

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2003 AND 2002

Report of Independent Auditor

To The Board of Directors and Shareholders of
Delta Electronics (Thailand) Public Company Limited

I have audited the accompanying consolidated balance sheets of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 31 December 2003, the related consolidated statements of earnings, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of Delta Electronics (Thailand) Public Company Limited as at 31 December 2002 and for the year then ended, as presented herein for comparative purposes, were audited by another auditor in my office who, under his report dated 17 January 2003, expressed an unqualified opinion on those financial statements.

The consolidated financial statements as at 31 December 2003 and for the year then ended of an overseas subsidiary and an overseas group of subsidiary companies were audited by the subsidiary's auditors, whose reports have been furnished to me. My opinion on the consolidated and the Company's financial statements, insofar as they relate to the amounts included for this subsidiary and group of subsidiary companies, is based solely on the report of that other auditors. These financial statements reflect total assets as at 31 December 2003 of approximately Baht 9,749 million, total revenues and net earnings for the year then ended of approximately Baht 14,703 million and Baht 634 million, respectively. In addition, the Company's financial statements include its investment in this subsidiary and group of subsidiary companies stated under the equity method, amounting to Baht 2,488 million as at 31 December 2003, and its share of profit for year then ended, amounting to Baht 634 million.

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

In my opinion, based on my audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2003, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 2.8 to the financial statements regarding the purchase of the group of companies as mentioned in the second paragraph is yet to be completed because the valuation of net asset values is not finished that cause the valuation of consolidation goodwill may be changed from the recorded amount.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 21 January 2004

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2003	2002	2003	2002
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	5,437,360,125	7,857,503,429	3,305,274,882	6,044,425,240
Current investments	5				
Investments in available-for-sale securities		68,185,929	102,348,278	-	-
Fixed deposit		198,191,000	-	-	-
Accounts receivable - trade					
Related parties	26	468,057,894	664,925,263	2,632,751,293	5,685,177,678
Unrelated parties		9,633,978,853	7,700,365,625	6,727,192,723	5,516,131,378
Less : Allowance for doubtful accounts		(381,708,011)	(341,544,541)	(296,723,937)	(341,544,541)
Accounts receivable - trade, net	6	9,720,328,736	8,023,746,347	9,063,220,079	10,859,764,515
Amount due from related parties	26	22,103,553	3,891,756	17,526,791	-
Inventories - net	7	4,513,920,426	3,785,186,877	2,048,121,165	1,296,274,970
Other current assets					
Input tax refundable		332,680,449	61,746,639	32,456,636	53,044,022
Advance payments		118,226,376	26,785,287	97,073,618	6,557,630
Forward contracts receivable	14	2,059,824	-	-	-
Other accounts receivable		19,744,420	-	-	-
Others		121,882,439	57,778,568	17,701,845	19,965,630
TOTAL CURRENT ASSETS		20,554,683,277	19,918,987,181	14,581,375,016	18,280,032,007
NON - CURRENT ASSETS					
Investments accounted for under equity method	8	569,882,078	623,575,311	3,999,852,422	2,371,818,383
Other long-term investments					
Investments in other parties	9	255,845,373	361,542,654	-	-
Investments in unit trusts	10	120,000,000	120,000,000	120,000,000	120,000,000
Long-term loans to related parties	11,26	61,955,025	65,662,936	-	-
Property, plant and equipment - net	12	4,790,136,340	3,854,696,062	3,794,625,615	3,851,152,166
Intangible assets					
Consolidation goodwill		2,752,569,192	85,680,794	-	-
Other intangible assets		154,632,676	-	-	-
Other non-current assets		92,380,996	1,685,084	1,869,762	1,685,084
TOTAL NON-CURRENT ASSETS		8,797,401,680	5,112,842,841	7,916,347,799	6,344,655,633
TOTAL ASSETS		29,352,084,957	25,031,830,022	22,497,722,815	24,624,687,640

The accompanying notes are an integral part of the financial statements.

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2003	2002	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loan from financial institutions		894,569	869,107,356	-	869,040,000
Accounts payable - trade					
Related parties	26	53,604,350	155,570,753	59,580,914	142,057,538
Unrelated parties		6,850,018,560	6,639,696,279	6,129,676,573	6,633,130,603
Total accounts payable - trade		6,903,622,910	6,795,267,032	6,189,257,487	6,775,188,141
Amounts due to related parties	26	424,165,376	966,772,680	437,025,695	1,260,375,821
Other current liabilities					
Accrued expenses	13	1,159,864,468	487,692,684	509,413,341	481,666,554
Advance received		137,221,754	221,142,107	111,183,400	221,142,107
Forward contracts payable	14	-	23,532,520	-	-
Other accounts payable		391,943,639	221,438,442	226,224,695	221,438,442
Others		249,332,283	86,775,759	15,716,225	18,680,184
TOTAL CURRENT LIABILITIES		9,267,044,999	9,671,728,580	7,488,820,843	9,847,531,249
NON-CURRENT LIABILITIES					
Long-term loan from related party	26	-	-	1,767,203,360	-
Long-term loan from financial institutions	15	4,360,202,000	-	-	-
Provisions	16	2,362,657,614	-	-	-
Other non-current liabilities		42,364,241	-	-	-
TOTAL NON-CURRENT LIABILITIES		6,765,223,855	-	1,767,203,360	-
TOTAL LIABILITIES		16,032,268,854	9,671,728,580	9,256,024,203	9,847,531,249

The accompanying notes are an integral part of the financial statements.

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2003	2002	2003	2002
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
1,200 million ordinary shares of Baht 1 each		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Issued and fully paid					
1,188.10 million ordinary shares of Baht 1 each	17	1,188,102,115	1,188,102,115	1,188,102,115	1,188,102,115
Additional paid-in capital					
Premium on share capital		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Unrealised loss on investments in available-for-sale securities		(21,219,555)	(29,642,143)	(21,219,555)	(29,642,143)
Translation adjustments		(3,170,331)	116,025,994	(3,170,331)	116,025,994
Retained earnings					
Appropriated - Statutory reserve	19	120,000,000	120,000,000	120,000,000	120,000,000
Unappropriated		10,466,073,883	11,890,757,925	10,466,073,883	11,890,757,925
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		13,241,698,612	14,777,156,391	13,241,698,612	14,777,156,391
MINORITY INTEREST - equity attributable to minority shareholders of subsidiaries		78,117,491	582,945,051	-	-
TOTAL SHAREHOLDERS' EQUITY		13,319,816,103	15,360,101,442	13,241,698,612	14,777,156,391
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		29,352,084,957	25,031,830,022	22,497,722,815	24,624,687,640
		0	0	0	0

The accompanying notes are an integral part of the financial statements.

DIRECTORS

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EARNINGS STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2003	2002	2003	2002
REVENUES					
Sales		40,960,997,914	40,542,180,003	33,821,168,553	41,272,114,902
Other income					
Interest income		130,894,477	175,055,111	63,151,010	128,117,076
Gain on exchange rate	21	550,178,576	-	-	-
Gain on sales of investments in available-for-sale securities		9,766,119	1,100,634	-	-
Others		255,381,723	84,462,475	116,961,730	31,873,169
Share of profit from investments accounted for under equity method		-	38,125,038	-	219,023,051
TOTAL REVENUES		41,907,218,809	40,840,923,261	34,001,281,293	41,651,128,198
EXPENSES					
Cost of sales		34,440,446,649	34,071,459,626	28,504,622,379	34,865,080,901
Selling and administrative expenses		4,264,562,664	3,010,535,495	2,880,052,281	2,960,584,325
Directors' remuneration	22	2,160,000	2,342,000	2,160,000	2,342,000
Loss on exchange rate	21	-	399,286,677	472,027,969	471,290,431
Amortisation of goodwill		36,700,500	4,710,026	-	-
Restructuring expenses		1,005,512,658	-	-	-
Loss on diminution in value of investment in other parties		112,061,206	-	-	-
Share of loss from investments accounted for under equity method		21,215,232	-	242,115,758	-
TOTAL EXPENSES		39,882,658,909	37,488,333,824	32,100,978,387	38,299,297,657
EARNINGS BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX		2,024,559,900	3,352,589,437	1,900,302,906	3,351,830,541
INTEREST EXPENSES		(57,362,768)	(28,820,765)	(3,893,164)	(28,820,765)
CORPORATE INCOME TAX	23	(89,120,210)	(4,062,105)	-	-
EARNINGS AFTER CORPORATE INCOME TAX		1,878,076,922	3,319,706,567	1,896,409,742	3,323,009,776
MINORITY INTEREST IN NET LOSS OF SUBSIDIARIES		18,332,820	3,303,209	-	-
NET EARNINGS FOR THE YEAR		1,896,409,742	3,323,009,776	1,896,409,742	3,323,009,776
EARNINGS PER SHARE					
24					
Basic earnings per share					
Net earnings		1.60	2.80	1.60	2.80
Weighted average number of ordinary shares (shares)					
		1,188,102,115	1,188,090,160	1,188,102,115	1,188,090,160
Diluted earnings per share					
24					
Net earnings		1.60	2.80	1.60	2.80
Weighted average number of ordinary shares (shares)					
		1,188,116,115	1,188,107,422	1,188,116,115	1,188,107,422

The accompanying notes are an integral part of the financial statements.

