

ANNUAL REPORT | 2003

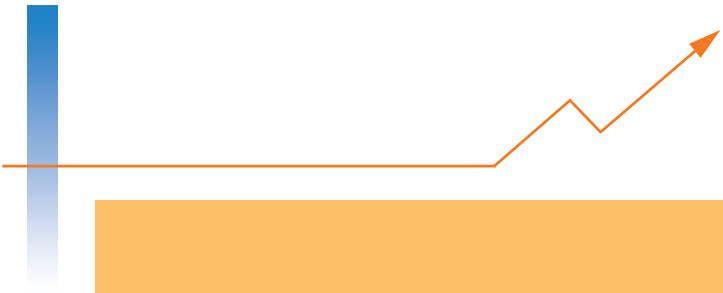
INTEGRITY QUALITY SERVICE



SAHA - UNION



SAHA-UNION PUBLIC COMPANY LIMITED



SAHA-UNION PUBLIC COMPANY LIMITED



From three decades of achievement, the company has been devoted and sustained to manufacture quality products to meet every requirement.

"Quality" is our commitment, each and every process is geared towards utmost efficiency, starting from all materials preparation and production plans to **on-time delivery** to ensure the optimum satisfaction on all parties.

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Major Financial Ratio and Information

SAHA-UNION PUBLIC COMPANY LIMITED (CONSOLIDATED)

Unit: Million Baht

	2003	2002	2001
	(Restated)		
Total Revenues	18,140.9	17,931.5	18,398.9
Total Sales	17,414.7	17,118.9	17,735.2
Gross Profit	2,234.6	2,303.4	2,569.7
Net Profit	1,031.9	988.9	959.3
Total Assets	19,880.2	18,213.1	17,600.6
Total Liabilities	5,621.4	4,474.2	4,899.5
Total Shareholder's Equity	14,258.8	13,738.8	12,701.1
Earning Ratio (%)	5.69%	5.51%	5.21%
Earning per Share (Baht)	3.55	3.40	3.72
Dividend per Share (Baht)	1.25	1.25	1.25
Book Value (Baht)	45.26	43.44	44.43
Net Asset Value (Baht)	45.26	43.44	44.43
Return on Assets (%)	5.42%	5.52%	5.44%
Return on Equity (%)	8.00%	8.20%	8.94%
Debt to Equity Ratio (Times)	0.43	0.35	0.43

SAHA-UNION PUBLIC COMPANY LIMITED

	2003	2002	2001
	(Restated)		
Total Revenues	16,048.5	15,523.1	15,970.3
Total Sales	14,931.2	14,291.6	14,861.0
Export	7,360.5	7,181.5	7,755.9
Domestic	7,570.7	7,110.1	7,105.1
Gross Profit	811.4	843.3	858.9
Net Profit	1,031.9	988.9	959.3
Earning per Share (Baht)	3.55	3.40	3.72
Dividend per Share (Baht)	1.25	1.25	1.25
Book Value (Baht)	45.26	43.44	44.43

Report

from the Board of Directors

The Thai economy in 2003 showed continued instability, on the back of the unsubstantial recovery of such major economies as the U.S., European Union and Japan. Meanwhile, the war in Iraq saw oil prices fluctuate and eventually rise following adjustments. Other factors like the threat of terrorist attacks around the world and the outbreak of SARS also had an impact on Thailand's major industries, not least exports and tourism, with sympathetic repercussions on other industries and businesses as well.

Nevertheless, the Thailand economy expanded in 2003, causes to government measures to revive the economy, in place since 2001. The government also managed to strengthen confidence in the kingdom's financial situation by its decision to pay off IMF debts several years before they were due. Another factor favoring the continuous growth in 2003 was that Thailand's regional trading partners, such as those in ASEAN and especially China, were on their way to strong recovery.

However, the growth was limited to only certain industries, including automobile parts and equipment, construction and construction materials, electrical circuit boards, rubber, steel, stainless steel and steel products. Other industries, such as textiles and fabric, were not as fortunate.

The export volume rose in 2003, this being a main indicator of Thai economic growth. Helped by the company's expansion in the Asian market, namely in China, India and ASEAN member countries, this allowed

“Saha-Union, Plc. has maintained its policy of flexibility on shareholders' dividends, ensuring that shareholders receive dividends in accordance with the investments they have made. The company has paid shareholders their dividends regularly, reasonably and to the satisfaction of all concerned.”

the company greater independence on such major markets as the U.S., Europe and Japan. In spreading exports over various markets instead of just a few, Thai industries were better prepared for any adverse effects from low performance in some sectors and were able to soften the impact to some degree.

Nevertheless, the international market was highly competitive, with an increasing number of manufacturing and exporting countries vying for business there. China's new membership in the World Trade Organization (WTO) is a good example. This means that China is now able to export huge volumes of products at lower prices to the world market, making competition for other countries fiercer. At the same time, many other countries facing over-capacity in manufacturing are having to battle with large product surpluses. Product prices have to be lowered for companies to remain competitive.

Approximately half of the total revenue of Saha - Union Public Company Limited, its affiliates and subsidiaries was earned from exports, an area that experienced several difficulties throughout the year. While the textile and ready-to-wear apparel industry faced a slowdown, footwear did not fare any better than it did in 2002. On the other hand, electronic parts did show some growth, while plastics, rubber, and metals also expanded. Major factors causing the problems were decreasing product prices, falling demand and shrinking consumer buying power, as well as the increasingly strong competition of both existing and newly emerging manufacturers.

RESULTS OF THE OPERATIONS IN 2003

In the year 2003, Saha-Union Public Company Limited achieved a total sales revenue of Baht 14,931.2 million, slightly up of Baht 639.6 million or just 4.5 percent from the year before. Total exports totaled Baht 7,360.5 million, 2.5 percent higher than those of last year, while total domestic sales, which were valued at



Mr. Amnuay Viravan
Chairman



Mr. Damri Darakananda
Vice Chairman



Mr. Panas Simasathien
Executive Chairman

Baht 7,570.8 million, made things more even by rising 6.5 percent over those of the previous year.

Net profits also looked better in 2003, with Baht 1,031.9 million, higher amount of Baht 43.1 million, or 4.4 percent from the year before. Total liabilities were up to Baht 5,271.8 million, an increase of 14.3 percent compared to the previous year. The company's total assets, meanwhile, stood at Baht 18,442.9 million, an also increase of 6.9 percent from 2002.

STRUCTURE OF REVENUE AND FINANCIAL STATUS

The company's financial status has always been strong, with liability ratios standing at 0.43:1. All debts are in the form of loans for project investment and business activities. The company has enjoyed a reputation of meeting loan payments with no apparent problems or delays. In 2003, the company has the payments required to pay within the next one-year period of Baht 500 million and of Baht 993.5 million for long term payment which is to be paid off in seven years.

The ratio of liabilities to shareholders' equity was 0.43:1, while other industries which normally in the range of 2.5:1, clearly shown to have a strong financial structure.

Despite the fact that Saha-Union Public Company Limited's export earnings and expenditures are all in foreign currencies, the company understands the risks behind overexposure to currency fluctuations. To lessen such risks, the company has introduced a policy, requiring that any payments for foreign debts be made from the sale of assets or export carefully. The company also acquires foreign currencies in advance or forms contracts aimed at minimizing such exchange fluctuations.

Saha-Union, Plc. has maintained its policy of flexibility on shareholders' dividends, ensuring that they are determined by profits and predicted cash flow, rather than on any fixed ratios. The policy ensures that shareholders receive dividends in accordance with the investments they have made. For the last five years, the company has paid shareholders their dividends regularly, reasonably and to the satisfaction of all concerned. Actually, the dividends have to be paid off in Baht 1.25 per share since 1999, better from the financial institutions' interest as well .

BUSINESS STRUCTURE AND OPERATIONS

The Saha-Union Group is divided into the following three business groups.

1. MANUFACTURING GROUP

Textile

The group's textile operation is run by eight different companies. Their total efforts generated sales of Baht 6,900.6 million, an increase of 0.5 percent over the previous year's sales. Export was Baht 2,742.2 million, while domestic was Baht 4,158.5 million.

