



Thailand Annual Salary Forecast 2006

Compensation Surveys for 2005 - 2006

- *Agro-chemical and Veterinary*
- *Automotive Assemblers and OEM Suppliers*
- *Chemical*
- *Consumer Products*
- *Eastern Seaboard*
- *Eastern Seaboard Industrial Estate*
- *Property Development/ Shopping Centers*

Human Resources Management

- *Job Analysis and Job Descriptions*
- *Job Evaluation and*
- *Designing Salary Grade Structure*
- *Mergers and Acquisitions*
- *Human Resources Audit*

MERC contacted participants in the MERC 2005 Compensation Survey, asking them for their forecast of base salary increase in 2006 and bonus for 2005. We received forecast information from 80 companies. The analysis of the data is as follows:

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DEFINITIONS

Quartiles and Average

All Forecasted Salary Increments and Bonus are ranked from high to low and the Quartiles are determined.

Upper Quartile (Q₃): 75% of the ranked population in the benchmark or seniority level receives less than this amount and 25% receive more.

Median (Q₂): 50% of the ranked population in the benchmark or seniority level receives less than this amount and 50% receive more.

Lower Quartile (Q₁): 25% of the ranked population in the benchmark or seniority level receives less than this amount and 75% receive more.

The minimum sample size required for analysis of quartiles is five.

Average: The Average is the arithmetical Mean, i.e. the sum of increments divided by the number of sample. A minimum sample size of three is required to enable average salary to be calculated. One problem with the average is that extreme values will greatly influence its value.

For comparison the Mid-quartile range or middle 50 percent is the most useful indicator of the span of the range, eliminating the effects of the widely divergent values at either end of the of the pay spectrum.

The Median is considered a more representative measure of central tendency than the average because, unlike the average, the median is not greatly affected by extreme values.

Seniority Levels (examples of manufacturing job positions)

Senior Management

Chief Executive Officer, Production Director, Factory Manager

Middle Management

SHE Manager, Assistant Factory Manager, Quality Control Manager, Production Planning Manager, Production Manager, Technical Training Manager, Process Control Manager, Chief Chemist, Production Superintendent

Professional Staff & Lower Management

Safety Engineer, Technical Training Engineer, Process Control Engineer, Q.C. Supervisor, Laboratory Chemist, Production Planner, R&D Engineer

General Staff

Engineer (New Graduate), Production Foreman, Senior Laboratory Technician, Quality Inspector, Production Supervisor, Senior Technician

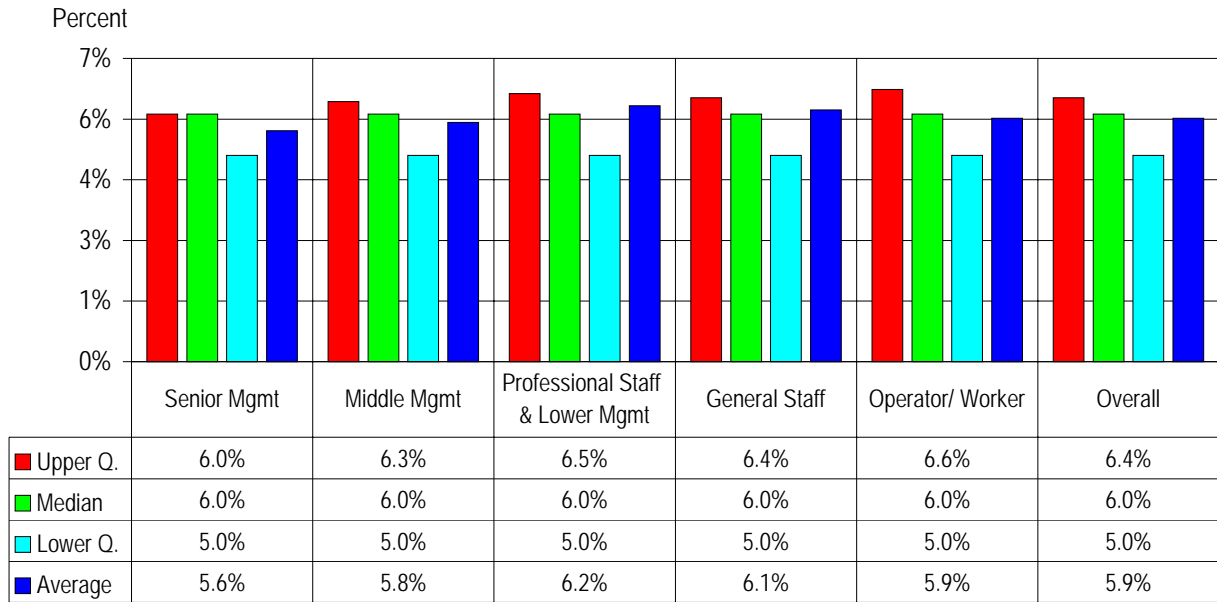
Operators/ Workers

Safety Inspector, Quality Technician, Laboratory Operator, Welder, Production Operators

Base Salary Increment 2006 Forecast

Fig 1

Base Salary Increment All Companies Forecast - 2006
Percentage of Salary Increment by Levels of Seniority
Average, Quartiles and Median

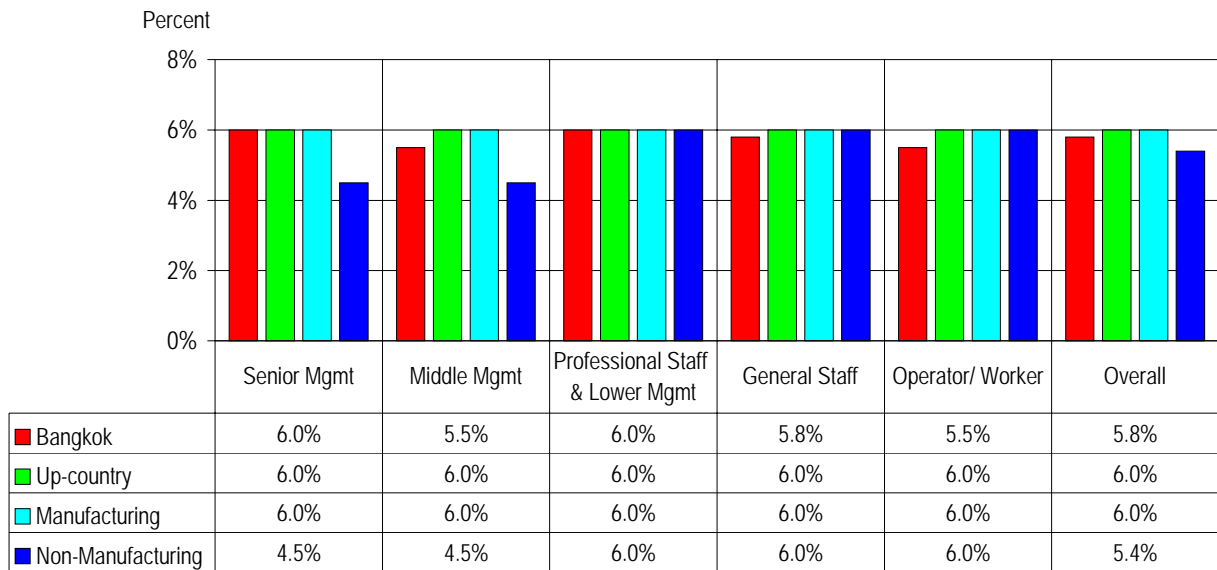


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 1, All Companies Base Salary Increment 2006 Forecast. The forecast median for all levels of seniority is 6.0%.

Fig 2

Bangkok vs. Upcountry Companies
Manufacturing vs. Non-Manufacturing Companies
Median Salary Increment by Levels of Seniority

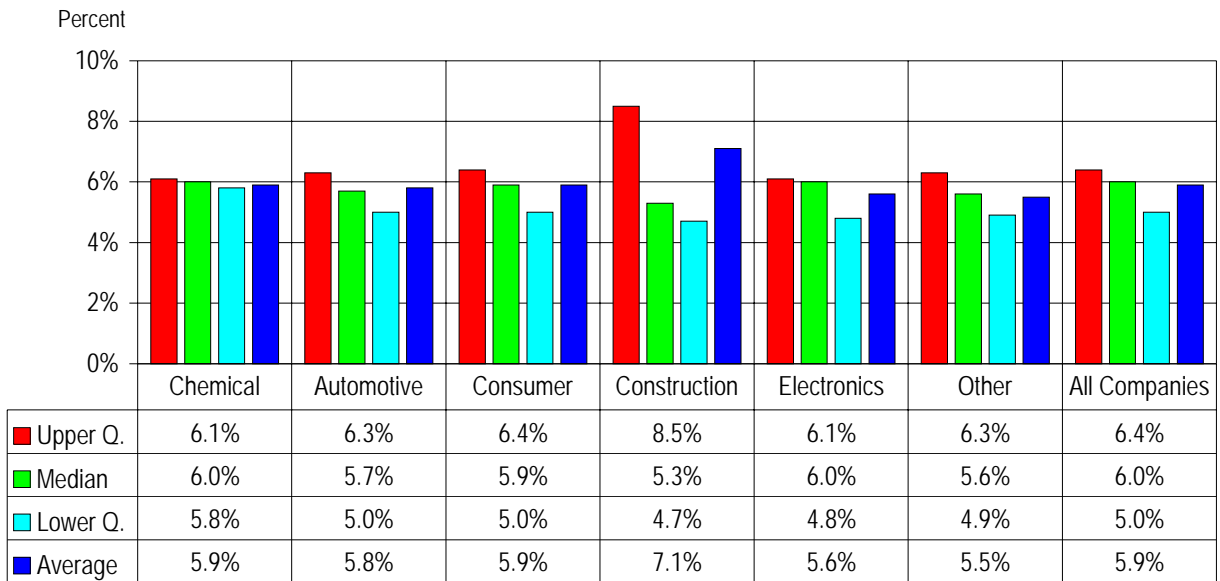


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 2, shows the majority of personnel in upcountry companies forecast a larger salary increase than Bangkok personnel. Manufacturing companies forecast a larger salary increase than Non- Manufacturing sector at 6.0%.

Fig 3

Base Salary Increment by Industry Forecast – 2006
 Percentage of Salary Increment - Average, Quartiles and Median



Source: MERC September 2005 Questionnaire to Survey Participants

Fig 3, shows the industries with the highest median increase are Chemical and Electronics. The largest spread is the Construction industry will the lower Q. 4.7% and the Upper Q. of 8.5%.

Fig 4

Fixed vs. Variable Bonus Forecast 2005 – All Companies
 Percentage of Companies Paying Fixed/ Variable Bonus

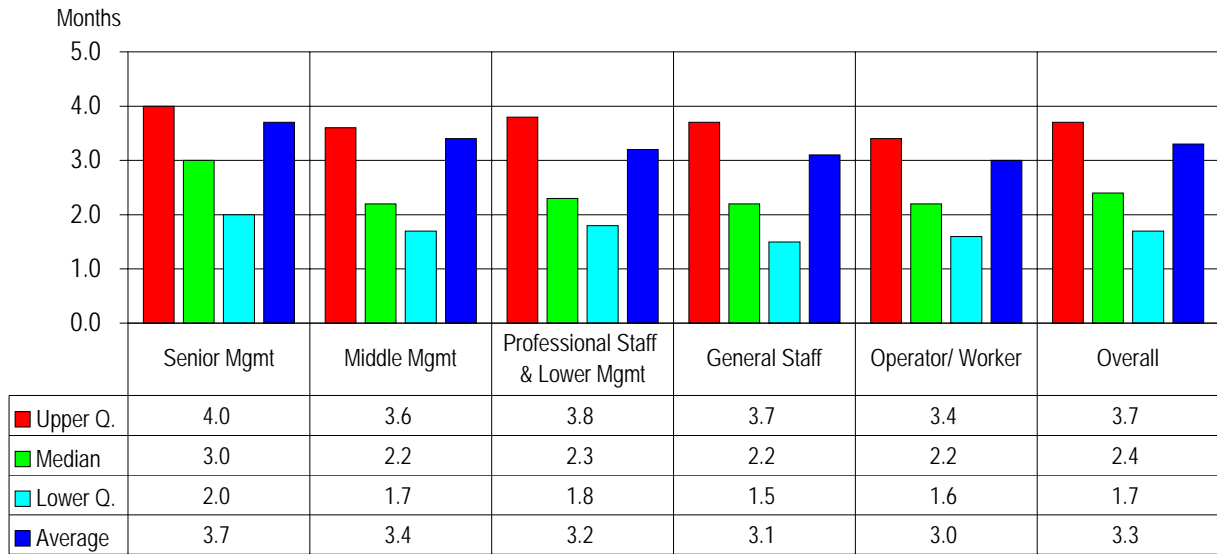


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 4, above shows 100% of all companies forecast paying bonus of some kind this year.