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

CONSOLIDATED

	Issued and paid-up share capital	Premium on share capital	Unrealised loss on investments in available-for-sale securities	Translation adjustments	Retained earnings		Minority interest-equity attributable to minority shareholders of subsidiaries	Total
					Appropriated	Unappropriated		
Balance as at 31 December 2001	1,188,042,920	1,491,912,500	(20,927,361)	139,859,753	120,000,000	12,428,990,801	600,789,330	15,948,667,943
Unrealised loss on investments in available-for-sale securities	-	-	(8,714,782)	-	-	-	-	(8,714,782)
Translation adjustments	-	-	-	(23,833,759)	-	-	-	(23,833,759)
Unrealised items in earnings statement	-	-	(8,714,782)	(23,833,759)	-	-	-	(32,548,541)
Net earnings for the year	-	-	-	-	-	3,323,009,776	-	3,323,009,776
Dividend paid (Note 29)	-	-	-	-	-	(3,861,242,652)	-	(3,861,242,652)
Increased share capital (Note 17)	59,195	-	-	-	-	-	-	59,195
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(17,844,279)	(17,844,279)
Balance as at 31 December 2002	1,188,102,115	1,491,912,500	(29,642,143)	116,025,994	120,000,000	11,890,757,925	582,945,051	15,360,101,442
Unrealised gain on investments in available-for-sale securities	-	-	8,422,588	-	-	-	-	8,422,588
Translation adjustments	-	-	-	(119,196,325)	-	-	-	(119,196,325)
Unrealised items in earnings statement	-	-	8,422,588	(119,196,325)	-	-	-	(110,773,737)
Net earnings for the year	-	-	-	-	-	1,896,409,742	-	1,896,409,742
Dividend paid (Note 29)	-	-	-	-	-	(3,326,685,922)	-	(3,326,685,922)
Dividend return	-	-	-	-	-	5,592,138	-	5,592,138
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(504,827,560)	(504,827,560)
Balance as at 31 December 2003	1,188,102,115	1,491,912,500	(21,219,555)	(3,170,331)	120,000,000	10,466,073,883	78,117,491	13,319,816,103

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The accompanying notes are an integral part of the financial statements

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

THE COMPANY ONLY

	Issued and paid-up share capital	Premium on share capital	Unrealised loss on investments in available-for-sale securities	Translation adjustments	Retained earnings		Total
					Appropriated	Unappropriated	
Balance as at 31 December 2001	1,188,042,920	1,491,912,500	(20,927,361)	139,859,753	120,000,000	12,428,990,801	15,347,878,613
Unrealised loss on investments in available-for-sale securities	-	-	(8,714,782)	-	-	-	(8,714,782)
Translation adjustments	-	-	-	(23,833,759)	-	-	(23,833,759)
Unrealised items in earnings statement	-	-	(8,714,782)	(23,833,759)	-	-	(32,548,541)
Net earnings for the year	-	-	-	-	-	3,323,009,776	3,323,009,776
Dividend paid (Note 29)	-	-	-	-	-	(3,861,242,652)	(3,861,242,652)
Increased share capital (Note 17)	59,195	-	-	-	-	-	59,195
Balance as at 31 December 2002	1,188,102,115	1,491,912,500	(29,642,143)	116,025,994	120,000,000	11,890,757,925	14,777,156,391
Unrealised gain on investments in available-for-sale securities	-	-	8,422,588	-	-	-	8,422,588
Translation adjustments	-	-	-	(119,196,325)	-	-	(119,196,325)
Unrealised items in earnings statement	-	-	8,422,588	(119,196,325)	-	-	(110,773,737)
Net earnings for the year	-	-	-	-	-	1,896,409,742	1,896,409,742
Dividend paid (Note 29)	-	-	-	-	-	(3,326,685,922)	(3,326,685,922)
Dividend return	-	-	-	-	-	5,592,138	5,592,138
Balance as at 31 December 2003	1,188,102,115	1,491,912,500	(21,219,555)	(3,170,331)	120,000,000	10,466,073,883	13,241,698,612

The accompanying notes are an integral part of the financial statements

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Cash flows from (used in) operating activities :-				
Net earnings	1,896,409,742	3,323,009,776	1,896,409,742	3,323,009,776
Adjustments to reconcile net earnings to net cash from (used in) operating activities :-				
Depreciation and amortisation	930,822,987	724,946,942	734,811,767	703,285,763
Amortisation in premium/discount of forward contracts	4,874,760	(7,993,856)	-	(216,382)
Amortisation of goodwill	85,068,590	4,710,026	-	-
Allowance for doubtful accounts (reversal)	(112,980,857)	282,219,372	(44,820,604)	282,219,372
Provision for obsolete inventories (reversal)	(216,305,561)	(13,680,501)	26,220,273	(13,680,501)
Provision for diminution in value of investment in other parties	112,061,206	-	-	-
Gain from sale of fixed assets	(14,632,247)	(16,980,980)	(14,654,427)	(16,980,980)
Gain from sale of investments in available-for-sale securities	(9,766,119)	(1,100,634)	-	-
Share of (profit) loss from investments accounted for under equity method	21,088,429	(38,125,038)	242,115,758	(219,023,051)
Unrealised loss on exchange rate	113,135,344	347,944,883	152,896,925	312,085,357
Minority interest in net loss of subsidiaries	(18,332,820)	(3,303,209)	-	-
Earnings from operating activities before changes in operating assets and liabilities	2,791,443,454	4,601,646,781	2,992,979,434	4,370,699,354
Decrease (increase) in operating assets :-				
Accounts receivable - trade	(336,856,945)	(2,401,203,018)	1,753,027,826	(3,013,933,648)
Amounts due from related parties	(18,211,797)	-	(17,526,791)	-
Inventories	1,577,536,512	(1,118,627,428)	(778,066,468)	(377,539,845)
Input tax refundable	16,046,390	19,628,509	20,587,386	(10,453,908)
Advance payments	(82,080,397)	27,548,191	(90,515,988)	8,927,920
Other accounts receivable	167,212,438	-	-	-
Other current assets	(43,951,410)	(27,345,623)	(2,538,554)	3,127,208
Other intangible assets	10,692,874	-	-	-
Other non - current assets	6,003,938	242,724	(184,678)	242,724
Increase (decrease) in operating liabilities :-				
Accounts payable - trade	(788,708,593)	794,762,236	(556,548,174)	747,437,871
Amounts due to related parties	(542,312,007)	377,967,676	(823,054,829)	381,725,880
Accrued expenses	(24,014,251)	(448,902,931)	89,562,802	(444,302,184)
Advance receivable	(92,710,337)	115,623,884	(106,271,291)	115,623,884
Other accounts payable	171,948,006	101,104,676	6,229,062	101,104,676
Other current liabilities	(40,364,784)	24,665,181	(3,296,790)	(12,988,953)
Provisions	6,688,041	-	-	-
Other non-current liabilities	520,485,114	-	-	-
Net cash from operating activities	3,298,846,246	2,067,110,858	2,484,382,947	1,869,670,979

The accompanying notes are an integral part of the financial statements.

