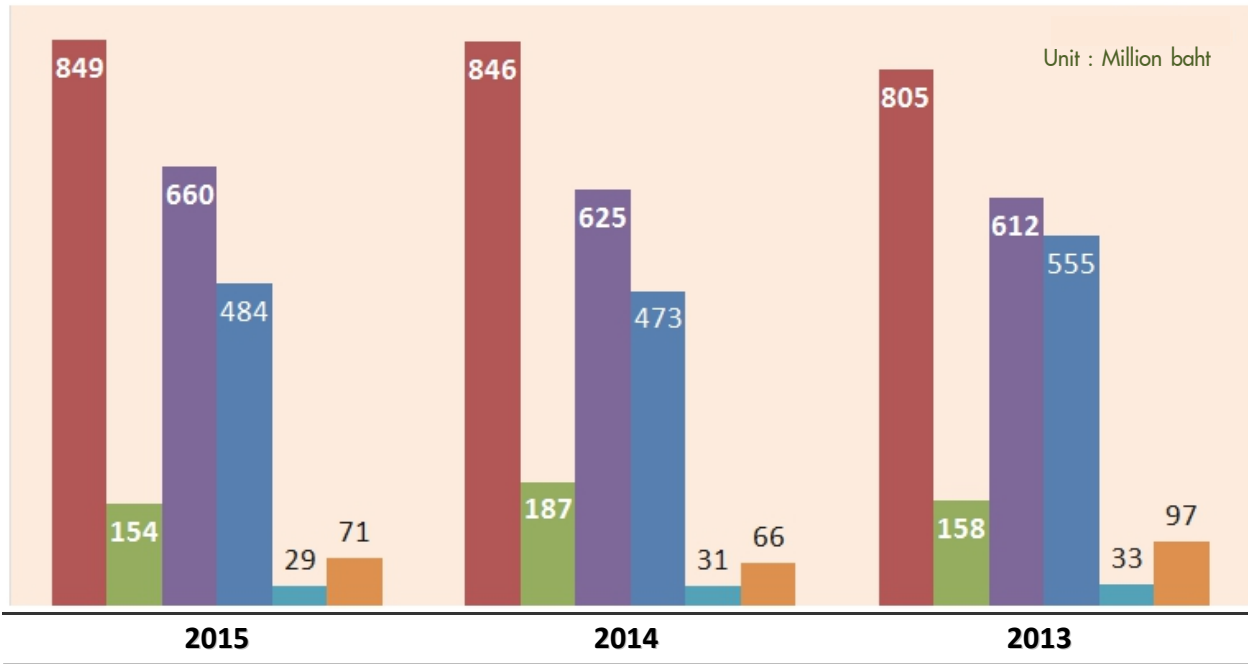
## Board of Directors



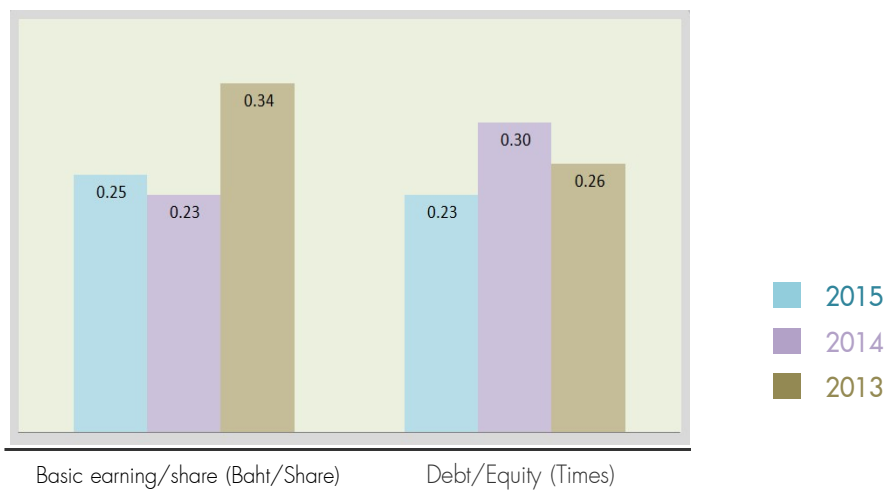
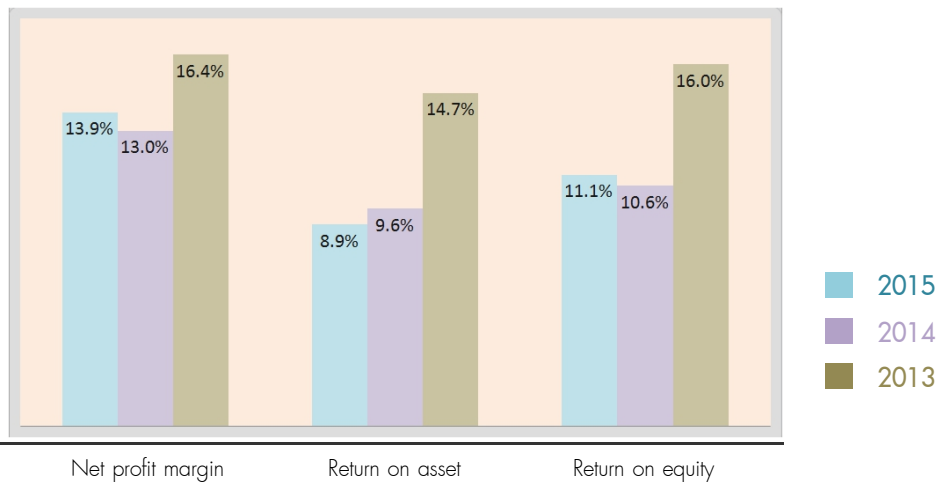


1. Mr. Sanan Eksangkul  
Chairman of Board of Directors
2. Ms. Petcharat Eksangkul  
Director
3. Mr. Sanit Eksangkul  
Director
4. Mr. Wichai Eksangkul  
Director
5. Ms. Sirinun Eksangkul  
Director
6. Mrs. Pismai Boonyakiat  
Independent Director / Chairman of Audit Committee
7. Mr. Vitiem Nildum  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

■ Total assets 
 ■ Total debt 
 ■ Shareholder's equity of the parent 
 ■ Total revenue\* 
 ■ Share net profit in associate company 
 ■ Parent shareholder's profit

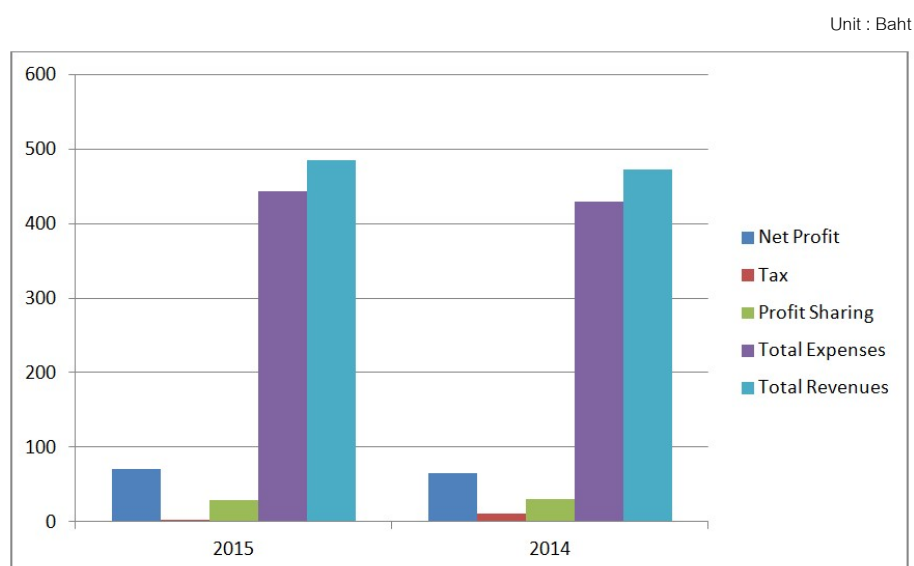


Remark: \* Total revenue not include share of profit of associated company





## Summary of Company



### Performance

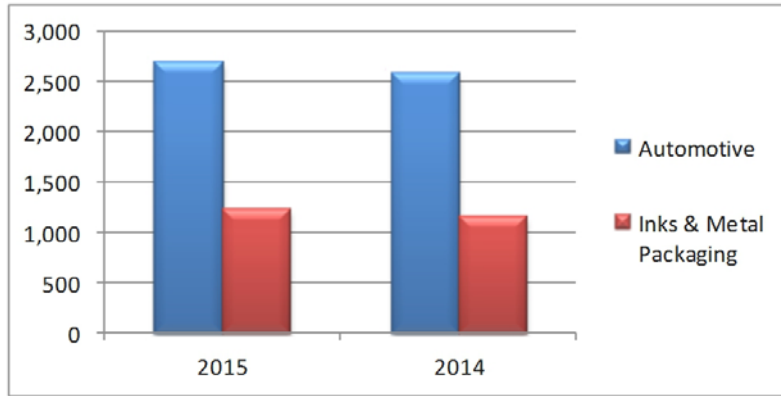
According to the above chart, Eason recorded total revenues of 484.33 million baht in 2015 which was slightly higher than 472.96 million baht in 2014 by 2.40%, as well as a marginal rise in total expenses by 3.20% from 429.11 million baht in 2014 to 442.99 million baht in 2015. While the profit sharing from associated company in 2015 marginally decreased by 4.30% to 29.37 million baht from 30.69 million baht in the previous year, however; the profit attributed to shareholders went up from 65.66 million baht in 2014 to 71.25 million baht which equivalent to 8.50% due to, the significant change in tax expenses from 11.34 million baht in 2014 to 2.26 million baht in 2015, as a result of; the restructuring of a subsidiary (Bright Blue Water Corporation).

In May 2015, the Board of Directors passed the resolution on dissolution and liquidation of NTL due to NTL stopped its operation for over a period of time, which this dissolution does not significantly affect the operations of the company. At current stage, the dissolution registration and liquidation has been complete on December 14, 2015

In July 2015, the Board of Directors has passed the resolution to increase registered capital from 400,000 RM to 1 million RM. At current stage, EFE has paid up capital amount of 700,000 RM, and will be paid up to 1 million in 2016.

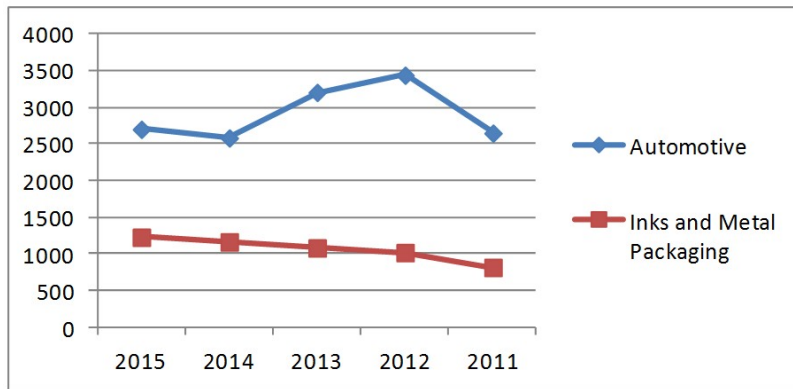
In July and August 2015, the Board of Directors passed the resolution to dispose the stake in BBW by reducing shareholding from 99.73% to 5%, or selling ordinary share 4,959,250 shares to new partners. Consequently, the selling of ordinary share of BBW is considered as the decreasing of the investment in a company, and BBW is no longer the subsidiary company.

Unit : Ton



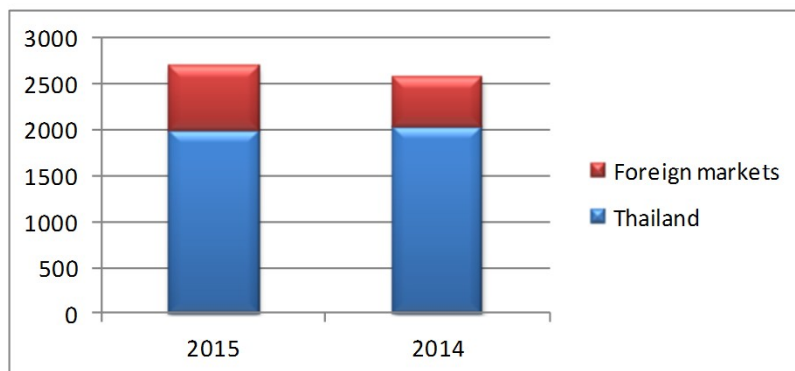
The above chart shows the sales in terms of tons, the automotive coatings went up from 2,584 tons in 2014 to 2,702 tons in 2015 or 4.6%, at the same time; inks and metal packaging coatings increase by 5.4% from 1,164 tons to 1,227 tons while the proportion remained the same at 69% for automotive coatings whereas inks and metal packaging contributed 31% for both 2014 and 2015.

Unit : Ton



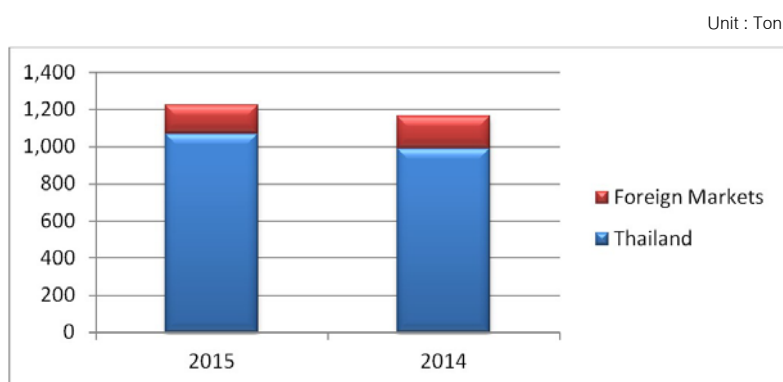
An above graph indicates the trend of sales in tons for both automotive and non-automotive coatings of the company, as the automotive coatings hit its peak in 2012 resulted from the domestic consumption in related products then dropped in 2013 and 2014 consecutively, but inks and metal packaging coatings has been grown progressively since 2011 up to 2015.

Unit : Ton



Eason is toll manufacturer of automotive paint under licence of BASF Germany, where the products are beneficial to customers as the substituted source to import. The bar chart above represents the proportion of sales in tons in three different locations, Thailand, Vietnam, and Indonesia; as 2015 sales volume in Thailand was similar to 2014; 1,995 tons and 2,025 tons respectively, however; the non-domestic figures which was driven mainly by Vietnam production had gone up by 26% from 559 tons in 2014 to 704 tons in 2015 resulted in; an increase in contribution of sales from foreign market by 5% from 21% in 2014 to 26% in 2015.

### Inks and Metal Packaging business



As the above chart shows the proportion of the amount of sales in local and foreign markets in 2014 and 2015, the local sales increased by 8% from 990 tons in 2014 to 1,071 tons in 2015 but the foreign markets went down by 10% from 174 tons in 2014 to 156 tons in 2015, as a result; the proportion between local and foreign markets slight altered from 85:15 in 2014 to 87:13 in 2015.

### Summary of the Company's products

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

### Non – Coatings business

The disposition of the stake in Bright Blue Water Corporation (BBW), by reducing shareholding from 99.73% to 5% of which had been sold to the new partners, as a result; not only BBW has no longer be the subsidiary of Eason but also the aforementioned transaction had affected the income tax of the company significantly as stated previously, however; BBW raised its capital to 300 million baht where Eason paid up in accordance to the proportion.

## Company Securities and Shareholders

As of December 31, 2015, 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. The company has never issued any securities other than the ordinary shares.

### Top Ten major shareholders as of December 31, 2015

Item	Shareholder's name	The number of shares	Percentage
1	Eksang Holding Co., Ltd. and Eksangkul Group	147,887,279	51.73
2	Maybank Kim Eng Securities PTE. Ltd.	19,038,500	6.66
3	Thai NVDR Co. Ltd.	18,313,300	6.41
4	Dej-amornthan Group	14,464,900	5.06
5	Miki & Co. Ltd. (Japan)	7,500,000	2.62
6	Luengwattanakij Group	5,820,000	2.04
7	Lohprakrong Group	5,742,000	2.01
8	Mr. Kanapod Nitsiriphat	3,586,800	1.25
9	Ms. Anchana Pinijkusoljit	2,820,000	0.99
10	Mrs. Jongkolrat Prugsananond	2,363,800	0.83
Total 10 Major Shareholders		227,536,579	79.60
Total Shareholders		285,894,029	100.00

### Shareholders proportion

As of December 31, 2015, shareholders proportion of the company by the Board of Committee, Management team and related persons, Institutional investors, Shareholders who hold more than 5%, and Free float under the corporate governance criteria for Thai listed company

No.	Shareholder categories	No. of Shareholders	No. of Shares	%
1	BOD, Management Team and related persons	13	148,157,312	51.82
2	Institutional investors	4	37,379,800	13.07
3	Shareholders who hold more than 5%	-	-	-
4	Free float	1,050	100,356,917	35.11
Total		1,067	285,894,029	100.00

## 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.

### Dividend payment from the operation of year 2012 - 2014

Eason Paint PCL.	2014	2013	2012
Net profit	64.67 million baht	87.57 million baht	82.71 million baht
No. of shares	285.89 million shares	285.89 million shares	285.89 million shares
Dividend per share	0.12 baht	0.16 baht	0.22 baht
Total of dividend	34.31 million baht	45.74 million baht	62.89 million baht
Pay-out ratio (%)	53.05%	52.25%	76.04%

**Remark** The Board of Directors resolved to set dividend payment rate for the operation of year 2015, which divide to 2 parts as set forth below;

1. Stock dividend : The dividend is to be paid to shareholders in the form of the ordinary share at the ratio of 30 existing ordinary shares per 1 stock dividend. In case following the allocation of such stock dividend, there is any remaining portion of existing ordinary shares (with their values unsuitable for such a stock dividend calculation), such remaining portion is subject to cash dividend instead of stock dividend at the ratio of 0.03333 baht.
2. Cash dividend : The dividend is to be paid to shareholders in cash at 0.04 baht per share.

The decision of paying dividend has to be approved by Annual General Shareholder Meeting which will be held on April 22, 2016.

## Issuance of other securities

- None -



Mrs. Pismai Boonyakiat  
Chairman of the Nomination  
and Remuneration Committee

## Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consisted of 4 persons namely; 1) Mrs. Pismai Boonyakiat as Chairman of the Committee, 2) Mr. Vitien Nildum, 3) Mr. Jane Wong-isariyakul, and 4) Ms. Thipawan Uthaisang, all of members are independent director. The current committee is scheduled to complete term in 2016, and the Board of Directors will consider appointing the Audit Committee afterward.

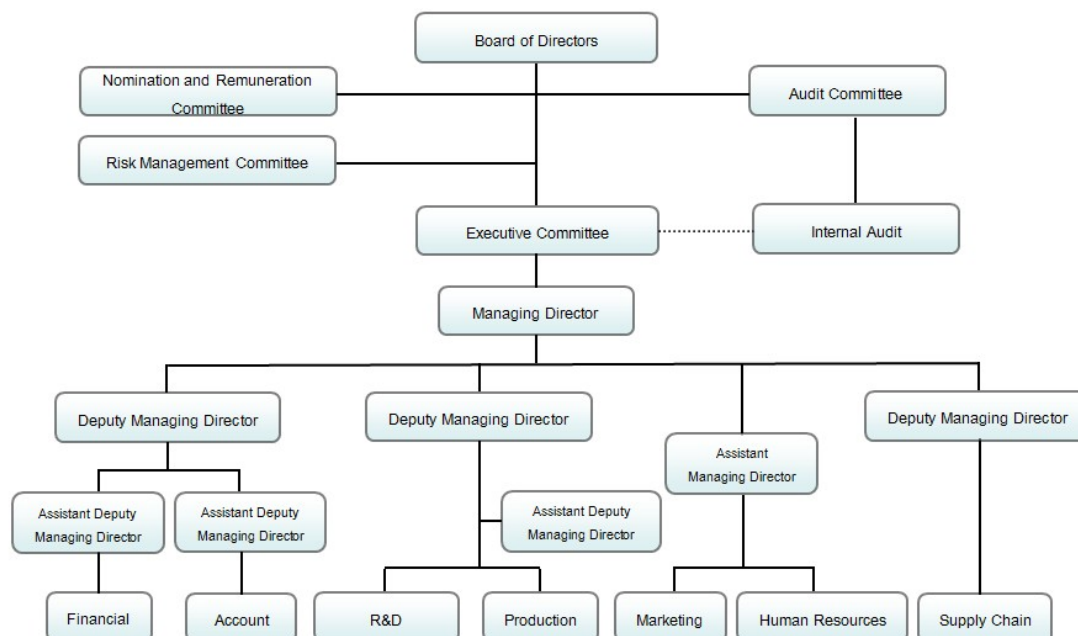
During the past period, the Committee performed its duties as assignment by the Board of Director. It held once Committee meeting, and joint meeting was held with the company's management team, and also took course "Role of Nomination and Governance Committee" and "Role of The Compensation Committee". Moreover, the Committee attended the seminar on "IT Governance : The Time is Now" and the seminar on "Thailand CG Forum : Governance as a driving force for business sustainability" in 2015. The committee's significant undertakings are detail below;

- 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
- 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 2015, the committee performed its assigned duties fully and properly with competence, dedication and independence complied with good corporate governance principles.

# Management Structure

Organization Structure As of December 31, 2015



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

## The Board of Directors and Sub-Committee

The Company has 5 directorate groups; Board of Directors, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and Executive Committee, and. Names of directors and position of each group are as follows:

No.	Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Executive Committee
1.	Mr. Sanan Eksangkul	Chairman	-	-	-	Chairman
2.	Ms. Petcharat Eksangkul	Director	-	-	Chairman	Director
3.	Mr. Sanit Eksangkul	Director	-	-	-	Director
4.	Mr. Wichai Eksangkul	Director	-	-	Director	Director
5.	Ms. Sirinun Eksangkul	Director	-	-	-	Director
6.	Mrs. Pismai Boonyakiat	Independent	Chairman	Chairman	-	-
7.	Mr. Vitien Nildum	Independent	Director	Director	-	-
8.	Mr. Jane Wongissariyakul	Independent	Director	Director	-	-
9.	Ms. Thipawan Uthaisang	Independent	Director	Director	-	-

**Remark:** Qualification standard for independent director and audit committee were in accordance with the provisions set forth in related announcement.

## Board of Directors

As of December 31, 2015, 9 directors in the Board of Directors are 5 executive directors and 4 non-executive directors (4 independent directors). They shall have a 3-year term which are listed as follows;

No.	Name	Position	No. of Term	Period	No. of Year
1.	Mr. Sanan Eksangkul	Chairman	4	2014 - 2016	11
2.	Ms. Petcharat Eksangkul	Director	4	2015 - 2017	11
3.	Mr. Sanit Eksangkul	Director	4	2013 - 2015	11
4.	Mr. Wichai Eksangkul	Director	4	2015 - 2017	11
5.	Ms. Sirinun Eksangkul	Director	4	2013 - 2015	11
6.	Mrs. Pismai Boonyakiat	Independent	4	2014 - 2016	11
7.	Mr. Vitien Nildum	Independent	4	2013 - 2015	11
8.	Mr. Jane Wongissariyakul	Independent	4	2015 - 2017	11
9.	Ms. Thipawan Uthaisang	Independent	4	2014 - 2016	11

## Shares holding of the Board of Director in 2015

No.	Name	No. of Shares			
		Dec 31, 2014	Changed	Dec 31, 2015	%
1.	Mr. Sanan Eksangkul	10,000	-	10,000	0.01
2.	Ms. Petcharat Eksangkul	6,044,000	(1,000,000)	5,044,000	1.76
3.	Mr. Sanit Eksangkul	1,670,000	-	1,670,000	0.58
4.	Mr. Wichai Eksangkul	5,620,000	(1,000,000)	4,620,000	1.62
	Spouse	54,678	-	54,678	0.02
5.	Ms. Sirinun Eksangkul	5,395,000	(1,000,000)	4,395,000	1.54
6.	Mrs. Pismai Boonyakiat	-	-	-	-
7.	Mr. Vitien Nildum	200,000	-	200,000	0.07
8.	Mr. Jane Wongissariyakul	-	-	-	-
9.	Ms. Thipawan Uthaisang	70,000	-	70,000	0.02
	Total	19,063,678		16,063,678	5.62

## Authorized Directors

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

## Controller

The company does not has any controller who has the influence over the company's management policy, or its operations, in such manner deemed as significant



The Board of Directors' information as of December 31, 2015

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>	60	<ul style="list-style-type: none"> <li>• Bachelor of Arts (Literature) Fujen University, Taiwan</li> <li>• Mini MBA Thammasat University</li> <li>• Director Accreditation Program 31<sup>st</sup></li> </ul>	10,000	2015 - Present	Director	Eksang Holdings Co., Ltd.
				2009 - Present	Director	Bright Blue Water Corp.
				2007 - Present	Chairman	Eason Urai Paint Co., Ltd.
				2002 - 2005	Advisor to Chairman	The House of Representatives
2. Ms. Petcharat Eksangkul <i>Director</i> <i>Executive Committee</i> <i>Managing Director</i>	58	<ul style="list-style-type: none"> <li>• XMBA Thammasat University</li> <li>• Bachelor of Science Chulalongkorn University</li> <li>• Director Accreditation Program 31<sup>st</sup></li> <li>• Director Certificate Program 154<sup>th</sup></li> <li>• National Defense College (NDC) Program 49<sup>th</sup></li> <li>• Top Executive Program in Commerce and Trade (TEPCoT) Program 6<sup>th</sup></li> <li>• Capital Market Academy Program 18<sup>th</sup></li> </ul>	5,044,000	2014 - Present	Director	Eason Far East Sdn. Bhd.
				2007 - Present	Director	Eason Urai Paint Co., Ltd.
				2004 - Present	Director	Eksang Holding Co., Ltd.
				1996 - 2015	Director	N.O.F.(Thailand) Ltd.
				2008 - Present	Honorable Chairman	Chemical Industry Club
				2014 - Present	President	The Federation of Thai Industries
				2006 - Present	Academic Advisor	Chulalongkorn University Science Alumni Association
				2008 - 2011	President	Faculty of Science, Chulalongkorn University Thai Paint Manufacturer
3. Mr. Sanit Eksangkul <i>Director</i> <i>Executive Committee</i> <i>Deputy Managing Director</i>	57	<ul style="list-style-type: none"> <li>• BA, Ramkhamhaeng University</li> <li>• Mini MBA Kasetsart University</li> <li>• Director Accreditation Program 31<sup>st</sup></li> </ul>	1,670,000	2008 - Present	Director	Eason Urai Paint Co., Ltd.
				2007 - Present	Director	Origin Eason Paint Co., Ltd.
				2004 - Present	Director	Eksang Holding Co., Ltd.
				2009 - 2015	Director	Bright Blue Water Corp.
				1996 - 2015	Director	N.O.F. (Thailand) 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>	52	<ul style="list-style-type: none"> <li>• Master of Science Kasetsart University</li> <li>• Bachelor of Science Kasetsart University</li> <li>• Director Accreditation Program 31<sup>s</sup></li> </ul>	4,620,000    Spouse's share holding 54,678	2013 - Present 2004 - Present 2009 - 2015 1996 - 2015	President Director Director Director	PT. Eason Indonesia Eksang Holding Co., Ltd. Bright Blue Water Corp. N.O.F.(Thailand) Ltd.
5. Ms. Sirinun Eksangkul <i>Director</i> <i>Executive Committee</i> <i>Assistant Managing Director</i>	51	<ul style="list-style-type: none"> <li>• BA, Ramkhamhaeng University</li> <li>• Mini MBA Kasetsart University</li> <li>• Director Accreditation Program 31<sup>st</sup></li> </ul>	4,395,000	2004 - Present 1996 - 2015	Director Director	Eksang Holding Co., Ltd. N.O.F.(Thailand) Ltd.
6. Mrs. Pismai Boonyakiat <i>Independent Director</i> <i>Chairman of Audit Committee</i> <i>Chairman of the Nomination and Remuneration Committee</i>	70	<ul style="list-style-type: none"> <li>• Master of Commerce Thammasat University</li> <li>• Bachelor of Accountancy Chulalongkorn University</li> <li>• Director Accreditation Program 34<sup>th</sup></li> <li>• Director Certification Program 58<sup>th</sup></li> </ul>	-	2005 - Present 2000 - Present 2000 - Present 1999 - 2000	Chairman of Audit Committee Associated Judge Chairman Director of Internal audit office	D-Con Public Company Limited Nonthaburee Juvenile and Family Court New Wave Institute and Consultant Bio File Co., Ltd.
7. Mr. Vitien Nildum <i>Independent Director</i> <i>Audit Committee</i> <i>Director of the Nomination and Remuneration Committee</i>	73	<ul style="list-style-type: none"> <li>• Bachelor of Science Chulalongkorn University</li> <li>• Mini MBA Thammasat University</li> <li>• Certificate of Chemical Practice</li> <li>• Certificate of Industrial Engineering, EIT</li> <li>• Director Accreditation Program 32<sup>th</sup></li> </ul>	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
		<ul style="list-style-type: none"> <li>• Role of Nomination and Governance Committee (RNG 5/2013)</li> </ul>				
8. Mr. Jane Wong-isariyakul <i>Independent Director</i> <i>Audit Committee</i> <i>Director of the Nomination and Remuneration Committee</i>	62	<ul style="list-style-type: none"> <li>• XMBA Thammasat University</li> <li>• Bachelor of Science Chulalongkorn University</li> <li>• Bachelor of Business Beijing Language and Culture University</li> <li>• Director Accreditation Program 31<sup>st</sup></li> <li>• Role of Nomination and Governance Committee (RNG 5/2013)</li> </ul>	-	1983 - Present  2012 - Present 2011 - Present 2008 - Present  2004 - 2014 2010 - 2013	Director/ Managing Director Director Director Director  Director President	Winner Group Enterprise PCL.  Jamjuree Innovation Co., Ltd. Jamjuree Testing Laboratory Ltd. Jamjuree Innovation Products Co., Ltd.  Spa Ovation (Thailand) Co., Ltd. CU Science Alumni Association
9. Ms. Thipawan Uthaisang <i>Independent Director</i> <i>Audit Committee</i> <i>Director of the Nomination and Remuneration Committee</i>	57	<ul style="list-style-type: none"> <li>• XMBA Thammasat University</li> <li>• Bachelor of Accountancy Thammasat University</li> <li>• Director Certification Program 29<sup>th</sup></li> <li>• The College of Politics and Governance, The King Prajadhipok's Institute 9<sup>th</sup></li> <li>• Capital Market Academy 8<sup>th</sup></li> <li>• National Defense College (NDC) Program 53<sup>rd</sup></li> <li>• Roll of the Compensation Committee (RCC 17/2013)</li> </ul>	70,000	2015 - Present  2013 - Present  2013 - Present  2009 - Present 2009 - 2015 2008 - Present	Chairman of Audit Committee Chairman of Audit Committee Audit Committee, Chairman of Remuneration Committee Audit Committee Audit Committee Managing Director	Aira & Aiful PCL.  Prodigy PCL.  Winner Group Enterprise PCL.  Ladprao General Hospital PCL. Pailin Booknet PCL. Papermate (Thailand) Co., Ltd.