Fig 5

Variable Bonus Paid 2005 Forecast – All Companies
 Months by Levels of Seniority - Average, Quartiles and Median

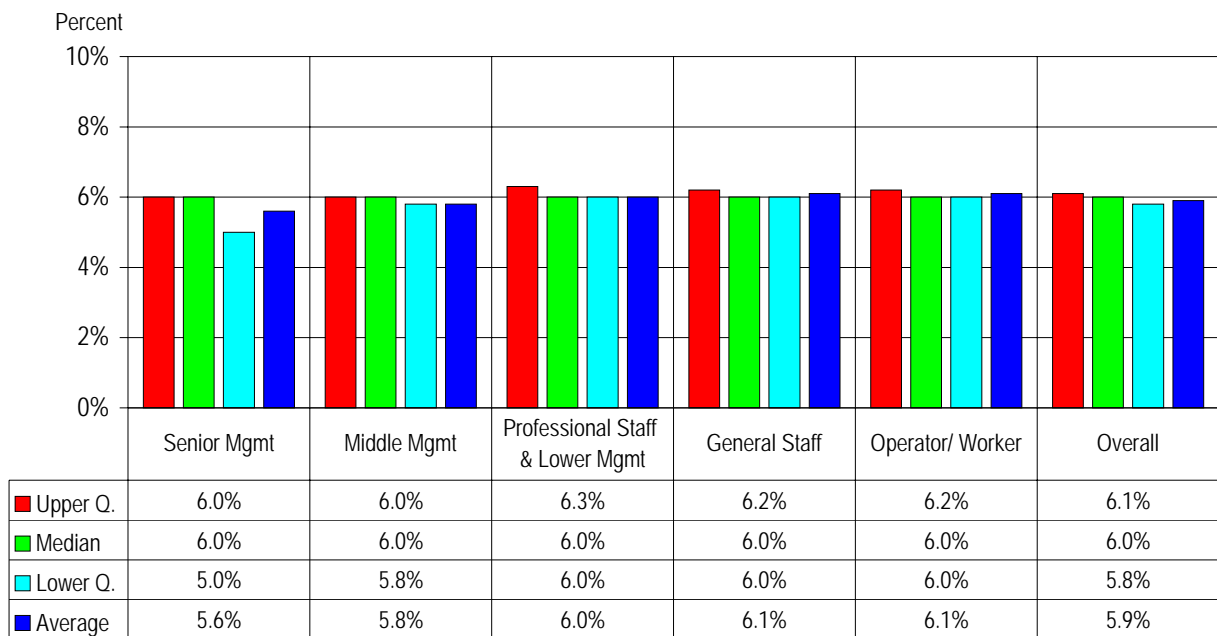


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 5, shows above the variable bonus forecast for 2005 by All Companies for personnel by levels of seniority. Fixed bonus where paid is usually as a 13th month salary and quartile analysis of all companies in this survey confirms 1 month being paid.

Fig 6

Base Salary Increment by Chemical Industry Forecast – 2006
 Percentage of Salary Increment – Average, Quartiles and Median

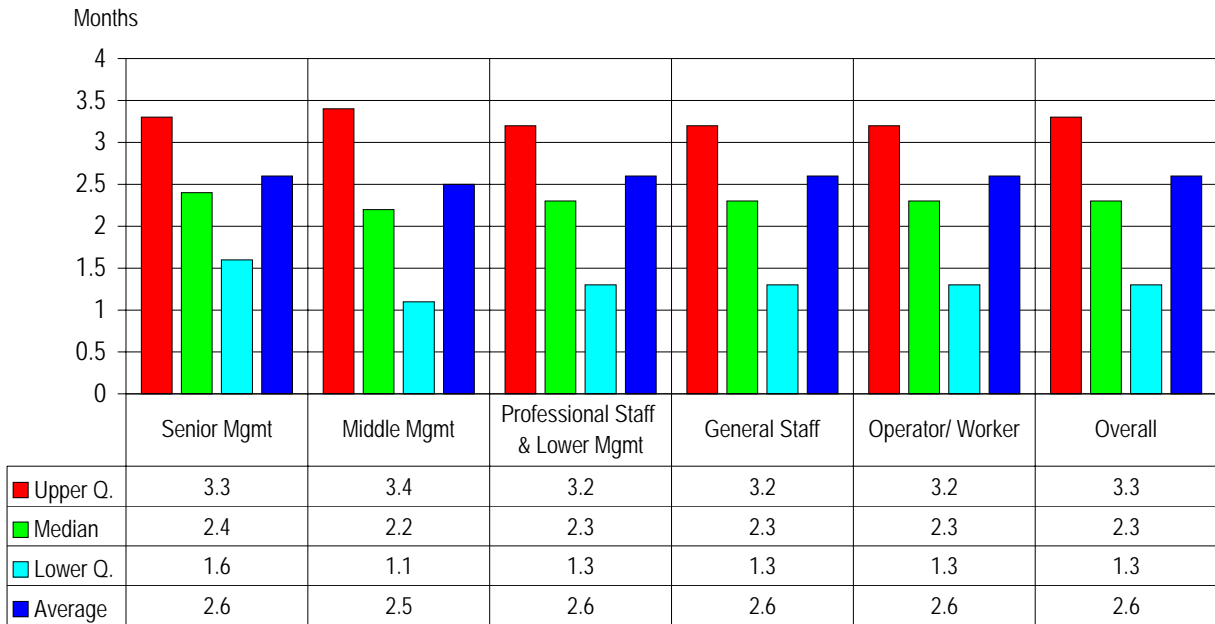


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 6, above is an analysis of the base salary increment for chemical companies by levels of seniority.

Fig 7

Variable Bonus Paid 2005 Forecast – Chemical Industry
 Months by Levels of Seniority – Average, Quartiles and Median

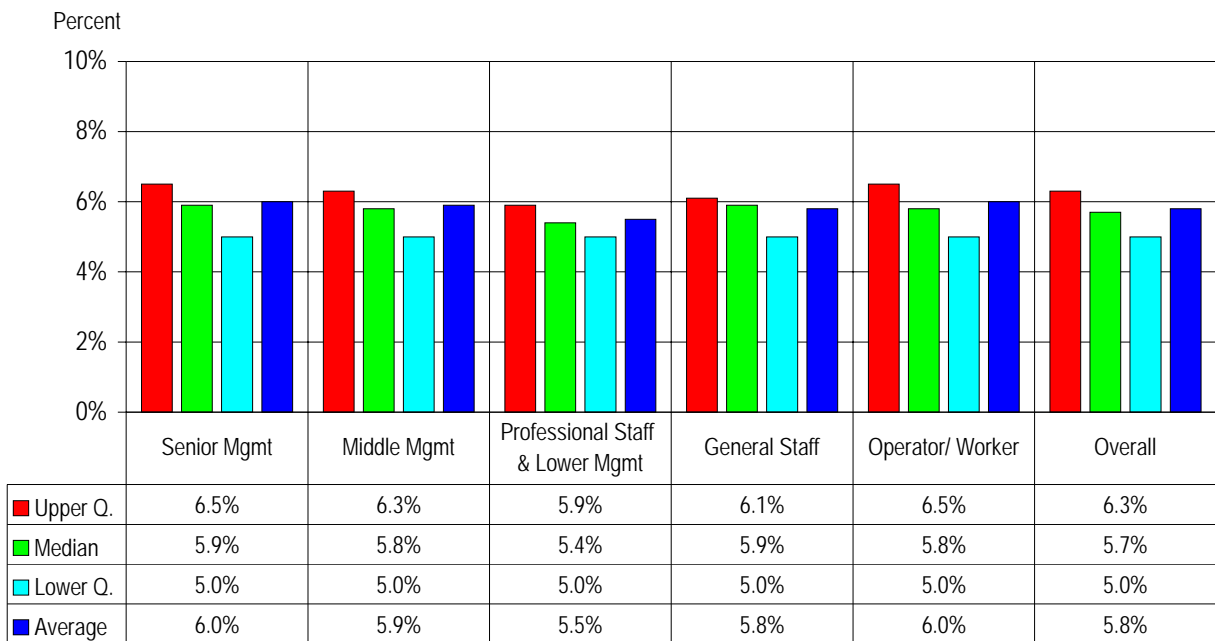


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 7, above is the variable bonus forecast for 2005 by Chemical companies for personnel by levels of seniority.

Fig 8

Base Salary Increment by Automotive & OEM Industry Forecast – 2006
 Percentage of Salary Increment – Average, Quartiles and Median

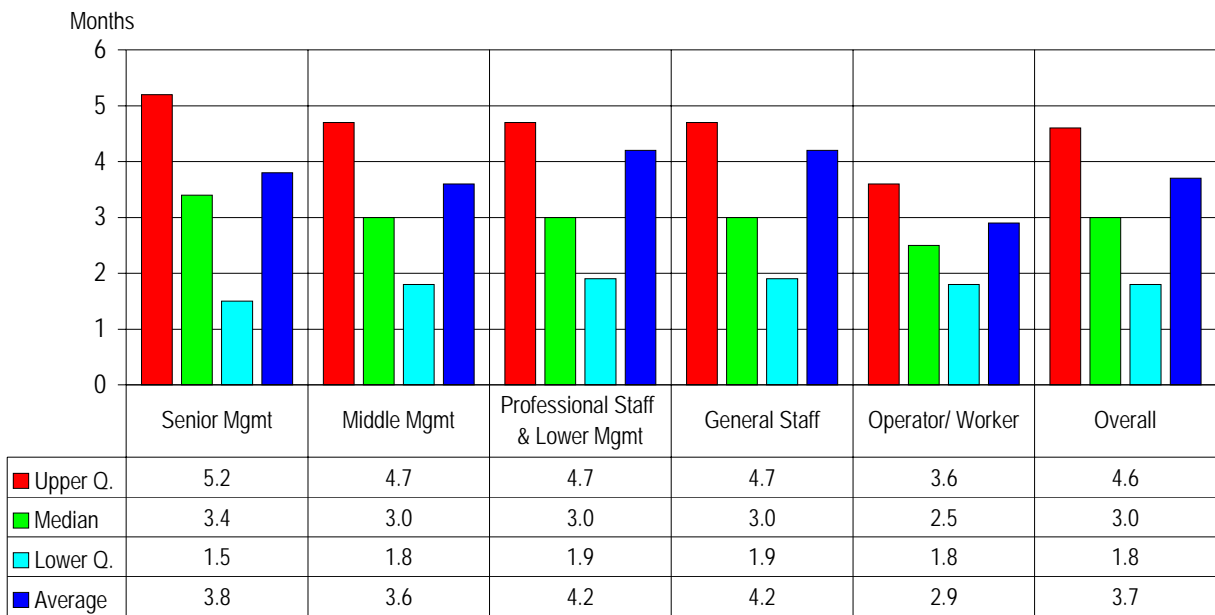


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 8, above is an analysis of the base salary increment for automotive companies by levels of seniority.