Footwear

The Footwear's group activities are operated by two companies, which achieved total sales of Baht 2,997.5 million, an decrease by 5.7 percent compared to the year of 2002. Export was Baht 2,609.8 million, while domestic was Baht 387.7 million.

Plastics, Rubber and Metal

This group is run by eight companies. Their total sales of Baht 3,664.3 million in 2003 saw an increase of 26.8 percent over the previous year. Export of these operations was Baht 2,008.5 million, while domestic was Baht 1,655.8 million.

Computer and Electronics Parts

Three companies from the group as follows:

1. Saha-Union Public Company Limited (Sriracha Project)
2. Union Technology Company Limited

Both companies are involved in the production of hard disk drives for export to Hitachi Global Storage Technologies (Thailand) Co., Ltd.

3. Computer Union Company Limited

Distributes computers and all kinds of peripherals, banking automatic teller machines (ATM), ready-to-use programs, Internet services and computer service warranties.

2. ENERGY GROUP

1. Joint ventures in China,

- Four Cogeneration Plants in Zhejiang Province. Of these, three have been operational for some years, while the fourth is a new investment called "Shangyu Hangzhou - Union Cogeneration Co., Ltd.", is located in a chemical industrial area near to Hangzhou Province.

- Five Cogeneration Plants in Jiangsu Province and increased investment in "Yixing - Union Biochemical Co., Ltd.", to produce good grade lime acid for food industry exports.

- Two Thermal Power Plants in Yunnan province.

2. Investment project in Independent Power Producer in Thailand.

3. TRADING, INVESTMENT AND SERVICES GROUP

Comprising of more than 30 companies, the group has the responsibility of supporting and promoting the production, distribution, and services of all companies in the various business groups of Saha-Union.

TRENDS AND DIRECTIONS OF THE ECONOMY IN 2004

There are strong indications pointing to continuous economic growth for Thailand in 2004, caused by several government policies and stimulants, helping to enhance the kingdom's economic growth. The government has invested during the past year in large infrastructure projects, such as road and highway construction throughout the kingdom. In addition, policies aimed at increasing potential and spending in the private sector, the drive to help small entrepreneurs turn assets into capital, increased village funds, and special cash bonuses for retired government officials have helped the economic situation. They have also strengthened confidence in the private sector, and promoted investment for increased capacity in certain industries.

Signs of growth in certain industries are strong. However, the real indicator of the strength of the Thai economy is export earnings. As such, it is vital for the kingdom to build and enhance its export capabilities. Major markets, such as the U.S., European Union and Japan, are showing signs of economic recovery, but growth remains well below expectations.

Amongst the signs pointing to economic uncertainty are: the U.S. is running a huge federal budget deficit; the European Union is achieving lower export volumes; the Euro is stronger against the US\$; and unemployment rates are on the rise. Closer to home, Japan is facing problems with its banking system, with the number of bad loans rising and consumer spending showing almost no growth. Other contributing factors include a stronger Thai Baht, on the back of a weaker US\$, rising oil prices, and bumpy Sino-US trade relationships concerning the Chinese Yen adjustment, with unhelpful trade barriers. Meanwhile, terrorist attacks in many parts of the world still threaten, impacting the tourism and airline industries worldwide. The overall economic picture is filled with uncertainty, making the possibility of continuous recovery quite unlikely.

Moreover, these same factors may have an impact on Thailand's export market countries, which - also threatened by the same situation - may decide to alter their trading policies by reducing their imports. This would not only effect Thailand, but also the whole world. Such a situation underlines the need and urgency to develop and strengthen Thailand's capability to compete on international markets. Moreover, Thailand may find it difficult to compete for a larger market share in the long term, given other countries' ability to produce goods at lower costs.

The Board of Directors would like to express its gratitude to all the company shareholders, trading partners, and customers for their continual support and confidence in the company. The company owes its success and progress to the united efforts of all employees in the Saha - Union Group, who work tirelessly towards ever greater achievements. Through its employees, the group is able to instill greater confidence and satisfaction among all those concerned in the organization. The Board of Directors, Executives and all of the employees pledge to uphold the company's integrity and maintain its leadership status in the industry for long into the future.



Mr. Amnuay Viravan



Mr. Damri Darakananda



Mr. Panas Simasathien

Board of Directors

SAHA-UNION PUBLIC COMPANY LIMITED



1. Mr. Amnuay Viravan
Chairman



2. Mr. Damri Darakananda
Vice Chairman



3. Mr. Panas Simasathien
Executive Chairman



**4. Mr. Amorn
Chandara-somboon**
Advisor



5. Mr. Kisao Suzuki
Advisor



**6. Mrs. Chongraksa
Darakananda**
Advisor



7. Mr. Sumeth Darakananda
Advisor



8. Mr. Chackchai Panichapat
Advisor

9. Mr. Kamol Khoosuwan
Advisor



10. Mr. Sompop Amatayakul
Chairman of the Audit Committee and Advisor



11. Mr. Nontaphon Nimsomboon
Vice Executive Chairman



12. Mrs. Araya Arunanondchai
Audit Committee Member



13. Miss Sriwarin Jirapakkana
Executive Director and President



14. Miss Pakinee Prerttiumrong
Audit Committee Member



15. Mrs. Supung Tangsujaritpant
Executive Director and Vice President



16. Mr. Songsak Thampimukvatana
Executive Director and Vice President



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17. Mr. Thitivat Suebsaeng
Executive Director



18. Miss Dalad Sapthavichaikul
*Executive Director
and Vice President*



**19. Mr. Chutindhon
Darakananda**
*Executive Director
and Vice President*



**20. Mr. Aksornprasit
Darakananda**
*Executive Director
and Vice President*



**21. Mrs. Chantorntree
Darakananda**
Executive Director



22. Mr. Bovornrat Darakananda
*Executive Director
and Vice President*



**23. Mr. Vacharaphong
Darakananda**
*Executive Director
and Vice President*



**24. Mrs. Sasithorn
Darakananda**
Executive Director



25. Mr. Nantiya Darakananda
Executive Director

Board of Directors

SAHA-UNION PUBLIC COMPANY LIMITED

Mr. Amnuay Viravan

Education • Ph.D., (Bus. Adm.), University of Michigan, U.S.A. • Master's Degree, (Economics), University of Michigan, U.S.A. • Bachelor's Degree, (Com.), Chulalongkorn University **Experiences** • Deputy Prime Minister • Minister of Finance • Minister of Foreign Affairs • Permanent Secretary, Ministry of Finance • Secretary General, Board of Investment • Director General, Customs Department • Director of the Technical and Planning Department • Chairman, National Economics and Social Development Board (NESDB) • Economic and Financial Advisor to the Prime Minister • Executive Chairman, Bangkok Bank Public Company Limited **Current Positions** • Chairman, Union Textile Industries Public Company Limited • Chairman, Union Energy Company Limited • Chairman, Asia Cement Public Company Limited • Chairman, Bangkok Grand Pacific Lease Public Company Limited • Chairman of the Board, Asia Sermkij Leasing Company Limited • Chairman, Gold Bullion Corporation Company Limited • Member of the Advisory Board, Bangkok Bank Public Company Limited • Chairman, Foundation for Research of Thailand

Mr. Damri Darakananda

Education • Complete Middle School **Experiences** • President, Saha-Union Public Company Limited • President, Union Textile Industries Public Company Limited • Member, National Legislative Assembly • Arbitrator, the Thai textile Manufacturing Association • Executive Chairman, Saha-Union Public Company Limited • Director, Bangkok Bank Public Company Limited **Current Positions** • Vice Chairman of the Advisory Board, Saha-Union Public Company Limited • Vice Chairman, Union Energy Company Limited • Vice Chairman, and Executive Chairman Union Energy (China) Company Limited • Chairman, Saha-Union International Limited • Chairman, Saha-Union Investment (China) Company Limited • Chairman, Saha-Union International (Taipei) Limited • Chairman, Saha-Union International (USA) Inc. • Chairman, Saha-Union International (GA) Inc. • Chairman, Union Thread Industries Company Limited • Chairman, Union Industries Corporation Limited