The number of companies served by each director

No.	Name	Company type	Company name
1.	Mr. Sanan Eksangkul	1 Listed Company	1. Eason Paint PCL
		3 Other Companies	1. Eason Urai Paint Co., Ltd. 2. Bright Blue Water Corporation Ltd. 3. Eksang Holdings Co., Ltd.
2.	Ms. Petcharat Eksangkul	1 Listed Company	1. Eason Paint PCL
		3 Other Companies	1. Eason Far East Sdn. Bhd. 2. Eason Urai Paint Co., Ltd. 3. Eksang Holdings Co., Ltd.
3.	Mr. Sanit Eksangkul	1 Listed Company	1. Eason Paint PCL
		3 Other Companies	1. Eason Urai Paint Co., Ltd. 2. Origin Eason Paint Co., Ltd. 3. Eksang Holdings Co., Ltd.
4.	Mr. Wichai Eksangkul	1 Listed Company	1. Eason Paint PCL
		2 Other Companies	1. PT. Eason Indonesia 2. Eksang Holdings Co., Ltd.
5.	Ms. Sirinun Eksangkul	1 Listed Company	1. Eason Paint PCL
		1 Other Company	1. Eksang Holdings Co., Ltd.
6.	Mrs. Pismai Boonyakiat	2 Listed Companies	1. Eason Paint PCL 2. D-Con PCL
		Other Company	None
7.	Mr. Vitien Nildum	1 Listed Company	1. Eason Paint PCL
		Other Company	None
8.	Mr. Jane Wong-isariyakul	2 Listed Companies	1. Eason Paint PCL 2. Winner Group Enterprise PCL
		3 Other Companies	1. Jamjuree Innovation Co., Ltd. 2. Jamjuree Testing Laboratory Co., Ltd. 3. Jamjuree Innovation Product Co., Ltd.
9.	Ms. Thipawan Uthaisang	5 Listed Companies	1. Eason Paint PCL 2. Winner Group Enterprise PCL 3. Prodigy PCL 4. Ladprao General Hospital PCL 5. Aira & Aiful PCL
		1 Other Company	1. Papermate (Thailand) Co., Ltd.

In this regard, none of the company's directors serve as director more than 5 listed companies, and none of the company's directors who is executive directors serve as director in other listed companies.

### The Number of Directors' meeting

During 2015, the Board of Directors and other committees regularly held their meetings, whose attendance records by the director were summarized as follows;

No.	Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Executive Committee
1.	Mr. Sanan Eksangkul	6/6	-	-	-	7/7
2.	Ms. Petcharat Eksangkul	6/6	-	-	1/1	7/7
3.	Mr. Sanit Eksangkul	6/6	-	-	-	6/7
4.	Mr. Wichai Eksangkul	6/6	-	-	1/1	7/7
5.	Ms. Sirinun Eksangkul	6/6	-	-	-	6/7
6.	Mrs. Pismai Boonyakiat	6/6	4/4	1/1	-	-
7.	Mr. Vitien Nildum	5/6	3/4	1/1	-	-
8.	Mr. Jane Wongissariyakul	5/6	4/4	1/1	-	-
9.	Ms. Thipawan Uthaisang	6/6	4/4	1/1	-	-

*Remark*           \* Meeting leave due to overseas business  
                          \*\* Meeting leave due to own illness

In addition, during 2015, one meeting was held among independent directors only, without the attendance by management team, with full attendance by all the independent directors.

### Remuneration criteria for the directors and management team

The Nomination and Remuneration Committee will set the budget and allocation criteria for the directors, on the comparative basis with other companies in the same business category, expansion in the company' business, business growth rate and operating result, together with refer to authority, duties and responsibility scope. Said solution would be forwarded to the Board of Directors meeting for their consideration prior to submitting to the shareholder meeting for the final approval.

As of the remuneration for management team would be required to follow the criteria set forth by the company, in term of comparative basis with other companies in the same business category, duties and responsibility scope as same as remuneration for the directors.

### Structure of remuneration for company directors

The company has set the same remuneration structure for company directors, regardless of whether they also served as members of the management or not, as follows;

- Meeting allowance : paid to person attending the meeting
- Annual remuneration : paid to all directors, based on the consideration by the Nomination and Remuneration Committee

Unit : Baht per time	2015	2014	2013
1. Meeting allowance			
• Board of Directors (Chairman/Member)	15,000/10,000	15,000/10,000	10,000/5,000
• Audit Committee (Chairman/Member)	15,000/10,000	15,000/10,000	15,000/10,000
2. Annual remuneration			
• Board of Directors (Chairman/Member)	120,000/100,000	170,000/150,000	170,000/150,000
• Audit Committee	None	None	None

*Remark:* No remuneration for the Nomination and Remuneration Committee, Risk Management Committee, and Executive Committee

### Remuneration of the Board of Directors in 2015

			Unit : Baht
No.	Name	Position	Amount
1.	Mr. Sanan Eksangkul	Chairman of Executive Committees	210,000
2.	Ms. Petcharat Eksangkul	Director	160,000
3.	Mr. Sanit Eksangkul	Director	160,000
4.	Mr. Wichai Eksangkul	Director	160,000
5.	Ms. Sirinun Eksangkul	Director	160,000
6.	Mrs.Pismai Boonyakiat	Chairman of Audit Committee/ Independent Director	220,000
7.	Mr.Vitien Nildum	Audit Director/ Independent Director	180,000
8.	Mr.Jane Wong-issariyakul	Audit Director/ Independent Director	190,000
9.	Ms.Thipawan Uthaisang	Audit Director/ Independent Director	200,000
Total			1,640,000

*Remark:* According to the Annual General Meeting 2015 dated on April 8, 2015, the resolution of the meeting on the issue of remuneration of Company's directors in 2015 would total up no greater than 2.2 million baht

### Total remuneration of Directors

Unit : Baht

Directors	2015	2014	2013
Meeting allowance	720,000	560,000	565,000
Annual remuneration	920,000	1,370,000	1,370,000
<b>Total</b>	<b>1,640,000</b>	<b>1,930,000</b>	<b>1,935,000</b>

#### Director's other remuneration

The company does not has the policy to provide any extra benefit to directors

#### Structure of remuneration for management team

The remuneration for the 5 executive directors and the 8 executives from department manager level and higher, altogether totaling 13 persons will be classified into salary and bonus (based on the company' operating result)

**Management Team** As of December 31, 2015, Management Team consisted of 13 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.	Mr. Nathapol Eksangkul	Assistant Managing Director Marketing Manager Act. Human Resource Manager
7.	Ms. Sirinun Eksangkul	Assistant Deputy Managing Director
8.	Mr. Piti Eksangkul	Assistant Deputy Managing Director
9.	Ms. Siriporn Choochird	Research and Development Manager
10.	Mrs. Wilaivan Mitrapanon	Supply Chain Manager
11.	Mr. Chayuth Sereerak	Accounting Manager
12.	Ms. Phanphimon Boonyapinyo	Financial Manager
13.	Mr. Jitti Eksangkul	Production Manager

### Remuneration for management team

Unit : Baht

Remuneration	2015	2014	2013
Salary, Bonus and	(13 persons)	(13 persons)	(12 persons)
Provident Fund	31,513,215	25,895,876	25,348,832

### Management team's other remuneration

The management team received the company's contribution to their provident fund.

### Company Secretary

The Board of Directors resolved to appoint Mr. Saroch Chantadee, Manager of Office of Managing Director who passed the Company Secretary course from Thai Institute of Directors (IOD) on October 16 – 17, 2012, as the company secretary effective from August 8, 2008, to have the duties and responsibilities as specified in the Securities and Exchange Act, B.E. 2008, together with other duties assigned by the Board of Directors.

### Duties and responsibilities of company secretary

1. To provide preliminary advice to the company directors on laws, regulations and articles of the company, and to monitor proper and regular compliance, as well as to report substantive changes to the directors.
2. To coordinate between the company directors and the management, to supervise and coordinate matters pertaining to the relevant laws and regulations, including proceedings to ensure compliance with resolutions of the Board of Directors.
3. To organize the Board of Directors' meeting and shareholders' meeting in accordance with laws, company articles and other directive.
4. To record minutes of the Board of Directors' meeting and shareholders' meeting as well as monitor compliance with resolutions of the meeting
5. To oversee the disclosure of information and file the relevant reports under the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
6. To prepare and archive the following documents;
  - Company directors' register
  - Notice of the Board of Directors' meeting and minutes of the meeting
  - Notice of shareholders' meeting and minutes of the meeting
  - Annual registration statement (Form 56-1) and Annual Report (Form 56-2)
7. To maintain report of interest report field by company directors or executives
8. To carry out other proceeding as prescribed by the Capital Market Supervisory Board



## Employees

### Total number of employees and total remuneration

	2015	2014	2013
Total employee at the end of December			
• Production (persons)	103	114	108
• Support and administration (persons)	105	97	108
Total remuneration (baht)	83,434,579	75,872,916	78,995,925

## Human resource development

The company emphasizes on raising knowledge of employees. They will be developed on continual basis on knowledge for their duties, production and quality control, skill for purchasing, transportation, maintenance, accounting-financial, safety hygiene and environment by in-house and public training course in order to meet with the vision of organization and to prepare personal to be ready for the free trade in AEC.

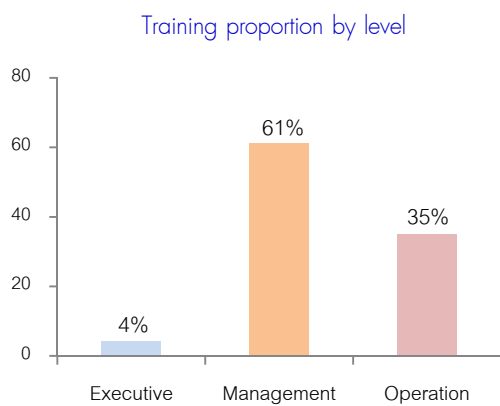
Executive level	Management level	Operation level
Lay out vision and business operation strategy in order to meet with the Board of Director's policy	Develop knowledge and management skill as well as create good team work to achieve the target	To gain knowledge and expertise on functions. Be aware about customer's need and their own team

In 2015, the company arranged training course follow the annual training plan, consists of courses in 6 fields;

1. **Course for management level** such as "The manager", "Developing on creativity thinking for modern organization" and "Conflict management"
2. **Production and Quality Control** such as "Way to be the quality control manager" "How to describe pigment for industry paint" and "Production management for supervisor"
3. **Purchasing, Warehouse and Transportation Management** such as "How to manage the hazardous raw materials and goods", "Maritime transport of dangerous goods", "Implementation of Thailand green freight", "Bargaining and negotiation" and Site visit "Port Sight Seeing Cruise"
4. **Human Resources Management** such as "Labor law for human resources department", "The New Notification of the Social Security Office" and "Mini HR Manager"
5. **Hygiene and Environment Management** such as "Safety in your workplace : Advance course", "Basic fire fighting", "first aid and resuscitation" and "Forklift safety drive training"

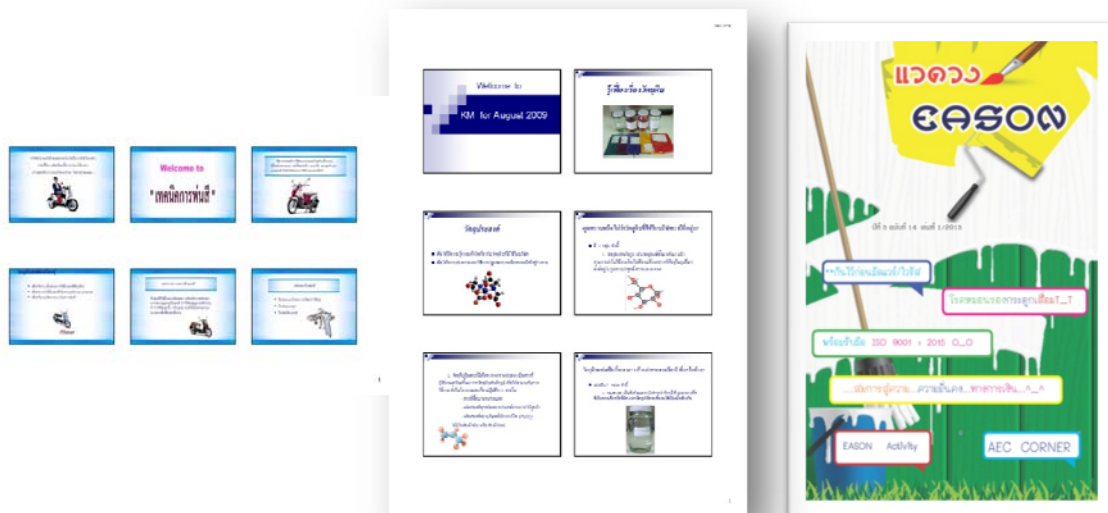
6. **Supporting Department** such as “Financial reporting update”, “Accounting and taxation”, “Risk management on corruption”, “Centos Linux for system administrator”, QAD enterprise application overview” and “Machine maintenance for more confidential”

In 2015, total of 126 persons took the training course (calculated as 63% of all employees). The total training hour is 1,900 hours. The average number of training per person per year 8.63 hours, and each level is as follows;



### Knowledge Management

The company focus on knowledge sharing management in organization, from obtaining the knowledge in to data server, access and using of information as well as pass on the knowledge to employees for increasing their working skills. Knowledge sharing data base will be center in gathering information from every department including knowledge, business, innovation and other knowledge for life and work.



## Corporate Governance

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. The company has applied 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. This is communicated to all directors, management team, and every level of employees, which would be best practice to comply the principle of good governance.
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

## Company's Directors group

- *Board of Directors*

The Board of Directors consisted of 9 members, 3-year term, which can be classified into 5 executive directors and 4 non-executive directors (4 Independence directors).

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

Remark : \* Mrs. Pismai Boonyakiat and Ms. Thipawan Uthaisang, non-executive director, are directors who has experience in financial and accounting

\*\* Mr. Vitien Nildum, non-executive director, is director who has experience in industrial paint business.

### Term of Company's Directors

The term of Company's Directors is a 3-year term in accordance with company articles of association and charter as follows;

1. At each annual shareholder's general meeting, one-third of the sitting directors are required to retire from director, whereas if the number of directors cannot be divided into 3 equal portions, the closet to such number shall apply. Retiring directors are eligible for re-election. At present, the Board of Directors had 9 members, therefore each director shall have a 3-year term.
2. Apart from retiring upon term completion, the company's directors shall also relieved of his/her position upon resignation or death or having disqualifications as prohibited by law or the resolution adopted by the shareholders' meeting to remove that person from the position, or court ruling remove that person from the position.
3. In case where the position of Board member is left vacant due to reasons other than term completion, with such remaining term not less than 2 months, the Board of Directors are required to appoint other persons having full qualifications to succeed in that position. In such case, the newly-appointed Board member any only serve out the term remaining for the person he/she succeeds
4. The company's director resigning from the position before term completion is required to submit his/her resignation letter to the company, with such resignation coming into effect on the date of said submission.
5. The shareholders' meeting may vote for any of director to be out before retiring upon term completion, by a vote of not less than three-fourth of the number of shareholders attending the meeting and having the right to vote and the total number of shares being not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.

### Authority of the Board of Directors

1. Appoint, remove, and assign authority to advisors to The Board of Directors, various committees, and managing director, to carry out the assigned duties.
2. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
3. Approve loan transaction to be used as the company's working capital, for such portion exceeding the authority of the Executive Committee.
4. Approve loan extension to companies having business connection with the company, either as the shareholder or the company engaging in business transaction, or other companies.

5. Approve the entering into guarantee for credit facility, for companies having business connection with the company, either as the shareholder or the company engaging in business transaction, or other companies.
6. Approve the set up, merger, or dissolution of subsidiary company.
7. Approve the investment for the purchase or sales of common shares, and/or other securities, for such portion exceeding the authority of the Executive Committee.
8. Approve the procurement and investment transactions of fixed asset, for such portion exceeding the authority of the Executive Committee.
9. Approve the sales and transfer transactions of fixed assets, for such portion exceeding the authority of The Executive Committee.
10. Approve the adjustment, disposal, and write-off for fixed assets, and/or intangible assets no longer in use, or being subject to damage, loss, destruction, deterioration, out of date, or no longer functionable, for such accounting value (historical cost) exceeding the authority of the Executive Committee.
11. Approve the settlement of conflicts by reconciliation or by the resolution through arbitration, petition, lawsuit, and/or court proceedings on the company's behalf, for such case not considered as normal business practice, and/or such case considered as normal business practice, for such portion exceeding the authority of the Executive Committee.
12. Approve the entering into such transaction not considered as normal business practice, for such portion exceeding the authority of the Executive Committee.
13. Propose the capital increase or capital decrease, or the change in par value, change or amendment to memorandum of association, articles of association, and/or objectives of the company to the shareholders for consideration.
14. Authorize The Executive Board members, management members, managers or other persons, to act on their behalf.
15. Authorize to summon management members or employees concerned to provide explanation or opinion, to join the meeting, and to submit those documents deemed necessary.
16. Appoint and remove Company Secretary.
17. The authority scope for The Board of Directors pertaining to the acquisition and disposal of assets and connected transactions, shall comply with the Notification of The Capital Market Supervisory Board.

#### Scope of duties and responsibilities of the 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 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.

In 2015, the directors strictly followed all terms and conditions as notification of the Securities and Exchange Commission and the Stock Exchange of Thailand.

#### 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 each meeting.

#### 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.

#### Sub-Committees

The Board of Directors appointed the Sub-Committees comprising of competent and experienced members, to supervise over each particular aspect of company operations, to ensure careful and effective management and operation for the company. Those committees consisted of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Executive Committee.

The Board of Directors clearly laid down the authority and responsibility scope for each committee per the charter for said committee. The chairman of each committee will responsible for supervising the operation in accordance with the policy of the Board of Directors, and report the result in the Board of Directors' meeting.

- **Audit Committee**

The Board of Directors' meeting No.4/2015 dated August 11, 2015 appointed 4 Independence Directors to resume their position as the Audit Committee. All of them are qualified as required by security law and the Stock Exchange of Thailand, with a 2-year term. As of December 31, 2015, the 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

The purpose of Audit Committee appointment is to be responsible to operation of internal control system whereas the scope of duties and responsibilities 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.

#### Authority of Audit Committee

1. Coordinate to facilitate common understanding regarding company operations among the certified public accountant, The Board of Directors, and the internal control office.
2. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
3. Authorized to summon the management and company staff to provide comments and clarification, to take part in meetings, and to submit documents deemed necessary, while being allowed to gain access to all levels of information.
4. Authorized to carry out investigation on concerned persons relating to such matters lying within the authority and duty scope of the Audit Committee.

#### Scope of duties and responsibilities 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 the directors an appropriate choice of auditing company for approval, appraise, appoint, 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 propose the directors an appropriate choice of internal audit for approval, appraise, appoint, including consideration internal audit fee, factors when selecting an internal audit, company's resources, the amount of work of internal audit, and experience of internal audit, also join the meeting with the audit committee at least once a quarter.
7. 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.
8. 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.
9. To report work progress and findings to Board of Directors once a year minimally.
10. Have an authorization to examine and investigate into any suspicious transactions or activities, including seeking 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.

In carrying out its above duties, the Audit Committee is directly responsible to the Board of Directors, who in turn is responsible to the shareholders and general investors.

The Audit Committee regularly held its meeting once a quarter, whereby the meeting dates had been decided in advance throughout the year. The Audit Committee regularly reported its finding to the Board of Directors, and also attended joint meeting with the company's auditor and the CFO each quarter, to review the company's quarterly financial statement.

#### 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.

- **The Nomination and Remuneration Committee**

The Board of Directors has approved the appointment of the Nomination and Remuneration Committee, to comply the principle of good governance with a 3-year term. The current committee is scheduled to complete term in 2016, and the Board of Directors will consider appointing the committee afterward.

As of December 31, 2015 the Nomination and Remuneration Committee consisted of 4 persons 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

#### Authority of the Nomination and Remuneration Committee

1. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
2. Authorized to summon the management and company staff to provide comments and clarification, to take part in meetings, and to submit documents deemed as necessary.

#### Scope of duties and responsibilities 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.

- **The Risk Management Committee**

The Board of Directors' meeting No.6/2015 dated November 13, 2015 appointed the Risk Management Committee, to comply the principle of good governance with a 3-year term. The Risk Management Committee consisted of 3 persons as follows:

No.	Name	Position
1	Ms. Petcharat Eksangkul	Chairman of The Risk Management Committee
2	Mr. Wichai Eksangkul	Risk Management Committee
3	Mr. Nathapol Eksangkul	Risk Management Committee

### Authority of Risk Management Committee

1. Authorized to secure the professional services consultant or specialist for any valued suggestion to the company
2. Authorized to request various departments in the company to attend the join meetings with the Risk Management Committee, as may deem necessary.
3. Authorized to set up a working committee, to monitor and evaluate risk management activities throughout the overall organization.

### Scope of Duties and responsibilities of the Risk Management Committee

The Risk Management Committee was appointed by the Board of Directors, consisted with the management team from each related departments. Duty and responsibility scope are as follows;

1. Set forth the policies, target and the implementation plan of risk management, which would cover all the major risks such as financial risk, investment risk, and corporate reputation risk, before proposing to the Board of Directors for approval.
2. Formulate strategies, organization structure, and resources used in risk management, in compliance with risk management policies under the acceptable risk level among the Board of Directors' policies.
3. Encourage and promote mutual cooperation among various departments in company, to implement the risk management plan at all operational levels.
4. Review the policies, strategies, and best practice to ensure that the company has adequate and efficient risk management system in place.
5. Quarterly report to the Board of Directors about the management, operation, risk status, change and area of improvement the risk management system throughout the organization, so as to remain effective on a consistent basis.
6. Other matter as assigned by the Board of Directors.

### Risk Management Policy

1. To promote all levels of employee to stimulate understanding, conscience, and collective responsibility of risk, that could occur in the process of management and operations.
2. To promote and set up risk management standard process, including managing, controlling, monitoring, reporting, and communicating the information of risks continuously.
3. To measure the risk by considering both in terms of quality such as the company's reputation and image, and quantity such as revenue, expense or business operation.
4. To determine the risk limit at the acceptable level, and identify circumstances and risk degrees that are noted as warning signs for the operators to manage risk and control it under the risk limit.
5. To provide operational regulations in writing for the management team and all employees to abide by in order to control the operational risk.

- **Executive Committee**

The Executive Committee was set up to carry out management duties for the company as assigned by the Board of Directors. During 2015, the Executive Committee convened total 7 meetings. As of December 31, 2015, 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

#### Authority of Executive Committee

1. Appoint, remove, transfer, and evaluate the performances, as well as deciding on the remuneration and benefits to be granted to the employees at all levels.
2. Appoint and remove any committee assigned to carry out duties for the benefits of the company.
3. Seek advices from specialists or company consultants (if any), or solicit the services of outside specialists or consultants at the company's expenses.
4. Issue the rules and announcement pertaining to company operations, and assign the authority to executive directors and/or staff members acting in the management position, to sign their names approving the disbursement of company assets.
5. Approve loan transaction to be used as the company's working capital, not to exceed 50 million baht per such transaction.
6. Approve the procurement and investment transactions of fixed assets, with the amount not to exceed 30 million baht for each transaction.
7. Approve value adjustment and disposal for raw materials and/or inventory already deteriorated or out-of-date, to reflect lower accounting value according to actual situation.
8. Assign management members, managers or other persons, to act on their behalf.
9. Authorize to summon management members or employees concerned to provide explanation or opinions, to join the meetings, and to submit those documents deemed necessary.
10. Issue work guidelines deemed necessary and appropriate.

#### Scope of duties and responsibilities 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, (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 shareholder

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.