Fig 9

Variable Bonus Paid 2005 Forecast –Automotive & OEM Industry
Months by Levels of Seniority – Average, Quartiles and Median

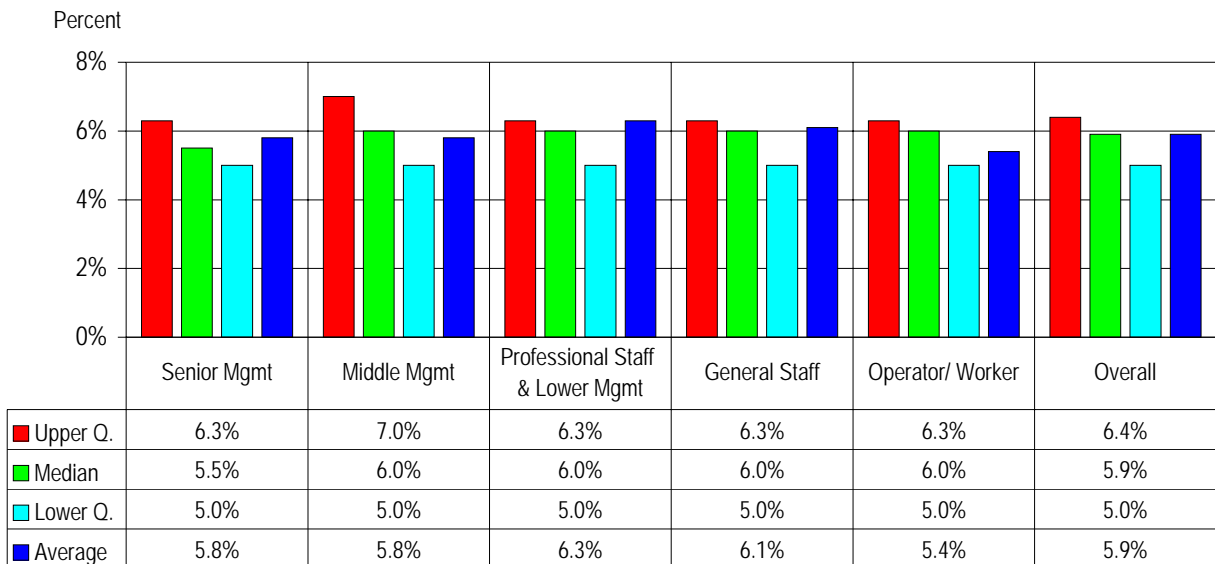


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 9, above is the variable bonus forecast for 2005 by Automotive companies for personnel by levels of seniority.

Fig 10

Base Salary Increment by Consumer Products Industry Forecast – 2006
Percentage of Salary Increment – Average, Quartiles and Median

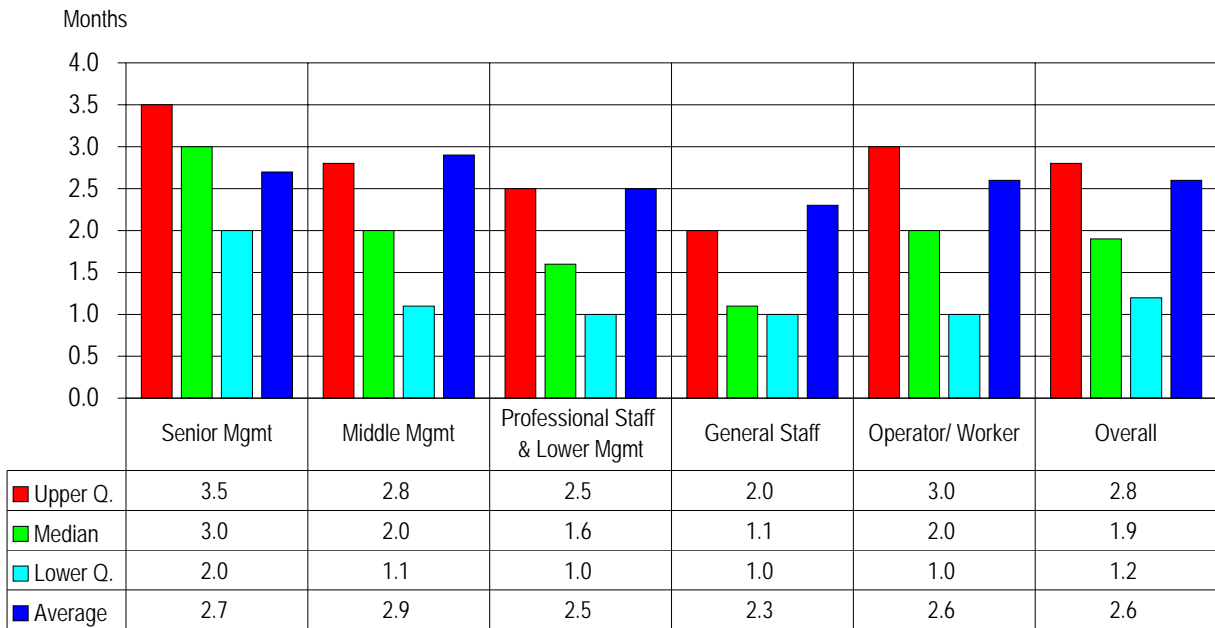


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 10, above is an analysis of the base salary increase for Consumer products companies by seniority level.

Fig 11

Variable Bonus Paid 2005 Forecast – Consumer Products Industry
Months by Levels of Seniority – Average, Quartiles and Median

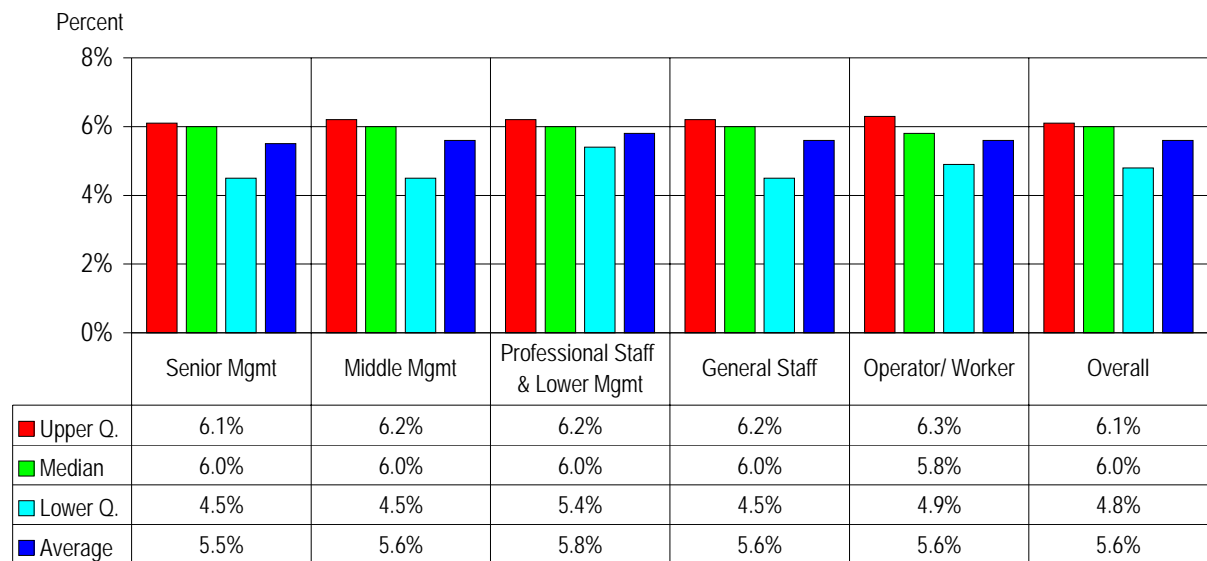


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 11, show above is the variable bonus forecast 2005 by Consumer products companies for personnel by levels of seniority.

Fig 12

Base Salary Increment by Electronics & Electrical Appliances Forecast – 2006
Percentage of Salary Increment – Average, Quartiles and Median

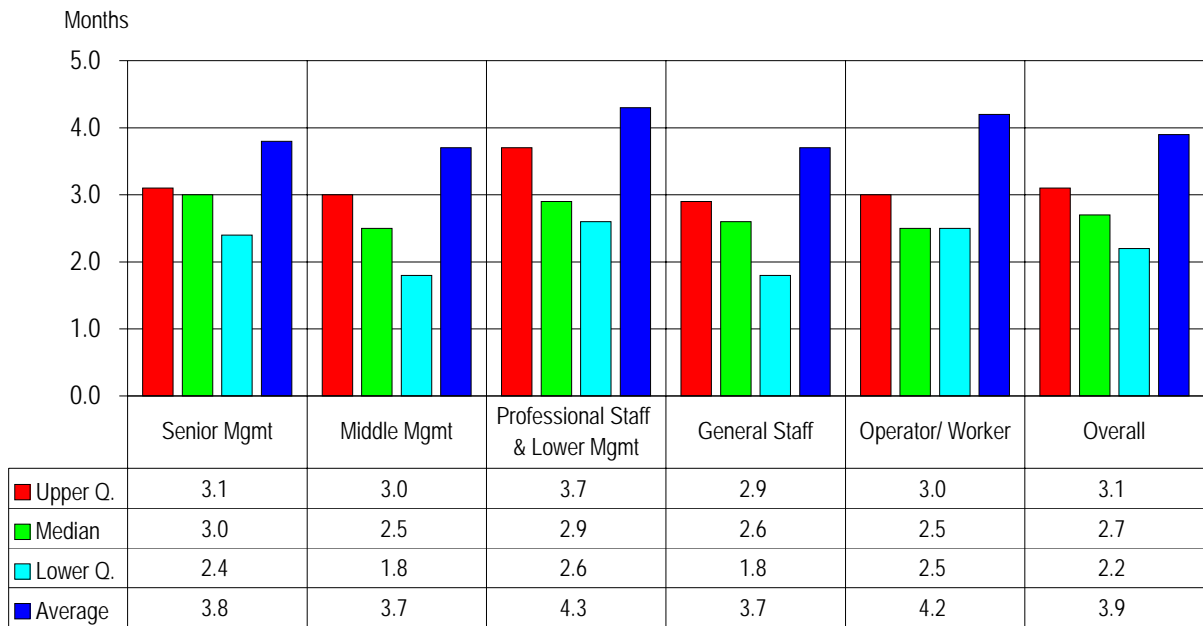


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 12, show above is an analysis of the base salary increase for Electronics & Electrical Appliances companies by seniority level.