Mr. Panas Simasathien

Education • Ph.D., (Accounting), University of Illinois, USA. • Master's Degree, (Accounting), University of Illinois, U.S.A. • Bachelor's Degree, (Cum Laude), Claremont Men's College, California, U.S.A. • Certificate of Accountancy, Thammasat University **Experiences** • Minister of Finance • Permanent Secretary, Ministry of Finance • Director General, Revenue Department • Director General, Comptroller-General's Department • Chairman, the Electricity Generating Authority of Thailand (EGAT) • Chairman, Krung Thai Bank Public Company Limited **Current Positions** • Chairman, Scandinavian Leasing Public Company Limited • Vice Chairman and Executive Chairman, Siam Piwat Company Limited • Vice Chairman, the National Economic and Social Development Board (NESDB) • Commissioner, Securities and Exchange Commission • Director, Union Energy Company Limited • Chairman, Board of Law Councillor (Law Committee Number 12), the Council of State • Chairman of the University Council, Thammasat University

Mr. Amorn Chandara-Somboon

Education • Docteur en Droit, University of Paris, France • Bachelor's Degree, (Laws), Thammasat University **Experiences** • Secretary - General, Office of the Juridical Council (Office of the Council of State) • Qualified Member of the Chulalongkorn University Council • Qualified Member of the Mahidol University Council • Qualified Member of the Khonkaen University Council **Current Positions** • Councillor of the Council of State of Thailand • Chairman of the Sub-Committee on legal affairs, the Security & Exchange Commission • Member of the Advisory Board, SASIN Graduate Institute of Business Administration of Chulalongkorn University • Qualified Member of the Ubol-Rachathani University Council • Executive Director, Bangkok Bank Public Company Limited

Mr. Kisao Suzuki

Education • Bachelor's Degree, (Mechanical Engineering), Tokyo Institute of Technology, Japan **Experiences** • Managing Director, Manufacturing, IBM Japan **Current Positions** • Director, Union Textiles Industries Public Company Limited

Mrs. Chongraksa Darakananda

Education • High School Diploma **Experiences** • Vice President, Saha-Union Corporation Limited • Director, World Trading Company Limited • Manager, Finance Department, Union Industries Corporation Limited **Current Positions** • Director, Companies in Saha-Union Group

Mr. Sumeth Darakananda

Education • Bachelor's Degree, (Engineering), Nottingham University, UK. **Experiences** • Chairman, Union Plastic Company Limited • Chairman, Union Thai-Nichiban Company Limited • President, Saha-Union Public Company Limited • Vice Executive Chairman, Saha-Union Public Company Limited **Current Positions** • Chairman, Union Button Corporation Limited • Chairman, Blood Transfusion Services Company Limited (BTS) • Chairman, Venus Technology Company Limited • Chairman, Pro-Med Company Limited

Mr. Chackchai Panichapat

Education • Master's Degree, (Electrical Engineering), University of Texas, Austin, Texas, U.S.A. • Bachelor's Degree, (Electrical Engineering) (Second Honors), Chulalongkorn University **Experiences** • Engineer, the Royal Irrigation Department • Deputy Secretary, Office of the Board of Investment • Director, the Board of National Science and Technology Development Agency, Ministry of Science, Technology and Environment • Director, Board of the Industrial Estate Authority of Thailand **Current Positions** • Executive Chairman, Amata City Company Limited • Director, Union Energy Company Limited • Director, Union Energy (China) Company Limited • Director and Chairman of the Audit Committee Board, City Recreation and Sports Public Company Limited • Director and Member of the Audit Committee Board, Central Pattana Public Company Limited

Mr. Kamol Khoosuan

Education • Bachelor's Degree, (Political Science), Chulalongkorn University **Experiences** • Personnel Manager, Thai Oil Company Limited • Human Resources Manager, Charoen Pokphand Company Limited • President, Saha-Union Public Company Limited • President, Union Energy Company Limited **Current Positions** • Vice Executive Chairman, Union Energy Company Limited

Mr. Sompop Amatayakul

Education • Honorary Doctorate's Degree from Thammasat University and the National Institute of Development Administration **Experiences** • Deputy Minister, Ministry of Industry • Managing Director, IBM (Thailand) Co., Ltd. • President, Saha-Union Public Company Limited **Current Positions** • Executive Chairman, B.B. Business Management Company Limited • Executive Chairman, Pomona Holding Company Limited • Managing Director, Khonkaen Breweries Company Limited • Director, Union Plastic Public Company Limited • Director, Union Pioneer Public Company Limited

Mr. Nontaphon Nimsomboon

Education • Honorary Doctorate's Degree in Accountancy from Thammasat University • M.B.A. from University of Iowa, U.S.A., • B.B.A.(with Honors) and B.A. in Accountancy from Thammasat University **Experiences** • Auditor General of Thailand • President, the Institute of Certified Accountants and Auditors of Thailand **Current Positions** • Vice Executive Chairman, Saha-Union Public Company Limited • Director, Union Energy Co.,Ltd. • Director, Union Energy (China) Co.,Ltd. • Board Member, Auditing Profession Supervisory Board, Ministry of Commerce • Advisor to Performance Evaluation Committee of King Prajadhipok Institute • Director & Audit Committee Chairman of BigC Supercenter Public Company Limited • Director & Audit Committee Chairman, Thai Storage Battery Public Company Limited.

Mrs. Araya Arunanondchai

Education • Bachelor's Degree, (Accounting), Thammasat University **Experiences** • Director, Budget Department, Thai Farmers Bank Public Company Limited • Vice President, Saha-Union Corporation Limited • Chairman, Union Securities Company Limited **Current Positions** • Executive Director, Chiangmai Night Bazaar Company Limited • Executive Chairman, Rajburi Sugar Company Limited

Miss Sriwarin Jirapakkana

Education • Master's Degree (Management), SASIN Graduate Institute of Business Administration of Chulalongkorn University • Bachelor's Degree, (Accounting), Chulalongkorn University **Experiences** • Vice President-Finance, Saha-Union Public Company Limited • Director, Companies in Saha-Union Group **Current Positions** • President, Saha-Union Public Company Limited • President, Union Textiles Industries Public Company Limited • Chairman, Union Pioneer Public Company Limited • Chairman, Union Nifco Company Limited • Chairman, Union Thai-Nichiban Company Limited • Chairman, Union-Zojirushi Company Limited • Chairman, Union Plastic Public Company Limited • Chairman, Union Stainless Steel Products Company Limited • Director, Companies in Saha-Union Group

Miss Pakinee Prerttittumrong

Education • Bachelor's Degree, (Economics), Thammasat University **Experiences** • Manager, Chongsawat Corporation **Current Positions** • Director, Union Industries Corporation Limited • Director, Union Thread Industries Company Limited

Mrs. Supung Tangsujaritpunt

Education • Certificate of Vocational Education (Accounting) **Experiences** • Manager, Finance and Accounting, Union Thread Industries Company Limited • Manager, Finance and Accounting, Saha-Union Public Company Limited (Ladphrao) • Managing Director, Union Spinning Mills Company Limited **Current Positions** • Executive Director and Vice President, Saha-Union Public Company Limited

Mr. Songsak Thampimukvatana

Education • Bachelor's Degree, (Engineering), Adamson University, Philippines **Experiences** • Managing Director, Union Footwear Public Company Limited **Current Positions** • Executive Chairman, the Footwear Business, Saha-Union Group • Chairman, Union Footwear Public Company Limited • Vice President, Saha-Union Public Company Limited

Mr. Thitivat Suebsaeng

Education • Ph.D. (Chemistry), Marquette University, U.S.A. • M.Sc. (Inorganic Chemistry), Chiangmai University • B.Sc. (Chemistry), Chiangmai University **Experiences** • Lecturer at the Department of Chemistry, Faculty of Science, Ramkhamhaeng University • Managing Director, Union Plastic Public Company Limited • Managing Director, Union Stainless Steel Products Company Limited • Managing Director, Union Pioneer Public Company Limited • Director, Union Zojirushi Company Limited **Current Positions** • Director, Union Plastic Public Company Limited • Director, Union Energy (China) Company Limited • Director and General Manager, Saha - Union Investment (China) Company Limited • Director and General Manager, Zhejiang Saha - Union Thread Industries Company Limited • Director, of 9 Cogeneration Plants in China