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2003 AND 2002

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Cash flows from (used in) investing activities :-				
Increase in fixed deposit	(198,191,000)	-	-	-
Decrease in investments in bank deposit	-	221,348,500	-	-
Increase in investments in available-for-sale securities	(5,251,219)	(82,265,394)	-	-
Proceeds from disposal of investments in available-for-sale securities	82,089,434	37,220,200	-	-
Net cash paid for acquisition of new subsidiary (Note 28.2)	(1,213,563,434)	-	-	-
Increase in investments in subsidiaries	-	-	(1,980,923,534)	-
Increase in investments in associated parties	(17,998,650)	-	-	-
Increase in investments in other parties	(71,157,175)	(69,373,888)	-	-
Proceeds from disposal of investments in other parties	6,474,132	-	-	-
Cash fund return from associated company's liquidation	-	19,987,769	-	-
Increase in long-term loan to related parties	(1,704,961)	-	-	-
Acquisition of fixed assets	(907,415,503)	(1,266,535,953)	(718,797,454)	(1,243,501,645)
Proceeds from sales of fixed assets	116,061,269	332,411,066	55,166,665	60,530,202
Net cash used in investing activities	(2,210,657,107)	(807,207,700)	(2,644,554,323)	(1,182,971,443)
Cash flows from (used in) financing activities :-				
Decrease in bank overdrafts and short-term loan from financial institutions	(792,822,787)	(366,282,644)	(793,650,000)	(366,350,000)
Increase in long-term loan from related party	-	-	1,719,086,040	-
Increase in long-term loan from financial institutions	4,360,202,000	-	-	-
Decrease in long-term from other party	(2,710,715,150)	-	-	-
Cash received from increased share capital	-	59,195	-	59,195
Dividend paid	(3,326,685,922)	(3,861,242,652)	(3,326,685,922)	(3,861,242,652)
Returned dividend	5,592,138	-	5,592,138	-
Decrease in minority interest from subsidiary's liquidation	(550,698,213)	-	-	-
Net cash used in financing activities	(3,015,127,934)	(4,227,466,101)	(2,395,657,744)	(4,227,533,457)
Decrease in translation adjustments	(312,469,304)	(11,947,301)	-	-
Net decrease in cash and cash equivalent	(2,239,408,099)	(2,979,510,244)	(2,555,829,120)	(3,540,833,921)
Cash and cash equivalents - beginning of year	7,857,503,429	11,076,093,164	6,044,425,240	9,824,338,652
Cash and cash equivalents - end of year (Note 28.1)	5,618,095,330	8,096,582,920	3,488,596,120	6,283,504,731
Supplemental cash flows information				
Cash paid during the year for :				
Interest				
Income tax	43,165,875	30,269,832	4,182,772	29,872,527
	62,461,206	1,076,622	629,454	338,713

The accompanying notes are an integral part of the financial statements.

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Delta Electronics (Thailand) Public Company Limited was incorporated as a limited company under Thai laws. Its major shareholder is Deltron Holding Co., Ltd., a company existing under United Kingdom laws. The Company registered the change of its status to a public company under the Public Limited Company Act on 23 September 1994. The Company operates in Thailand and its principal activity is manufacture and export of electronic components. Its registered address is 714 Moo 4, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn.

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements incorporate the financial statements for the years ended 31 December 2003 and 2002 of Delta Electronics (Thailand) Public Company Limited (hereinafter referred to as “the Company”) and its subsidiaries as follows :-

	Percentage directly and indirectly owned by the Company		Incorporated in	Nature of business	Percentage of total assets included in the consolidated total assets		Percentage of total revenues included in the consolidated total revenues	
	2003	2002			2003	2002	2003	2002
	DET International Holding Limited	100			100	Cayman Island	Holding business	7.18
<u>The subsidiary companies owned by DET International Holding Limited</u>								
Newton Power Limited	100	100	Hong Kong	Marketing, research and development services for electronic components	0.16	0.22	0.03	0.01
Delcom Electronics Limited - Dissolution dated 21 November 2002	-	51	Thailand	Manufacturing and sales of electronic components	-	1.60	-	0.08
DET Logistics (USA) Corporation Limited	100	100	United states of America	Sales of electronic components	7.13	19.82	21.27	37.02
Delta Electronics Components (Thailand) Limited - Dissolution dated 30 April 2003	-	10	Thailand	Manufacturing and sales of electronic components	-	0.22	-	-

	Percentage directly and indirectly owned by the Company		Incorporated in	Nature of business	Percentage of total assets included in the consolidated total assets		Percentage of total revenues included in the consolidated total revenues	
	<u>2003</u>	<u>2002</u>			<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	Delta Energy Systems (Switzerland) AG.	100			-	Switzerland	Manufacturing, trading and research and developments for electronic products	11.43
<u>The subsidiary companies owned by Delta Energy Systems (Switzerland) AG.</u>								
Delta Energy Systems (Romania) SRL	100	-	Romania	Research and development for electronic products	0.02	-	-	-
Delta Energy Systems (Czech republic) spol sro.	100	-	Czech republic	Trading of electronic products	0.12	-	0.31	-
Delta Energy Systems (Bratislava) spol sro. (owned by Delta Energy Systems (Czech republic) spol sro.)	100	-	Slovak republic	Trading of electronic products	0.24	-	0.13	-
Delta Energy Systems (Slovakia) Sro.	100	-	Slovak republic	Manufacturing of electronic products	2.97	-	0.09	-
Delta Energy Systems (Germany) GmbH.	100	-	Germany	Manufacturing, trading and research and developments for electronic products	4.53	-	6.35	-
Delta Energy Systems (Spain) SA.	100	-	Spain	Trading of electronic products	0.03	-	-	-
Delta Energy Systems (France) SA.	100	-	France	Trading and assembling of electronic products	0.56	-	0.39	-
Delta Energy Systems (Italy) SRL.	100	-	Italy	Trading and assembling of electronic products	1.19	-	0.61	-
Delta Energy Systems (Sweden) AB.	100	-	Sweden	Trading and assembling of electronic products	0.41	-	0.32	-
Delta Energy Systems (Finland) Oy.	100	-	Finland	Trading and assembling of electronic products	0.57	-	0.81	-
Delta Energy Systems (Brazil) SA.	80	-	Brazil	Trading and assembling of electronic products	0.01	-	0.53	-
Delta Systems Energia (Curitiba) Ltda. (owned by Delta Energy Systems (Brazil) SA.)	100	-	Brazil	Engineering	-	-	-	-
Delta Energy Systems (Hong Kong) Ltd.	100	-	Hong Kong	Manufacturing of electronic products	0.95	-	0.02	-
Delta Energy Systems (Malaysia) Sdn Bhd.	100	-	Malaysia	Trading of electronic products	-	-	-	-
Delta Energy Systems (India) Ltd.	100	-	India	Trading and assembling of electronic products	0.61	-	0.36	-
Delta Energy Systems Guangzhou JV.	51	-	China	Trading and assembling of electronic products	0.28	-	0.17	-
Delta Energy Systems (USA) Inc.	100	-	USA	Manufacturing, trading and research and developments for electronic products	2.18	-	3.08	-
Delta Energy Systems (Arizona) Inc.	100	-	USA	Research and development for electronic products	-	-	-	-

- 2.2 The assets, liabilities and results of operations of the subsidiaries are included in the consolidated financial statements from the date of acquisition to the date of disposition.
- 2.3 Outstanding balances between the Company and the subsidiaries, significant intercompany transactions, investments in subsidiaries in the Company's records and share capital of subsidiaries have been eliminated from the consolidated financial statements.
- 2.4 The excess of cost of investments over the net assets of the subsidiaries on the acquisition date is shown as "Consolidation goodwill" in the consolidated balance sheet and is amortised on the straight-line method over the period of 15 years and 20 years.
- 2.5 Financial statements of the subsidiaries and associated companies denominated in foreign currency have been translated into Baht at the exchange rates ruling on the balance sheet date or where appropriate, the average rate. The differences arising from such translation have been shown separately under the caption of "Translation adjustments" in the shareholders' equity.
- 2.6 On 11 November 2002, the Extraordinary General Meeting of the shareholders of a subsidiary, Delcom Electronics Limited, passed a resolution authorising the dissolution of that company on 14 November 2002. The dissolution was registered with the Ministry of Commerce on 21 November 2002. As at 31 December 2002, the subsidiary is in the process of returning equity to its shareholders. The financial statements of that subsidiary, included in the consolidated financial statements, have been adjusted to reflect the effect of significant transactions and accounting events which occurred between balance sheet date of the subsidiary and the balance sheet date of the Company, as the date of the report on the financial statements of the subsidiary differs from that of the Company. On 29 January 2003, the subsidiary company already registered its liquidation with the Ministry of Commerce.
- 2.7 On 24 April 2003, the extraordinary general meeting of the shareholders of a subsidiary, Delta Electronics Components (Thailand) Limited, passed a resolution to deregister the Company on 30 April 2003. The Company deregistered itself with the Ministry of Commerce on 30 April 2003 and the subsidiary company already registered its liquidation with the Ministry of commerce on 18 July 2003.