Fig 13

Variable Bonus Paid 2005 Forecast – Electronics & Electrical Appliances
Months by Levels of Seniority – Average, Quartiles and Median

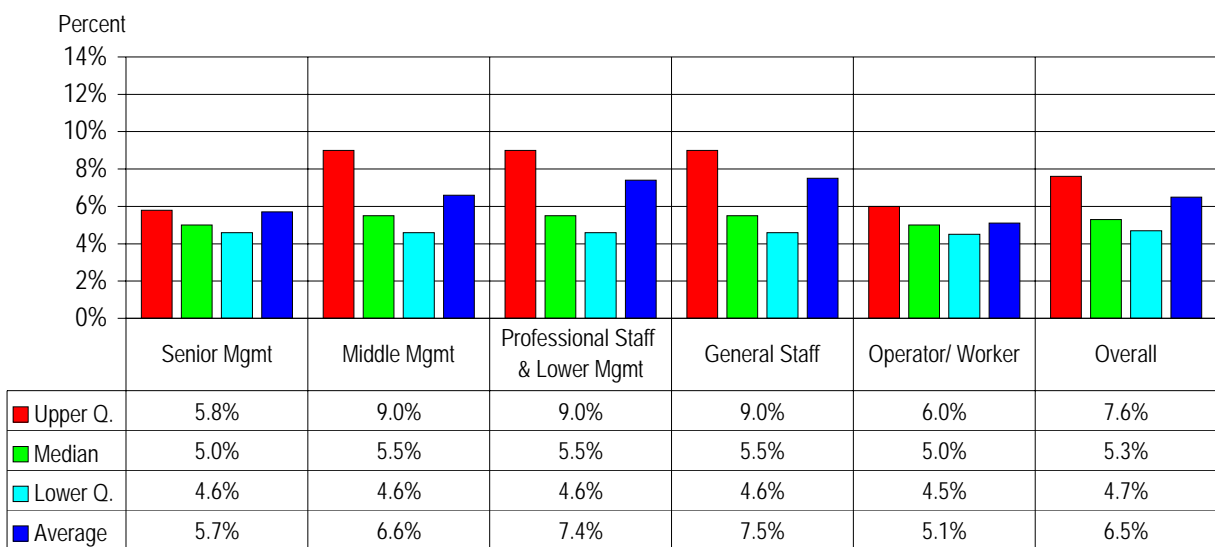


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 13, shown above is the variable bonus forecast 2005 for Electronics & Electrical Appliances companies for personnel by levels of seniority.

Fig 14

Base Salary Increment by Construction and Construction Material Industries Forecast – 2006
Percentage of Salary Increment – Average, Quartiles and Median



Source: MERC September 2005 Questionnaire to Survey Participants

Fig 14, shown above is an analysis of the base salary increase for the Construction and Construction Material companies by seniority level.

Fig 15

Variable Bonus Paid 2005 Forecast – Construction and Construction Material
Months by Levels of Seniority – Average, Quartiles and Median

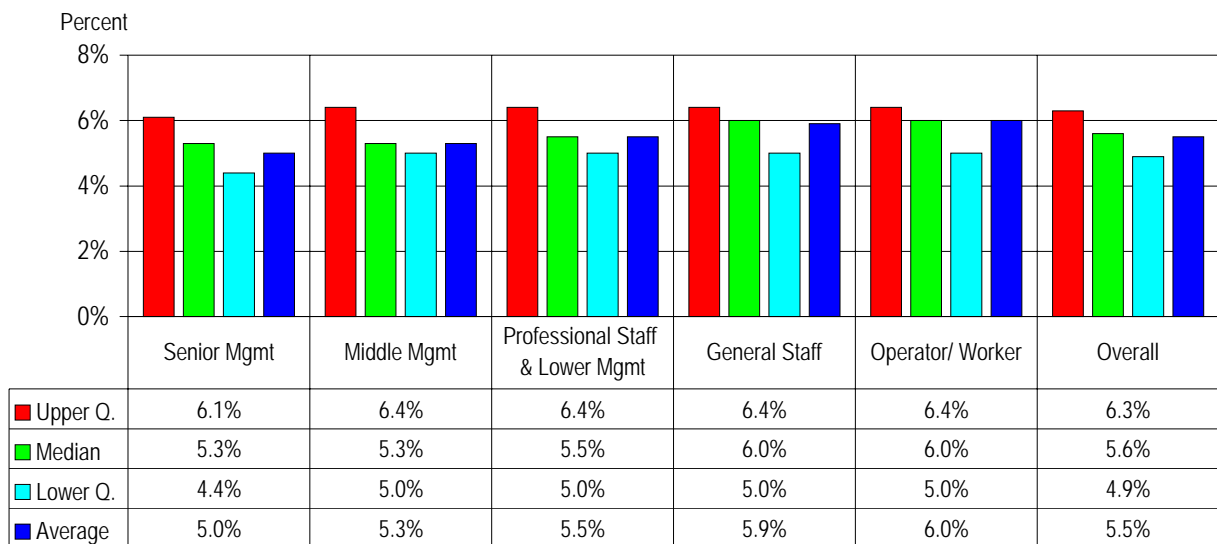


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 15, shown above is the average variable bonus forecast 2005 by the Construction and Construction Material companies for personnel by levels of seniority.

Fig 16

Base Salary Increment by Other Industries
(Logistic, Pharmaceutical, NGO and Paper) Forecast – 2006
Percentage of Salary Increment – Average, Quartiles and Median

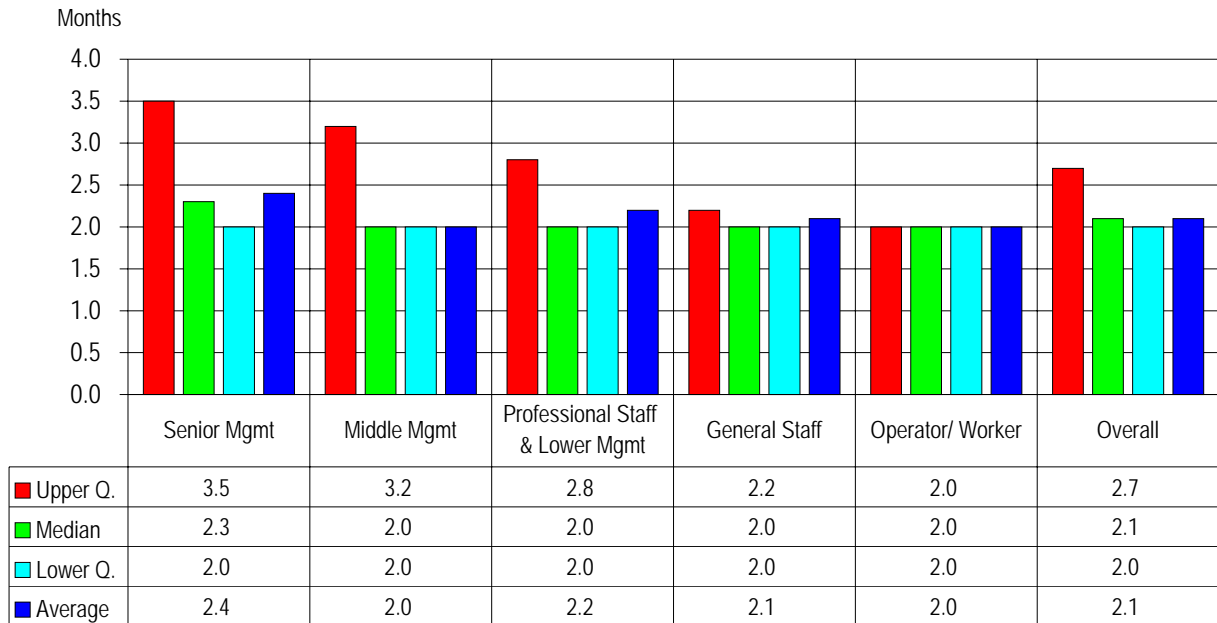


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 16, is an analysis of the base salary increase for other industries by seniority level.

Fig 17

Variable Bonus Paid 2005 Forecast – Other Industries
(Logistic, Pharmaceutical, NGO and Paper)
 Months by Levels of Seniority – Average, Quartiles and Median

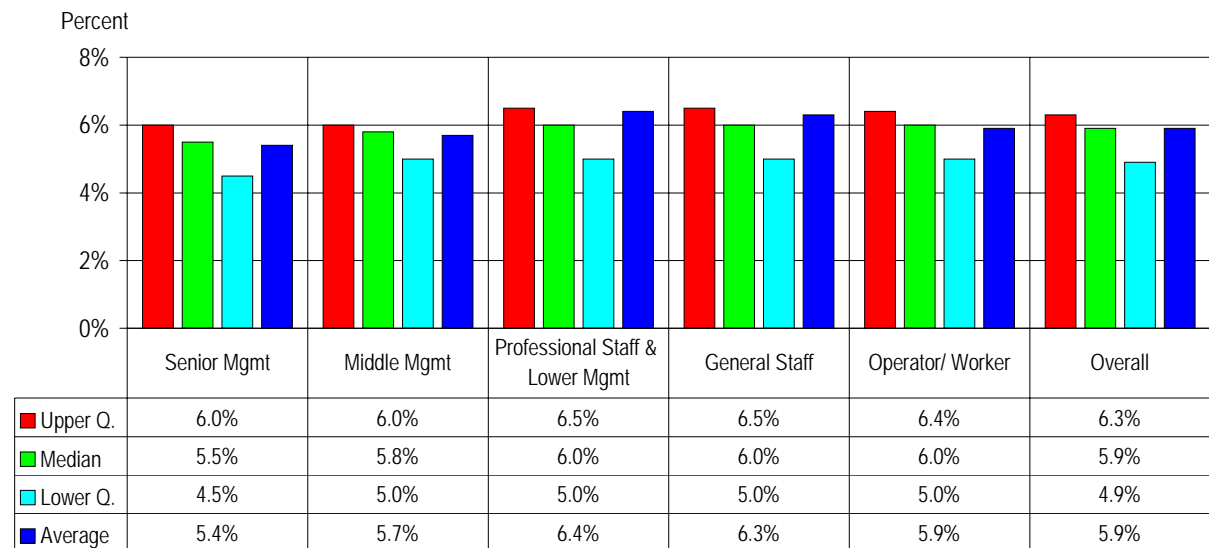


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 17, is the variable bonus forecast for 2005 by other industries for personnel by levels of seniority.

Fig 18

Base Salary Increment by Bangkok Companies Forecast – 2006
 Percentage of Salary Increment – Average, Quartiles and Median

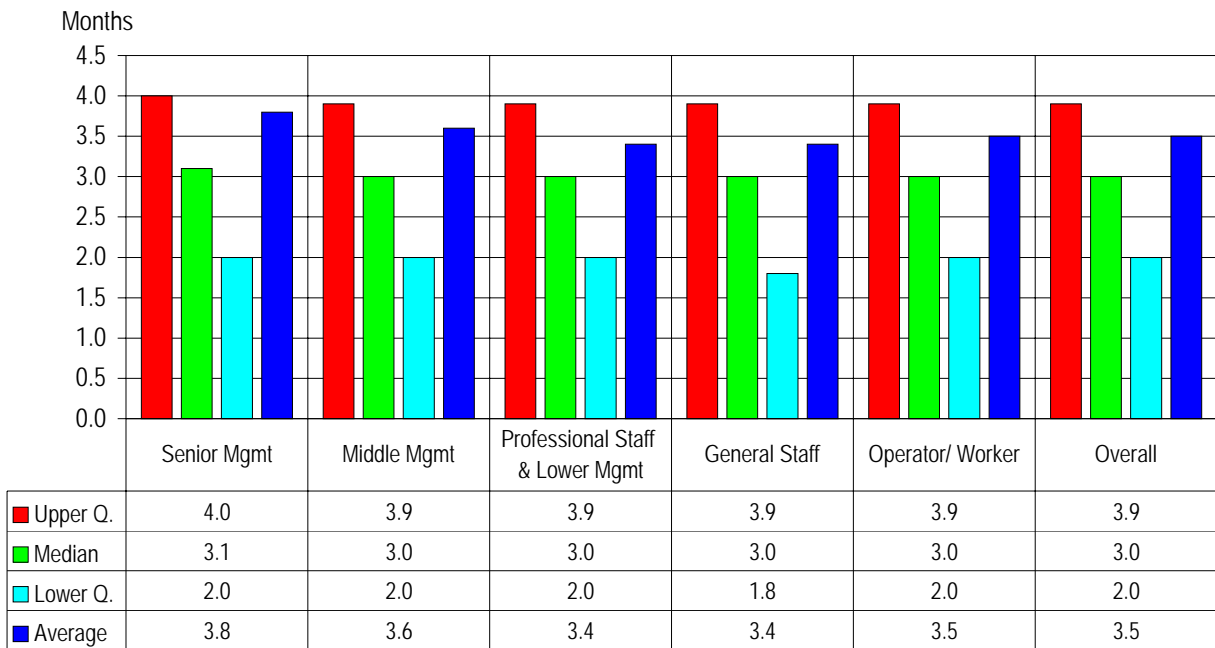


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 18, is an analysis of the base salary increase for all companies located in Bangkok by seniority level.