Miss Dalad Saphavichaikul

Education • Master's Degree, (Computer), University of Illinois, U.S.A. • Bachelor's Degree, (Economics) (First Honors) Chulalongkorn University **Experiences** • Manager, Office of the President, Saha-Union Public Company Limited • Manager, Office of the Executive Chairman, Saha-Union Public Company Limited **Current Positions** • Vice President, Saha-Union Public Company Limited • Managing Director, Uni-Fibre Company Limited • Director, Union Textile Industries Public Company Limited • Director, Union Energy Company Limited • Director, Union Energy (China) Company Limited • Director Union Pioneer Public Company Limited • Director, Computer Union Company Limited • Director, Processing Center Company Limited

Mr. Chutindhon Darakananda

Education • Master's Degree, (Bus.Adm.), SASIN Graduate Institute of Business Administration of Chulalongkorn University • Bachelor's Degree, (Industrial Engineering), Stanford University, U.S.A. **Experiences** • Managing Director, Union Thread Industries Company Limited • Director, Companies in Saha-Union Group **Current Positions** • Vice President, Saha-Union Public Company Limited • Director, Companies in Saha-Union Group

Mr. Aksornprasit Darakananda

Education • Bachelor's Degree, (Chemical Engineering), Georgia Institute of Technology, U.S.A. **Experiences** • Director, Companies in Saha-Union Group **Current Positions** • Managing Director, Union Industries Corporation • Managing Director, Union Thread Industries Company Limited • Vice President, Saha-Union Public Company Limited • President and Acting Vice President-Business Development, Union Energy Company Limited

Mrs. Chantorntree Darakananda

Education • Bachelor's Degree,(Medical),Chulalongkorn University **Experiences** • Director, Companies in Saha-Union Group **Current Positions** • Assistant Managing Director, Union Industries Corporation • Assistant Managing Director, Union Thread Industries Company Limited • Director, Companies in Saha-Union Group • Director, Latphrao Hospital Public Company Limited

Mr. Bovornrat Darakananda

Education • Master's Degree, (Electrical and Management Engineering), Massachusetts Institute of Technology, U.S.A. • Bachelor's Degree, (Electrical and Management Engineering), Massachusetts Institute of Technology, U.S.A. **Experiences** • Vice President, Saha-Union International (Georgia) Inc. • Director and Executive Director, Union Energy Company Limited • Director and Manager, Union Energy (China) Company Limited • General Manager, Saha-Union Investment (China) Company Limited **Current Positions** • Managing Director, Union Spinning Mills Company Limited

Mr. Vacharaphong Darakananda

Education • Bachelor's Degree, (Physics), Harvey Mudd College,California, U.S.A. **Experiences** • Assistant Managing Director, Venus Thread Company Limited • General Manager, Saha-Union Public Company Limited (Sriracha Operation) **Current Positions** • Vice President, Saha-Union Public Company Limited • Managing Director, Union Textile Industries Public Company Limited

Mrs. Sasithorn Darakananda

Education • Master's Degree, (Chemical Engineering) University of Southern California, U.S.A. • Bachelor's Degree, (Chemical Technology), Chulalongkorn University **Experiences** • Production Planning & Control Manager • Procurement Manager • Administrative Manager, Saha-Union Public Company Limited (Sriracha Project) **Current Positions** • Executive Director, Saha-Union Public Company Limited • Director, Union Technology Company Limited

Mr. Nantiya Darakananda

Education • Master's Degree, (Bus.Adm.), SASIN Graduate Institute of Business Administration of Chulalongkorn University • Bachelor's Degree, (Applied Physics), University of California, Davis, U.S.A. **Experiences** • Assistant Managing Director, Union Button Corporation Limited • Assistant to the Executive Vice Chairman, Saha-Union Public Company Limited **Current Positions** • President, Blood Transfusion Services Company Limited (BTS) • President, Venus Technology Company Limited • President, Pro-Med Company Limited • Director, Union Pioneer Public Company Limited • Director, Union Plastic Public Company Limited • Director, Union Thai-Nichiban Company Limited • Director, Star. Edu Company Limited • Director, Venus Button Company Limited • Director, Union Industries Corporation • Director, Union Thread Industries Company Limited

Person	Relationship
Mr. Damri Darakananda and Mrs. Chongraksa Darakananda	Spouse
Mr. Damri Darakananda and Mrs. Chongraksa Darakananda and Mr. Chutindhon Darakananda, Mr. Aksornprasit Darakananda, Mr. Bovornrat Darakananda, Mr. Vacharaphong Darakananda	Family
Mr. Damri Darakananda and Mr. Sumeth Darakananda	Brother
Mr. Damri Darakananda and Mr. Nantiya Darakananda	Cousin
Mr. Sumeth Darakananda and Mr. Nantiya Darakananda	Family
Mr. Aksornprasit Darakananda and Mrs. Chantorntree Darakananda	Spouse
Mr. Vacharaphong Darakananda and Mrs. Sasithorn Darakananda	Spouse
Mr. Amorn Chandara-Somboon and Mrs. Sasithorn Darakananda	Family

Board of the Executives

SAHA-UNION PUBLIC COMPANY LIMITED

THE ADVISORY BOARD

Mr. Amnuay Viravan	Chairman
Mr. Damri Darakananda	Vice Chairman
Mr. Panas Simasathien	
Mr. Amorn Chandara-somboon	
Mr. Kisao Suzuki	
Mrs. Chongraksa Darakananda	
Mr. Sumeth Darakananda	
Mr. Chackchai Panichapat	
Mr. Kamol Khoosuan	
Mr. Sompop Amatayakul	

BOARD OF EXECUTIVE COMMITTEE

Mr. Panas Simasathien	Chairman
Mr. Nontaphon Nimsomboon	Vice Executive Chairman
Miss Sriwarin Jirapakkana	President
Mrs. Supung Tangsujaritpant	
Mr. Songsak Thampimukvatana	
Mr. Thitivat Suebsaeng	
Miss Dalad Saphavichaiikul	
Mr. Chutindhon Darakananda	
Mr. Aksornprasit Darakananda	
Mrs. Chantornree Darakananda	
Mr. Bovornrat Darakananda	
Mr. Vacharaphong Darakananda	
Mrs. Sasithorn Darakananda	
Mr. Nantiya Darakananda	

BOARD OF AUDIT COMMITTEE

Mr. Sompop Amatayakul	Chairman
Mrs. Araya Arunanondchai	
Miss Pakinee Prerttitumrong	

EXECUTIVE OFFICERS

Mr. Panas Simasathien	Executive Chairman
Mr. Nontaphon Nimsomboon	Vice Executive Chairman
Miss Sriwarin Jirapakkana	President and Acting Vice President-Accounting and Finance
Mrs. Supung Tangsujaritpant	Vice President
Mr. Songsak Thampimukvatana	Vice President
Miss Dalad Saphavichaiikul	Vice President
Mr. Chutindhon Darakananda	Vice President
Mr. Aksornprasit Darakananda	Vice President
Mr. Bovornrat Darakananda	Vice President
Mr. Vacharaphong Darakananda	Vice President