- **Management Team**

As of December 31, 2015 Management Team consisted 13 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
		Marketing Manager
		Act. Human Resource Manager
8	Mr. Piti Eksangkul	Assistant Deputy Managing Director
9	Ms. Siriporn Choochird	R&D Manager
10	Mrs. Wilaivan Mitrapanon	Supply Chain Manager
11	Mr. Chayuth Sereerak	Accounting Manager
12	Ms. Phanphimon Boonyapinyo	Financial Manager
13	Mr. Jitti Eksangkul	Production Manager

## The Chairman and the Managing Director

The Board of Directors has clearly assigned the authority, duty and responsibility of the Chairman and the Managing Director as a guideline to serve as each position. The details are as follows;

### Scope of authority, duties, and responsibilities of the Chairman

1. Take responsibility as the leader of the Board of Directors in monitoring and supervising the operations of the Board of Directors and various committees.
2. Preside at the Board of Directors' meeting. In case of tie, the Chairman adds an additional vote as a casting vote.
3. Summon the Board of Directors' meeting or may assign another person to act on own behalf

4. Preside at the shareholders' meeting and control the meeting to be in accordance with the company's regulations regarding the meeting. Conduct the meeting according to the agenda specified in the invitation to the meeting, unless the meeting resolves to change the order of the agenda by votes of not less than two-third of the shareholders present at the meeting.
5. Engage in order acts as assigned by the Board of Directors.

#### Scope of authority, duties and responsibilities 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.

## The selection and appointment of the Directors and Executive officers

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:

- The selection method of persons to be appointed directors and independent directors

The Nomination and Remuneration Committee has been assigned to select qualified persons having appropriate qualifications to be nominated as company directors for consideration by the Board of Directors, prior to submitting to the shareholders' meeting for approval by the majority votes of the shareholders present at said meeting. In case where the retirement took place prior to term completion with the remaining term being not less than 2 months, the Board of Directors' meeting shall then be authorized to select the persons from the candidates proposed by the Nomination and Remuneration Committee, for further appointment as company directors, by the majority votes of not less than 3/4 of the remaining directors. In such case, the newly-appointed directors shall serve out the remaining term of their predecessors.

## The Board of Directors' structure diversity policy

For such nominating process of the persons to be appointed directors, the company has set qualifications of nominated directors in term of professional skill, specialization that is beneficial to the company's business, and ability to meet the requirement of the vacant positions without sexual discrimination. This included leadership, vision, integrity and ethics, as well as transparent work experiences and not be prohibited under law and regulations of the company. With this regard, the company provided an opportunity for minor shareholder to participate in nominating qualification directors together with propose additional agenda which is beneficial to the company's business during for 3 months before the annual general shareholders' meeting every year. During 2015, the company has no nomination process of the persons for appointment to be director.

With regard to the selection of persons to be appointed independent director, the Nomination and Remuneration Committee shall select from those persons having qualification required for independent directors, in accordance with the Notification by the Capital Market Supervisory Board, in addition to basic qualification requirements above.

#### Independence Director's qualification

The Board of Directors resolved to adopt the definition for "Independent Director" having qualifications in accordance with the Notification of The Capital Market Supervisory Board as follows;

1. Holding shares not exceeding 1% of the total number of voting rights of the company, its parent company, subsidiary company, affiliate company, major shareholders or controlling person of the company, including the share being held by related persons of independent directors.
2. Neither being nor having been an executive director, employee, staff or advisor who received regular salaries, or being a controlling person of the company, its parent company, subsidiary company, affiliate company, major shareholders or person having supervision authority over the company, unless the foregoing station ended not less than 2 years prior to the date of their appointments as independent directors.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of executive, major shareholder, controlling person, or person to be nominated as executive or as controlling person of the company or its subsidiary company.
4. Not having business relationship with the company, its parent company, subsidiary company, affiliate company, major shareholders or controlling person of the company, in such manner likely to interfere with own independent judgment, and neither being nor having been a significant shareholder or person having supervision authority over the person who has business relationship with the company, unless the foregoing relationship ended not less than 2 years prior to the date of appointment as independent director.
5. Neither being nor having been an auditor of the company, its parent company, subsidiary company, affiliate company, major shareholders or controlling person of the company, and not being a significant shareholder or person having supervision authority, or partner of an audit firm which employs auditors of the company, unless the foregoing relationship ended not less than 2 years prior to the date of appointment as independent director.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee from the company, its parent company, subsidiary company, affiliate company, major shareholders or controlling person of the company, and not being a significant shareholder, unless the foregoing relationship ended not less than 2 years prior to the date of appointment as independent director.
7. Not being a director who has been appointed as the representative of the company's director, major shareholder, or being a share holder who is related to the major shareholder.

8. Not engaging in business operations of the same business nature or in competition against the business operations of the company or its subsidiary company, nor serving as a significant partner in a limited partnership or otherwise serving as a director participating in the management, or serving as employee or consultant receiving regular salary or holding over 1% shares out off total share in other companies engaging in the same business nature or in competition against the company and its subsidiary company.
9. Not having any characteristics which make him incapable of expressing independent options with regard to the company's business affairs.

In the event of any announcement by the Capital Market Supervisory Board imposing the revision to the qualifications for independent director, the company's independent director would thereby be required to possess such qualifications well complying with such revision.

After being appointed independent director, they may then be assigned by the Board of Directors to participate in the decision making procedures for the company, its parent company, subsidiary company, affiliate company, major shareholders or controlling person of the company on the condition that such decision must be a collective one. Additionally, in the past period, the independent directors of the company never have or had business relationship or professional service exceeded than the rules stipulated in the notification of the Capital Market Supervisory Board.

- **The number of directors representing each major shareholding group**

Directors representing major shareholding group	5	persons
Independent directors	4	persons

- **The rights accorded minor shareholders regarding directors appointment**

**Nomination of Directors**

The company provided minor shareholders with the opportunity to nominate candidates to be appointed as company directors at the annual general shareholders' meeting 3 months in advance according to the criteria specified by the company, whose further details were display on the company's website under the heading Investor Info > Shareholder' meeting > Granting the Rights to Shareholders

**Vote-casting method for director appointment**

According to the company's Articles of Association No. 17, the shareholders' meeting was authorized to appoint company directors according to the criteria and method as follows;

1. One shareholder shall have one vote per one share
2. Each shareholder must exercise all of the votes under the first paragraph to elect one or several persons to be the directors, and must not allot votes to any person in any number.

3. The person receiving the highest number of votes, followed by those with descending highest number of votes shall be elected as the directors fulfilling the number of directorship required to be elected by the shareholders' meeting. In case the number of votes for the candidates in descending order are equal and exceed the number of directors to be elected at the said meeting. The Chairman shall cast the deciding vote.

- **The selection method for the person to be management team**

#### The selection of the management

The selection process for the persons to further serve in management positions, the company begins with the selection of the person having good qualification, sound morality and ethic to join the company. The company then trains and develops employee to be well prepared to meet the challenges as future management members, so as to take up further significant position when they become vacant.

#### The selection of the top management

With the regard of selection methods for the company's top management, the Nomination and Remuneration Committee shall consider and select from the current management or other, with qualified knowledge and abilities, who deeply understand the company's business, as well as be able to manage to achieve the objective and target set by the Board of Directors, and also not be prohibited by laws. Accordingly, such person is then proposed to the Board of Directors for consideration of appointment.

### Supervising the operation of subsidiary and associate company

At the Board of Directors' meeting will consider selecting the person nominated and appointed by the company to be the director in subsidiary and associate company. The number of individual that the company voted to appoint as a director is in accordance with the company's proportion of shareholding. The person who was appointed as a director in subsidiary or associated company was entitled to perform the operation for the best interests of their subsidiary or associate company, unless it is important policies affecting the company's business operations. The company required the appointed person to be approved by the Board of Directors prior to cast a vote.

The company has laid down the policy for subsidiary and associate company which is the company's main business to have proper and adequate internal control system. Such internal control systems or subsidiary and associate company were monitored by the internal audit firm, Well Planning Solutions Co., Ltd., annually.

Furthermore, the company has assigned the person who was appointed by the company to oversee its subsidiary company to operate and disclose significant information according to the rule in the same way as the company performed, such as connected transaction, the acquisition or disposition of assets, or other important transactions, including to supervise the information storage and book keeping of the subsidiary company for the company, so that it can be reviewed and collected for financial statement in due time.

The company had no agreement between the company and other shareholders in the management of subsidiary company. In addition, the company had no agreement between the company and other shareholders in sharing return beyond normal return according to proportion of their shareholding in subsidiary 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. 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 May 12, 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.

At the same time, the company also developed internal control system regarding inside information, by applying information technology system to classify inside information access level for each employee level, through the setting of ID code for accessing such information.

#### 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.

### Audit's remuneration

In accordance with the resolution by the shareholder' meeting, the company made remuneration payments as audit fee to Dharmniti Auditing Co., Ltd., where the company's auditor according to details as follows;

Unit : Baht			
Audit remuneration	2015	2014	2013
Eason Paint PCL.	745,000.00	680,000.00	610,000.00

During 2015, the company did not make other remuneration payment for other services, either to the auditors of the company and subsidiary companies, the audit office where the auditors were attached to. The company' directors or management team have not been related to the audit office, such as staff or partner in the past 2 years.

### Relationship with investors

According to the company's policy, management has a duty to disclose information to investors on the basis of reliability and accuracy, whereas the information may have an impact on the company as specified in the regulation of Securities Exchange Committee and SET. Investors are able to contact Mr. Nathapol Eksangkul directly at Tel. 02-941-6931 or access to [www.easonpaint.co.th](http://www.easonpaint.co.th) to get Company's information.

**Labor dispute**      -None-

## Compliance with good corporate governance principle

The Board of Directors have placed much emphasis on building good corporate governance practice, to enable company operation to be carried out in a transparent and effective manner, leading to further growth and stability for the company. This contain corporate governance policy, corporate governance principle, code of conduct for directors, social and environment responsibility and anti-corruption and internal control, which can be viewed for more details on company's website under the heading "Investor Information"

### Section 1 The right of shareholders

The Board of Directors duly recognized the important of the shareholders and duly respected their ownership rights. The company ensured that carried provision to safeguard the shareholders' rights, while providing the facilitation of right exercise by all shareholders, including minor shareholders and institution investors as follows;

#### 1.1 Basic rights

Referred to the right for shares transaction, the right to receive profits allocation in term of dividend payment, the right to access company information in sufficient, timely, and consistent manner, the right to attend and cast votes at the shareholders' meeting, the right to elect individual company director and approve directors' remuneration, the right to appoint company auditor and approve audit remuneration, and the right to appoint proxy to attend and cast vote.

#### 1.2 The right to significant information access

Shareholders were entitled to access information on an equitable basis. In that regard, the company facilitated information distribution in both Thai and English languages, via the channel of The Stock Exchange of Thailand and company website, to provide shareholders such as the company performance result, connected transaction, changes in supervisory control, and other information essential for decision making of shareholders.

#### 1.3 The right to attend the shareholders' meeting

The company held its annual shareholders' meeting regularly within 4 months after completing its accounting year. Nevertheless, in the event of such emergency situation possible affecting the shareholders' interests, the company was authorized to convene the extraordinary shareholders' meeting on a case by case basis. The company held its meeting at such date, time, and venue, deemed convenient to the shareholders, to facilitate their meeting attendance. In 2015, the company convened the shareholders' general meeting once, without convening any shareholders' extraordinary meeting.

- [Prior to the shareholders' meeting](#)
  - 1) The company provided the shareholders with the opportunity to propose meeting agenda and name of qualified candidates to be appointed as company directors prior to the meeting date for

the year 2015 during October 24, 2014 – January 27, 2015 or 3 months, by providing related conditions on company website, together with channel of The Stock Exchange of Thailand. Nevertheless, there were no shareholders proposed any meeting agenda or name of candidate during said specified period.

- 2) The company informed the shareholders about the Board of the resolution to convene the shareholders' meeting 42 days prior to the said meeting date, namely on February 25, 2015, to allow the shareholders sufficient time to plan their meeting attendance.
- 3) The company disseminated the meeting invitation letter via company website, carrying the same content as the invitation letter sent to the shareholders 30 days prior to the meeting, to provide the shareholders with necessary information in advance, namely on March 23, 2015.
- 4) The company sent out the meeting invitation letter to the shareholders 16 days prior to the meeting, exceeding the minimum time limit specified by law, namely on March 23, 2015.
- 5) The company also posted the announcement notifying said meeting invitation letter to the shareholders on newspaper for 3 consecutive days, 16 days prior to the meeting, during March 23 – 25, 2015.
- 6) The documents sent out to the shareholders were, the meeting invitation letter providing details on the rationale for each meeting agenda, together with related opinions by the Board of Directors and the documents in support of the voting decision by the shareholders for each meeting agenda, the annual report, profile of candidate persons to be elected as company directors, company regulations regarding the shareholders' meeting, the documents and evidences required for the shareholders to present for meeting attendance, meeting regulations, meeting procedure, the map of the meeting venue, and registration form. Other documents were the proxy appointment letter form B for voting in line with the shareholders' decision which shareholders could download from company website.



- [On the day of the shareholders' meeting](#)

- 1) The company decided to set the meeting date, time and venue in such manner being most convenient. For 2015, the company held the shareholders' meeting on Wednesday, April 8, 2015,

at 10.00 hours, at Chao Phraya Park, Ratchadapisek Rd., where the shareholders could easily reach by personal car, public bus or MRT.

- 2) The shareholder were allowed to register by barcode system not less than an hour prior to the meeting, and continued until the meeting completion. At the registration desk, the company prepared sufficient personnel to take care of the registration, as well as providing stamp service for proxy appointment form authorized by the shareholders, together with vote-casting ballot to each shareholder.
- 3) The Board of Directors placed much emphasis on the shareholders' meeting, by considering as their obligations to always attend the meeting in person unless facing inevitable circumstances or becoming seriously ill. For the shareholders' meeting in the year 2015, 8 directors attended, and 1 director absented due to seriously ill. Furthermore, the meeting was also attended by company management team, the company auditor from Dharmniti Auditing Co., Ltd., as well as the company law counselor.
- 4) Prior to the meeting commencement, the company secretary informed the meeting of the meeting quorum, the vote-casting and vote-counting methods for each meeting agenda. In case where some shareholders joined the meeting after the meeting commencement, the shareholders still cast votes for the remaining agenda not yet considered and vote upon by including them as the meeting quorum.
- 5) During the meeting, the chairman proceeded with the meeting agenda in such order earlier set forth in the meeting invitation letter without adding any further agenda, while allowing equal opportunity for all shareholders to present question, comment or suggestion for each meeting agenda. In the regard, for shareholders' meeting in 2015, there was 7 shareholders presenting question and suggestion to the meeting, where by the directors and management team responded in a straightforward manner.
- 6) The barcode system was employed to tally the votes cast for each meeting agenda, whose results were displayed on the screen in the meeting room, to provide immediate access to all the shareholders who were present.



- Subsequent to the shareholders' meeting
  - 1) The company disclosed the resolutions adopted by the shareholders' meeting together with voting results for each meeting agenda in both Thai and English, via the channel of The Stock Exchange of Thailand in the same day, and the company website on the following day.
  - 2) The company complied the meeting minute subsequent to the shareholders' meeting, by incorporating all essential details and summarizing voting results for each meeting agenda, together with the record on the discussion and conclusion regarding significant topics. Said the minute was submitted to The Stock Exchange of Thailand, and The Securities and Exchange Commission within 14 days subsequent to the meeting, and disseminated on the company website, so as to enable the shareholders to review said minute contents without having to wait until the next shareholders' meeting.
  - 3) The company recorded the meeting on VDO, for further distribution to the shareholders upon request.

The company was awarded the appraisal result in 2015 for the quality in full 100 points by The Thai Investors Association.

## Section 2 Equitable treatment of shareholders

The Board of Directors ensured that every shareholder was entitled to fair and equitable treatment as follows;

### 2.1 The shareholders' meeting

- 1) The company provided the shareholders with the opportunity to nominate candidates as directors prior to holding the shareholders' meeting 2015 during the period of October 24, 2014 – January 27, 2015 or 3 months. For such purpose, the company disseminated on the company website, as well as notifying the shareholders via the channel of The Stock Exchange of Thailand. Nevertheless, there was no shareholder nominating any candidate for consideration as the company directors.
- 2) The allocation of votes in the meeting was based on the number of shares being held by each shareholder, with 1 vote representing 1 share with no shareholding any special privilege in restricting the right of other shareholders.
- 3) In case where shareholders could not attend the meeting in person, the company allowed said shareholders to appoint proxies from independent director or other parties to attend the meeting on own behalf. The company provided clear details pertaining to the proxy appointment letter, sent together with the proxy appointment letter (Form B), allowing the shareholders to instruct own voting direction.

- 4) The voting procedure for each meeting agenda was carried out in a transparent manner, with the voting ballot provided the shareholders for each agenda, whereas only disapproval and abstention votes were kept afterwards. Vote tallying was carried out using the barcode system and displayed on screen in the meeting room to facilitated convenience, and easy verification.



## 2.2 Supervision over inside information

The company has laid down the policy safeguarding against inside information abuse for directors, management team and employees to exploit the information unjust gains for own self or for the others. In relation to this, the company communicated to company directors, management team, and employees to serve as guidelines for the company's operation. In 2015, the directors, management team, and employees strictly followed those company policies on a consistent basis.

## 2.3 Supervision over the transaction of company securities

The company specified conditions regarding the transaction of company securities in its business ethics, by forbidding the directors, management team, and employees in those departments accessible to inside information, to engage in the transaction of company securities, during the period of a month before the disclosure of such information to the public. In 2015, all the company directors and management team strictly followed accordingly, without engaging in such transaction during the said period.

In this regard, the company laid down the regulation requiring company directors and management team to duly report own first securities holding, together with any subsequent change in securities holding, to The Securities and Exchange Commission in accordance with article 59 of The Securities and Exchange Act B.E. 2535.

## 2.4 Treatment of conflict of interests

The company treated the issue of conflict of interest with caution and reason by laying down major policy regarding good governance practice. The company supervised the implementation of connected transaction so as to comply with the announcement by The Capital Market Supervisory Board.

Before implementing each connected transaction requiring prior approval from the Board of Directors, the item was first proposed to the Audit Committee for endorsement prior to submitting to the Board of Directors for further approval. The directors with possible conflict of interests were not allowed to take part in the meeting. Afterwards, the company informed said meeting resolution to the shareholders via the channel of The Stock Exchange of Thailand. The information included the disclosure of names and relationship of connected parties, pricing policy, transaction value, and other related details, as well as the opinion of the Board of Directors pertaining to such transaction.

Furthermore, the company laid down the policy on approval criteria for business transactions under normal business term, conducted between the company and the directors, management team, major shareholders, or connected persons as the notification of The Capital Market Supervisory Board.

## 2.5 Supervision over assets transaction

The company supervised assets transaction in accordance with the announcement by The Capital Market Supervisory Board regarding the acquisition and disposal assets, whereby directors with possible conflict of interests were not allowed to participate, so as to facilitate fairness and transparency.

## Section 3 Consideration of the roles of stakeholders

Based on its recognition of the rights of stakeholders, the Board of Directors duly laid down relevant policies and guidelines in the company's business ethics manual, and communicate to the directors, management team, and employees to be followed as practice guidelines, to ensure that all stakeholders receive fair and equitable treatment.

### 3.1 Shareholders

The company duly respect the basic right accorded the shareholders in accordance with the laws, regulations and business ethics of the company. The company ensured that the measures safeguarding against conflict of interest, connected transaction, and against the exploitation of inside information for personal gain. Furthermore, the company also aimed to generate justifiable return for the shareholders by laying down appropriate dividend payment policy on a consistent basis.

In 2015, the company implemented dividend payment by drawing from the company's operation profit in 2014, at the rate of 0.12 baht per share, for total dividend payment accounting for 53.05% of total net profit displayed in the separate financial statement, representing the company's dividend payment for 10 consecutive years.

### 3.2 Employees

In the company's recognition of employees as its valuable human resources playing the critical role in leading the organization toward success, the company set the policy to devote its best efforts to develop and upgrade the employees' potentials on a consistent basis. The company sought to provide job security and advancement opportunities to all employees based on their own potentials, as well as encouraging the employees to play a part in charting the company policy, and laid down its remuneration policy toward the employees by providing the employees with fair and reasonable remuneration commensurate with the capability, responsibility, and performance. (Details under the heading "Management Structure" on Human resource development)

The company provided necessary welfare benefit to the employees to promote better livelihood and living quality, such as the provident fund, clinic, annual check-up, accident and life insurance, uniform, credit union, scholarship for employee's children, and transportation. As well as supporting for the sport day for Bangkok office and factory employees, and beneficial activities for social and environment.



At the same time, the company placed much emphasis on the employees' safety, hygiene, and property protection, by laying down the policy regarding work safety, sanitation, and work environments for the employees. Furthermore, the company arranged to set up the billboard display showing the accident statistics relating to work activities. In 2015, the company organized training session regarding work safety, such as "First aid training", "Preliminary fire-fighting and evacuation drill" and "Working with hazardous chemicals". At the



same time, the company regularly carried out the fire prevention and fire fighting system, escape route, checking fire fighting equipments and fire alarm system, to provided the safety working environment. (Details under the heading “Responsibilities for community and environment”)



In 2015, the company had no work accidents causing staff absence, accounting for injury frequency rate of 22.4 times per 1,000,000 working hours. Whereas, the company could reduce 56% of accident when compare to the former year.



### 3.3 Customers

The company recognized of the cultivating and retaining customer's loyalty, honesty, fairness and not taking any actions in violation of the customers' right. The company paid the highest attention to the customers' complaints under policy "Continues to develop and improve its customer services for both production and delivery", and emphasis in safeguarding all the customers' secrets, strictly forbidding any abuse of such information for personal gain or connected persons' interest. The company also provided "Customer Relations Services" where customers could lodge complaints, comments, or suggestion as the direct line at telephone number 02-941-6931 ext. 5102 or email : sales@easonpaint.co.th

In 2015, there was no significant complaint from customers. Whereas the company duly took into consideration all the complaints received from the customers, in order to devise proper measures to safeguard against, and provide solutions to the problems on a systematic basis, to ensure that similar problem would not occur again.

### 3.4 Business partner

The company upheld its policy to deal with partners on the basis of fair competition, equality and mutual respect by following business agreement term, providing true and accurate information, sharing know-how in paint technical, as well as engaging in joint efforts to develop and promote better value for product and services, as well as arranging the football relationship between the company and partners annually.



The company's procurement process is complied with ISO 9001, in which the selection system of business partners who conduct their business according to laws, and comply with occupational health and safety standard which environmentally friendly. During 2015, there was no case of the company failing to abide by its outstanding agreements with business partners.

### 3.5 Competitors

The company placed much importance on fair and honest business competition under the framework specified by law. Accordingly, the company implemented its business operations according to fair competition rules. Over the years, the company was never engaged in any trade dispute with other competitors.

### 3.6 Creditors

The company has set the policy to treat all groups of creditors equally and fairly by strictly following contracts or conditions as earlier agreed upon with the creditors. The company's financial position was disclosed accurately and on time. The trade account payables can submit their invoices to the company on Thursday of the first and the third week of following month, with payment to be made on the same day. During 2015, the company paid all creditors following agreed term of payment, without causing any payment default.

### 3.7 Promotion of efficient energy resources utilization

Based on the company's firm recognition of critical value generated from its energy resources utilization, so as to create the energy saving project alongside its regular business operations in 2001, and appointed the Energy Management Committee to laid down the company's energy resources conservation policy, and dedicate to maximizing the benefits generate from out energy resources consumption such as turning off air conditioner earlier 15 minutes before lunch time and working end, installation the reflective lamp lantern, using energy saving T5 lamp, together with promote awareness and conscience among all the employees. In this regard, the company had set its aim to achieve minimum 15% from the former year, covering all the energy sectors of power, water, paper, and other exhaustible items.

In 2015, the company was certified to be an efficient energy management organization by Department of Alternative Energy Development and Efficiency, Ministry of Energy. The company received "Thailand Energy Award 2015" from Lieutenant General Anantaporn Kanjanarat, Minister of Energy on November 24, 2015.



### 3.8 Participation in CSR contributing to community developments

The company regularly engaged itself in those activities aimed at promoting community developments for further common benefits. In 2015, the company provided paints for decoration for tables, chairs and wall of school, as well as decoration for rubber wheels in accordance for using in playground at Wat Koh School, Panthong, Chonburi, and participated in cultural activities bringing Lent candle for Buddhist Lent day on the project "Lent candle Festival" at Wat Khao Din, Chacheongsao.





### 3.9 Guidelines for refraining from action infringing upon human rights

The Board of Directors duly recognized the significance of human rights by conducting the business in accordance with the law and human rights standards without discrimination on gender, nationality, religion, political ideology. Some of those actions were anti-child labor campaign by refusing to accept person less than 18 years old of age as company employee, no unfair discharge of company employee in accordance with labor laws supervising strict human right compliance. Throughout its business operation to date, the company had no previous bad record pertaining to any violations of human rights lodged with court. (Details is under the heading “Responsibilities for Community and Environment”)

### 3.10 Guidelines against business practice infringing upon patent or intellectual properties

The company strictly adhered to its policy of not engaging in any act in possible infringement upon intellectual property rights, either by means of copying or unauthorized usage of intellectual properties belonging to other parties. The company consistently dedicated its efforts to developing products and services on a continuous basis by arranging the Best Performance Team contest every year to seeking for an innovative working instruction with more efficiency and accuracy on employee’s function. During 2015, the company was not engaged in any activities infringing upon the patents or intellectual properties.

### 3.11 Participation channels for the stakeholders

The company laid down a Whistle Blowing policy to justly protect the whistle-blower, including protection from persecution when filing a report. The company provided the channel for all stakeholders to file the report or complaint on those matter likely to cause damage to the company, whether they concern the accuracy of financial statement, internal control system deficiency, or any act likely to violate the laws and business ethics, or the matters that the stakeholder’ right is violated or the corruption. The whistle blower could directly communicate through the channel as follow;

Section	Telephone	Email address
Customer Service	02-941-6931 ext. 5102	sales@easonpaint.co.th
Investor Relation	02-941-6931 ext. 1221	saroch@easonpaint.co.th
Audit Committee	02-941-6931 ext. 1204	info@easonpaint.co.th

Or send a registered mail to Customer Service, Investor Relation or Audit Committee at

Eason Paint Public Company Limited  
312, 402/3-6 Phaholyothin 32, Chankasem  
Chatuchak, Bangkok 10900

In 2015, the company did not receive any such claim from stakeholders.

## Section 4 Information disclosure and transparency

The company duly recognized the importance of disclosing significant company information relating to both financial and non-financial topics, which was regarded good corporate governance policy. The company ensured that the shareholders and investors receive such information in equitable manner through such channel as the annual report, annual information disclosure form 56-1, news distribution channel of The Stock Exchange of Thailand, and company website also ([www.easonpaint.co.th](http://www.easonpaint.co.th)), with that information being regularly updated.

In 2015, the company facilitated information disclosure in accordance with the requirement of The Stock Exchange of Thailand and The Stock and Exchange Commission in display of transparency toward its business operation as follows;

### 4.1 Corporate governance

The company disclosed its corporate governance policies, corporate governance principles, business ethics, and code of conduct for the Board of Directors, and Sub-committees on company website.

### 4.2 Social and environment management policy

The company incorporated these topics under the policies on corporate governance and business ethics with regard to society and environments (Details under the heading “responsibilities for community and environment”)

### 4.3 Risk management policy

The company has set up Risk Management Committee to supervise risk management of organization in a systematic and cover all areas appropriately, as well as assign risk management policy (Details under the heading “Corporate Governance”)

### 4.4 Shareholding structure

The company disclosed the names of top 10 shareholders at the time of closing shares registration book for the shareholders’ meeting, and at the end date for each quarter on company website.

#### 4.5 The Board of Directors' responsibility report toward financial statement

The Board of Directors recognized the importance of compiling financial statement in such manner deemed accurate and reliable, to serve as references for decision-making by the investors, by displaying said report of the Audit Committee in the annual report. In 2015, the company received unconditional certification for its financial statement from the company auditor, and facilitated the submission of said financial statement to the Securities and Exchange Commission and The Stock Exchange of Thailand within the timeframe required, and was never subject to any instruction to revise its financial statements.