Fig 19

Variable Bonus Paid 2005 forecast - Bangkok Companies
 Months by Levels of Seniority – Average, Quartiles and Median

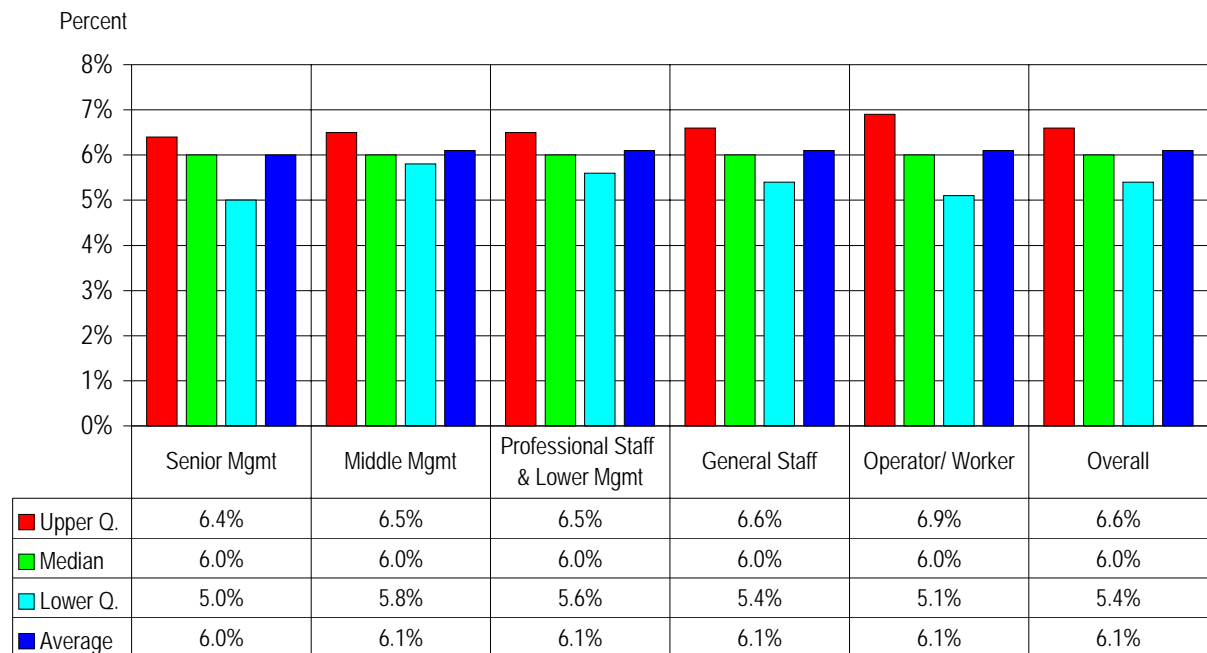


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 19, is the variable bonus forecast for Bangkok companies in 2005 for personnel by levels of seniority.

Fig 20

Base Salary Increment by Upcountry Companies Forecast – 2006
 Percentage of Salary Increment – Average, Quartiles and Median

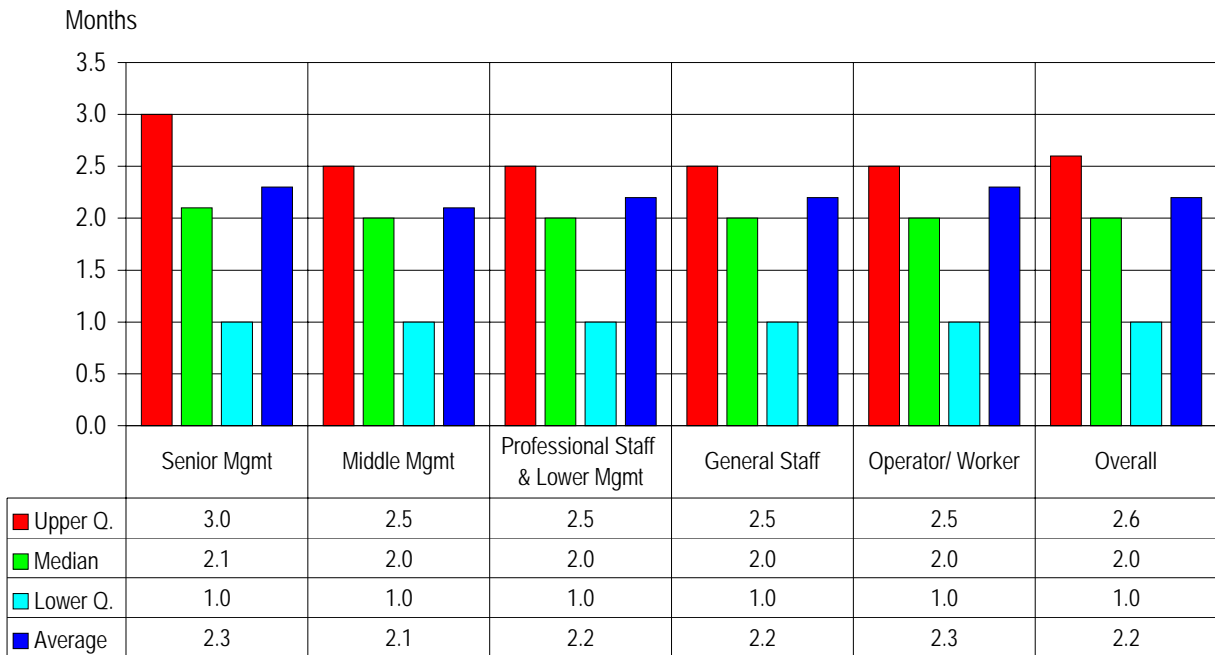


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 20, is an analysis of the base salary increase for all Upcountry companies by levels of seniority.

Fig 21

Variable Bonus Paid 2005 Forecast – Upcountry Companies
Months by Levels of Seniority – Average, Quartiles and Median

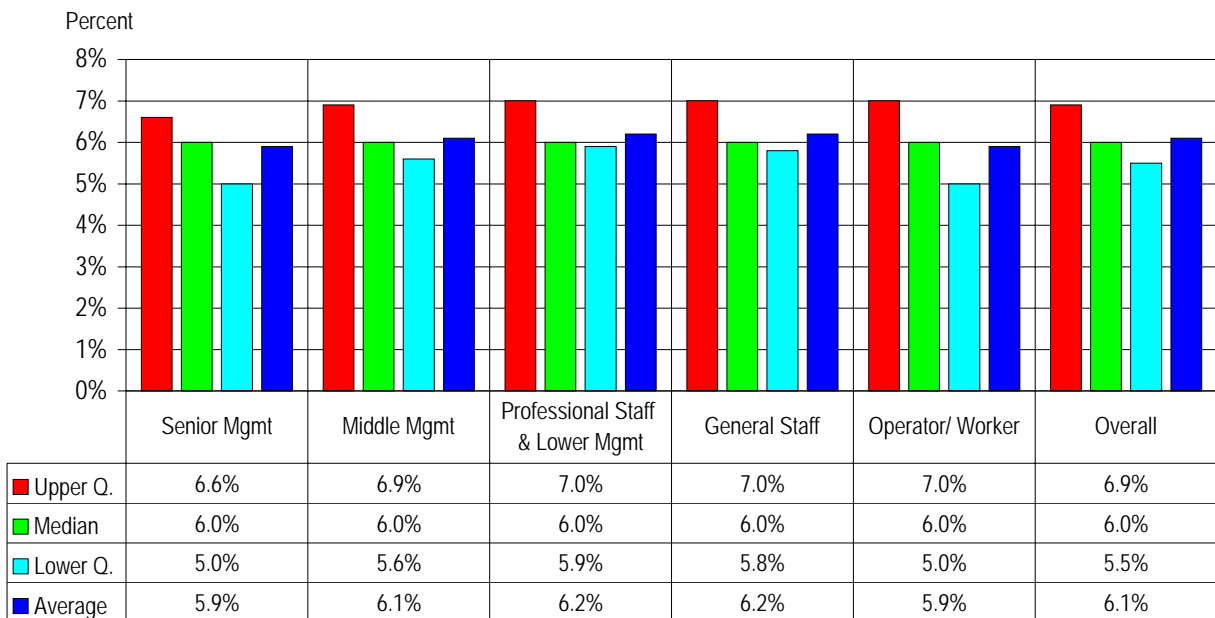


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 21, is the variable bonus of 2005 forecast for Upcountry companies for personnel by levels of seniority.

Fig 22

Base Salary Increment by Manufacturing Companies Forecast – 2006
Percentage of Salary Increment – Average, Quartiles and Median

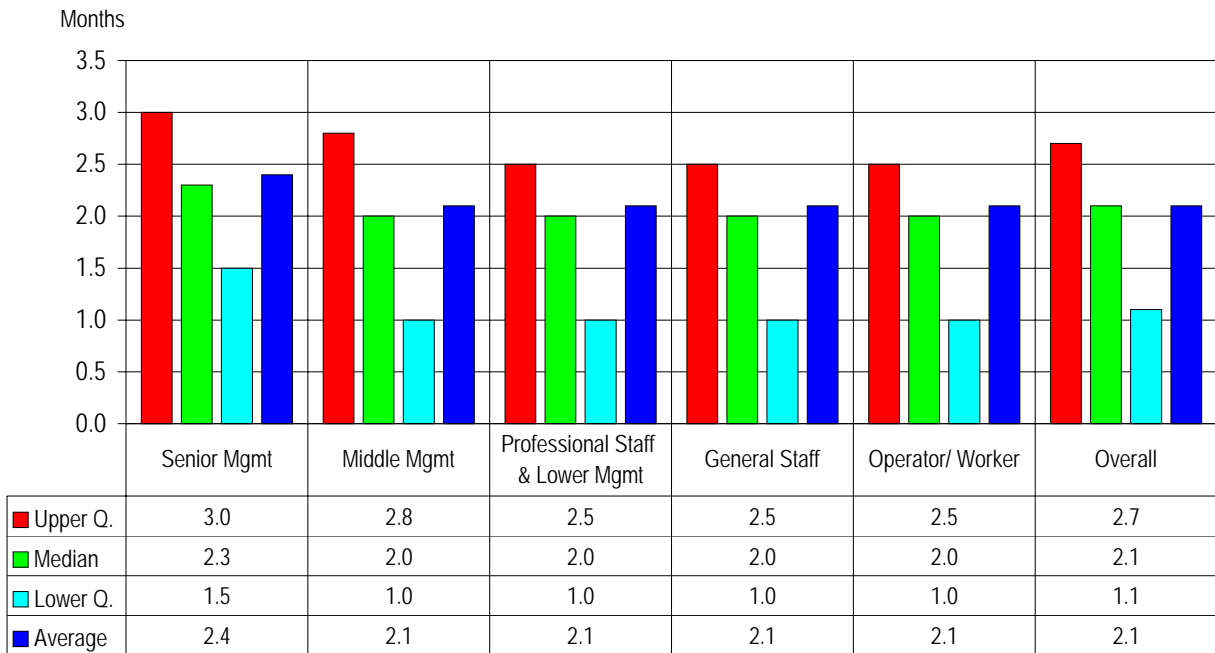


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 22, is an analysis of the base salary increase for all manufacturing companies by seniority level.