Direct Investment

OF SAHA-UNION IN THE GROUP COMPANIES

Group of Business	Company	Authorized (Baht)	Capital Issued (Baht)	Paid Up per share (Baht)	Investment %	
	Saha-Union Public Co., Ltd.	3,000,000,000	3,000,000,000	10	-	
MANUFACTURING						
Textile	Union Textile Industries Public Co., Ltd.	600,000,000	600,000,000	10	29.69	
	Union Garment Co., Ltd.	50,000,000	50,000,000	100	99.98	
	Union Thread Industries Co., Ltd.	200,000,000	200,000,000	10	25.07	
	Union Spinning Mills Co., Ltd.	200,000,000	200,000,000	100	25.00	
	Union Industries Corp., Ltd.	150,000,000	150,000,000	100	25.00	
	Union Button Corp., Ltd.	70,000,000	70,000,000	100	10.71	
	Venus Button Corp., Ltd.	40,000,000	40,000,000	100	25.00	
	Union Micron Clean Co., Ltd.	5,000,000	5,000,000	10	25.00	
	Fashion Apparel Co., Ltd.	5,000,000	2,500,000	50	29.99	
Footwear	Union Footwear Public Co., Ltd.	200,000,000	200,000,000	10	45.38	
	Union Shoes Co., Ltd.	100,000,000	100,000,000	100	61.70	
	Uni-Sole Co., Ltd.	50,000,000	50,000,000	100	32.00	
Plastics & Rubber and Metal	Union Pioneer Public Co., Ltd.	75,000,000	75,000,000	10	48.96	
	Union Plastic Public Co., Ltd.	250,000,000	250,000,000	10	49.52	
	Union Thai-Nichiban Co., Ltd.	15,000,000	15,000,000	100	40.27	
	Union Zojirushi Co., Ltd.	140,000,000	140,000,000	100	51.00	
	Union Stainless Steel Product Co., Ltd.	40,000,000	40,000,000	100	98.00	
	Union Nifco Co., Ltd.	40,000,000	40,000,000	100	30.00	
	Union Rubber Products Corp., Ltd.	20,000,000	20,000,000	100	99.99	
	Thai Rubber Enterprise Corp., Ltd.	32,000,000	31,000,000	100	50.69	
Computer & Electronics Parts	Saha-Union Public Co., Ltd. (Sriracha Project)					
	Union Technology Co., Ltd.	100,000,000	100,000,000	10	100.00	
	Computer Union Co., Ltd.	60,000,000	60,000,000	100	88.58	
ENERGY						
	Union Energy Co., Ltd.	1,350,000,000	1,350,000,000	10	99.26	
	Union Energy (China) Co., Ltd.	2,000,000,000	2,000,000,000	100	100.00	
COMMERCIAL, INVESTMENT & SERVICES						
Commercial	Sports Ace Co., Ltd.	40,000,000	40,000,000	100	50.00	
	Uni-Fibre Co., Ltd.	120,000,000	120,000,000	100	25.67	
	Union Universe Co., Ltd.	7,500,000	7,500,000	100	49.86	
Investment	Union Capital Co., Ltd.	250,000,000	250,000,000	100	29.00	
	Saha-Union Holding Co., Ltd.	1,000,000,000	1,000,000,000	100	99.54	
	Union Business Management Co., Ltd.	500,000,000	500,000,000	100	29.40	
	Union Overseas Holding Co., Ltd.	100,000,000	25,000,000	2.5	25.00	
	Union Equity Co., Ltd.	230,000,000	230,000,000	10	99.43	
	Union Rubber Plus Co., Ltd.	40,000,000	30,000,000	7.5	25.00	
	Texport International Co., Ltd.	50,000,000	50,000,000	100	85.18	
	Uni-Media Co., Ltd.	166,500,000	166,500,000	10	78.00	
	Uni-Ago Co., Ltd.	65,000,000	65,000,000	100	30.00	
Services	Union Sime Darby (Thailand) Ltd.	4,000,000	4,000,000	100	18.95	
	Union Printing Co., Ltd.	30,000,000	30,000,000	10	94.74	
	Venus Shoes Co., Ltd.	100,000,000	100,000,000	100	76.00	
	Union Construction Corp. Ltd.	200,000,000	200,000,000	100	1.95	
	Union Human Resources Development Co., Ltd.	1,000,000	250,000	2.5	99.99	
Overseas	Saha-Union International (U.S.A.) Inc.	USD 500,000	USD 250,000	USD 1	10.00	
	Saha-Union International Ltd. (Hong Kong)	HKD 254,894,000	HKD 254,894,000	HKD 100	99.98	
	Saha-Union International (Taipei) Ltd.	NT 5,000,000	NT 5,000,000	NT 25	10.00	
	Saha-Union International (GA) Inc.	USD 7,000,000	USD 7,000,000	USD 1	100.00	
	Saha-Union International (UK) Ltd.	GBP 100,000	GBP 100,000	GBP 1	10.00	
	Saha-Union Investment (China) Co., Ltd.	USD 30,000,000	USD 30,000,000	US\$ 1	100.00	
	Global Education Management Ltd.	USD 5,000,000	USD 5,000,000	US\$ 1	49.000	
	Investment in Companies in the Group					
	Investment in Other Companies					
	Total Investment					

as of December 31, 2003

	Investment per share (Baht)	S.U. Investment at cost (Baht)	Book Value per share (Baht)	Market Value per share (Baht)	Investment Market Value	Date of establishment	Product / Service
	-		45.26	25.25		10 Aug. 1972	Investment and Sales Distributor of Saha-Union Group
	10.16	180,892,423.41	15.30	11.10	197,716,530.00	21 Mar. 1977	Fabric
	140.70	70,335,622.00	213.85	213.85	106,900,193.40	26 Apr. 1974	Garment
	10.41	52,215,572.50	110.63	110.63	554,653,461.70	2 Nov. 1973	Cotton Synthetic Sewing Thread
	93.13	46,563,324.78	131.05	131.05	65,525,000.00	4 Jun. 1971	Sewing Thread
	116.01	43,502,205.00	585.48	585.48	219,555,000.00	23 May 1961	Zippers
	153.33	11,500,000.00	256.25	256.25	19,218,750.00	28 May 1969	Buttons
	100.00	10,000,000.00	128.05	128.05	12,805,000.00	15 Feb. 1989	Buttons
	10.00	1,250,000.00	50.78	50.78	6,347,500.00	24 Jan. 1998	Cleanroom Garment
	50.00	749,850.00	119.74	119.74	1,795,740.78	20 Oct. 1988	Garment
	14.48	131,378,696.98	21.05	14.50	131,588,950.00	17 Mar. 1982	Sports Shoes
	111.67	68,897,580.00	199.83	199.83	123,289,314.93	5 Aug. 1986	Sports Shoes
	58.75	9,400,000.00	130.00	130.00	20,800,000.00	29 Sep. 1988	Soles
	14.46	53,084,046.25	41.58	35.50	130,349,610.00	8 Oct. 1973	Rubber thread. elastic braids & webbing
	19.02	235,432,531.30	20.44	21.20	262,458,756.00	3 Jan. 1969	Plastic products
	318.92	19,266,000.00	2,640.23	2,640.23	159,496,294.30	21 Jun. 1973	Cellophane, magic, kraft and pp tape
	100.92	72,057,235.50	294.41	294.41	210,206,973.54	18 Aug. 1986	Vacuum bottles
	133.70	52,410,933.00	158.17	158.17	62,001,849.15	16 Dec. 1988	Pipes
	112.92	13,552,200.00	492.23	492.23	59,073,014.53	3 Nov. 1988	Fasteners
	80.56	16,110,854.50	77.47	77.47	15,493,535.18	24 Mar. 1971	Rubber Products
	102.13	16,566,755.10	110.40	110.40	17,908,867.20	9 Jul. 1970	Rubber estates
	10.00	99,999,930.00	20.26	20.26	202,599,858.18	22 Jun. 1992	Manufacture Hardisk drive and computer accessories
	103.30	54,900,700.40	85.55	85.55	45,468,883.95	18 Nov. 1982	Manufacture Hardisk drive and computer accessories
							Computer and all kinds of peripherals distributor
	10.00	1,339,999,950.00	8.60	8.60	1,152,399,957.00	2 Feb. 1994	Electric power & energy investment
	100.00	1,999,999,400.00	96.93	96.93	1,938,599,418.42	9 Aug. 1996	Electric power & energy investment
	112.06	22,412,500.00	214.50	214.50	42,900,000.00	2 Apr. 1984	Sport Shoes distributor
	100.00	30,800,000.00	222.29	222.29	68,465,320.00	5 Nov. 1980	Supply raw materials and textile distributor
	100.22	3,748,010.00	1,452.53	1,452.53	54,320,264.41	7 Mar. 1968	Grandslam garments
	100.00	72,500,000.00	199.48	199.48	144,623,000.00	29 Jun. 1970	Investment
	100.00	995,398,600.00	21.09	21.09	209,929,564.74	14 Nov. 1989	Investment
	99.80	146,712,439.98	118.52	118.52	174,224,400.00	30 Jun. 1993	Investment
	2.50	6,250,025.00	2.83	2.83	7,075,028.30	29 Apr. 1994	Investment
	10.00	228,698,014.00	11.68	11.68	267,119,520.96	31 May 1989	Investment
	7.50	7,500,000.00	13.26	13.26	13,260,000.00	1 Mar. 1995	Investment
	104.00	44,293,600.00	87.85	87.85	37,415,315.00	14 Apr. 1978	Investment
	7.45	96,702,960.00	0.00	0.00	0.00	25 Dec. 1987	Non-Operation
	104.95	20,464,690.80	77.70	77.70	15,151,500.00	22 Aug. 1972	Argriculture Business
	91.58	694,141.16	336.90	336.90	2,553,702.00	4 Aug. 1981	Broking Services
	10.37	29,465,812.50	8.14	8.14	23,134,287.00	10 Jul. 1970	Printing Services
	80.42	61,120,000.00	50.12	50.12	38,091,200.00	29 Sep. 1988	Assets and apartments rental
	113.71	4,431,100.00	59.25	59.25	2,308,913.25	7 Sep. 1973	Architectural, Construction, and Interior
	2.50	249,982.50	2.30	2.30	229,983.90	26 Sep. 2004	Training and Personnel Development
	22.01	550,250.00	50.72	50.72	1,268,000.00	12 Oct. 1977	Import and sales distributor of Saha-Union Group
	488.32	1,244,449,250.48	529.47	529.47	1,349,322,526.80	18 Aug. 1972	Import & Export and sales distributor of Saha-Union Group
	19.30	385,917.66	86.55	86.55	1,731,000.00	8 Nov. 1984	Supply raw materials for The Group Companies
	25.55	178,852,500.00	39.33	39.33	275,310,000.00	29 Jan. 1988	Import and sales distributor of Saha-Union Group
	46.09	460,850.00	60.74	60.74	607,400.00	22 Oct. 1991	Non-Operation
	34.89	1,046,788,000.00	42.33	42.33	1,269,900,000.00	25 Feb. 1995	Investment
	40.10	98,242,500.00	0.00	0.00	0.00	13 Oct. 2003	International School Management
		8,941,236,954.80			9,715,193,384.62		
		245,919,462.20			442,680,871.60		
		9,187,156,417.00			10,157,874,256.22		