#### 4.6 Duty performance by the Board of Directors and Sub-committees

The company disclosed the details on the role of the Board of Directors and Sub-committees, the number of meetings held, the number of meeting attendance by each director during the year 2015 (Details under the heading "Management Structure")

#### 4.7 Shareholding by directors

The company annually disclosed shareholding and change of the company's shareholding of directors in the annual report. (Details under the heading "Management Structure")

#### 4.8 The remuneration for directors and management team

The company disclosed the policy regarding the remuneration for directors and management team, the remuneration accorded the director for the Board of Directors and Sub-committee in the annual report (Details under the heading "Management Structure")

#### 4.9 The policy to report possible conflict of interest by the directors

The Board of Directors laid down the policy requiring company directors and management team to report each time possible conflict of interests arose by either themselves or connected persons. The company secretary was required to submit related report to the Board of Directors after the company learnt of such event. During 2015, the company directors and management team strictly followed said policy, by not taking part in such meeting agenda having possible conflict of interests. The company will facilitate information of the meeting's resolution to The Stock Exchange of Thailand.

#### 4.10 Connected transaction

The Board of Directors laid down the policy for the company to comply with the regulations of the Capital Market Supervisory Board, in case of connected transaction. The company will bring the issue to the Audit Committee's meeting, and the Board of Directors' meeting for consideration respectively, so the Audit Committee will be able to comment in case there are different opinions, and the Board of Directors can acknowledge the details before the company disclosure to The Stock Exchange of Thailand.

#### 4.11 Quarterly performance report

In case of net profit according to last financial statement changed from the financial statement in the same period last year more than 20%, the company has revealed the explanation of the operation's results for the quarter to The Stock Exchange of Thailand.

#### 4.12 Whistle blowing policy

The company laid down a policy and protective measures for whistle blowers in the code of conduct for company directors, management team, and employees. Details are under the heading "Corporate Governance". (Section 3 : Consideration of the roles of stakeholders No. 3.11).

#### 4.13 The relationship with investors

The company set up the investor relation to serve as the center in communication and distributing significant information useful to the investor and other parties concerned. With this regard, the company has assigned the roles of investor relation for staff to take as a guideline of practice. Interested person could view the company's latest company's information on company website, under heading "Investors Relation", and the news system of The Stock Exchange of Thailand, or contact Mr. Saroch Chantadee, Company secretary, Tel. 03-941-6931 ext. 1221, Email : saroch@easonpaint.co.th

In 2015, the company joined "Opportunity Day" in the quarter 2/2015 dated on June 5, 2015, at The Stock Exchange of Thailand. In this regard, Ms. Petcharat Eksangkul, Managing Director, and Ms. Phanphimon Boonyapinyo, Financial Manager, facilitated the company's information, business operation, visions to the analysts, investors, news report, and the others who attending the event. Moreover, the company provided the opportunity for investors to visit the company to gain information on its operation by top management. At the same time, the investor relation will provide information and answers to inquiries from shareholders and investors via telephone and email.



## Section 5 Responsibilities of the Board of Directors

The Board of Directors had important responsibility in setting the direction for company's business operations, following up on the working result by its management team, and being responsible for duties to contribute to the best interest of the shareholders.

### 5.1 Structure of the Board of Directors

#### 1) Composition of the Board of Directors

The Board of Directors comprised 9 persons, classified in to 5 executive directors, and 4 non-executive directors (4 independent directors).

The Board of Directors consisted of qualified directors with knowledge, proficiency, and various experiences in accounting, financial, management, marketing, and paint business. They provided useful suggestion and advice in business operation to the company consistently. The company's number of independent director is accounted for more than one-third of the Board of Directors, complying with the requirements by the Capital Market Advisory Board.

#### 2) Independent director's qualifications

All of company's independent directors are fully qualified to serve as an independent director under the rules set by the company, and none of independent director take a position as director in more than 5 listed companies.

The Board of Directors resolved to adopt the definition for independent director having qualifications in accordance with the notification of the Capital Market Supervisory Board. The independent directors are truly independent from management team, and major shareholders of the company, and independent directors and the person being involved have no shareholding in the company over than 1% complies with the rules.

#### 3) Directors selection process

The Board of Directors appointed the Nomination and Remuneration Committee, to supervise the director selection process to be carried out in a transparent manner (Details under the heading "The selection of the management")

#### 4) Directorship term for independent directors

The Board of Directors were elected by the shareholders' meeting, with directorship term complying with company regulations, while being eligible for re-election after term completion. At present, independent directors were not allowed to serve not more than 5 listed companies.

#### 5) The number of companies served by each director

The company disclosed the information regarding the holding of directorship by each company director in other companies in the heading "Management Structure". All directors well understand the best practice in the number of companies which are able to serve as director, regarding good governance practice. At present, none of the company's directors serve as director in more than 5 listed companies, and none of the company's directors who is executive directors serve as director in other listed companies.



However, the company has not specified the number of listed companies and subsidiary company that each director hold directorship for not more than 5 places, since the company needed the directors to supervise operation management of those companies to be in the same direction.

6) The separation of the position of Chairman from Managing Director

Based on the different responsibility scope between Chairman of the Board of Directors and the Managing Director, the company therefore specified the Chairman and the Managing Director to be different persons, so as to clearly separate the supervision and management authority for the company, and contributing to proper authority balance in company management within the company. In relation to this, the company has set up the Board of Directors' charter, setting the authority and duly scope clearly separating for Chairman from the Managing Director.

Furthermore, despite the Chairman of the Board of Directors not being an independent director, nevertheless, both of them duly carried out their assignment in an independent manner, and providing opportunities to all directors to act freely in expressing own options and suggestions contributing to the best interest of the organization

7) Company Secretary

The Board of Directors resolved to appoint Mr. Saroch Chantadee, the Manager of Office of Managing Director who passed the Company Secretary course from Thai Institute of Directors (IOD) on October 16 – 17, 2012, as the company secretary, having the duties and responsibilities as specified by the company. (Details under the heading “Management Structure” in Company Secretary)

## 5.2 Sub-Committee

The Board of Directors appointed several committees comprising of Audit Committee, Risk Management Committee, Nomination and Remuneration Committee and Executive Committee, who has experienced members to supervise over each particular aspect of company operations, and clearly laid down the authority and responsibility scope for each committee per the charter for the said committee. (Details under the heading “Corporate Governance” in Sub-committee)

The Audit Committee and The Nomination and Remuneration Committee, they all are independent committee.

## 5.3 The roles, authority, and responsibilities scope of the Board of Directors

1) Leadership and vision

The Board of Directors consisted of member who had extensive capabilities and experiences beneficial to company management, together with leadership and independent decision-making qualities to the objectives and goals of the company and shareholders.

The Board of Directors also approved strategy, target, plan and budget of the company proposed by the management. At the same time, they were required to ensure that there were adequate mechanisms in supervising and monitoring, so that to meet the target contributing to further value and interested of all stakeholders.

2) Good corporate governance

In due recognition of the importance of good corporate governance practice, The Board of Directors therefore laid down good corporate governance policy in writing and revealed company website. Together with communicate to the Board of Directors, management team and employees, which required that all of them comply with such manual strictly.

3) The policy regarding possible conflict of interests

The Board of Directors placed much importance on ensuring that any transaction with possible conflict of interest was carried out in a cautious, careful, and hones manner. The company incorporated the policy regarding possible conflict of interest into its policy pertaining to corporate governance and business ethics. (Details under Section 2 Equitable treatment of shareholders)

In 2015, the company disclosed such items with possible conflict of interest under the heading “Connected transaction”

4) Supervision over internal control and audit system

The Board of Directors placed much emphasis on the systems financial control, company management, and corporate supervision, by assigning the Internal Audit Office to supervise over the audit, review, and monitoring of those operation results. The Internal Audit Office also provided recommendations to ensure independent and effective practices according to those guidelines in an independent and balance manner.

Accordingly, the Board of Directors instructed the Internal Audit Office to directly report to the Audit Committee as lease once a quarter, so as to allow the Audit Committee to review and ensure sufficient internal control.

At the Board of Directors’ meeting no. 1/2015, reviewed the adequacy of the internal control system (Details under Anti-corruption and Internal Control” in The Board of Directors’ Opinion). With this regard, the Audit Committee is responsible for considering and giving approval for the appointment or dismissal of the Internal Audit Office. In 2015, the company hired Well Planning Solution Co., Ltd., who has good quality of knowledge, abilities and experiences as the Internal Audit

5) Risk management

Regarding risk management, the Board of Directors supervised to ensure that the company had adequate systems overseeing the view, monitoring, and management. In the past, The Board of Directors had evaluated the risk management at least once a year, and set policy to manage the possible risk.

However, the Board of Directors' meeting no.6/2015 appointed Risk Management Committee, to set policy regarding risk management, and supervising risk management practice for the overall organization, to ensure that all risks were properly maintained at acceptable levels. The Risk Management Committee analyzed and evaluated possible risk, and compiled risk management report, for submission directly with the Board of Directors. (Details under the heading "Risk Factors")

#### 5.4 The Board of Directors' meeting

The Board of Directors scheduled the meeting for the whole year and notified the directors in advance in which the meeting will be held at least every quarter with additional meeting if necessary. Each director was able to propose agenda, and the company secretary will send out the meeting invitation letter, meeting agenda, and relevant meeting documents to the directors not less than 7 days in advance, to allow the directors sufficient time to review the information prior to the meeting.

All directors considered as their duties to attend the meeting each time, unless unable to do so due to significant obligation or illness. The chairman allowed the directors to present opinion and comment freely, while those directors having conflict of interests would not be allowed to cast vote at such meeting. In this regard, the numbers of director are not less than two-third of the Board of Directors on each casting vote at the meeting. The company secretary recorded the meeting minutes and the classified those minutes in systematic manner to facilitate easy reference. The Board of Directors supported the joint meeting between the Audit Committee and management team at least once a year.

During 2015, the Board of Directors held 6 meetings altogether, and independent directors held 1 meeting without the management team in attendance. (Details about the meetings under the heading "Management Structure")

#### 5.5 Directors' remuneration

The Board of Directors appointed the Nomination and Remuneration Committee to supervise and ensure that the remuneration process for directors and management team were carried out in a transparent manner. (Details of regulations and criteria on remuneration policy for directors under heading "Remuneration for the directors and management team").

#### 5.6 Development for the directors

##### 1) Orientation for new directors

In case of the new directors, the company will host the orientation for the new directors to properly prepare them for director assignments. The company will arrange the factory site visit, and organized presentation on company background, business perspective and business policy for the new directors. The company also provided them with the manual for directors for listed company; clearly summarizing and comparing the provision in the company regulation comply with the

Securities and Exchange Act., the public company Act, as well as the corporate governance policies for the company' directors. However, the company has no new directors in the times past.

2) Training attendance by the directors

The Board of Directors encourages further knowledge for the directors on a consistent basis, so as to gain better effective skills regarding their duty assignments. The programs included the training and seminar organized by Thai Institute of Directors Association (IOD) and other organizers. (Details under the heading "Management Structure" in the Board of Directors' information)

The directors attended course designed to promote their management abilities, and applied the knowledge when performing duty. During 2015, the directors attended the course on significant operation topic such as "Thailand CG Forum : Governance as a driving force for business sustainability" and Director Forum "IT Governance : The time is now"

*Training and seminar attended by the Board of Directors in 2015*

Name	Date	Training Course/Seminar
1. Mrs. Pismai Boonyakiat	October 28, 2015	<ul style="list-style-type: none"> <li>• Thailand CG Forum : Governance as a driving force for business sustainability</li> </ul>
2. Ms. Thipawan Uthaisang	September 10, 2015	<ul style="list-style-type: none"> <li>• Director Forum IT Governance : The time is now</li> </ul>
	October 28, 2015	<ul style="list-style-type: none"> <li>• Thailand CG Forum : Governance as a driving force for business sustainability</li> </ul>

5.7 Succession plan

The company has set succession plan for all levels of key management person, starting from the process of nominating the persons who will be responsible in a proper and transparent manner. The persons were prepare in different areas, as well as continuously participated in training for development. There was also monitoring activities to create the management with knowledge, abilities, leadership, and honest, allowing the company to proceeds its operation continuously and effectively.

The Board of Directors has recognized the importance of creating the management to succeed the top management with the principles as follows;

- 1) Specify description for the top management position, and relation with targets and strategies of the organization, including qualifications of knowledge which related to company operation.
- 2) Select subordinate executive with potential, and capabilities.
- 3) Analyze their qualification individually to find performance and what needs to be further developed.
- 4) Create individual developing plan to promote potential and capability development.

## Report on the Responsibilities for Community and Environment

In 2015, Eason Paint Public Company Limited has elevated and improved social responsibility towards sustainable business growth in the long run. Since receiving accreditation for its compliance with the Corporate Responsibility Standard toward the Society (CSR-DIW), Beginner Awards in 2012, Flagship Project in 2013, and Continuous Project in 2014 from Industrial Works Department. In 2015, the company has received the accreditation for “Green Industry” with outstanding on the green activities, including reducing effects on environment from Ministry of Industry.

Based on the company’s firm recognition of critical value generated from its energy resources utilization, so as to create the energy saving project alongside its regular business operations, and appointed the Energy Management Committee to laid down the company’s energy resources conservation policy, and dedicate to maximizing the benefits generate from out energy resources, together with promote awareness and conscience among all the employees. In this regard, the company was certified to be an efficient energy management organization by Department of Alternative Energy Development and Efficiency, Ministry of Energy. The company received “Thailand Energy Award 2015” from Lieutenant General Anantaporn Kanjanarat, Minister of Energy in the year 2015.

The company believes that the commitments on the best corporate social responsibility and the 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  
Chairman of The Safety, Hygiene and  
Environment in Working Committee

# Corporate Social Responsibility



## Corporate Social Responsibility Policy

Eason Paint Public Company Limited, the industrial paint manufacturer, committed to operate the business with social responsibility based on business principles as follows;

1. Perform duties with transparency
2. Respect Rights of Other's Assets
3. Benefit of stakeholders
4. Responsibility for Quality to Customers

In this regard, the company's operation and activities abided by the law concerning. The company believes that the commitments on the best corporate social responsibility shall serve as a significant threshold leading the organization towards sustainable developments.

### 1. Perform duties with transparency

The company has made Good Corporate Governance and Ethics Handbook for business operation, so as to comply with Principle of Good Corporate Governance for Registered Companies of Stock Exchange of Thailand. The Handbook has been distributed in order to implant good conscience and apply the principle by management and all level of employees.

- Business roles
  1. Demonstrate strategy and capability in adding value in a long run
  2. Set up the company's vision and strategic intent suitable with own capability in achieving value-adding activities, raising efficiency and ensuring operational effectiveness, as well as equally ensuring satisfaction among shareholders, clients and investors.
  3. Demonstrate operational transparency. Able to answer inquiries and held accountable through mechanisms such as a clear decision-making process and transparent working procedures disclose

through reports and analyses on operating results and plans to the shareholders, the clients, the investors and other stakeholders equally, adequately and promptly.

4. A public relations officer must be appointed to present information and able to facilitate communication. At the level of the board of directors, all committees must be balanced in their opinions and monitor the operation, be controlled in giving cautious advices to ensure smooth business and sustainability.

- Resistance to corruption

Resistance to corruption is an important policy of the company besides implanting attitude and ethics as basic for performance for management and all level of employees. The company has drawn up audit process and internal control system to check and balance appropriately.

Moreover, the company has made implementation to create confidence in accordance to Resistance to Corruption Policy as follow;

1. The company recognized of the cultivating and retaining royalties, ethics, and believable as basis for all of employee levels.
2. Review rules and regulations about purchase, employment, determine requirement for authorized signatures for expense and purchase document to control and prevent corruption within the company
3. Board of Directors, management and employees are forbidden to engage in any action to claim or accept or offer to give assets, other benefits to induce to carry out or refrain from performing duty which is wrongful.
4. Organize training to give knowledge to the management and employees about risk management frame and internal control in order to manage risk
5. Determine communication channels, receive complaints or information about corruption, the informers will be protected in strict confidence. The issue informed will be examined by the Board fairly

In 2015, no issue found about corruption and unlawful operation or related requirements as well as no violation about business operation ethics.

## 2. Morality and Respect Human Rights

The company emphasizes on building good relationship and happy co-existence with related group from employees, partner, communities and society by human right of every person. This is the principle which the company adheres to while carrying out activities in business operation.

- Respect rights of other's assets

1. Respect the ownership right of stockholders, look after their interests, support and provide opportunities for all groups of shareholder fairly and equally such as access to information, attend the meeting to determine business operation direction, and make decision on issues which affect the company significantly.

2. Produce and distribute product which are safe. Determine product price according to cost of goods and stay competitive, keep promise and agreement in product distribution, take care of customer's demand and complaint, also customer satisfaction.
  3. Manage work so that debtors fell confident about financial status and ability to pay debt. Strictly carry out as state in contract or other conditions.
  4. Treat employees and respect their existence as basic human right in working. Promote equality in employment, opportunity in professional development. Encourage participation to determine direction of business operation and development of the company.
- Respect human rights
    1. Determine respect human rights issue as social responsibility policy. This is communicated to management and every level of employees, including related persons.
    2. Organize meetings to review, and improve procedure which may be against human rights. The Safety, Hygiene and Environment in Working Committee will propose to management to proceed in accordance to International Human Rights Principle
    3. Give every employees equal opportunity in job employment, occupational development, sufficient and appropriate safety measures, environment and quality of working life.
    4. Encourage employees to exercise their voting rights to select representatives on required occasions.
    5. Encourage and give chance to employees, community and society to participate and express their opinion. Organize discussion platform about human rights violation issue to determine appropriate corrective measure.



### 3. Benefit of Stakeholders

The company emphasizes on happy working environment, stresses on building good understanding among employees – employees, and employees – the company which are the basic of good labor relation. The management will also create balance between working life and living.



- Promote Social Responsibility Awareness
  1. Build up good relationship between the company and community. Responsible for effect which may occur from business operation.
  2. Social and Environmental Responsibilities by improving and developing process in accordance to efficient environment. Selective about trading partners who operate business with social and environment responsibilities.
  3. Cooperate with government sectors to abide to the law and change regulations to conform to laws, with varieties information correctly in labor information, regular billing disclosure to government sectors.
  
- Treat Employees Fairly, Hygiene and Safety in Working Environment
  1. Employ employees legally. Give remuneration and determine working day, holiday, rights to take leave, health care, safety standard as required by law to create balance between working life and living.
  2. Organize training for all level of employees to improve their skills and receive sufficient training to perform their job. Provide occupational development based on ability.



3. Determine the Safety, Hygiene and Environment in Working Policy. The committee will be responsible to draw up training plan for every level of employees, prepare equipment to prevent danger in working and campaign to encourage employees to be aware on safe working environment. In 2015, the company's statistic accident showed without injured staff absent work.
  4. Look after employee' health by preventive measures, treatment and health care. Organize annual health check-up as well as medical care benefits in case of sickness. Moreover, the company also organizes training to provide knowledge and give documents so that all employees are informed and can prevent themselves from various diseases.
- 
- Equal Opportunity
    1. Provide opportunity for employee' participation to express their opinion to improve the organization.
    2. Employment opportunity after retirement for employees with knowledge, skills. Ability and good health, so that they can work with the company for another appropriate period of time.

3. Treat all level of employee equally when wrong doing is found. The discipline investigation committee is appointed to give fair trial to employee. Give employee the chance to explain, change and improve, so that they become good member of the organization. Nevertheless, the wrong doing in working regulation will lead to disciplinary measure and consider punishment according to rank

- Community and Social Joint Development

“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. The company also involved an education support for both students in Panthong, Chonburi Province and distance on National Children’s Day 2015, donate and support consumable products to Home for Children, and in cooperation with Thai Red Cross, has arranged blood donation activity on Mother’s Day and Father’s Day 2015.



#### 4. Responsibility for Product Quality

The company produces products with quality, safety standard and concern about the environment. The company has been certified for quality management system ISO9001:2008, ISO14001:2004 and

TS16949:2009. In 2015, the company also has received the accreditation for “Green Industry” with outstanding on the green activities, including reducing effects on environment from Ministry of Industry.



- Responsible for Customer and Partner

The company aware for importance of customers and partners with the guideline are as follow;

1. Provide correct, sufficient and up to date information to customers and partners, so that they know about the products and services without overstatement from reality, which may cause misunderstanding.
2. Contact customers and partners with good manners and trust. Provide channels for them to file in complaints about quality and safety or product.
3. Retain customers and partners' secret and do not use for personal or related person's interests wrongfully.
4. Give recommendations about usage methods for products and services efficiently and most beneficial for customers and partners.



- Fair Competition

1. Focus on building business allies with trading partner for long term growth and joint development. Compete fairly, do not take advantage or claim benefit not included trading agreement. Adhere to satisfaction on both sides in business negotiation.
2. Respect fair competition rules. Do not destroy competitor fame, and not copy or use other intellectual property in business without approval.



## 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 :	<a href="http://www.easonpaint.co.th">www.easonpaint.co.th</a>

## Subsidiary Companies

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

Business:	Manufacturing and distributing motorcycle paint and other Industrial paints
Address:	Lot 76, 77 Noi Bai Industrial Zone, Mai Dinh Soc Son, Hanoi, Vietnam Tel. +84-4-3582-4480 Fax +84-4-3582-4483

### 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 Tel. +62-813-1051-6965

### Eason Far East Sdn. Bhd. (EFE)

Business :	Distributing packaging coatings, inks and other Industrial paints
Address :	32, Jalan Prima Selayang-3, Prima Selayang KM-15 Jalan Rawang Selayang, 68100 Batu Caves, Selangor, Malaysia Tel. +60-03-612-83255 Fax +60-03-612-03458

## 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  
Tel. 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  
Tel. 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. All warrants now have expired, and the reserved share remained amount 923,371 shares, Current paid-up capital as the amount of 285,894,029 baht.
- 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 2014, Eason Far East Sdn. Bhd. was established in Malaysia for expansion market base in the future, with aim to be distributor of packaging coatings, inks, and other Industrial paints.
- In 2015, the company sold ordinary share in Bright Blue Water Corporation Ltd., in this regards, BBW is no longer the subsidiary company. N.O.F. (Thailand) Ltd. has already registered dissolution, and completely preceded the liquidation also.

### 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, and aims to be the manufacturer and distributor motorcycle paint and others industrial paints in Indonesia. In November 2014, the Board of Directors has passed the resolution to increase registered capital from 3 million USD to 5 million USD. The company will invest 0.75 million USD, and the rest of 1.25 million USD from partner in Indonesia, PT. Mitra Anugerah Surya. The investment was divided to 2 phases with 1 million USD each. The first phase has been done in 2014, and the second phase will be completed in 2015. After the increasing registered capital, the company will hold 74.98%, and PT. Mitra Anugerah Surya will hold 25% of the total shares.

At current stage, factory building and machinery installation have been completed. EI is now on pre-production, and proposing its goods to customer. In regards to the second phase of increasing registered capital in 2015 has been postponed for a while.

- **Eason Far East Sdn. Bhd. (“EFE”)**

EFE was established in January 2014 in Malaysia with aim to be distributor of packaging coatings, inks, and other Industrial paints for expansion market base in the future. EFE has registered capital in amount of 400,000 RM (about 4 million baht), which the company holds 60%, and Singaporean shareholder holds the rest of 40%. EFE started deliver goods to customer since September 2014.

In July 2015, the board of directors has passed the resolution to increase registered capital from 400,000 RM to 1 million RM. At current stage, EFE has paid up capital amount of 700,000 RM, and will be paid up to 1 million in 2016.

- **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. In 2015, since the dissatisfy performance of BBW recently, the Board of Directors passed the resolution to dispose the stake in BBW by reducing shareholding from 99.73% to 5%, or selling ordinary share 4,959,250 shares to new partners. Consequently, the selling of

ordinary share of BBW is considered as the decreasing of the investment in a company, and BBW is no longer the subsidiary company.

In October 2015, the major shareholders of BBW view that today's customers society have more concern for healthy and safety of drinking water, so it could be opportunity of business, and passed resolution to increase its registered capital from 26.175 million baht to 300 million baht. Said increasing was by currently proportion, which the company holds 5% in BBW, therefore, the company increased investment in total amount of 13.69 million baht.

- **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") in 2009, 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 aims to collaborate with other business partners for new business onwards.

In May 2015, the Board of Directors passed the resolution on dissolution and liquidation of NTL due to NTL stopped its operation for over a period of time, which this dissolution does not significantly affect the operations of the company. At current stage, the dissolution registration and liquidation has been complete on December 14, 2015.

- **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 manufactures industrial paint under Origin's Know-How by raw material supplied from Miki, who will deliver all goods to customers after that.



## Report of Risk Management Committee

With awareness on important of risk management and laid down the policy in accordance to compliance with risk management, the Board of Directors No.6/2015 dated November 13, 2015 has been appointed The Risk Management Committee, consisted of 3 persons namely Ms. Petcharat Eksangkul, Chairman, Mr. Wichai Eksangkul, and Mr. Nathapol Eksangkul, to responsible for the risk assessment which is under the acceptable risk level among the Board of Directors' policy. The risk management result will be reported to the Board of Directors for acknowledgement in order to ensure that it is in line with determined objectives.



Ms. Petcharat Eksangkul  
Chairman of Risk Management Committee

After the appointment, the committee held once meeting in 2015, and invited all of department managers to join the meeting and appointed to be Risk Management Working Group, which the result can be summarized as follows;

- **Risk management plan for 2016**

The committee held meeting to propose the policy, and risk management plan to all business units, including appointed the risk management working group.

- **Risk assessment**

Defined procedures and processes to assess various risk factors which could impact the company's business operation such as strategic risk, operational risk, financial risk and environmental risk, also reviewed and considered the respective risk management plan to acceptable levels.

- **Monitoring and overseeing risk management**

The committee closely monitored and management of various risks, through holding the meeting, as well as giving various recommendations to ensure that such risk management will be fully effective and efficient. The risk management result will be reported to the Board of Directors afterward.

## 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 entering into ASEAN Economic Community (AEC) in 2016 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 can coatings and printing ink business which will make the same revenue proportion between motorcycle paints and other industrial paint.

#### 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 2014 and 2015, the Company's percentage of raw material purchases through importer or distributors are 82.70% and 78.95% of the total raw material purchases respectively and the percentage of raw materials imported by the Company are 17.30 and 21.05% of the total purchases respectively. This practice makes the Company vulnerable to the foreign currency exchange fluctuation

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 20 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](#)

The company's revenue is from tolling fee of automotive paint, and food & beverage industry as the same direction of economic situation. In 2015, the world economic still continually depress from the year 2014, brought the household sector spending to deflation.

However, automotive industry has been promoted by the government ongoing, and almost parts manufacturing base in Thailand. The motorcycle consumption was increased due to consumer reduce their

daily cost by using motorcycle rather than higher cost of car which are supported factors to company's business. 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, 2015, Eksangkul group who are presently in control of management of the Company is holding 51.73% 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

## Anti-corruption and Internal Control

Resistance to corruption is an important policy of the company besides implanting attitude and ethics as basic for performance for management and all level of employees. The company has drawn up audit process and internal control system to check and balance appropriately.

Moreover, the company has made implementation to create confidence in accordance to Resistance to Corruption Policy as follow;

1. Review rules and regulations about purchase, employment, determine requirement for authorized signatures for expense and purchase document to control and prevent corruption within the company
2. Board of Directors, management and employees are forbidden to engage in any action to claim or accept or offer to give assets, other benefits to induce to carry out or refrain from performing duty which is wrongful.
3. Organize training to give knowledge to the management and employees about risk management frame and internal control in order to manage risk
4. Determine communication channels, receive complaints or information about corruption, the informers will be protected in strict confidence and will not be disclosed. The issue informed will be examined by the Board fairly

In 2015, no issue found about corruption and unlawful operation or related requirements as well as no violation about business operation ethics.