Fig 23

Variable Bonus Paid in 2005 forecast – Manufacturing Companies
 Months by Levels of Seniority – Average, Quartiles and Median

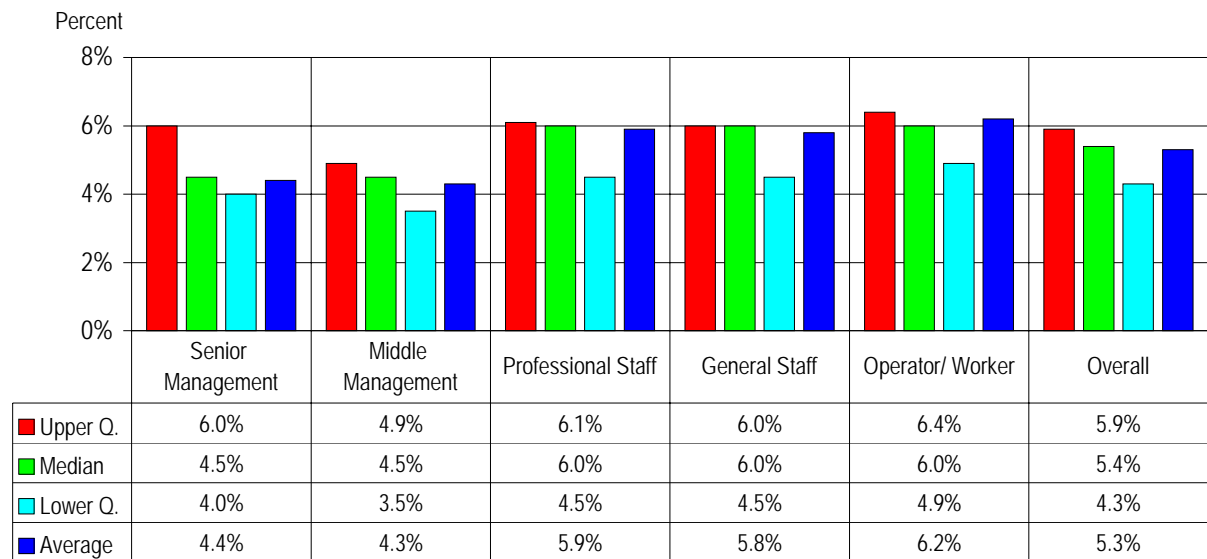


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 23, is the variable bonus forecast for 2005 by manufacturing companies for personnel by levels of seniority.

Fig 24

Base Salary Increment by Non-Manufacturing Companies Forecast – 2006
 Percentage of Salary Increment – Average, Quartiles and Median

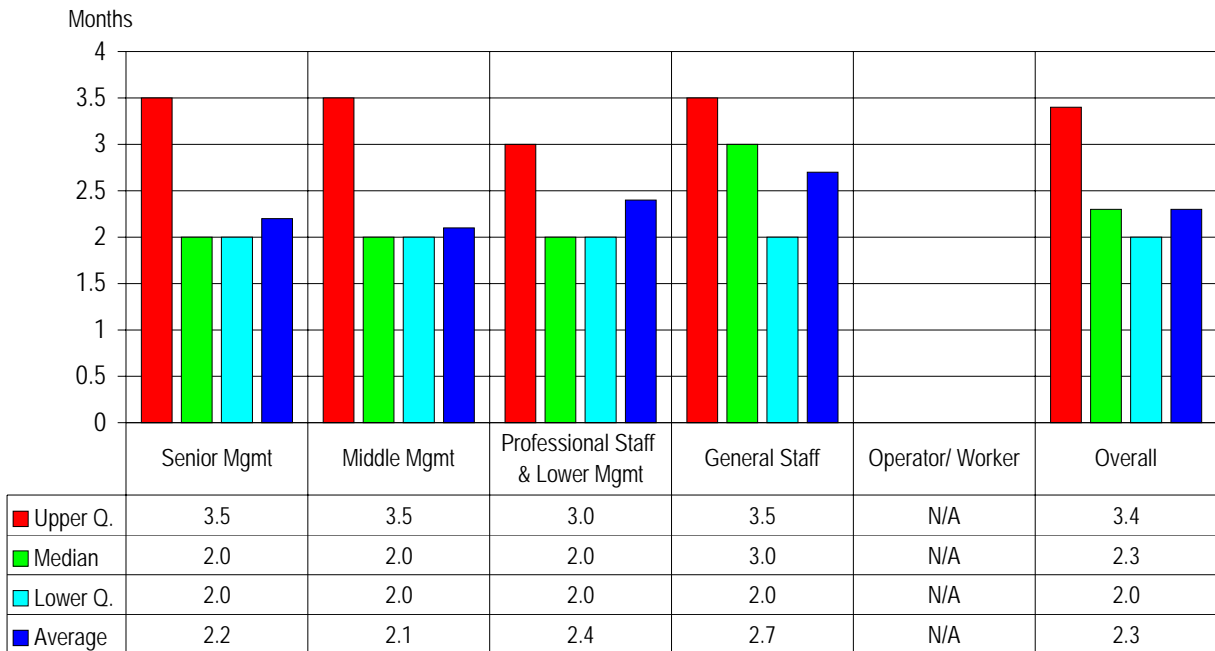


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 24, is an analysis of the base salary increase for all non-manufacturing companies by seniority level.

Fig 25

Variable Bonus Paid 2005 forecast – Non-Manufacturing Companies
 Months by Levels of Seniority – Average, Quartiles and Median

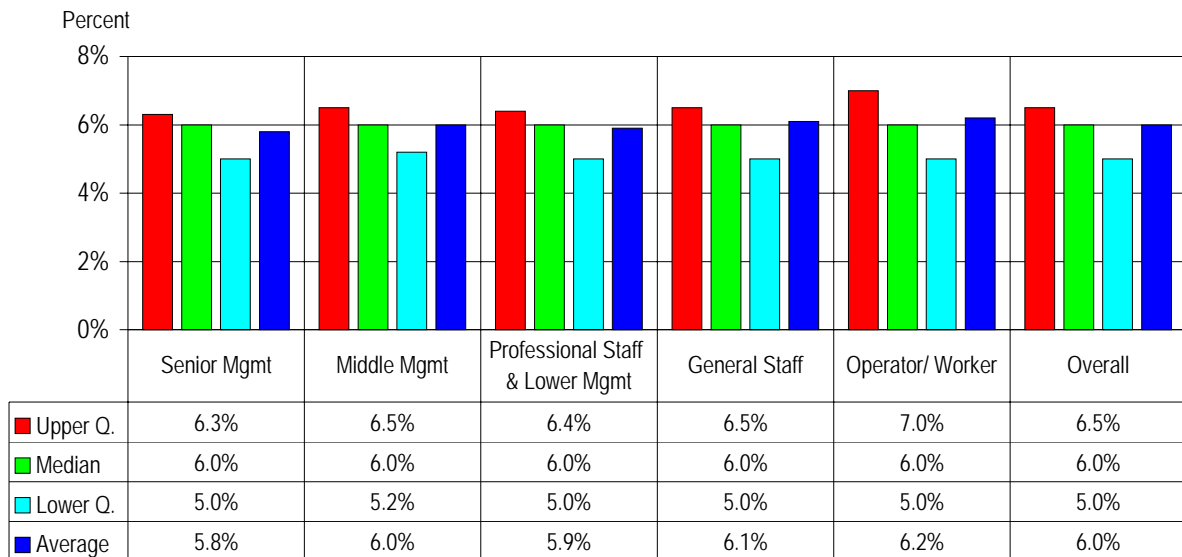


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 25, is the variable bonus forecast for 2005 by non-manufacturing companies for personnel by levels of seniority.

Fig 26

Base Salary Increment Eastern Seaboard Forecast – 2006
 Percentage of Salary Increment – Average, Quartiles and Median

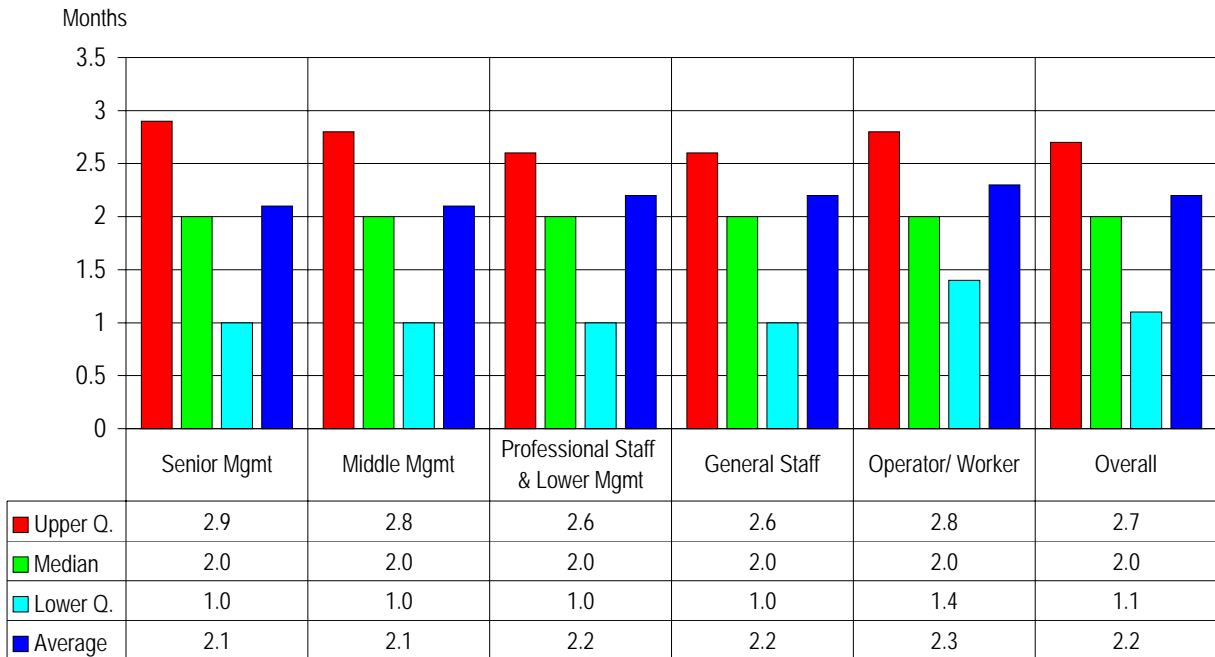


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 26, is an analysis of the base salary increase for Eastern Seaboard by seniority level.

Fig 27

Variable Bonus Paid 2005 forecast – Eastern Seaboard
 Months by Levels of Seniority – Average, Quartiles and Median

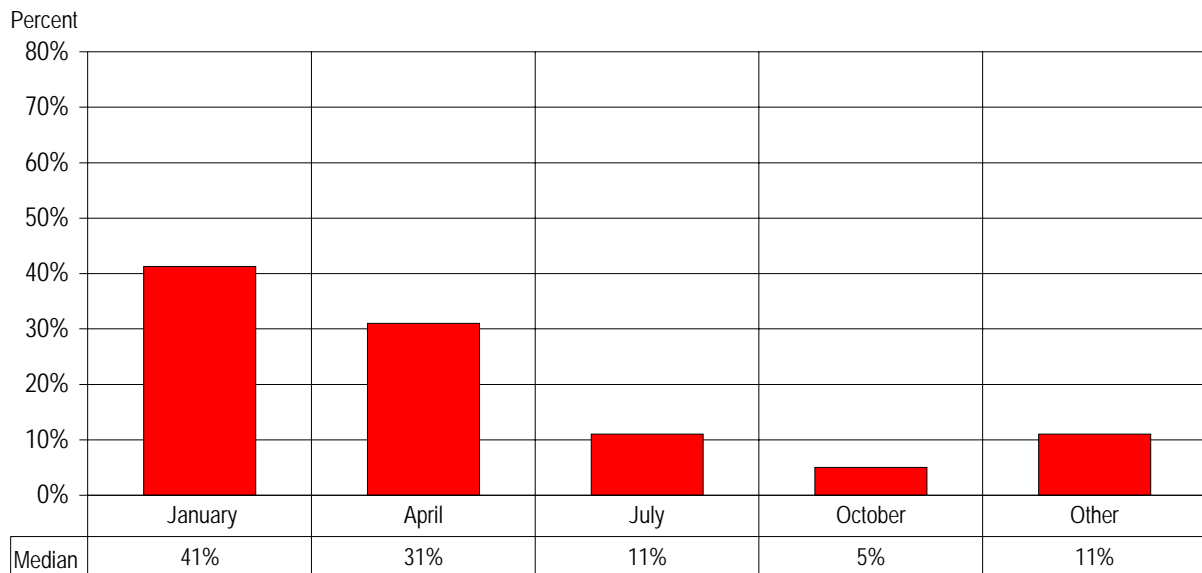


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 27, is the variable bonus forecast for 2005 Eastern Seaboard for personnel by levels of seniority.