Business Results

and Five Years Financial Statistics

	2003 Equity Method	2002 Equity Method (Restated)
Revenues		
Sales	14,931.2	14,291.6
Export	7,360.5	7,181.5
Domestic	7,570.7	7,110.1
Dividends Received	278.2	407.0
Other Incomes	606.7	536.1
Total Revenues	15,816.1	15,234.7
Expenses		
Cost of Sales	14,119.8	13,448.3
Selling and Administrative Expenses	843.0	801.4
Interest Expenses	22.6	61.3
Total Expenses	14,985.4	14,311.0
Operating Profit (Loss)	830.7	923.7
Gain (loss) on Exchange Rate	87.7	(106.0)
Profit (Loss) before Corporate Income Tax	918.4	817.7
Corporate Income Tax	(118.8)	(117.3)
Net Profit (Loss) after Corporate Income Tax	799.6	700.4
(Less) Dividends Income	(261.6)	(391.3)
Plus (Less) Participating Gain (Loss)		
- Subsidiary	77.4	147.6
- Associated	416.6	532.2
Net Profit (Loss)	1,032.0	988.9
Earning per Share (Baht)	3.55	3.40
Dividends per Share (Baht)	1.25	1.25
Dividends per Net Profit (%)	35.21%	36.76%
Assets		
Loan to Group Companies	2,441.5	456.9
Current Assets	3,001.1	3,049.2
Investment in Group and Other Companies	11,968.2	12,623.9
Long Term Investment	102.7	102.6
Property, Plant and Equipment-Net	639.9	731.5
Other Assets	289.5	289.6
Total Asset	18,442.9	17,253.7
Liabilities and Shareholder's Equity		
Deposit from Group and Other Companies	350.3	424.7
Current Liabilities	3,788.2	3,543.8
Long Term Loan	993.5	500.0
Other Liabilities	139.9	144.1
Shareholder's Equity		
Shareholder's Equity Issued and Paid Up Share Capital	3,000.0	3,000.0
Premiums on Share Capital	2,599.0	2,599.0
Company's Shares held by the Subsidiaries	(217.6)	(217.6)
Appropriated and Unappropriated Retain Earnings	5,948.7	5,280.6
Auditing Standard	1,840.9	1,979.1
Total Shareholder's Equity	13,171.0	12,641.1
Total Liabilities and Shareholder's Equity	18,442.9	17,253.7
Book Value (Baht)	45.26	43.44

Unit : Million Baht

	2001 Equity Method	2000 Equity Method	1999 Equity Method
	14,861.0	14,679.6	13,776.4
	7,755.9	7,167.0	7,027.8
	7,105.1	7,512.6	6,748.6
	174.3	271.8	174.3
	608.8	551.6	587.2
	15,644.1	15,503.0	14,537.9
	14,002.1	13,917.8	12,590.2
	803.8	771.5	564.3
	150.1	206.6	302.3
	14,956.0	14,895.9	13,456.8
	688.1	607.1	1,081.1
	129.0	54.8	15.1
	817.1	661.9	1,096.2
	(184.0)	(116.2)	(218.6)
	633.1	545.7	877.6
	(157.4)	(248.6)	(153.9)
	247.4	220.9	(104.9)
	236.2	439.2	411.6
	959.3	957.2	1,030.4
	3.72	3.89	4.20
	1.25	1.25	1.25
	33.60%	32.13%	29.76%
	1,666.8	1,712.6	1,677.1
	2,849.0	3,324.2	2,559.2
	11,348.3	10,425.0	10,685.6
	102.6	102.7	200.0
	859.1	867.0	941.1
	297.1	295.0	296.7
	17,122.9	16,726.5	16,359.7
	524.2	533.4	706.7
	4,017.3	4,367.3	3,728.4
	1,000.0	1,710.0	2,164.1
	108.4	124.6	696.4
	3,000.0	3,000.0	3,000.0
	2,599.0	2,599.0	2,599.0
	(217.6)	(1,462.5)	(1,479.1)
	5,017.0	5,079.7	4,419.6
	1,074.6	775.0	524.6
	11,473.0	9,991.2	9,064.1
	17,122.9	16,726.5	16,359.7
	44.43	40.60	36.92

Structure of Income and Investment

Unit : Baht

Group of Business	2003					
	Domestic	%	Overseas	%	Total	%
Manufacturing	11,889,721,808.89	65.54	11,821,335,153.36	65.16	23,711,056,962.25	130.71
Energy	1,116,468,964.32	6.15	-	-	1,116,468,964.32	6.15
Investment and Others	121,210,018.05	0.67	116,060,514.69	0.64	237,270,532.74	1.31
Total	13,127,400,791.26	72.36	11,937,395,668.05	65.80	25,064,796,459.31	138.71
Connected Transaction	-	-	-	-	(7,650,137,657.52)	(42.17)
Net Sales	13,127,400,791.26	72.36	11,937,395,668.05	65.80	17,414,658,801.79	96.00
Share of Profits					416,620,693.05	2.30
Other Incomes					309,603,788.84	1.71
Total Income					18,140,883,283.68	100.00

All details are shown in the Financial Statement No. 24, section : Segment Information