2.8 At the meeting of the Board of Directors of the Company held on 28 April 2003, a resolution was passed approving the acquisition of an overseas group of companies (at present, Delta Energy Systems (Switzerland) AG is the parent of this group of companies). To this end, the Company has acquired a 100% shareholding Delta Energy Systems (Switzerland) AG and began taking over control of this company in July 2003.

At present, the purchase of the group of companies is yet to be completed because the valuation of net asset values is not finished. The Company recorded the cost of the investment based on the value stated in the agreement plus related professional fees, together amounting to approximately Baht 1,981 million. The Company therefore recorded goodwill based on the difference between the cost of the investment and the net asset values computed from the financial statements prepared by the management of this group of companies as at 30 June 2003. However, from the report of an independent financial consultant, it was noted that the net asset value of the group of companies may be lower than the reported amount. The valuation of consolidation goodwill may therefore differ from the recorded amount.

3. SIGNIFICANT ACCOUNTING

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand which are effective under the Accounting Act B.E. 2543.

Significant accounting policies adopted by the Company and its subsidiaries are summarised below:-

3.1 Sales

Sales are the invoiced value of goods supplied after deducting discounts and allowances, and excluding value added tax.

3.2 Accounts receivable - trade and allowance for doubtful accounts

Accounts receivable - trade are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated collection losses that may be incurred in collection of receivables. The allowance is based on collection experience and current status of receivables outstanding at the balance sheet date.

3.3 Inventories

Inventories are valued at the lower of cost (average method) and net realisable value, with cost being the standard cost, which approximates the actual cost incurred.

Cost of work in process and finished goods includes direct material, labour costs and factory overheads.

3.4 Property, plant and equipment/depreciation

Plant and equipment are stated at cost less accumulated depreciation. Depreciation of plant and equipment is calculated by reference to their costs on the straight-line method over the estimated useful lives as follows :-

Building	20 - 50	years
Land improvement	10 -20	years
Machinery and equipment	5 - 20	years
Molds and toolings	2 - 5	years
Furniture and fixtures	5 - 20	years
Office equipment	3 - 10	years
Vehicle	5	years

No depreciation has been provided for land and construction in progress.

3.5 Investments

Current investments in marketable equity securities, which the Company intends to hold as investments available for sale are determined at fair value. Fair value is based on the latest bid price of the last working day quoted by the Stock Exchange. Changes in value of investments are shown as a separate item under the shareholders' equity in the balance sheet and is credited or charged against earnings when the investments have been disposed of.

Investments in subsidiaries (in the financial statements of the Company only) and associated companies are accounted for by the equity accounting method. The investments are initially carried at their acquisition cost. The investments are also adjusted to incorporate the Company's proportionate share of the operating results of the subsidiaries and associated companies after acquisition.

Investments in the ordinary and preference shares of other companies and in unit trusts which are non-listed securities are valued at cost. Allowance for impairment of securities may be set up after taking into consideration the net book value or net asset value and other factors.

For investments in ordinary and preference shares in other companies and investments in unit trusts which are non-listed securities, the Company recognises loss on impairment of securities (if any) in the earnings statement.

3.6 Foreign currencies

Foreign currency transactions incurred during the year are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currency outstanding at the balance sheet dates are translated into Baht at the exchange rates ruling on the balance sheet dates, with the exception of those covered by forward exchange contracts, which are translated at the contracted exchange rates.

Exchange gains and losses are included in determining earnings.

3.7 Financial derivative instruments

The Company and its subsidiary have occasionally entered into forward exchange contracts to reduce their exposure from exchange rate risk. Premiums or discounts (the difference between the spot exchange rate and the forward exchange rate at inception of the contracts) are deferred and amortised as revenues or expenses to the earnings statements over the contract lives using the straight-line method.

3.8 Earnings per share

Basic earnings per share is calculated by dividing net earnings for the year by the weighted average number of ordinary shares in issue and paid up during the year.

Diluted earnings per share is calculated by dividing net earnings for the year by the total sum of the weighted average number of ordinary shares in issue and paid up during the year and the weighted average number of ordinary shares issuable to convert all dilutive potential ordinary shares (warrants) into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date that the potential ordinary shares were issued.

3.9 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the accompanying financial statements and notes related thereto. Subsequent actual may differ from these estimates.

3.10 Deferred income tax

The Company and its subsidiaries provide for deferred income tax resulting from temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the balance sheet date, temporary differences in reporting income and expenses for financial reporting purposes compared to income tax reporting purposes. Accordingly, the income tax applicable to income which is not currently recognised, or to expenses which are not currently deductible for income tax purposes, is set up as "Deferred income taxes" in the balance sheets. This will be allocated to future periods when the income is realised, or when the expenses provided for are actually incurred and considered deductible for income tax purposes. However, the Company and its subsidiaries will recognise tax benefits as assets in its books of account if it is highly probable that the Company and its subsidiaries will generate sufficient profits from their future operations to utilise these benefits.

3.11 Provision

Provision are recognised when the Company and its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.12 Pension plan

Delta Energy Systems (Switzerland) AG and its subsidiary in Germany recognise pension plan benefits as liabilities in their financial statements in accordance with the bases and conditions stipulated in the regulations of these companies. (The Company and all other subsidiaries have not adopted a policy to account for employee pension plan benefits as this has not yet been addressed by any Accounting Standard).

4. CASH AND CASH EQUIVALENTS

Most of the cash at banks of the Company comprises cash deposited with various overseas banks in US Dollar accounts (most of balance is in 5 banks), the balance of which, as at 31 December 2003, amount to approximately USD 82 million (31 December 2002 : approximately USD 133 million).

5. CURRENT INVESTMENTS

5.1 Investments in available-for-sale securities

(Unit: Baht)

	31 December 2003		31 December 2002	
	Cost/		Cost/	
	Book value	Fair value	Book value	Fair value
Available-for-sale securities				
a) Cyntec	77,624,875	62,142,430	42,112,794	32,781,792
b) Loyalty Founder Enterprise	20,463,677	14,726,567	20,463,677	13,892,942
c) Others	-	-	70,770,050	57,029,644
Total	98,088,552	76,868,997	133,346,521	103,704,378
Less: Unrealised loss on investments in available-for-sale securities	(21,219,555)		(29,642,143)	
Less: Translation adjustments	(8,683,068)		(1,356,100)	
Net investments in available-for-sale securities	68,185,929		102,348,278	

5.2 Fixed deposit

The amount as at 31 December 2003 was a 6-month fixed deposit of a subsidiary with an overseas financial institution, for which the subsidiary entered into the interest rate swap transaction agreements mentioned in Note 27.1 to the financial statements. The deposit bore interest at a rate equal to the 6-month LIBOR per annum.

6. ACCOUNTS RECEIVABLE - TRADE

The aging of outstanding balances as at 31 December 2003 and 2002 is as follows :-

	(Unit : Baht)			
	Consolidated		The Company Only	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<u>Accounts receivable - trade, related parties</u>				
Current	461,711,664	596,735,564	2,576,691,890	5,599,500,140
Past due 1 - 3 months	4,769,024	64,648,537	54,370,339	81,583,225
Past due 3 - 6 months	46,725	246,542	46,725	1,682,333
Past due 6 - 12 months	918,752	2,470,928	1,030,610	2,411,980
Past due over 12 months	611,729	823,692	611,729	-
Total	<u>468,057,894</u>	<u>664,925,263</u>	<u>2,632,751,293</u>	<u>5,685,177,678</u>
<u>Accounts receivable - trade, unrelated parties</u>				
Current	8,137,857,390	6,171,323,531	5,561,192,053	4,388,178,864
Past due 1 - 3 months	1,090,826,593	1,169,945,454	844,795,305	772,878,734
Past due 3 - 6 months	60,672,315	21,329,951	60,672,315	18,767,186
Past due 6 - 12 months	52,855,909	1,408,035	38,063,568	454,734
Past due over 12 months	291,766,646	336,358,654	222,469,482	335,851,860
Total	<u>9,633,978,853</u>	<u>7,700,365,625</u>	<u>6,727,192,723</u>	<u>5,516,131,378</u>
Total Accounts receivable - Trade	10,102,036,747	8,365,290,888	9,359,944,016	11,201,309,056
Less : Allowance for doubtful accounts	<u>(381,708,011)</u>	<u>(341,544,541)</u>	<u>(296,723,937)</u>	<u>(341,544,541)</u>
Accounts receivable - trade, net	<u>9,720,328,736</u>	<u>8,023,746,347</u>	<u>9,063,220,079</u>	<u>10,859,764,515</u>

As at 31 December 2003, an account receivable of a subsidiary of the Company with an outstanding balance of USD 5.2 million has filed an application for reorganization, and the Company does not expect to recover such debt. In addition, an account receivable of the Company with an outstanding balance of USD 1.3 million is negotiating with the Company to make payment in installments. However, the Company's management believes that the allowance for doubtful already set aside is adequate in the current circumstances.