## Internal Control Policy

Company aims to establish and maintain the confidence of all stakeholders and adherence to operate as a good citizenship. All employees have a reputation to protect and preserve the dignity of the company. By maintaining the highest standards of professional and ethical conduct as follows;

### 1. Conflict of Interest Policy

- Employees should avoid any action that might be conflicted to the company interest whether contact with relevant companies such as customers, suppliers, competitors or take advantage or information from being employee for their own benefit and doing business to compete with company.
- Employees shall avoid the shareholding in the company's competitors. In cases the stocks have been obtained before being an employee or before the company went into business, or by way of inheritance. Employees must report to their superiors.
- The company will enforce by intellectual property laws or other laws if there is the violation of confidentiality of business.

## 2. Corporate Assets Policy

- Employees have duty and responsibility for the corporate assets by ensure that it will not be damaged, lost also utilized corporate assets for highest benefit and do not take for personal use.
- The assets means tangible and intangible property such as chattel, property, technology, knowhow, certificate of ownership, patents, copyright also the confidential information that not disclosed to the public, such as business plans, financial projections. Information of Human Resources.
- All employees should avoid disclosing or using the confidential information strictly.

## 3. Gifts and Entertainment Policy

- Employees shall not request, receive or accept money, materials, or other benefits from the relevant with the corporate.
- Employees may accept gift as conventional. By accepting the gift shall not affect any business decisions of the recipient.
- The gift should not be much valuable and shall not be cash or equivalent as cash.
- If employees receive valuable gift than usual from the relevant with the corporate, employees should report to theirs superiors.
- Giving or accepting gift can be made if made by transparent or in open location.

## 4. Securities Trading and Inside Information Policy

- Employee shall avoid using internal information or disclosing internal information to others for trading corporate stock.
- Insiders should not buy or sell shares before the publication of financial statements. Or publishing company status as well as other important information and should wait at least 24-48 hours after the disclosure to the public prior to purchase or sell shares of the company.

## 5. Internet Controls and Audits, Financial Reporting

- The management has responsibility to prepare the financial report to be accurate, complete and in timely manner both annual report and quarterly report in accordance with acceptable accounting standard.
- Establish efficient control system and internal audit to ensure that the Corporate has complied with the standards and related laws and under monitoring of internal audit and reviewed of the audit committee.
- Perform duties with honesty and take any action to all shareholders with equitable.

## 6. Shareholders Policy

- Inform status of the Corporate to Shareholder regularly and completely.
- Report to the shareholders of the future prospects of the organization, both positive and negative with sufficient rationale.

#### 7. Customer Relations and Product Quality Policy

- Deliver product with equivalent or higher quality than customer expectation under fair condition.
- Provide correct and sufficient Product and Service information in timely manner which will support customer to make decision without exaggerating on advertisement or other communication channel that may cause misleading about the quality, quantity, or any other condition of Products and Services.
- Maintain customer confidentiality and do not use for own benefit or related person.
- Response to customer request by rapidly and provide procedure and channel for customer's complaint about Product and Service efficiently.

#### 8. Suppliers/Creditors Policy

- Treat all creditors equally and fairly on the basis of obtaining a fair return on both sides.
- Strictly comply with terms or conditions agreed upon by the business partners, in case failure to comply, must inform to Suppliers and/ or Creditors in advance to find solutions mutually.
- To negotiate business must exempt any request, accept or give any unlawful benefits which in dealing with business Partners and / or Creditors.
- If corruption was found must inform to Partners and /or Creditors to explore the solution fairly and rapidly.
- Financial report must be regularly provide to creditor with accuracy, completely and timely

#### 9. Employees Policy

- Offer fair remunerations to the employees
- Ensure working environment that secures life and property of employees
- Ensure that promotion and transfer employee including reward and punishment must be trustworthy and based on appropriate and capability of employee.
- Give priorities to the development of employee's capabilities and knowledge by providing the opportunity thoroughly and regularly.
- Strictly adhere to rules and regulations relating to the employees;

#### 10. Rivals Policy

- Comply with the rule of fair competition
- Do not make any unlawful exercise or inappropriate in seeking information of competitors such as give bribe to competitor's employees.
- Do not defame or slander against the competitor's reputation.

#### 11. Employees Practice Policy

- Perform duties with endeavor, integrity and transparent and shall refrain from giving to superior or receiving from subordinates.



- Respect employee's right including management
- Superiors should practice themselves as respectful person and employees should not disrespect Superiors.
- Comply with rules, regulations and traditional whether provided in written or not.
- Maintain and create the unity among the employees and avoid any action which is affect to company reputation and image or cause problem later

## 12. Environment and Community Policy

- Responsible and commit for the environmental preservation also including custom and local tradition where the corporate is located.
- Carry out activities to develop the society, the community and the environment to enabling the good quality of life for the community where the corporate is located by own operate and cooperate with government and community.
- Prevent accident and control waste emission to be lower than standard level.
- Response immediately and efficiency to the situation that effect to the environment and the community from the company operation also cooperate with government and related agencies.

## The Board of Director' opinion

The company has recognized the importance of internal control system. The Board of Director has appointed the Audit Committee to review the assessment of the company's internal control to ensure that it is a sufficient and appropriate system, as well as to provide accurate and credible accounting system and financial report, also to contribute asset protection and mitigate damage occurred from error and corruption, along with effective compliance with relevant laws and regulations.

The company hires Well Planning Solution Co., Ltd., an external organization, as the internal audit. This will allow the company to be able to fully perform functions, and independently in internal audit. The company can keep improving itself up to internal and external factors which are constantly changing. In this regard, the internal audit will coordinate the System Development Manager of the company, and report directly to the Audit Committee to enhance the effectiveness of the audit process.

At the Board of Directors' meeting No.1/2015 on February 24, 2015, the Board of Directors including member of the Audit Committee evaluated the company's internal control system for 2014. According to the internal audit and inquiring for information from the management, the Board of Directors did not find any significant deficiency regarding internal control system. Therefore, they agreed that the company had sufficient and appropriate internal control system which was compatible with the current operation. These can be summarized as follows;

### 1. Control Environment

The company has assigned explicit policies and objectives of business with concrete evaluation by considering fairness to employee, customer, trading partner, and responsibility for shareholders, society, community and environment. It has also reviewed the implementation of the goals set on a regular basis to comply with the conditions at that time.

The company has established organizational structure in order to separate duties and responsibilities of the management team, thus allowing effective operation. There were policy on corporate governance, business ethics, which were acknowledged by executive and employee as guideline for everyone to perform their duties with integrity, and restrain from posing conflict of interest with the company, including not corrupting which causes damage to the organization.

### 2. Risk Assessment

The company has assigned the Executive Board Committee in order to take care of risk management in a systematic and effective manner. There was risk analysis that revealed probable risks from internal and external factors which could affect business conduct of the organization. It has also decided clear working plan and working procedures, as well as constantly followed up on risk management result to ensure that it is at acceptable level. This included all executives to engage in risk management and communicated to all employees to comply with as a part of organization culture

The company complied with generally accepted accounting principle and suitable for business, by revealing financial report that is fully accurate and reflects the operating activities of the company

### 3. Control Activities

The company has clearly specified the limitation of authority and approved credit line for each management level in writing, as well as separated duties and responsibilities of each department apart for counter-verification. It has also set the concise regulations concerning financial transaction, purchasing, and general management in writing, to prevent from authority abuse seeking to misappropriate company assets, or acting beyond the authority assigned by the company.

Additionally, the company also had monitoring measures allowing the company operation to correspond with related laws. In the case of transaction with the major shareholder, directors, executives, or those who are involved with such person. The company has followed related procedures and regulations with regard to the best interest of the company.

### 4. Information & Communication

The company has presented sufficient information and documents to the Board of Directors in advance as relevant references for their decision-making. The company also stored accounting

documents and other related accounts in an orderly and classified manner, kept in the safe place according to the duration of time required by law.

The company effectively communicated information to inside and outside the organization with appropriate channels, in order to encourage internal control to be proceeded as required by the company.

## 5. Monitoring Activities

The company has set its targets and compared operating results to meet its goals. If there are differences to consider, the company would review and adjust its business operations in accordance with the situations. Monitoring process and operating results assessment are assigned based on the principles of good corporate governance to ensure that internal control is carried out fully and appropriately. In this regard, Well Planning Solution Co., Ltd., internal audit, will be responsible for the checking, analysis and assessment of various internal control systems, together with the regular follow up on their implementation. The results of the audit were reported directly to the Audit Committee, who holds their joint meetings quarterly, provided that significant deficiency is detected. The Audit Committee will report the matter to the Board of Directors, suggesting improving the situation and monitoring progress in improving deficiencies regularly.

## The Audit Committee' opinion

The Audit Committee agreed with the opinion from the Board of Directors, including auditors who had no observations on internal control

## Internal Audit

<b>Company Name</b>	Well Planning Solution Co., Ltd.
<b>Head of Internal Audit</b>	Ms. Worluck Limsookprasert, Managing Director
<b>Education</b>	Bachelor of Accounting 2 <sup>nd</sup> Honor University of Thai Chamber of Commerce Master of Accounting, Thammasat University Certified Public Accountant
<b>Working Experience</b>	
1995 – 2002	SGV-Na Thalang Co., Ltd.
2003 – 2004	KPMG Phoomchai Audit Co., Ltd.
2005 – Present	Well Planning Solution Co., Ltd.

## 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 2015 and 2014 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
				2015	2014	
Eksang Holdings Co., Ltd.	<ul style="list-style-type: none"> <li>▪ Related company (holding Eason Paint Public Company Limited shares 44.88% of total suffrage)</li> <li>▪ 100% of paid-up shares were hold by Eksangkul Group.</li> <li>▪ Having the same group of directors.</li> </ul>	Short-term property rental <ul style="list-style-type: none"> <li>▪ Rental expenses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rented office space for Bangkok branch office, R&amp;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. The Company had extended the agreement for 3 year which was effective on March 1, 2014 and expired on February 28, 2017 Rental rate of Baht 313,698 per month. The Company had entered an amendment of contract on August 1, 2015 to revise the</li> </ul>	5.75	5.88	<ul style="list-style-type: none"> <li>▪ The company rented office space for Bangkok branch office and R&amp;D department</li> <li>▪ <u>Audit Committee's Opinion</u>: The Company has necessity to rent the space for operating activities which is for Bangkok branch office and R&amp;D department.</li> <li>▪ The first contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee. G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010.</li> <li>▪ The second contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee G.P.V. Global</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2015	2014	
			<p>monthly rental fee to be Baht 282,828.</p> <ul style="list-style-type: none"> <li>▪ 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 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.</li> <li>▪ Rent space and its improvement for warehouse and car park, the rental fee which was effective from December 1, 2012 and expired on December 31, 2013. The monthly rental fee was Baht 67,410</li> </ul>			<p>Property Valuation Co., Ltd. appraised on March 22, 2010</p> <ul style="list-style-type: none"> <li>▪ For renewal of both contracts for next 3 years, the company has to declare the intention in written with in one month before the contract ends. The rental fee is negotiable.</li> <li>▪ The third contract has a period of one year. The Company hired the independent appraisers to appraise the rental fee. G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010 and G.P.V. Global Property Valuation Co., Ltd. appraised on November 11, 2013.</li> <li>▪ The rental fee rates which are appraised by the independent appraisers are close to market rates and representing normal business transactions.</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2015	2014	
			<ul style="list-style-type: none"> <li>The Company had extended the contract and revised the rental fee which was effective from January 1, 2014 and expired on December 31, 2016. The monthly rental fee was Baht 66,990</li> </ul>			
Origin Eason Paint Co., Ltd. ("OEP")	<ul style="list-style-type: none"> <li>40% of holding and co-shareholders / directors</li> <li>Associated company</li> </ul>	<ul style="list-style-type: none"> <li>Revenue from selling raw material.</li> </ul>	<ul style="list-style-type: none"> <li>Some plastic coatings formulas are used same raw material as the Company. This is an aggregated order. The price is charged at market price plus agreed profit margin.</li> </ul>	0.14	0.04	<ul style="list-style-type: none"> <li>OEP is the joint venture, acting as a manufacturer and distributor of plastic coatings. It has the same credit term of payment as the Company's other customers</li> <li><u>Audit Committee's Opinion:</u> The company joined with OEP for flexibility to expand plastic coating market.</li> </ul>
		<ul style="list-style-type: none"> <li>Accounts receivable and notes receivable</li> <li>- Beginning balance</li> <li>- Ending balance</li> </ul>	<ul style="list-style-type: none"> <li>Normal business transactions associated with selling activities.</li> </ul>			<ul style="list-style-type: none"> <li><u>Audit Committee's Opinion:</u> Being normal business transactions.</li> </ul>
		<ul style="list-style-type: none"> <li>Purchase goods</li> </ul>	<ul style="list-style-type: none"> <li>Currently the Company still purchases some raw material for manufacturing</li> </ul>	0.02	0.05	<ul style="list-style-type: none"> <li>If the Company imports this raw material directly from suppliers, it has to purchase at the determined</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2015	2014	
			motorcycle coating at reasonable price in market. The Company purchased raw material for using in plastic coatings which was in normal business transactions. The reference prices were not available due to specialized raw material; therefore selling price is agreed by both parties.			minimum quantity. Ordering through OEP who normally orders large quantity of raw material will help the Company to cut down an excess stock of raw material.
		<ul style="list-style-type: none"> <li>▪ Accounts payable</li> <li>- Beginning balance</li> <li>- Ending balance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Normal business transactions associated with purchase activities</li> </ul>	0.000  0.000	0.004  0.000	<ul style="list-style-type: none"> <li>▪ <u>Audit Committee's Opinion:</u> Being normal business transactions.</li> </ul>
		Short-term property <ul style="list-style-type: none"> <li>▪ Rental fee</li> <li>▪ Service fee</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Company entered into factory building and warehouse on January 1, 2011 and expired on December 31, 2014. Contract has a period of 3 years. Rental fee is Baht 432,640 and service fee is</li> </ul>	8.12  2.75	7.60  2.55	<ul style="list-style-type: none"> <li>▪ This lease is for renting factory building and warehouse in order to produce and keep plastic coatings total area of 2,704 square meters and</li> <li>▪ The Company has leased the space of Bangkok branch in order to be office building and R&amp;D department</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2015	2014	
			<p>Baht 97,344 per month. Rental contract commenced on January 1, 2015 and expired on December 31, 2017. Contract has a period of 3 years. Rental fee is Baht 449,946 and service fee is Baht 101,238 per month.</p> <ul style="list-style-type: none"> <li>From March 1, 2011, The Company has subleased the space of Bangkok branch in order to be office building and R&amp;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</li> </ul>			<p>total area of 939 square meters.</p> <ul style="list-style-type: none"> <li><u>Audit Committee's Opinion:</u></li> <li>The first contract has a period of 3 years. The Company hired the independent appraisers to appraise the rental fee. 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. Revise rental rate is Baht 166.40 and service rate is Baht 37.44 per square meters.</li> <li>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. And revise rental rate is Baht 170 to Baht</li> </ul>



The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2015	2014	
			<p>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"> <li>▪ 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 increase 172 sqm. The Company had extended the agreement for 3 year which was effective on March 1, 2014 and expired on February 28, 2017 Rental fee is Baht 167,611.50 and service fee is Baht 98,595 per month.</li> </ul>			<p>178.50 and service rate is Baht 100 to Baht 105 per square meters. G.P.V. Global Property Valuation Co., Ltd. appraised on November 19, 2013.</p> <ul style="list-style-type: none"> <li>▪ The rental fee rates which are appraised by the independent appraisers are close to market rates and representing normal business.</li> <li>▪ <u>Audit Committee's Opinion:</u> Being normal business transactions.</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2015	2014	
		<ul style="list-style-type: none"> <li>Service charges</li> </ul>	<ul style="list-style-type: none"> <li>The Company provides other service such as 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.</li> </ul>	3.01	2.80	
Miki (Thailand) Co., Ltd.	<ul style="list-style-type: none"> <li>15% of holding in associated company</li> <li>Related company</li> </ul>	Short-term property <ul style="list-style-type: none"> <li>Rental fee</li> <li>Service fee</li> </ul>	<ul style="list-style-type: none"> <li>The Company entered into office building sublease contract agreement for 1 year which was effective on March 1, 2012 and expired on February 28, 2013. The 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</li> </ul>	0.30 0.08	0.30 0.08	<ul style="list-style-type: none"> <li>Rental building for office building.</li> <li><u>Audit Committee's Opinion:</u></li> <li>The Company hired the independent appraisers to appraise the rental fee. G.P.V. Global Property Valuation Co., Ltd. appraised on March 22, 2010 and September 11, 2013. Rental rate is Baht 170 and service rate is Baht 46 per square meters.</li> <li>The rental fee rates which are appraised by the independent appraisers are close to market rates</li> </ul>

The company/subsidiaries and related parties	Relationship	Type of transactions	Term and condition of transaction	Transaction value (Million Baht)		Necessities and reasons of executing transactions
				2015	2014	
			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"> <li>▪ Service charges</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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.</li> </ul>	0.10	0.09	<ul style="list-style-type: none"> <li>▪ <u>Audit Committee's Opinion:</u> Being normal business transactions.</li> </ul>

### 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 engage in 3 major operating sectors 1) Automotive Paints Sector 2) Other industrial Paints sector such as metal decorating inks and can coatings and 3) Other operating sector such as distributor and service provider for water and air filtering system.

## Revenue

In year 2015 and year 2014, Total revenue was million 484.33 and 472.96 million baht respectively. Major revenue is from sales and services industrial paints such as automotive paints and other industrial paints. The company has accounted for industrial paints sale to total revenue equal to 96.05% and 95.60% respectively.

Unit : Million Baht and Percentage (%)

Revenues (Unit : MB, %)	Year 2015	Year 2014	% Year 2015	% Year 2014
Sales and Services	465.18	452.11	96.05%	95.60%
Automotive	129.32	136.96	26.70%	28.75%
Other industrial paints	308.66	282.42	63.73%	59.93%
Other	27.20	32.71	5.61%	6.92%
Other income	19.15	20.85	3.00%	4.40%
<b>Total revenues</b>	<b>484.33</b>	<b>472.96</b>	<b>100.00%</b>	<b>100.00%</b>

Total revenue contains:

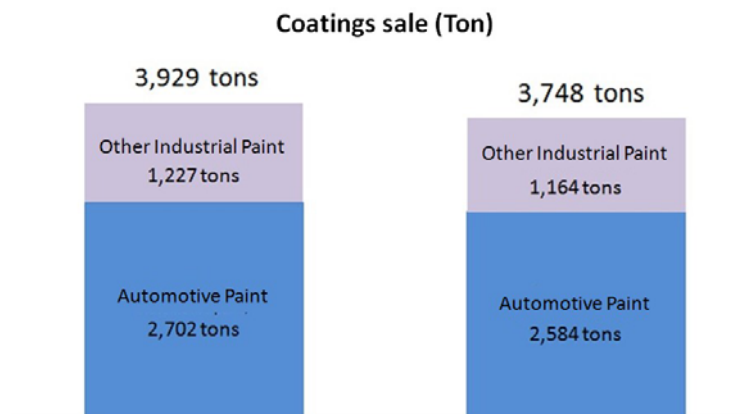
- 1) Sale and service revenue can be categorized into 3 major sectors as below.
  - Automotive paint such as motorcycle paint use for spray on motorcycle's body and parts. This revenue would vary with automotive industry.
  - Other industrial paints sale and service revenue which was came from sale to printing industry and packaging industry and industrial glue toll fee. This revenue would vary with food 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 assets sale, gain on exchange rate, other fees, interest and dividend.

Revenue from automotive paint amount of 129.32 million baht went down 7.64 million baht comparing to former year as a result of the tolling fee was turned down, together with due to term of toll manufacturing agreement, which partner has self purchase raw material instead of serving by company.

Therefore, income from selling and services in former year was combined with raw materials selling in total. As for 2015, the most of raw materials were purchased by customer. However, the toll manufacturing in term of tons went up comparing to the former year.

Revenue from other industrial paints and others went up by adopter of customer order both domestic and international. The selling in term of tons went up comparing to the former year.

Other income in 2015 amount of 19.15 million baht went down to 1.70 million baht, since the company had gained on available for sale securities in former year.



### Expenses

The cost of goods sold and service revenue in 2015 and 2014 was in the range of 56.29% and 56.57% to total revenue respectively. The cost of goods sold and service in 2015 was decreased due to term of Toll manufacturing agreement which partner has self purchase automotive 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 – 3 months. In addition, the company always monitors changes of demand/supply trend in the global market of chemicals for the purpose of proper planning and management of production cost and minimizing a risk of chemical price fluctuation.

In 2015 and 2014, selling and administrative expenses were 176.43 million baht and 168.57 million baht respectively, where as the ratio of selling and administrative expenses to total revenue in 2015 and 2014 was 36.43% and 35.63% respectively. In 2015, 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 2015 and 2014, the Company had financial cost of 4.69 million baht and 4.77 million baht respectively. The ratio of interest payment to total revenue was 0.97% and 1.00% respectively. The interest payment was from financial institution and leasing contracts.

At the end of 2015, the company has loan from financial institution amount of 77.79 million baht for project in Indonesia. As for corporate tax in 2015 and 2014 were amount of 2.26 million baht and 11.34 million baht respectively. The decreasing of corporate tax is a result of the reducing shareholding from 99.73% to 5.00%. Consequently, the selling of ordinary share of BBW is considered as the decreasing of the investment in a company, and BBW is no longer the subsidiary company.

### Consolidated Financial Performance

In 2015 and 2014, the company gross profit to revenue from sale and service are 43.70%, and 43.43%. The operating profits to total revenue are 14.60% and 15.76% respectively. The company earned net profit to the major shareholders of 13.87% and 13.04% to the total revenue of profit sharing from associate company.

Net profit attributable to shareholder in 2015 and 2014 were 71.25 million baht and 65.66 million baht respectively. Net profit was increase due to revenue from selling and services went up from increasing of coatings sell (Ton). The corporate tax was decrease as a result of the reducing shareholding in Bright Blue Water Corporation Ltd.

### Assets Management Ratio

As of December 31, 2015, the Company had total assets of 848.70 million baht, increased from former year 2.97 million baht due to an increasing of current assets by 4.86 million baht (account receivable, cash on hand, cash in bank and inventory), and non-current assets was decrease by 1.89 million baht (buildings, machine and equipment for paint production).

### Account Receivable

In 2015, the company had net accounts and bills receivables in amount of 148.57 million baht or accounted for 17.51% of total assets with increase by 14.77 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, %)	2015	2014	%2015	%2014
Current	121.46	92.34	81.75%	69.01%
Overdue 0 day to 90 days	14.59	26.66	9.81%	19.93%
Overdue from 91 days onwards	0.26	1.73	0.17%	1.29%
<b>Total</b>	<b>136.31</b>	<b>120.74</b>	<b>91.74%</b>	<b>90.23%</b>
<u>Less</u> allowance for doubtful accounts	(0.26)	(0.29)	-0.17%	-0.22%
Net trade account	136.05	120.44	91.58%	90.01%
Other trade account	12.52	13.36	8.42%	9.99%
<b>Total</b>	<b>148.57</b>	<b>133.80</b>	<b>100.00%</b>	<b>100.00%</b>

### Inventory

The company manufactures industrial paints by order, which each order would have different properties and characteristics of paint according each authorized paints. Thus, the Company would plan its production correspond with each customer's annual production plan. The Company therefore produces paint products in quantity according to each purchase order from the customers; and there may be the manufacture of partial reserve paint products. The company had no allowance for the diminishing.

### Liquidity

As of December 31, 2015, the company had net cash flow decrease by 36.46 million baht. The company had net cash flow include cash at beginning of period of 105.67 million baht in total. The company's operation cash flow was increased from former year due to raw material and account payable went down from the partner had self purchased raw materials.

Cash from operating was decreased comparing to former year since the company has already invested for the market expand in former year. The company also received appropriated cash from N.O.F. (Thailand) Ltd., subsidiary company, and the interim dividend from in the amount of Baht 2.40 million. The dissolution registration and liquidation of N.O.F. (Thailand) Ltd. has been completed with Department of Business Development, Ministry of Commerce on December 14, 2015.

The cash provided by (used in) financing activities was increased comparing to former year, almost of cash was used for dividend, increment of long term loan and interest expense from financial institution.

### Resource of capital

In 2015 and 2014, the company had debt to equity ratio of 0.23 times and 0.30 times respectively. The company had decreased debt to equity ratio from former year, since the company has repaid long term loan to financial institution. 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 2015 and 2014, the company had liability 153.71 million baht and 186.81 million baht respectively, separated into short term loan 80.28 million baht and 90.49 million baht, mostly account payable and long term loan due in one year. Account payable was decreased from the partner has self purchased raw materials.

As for long term loan total of 73.43 million baht and 96.32 million baht respectively, mostly long term loan from financial institution for Indonesia project, and employee benefits obligations.



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

1. The company has established PT. Eason Indonesia (“EI”) with aims to be the manufacturer and distributor motorcycle paint and others industrial paints in Indonesia. The project invested 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. Bright Blue Water Corporation Co. Ltd. (“BBW”), the subsidiary company, was established to distribute and provide service of water filter and air filtering machine. In August 2015, the Company sold the investment in Bright Blue Water Corp. Ltd., a subsidiary, acquired 4,959,250 common shares of Bright Blue Water Corp. Ltd. Thus, the shareholding of the Company decreased from 99.57% to 5% and the Company had loss of control in such company. As a result, the Company classified the investment in of Bright Blue Water Corp. Ltd., as other long-term investment.
3. Eason Far East Sdn. Bhd. (“EFE”) was established in January 2014 in Malaysia with aim to be distributor of packaging coatings, inks, and other Industrial paints for expansion market base in the future. EFE has registration capital in amount of 400,000 RM (about 4 million baht), which the company holds 60%, and Singaporean shareholder holds the rest of 40%. The performance of EFE could significantly effect to consolidated financial statement of the company.

On July 3, 2015, the subsidiary had a resolution to approve the capital increase from MYR 400,000 to MYR 1,000,000 including MYR 1,000,000 ordinary shares at the par value of Baht 1 each by issuing 600,000 new ordinary shares at the par value of MYR 1 per share. This capital increase follows the shareholding structure of the existing shareholders. On July 3, 2015, the subsidiary issued and paid-up the shares from MYR 400,000 to MYR 700,000 as classified into a capital increase in ordinary shares for 300,000 shares at the par value of MYR 1 per share. The Company paid for the shares in proportion to their shareholding amounting to MYR 180,000 (totaling of Baht 1.53 million) on September 14, 2015.