Fig 28

Annual Salary Review Date



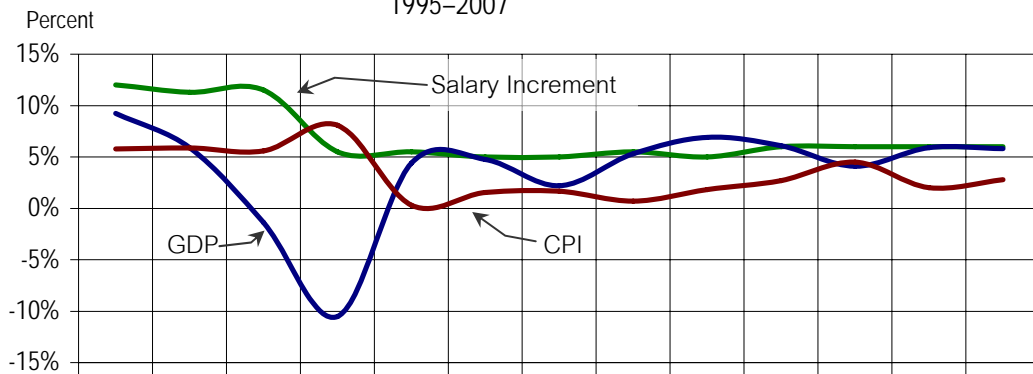
Source: MERC September 2005 Questionnaire to Survey Participants.

Fig 28, shows 41% of the participating companies have their annual salary review at the end of the calendar year (December), effective January of the following year; 31% in April; 11% in July; 5% in October; and 5% at other dates during the year.

Fig 29

Base Salary Increment (Median) vs. GDP vs. CPI

1995-2007



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Salary Increase	12.0%	11.3%	11.5%	5.5%	5.5%	5.0%	5.0%	5.5%	5.0%	6.0%	6.0%	6.0%	6.0%
GDP	9.2%	5.9%	-1.4%	-10.5%	4.4%	4.8%	2.2%	5.3%	6.9%	6.1%	4.1%	5.9%	5.8%
CPI	5.8%	5.9%	5.6%	8.1%	0.3%	1.6%	1.7%	0.7%	1.8%	2.7%	4.5%	2.0%	2.8%

Source: MERC Thailand Compensation Survey 1995-2005 and forecast 2006, 2007

GDP, CPI : Economist Intelligence Unit (EIU) and forecast supplied by Dataconsult Ltd., operators of the Thailand Corporate Finance Forum and Economist Thailand Regional Forum, peer group forms for senior multinational management.

GDP has steadily dwindled since the 2003 high point of 6.9%, with 2005 likely to be the slowest growth performance since 2001. 2005 will also be the first year, since the crisis period of 1997/1998, when the rate of inflation has exceeded the rate of economic growth.

The previous winning formula of maintaining high consumer demand, along with strong export performance, has proved impossible to sustain, with growing household indebtedness, and fall off in export performance. Historically high oil prices, likely to be maintained for some time yet, will also place a heavy handicap upon Thailand's growth potential, both because Thailand is a heavy user of imported oil, and also because Thailand is a very inefficient user of energy resources. It costs 2.5 times as much energy to raise GDP by 1% in Thailand, than the average throughout the OECD countries. Thailand is therefore not only a "gas guzzler" but also a "gas squanderer".

The growth upsurge will also be handicapped by the deepening crisis in the South, with threats of terrorism spreading to other parts of the country, as well as continuing risks of bird flu outbreaks or a full blown pandemic, as warned by the WHO. Under these circumstances, Thailand's hopes for a major tourism rebound, following the post-tsunami downturn, could be prejudiced.

For re-priming of growth, the government is pinning its hopes on the massive mega-project infrastructure scheme, still touted at Baht 1.7 trillion. However the 2005 segment of the scheme has already been severely cut back, while the mass-transit projects are being reanalyzed, with some funds being reallocated to solve the water shortage crisis that puts in peril the growth of Eastern Seaboard industry. Meanwhile Thailand's perennial disaster case, the new Suwannaphumi Airport, already over 40 years in the making, remains a fertile ground for corruption scandals, but is unlikely to witness commercial flight landings for some time to come.

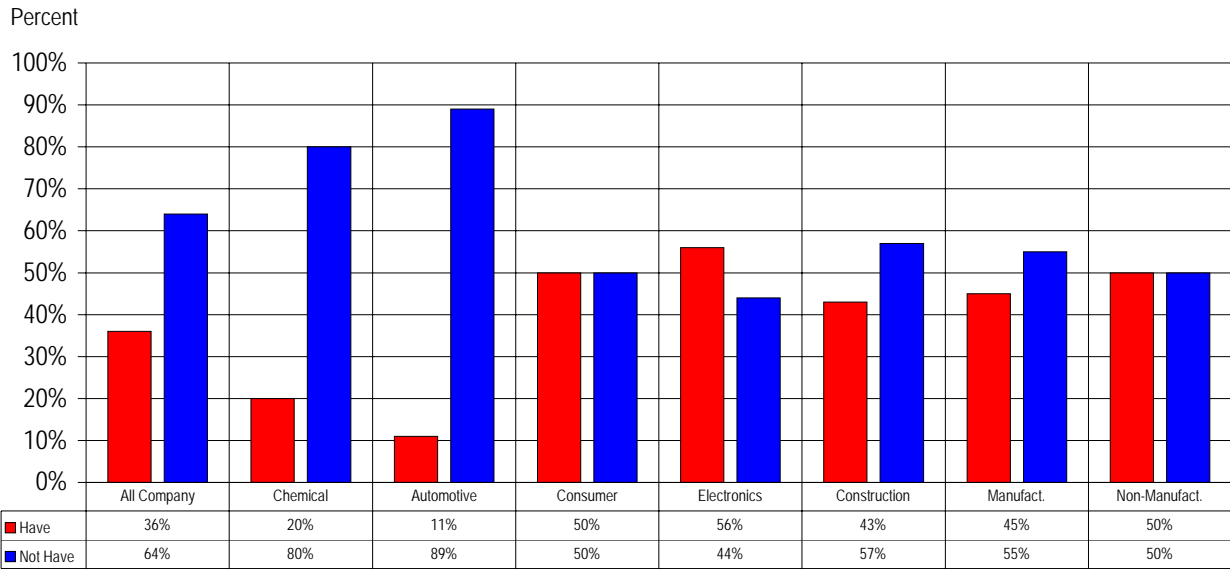
Cost of living increases are well ahead of the 2.5% average increases forecast before the escalation of oil prices. Bank of Thailand monetary policy had been committed to a 3.5% ceiling rate, but 2005 inflation is likely to be a percentage point above this level. Once current price increases have been absorbed, however, there are hopes that lower CPI levels can again be achieved, because basic commodity prices have not significantly contributed to the recent index escalation.

Interest rates are now again escalating, as the Bank of Thailand continues to raise the basic 14-day repurchase rate, against which bank rates are benchmarked. Thailand's trade and current account deficits will keep the exchange rate below Baht 40 per US\$ in the short term, and the Bank of Thailand will have an interest in keeping the rates competitive in order to encourage export performance.

Generally the economy has moved forward encouragingly towards recovery of its pre-crisis levels. However it is to be noted that, based on GDP per capita in US\$ terms, Thailand will have recovered to its 1996 level only in 2006, a ten-year dip. Only from 2006 will the economy be poised again to move forward. It is to be hoped that the hard lessons of the intervening years will avoid a repetition of the crash of 1997.

Fig 30

Employees or Daily Workers on Minimum Wage

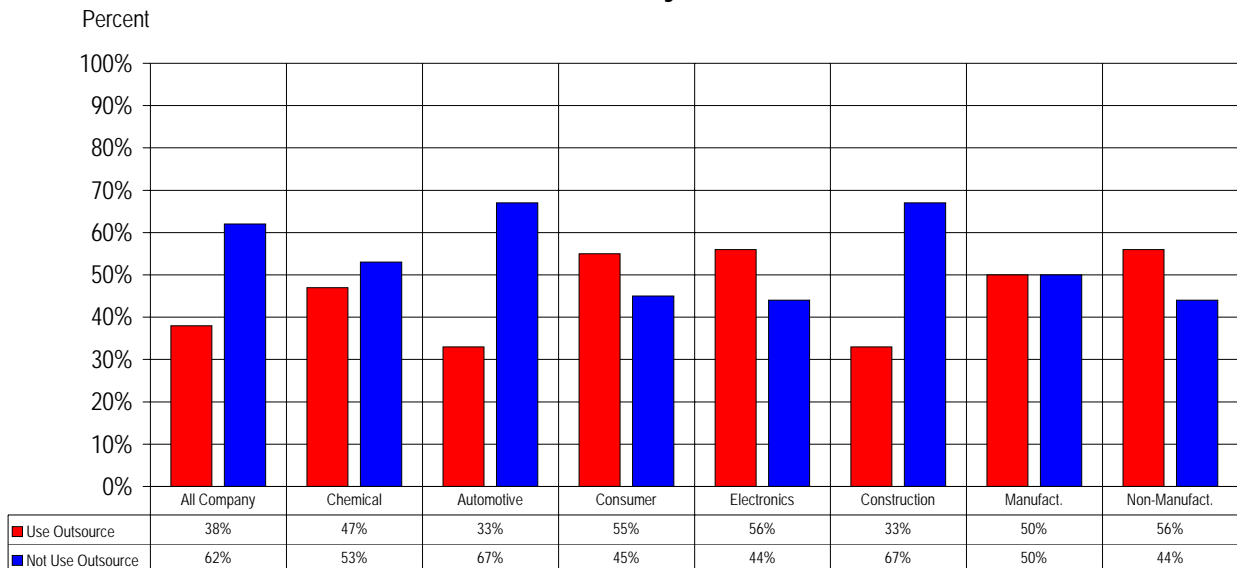


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 30, shows the percentage of companies having employees or daily workers on minimum wage. Notice that the Electronics and Consumer Industry have the greatest percent. This is also true for the Non-manufacturing industries.

Fig 31

Outsourced Daily Workers



Source: MERC September 2005 Questionnaire to Survey Participants

Fig 31, shows that of the companies that have workers on minimum wage, the graph above shows what percentage of these companies outsource. Electronics and Consumer industries outsource more positions. Non-manufacturing is also greatly outsourced.