7. INVENTORIES

	(Unit : Baht)			
	Consolidated		The Company Only	
	2003	2002	2003	2002
Finished goods	1,989,811,560	2,795,462,745	214,236,333	306,550,838
Work in process	551,575,139	283,265,046	271,543,031	283,265,046
Raw materials	3,272,026,776	725,928,761	1,504,070,497	725,928,761
Raw materials intransit	159,096,668	55,135,416	159,096,668	55,135,416
Total	5,972,510,143	3,859,791,968	2,148,946,529	1,370,880,061
Less : Allowance for obsolete inventories	(1,458,589,717)	(74,605,091)	(100,825,364)	(74,605,091)
Inventories – net	4,513,920,426	3,785,186,877	2,048,121,165	1,296,274,970

The Company's management believes that allowance for obsolete inventories set aside is adequate in the present situation.

8. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

These represent investments in ordinary shares of the following companies :-

	Foreign currency	Issued and paid up capital		Percentage owned by the Company		Balances as at 31 December			
		2003	2002	2003	2002	Consolidated		The Company Only	
				%	%	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Subsidiary companies									
DET International Holding Limited									
- Cost	USD	53,852,576	53,852,576	100	100	-	-	2,133,050,147	2,133,050,147
- Share of profit (loss) (accumulated to 31 December)								(588,703,350)	152,384,385
								1,544,346,797	2,285,434,532
Delta Energy Systems (Switzerland) AG									
- Cost	CHF	1,000,000	-	100	-	-	-	1,980,923,534	-
- Share of profit (accumulated to 31 December)								498,971,977	-
								2,479,895,511	-
Total investments in subsidiary companies								4,024,242,308	2,285,434,532
Associated companies									
(owned by DET International Holding Limited)									
Huada Holding Company Limited									
- Cost	USD	16,000,000	15,000,000	45	45	266,009,850	248,011,200	-	-
- Share of loss (accumulated to 31 December)						(113,980,330)	(87,654,124)	-	-
						152,029,520	160,357,076	-	-
Delta Green (Tianjin) Industries Company Limited									
- Cost	USD	20,000,000	20,000,000	50	50	394,383,470	394,383,470	-	-
- Share of profit (accumulated to 31 December)						13,948,849	7,955,338	-	-
						408,332,319	402,338,808	-	-
Deltron Trading (Cambodia) Limited									
- Cost	USD	8,000	8,000	47	47	168,523	168,523	-	-
- Share of loss (accumulated to 31 December)						(168,523)	(168,523)	-	-
						-	-	-	-
Unrealised loss on available-for-sale securities of a subsidiary						-	-	(21,219,555)	(29,642,143)
Translation adjustments						9,520,239	60,879,427	(3,170,331)	116,025,994
Total investments in associated companies						569,882,078	623,575,311	-	-
Total investments accounted for under equity method						569,882,078	623,575,311	3,999,852,422	2,371,818,383

9. INVESTMENTS IN OTHER PARTIES

These represent investments in ordinary shares and preference shares of the following companies :-

	The Company's interest		Balance as at 31 December	
	in equity capital		Consolidated	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
	%	%		
Cyntec Company Limited				
(owned by DET International Holding Limited)	-	0.66	-	30,403,614
IP Fund One, L.P.				
(owned by DET International Holding Limited)	3.80	3.80	332,121,893	267,438,850
Ezonics Corporation Company Limited				
(owned by DET International Holding Limited)	16.49	16.49	50,582,003	50,582,003
Total investment in other parties			382,703,896	348,424,467
Less : Provision for diminution in value of investment in other parties			(106,949,572)	-
Translation adjustments			(19,908,951)	13,118,187
Investments in other parties - net			<u>255,845,373</u>	<u>361,542,654</u>

During the first quarter of the current year, a subsidiary of the Company has reclassified an investment in one "other party", Cyntec Company Limited, as an investment in available-for-sale securities.

10. INVESTMENTS IN UNIT TRUSTS

The outstanding balance represents investment in 12,000,000 units of Baht 10 each of the Preferred Shares-Subordinated Debentures of Bank of Ayudhya Public Company Limited Fund which are non-listed securities.

11 . LONG-TERM LOANS TO RELATED PARTIES

Most of this amount represents a long-term loan of USD 1.52 million which a subsidiary of the Company has provided to a related party, bearing interest at a rate of LIBOR plus 0.5 percent per annum. Full repayment of the loan is due by 19 February 2004. At present, the related party has ceased its operations, however, the management of the Company believes that the loan will be repaid in full.

12. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

CONSOLIDATED								
As at 31 December 2003								
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Others	Total
Cost :								
1 January 2003	312,646,818	1,161,121,944	2,959,222,930	675,521,877	768,488,946	-	278,170,471	6,155,172,986
1 July 2003 – Opening balance of								
Delta Energy Systems								
(Switzerland) AG.	12,570,981	114,292,984	1,785,703,101	-	143,115,778	23,176,771	1,132,386,437	3,211,246,052
Purchase/transfer in	-	12,059,752	504,866,225	162,900,876	36,570,065	99,873,065	299,077,516	1,115,347,499
Disposal/write-off/transfer out	-	(607,029)	(427,011,239)	(26,589,808)	(7,161,117)	(92,468,940)	(192,939,971)	(746,778,104)
31 December 2003	325,217,799	1,286,867,651	4,822,781,017	811,832,945	941,013,672	30,580,896	1,516,694,453	9,734,988,433
Accumulated depreciation :								
1 January 2003	-	123,355,969	1,274,922,102	525,404,826	204,294,299	-	172,499,728	2,300,476,924
1 July 2003 – Opening balance of								
Delta Energy Systems								
(Switzerland) AG.	-	16,438,975	1,372,482,807	-	61,575,969	-	717,356,920	2,167,854,671
Depreciation for the year	-	30,847,111	540,341,837	145,778,568	77,949,654	-	135,905,817	930,822,987
Depreciation - disposal/write-off	-	-	(367,659,117)	(11,831,446)	(5,190,572)	-	(52,736,870)	(437,418,005)
31 December 2003	-	170,642,055	2,820,087,629	659,351,948	338,629,350	-	973,025,595	4,961,736,577
Translation adjustments	(302,603)	(1,357,884)	8,656,837	-	2,732,652	1,264,138	5,891,344	16,884,484
Net book value :								
As at 31 December 2003	324,915,196	1,114,867,712	2,011,350,225	152,480,997	605,116,974	31,845,034	549,560,202	4,790,136,340
As at 31 December 2002	312,646,818	1,037,765,975	1,684,300,828	150,117,051	564,194,647	-	105,670,743	3,854,696,062
Depreciation charge (included in earnings statement) :								
Year 2003								930,822,987
Year 2002								724,946,942

Depreciation for the year amounting to Baht 790,344,790 (2002 : Baht 654,696,211) has been charged to cost of production and the remaining part of Baht 140,478,197 (2002 : Baht 70,250,731) has been charged to selling and administrative expenses.

(Unit : Baht)

THE COMPANY ONLY								
As at 31 December 2003								
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Others	Total
Cost :								
1 January 2003	312,646,818	1,161,121,944	2,917,774,916	675,521,877	768,488,946	-	244,603,325	6,080,157,826
Purchase/transfer in	-	11,963,906	417,198,180	162,900,876	34,110,000	69,713,304	205,060,423	900,946,689
Disposal/write-off/transfer out	-	-	(156,526,719)	(26,589,808)	(483,797)	(68,635,061)	(123,090,128)	(375,325,513)
31 December 2003	312,646,818	1,173,085,850	3,178,446,377	811,832,945	802,115,149	1,078,243	326,573,620	6,605,779,002
Accumulated depreciation :								
1 January 2003	-	123,355,969	1,234,439,905	525,404,826	204,294,299	-	141,510,661	2,229,005,660
Depreciation for the year	-	26,875,000	447,945,586	145,778,568	67,255,509	-	46,957,104	734,811,767
Depreciation - disposal/write-off	-	-	(131,359,920)	(11,831,446)	(238,492)	-	(9,234,182)	(152,664,040)
31 December 2003	-	150,230,969	1,551,025,571	659,351,948	271,311,316	-	179,233,583	2,811,153,387
Net book value :								
As at 31 December 2003	312,646,818	1,022,854,881	1,627,420,806	152,480,997	530,803,833	1,078,243	147,340,037	3,794,625,615
As at 31 December 2002	312,646,818	1,037,765,975	1,683,335,011	150,117,051	564,194,647	-	103,092,664	3,851,152,166
Depreciation charge (included in earnings statement) :								
Year 2003								734,811,767
Year 2002								703,285,763

Depreciation for the year amounting to Baht 679,186,792 (2002 : Baht 654,696,211) has been charged to cost of production and the remaining part of Baht 55,624,975 (2002 : Baht 48,589,552) has been charged to selling and administrative expenses.