Summary consolidated balance sheets as at December 31, 2013 – 2015

Consolidated Balance Sheet (Unit : Million Baht)	2015	2014	2013	2015%	2014%	2013%
<b>Current Assets</b>						
Cash and cash equivalents	105.67	142.13	104.19	12.45%	16.80%	12.93%
Short term investment	34.66	19.15	15.74	4.08%	2.26%	1.95%
Trade account and note receivables, net	148.57	133.80	135.06	17.51%	15.83%	16.76%
Inventories, net	75.28	66.05	75.06	8.87%	7.80%	9.31%
Advance payment - deposit for factory building	-	-	-	0.00%	0.00%	0.00%
Other current assets	11.92	10.09	8.05	1.40%	1.20%	1.00%
<b>Total current assets</b>	<b>376.09</b>	<b>371.23</b>	<b>338.11</b>	<b>44.31%</b>	<b>43.89%</b>	<b>41.95%</b>
<b>Non-current assets</b>						
Investment in associated company	83.60	78.24	72.41	9.85%	9.26%	8.99%
Other long term investment	16.04	-	-	1.89%	0.00%	0.00%
Property, plant and equipment, net	339.18	364.43	349.06	39.96%	43.09%	43.31%
Intangible assets, net	4.49	4.53	4.69	0.53%	0.53%	0.58%
Leasehold right, net	16.60	17.20	17.81	1.96%	2.03%	2.21%
Deferred Tax Assets	8.88	4.95	11.75	1.05%	0.59%	1.59%
Other non-current assets	3.82	5.16	11.06	0.45%	0.61%	1.37%
<b>Total non-current assets</b>	<b>472.62</b>	<b>474.51</b>	<b>466.79</b>	<b>55.69%</b>	<b>56.11%</b>	<b>58.05%</b>
<b>Total assets</b>	<b>848.70</b>	<b>845.73</b>	<b>804.90</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.0%</b>
<b>Current liabilities</b>						
Trade account and note payables	52.33	59.29	62.87	6.17%	7.01%	7.80%
Short-term loan from director	-	-	0.70	-	-	0.09%
Long-term loan due within one year	22.08	21.08	7.95	2.60%	2.49%	0.99%
Current portion of long term loans from financial institution	1.04	0.30	2.40	0.12%	0.03%	0.30%
Accrued income tax	0	5.54	4.23	0.00%	0.65%	0.53%
Account payable for purchase assets	4.83	4.29	3.79	0.57%	0.50%	0.47%
<b>Total current liabilities</b>	<b>80.28</b>	<b>90.49</b>	<b>81.94</b>	<b>9.46%</b>	<b>10.68%</b>	<b>10.17%</b>
<b>Non-current liabilities</b>						
Long term loans from financial institution, net	55.71	77.79	61.90	6.56%	9.19%	7.68%
Liabilities under-hire purchase agreement, net	0.62	-	0.30	0.07%	0.00%	0.04%
Deferred tax liabilities	-	-	1.04	0.00%	0.00%	0.13%
Employee benefits	17.10	18.53	14.19	2.01%	2.19%	1.76%
<b>Total non-current liabilities</b>	<b>73.43</b>	<b>96.32</b>	<b>76.38</b>	<b>8.65%</b>	<b>11.38%</b>	<b>9.61%</b>
<b>Total liabilities</b>	<b>153.71</b>	<b>186.81</b>	<b>158.32</b>	<b>18.11%</b>	<b>22.06%</b>	<b>19.77%</b>
<b>Shareholders' equity</b>						
Issued and paid-up capital : Ordinary shares	285.89	285.89	285.89	33.80%	33.80%	35.47%
Premium on share capital	92.02	92.02	92.02	10.88%	10.88%	11.42%
Appropriated regal reserve	28.68	28.68	28.68	3.39%	3.39%	3.56%
Treasury shares reserve	-	-	-	0.00%	0.0%	0.0%
Unappropriated	293.46	256.51	238.60	34.58%	30.33%	29.61%
Other components of shareholder's equity	(40.22)	(38.12)	(33.14)	-4.74%	-4.5%	-4.11%
<b>Less treasury shares</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Shareholder's equity of the parent, net</b>	<b>659.83</b>	<b>624.99</b>	<b>612.05</b>	<b>77.74%</b>	<b>73.89%</b>	<b>75.94%</b>
Minority interest in subsidiaries	35.17	33.93	34.52	4.14%	4.01%	4.28%
<b>Total shareholder's equity</b>	<b>694.99</b>	<b>658.92</b>	<b>646.58</b>	<b>81.89%</b>	<b>77.91%</b>	<b>80.23%</b>
<b>Total liabilities and shareholder's equity</b>	<b>848.70</b>	<b>845.73</b>	<b>804.90</b>	<b>100.00%</b>	<b>100.0%</b>	<b>100.0%</b>

### Summary statements of income for the year ended December 31, 2013 – 2015

Consolidated statement of income (Unit : Million Baht)	2015	2014	2013	2015%	2014%	2013%
<b>Revenues</b>						
Sales and services	465.19	452.11	528.82	96.05%	95.59%	95.32%
Dividends income	1.02	0.69	0.44	0.21%	0.14%	0.08%
Other income	18.12	20.16	25.50	3.74%	4.27%	4.60%
<b>Total income</b>	<b>484.33</b>	<b>472.96</b>	<b>554.76</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Expenses</b>						
Cost of sales and services	261.88	255.78	310.73	54.07%	54.08%	56.01%
<b>Gross profit</b>	<b>222.45</b>	<b>217.2</b>	<b>244.03</b>	<b>45.93%</b>	<b>45.92%</b>	<b>43.99%</b>
Selling and administrative expenses	176.43	168.55	162.52	36.43%	35.63%	29.30%
Selling expenses	9.38	9.17	9.42	1.94%	1.94%	1.70%
Administrative expenses	167.05	159.38	153.10	34.49%	33.69%	27.60%
Financial cost	4.69	4.77	3.56	0.97%	1.00%	0.64%
<b>Total expenses</b>	<b>443.00</b>	<b>429.11</b>	<b>476.80</b>	<b>91.47%</b>	<b>90.72%</b>	<b>85.95%</b>
Share of profit associated company	29.37	30.69	33.11	6.06%	6.48%	5.97%
<b>Profit before financial cost and income tax</b>	<b>70.70</b>	<b>74.54</b>	<b>111.06</b>	<b>14.60%</b>	<b>15.76%</b>	<b>20.02%</b>
Income tax	2.26	11.34	14.97	0.47%	2.39%	2.70%
<b>Net profit</b>	<b>68.44</b>	<b>63.20</b>	<b>96.10</b>	<b>14.13%</b>	<b>13.36%</b>	<b>17.32%</b>

Profit (loss) attributable to:						
Shareholders of the parent	71.25	65.66	96.52	14.71%	13.88%	17.40%
Non-controlling interests	(2.81)	(2.46)	(0.43)	-0.58%	-0.52%	-0.08%

Basic earnings per share (Baht/Share)						
Profit attributable to equity holders of parent	0.25	0.23	0.34			

### Summary statements of cash flows for the year ended December 31, 2013 – 2015

Statement of cash flows (Unit : Million Baht)	2015	2014	2013
Net cash provident by operating activities	39.95	70.18	34.58
Net cash used in investing activities	(7.76)	(21.76)	(20.05)
Net cash provident by (used in) financing activities	(59.04)	(14.10)	1.58
Net increase (decrease) statement of foreign entity	(9.62)	3.61	(10.61)
Net increase (decrease) in cash and cash equivalents	(36.46)	37.93	16.11
Cash and cash equivalents, at beginning of year	142.13	104.19	98.70
Cash and cash equivalents, at end of year	105.67	142.13	104.19

Financial ratio as at December 31, 2013 - 2015

Financial ratio	Unit	2558	2014	2013
<b><u>Liquidity ratio</u></b>				
Current ratio	(times)	4.68	4.10	4.13
Cash ratio	(times)	0.49	0.78	0.42
Collection period	(days)	110.78	108.53	99.20
Holding period	(days)	98.48	100.68	77.81
Payment period	(days)	77.79	87.16	91.57
Cash Cycle	(days)	131.47	122.05	85.44
<b><u>Profitability ratio</u></b>				
Gross profit margin	(%)	43.70%	43.43%	41.24%
Operating profit margin	(%)	14.60%	15.76%	20.02%
Net profit margin *	(%)	13.87%	13.04%	16.42%
Cash to net profit	(times)	0.56	1.07	0.36
Return on equity	(%)	11.09%	10.62%	15.98%
<b><u>Management efficiency ratio</u></b>				
Return on assets	(%)	8.90%	9.60%	14.73%
Return on fixed assets	(%)	15.07%	13.83%	20.63%
<b><u>Leverage ratio or Financial ratio</u></b>				
Debt to equity	(times)	0.23	0.30	0.26
Interest coverage ratio	(times)	24.10	23.78	41.32
Dividend payout ratio	(%)	26.18%	53.05%	76.04%

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

\*\* Dividend payout ratio = Dividend / Net profit after allocation as legal reserve (separate financial statement)

EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015



# 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, 2015, and the related consolidated statements 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, 2015, and the related statements 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, 2015, 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, 2015, and its financial performance and cash flows for the year then ended in accordance with the Financial Reporting Standards.



(Miss Sulalit Ardsawang)

Certified Public Accountant

Registration No. 7517

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 26, 2016

2016/0155/0284

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

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2015**

		<u>ASSETS</u>				
		Baht				
		Consolidated financial statements		Separate financial statements		
Note		2015	2014	2015	2014	
<b>Current assets</b>						
	Cash and cash equivalents	5	105,665,705.87	142,128,973.20	60,467,027.42	76,413,468.03
	Current investments	6	34,656,087.81	19,153,967.45	34,656,087.81	15,404,423.21
	Trade and other receivables	4, 7	148,570,303.07	133,799,691.54	144,509,737.16	132,017,452.08
	Short-term loans to subsidiary	4, 8	-	-	58,008,493.63	58,008,493.63
	Inventories	9	75,272,918.90	66,050,296.00	70,720,106.00	59,042,726.43
	Other current assets		11,921,177.04	10,093,094.63	2,158,720.21	385,525.93
	<b>Total current assets</b>		<b>376,086,192.69</b>	<b>371,226,022.82</b>	<b>370,520,172.23</b>	<b>341,272,089.31</b>
<b>Non-current assets</b>						
	Investments in associated company	10	83,602,440.85	78,235,017.65	35,784,300.00	35,784,300.00
	Investments in subsidiaries	11	-	-	212,008,677.80	226,188,738.79
	Other long-term investment	12	16,047,551.47	-	16,047,551.47	-
	Property, plant and equipment	13	339,183,632.30	364,432,271.34	178,596,051.15	193,886,249.19
	Intangible assets	14	4,483,931.45	4,526,036.49	4,483,931.45	4,438,776.22
	Leasehold right	15	16,595,547.59	17,202,701.76	-	-
	Deferred tax assets	16	8,879,705.40	4,945,525.48	3,424,283.25	3,375,593.38
	Other non-current assets		3,829,120.30	5,164,999.49	2,380,635.92	2,375,963.02
	<b>Total non-current assets</b>		<b>472,621,929.36</b>	<b>474,506,552.21</b>	<b>452,725,431.04</b>	<b>466,049,620.60</b>
	<b>TOTAL ASSETS</b>		<b>848,708,122.05</b>	<b>845,732,575.03</b>	<b>823,245,603.27</b>	<b>807,321,709.91</b>

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, 2015**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Current liabilities</b>					
Trade and other payables	4, 17	52,339,772.88	59,291,111.40	49,805,725.56	53,218,557.74
Current portion of liabilities under hire-purchase agreements	19	1,035,672.56	296,281.50	1,035,672.56	296,281.50
Current portion of long-term loans from financial institutions	20	22,080,000.00	21,080,000.00	22,080,000.00	21,080,000.00
Accrued income tax		-	5,538,694.49	-	5,526,689.91
Other current liabilities		4,826,958.72	4,288,810.36	4,401,471.11	2,816,627.15
<b>Total current liabilities</b>		<b>80,282,404.16</b>	<b>90,494,897.75</b>	<b>77,322,869.23</b>	<b>82,938,156.30</b>
<b>Non-current liabilities</b>					
Liabilities under hire-purchase agreements	19	626,754.01	-	626,754.01	-
Long-term loans from financial institutions	20	55,710,000.00	77,790,000.00	55,710,000.00	77,790,000.00
Employee benefit obligations	21	17,091,046.00	18,526,252.98	16,982,409.00	18,026,845.00
<b>Total non-current liabilities</b>		<b>73,427,800.01</b>	<b>96,316,252.98</b>	<b>73,319,163.01</b>	<b>95,816,845.00</b>
<b>Total liabilities</b>		<b>153,710,204.17</b>	<b>186,811,150.73</b>	<b>150,642,032.24</b>	<b>178,755,001.30</b>

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, 2015**

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

	Baht				
	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Shareholders' equity					
Share capital					
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	
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	
Premium on share capital		92,020,440.57	92,020,440.57	92,020,440.57	
Retained earnings					
Appropriated					
- legal reserve		28,681,740.00	28,681,740.00	28,681,740.00	
Unappropriated		293,457,154.49	256,511,534.16	276,117,743.03	
Other components of shareholders' equity		(40,227,205.60)	(38,121,272.38)	(10,110,381.57)	
Total shareholders' equity of the parent		659,826,158.46	624,986,471.35	672,603,571.03	
Non-controlling interests		35,171,759.42	33,934,952.95	-	
Total shareholders equity		694,997,917.88	658,921,424.30	672,603,571.03	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>848,708,122.05</b>	<b>845,732,575.03</b>	<b>823,245,603.27</b>	

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, 2015**

		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2015	2014	2015	2014
<b>Revenues</b>					
	Sales and services	465,191,941.53	452,110,776.35	434,542,879.75	419,846,203.52
	Dividend income	1,016,540.00	693,791.00	27,384,520.00	24,660,000.00
	Gain on sale of assets	-	5,371,118.82	-	5,156,843.87
	Gain on exchange rate	4,112,527.37	5,568,842.38	2,064,602.62	757,768.62
	Gain on sale of investment in subsidiary	4,583,704.67	-	-	-
	Other income	9,425,234.12	9,215,934.98	11,129,870.44	11,089,502.46
	<b>Total revenues</b>	<b>484,329,947.69</b>	<b>472,960,463.53</b>	<b>475,121,872.81</b>	<b>461,510,318.47</b>
<b>Expenses</b>					
	Cost of sales and services	261,883,065.00	255,779,252.80	242,531,311.48	235,436,887.04
	Selling expenses	9,376,780.41	9,177,653.02	6,597,029.12	5,786,137.74
	Administrative expenses	167,049,976.49	159,388,385.57	135,061,019.97	138,010,910.67
	Finance costs	4,686,112.88	4,768,029.50	4,670,615.52	4,752,481.47
	<b>Total expenses</b>	<b>442,995,934.78</b>	<b>429,113,320.89</b>	<b>388,859,976.09</b>	<b>383,986,416.92</b>
	Share of profit of associated company	29,367,423.20	30,694,352.80	-	-
	<b>Profit before income tax expenses</b>	<b>70,701,436.11</b>	<b>74,541,495.44</b>	<b>86,261,896.72</b>	<b>77,523,901.55</b>
	Income tax expenses	2,259,751.18	11,337,141.62	6,182,357.79	12,855,649.22
	<b>Profit for the year</b>	<b>68,441,684.93</b>	<b>63,204,353.82</b>	<b>80,079,538.93</b>	<b>64,668,252.33</b>
<b>Profit (loss) attributable to :</b>					
	Shareholders of the parent	71,252,903.81	65,664,189.57	80,079,538.93	64,668,252.33
	Non-controlling interests	(2,811,218.88)	(2,459,835.75)	-	-
<b>Basic earnings per share</b>					
	Profit for the year of parent	0.2492	0.2297	0.2801	0.2262

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Baht				
	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit for the year		68,441,684.93	63,204,353.82	80,079,538.93	64,668,252.33
Other comprehensive income :					
Items that not to be reclassified subsequently to profit or loss					
Actuarial losses arising from post-employee benefit, net of income tax		-	(926,411.44)	-	(1,455,805.18)
		-	(926,411.44)	-	(1,455,805.18)
Items that may be reclassified subsequently to profit or loss					
Unrealized gain (loss) on valuation of available-for-sale securities, net of income tax		(1,735,393.03)	1,016,572.00	(1,735,393.03)	1,016,572.00
Currency translation changes of the financial statements of foreign entity		(1,335,696.40)	(8,883,466.87)	-	-
		(3,071,089.43)	(7,866,894.87)	(1,735,393.03)	1,016,572.00
Other comprehensive income (loss) for the year		(3,071,089.43)	(8,793,306.31)	(1,735,393.03)	(439,233.18)
Total comprehensive income for the year		65,370,595.50	54,411,047.51	78,344,145.90	64,229,019.15
Total comprehensive income (loss) attributable to :					
Shareholders of the parent		69,146,970.59	58,675,025.65	78,344,145.90	64,229,019.15
Non-controlling interests in subsidiaries		(3,776,375.09)	(4,263,978.14)	-	-

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**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

Baht

Consolidated financial statements										
Shareholders' equity of the parent								Non-controlling	Total equity	
Share capital	Premium on	Retained earnings		Other components of shareholders' equity			Total equity	interests		
issued and	share capital	Appropriated	Unappropriated	- Currency translation	- Unrealized gain	Total	of the parent			
paid-up		- Legal reserve		changes of the	(loss) on change					
				financial statements	in value of					
				of foreign entity	investment					
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)	(33,141,289.06)	612,054,490.34	34,521,181.09	646,575,671.43
Increase in share capital	-	-	-	-	-	-	-	-	3,677,750.00	3,677,750.00
Dividend payment	24	-	-	(45,743,044.64)	-	-	-	(45,743,044.64)	-	(45,743,044.64)
Total comprehensive income for the year	-	-	-	63,655,008.97	(5,996,555.32)	1,016,572.00	(4,979,983.32)	58,675,025.65	(4,263,978.14)	54,411,047.51
Ending balance, 2014	285,894,029.00	92,020,440.57	28,681,740.00	256,511,534.16	(29,746,283.84)	(8,374,988.54)	(38,121,272.38)	624,986,471.35	33,934,952.95	658,921,424.30
Increase in share capital	-	-	-	-	-	-	-	-	981,768.00	981,768.00
Dividend payment	24	-	-	(34,307,283.48)	-	-	-	(34,307,283.48)	(480.00)	(34,307,763.48)
Total comprehensive income for the year	-	-	-	71,252,903.81	(370,540.19)	(1,735,393.03)	(2,105,933.22)	69,146,970.59	(3,776,375.09)	65,370,595.50
Non-controlling interests of the subsidiary	-	-	-	-	-	-	-	-	4,031,893.56	4,031,893.56
Ending balance, 2015	285,894,029.00	92,020,440.57	28,681,740.00	293,457,154.49	(30,116,824.03)	(10,110,381.57)	(40,227,205.60)	659,826,158.46	35,171,759.42	694,997,917.88

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, 2015**

Baht

		Separate financial statements					
	Note	Share capital issued and paid-up	Premium on share capital	Retained earnings Appropriated - legal reserve	Unappropriated	Other components of shareholders' equity Unrealized gain (loss) on change in value of investment	Total equity
Ending balance, 2013		285,894,029.00	92,020,440.57	28,681,740.00	212,876,085.07	(9,391,560.54)	610,080,734.10
Dividend payment	24	-	-	-	(45,743,044.64)	-	(45,743,044.64)
Total comprehensive income for the year		-	-	-	63,212,447.15	1,016,572.00	64,229,019.15
Ending balance, 2014		285,894,029.00	92,020,440.57	28,681,740.00	230,345,487.58	(8,374,988.54)	628,566,708.61
Dividend payment	24	-	-	-	(34,307,283.48)	-	(34,307,283.48)
Total comprehensive income for the year		-	-	-	80,079,538.93	(1,735,393.03)	78,344,145.90
Ending balance, 2015		285,894,029.00	92,020,440.57	28,681,740.00	276,117,743.03	(10,110,381.57)	672,603,571.03

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, 2015**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Cash flows from operating activities</u>				
Profit for the year	68,441,684.93	63,204,353.82	80,079,538.93	64,668,252.33
Items to reconcile profit for the year to net cash provided by (used in) operating activities :				
(Gain) loss on sale of available-for-sale securities	(313,439.20)	160,947.47	(313,439.20)	160,947.47
Allowance for doubtful accounts (reversal)	(30,000.00)	(30,000.00)	(30,000.00)	(30,000.00)
Depreciation and amortization	37,642,670.55	34,154,016.42	24,674,493.78	24,311,016.58
Loss on impairment of investment in subsidiary (reversal)	-	-	(30,445,341.45)	5,010,904.06
(Gain) loss on sale of investment in subsidiary	(4,583,704.67)	-	31,323,195.43	-
Actuarial losses arising from past employee benefit	-	1,349,789.96	-	1,430,216.00
Expenses for employee benefits	2,124,194.72	2,004,110.98	2,010,564.00	1,866,324.00
(Gain) loss on sale of assets	47,802.68	(5,371,118.83)	177,839.66	(5,156,843.87)
Share of net profit in associated company	(29,367,423.20)	(30,694,352.80)	-	-
Dividend income	(985,000.00)	(693,791.00)	(27,384,520.00)	(24,660,000.00)
Interest income	(347,591.89)	(396,038.87)	(2,423,663.84)	(2,217,408.96)
Interest expenses	3,906,083.52	4,058,197.47	3,906,083.52	4,058,197.47
Income tax expenses	2,259,751.18	11,337,141.62	6,182,357.79	12,855,649.22
Profit from operations before changes in operating assets and liabilities	78,795,028.62	79,083,256.24	87,757,108.62	82,297,254.30
(Increase) decrease in operating assets				
Investment in securities held-for-trading	3,749,544.24	(1,962,948.30)	-	-
Trade and other receivables	(14,740,611.53)	1,858,348.46	(12,462,285.11)	(5,458,840.04)
Inventories	(9,222,622.90)	9,011,640.79	(11,677,379.57)	11,108,533.38
Other current assets	(1,828,082.41)	(2,040,114.13)	(1,773,194.28)	(182,460.18)
Other non-current assets	1,335,879.19	249,816.14	(4,672.90)	471,953.90
Increase (decrease) in operating liabilities				
Trade and other payables	(4,631,711.81)	(5,896,336.68)	(3,400,446.70)	5,683,578.53
Other current liabilities	538,148.36	502,533.10	1,584,843.96	81,891.38
Cash generated from operation	53,995,571.76	80,806,195.62	60,023,974.02	94,001,911.27
Cash received from interest income	347,591.89	396,873.84	2,423,663.87	1,788,971.39
Benefits paid by the plan	(3,055,000.00)	(210,000.00)	(3,055,000.00)	(210,000.00)
Cash paid for income tax	(11,335,893.90)	(10,812,659.57)	(11,323,889.32)	(10,704,600.75)
Net cash provided by operating activities	39,952,269.75	70,180,409.89	48,068,748.57	84,876,281.91

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

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

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

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Cash flows from investing activities</u>				
Increase in current investments	(21,107,466.68)	(338,984.64)	(21,107,466.68)	(338,984.64)
Cash received from sale of investment in subsidiary	19,837,000.00	-	19,837,000.00	-
Cash received from capital pay back of subsidiary	2,635,623.10	-	2,635,623.10	-
Cash paid for investment in subsidiary	-	-	(11,526,717.56)	(43,068,560.44)
Cash received from loans to subsidiary	-	-	-	15,000,000.00
Increase in other long-term investment	(16,047,551.47)	-	(13,691,250.00)	-
Cash received from dividend	24,985,000.00	24,693,791.00	27,384,520.00	24,660,000.00
Cash paid for purchase of property, plant and equipment	(18,567,386.31)	(56,326,945.03)	(8,135,864.96)	(13,636,886.65)
Cash received from sale of assets	2,239,757.87	11,328,811.05	2,198,674.33	11,110,446.56
Cash paid for intangible assets	(1,735,700.00)	(1,114,348.64)	(1,590,100.00)	(1,114,348.64)
Net cash used in investing activities	<u>(7,760,723.49)</u>	<u>(21,757,676.26)</u>	<u>(3,995,581.77)</u>	<u>(7,388,333.81)</u>
<u>Cash flows from financing activities</u>				
Cash received from long-term loans from financial institution	-	40,152,401.00	-	40,152,401.00
Cash paid for long-term loans from financial institution	(21,080,000.00)	(11,130,000.00)	(21,080,000.00)	(11,130,000.00)
Cash received from short-term loan from director	-	300,000.00	-	-
Cash paid for short-term loan from director	-	(1,000,000.00)	-	-
Cash paid for hire-purchase agreements	(713,854.93)	(2,414,502.68)	(713,854.93)	(1,864,573.97)
Cash paid for dividend	(34,307,763.48)	(45,743,044.64)	(34,307,283.48)	(45,743,044.64)
Cash received from issued ordinary shares	981,768.00	9,781,806.00	-	-
Cash paid for interest expenses	(3,918,469.00)	(4,045,811.99)	(3,918,469.00)	(4,045,811.99)
Net cash used in financing activities	<u>(59,038,319.41)</u>	<u>(14,099,152.31)</u>	<u>(60,019,607.41)</u>	<u>(22,631,029.60)</u>
Increase (decrease) in currency translation change of financial statements of foreign entity	(9,616,494.18)	3,610,522.44	-	-
Net increase (decrease) in cash and cash equivalents	(36,463,267.33)	37,934,103.76	(15,946,440.61)	54,856,918.50
Cash and cash equivalents, at beginning of year	142,128,973.20	104,194,869.44	76,413,468.03	21,556,549.53
Cash and cash equivalents, at end of year	<u>105,665,705.87</u>	<u>142,128,973.20</u>	<u>60,467,027.42</u>	<u>76,413,468.03</u>

Supplemental disclosures of cash flows information

Non-monetary transactions

- The Company acquired vehicle by entering into hire-purchase contract
 

	2,080,000.00	-	2,080,000.00	-
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- During the year 2015, the Company loss control of the subsidiary, as a result the Company classified the investment of Baht 2,356,301.47 as the other long-term investment.

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



## EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

#### 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, 2015 and 2014, the company's major shareholder is Eksang holdings Co., Ltd. who held 44.88% of the paid-up share capital (as Eksang holdings Co., Ltd. held 100% by Eksangkul family) and the rest 6.85% and 7.90%, respectively is held by the person from Eksangkul family, making up 51.73% 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. 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, 2015**

**2.2 Basis for consolidation**

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

Name of Subsidiaries	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	
			2015	2014	2015	2014	2015	2014
N.O.F (Thailand) Ltd.	Stop operation and registered liquidation in 2015	Thailand	-	99.98	-	0.59	-	-
Bright Blue water Corp. Ltd.	Selling and services air purifiers and water filtration Devices	Thailand	-	99.57	-	1.38	2.29	3.63
Eason Urai Paint Co., Ltd.	Manufacturing and selling of automotive, industrial paint and other	Vietnam	62.00	62.00	12.11	12.15	4.67	4.08
P.T. Eason Indonesia	Manufacturing and selling of automotive, industrial paint and other	Indonesia	93.73	93.73	16.95	19.19	-	-
Eason Far East Sdn. Bhd.	Trading of industrial paint	Malaysia	60.00	60.00	0.61	0.70	0.60	0.53

In August 2015, the Company sold the investment in Bright Blue Water Corp. Ltd., a subsidiary, acquired 4,959,250 common shares of Bright Blue Water Corp. Ltd. Thus, the shareholding of the Company decreased from 99.57% to 5% and the Company had loss of control in such company. As a result, the Company classified the investment in of Bright Blue Water Corp. Ltd., as other long-term investment.

At the loss of control date, the Company recognized any investment retained at its fair value. That fair value was regarded as the cost on initial recognition of investment in other long-term investment. The fair value of investment of Bright Blue Water Corp. Ltd. was evaluated by cost at the date of acquisition of the ordinary shares, which was Baht 9 per share. The Company recognized gain on sale of investment in subsidiary amounting to Baht 4.58 million in the consolidated income statement.

2.2.2 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.

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

2.2.4 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.

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

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

**DECEMBER 31, 2015**

2.2.5 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 Accounting standards effective for using in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards new issued and revised 2014, which are effective for the fiscal year beginning on or after January 1, 2015 are as follows:

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events After the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates And Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings Per Share
TAS 34 (revised 2014)	Interim Financial Reporting

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

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

**DECEMBER 31, 2015**

TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes

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

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

**DECEMBER 31, 2015**

TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20 (revised 2014)	Stripping Costs in the Production Phase of a Surface Mine

The management of the Company and its subsidiaries have assessed the effects of accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations, believes that they do not have any significant impact on the financial statements for the current year.