Fig 32

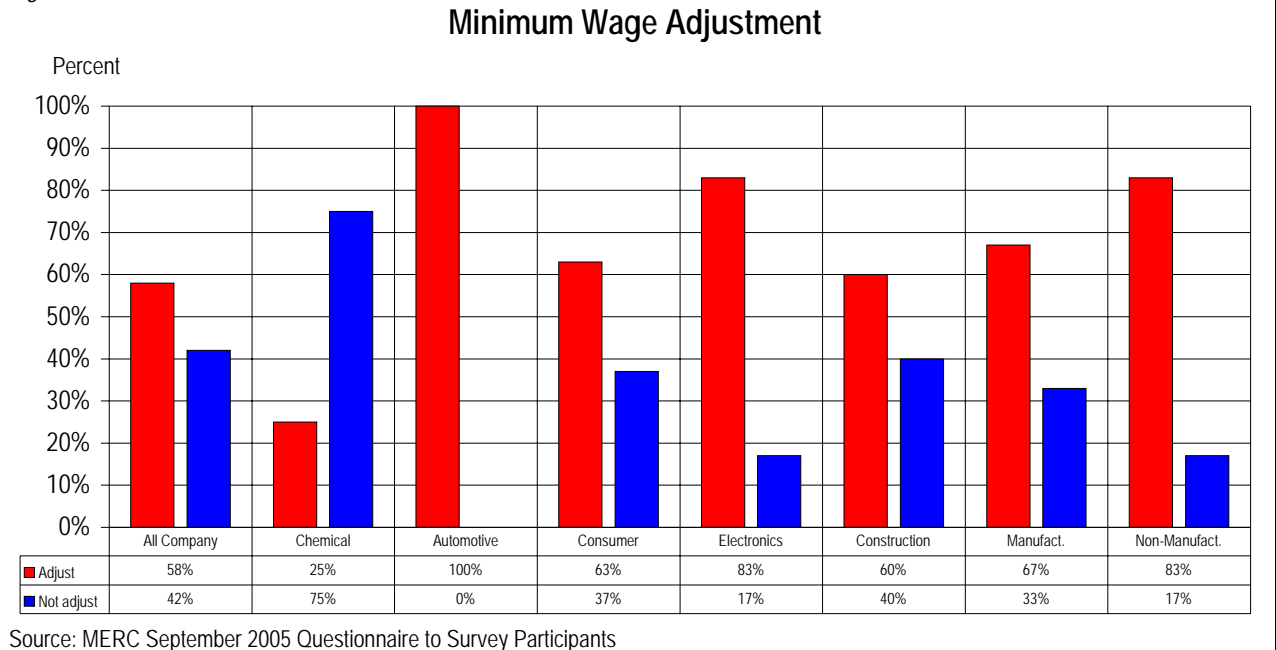


Fig 32, shown above is the percentage of companies that have already adjusted minimum wage.

Fig 33

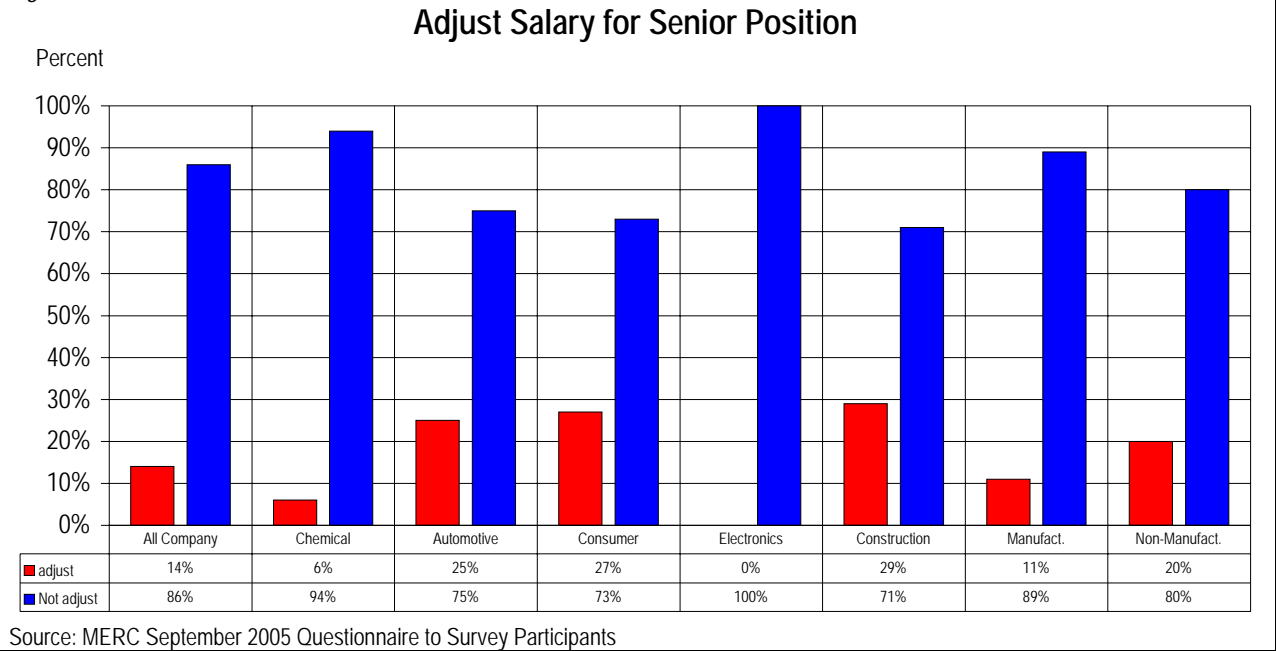


Fig 33, shown above is the percentage of companies that will also adjust salaries for other positions as-well-as minimum wage earners. This is mainly a knock-on effect where the difference between worker and supervisor/foreman has diminished and companies adjust supervisor rate to compensate.

Fig 34

Minimum Wage Adjustment & Knock-On Effect to Other Positions

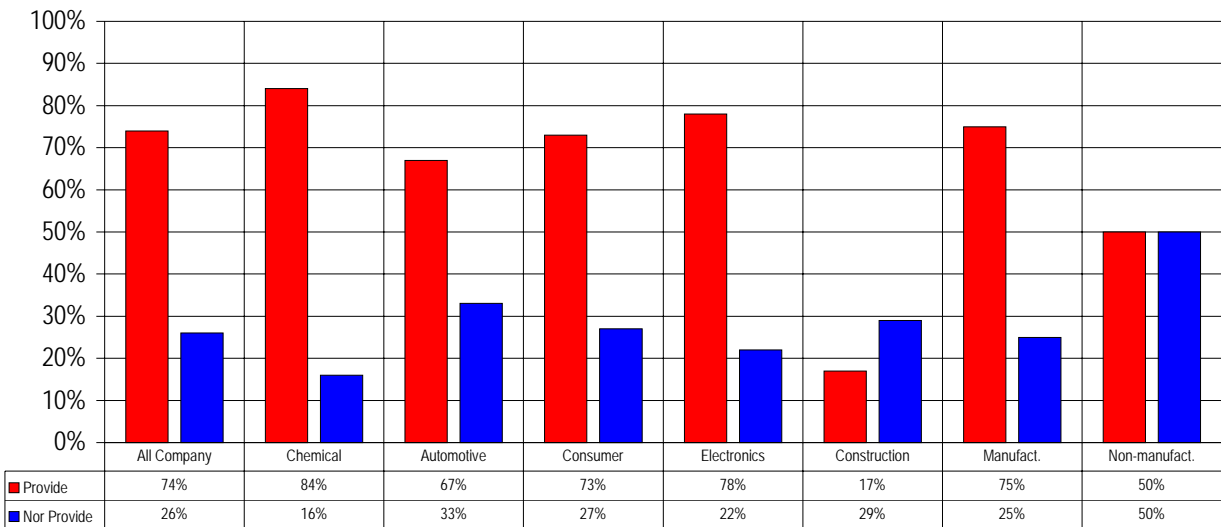
Company	Industry	Details
A	Chemical/Manufacturing	Production Worker, Technician, Draftsman, Administrator Etc.
C	Consumer	Monthly Operator to Supervisor
D	Consumer	Adjusted for all outsourced daily worker only
E	Construction	Headman, Foreman, Team Leader
F	Automotive/OEM	Department, Section Manager, Supervisor, Engineer,
G	Automotive	Service Man
H	Pharmaceutical	Production Worker
I	Property/ Shopping	Dish Washer, Table Hand, General Service Staff, Junior Technical

Source: MERC September 2005 Questionnaire to Survey Participants

Fig 34, shows some positions effected by the minimum wage change and knock-on effect to senior positions.

Fig 35

Company Providing/ Not Providing Fuel Allowance

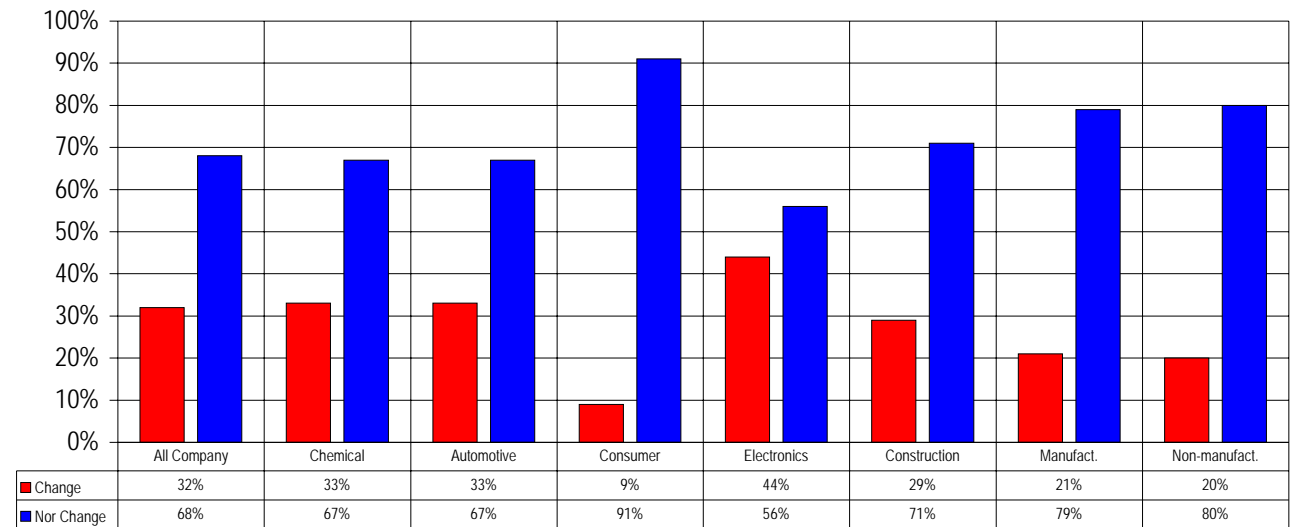


Source: MERC September 2005 Questionnaire to Survey Participants

Fig 35, companies providing or not providing fuel allowance

Fig 36

Fuel Policy Adjustment



Source: MERC September 2005 Questionnaire to Survey Participants

Fig 36, shows percentage of companies that have changed their fuel policy due to rising prices.

Fig 37

Fuel Allowance Adjustment details

Company	Industry	Details
A	Chemical/Petrochemical	Change every two months based on fuel rates
B	Chemical	Mostly provide fleet cards for Sales & Marketing employees who are entitled to Company Car. We provide card adjustment to fuel changes.
C	Chemical/Manufacturing	Change depending on competitor development and Oil Price
D	Consumer	The fuel and transportation allowance is increasing with the fuel price raising. The adjustment is considered based on the actual expenses incurred.
E	Consumer	Change from maximum Baht per month to maximum of litre per month
F	Property	Pay by number of customer, First 20 customer provide
G	Construction	Rather than Providing fuel cost based on THB, we are Considering changing it to by litre
H	Automotive	We analysed the increasing price and made the decision to increase approx. 33% For Middle Management
J	Electronics	฿ 3000-7000 to ฿ 4000-8000 Fuel Card Adjustment
K	Electronics	Based on Fuel rate
L	Electronics	Adjust to 15% From the current gasoline allowance
O	Import	According to Fuel Increase Rate and Market Trend
P	Special steels for tools & Dies industry	Will Give more petrol allowance in light of the rising oil prices
R	Retail Business	Changes the fuel allowance from 5 Baht per Km. to 7 Baht per Km.

Source: MERC September 2005 Questionnaire to Survey Participants

Fig 37, shows fuel allowance adjustment details.