13. ACCRUED EXPENSES

The balance mainly represented expenses and provisions related to employee costs and product sales of the Company and its subsidiaries, amounting to approximately Baht 609 million and Baht 395 million, respectively (the Company only : Baht 144 million and Baht 395 million, respectively). The management of the Company and its subsidiaries believes that actual expenditures will be close to the amount estimated and accrued in the Company's records.

14. FORWARD CONTRACTS

A subsidiary of the Company has entered into various forward exchange contracts with overseas financial institutions to sell a total of approximately USD 75 million against Baht (31 December 2002 : forward exchange contracts to sell approximately USD 105 million against Baht) in order to hedge exchange rate risk. The subsidiary has recorded the foreign currency assets and liabilities arising from these contracts in the balance sheets under the captions of “Forward contracts - receivable/payable”.

15. LONG-TERM LOAN FROM FINANCIAL INSTITUTIONS

As at 31 December 2003, a subsidiary of the Company had a dollar loan from local and overseas banks amounting to approximately USD 110 million which is guaranteed by the Company. (31 December 2002 : NIL).

The loan is repayable in four equal semi-annual installments beginning in February 2007, and matures in August 2008. It is subject to interest at a rate referenced to LIBOR.

Under the loan agreement the Company and the subsidiary must comply with normal financial covenants relating to various matters, such as the maintenance of certain ratios for consolidated total net liabilities to consolidated tangible net worth and interest bearing debt to consolidated EBITDA.

16. PROVISIONS

The outstanding balances as at 31 December 2003 is as follows :-

	Consolidated (Unit : Million Baht)
Pension	965
Restructuring costs	1,008
Warranty	159
Other provisions	231
	<hr/>
	2,363
	<hr/> <hr/>

Pension

Two subsidiaries of the Company have provided retirement benefits for staff who are over 35 years old and have worked with that subsidiary companies for more than 10 years. The liability is calculated in accordance with the basis and conditions stipulated in the subsidiary's regulations.

Restructuring costs

Three subsidiaries of the Company have estimated provision for restructuring because it is reducing its production and laying off staff. The associated liability is calculated in accordance with the basis and conditions stipulated in contracts related to production and employment of the subsidiary.

Warranty

A subsidiary of the Company has estimated its liability under product warranties. The amount of its obligations depends on the type of product, and is calculated in accordance with the basis and conditions of warranty.

17. SHARE CAPITAL

The increase in issued and paid-up share capital to Baht 59,195 is the result of the exercise of warrants and increase in share capital to purchase shares in an amount of Baht 1,188,102,115 upto 31 December 2002. The Company already registered this capital increase with the Ministry of Commerce.

18. WARRANTS

During the second quarter of 2000, the Company issued 4,032,000 warrants for offer to directors and employees of the Company. The warrants can be exercised subscribe to newly issued ordinary shares in a ratio of 1 warrant per 1 ordinary share, at an exercise price of Baht 10 each. The warrants are a one-time issue and their life is 5 years, with the exercise period running from 2 October 2000. They were listed on the Stock Exchange of Thailand on 6 July 2000.

The Annual General Meeting of shareholders held on 17 March 2003 approved resolutions to pay a dividend to shareholders. As a result the Company has adjusted the exercise ratio of the warrants such that 1 warrant can be exercised to purchase 12.20585 ordinary shares at a price of Baht 1 per share, effective from 19 February 2003 onward.

During the current year, no outstanding warrants have been exercised to purchase new ordinary shares, leaving 1,188 warrants unexercised as at 31 December 2003.

19. STATUTORY RESERVE

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve could not use for dividend payment.

20. EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2003	2002	2003	2002
Number of employees at the end of year (persons)	16,441	15,374	15,260	15,304
Employee costs for the year (Million Baht)	3,411	1,927	1,855	1,808

21. GAIN (LOSS) ON EXCHANGE RATE

(Unit : Baht)

For the year ended 31 December

	Consolidated		The Company Only	
	2003	2002	2003	2002
Realised gain (loss) on exchange rate	663,313,920	(51,341,794)	(319,131,044)	(159,205,074)
Unrealised loss on exchange rate	(113,135,344)	(347,944,883)	(152,896,925)	(312,085,357)
Gain (loss) on exchange rate	<u>550,178,576</u>	<u>(399,286,677)</u>	<u>(472,027,969)</u>	<u>(471,290,431)</u>

22. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company directors in accordance with Section 90 of the Public Limited Company Act exclusive of salaries and related benefits payable to executive directors.

23. CORPORATE INCOME TAX

Corporate income tax for the year was calculated at the rate of 30 percent of pre-tax earnings from the non-tax-exempted activities, after adding back expenses which are disallowable for tax computation purposes.

24. RECONCILIATION OF DILUTED EARNINGS PER SHARE

(Unit : Baht)

	For the year ended 31 December					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Basic earnings per share						
Net earnings	1,896,409,742	3,323,009,776	1,188,102,115	1,188,090,160	1.60	2.80
Effect of dilutive potential ordinary shares						
Warrants 1,188 units	-	-	14,000	17,262	-	-
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>1,896,409,742</u>	<u>3,323,009,776</u>	<u>1,188,116,115</u>	<u>1,188,107,422</u>	<u>1.60</u>	<u>2.80</u>

25. PROMOTIONAL PRIVILEGES

The Company was granted the following tax privileges for certain specified category of products under the Investment Promotion Act B.E. 2520 by the Board of Investment :-

- 25.1 Exemption of corporate income tax on profit for the periods of 3 to 8 years commencing as from the date of earning operating income.
- 25.2 Dividends derived from a promoted activity granted an exemption of juristic person income tax shall be exempted from computation of taxable income throughout the period the promoted person receives the exemption of juristic person income tax.
- 25.3 Exemption of import duties on the raw and essential materials imported during the promotional period for use specifically in producing for export.
- 25.4 Exemption of import duties on items which the promoted person imports for re-export during the promotional period.
- 25.5 Exemption of import duties on machinery and equipment as approved by the Board or during the promotional period.

25.6 An allowance of five percent of the increment in export income over the preceding year is deductible from taxable income for a period of ten years commencing as from the date of earning operating income.

The Company's operating revenues are divided according to promoted and non-promoted activities, as shown below :-

	(Unit : Baht)					
	Promoted		Non-promoted		Total	
	2003	2002	2003	2002	2003	2002
<u>THE COMPANY ONLY</u>						
Sales	33,821,168,553	41,257,351,141	84,512,699	185,786,555	33,905,681,252	41,443,137,696

Sales of raw materials are included in revenues from non-promoted activities.