**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 and its subsidiaries recognize service income upon services rendered to the customers.

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

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

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

**3.2 Cash and cash equivalents**

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

**3.3 Allowance for doubtful accounts**

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

3.4 Inventories

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

The Company and its subsidiaries 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.

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).

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

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 :-

Type of assets	The estimated useful lives
Building and building for lease	5, 20 years
Machinery equipment	5 - 10 years
Lab equipment	5 - 10 years
Electric equipment	3 - 6 years
Water - purifier for leases	5 years
Office equipment	3 - 6 years
Office decoration	3 - 6 years
Vehicle	6 - 10 years

The Company and its subsidiaries have 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.



**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

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, 2015

#### 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, its subsidiaries 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 other comprehensive income.

## EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2015

Other long-term employment benefits (defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments that pay to the employees work for a long time. The obligation under of other long-term employment benefits is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method, in order to determine present value of the obligation at the end of reporting period. Actuarial gains and losses arising from other long-term employment benefits are recognized immediately in the profit or loss.

#### 3.14 Related parties

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

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

#### 3.15 Impairment of assets

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

## EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2015

#### 3.16 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 20% 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 and its subsidiaries 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.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

3.17 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record the impairment loss when it is determined that the recoverable amount is lower than the carrying amount. This requires judgement regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

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

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

**DECEMBER 31, 2015**

**4. TRANSACTIONS WITH RELATED COMPANIES**

	<u>Relationship</u>
<u>Subsidiary companies</u>	
N.O.F (Thailand) Ltd.	99.98% of holding, Co-Director/Shareholder (Liquidation on December 14, 2015)
Eason Urai Paint Co., Ltd.	62% of holding, Co-Director/Shareholder
P.T. Eason Indonesia	93.73% of holding, Co-Director/Shareholder
Eason Far East Sdn. Bhd.	60% 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
Bright Blue Water Corp. Ltd.	Formerly is subsidiary, Since September 4, 2015, 5% of holding, Co-Director/Shareholder
 <u>Pricing policy</u>	
Sale	- 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 6,762 - 432,640 per month in accordance with agreements.
Interest income	- At the rate of MLR - 1.25%, MLR - 1.5% and 3.90% per annum
Purchasing	- Market value except licensed raw materials are agreed upon pricing method.
Rental charge	- Office and warehouse rental are charged at Baht 66,990 - 313,698 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, 2015**

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Transactions in the statement of income</u>				
<u>Subsidiary companies</u>				
Sales				
Bright Blue Water Corp. Ltd.	-	-	-	1,501,602.00
P.T. Eason Indonesia	-	-	-	1,248,506.19
Eason Far East Sdn. Bhd.	-	-	1,943,093.47	3,414,197.77
	-	-	1,943,093.47	6,164,305.96
Other income				
Bright Blue Water Corp. Ltd.	-	-	-	595,343.98
Eason Urai Paint Co., Ltd.	-	-	949,982.00	718,781.40
P.T. Eason Indonesia	-	-	2,376,267.77	1,431,776.77
	-	-	3,326,249.77	2,745,902.15
Other expenses				
Bright Blue Water Corp. Ltd.	-	-	170,528.37	399,775.76
<u>Associated company</u>				
Sales	144,922.00	43,160.00	144,922.00	43,160.00
Rental and service income	13,882,603.80	12,949,118.75	13,882,603.80	12,949,118.75
Other expenses	16,800.00	56,000.00	16,800.00	56,000.00
<u>Related companies</u>				
Rental and service income				
Miki (Thailand) Co., Ltd.	476,780.50	467,465.50	476,780.50	467,465.50
Other expenses				
Eksang holdings Co., Ltd.	5,753,106.00	5,877,580.00	5,753,106.00	5,877,580.00

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

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

**DECEMBER 31, 2015**

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

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<u>Outstanding balances at the statements of financial position</u>				
<u>Subsidiary companies</u>				
Trade and other receivables				
Bright Blue Water Corp. Ltd.	-	-	-	1,606,714.14
Eason Urai Paint Co., Ltd.	-	-	50,000.00	99,759.40
P.T. Eason Indonesia	-	-	570,231.43	570,231.44
Eason Far East Sdn. Bhd.	-	-	3,074,739.71	3,561,853.07
	<u>-</u>	<u>-</u>	<u>3,694,971.14</u>	<u>5,838,558.05</u>
Short-term loans to				
P.T. Eason Indonesia	-	-	58,008,493.63	58,008,493.63
Other non-current assets				
Bright Blue Water Corp. Ltd.	-	-	-	3,738.32
<u>Associated companies</u>				
Trade and other receivables	1,296,127.67	1,308,216.01	1,296,127.67	1,308,216.01
<u>Related companies</u>				
Trade and other receivables				
Miki (Thailand) Co., Ltd.	40,088.24	38,783.37	40,088.24	38,783.37

Management benefit expenses

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

Management benefit expenses for the years ended December 31, 2015 and 2014 as follows :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short - term employee benefits	33,936,465.23	28,598,876.00	33,333,215.23	27,825,876.00
Post - employment benefits	557,963.00	546,647.00	557,963.00	534,961.00
Other long - term benefits	9,060.00	10,298.00	9,060.00	9,566.00
Total	<u>34,503,488.23</u>	<u>29,155,821.00</u>	<u>33,900,238.23</u>	<u>28,370,403.00</u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash on hand	155,587.20	212,640.67	55,798.00	47,196.45
Cash at banks - current account	23,708,376.25	30,202,577.75	18,374,584.17	27,008,082.95
Cash at banks - savings account	81,801,742.42	111,713,754.78	42,036,645.25	49,358,188.63
Total	<u>105,665,705.87</u>	<u>142,128,973.20</u>	<u>60,467,027.42</u>	<u>76,413,468.03</u>

**6. INVESTMENTS**

Investments consisted of :-

	Baht			
	Consolidated financial statements			
	2015		2014	
	At cost	Fair Value	At cost	Fair Value
<u>Current investments</u>				
Investments in securities held-for-trading				
Unit trust	-	-	2,702,681.89	2,592,544.24
Investment in marketable equity	-	-	1,189,057.52	1,157,000.00
	-	-	<u>3,891,739.41</u>	<u>3,749,544.24</u>
Investments in available-for-sale securities				
Unit trust	21,563,029.32	21,659,089.41	367,305.22	388,300.18
Investment in marketable equity	25,731,035.45	12,996,998.40	25,505,853.67	15,016,123.03
	<u>47,294,064.77</u>	<u>34,656,087.81</u>	<u>25,873,158.89</u>	<u>15,404,423.21</u>
Total	<u>47,294,064.77</u>	<u>34,656,087.81</u>	<u>29,764,898.30</u>	<u>19,153,967.45</u>

	Baht			
	Separate financial statements			
	2015		2014	
	At cost	Fair Value	At cost	Fair Value
<u>Current investments</u>				
Investments in available-for-sale securities				
Unit trust	21,563,029.32	21,659,089.41	367,305.22	388,300.18
Investment in marketable equity	25,731,035.45	12,996,998.40	25,505,853.67	15,016,123.03
Total	<u>47,294,064.77</u>	<u>34,656,087.81</u>	<u>25,873,158.89</u>	<u>15,404,423.21</u>



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

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

**DECEMBER 31, 2015**

**7. TRADE AND OTHER RECEIVABLES**

Trade and other receivables consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade receivable are classified by aging				
Trade note receivable				
Not yet due	1,858,113.85	1,664,509.12	1,858,113.85	1,664,509.12
Trade receivable				
Not yet due	119,603,132.71	90,675,054.29	117,145,958.76	91,500,157.66
Overdue 0 day to 90 days	14,587,490.18	26,661,989.66	14,587,490.18	25,830,899.92
Overdue 91 days to 180 days	-	1,376,901.19	-	1,311,273.65
Overdue 181 days to 360 days	-	64,627.60	-	59,555.23
Overdue from 361 days onwards	263,950.03	294,366.70	263,950.03	293,950.03
Total	136,312,686.77	120,737,448.56	133,855,512.82	120,660,345.61
Less allowance for doubtful accounts	(263,950.03)	(293,950.03)	(263,950.03)	(293,950.03)
Trade receivable, net	136,048,736.74	120,443,498.53	133,591,562.79	120,366,395.58
Other receivable				
Accrued other income	5,731,320.66	6,252,938.48	5,731,320.66	6,252,938.48
Prepaid expenses	4,217,347.87	4,140,455.36	2,502,035.08	2,089,945.72
Other receivable	2,572,897.80	2,962,799.17	2,684,818.63	3,308,172.30
Total	12,521,566.33	13,356,193.01	10,918,174.37	11,651,056.50
Total trade and other receivables	148,570,303.07	133,799,691.54	144,509,737.16	132,017,452.08

**8. SHORT-TERM LOANS TO SUBSIDIARY**

Short-term loans to subsidiary consisted of :-

	Baht	
	Separate financial statements	
	2015	2014
Loans, beginning balance	58,008,493.63	-
Add increase during the year	-	58,008,493.63
Less decrease during the year	-	-
Loans, ending balance	58,008,493.63	58,008,493.63

Short-term loans to and overseas subsidiary in the form of promissory note amount of Baht 58.01 million with interest at 3.90% per annum and payment interest by quarterly.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

**9. INVENTORIES**

Inventories consisted of:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Finished goods	22,524,809.38	19,753,135.81	19,512,879.10	15,678,788.31
Work in process	127,917.41	125,282.71	-	-
Raw materials	46,774,930.01	42,579,308.07	45,934,015.06	41,754,568.25
Supplies	1,670,640.97	2,431,080.91	1,098,590.71	841,508.89
Package	440,401.78	628,959.92	440,401.78	628,959.92
Goods intransit	3,734,219.35	532,528.58	3,734,219.35	138,901.06
Total	<u>75,272,918.90</u>	<u>66,050,296.00</u>	<u>70,720,106.00</u>	<u>59,042,726.43</u>

	Baht	
	Consolidated/Separate financial statements	
	2015	2014
Cost of inventories recognized as cost of good sold for the year	875,972.90	281,613.38

**10. INVESTMENTS IN ASSOCIATED COMPANY**

Investments in associated company consisted of:-

Type business	Number of share	Percentage of holding	Baht					
			Consolidated financial statements		Separate financial statements			
			At equity		At cost		Dividend income	
			2015	2014	2015	2014	2015	2014
<i>Associated Company</i>								
Origin Eason Paint Co., Ltd.	120,000	40.00	<u>83,602,440.85</u>	<u>78,235,017.65</u>	<u>35,784,300.00</u>	<u>35,784,300.00</u>	<u>24,000,000.00</u>	<u>24,000,000.00</u>

Share of profit of associated company for the years ended December 31, 2015 and 2014.

	Consolidated financial Statements (Baht)	
	2015	2014
	Origin Eason Paint Co., Ltd.	29,367,423.20

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

Summarized financial information in respect of associated company are as follows;

	Baht	
	2015	2014
Current assets	285,855,185.65	281,179,393.18
Non-current assets	47,508,951.13	42,911,304.79
Current liabilities	(87,585,374.77)	(92,907,442.20)
Non-current liabilities	(6,721,079.96)	(5,544,131.96)
Revenue	414,990,231.16	437,605,721.13
Profit for the year	73,418,558.24	74,551,579.90
Total comprehensive income for the year	73,418,558.24	74,551,579.90

Reconciliation of the above summarized financial information to the carrying amount of the interest in associated company recognized in the consolidated financial statements:-

	Baht	
	2015	2014
Net assets	239,057,682.05	225,639,123.81
Proportion of the interest	40%	40%
Other adjustments	(12,020,631.97)	(12,020,631.87)
Carrying amount of the interest	<u>83,602,440.85</u>	<u>78,235,017.65</u>

## 11. INVESTMENTS IN SUBSIDIARIES

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

	Number of share		Percentage of holding		Baht	
					At cost	
	2015	2014	2015	2014	2015	2014
<u>Subsidiary companies</u>						
N.O.F (Thailand) Ltd.	-	19,996	-	99.98	-	9,152,120.00
Bright Blue Water Corp. Ltd.	-	3,221,000	-	99.57	-	37,000,000.00
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	3,749,000	3,749,000	93.73	93.73	117,704,840.00	117,704,840.00
Eason Far East Sdn. Bhd.	420,000	240,000	60.00	60.00	3,980,028.00	2,453,310.44
<u>Less allowance for impairment</u>						
- N.O.F. (Thailand) Ltd.					-	(4,550,341.45)
- Bright Blue Water Corp. Ltd.					-	(25,895,000.00)
Investments in subsidiaries, net					<u>212,008,677.80</u>	<u>226,188,738.79</u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

The subsidiaries that have material non-controlling interests

The consolidated financial statements has consolidated two companies that have material non-controlling interest:

Name of subsidiaries companies	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Baht			
				Profit(loss) allocated to non- controlling interests		Accumulated non-controlling interests	
				2015	2014	2015	2014
Bright Blue Water Corp. Ltd.	Thailand	-	0.43	-	(1,717,778.74)	-	(4,025,039.70)
Eason Urai Paint Co., Ltd.	Vietnam	38.00	38.00	(375,676.25)	(286,363.56)	34,644,862.99	35,022,662.13
P.T. Eason Indonesia	Indonesia	6.27	6.27	(2,277,107.64)	(123,798.07)	(242,612.46)	1,960,119.64
Total				<u>(2,652,783.89)</u>	<u>(2,127,940.37)</u>	<u>34,402,250.53</u>	<u>32,957,742.07</u>

Summarized financial information in respect of Eason Urai Paint Co., Ltd. represents amounts before intragroup eliminations.

	Baht	
	2015	2014
Current assets	28,086,223.34	25,345,888.55
Non-current assets	74,723,634.59	77,574,677.14
Current liabilities	(1,832,651.71)	(980,885.76)
Non-current liabilities	(108,637.00)	(82,489.00)
Revenue	22,232,133.89	19,026,084.55
Profit(loss) attributable to the non-controlling interests	(381,499.72)	(300,223.61)
Total comprehensive income (loss) to the non-controlling interests	(375,676.25)	(286,363.56)

**Investments in subsidiary - N.O.F. (Thailand) Ltd.**

During 2015, the Company received the interim dividend from a subsidiary in the amount of Baht 2.40 million, appropriated by 19,996 shares, share of Baht of 120.00 each.

And N.O.F. (Thailand) Ltd. had registered for liquidation with Department of Business Development, Ministry of Commerce on December 14, 2015.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

Investments in subsidiary - Bright Blue Water Corp. Ltd.

Transactions significant changes of capital are as follows:-

1. The capital reduction

During 2014, Bright Blue Water Corp. Ltd. reduce the registered capital by reducing the par value from Baht 1,000.00 per share to Baht 5.00 per share to correct the deficit which caused the company's registered capital to decrease from Baht 35.00 million to Baht 0.18 million.

Total reduced the capital of Baht 34.83 million to decrease the deficit in the same amount.

2. The capital increasing

After the capital reduction above 1. Bright Blue water Corp. Ltd., has increased the registered capital from the existing registered capital of Baht 0.18 million (35,000 shares at the par value of Baht 5.00) to the new registered capital of Baht 26.18 million (5,235,000 shares at the par value of Baht 5.00) by issuing 5,200,000 new ordinary shares at the par value of Baht 5.00.

During 2015, the Company, approved to the distribution of shares of Bright Blue Water Corp. Ltd. of 4,959,250 shares, at a price of 4.00 per share in the amount of Baht 19,837,000.00, which was received the fully amount of shares. The sale of investment has resulted in the percentage of shareholding of the Company in Bright Blue Water Corp. Ltd. decrease to only 5% of the total shares and remaining investment in Bright Blue water Corp. Ltd. amounting to Baht 2,356,301.47.

And August 2015, the Company sold the investment in Bright Blue Water Corp. Ltd., a subsidiary, as stated in Note 2.2 to the financial statement. The valuation of the assets and liabilities of Bright Blue Water Corp. Ltd. at the date of sold and the loss of control date, was as follows:

	Baht
Cash and cash equivalents	28,248,196.99
Trade and other receivables	17,036,317.64
Inventory	9,063,823.05
Other current assets	279,357.99
Property, plant and equipment	5,154,393.87
Intangible assets	186,257.52
Deferred tax assets	96,506.20
Other non-current assets	892,919.84
Trade and other payables	(45,327,649.20)
Other current liabilities	(1,552,026.21)
Employee benefits obligation	(504,401.70)
Net assets	13,573,695.99

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

Therefore, as at December 31, 2015 the Company has not include the assets, liabilities and equity of Bright Blue Water Corp. Ltd. into the consolidated financial statements and it is presented as the other long-term investment (see note 12).

Investments in subsidiary - Eason Far East Sdn. Bhd.

The Company has registered to incorporate Eason Far East Sdn. Bhd., a juristic entity under the law of Malaysia, on January 10, 2014 as the distributor of industrial paint and to expand the customer base in the future. The authorized capital is MYR 400,000 (issuance of 400,000 shares at the par value MYR 1 per share). The Company holds 240,000 shares in such company at the par value of MYR 1 per share (approximately Baht 2.45 million), representing 60% share holding.

On July 3, 2015, the subsidiary had a resolution to approve the capital increase from MYR 400,000 to MYR 1,000,000 including MYR 1,000,000 ordinary shares at the par value of Baht 1 each by issuing 600,000 new ordinary shares at the par value of MYR 1 per share. This capital increase follows the shareholding structure of the existing shareholders. On July 3, 2015, the subsidiary issued and paid-up the shares from MYR 400,000 to MYR 700,000 as classified into a capital increase in ordinary shares for 300,000 shares at the par value of MYR 1 per share. The Company paid for the shares in proportion to their shareholding amounting to MYR 180,000 (totalling of Baht 1.53 million) on September 14, 2015.

**12. OTHER LONG-TERM INVESTMENT**

Other long-term investment consisted of:

	Number of share		Percentage of holding		Baht	
	2015	2014	2015	2014	At cost	
					2015	2014
<u>Investment in related company</u>						
Bright Blue Water Corp. Ltd.	3,000,000	-	5.00	-	16,047,551.47	-

After transferred investment of Bright Blue Water Corp. Ltd. amounting to Baht 2,356,301.47 is other long-term investment of 261,750 shares, which holding at 5% of the total shares. On September 23, 2015 of Bright Blue Water Corp. Ltd, it had to increase its registered capital from Baht 26,175,000.00 to Baht 300,000,000.00 which is the capital increase amounting to Baht 273,825,000.00 by increasing the proportion of capital from the original shareholder.

On October 13, 2015 had a resolution to subscribe such shares which holding at 5%, is eligible to subscribe 2,738,250 shares at Baht 5 per share amounting to Baht 13,691,250.00 and the Company paid the fully amount of shares.

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

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

**DECEMBER 31, 2015**

**13. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of:-

	Baht				
	Consolidated financial statements				
	Balance per book Dec. 31, 2014	Additions	Deductions	Decrease due to loss of control in subsidiary (Note 11)	Balance per book Dec. 31, 2015
<u>At cost</u>					
Land	100,599,379.98	-	-	-	100,599,379.98
Building and building improvement	251,997,413.15	1,207,840.03	(648,061.50)	-	252,557,191.68
Building for lease	20,911,875.57	-	-	-	20,911,875.57
Machinery and equipment	126,417,773.06	2,981,635.56	(55,206.75)	-	129,344,201.87
Factory equipment	15,246,597.66	2,338,014.42	-	-	17,584,612.08
Lab equipment	24,756,206.20	2,757,528.18	(290,940.50)	-	27,222,793.88
Electric equipment	9,935,750.52	2,520.00	-	-	9,938,270.52
Water-purifier for leases	9,074,354.11	852,509.79	(12,586.53)	(9,914,277.37)	-
Office equipment	28,711,755.01	1,525,480.25	(253,102.78)	(3,310,504.55)	26,673,627.93
Office decoration	17,506,146.54	192,551.93	(21,055.40)	-	17,677,643.07
Vehicle	49,979,408.52	6,862,897.47	(7,191,697.59)	(854,283.37)	48,796,325.03
Machinery and equipment installation	597,868.43	748,304.87	(358,798.84)	-	987,374.46
Total	<u>655,734,528.75</u>	<u>19,469,282.50</u>	<u>(8,831,449.89)</u>	<u>(14,079,065.29)</u>	<u>652,293,296.07</u>
<u>Less accumulated depreciation</u>					
Building and building improvement	78,763,611.05	12,062,949.10	(390,904.11)	-	90,435,656.04
Building for lease	10,899,695.33	1,029,423.15	-	-	11,929,118.48
Machinery and equipment	90,210,571.30	9,305,813.16	(48,297.75)	-	99,468,086.71
Factory equipment	267,210.75	3,248,920.08	-	-	3,516,130.83
Lab equipment	18,098,888.83	1,765,233.17	(270,831.22)	-	19,593,290.78
Electric equipment	5,337,370.27	1,275,538.54	-	-	6,612,908.81
Water-purifier for leases	5,090,373.07	530,176.54	(5,764.73)	(5,614,784.88)	-
Office equipment	22,002,943.81	2,050,040.57	(168,973.56)	(2,969,779.16)	20,914,231.66
Office decoration	15,655,385.23	618,025.23	(13,881.40)	-	16,259,529.06
Vehicle	22,375,161.67	3,376,543.49	(4,837,263.04)	(340,107.38)	20,574,334.74
Total	<u>268,701,211.31</u>	<u>35,262,663.03</u>	<u>(5,735,915.81)</u>	<u>(8,924,671.42)</u>	<u>289,303,287.11</u>
Currency translation changes of financial statements of foreign entity	(22,601,046.10)				(23,806,376.66)
Property, plant and equipment, net	<u>364,432,271.34</u>				<u>339,183,632.30</u>



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

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

**DECEMBER 31, 2015**

	Baht			
	Consolidated financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2013			Dec. 31, 2014
<i>At cost</i>				
Land	46,419,827.10	54,179,552.88	-	100,599,379.98
Building and building improvement	203,313,130.60	49,011,482.55	(327,200.00)	251,997,413.15
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	125,676,226.25	4,745,752.21	(4,004,205.40)	126,417,773.06
Factory equipment	8,955.58	15,237,642.08	-	15,246,597.66
Lab equipment	22,078,227.55	2,814,635.62	(136,656.97)	24,756,206.20
Electric equipment	6,102,584.25	3,833,166.27	-	9,935,750.52
Water-purifier for leases	20,390,453.81	1,184,600.30	(12,500,700.00)	9,074,354.11
Office equipment	27,121,740.05	3,264,781.20	(1,674,766.24)	28,711,755.01
Office decoration	17,465,420.02	673,263.06	(632,536.54)	17,506,146.54
Vehicle	54,172,631.47	2,633,700.00	(6,826,922.95)	49,979,408.52
Machinery and equipment installation	79,521,258.34	2,025,892.99	(80,949,282.90)	597,868.43
Total	<u>623,182,330.59</u>	<u>139,604,469.16</u>	<u>(107,052,271.00)</u>	<u>655,734,528.75</u>
<i>Less accumulated depreciation</i>				
Building and building improvement	68,590,458.61	10,375,550.38	(202,397.94)	78,763,611.05
Building for lease	9,870,272.18	1,029,423.15	-	10,899,695.33
Machinery and equipment	84,668,277.72	9,426,425.03	(3,884,131.45)	90,210,571.30
Factory equipment	307.88	266,902.87	-	267,210.75
Lab equipment	16,761,982.36	1,473,533.44	(136,626.97)	18,098,888.83
Electric equipment	4,186,713.87	1,150,656.40	-	5,337,370.27
Water-purifier for leases	15,189,708.07	2,397,276.47	(12,496,611.47)	5,090,373.07
Office equipment	21,537,156.37	2,131,825.89	(1,666,038.45)	22,002,943.81
Office decoration	15,636,437.13	637,953.42	(619,005.32)	15,655,385.23
Vehicle	25,946,874.10	3,193,193.34	(6,764,905.77)	22,375,161.67
Total	<u>262,388,188.29</u>	<u>32,082,740.39</u>	<u>(25,769,717.37)</u>	<u>268,701,211.31</u>
Currency translation changes of financial statements of foreign entity	<u>(11,731,907.93)</u>			<u>(22,601,046.10)</u>
Property, plant and equipment, net	<u>349,062,234.37</u>			<u>364,432,271.34</u>



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

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

**DECEMBER 31, 2015**

	Baht				
	Separate financial statements				
	Balance per book	Additions	Deductions		Balance per book
	Dec. 31, 2014				Dec. 31, 2015
<u>At cost</u>					
Land	46,419,827.10	-	-	46,419,827.10	
Building and building improvement	151,074,303.13	569,490.75	(366,800.00)	151,276,993.88	
Building for lease	20,911,875.57	-	-	20,911,875.57	
Machinery and equipment	100,433,157.57	2,145,970.45	(55,206.75)	102,523,921.27	
Lab equipment	19,775,206.88	454,591.26	(290,940.50)	19,938,857.64	
Electric equipment	9,935,750.52	2,520.00	-	9,938,270.52	
Office equipment	23,106,772.52	664,219.15	(122,648.12)	23,648,343.55	
Office decoration	17,200,880.08	133,309.97	(21,055.40)	17,313,134.65	
Vehicle	43,303,447.31	5,819,085.05	(7,109,921.88)	42,012,610.48	
Machinery and equipment installation	435,761.73	630,270.47	(196,692.14)	869,340.06	
<b>Total</b>	<b>432,596,982.41</b>	<b>10,419,457.10</b>	<b>(8,163,264.79)</b>	<b>434,853,174.72</b>	
<u>Less accumulated depreciation</u>					
Building and building improvement	71,606,147.53	8,076,143.62	(366,796.00)	79,315,495.15	
Building for lease	10,899,695.33	1,029,423.15	-	11,929,118.48	
Machinery and equipment	83,800,647.60	6,551,009.46	(48,297.75)	90,303,359.31	
Lab equipment	16,716,313.86	1,042,993.22	(270,831.22)	17,488,475.86	
Electric equipment	5,337,370.27	1,275,538.54	-	6,612,908.81	
Office equipment	18,505,374.11	1,549,904.96	(122,634.12)	19,932,644.95	
Office decoration	15,635,189.43	563,598.81	(13,881.40)	16,184,906.84	
Vehicle	16,209,995.09	3,040,937.25	(4,760,718.17)	14,490,214.17	
<b>Total</b>	<b>238,710,733.22</b>	<b>23,129,549.01</b>	<b>(5,583,158.66)</b>	<b>256,257,123.57</b>	
<b>Property, plant and equipment, net</b>	<b>193,886,249.19</b>			<b>178,596,051.15</b>	



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

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

**DECEMBER 31, 2015**

	Baht			
	Separate financial statements			
	Balance per book	Additions	Deductions	Balance per book
	Dec. 31, 2013			Dec. 31, 2014
<u>At cost</u>				
Land	46,419,827.10	-	-	46,419,827.10
Building and building improvement	148,079,773.07	3,321,730.06	(327,200.00)	151,074,303.13
Building for lease	20,911,875.57	-	-	20,911,875.57
Machinery and equipment	100,095,154.61	4,342,208.36	(4,004,205.40)	100,433,157.57
Lab equipment	19,338,609.63	573,254.22	(136,656.97)	19,775,206.88
Electric equipment	6,102,584.25	3,833,166.27	-	9,935,750.52
Office equipment	22,496,054.80	2,285,483.96	(1,674,766.24)	23,106,772.52
Office decoration	17,465,420.02	367,996.60	(632,536.54)	17,200,880.08
Vehicle	44,751,670.26	2,633,700.00	(4,081,922.95)	43,303,447.31
Machinery and equipment installation	4,135,414.55	1,863,786.29	(5,563,439.11)	435,761.73
Total	<u>429,796,383.86</u>	<u>19,221,325.76</u>	<u>(16,420,727.21)</u>	<u>432,596,982.41</u>
<u>Less accumulated depreciation</u>				
Building and building improvement	63,716,927.05	8,091,618.42	(202,397.94)	71,606,147.53
Building for lease	9,870,272.18	1,029,423.15	-	10,899,695.33
Machinery and equipment	80,912,344.12	6,772,434.93	(3,884,131.45)	83,800,647.60
Lab equipment	15,764,794.21	1,088,146.62	(136,626.97)	16,716,313.86
Electric equipment	4,186,713.87	1,150,656.40	-	5,337,370.27
Office equipment	18,719,630.61	1,451,781.95	(1,666,038.45)	18,505,374.11
Office decoration	15,636,437.13	617,757.62	(619,005.32)	15,635,189.43
Vehicle	17,333,520.39	2,896,381.47	(4,019,906.77)	16,209,995.09
Total	<u>226,140,639.56</u>	<u>23,098,200.56</u>	<u>(10,528,106.90)</u>	<u>238,710,733.22</u>
Property, plant and equipment, net	<u>203,655,744.30</u>			<u>193,886,249.19</u>

As at December 31, 2015 and 2014, the Company has leased out the building and warehouse space to an associate, which the building for lease has a book value of Baht 8.98 million and Baht 10.01 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.