		2003			2003
Group of Business	Company Name	% Investment	Group of Business	Company Name	% Investment
		Equity Method			Equity Method
Manufacturing			Investment	Union Capital Co., Ltd.	49.00
Textiles	Union Textile Industries Public Co., Ltd.	37.79		Saha-Union Holding Co., Ltd.	99.67
	Union Garment Co., Ltd.	99.98		Union Business Management Co., Ltd	55.24
	Union Thread Industries Co., Ltd.	36.23		Union Overseas Holding Co., Ltd.	58.98
	Union Spinning Mills Co., Ltd.	52.16		Union Equity Co., Ltd.	99.43
	Union Industries Corp., Ltd.	29.60		Union Rubber Plus Co., Ltd.	45.68
	Union Button Corp., Ltd.	10.71		Texport International Co., Ltd.	85.18
	Venus Button Corp., Ltd.	30.00		Venus Shoes Co., Ltd.	96.86
	Fashion Apparel Co., Ltd.	99.97		Venus Thread Co., Ltd.	25.07
	Union Micron Clean Co., Ltd.	41.85		Uni-Media Co., Ltd.	78.00
Footwear	Union Footwear Public Co., Ltd.	51.23		Uni-Ago Co., Ltd.	45.02
	Union Shoes Co., Ltd.	97.85	Services	Union Printing Co., Ltd.	94.74
	Uni-Sole Co., Ltd.	70.69		Union Construction Corp. Ltd.	98.90
Plastics & Rubber and Metal	Union Pioneer Public Co., Ltd.	52.67		Union Human Resources Development Co., Ltd.	99.99
	Union Plastic Public Co., Ltd.	49.68	Overseas	Saha-Union International (U.S.A.) Inc.	42.60
	Union Thai-Nichiban Co., Ltd.	40.27		Saha-Union International Ltd. (Hong Kong)	99.98
	Union Zojirushi Co., Ltd.	51.00		Saha-Union International (Taipei) Ltd.	32.50
	Union Stainless Steel Product Co., Ltd.	98.00		Saha-Union International (GA) Inc.	100.00
	Union Nifco Co., Ltd.	39.90		Saha-Union International (UK) Ltd.	32.56
	Union Rubber Products Corp., Ltd.	99.99		Saha-Union Investment (China) Co., Ltd.	100.00
	Thai Rubber Enterprise Corp., Ltd.	50.69		Global Education Management Ltd.	49.00
Computer & Electronics Parts					
Saha-Union Public Co., Ltd. (Sriracha Project)					
Union Technology Co., Ltd.	99.99				
Computer Union Co., Ltd.	88.58				
Computer Union Systems Co., Ltd.	88.58				
Energy					
Union Energy Co., Ltd.	99.45				
Union Energy (China) Co., Ltd.	99.99				
Commercial, Investment & Services					
Commercial	Sports Ace Co., Ltd.	50.00			
	Uni-Fibre Co., Ltd.	51.71			
	Union Universe Co., Ltd.	49.86			

Textile



TYPES OF PRODUCTS AND SERVICES

The companies in the textile business are listed under three separate categories:

1. Garment accessories, including zippers, thread and buttons.
2. Fabric weaving, fabric printing and dyeing.
3. Ready-to-wear apparel.

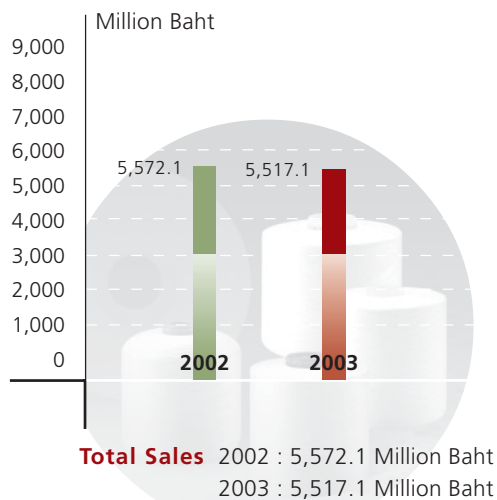
Manufactured for and distributed to both domestic and overseas markets, the above products are sold under the VENUS trademark. All products are made to order by customers who either purchase products for use in their own production processes, or sell them directly to the consumers. .

PRODUCTS AND SERVICES PREPARATION

The companies acquire most of their raw materials from overseas, with the quantity being based on order evaluations carried out each quarter. While production process is related to the raw material acquisition and warehouse management planning, and is largely dependent upon fluctuating prices - which have a direct impact on the cost of the product.

OPERATION RESULTS IN 2003

The year 2003 saw the textile industry still in slowdown mode, caused by two important events. Firstly, the U.S.-led war against Iraq pushed oil prices continually higher. This saw raw material prices rocketing, a situation that pushed production costs well beyond manufacturers' expectations. Meanwhile, manufacturers were unable to compensate for the rising cost of production via hiked product prices, due to the highly competitive textile market.



In order to keep its market shares and achieve the targets for 2004, the companies have devised a strategy to produce more value-added products. In this way, the companies would be able to hold onto their existing customers, while enticing new buyers in the domestic market.

Secondly, the SARS outbreak jolted trading in the Asia Pacific for some time, while China was emerging as a powerful and more competitively priced player in the textile market. China showed great potential in manufacturing products of ever higher quality standards.

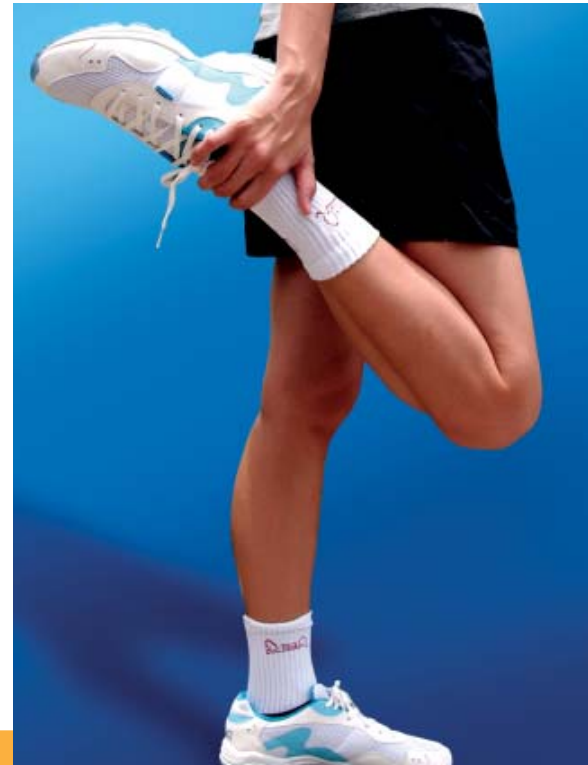
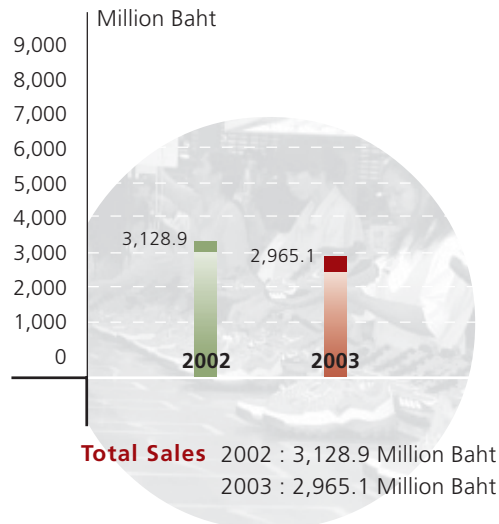
Though the companies, involved in the textile business managed to generate Baht 5,517.1 million in total sales, a decrease of 0.1 percent, compared to the previous year, when the sales touched Baht 5,572.1 million. The total value of exports amounted to Baht 2,624.5 million, 0.2 percent dropped from the previous year, while domestic sales reached Baht 2,892.6 million, a reduction of 1.7 percent from the year 2002.

TRENDS OF INDUSTRY AND COMPETITION

Despite such pressing problems, the textile industry still has a promising future. This, even though textile product prices are being lowered and production costs are on the rise. In order to keep its market shares and achieve the targets for 2004, the companies have devised a strategy to produce more value-added products. In this way, the companies would be able to hold onto their existing customers, while enticing new buyers in the domestic market. The companies also have plans to upgrade their production process, with the aim to achieve highest efficiency at every step of the process, from the sourcing of raw materials to product delivery. The main focus is on keeping costs low and efficiency high, to gain a greater competitive edge over other textile manufacturers.



Footwear



“

Though companies expect the volume of customer orders to remain the same this year, **several adjustments and developments aimed** at increased efficiency will be necessary if the targets are to be reached.

”

TYPES OF PRODUCTS AND SERVICES

The footwear companies manufacture sport shoes by divided into two sections, first one made to order and export to brand owner “NIKE”, while another one produce under the company’s own brand name, “D-maQ” to sell domestically which consist of exercise shoes , tennis shoes, badminton shoes, and aerobic shoes.