26. RELATED PARTY TRANSACTIONS

During the year, the Company and its subsidiaries had business transactions with its local and overseas subsidiaries and related parties (related by way of common shareholders and/or common directors) in respect of raw materials and production equipment purchases, sales of manufactured finished goods, commission, technical fee, management fee and inspection fee. The transactions, which were concluded on the terms and basis as specified in the agreements between the Company and those companies and in the ordinary course of business, are summarised as follows :-

Pricing policies		(Unit : Baht)			
		Consolidated		The Company Only	
		2003	2002	2003	2002
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	Cost plus certain margin	-	-	7,764,236,859	17,055,588,828
Sales of raw materials	With reference to market prices	-	-	539,751	-
Purchase of raw materials	Cost plus certain margin	-	-	23,108,995	-
Commission paid	Contract prices	-	-	-	11,604,572
Inspection fee	Contract prices	-	-	143,474,473	142,248,161
Borrowing (Average balance of loans outstanding during year)	No interest charge	-	-	1,757,508,743	-
<u>Transactions with related parties</u>					
Sales of goods	With reference to market prices	2,060,513,167	2,986,510,181	2,060,513,167	2,986,510,181
Sales of raw materials	With reference to market prices	24,406,087	55,123,252	24,406,087	55,123,252
Purchase of raw materials	With reference to market prices	270,217,577	505,797,717	270,217,577	505,797,717
Purchase of fixed assets	Agreed upon basis	47,739,308	2,077,244	47,739,308	2,077,244
Commission paid	Contract prices	1,239,170,706	985,099,845	1,239,170,706	985,099,845
Technical fee	Contract prices	-	106,857,686	-	106,857,686
Management fee	Contract prices	16,084,063	60,379,215	16,084,063	60,379,215
Lending (Average balance of loans outstanding during year)	Interest at a rate reference to LIBOR	63,985,048	65,359,215	-	-
Interest income	Contract prices	1,053,880	1,480,840	-	-

The outstanding balances of the above transactions have been separately shown in the balance sheets and are as follows :-

(Unit : Baht)

	Relationship	Consolidated		The Company Only	
		2003	2002	2003	2002
<u>Accounts receivable - trade, related parties</u>					
<u>Subsidiary companies</u>					
DET Logistics (USA) Corporation Ltd.	Subsidiary Company	-	-	2,045,161,684	4,847,894,344
DET International Holding Ltd.	Subsidiary Company	-	-	52,638,833	174,082,673
Delta Energy Systems (Switzerland) AG	Subsidiary Company	-	-	49,621,866	-
Others		-	-	18,306,378	-
		-	-	2,165,728,761	5,021,977,017
<u>Other related parties</u>					
Delta Electronics Inc.	Shareholder	217,396,886	387,423,119	217,396,886	387,423,722
Delta Electronics (Japan) Ltd.	Common shareholder	26,180,902	49,150,901	26,180,902	49,150,901
Delta Products Corporation Ltd.	Common shareholder	88,848,539	92,279,300	88,848,539	91,395,539
Delta Electronics International Ltd.	Common shareholder	75,629,273	123,966,698	74,920,653	123,124,736
Delta Network International Ltd	Common shareholder	31,728,172	59,751	31,728,172	59,751
Delta Electronics Europe Ltd	Common shareholder	18,331,727	23,099	18,076,136	23,099
Delta Network Inc.	Common shareholder	5,312,093	6,976,426	5,312,093	6,976,426
Others		4,630,302	5,045,969	4,559,151	5,046,487
		468,057,894	664,925,263	467,022,532	663,200,661
Total accounts receivable - trade, related parties		468,057,894	664,925,263	2,632,751,293	5,685,177,678
<u>Amounts due from related parties</u>					
Deltron Trading (Cambodia) Ltd.	Associated company	4,576,762	3,891,756	-	-
Delta Products Corporation Ltd.	Common shareholder	17,526,791	-	17,526,791	-
Total amounts due from related parties		22,103,553	3,891,756	17,526,791	-
<u>Long - term loans to related parties</u>					
Deltron Trading (Cambodia) Limited	Associated company	60,250,064	65,662,936	-	-
Delta Electronics Europe Ltd.	Common shareholder	1,704,961	-	-	-
Total long-term loans to related parties		61,955,025	65,662,936	-	-
<u>Accounts payable - trade, related parties</u>					
<u>Subsidiary companies</u>					
Delta Electronics Components (Thailand) Ltd.	Subsidiary Company	-	-	-	45,158,002
Delta Energy Systems (HongKong) Ltd.	Subsidiary company	-	-	3,244,956	-
Others		-	-	2,766,638	-
		-	-	6,011,594	45,158,002
<u>Other related parties</u>					
Delta Electronics Inc.	Shareholder	33,208,197	79,316,126	33,208,197	79,237,717
Delta Electronics (Japan) Ltd.	Common shareholder	6,626,226	10,526,285	6,626,226	10,526,285
Delta Products Corporation Ltd.	Common shareholder	3,230,837	4,146,602	3,230,837	4,146,602
DEI Logistics (USA) Corporation Ltd.	Common shareholder	34,876	58,353,234	-	-
Delta Network Inc.	Common shareholder	10,089,618	-	10,089,618	-
Others		414,596	3,228,506	414,442	2,988,932
		53,604,350	155,570,753	53,569,320	96,899,536
Total accounts payable - trade, related parties		53,604,350	155,570,753	59,580,914	142,057,538

(Unit : Baht)

	Relationship	Consolidated		The Company Only	
		2003	2002	2003	2002
<u>Amounts due to related parties</u>					
<u>Subsidiary companies</u>					
Newton Power Limited	Subsidiary Company	-	-	5,890,731	12,966,487
DET Logistics (USA) Corporation Ltd.	Subsidiary Company	-	-	5,292,734	7,123,617
Delta Electronics Components (Thailand) Ltd.	Subsidiary Company	-	-	-	273,513,037
Delta Energy Systems (Switzerland) AG	Subsidiary Company	-	-	7,222,383	-
		-	-	18,405,848	293,603,141
<u>Other related parties</u>					
Delta Electronics Inc.	Shareholder	408,860,473	715,925,155	403,314,944	715,925,155
Delta Products Corporation Ltd.	Common shareholder	12,683,153	217,675,567	12,683,153	217,675,567
Delta Electronics Europe Ltd.	Common shareholder	2,185,658	30,630,321	2,185,658	30,630,321
Others		436,092	2,541,637	436,092	2,541,637
		424,165,376	966,772,680	418,619,847	966,772,680
Total amounts due to related parties		424,165,376	966,772,680	437,025,695	1,260,375,821
<u>Long-term loan from related party</u>					
DET International Holding Ltd.	Subsidiary Company	-	-	1,767,203,360	-
Total long-term loan from related party		-	-	1,767,203,360	-

The Company has entered into agreements with the subsidiaries and with related parties whereby the subsidiary and the related parties will provide sales services, marketing services, management services, after-sales services, technical information services, and raw material purchasing, and also sell the Company's products. The agreements are not for an identified period and are cancellable. Under the agreements, the Company is obliged to pay remuneration to its related companies at rates ranging from 0.25 to 10 percent of sales, and maximum rate not over than 3 percent of the purchasing price for the raw material purchasing services.

The balance of long-term loan from related party as at 31 December 2003, represents a loan of CHF 55 million which provided by a subsidiary of the Company. Full repayment of the loan is due by July 2008. There is no interest charge.

27. COMMITMENT AND CONTINGENT LIABILITIES

27.1 Financial derivatives

1) Sell “call/put option” agreements

A subsidiary of the Company has entered into various sell “call/put option” agreements with overseas financial institutions. The outstanding balances under the agreements as at 31 December 2003 and 2002 are as follows :-

	Amount (Million USD)		Contractual exchange rate (per 1 USD)	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Sell “call option” agreements - USD/THB	-	214.05	-	41.83 - 44.45 Baht
Sell “put option” agreements - USD/THB	-	28.50	-	41.90 - 43.50 Baht

2) Sell “Special-condition option” agreements

A subsidiary of the Company has entered into various sell “call special-condition option” agreements approximately USD 26.25 million against Baht and EUR 13.5 million against USD (31 December 2002 : USD 5.4 million against YEN) and entered into various sell “put special-condition option” agreements approximately USD 105 million against CHF (31 December 2002 : USD 15 million against YEN).

As at the balance sheet date, the subsidiary have recorded no contingent losses under “Special-condition option” agreements as they are unable to estimate the amount of such contingent losses for the current year.

3) Special - condition forward contracts

A subsidiary of the Company has entered into Special - condition forward contracts to buy approximately USD 150 million against CHF and has entered into Special - condition forward contracts to sell approximately USD 30 million against Baht in order to hedge exchange rate risk (31 December 2002 : NIL).

As at 31 December 2003, the exchange rate announced by the BOT is as the following :-

Currency	(Baht per 1 unit of currency)	
	Average buying rate	Average selling rate
USD	39.5385	39.7378
CHF	31.7594	32.1384
EUR	49.5517	50.1000

4) Interest Rate Swap Transaction agreements

A subsidiary of the Company has entered into the following interest rate swap transaction agreements with overseas financial institutions :

1. An agreement to swap interest with an overseas financial institution totalling USD 30 million. The contract period is 3 years, maturing in August 2006. Every 6 months, the subsidiary is required to pay interest to the financial institution at fixed rates of 0.95 percent per annum in the first year, 1.30 percent per annum in the second year and 1.65 percent per annum in the third year. The financial institution is in turn required to pay interest to the subsidiary at the 6-month LIBOR, pro-rate for the number of days on which the daily interest rate lies within a range stipulated in the agreements. (31 December 2002: USD 45 million, with the subsidiary required to pay interest every 6 months at the 6-month LIBOR and the financial institution required to pay interest at a fixed rate of 4.20 percent per annum).
2. An agreement to swap interest with an overseas financial institution totalling USD 30 million. The contract period is 5 years, maturing in October 2008 or when the subsidiary receives interest in an amount equivalent totalling to 9 percent of USD 30 million. Every 6 months, the subsidiary is required to pay interest to the financial institution at the 6-month LIBOR per annum, while the financial institution is required to pay interest to the subsidiary at 8 percent per annum for the first 6 months and at a rate referenced to LIBOR per annum for the remainder of the period.
3. Various interest rate swap agreements with an overseas financial institution to hedge the interest rate risk for interest of USD 30 million. The contract periods are for 1 year, maturing around August 2004. The subsidiary is required to pay interest to the financial institutions at the 12-months LIBOR and the financial institutions are required to pay interest at fixed rates of 2.33-2.85 percent per annum to the subsidiary.