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

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

**DECEMBER 31, 2015**

As at December 31, 2015 and 2014, the Company has vehicles purchased under hire-purchase agreement total book value of Baht 3.15 million and Baht 5.36 million, respectively.

As at December 31, 2015 and 2014, the fully depreciated plant and equipment that still in use were at cost of Baht 138.00 million and Baht 132.34 million, respectively for the consolidated financial statement and at cost of Baht 138.00 million and Baht 130.13 million, respectively for the separate financial statement.

**14. INTANGIBLE ASSETS**

Intangible assets consisted of :-

	Baht				
	Consolidated financial statements				
	Balance per book Dec. 31, 2014	Additions	Deductions	Decrease due to loss of control in subsidiary (Note 11)	
<u>At cost</u>					
Technical license	8,810,162.83	-	-	-	8,810,162.83
Computer software	11,529,223.64	1,735,700.00	-	(495,600.00)	12,769,323.64
Total	20,339,386.47	1,735,700.00	-	(495,600.00)	21,579,486.47
<u>Less accumulated amortization</u>					
Technical license	8,810,161.83	-	-	-	8,810,161.83
Computer software	7,003,188.15	1,591,547.52	-	(309,342.48)	8,285,393.19
Total	15,813,349.98	1,591,547.52	-	(309,342.48)	17,095,555.02
Intangible assets, net	<u>4,526,036.49</u>				<u>4,483,931.45</u>

	Baht				
	Consolidated financial statements				
	Balance per book Dec. 31, 2013	Additions	Deductions	Balance per book Dec. 31, 2014	
<u>At cost</u>					
Technical license	8,810,162.83	-	-	8,810,162.83	
Computer software	10,414,875.00	1,114,348.64	-	11,529,223.64	
Total	19,225,037.83	1,114,348.64	-	20,339,386.47	
<u>Less accumulated amortization</u>					
Technical license	8,810,161.83	-	-	8,810,161.83	
Computer software	5,720,372.12	1,282,816.03	-	7,003,188.15	
Total	14,530,533.95	1,282,816.03	-	15,813,349.98	
Intangible assets, net	<u>4,694,503.88</u>			<u>4,526,036.49</u>	



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

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

**DECEMBER 31, 2015**

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2014	Additions	Deductions	Balance per book Dec. 31, 2015
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	11,179,223.64	1,590,100.00	-	12,769,323.64
Total	<u>19,989,386.47</u>	<u>1,590,100.00</u>	<u>-</u>	<u>21,579,486.47</u>
<u>Less accumulated amortization</u>				
Technical license	8,810,161.83	-	-	8,810,161.83
Computer software	6,740,448.42	1,544,944.77	-	8,285,393.19
Total	<u>15,550,610.25</u>	<u>1,544,944.77</u>	<u>-</u>	<u>17,095,555.02</u>
Intangible assets, net	<u>4,438,776.22</u>			<u>4,483,931.45</u>

	Baht			
	Separate financial statements			
	Balance per book Dec. 31, 2013	Additions	Deductions	Balance per book Dec. 31, 2014
<u>At cost</u>				
Technical license	8,810,162.83	-	-	8,810,162.83
Computer software	10,064,875.00	1,114,348.64	-	11,179,223.64
Total	<u>18,875,037.83</u>	<u>1,114,348.64</u>	<u>-</u>	<u>19,989,386.47</u>
<u>Less accumulated amortization</u>				
Technical license	8,810,161.83	-	-	8,810,161.83
Computer software	5,527,632.40	1,212,816.02	-	6,740,448.42
Total	<u>14,337,794.23</u>	<u>1,212,816.02</u>	<u>-</u>	<u>15,550,610.25</u>
Intangible assets, net	<u>4,537,243.60</u>			<u>4,438,776.22</u>

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

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

**DECEMBER 31, 2015**

**15. LEASEHOLD RIGHT**

Leasehold right consisted of :-

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2014	Additions	Deductions	Balance per book Dec. 31, 2015
<u>At cost</u>				
Leasehold right - land	27,990,331.00	-	-	27,990,331.00
<u>Less</u> accumulated amortization	5,650,629.92	788,460.00	-	6,439,089.92
	<u>22,339,701.08</u>	<u>788,460.00</u>	<u>-</u>	<u>21,551,241.08</u>
Currency translation changes of financial statements of foreign entity	(5,136,999.32)			(4,955,693.49)
Leasehold right, net	<u>17,202,701.76</u>			<u>16,595,547.59</u>

	Baht			
	Consolidated financial statements			
	Balance per book Dec. 31, 2013	Additions	Deductions	Balance per book Dec. 31, 2014
<u>At cost</u>				
Leasehold right - land	27,990,331.00	-	-	27,990,331.00
<u>Less</u> accumulated amortization	4,862,169.92	788,460.00	-	5,650,629.92
	<u>23,128,161.08</u>	<u>788,460.00</u>	<u>-</u>	<u>22,339,701.08</u>
Currency translation changes of financial statements of foreign entity	(5,318,305.15)			(5,136,999.32)
Leasehold right, net	<u>17,809,855.93</u>			<u>17,202,701.76</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.

**16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

Deferred tax assets and deferred tax liabilities as follows:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets	8,879,705.40	4,945,525.48	5,986,285.69	5,769,338.85
Deferred tax liabilities	-	-	(2,562,002.44)	(2,393,745.47)
	<u>8,879,705.40</u>	<u>4,945,525.48</u>	<u>3,424,283.25</u>	<u>3,375,593.38</u>

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

Changing for the years ended December 31, 2015 and 2014 are summarized as follows:

	Baht				
	Consolidated financial statements				
	Balance as at Dec. 31, 2014	Revenue (expenses) during the year		Decrease due to loss of control in subsidiary (Note 11)	Balance as at Dec. 31, 2015
		In profit or loss	In other comprehensive income		
Deferred tax assets:					
Remeasuring available-for-sale investments	2,093,747.14	-	433,848.25	-	2,527,595.39
Trade receivable	58,790.01	(6,000.00)	-	-	52,790.01
Inventories	11,432.70	15,985.79	-	-	27,418.49
Employee benefits obligations	3,688,752.79	(213,764.79)	-	(96,506.20)	3,378,481.80
Accumulated forwards tax losses	1,510,279.44	4,169,235.10	-	-	5,679,514.54
Total	<u>7,363,002.08</u>	<u>3,965,456.10</u>	<u>433,848.25</u>	<u>(96,506.20)</u>	<u>11,665,800.23</u>
Deferred tax liabilities:					
Property, plant and equipment	2,417,476.60	(368,618.23)	-	-	2,786,094.83
Total	<u>2,417,476.60</u>	<u>(368,618.23)</u>	<u>-</u>	<u>-</u>	<u>2,786,094.83</u>

	Baht			
	Consolidated financial statements			
	Balance as at Dec. 31, 2013	Revenue (expenses) during the year		Balance as at Dec. 31, 2014
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Remeasuring available-for-sale investments	2,347,890.13	-	(254,142.99)	2,093,747.14
Trade receivables	64,790.01	(6,000.00)	-	58,790.01
Inventories	31,993.04	(20,560.34)	-	11,432.70
Employee benefits obligations	2,788,307.89	634,977.78	265,467.12	3,688,752.79
Accumulated forwards tax losses	-	1,510,279.44	-	1,510,279.44
Difference from financial statement converted	7,550,195.57	-	(7,550,195.57)	-
Total	<u>12,783,176.64</u>	<u>2,118,696.88</u>	<u>(7,538,871.44)</u>	<u>7,363,002.08</u>
Deferred tax liabilities:				
Property, plant and equipment	1,036,411.94	(1,381,064.66)	-	2,417,476.60
Total	<u>1,036,411.94</u>	<u>(1,381,064.66)</u>	<u>-</u>	<u>2,417,476.60</u>

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

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

**DECEMBER 31, 2015**

	Baht				
	Separate financial statements				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 2014	In profit or loss	In other comprehensive income		Dec. 31, 2015
Deferred tax assets:					
Remeasuring available-for-sale investments	2,093,747.14	-	433,848.25	2,527,595.39	
Trade receivables	58,790.01	(6,000.00)	-	52,790.01	
Inventories	11,432.70	15,985.79	-	27,418.49	
Employee benefits obligations	3,605,369.00	(226,887.20)	-	3,378,481.80	
<b>Total</b>	<b>5,769,338.85</b>	<b>(216,901.41)</b>	<b>433,848.25</b>	<b>5,986,285.69</b>	
Deferred tax liabilities:					
Property, plant and equipment	2,393,745.47	(168,256.97)	-	2,562,002.44	
<b>Total</b>	<b>2,393,745.47</b>	<b>(168,256.97)</b>	<b>-</b>	<b>2,562,002.44</b>	

	Baht				
	Separate financial statements				
	Balance as at	Revenue (expenses) during the year			Balance as at
	Dec. 31, 2013	In profit or loss	In other comprehensive income		Dec. 31, 2014
Deferred tax assets:					
Remeasuring available-for-sale investments	2,347,890.13	-	(254,142.99)	2,093,747.14	
Trade receivables	64,790.01	(6,000.00)	-	58,790.01	
Inventories	31,993.04	(20,560.34)	-	11,432.70	
Employee benefits obligations	2,624,109.70	617,308.00	363,951.30	3,605,369.00	
<b>Total</b>	<b>5,068,782.88</b>	<b>590,747.66</b>	<b>109,808.31</b>	<b>5,769,338.85</b>	
Deferred tax liabilities:					
Property, plant and equipment	1,036,259.29	(1,357,486.18)	-	2,393,745.47	
<b>Total</b>	<b>1,036,259.29</b>	<b>(1,357,486.18)</b>	<b>-</b>	<b>2,393,745.47</b>	

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

**17. TRADE AND OTHER PAYABLES**

Trade and other payables consisted of :-

	Baht			
	Consolidated financial statements		Separate financial statement	
	2015	2014	2015	2014
Trade payable	46,601,928.27	49,395,269.32	45,470,259.24	49,201,407.17
Other payable				
Revenue received in advance	302,245.06	2,209,070.21	-	-
Payable for purchase of fixed assets	-	2,307,241.23	-	-
Accrued expenses	5,025,467.98	4,777,105.31	3,955,683.98	3,619,978.15
Other	410,131.57	602,425.33	379,782.34	397,172.42
Total trade and other payables	<u>52,339,772.88</u>	<u>59,291,111.40</u>	<u>49,805,725.56</u>	<u>53,218,557.74</u>

**18. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

As at December 31, 2015, the Company has total credit facilities Baht 285 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 75 million with interest at MLR and MMR per annum, Letter of Guarantee Baht 5 million, Letter of Credit and Trust Receipt of Baht 125 million and Forward Contract Baht 50 million and USD 1.51 million, which these loans are unsecured.

As at December 31, 2014, the Company has total credit facilities Baht 330 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 75 million with interest at MLR and MMR per annum, Letter of Guarantee Baht 5 million, Letter of Credit and Trust Receipt of Baht 170 million and Forward Contract Baht 50 million and USD 1.51 million, which these loans are unsecured.

**19. LIABILITIES UNDER HIRE-PURCHASE AGREEMENTS**

Liabilities under hire-purchase agreements consisted of :

	Baht					
	Consolidated /Separate financial statements					
	Payment due within 1 year		Payment due over 1 year to 5 year		Total	
	2015	2014	2015	2014	2015	2014
Liabilities under hire-purchase agreements	1,090,968.00	298,492.84	636,398.00	-	1,727,366.00	298,492.84
Less deferred interest	(55,295.44)	(2,211.34)	(9,643.99)	-	(64,939.43)	(2,211.34)
Liabilities under hire-purchase agreement, net	<u>1,035,672.56</u>	<u>296,281.50</u>	<u>626,754.01</u>	<u>-</u>	<u>1,662,426.57</u>	<u>296,281.50</u>



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

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

**DECEMBER 31, 2015**

As at December 31, 2015 and 2014, the Company has 1 hire-purchase agreements for vehicle with the leasing company in the amount of Baht 2.18 million (Included VAT), and 4 hire-purchase agreements for vehicle with the leasing companies and local commercial bank in the amount of Baht 3.38 million (Included VAT), respectively with a term 24 - 36 months, and repayable monthly of Baht 0.09 million and Baht 0.14 million (Included VAT), respectively.

Under the term of hire-purchase agreement referred to above, the Company shall have to Comply with certain conditions and restrictions as specified in the agreement.

**20. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS**

Long-term loans from financial institutions consisted of :

	Baht	
	Consolidated/Separate financial statements	
	2015	2014
Long-term loans, beginning balance	98,870,000.00	69,847,599.00
<u>Add</u> increase during the year	-	40,152,401.00
<u>Less</u> decrease during the year	(21,080,000.00)	(11,130,000.00)
	77,790,000.00	98,870,000.00
<u>Less</u> current portion due within one year	(22,080,000.00)	(21,080,000.00)
Net	55,710,000.00	77,790,000.00

As at December 31, 2015 and 2014, the Company has long-term loan with a local commercial bank as part of investment in subsidiary, to finance the construction of factory building and purchase machinery or equipment in Indonesia under the credit line Baht 110 million, and during 2014 increased the loans of Baht 15 million, The Company used the loan fully credit line at interest rate MLR-2.25% per annum for the month 1<sup>st</sup> - 36<sup>th</sup> and MLR-2.00% per annum from 37<sup>th</sup> month onwards. The repayment of Baht 1.59 million per month of principal and interest, in 60 installments, shall be completed by 72<sup>th</sup> month upon receipt of the first loan and starting repayments on the 13<sup>th</sup> with interest monthly for old credit line and the repayment of Baht 0.25 million per month of principal and interest in 60 installments, shall be completed by 64<sup>th</sup> month upon receipt of the first loan and starting repayment on the 5<sup>th</sup> with interest monthly for new credit line.

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

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

**21. EMPLOYEE BENEFIT OBLIGATIONS**

Movements of the employee benefit obligations account for the years ended December 31, 2015 and 2014 are as follows:-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Defined benefit obligations as at January 1,	18,526,252.98	14,190,473.48	18,026,845.00	13,120,548.52
Benefits paid by the plan	(3,055,000.00)	(210,000.00)	(3,055,000.00)	(210,000.00)
Actuarial losses	-	2,541,668.52	-	3,249,972.48
Current service costs and interest	2,124,194.72	2,004,110.98	2,010,564.00	1,866,324.00
Decrease due to loss of control in subsidiary (Note 11)	(504,401.70)	-	-	-
Defined benefit obligations as at December 31,	<u>17,091,046.00</u>	<u>18,526,252.98</u>	<u>16,982,409.00</u>	<u>18,026,845.00</u>

Expense recognized in the statements of income for the years December 31, 2015 and 2014

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current service costs				
Cost of sales and service	299,956.20	289,778.93	254,685.84	236,256.00
Administrative expenses	477,186.16	459,973.02	424,323.16	391,257.00
Management benefit expenses	567,023.00	544,527.00	567,023.00	544,527.00
	<u>1,344,165.36</u>	<u>1,294,278.95</u>	<u>1,246,032.00</u>	<u>1,172,040.00</u>
Interest on obligation	780,029.36	709,832.03	764,532.00	694,284.00
Total	<u>2,124,194.72</u>	<u>2,004,110.98</u>	<u>2,010,564.00</u>	<u>1,866,324.00</u>

Actuarial losses recognized in :-

For the years ended December 31, 2015 and 2014

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Profit or loss	-	1,349,789.96	-	1,430,216.00
Other comprehensive income	-	1,191,878.56	-	1,819,756.48
Total	<u>-</u>	<u>2,541,668.52</u>	<u>-</u>	<u>3,249,972.48</u>

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

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

**DECEMBER 31, 2015**

Assumptions in the estimates based on the actuarial principal

	Percentage
	Consolidated /Separate financial statements
Discount rate	4.30
Salary increase rate	3.00 - 10.00
Employee turnover rate	8.00 - 18.00
Mortality rate	0.10 - 1.48

**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, 2015 and 2014 debt-to-equity ratio were follows :-

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Debt-to-equity ratio	0.22 : 1	0.28 : 1	0.22:1	0.28:1

**23. LEGAL RESERVE**

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

**24. DIVIDEND PAYMENT**

For the year 2015

At the ordinary shareholders' meeting of the company for the year 2015 held on April 8, 2015, the shareholders unanimously approved to pay dividend from operating results of 2014 for the shareholders in the registered book as at March 11, 2015 in the amount of Baht 34.31 million, appropriated by 285,894,029 shares of Baht 0.12 each and paid on April 20, 2015.

At the Board of Directors' meeting of the subsidiary company No. 2/2015 held on June 15, 2015, approved to pay interim dividend from operating results in the amount of Baht 2.40 million, appropriated by 20,000 shares of Baht 120.00 each and paid on June 26, 2015.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

For the year 2014

At the ordinary shareholders' meeting of the company for the year 2014 held on April 3, 2014, the shareholders unanimously approved to pay dividend from operating results of 2013 for the shareholders in the registered book as at March 13, 2014 in the amount of Baht 45.74 million, appropriated by 285,894,029 shares of Baht 0.16 each and was paid on April 23, 2014.

**25. INCOME TAX EXPENSES**

25.1 Major components of income tax expenses for the years ended December 31, 2015 and 2014 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Income tax expenses shown in profit or loss :				
Current tax expenses:				
Income tax expenses for the year	5,797,199.41	12,118,394.31	5,797,199.41	12,088,910.70
Deferred tax expenses				
Changes in temporary differences relating to the original recognition and reversal	(3,537,448.23)	(781,252.69)	385,158.38	766,738.52
Total	<u>2,259,751.18</u>	<u>11,337,141.62</u>	<u>6,182,357.79</u>	<u>12,855,649.22</u>
Income tax relating to components of other comprehensive income:				
Deferred tax relating to:				
Remeasuring available-for-sale investments	433,848.25	(254,142.99)	433,848.25	(254,142.99)
Actuarial losses	-	265,467.12	-	363,951.30
Difference from financial statements converted	-	(7,550,195.57)	-	-
Total	<u>433,848.25</u>	<u>(7,538,871.44)</u>	<u>433,848.25</u>	<u>109,808.31</u>

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

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

**DECEMBER 31, 2015**

25.2 A numerical reconciliation between tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2015 and 2014 which are summarized as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit for the year	70,701,436.11	74,541,495.44	86,261,896.72	77,523,901.55
The applicable tax rate	20%, 25%	15%, 20%, 25%	20%	20%
Tax expense at the applicable tax rate	11,454,794.66	19,482,295.42	17,252,379.34	15,504,780.31
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	1,394,165.75	1,480,037.32	1,032,457.29	1,021,414.96
- Loss on impairment of investment in subsidiary (reversal)	-	-	(6,089,068.29)	1,002,180.81
Tax effect of income or profit that are not required in determining taxable profit:				
- Exemption of non-taxable dividend income	(5,476,904.00)	(4,934,534.33)	(5,476,904.00)	(4,932,000.00)
- Expense in determining tax	(93,824.07)	(99,332.54)	(93,824.07)	(99,332.54)
Effect on deferred tax from progressive tax rate	-	(45,000.00)	-	-
Share of profit of associated company	(5,873,484.64)	(6,138,870.56)	-	-
Unrecognized tax losses on deferred tax assets	1,297,685.96	1,233,940.63	-	-
Others	(442,682.48)	358,605.68	(442,682.48)	358,605.68
Total reconciliation items	(9,195,043.48)	(8,145,153.80)	(11,070,021.55)	(2,649,131.09)
Total tax expenses	2,259,751.18	11,337,141.62	6,182,357.79	12,855,649.22

25.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2015 and 2014 are summarized as follows:

	Consolidated financial statements			
	2015		2014	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expenses for the year	70,701,436.11		74,541,495.44	
Tax expenses at the applicable tax rate	11,454,794.66	20.00, 25.00	19,482,295.42	15.00, 20.00, 25.00
Reconciliation items	(9,195,043.48)	(13.00)	(8,145,153.80)	(10.93)
Tax expense at the average effective tax rate	2,259,751.18	3.20	11,337,141.62	15.21

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

	Separate financial statements			
	2015		2014	
	Tax amount (Baht)	Tax rate (%)	Tax amount (Baht)	Tax rate (%)
Accounting profit before tax expenses for the year	86,261,896.72		77,523,901.55	
Tax expense at the applicable tax rate	17,252,379.34	20.00	15,504,780.31	20.00
Reconciliation items	(11,070,021.55)	(12.83)	(2,649,131.09)	(3.42)
Tax expenses at the average effective tax rate	6,182,357.79	7.17	12,855,649.22	16.58

## 26. EARNINGS PER SHARE

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Profit for the year (Baht)				
- Profit attributable to equity holders of the parent	71,252,903.81	65,664,189.57	80,079,538.93	64,668,252.33
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	0.2492	0.2297	0.2801	0.2262

## 27. PROVIDENT FUND

The Company and its subsidiaries established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act B.E. 2530 by joining into a pool of provident fund named TISCO Master Pooled Registered Provident Fund.

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

The Company and its subsidiaries' contributions for the years ended December 31, 2015 and 2014 amounted to Baht 3.03 million and Baht 2.80 million, respectively for the consolidated financial statement and amounted to Baht 2.89 million and Baht 2.73 million, respectively for the separate financial statement.

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

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

**DECEMBER 31, 2015**

**28. EXPENSES BY NATURE**

Expenses by nature has significant transactions for the years ended December 31, 2015 and 2014 are as following :-

	Baht			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Raw material and consumable used	191,544,768.09	195,330,856.18	183,430,967.49	188,915,782.22
Change in inventories of finished goods and work in process	(6,590,028.67)	(314,248.31)	(7,429,409.40)	531,105.46
Employee benefit cost	130,199,791.25	119,385,785.64	110,926,419.92	107,354,748.40
Depreciation and amortization	37,417,022.63	34,154,016.42	24,674,493.78	24,311,016.58
Management benefit expenses	34,503,488.23	29,155,821.00	33,900,238.23	28,370,403.00

**29. 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.

Group company mainly geographical area of their operations is Thailand.



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

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

**DECEMBER 31, 2015**

Business activities are classified by product segments for the years ended December 31, 2015 and 2014 are as follows: -

	Consolidated financial statements (Thousand Baht)							
	Automotive		Other industrial paints		Other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Sales and services	129,326	136,966	308,663	282,426	27,203	32,719	465,192	452,111
Cost of sales and expenses	(121,340)	(118,772)	(293,025)	(279,451)	(23,945)	(26,123)	(438,310)	(424,346)
Profit from operating	7,986	18,194	15,638	2,975	3,258	6,596	26,882	27,765
Gain on sale of investment in subsidiary							4,584	-
Other income							14,554	20,850
Share of profit of an associated company							29,367	30,694
Financial cost							(4,686)	(4,768)
Income tax expense							(2,260)	(11,337)
Profit for the year							68,441	63,204
<u>As at December 31,</u>								
Property, plant and equipment	169,620	180,012	10,661	12,760	-	4,478	180,281	197,250
Common property, plant and equipment							158,903	167,182
Intangible assets							4,484	4,526
Leasehold right							16,596	17,203

Major customer

In 2015 and 2014, the Company has sales from a major customer which is automotive segment with revenue more of 10 percent an entity's revenues.

**30. COMMITMENTS AND CONTINGENT LIABILITIES**

30.1 Commitments of long-term rental and services agreements

As at December 31, 2015, the Company and its subsidiary have commitments to pay for rental and services under the rental and service agreements, for a term of 1 - 4 years.

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

	Million Baht
Payable within :	
1 year	7.32
2 - 4 years	1.16



## EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2015

#### 30.2 Commitments under the technical assistance agreements

As at December 31, 2015, 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.

#### 30.3 Guarantees

As at December 31, 2015, the Company has letters of guarantees in total of Baht 0.96 million, which were issued by bank for the usage of electricity by the company.

### 31. FINANCIAL INSTRUMENTS

#### 31.1 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.

#### 31.2 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.

#### 31.3 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, 2015**

As at December 31, 2015, 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	81,801,742.42	-	23,863,963.45	105,665,705.87
Current investment	-	-	34,656,087.81	34,656,087.81
Trade and other receivables	-	-	148,570,303.07	148,570,303.07
<u>Financial liabilities</u>				
Trade and other payables	-	-	52,339,772.88	52,339,772.88
Liabilities under hire-purchase agreement	-	1,662,426.57	-	1,662,426.57
Employee benefit obligations	-	17,091,046.00	-	17,091,046.00

	Baht			
	Separate financial statements			
	Floating interest rate	Fixed interest rate	Interest - free	Total
<u>Financial assets</u>				
Cash and cash equivalents	42,036,645.25	-	18,430,382.17	60,467,027.42
Current investment	-	-	34,656,087.81	34,656,087.81
Trade and other receivables	-	-	144,509,737.16	144,509,737.16
Short-term loan to subsidiary	-	58,008,493.63	-	58,008,493.63
<u>Financial liabilities</u>				
Trade and other payables	-	-	49,805,725.56	49,805,725.56
Liabilities under hire-purchase agreement	-	1,662,426.57	-	1,662,426.57
Employee benefit obligations	-	16,982,409.00	-	16,982,409.00

#### 31.4 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.

#### 31.5 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.

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

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

**DECEMBER 31, 2015**

31.6 Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other quoted prices included within Level 1 that are observable the assets or liabilities, either directly (e.g. prices) or indirectly (e.g. derived from prices)

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

As at December 31, 2015, the Company and its subsidiaries had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :-

	Baht			
	Consolidated / Separate financial statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Current investments				
-Unit trust	-	21,659,089.41	-	21,659,089.41
- Equity	12,996,998.40	-	-	12,996,998.40
Total	<u>12,996,998.40</u>	<u>21,659,089.41</u>	<u>-</u>	<u>34,656,087.81</u>

During the current year, there were no transfers within the fair value hierarchy.

Valuation techniques and inputs for Level 2 valuations

The fair value of investments in investment units which are not listed on the Stock Exchange of Thailand, is determined by using the net assets value per unit as announced by the fund managers.

**EASON PAINT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2015**

**32. ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR**

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

These accounting standards which are effective for the fiscal year beginning on or after January 1, 2016 are as follows:

Conceptual Framework for Financial Reporting (revised 2015)	
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates And Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets

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

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

**DECEMBER 31, 2015**

TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies



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

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

**DECEMBER 31, 2015**

TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are issued and revised will not have any significant impact on the financial statements for the year when they are initially applied.

**33. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Board of Directors of the Company on February 26, 2016.





# To be a leading Paints Manufacturer in Asean

EASON PAINT PUBLIC COMPANY LIMITED

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