27.2 Commitments

- As at 31 December 2003, the Company and its subsidiaries had capital commitments amounting to Baht 125 million for the purchase of machinery and equipments (31 December 2002: Baht 31 million) and had operating lease commitments amounting to CHF 9.2 million for equipments (31 December 2002 : NIL).

- An overseas subsidiary of the Company is being subjected to a tax inspection this year. Although the results of this inspection are not yet known, for conservative purposes the subsidiary has recorded provision for tax liabilities of approximately CHF 3.5 million. The Company's management believes that losses will not materiality differ from the recorded amount.

27.3 Bank guarantees

As at 31 December 2003, there were outstanding bank guarantees of approximately Baht 39 million and USD 5 million (31 December 2002 : Baht 32 million and USD 20 million) issued by the banks on behalf of the Company as required in the ordinary course of business of the Company.

28. CASH FLOWS STATEMENTS

28.1 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at banks with an original maturity of 3 months or less and without commitment.

Cash and cash equivalents as reflected in the statements of cash flows consist of the following :-

	Consolidated		The Company Only	
	2003	2002	2003	2002
Cash and cash equivalents	5,437,360,125	7,857,503,429	3,305,274,882	6,044,425,240
Unrealised loss on exchange rate	180,735,205	239,079,491	183,321,238	239,079,491
Cash and cash equivalents in the statements of cash flows	<u>5,618,095,330</u>	<u>8,096,582,920</u>	<u>3,488,596,120</u>	<u>6,283,504,731</u>

28.2 Acquisition of a new group of subsidiaries

During the current year, the Company acquired a group of subsidiary companies, as mentioned in Note 2.8 to the financial statements. Net assets and cash and cash equivalents of these subsidiary companies as at acquisition dated amounted to approximately Baht 963 million and Baht 767 million, respectively. The purchase prices of these subsidiary companies amounted to Baht 1,981 million, and thus the net cash flow used in acquisition of these subsidiary companies amounts to Baht 1,214 million and consolidation goodwill amounts to Baht 1,018 million.

29. THE RESOLUTION OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS / DIVIDENDS

At the Annual General Meeting of shareholders held on 17 March 2003, it was resolved that the Company pay a dividend of Baht 2.80 per share for the year 2002, a total of Baht 3,327 million. The dividend was reflected in the first quarter of the current year. In addition, it was resolved that the Company would obtain a loan or issue bonds to raise funds amounting to approximately Baht 7,000 million or the equivalent amount in foreign currency.

At the Annual General Meeting of shareholders held on 13 March 2002, it was resolved that the Company pay a dividend of Baht 3.25 per share for the year 2001, a total of Baht 3,861 million. The dividend is reflected in the first quarter's financial statements of the year 2002.

30. FINANCIAL INFORMATION BY SEGMENT

The businesses of the Company and its subsidiaries mainly involve the single industry segment of the manufacture and distribution of electronic products and are mainly carried on both in Thailand and overseas. Financial information of the Company and its subsidiaries by geographical segment, as at 31 December 2003 and 2002, and for the years then ended, is as follows :-

	Consolidated for the years ended 31 December												(Unit : Million Baht)	
	Thailand		Asia		USA		Europe		Total		Eliminated		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Sales - external	24,325	22,435	229	-	10,424	15,120	3,922	-	38,900	37,555	-	-	38,900	37,555
Sales - related parties	9,825	20,043	770	-	425	-	3,395	-	14,415	20,043	(12,354)	(17,056)	2,061	2,987
	<u>34,150</u>	<u>42,478</u>	<u>999</u>	<u>-</u>	<u>10,849</u>	<u>15,120</u>	<u>7,317</u>	<u>-</u>	<u>53,315</u>	<u>57,598</u>	<u>(12,354)</u>	<u>(17,056)</u>	<u>40,961</u>	<u>40,542</u>
Gross profit	5,317	6,407	5	-	390	49	675	-	6,387	6,456			6,521	6,471
Gain (loss) on exchange rate													550	(399)
Other income													396	260
Share of profit (loss) from investments accounted for under equity method													(21)	38
Selling and administrative expenses													(5,422)	(3,017)
Interest expenses													(57)	(29)
Corporate income tax													(89)	(4)
Minority interest in net loss of subsidiaries													18	3
Net earnings													<u>1,896</u>	<u>3,323</u>

	Consolidated for the years ended 31 December												(Unit : Million Baht)	
	Thailand		Asia		USA		Europe		Total		Eliminated		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Property, plant and equipment - net	3,800	3,855	13	-	148	-	829	-	4,790	3,855	-	-	4,790	3,855
Other assets	18,775	21,526	936	-	3,194	4,953	14,287	3,036	37,192	29,515	(12,630)	(8,338)	24,562	21,177
Total assets	<u>22,575</u>	<u>25,381</u>	<u>949</u>	<u>-</u>	<u>3,342</u>	<u>4,953</u>	<u>15,116</u>	<u>3,036</u>	<u>41,982</u>	<u>33,370</u>	<u>(12,630)</u>	<u>(8,338)</u>	<u>29,352</u>	<u>25,032</u>

31. FINANCIAL INSTRUMENTS

31.1 Financial risk management and policies

The Company and its subsidiaries are exposed to risks from changes in market interest rates and in currency exchange rates and from nonperformance of contractual obligations by counter parties. The Company and its subsidiaries use derivative instruments, as and when it considers appropriate, to manage such risks.

31.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of operations of the Company and its subsidiaries and their cash flows. The Company's and its subsidiaries' exposure to interest rate risk related primarily to their cash and cash equivalents, fixed deposits, long-term loans to related parties, bank overdrafts and short-term loan from financial institutions and long-term loan from financial institutions. The majority of these financial assets and liabilities carry interest rates which vary in line with market rates. However, a subsidiary of the Company has entered into interest rate swap agreements to hedge such interest rate risk, as discussed in note 27.1 to the financial statements.

31.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risks relates primarily to its cash and cash equivalents, receivable, long-term loans to related parties, payable, bank overdrafts and short-term loan from financial institutions and long-term loan from financial institutions which are denominated in foreign currencies. A subsidiary of the Company primarily utilise forward exchange contracts, currency options, special - condition option agreements and special - condition forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities (as presented in note 14 and 27.1 to the financial statements). In addition to those transactional exposures, the Company and the subsidiary are also exposed to the effect of foreign exchange movements on their investments in foreign subsidiary and associated companies, which currently are not hedged by any derivative financial instruments.

31.4 Credit risk

It is the Company's and its subsidiaries' policy to enter into financial instruments with creditworthy counterparties. Therefore the Company and its subsidiaries do not expect any material losses which may arise from the counterparties' failure to perform their obligations under the financial instruments. The Company's and its subsidiaries' revenues are generated in the technology industry, which is characterised by short product life cycles and rapid advances in manufacturing technologies. The maximum exposure to credit risk is the carrying amount of the financial assets less provision for losses as stated in the balance sheets.

With respect to off-balance sheet derivative financial instruments, it is the Company's and its subsidiaries' policy to enter into financial instruments with creditworthy counterparties. Therefore, the Company and its subsidiaries do not expect any material losses to arise from the counterparties' failure to perform their obligations under the financial instruments.

31.5 Fair value

Since the majority of financial assets are short-term and that the loans carry interest at rates close to current market rates, the management believes that fair value of their financial assets and liabilities does not materially differ from their carrying value.

32. PRESENTATION

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, as issued under the Accounting Act B.E. 2543.

Certain amounts in the financial statements for the year ended 31 December 2002 have been reclassified to conform to the current year's classifications, with no effect on previously reported net earnings or shareholders' equity.

33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's director.