PRODUCTS AND SERVICES PREPARATION

A certain quantity of the company’s raw materials is export. All of them follow strict quality requirements and specifications, to keep quality standards as high as possible. The rest of the raw materials are acquired from domestic sources, with direct approval from the brand owners.



OPERATIONS IN 2003

The companies’ footwear business activities enjoyed satisfactory growth as a whole in 2003. As a contractor of Nike, with orders to manufacture Nike’s ACG sport shoes (All Condition Gear), the companies maintained a continuous flow of orders. Nevertheless, the strong competition, causing product prices to fall, meant that the



company's earnings fell short. Footwear operations in 2003 generated sales worth Baht 2,965.1 million, down from 2002, figure of Baht 3,128.9 million, or 5.2 %

TRENDS OF INDUSTRY AND COMPETITION

It is generally accepted that footwear business will enjoy continuous growth in 2004. Though companies expect the volume of customer orders to remain the same this year, several adjustments and developments aimed at increased efficiency will be necessary if the targets are to be reached. During the past five years, the companies have continued to diversify their production bases to factories upcountry to help keep production costs down. At present, over 60 percent of the companies' footwear components come from five different production bases, in Buriram, Khonkaen and Nakhon Ratchasima. This is a big step forward since 1998, when a pilot study showed that only 10 percent of shoe components came from these bases. Trends show an increase in production capacity and capability in the factories upcountry.

Companies have always maintained an emphasis on reaching their potential in product development to satisfy both the footwear designers and the consumers. The companies also spare no effort in achieving higher efficiency in production, to enable more competitively priced goods. They have introduced innovative technologies into production, again for higher efficiency and more streamlined processes. The ability to deliver high-quality products right on time, and exactly according to customer specifications is the companies' key to enhancing the confidence and trust of both customers and trading partners.

Plastics, Rubber and Metal

TYPES OF PRODUCTS AND SERVICES

The companies' products in this group are divided into four different categories: plastics for automotive industry applications, electrical appliances and sanitaryware,: rubber products, including elastic braid, woven elastic, elastic bands and rubber plantations,: metal, as vacuum bottles and kitchenware, and packaging products such as adhesive tape, cellulose tape and molds.

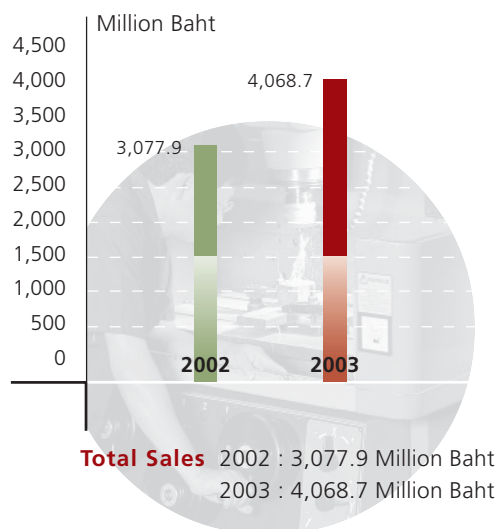
PRODUCT AND SERVICES PREPARATION

The Plastic products, raw materials are brought in from domestic sources and from Japan, Singapore, and Taiwan, while its rubber business activities, however, most of raw materials, which is in the form of natural rubber, is supplied by the rubber plantations operated by an associated company in Chantaburi and Trad. The rest of them are provided from other suppliers

OPERATIONS IN 2003

This group of companies implemented some highly aggressive marketing strategies in 2003. These, coupled with continuous product development and offensive tactics that saw the products themselves help create demand, enabled growth in both the domestic and international markets. Total sales were valued at 4,068.7 million baht, a growth of 32.2 percent over the year before, and way above the 3.4 percent targeted increase. Earnings were almost equally divided between the international and domestic markets, at 48.0 and 52.0 percent respectively. While plastics products showed the highest growth, of 16.8 percent, the stainless steel products grew by 8.2 percent, rubber products by 5.0 percent and packaging products at 1.4 percent.





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In 2004, the group of companies in this sector is firmly committed to continuously building its market and developing products of highest quality. The companies plan to implement the **Pull Demand Strategy** by expanding market shares and acquiring new markets.

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TRENDS OF INDUSTRY AND COMPETITION

During the past year, several developments and improvements have been made to upgrade the competitiveness of the group, which has replaced its previous emphasis on 'comparative advantage' with 'competitive advantage'. The new direction stresses the importance of technological developments and innovation, a skillful workforce, effective management and administrative methods, more value-added products and higher productivity.

In 2004, the group of companies in this sector is firmly committed to continuously building its market and developing products of highest quality. The companies plan to implement the Pull Demand Strategy by expanding market shares and acquiring new markets for any existing products. The strategy is also directed at operations that develop new products, improve existing ones, and promote and expand the products through the Push Supply Strategy. Efforts will be geared towards new product development, new market acquisition, and maintenance of existing customer bases.

The companies understand the importance of developing the workforce, as a key factor in its progress. To this end, various training programs and workshops have continuously been organized to upgrade employees' skills and knowledge. The companies also adhere to the principles of good governance and act as responsible corporate citizens, who are concerned for the society, the future of the organization, its personnel and the surrounding communities. In this way, the companies are confident of being able to maintain strong and continuous growth long into the future.

Computer and Electronics Parts

ELECTRONICS

TYPES OF PRODUCTS AND SERVICES

Manufactures Hard Disk Drives for export, which is under Union Technology Company Limited

OPERATIONS IN 2003

The year 2003 saw the electronic component market growing, causes mostly to the significant reduction in prices of computers and hardware. Also contributing to the growth was the introduction of electronic components, software and other electrical appliances, such as DVD and VCD players, televisions and digital cameras. Meanwhile, the world's manufacturers were hard-pressed to keep up with demand. Though the increase in market demand provided the companies with a good opportunity to increase production capacity, the strong competition as prices, quality, specifications and even in on-time delivery made it harder than ever for manufacturers to stay competitive.

The companies' operations in 2003 saw an increase of more than 20 percent over the previous year. Their management restructuring and improvements in production for more streamlined operations and expanded capacity resulted in greater efficiency overall. Also, as part of the efforts to increase efficiency, staff were encouraged to attend knowledge-enhancing and skill-development workshops. Such steps enabled the companies to maintain a competitive edge in its field, and to maintain the trust and confidence of their many customers.

The companies are striving to become a top electronic part manufacturer in the year 2004, and a **manufacturer that is known for its integrity and professionalism**. The companies are committed to operate in a way that brings satisfaction to all.

In the same vein, one of the companies was also awarded its ISO 9001 quality management system for nine consecutive years and ISO 14001 quality management certificate for five consecutive years. Another prestigious award received by the company, this for the third year running, was the "Outstanding Award for Safety Health and Environment in the Work Place".

TRENDS OF INDUSTRY AND COMPETITION

The companies are striving to become a top electronic part manufacturer in the year 2004, and a manufacturer that is known for its integrity and professionalism. The companies are committed to operate in a way that brings satisfaction to all. With the aim to impress and satisfy customers, the companies also mean to take care of their partners and shareholders by ensuring satisfactory profits and revenue. Companies also hope to keep employee morale high and to maintain a working environment that is friendly, while taking care of their neighboring communities. As regards environmental care, the companies are also committed to adhering to the principles of the Thailand Quality Award, whose practices are being extended into various development and management programs, to ensure a continuously improving operation.



COMPUTERS

TYPES OF PRODUCTS AND SERVICES

Computer Union Company Limited operates as a distributor and service provider of computer hardware and information technologies, complemented with software and services. The company also provides security systems and maintenance for office computers,



and supplies hardware that exactly meets the requirements of customers. The company's two product and service categories are:

The distributor of leading computer hardware from world-recognized manufacturers like IBM, Hewlett Packard and Fujitsu. The company also supplies equipment to the banking sector, including automatic teller machines, checking machines, peripherals and banking computer software.

As a software provider and consultant, the company provides services in consulting, design and computer programming development, in addition to setting up customers' systems as per their requirements.

TRENDS OF INDUSTRY AND COMPETITION

The company earned 1.77 billion baht in 2003, up from 1.62 billion baht, or 8.5 per cent, the year before. The IT industry in Thailand expects to see a 12 percent growth in 2004, bringing revenue to 8.7 billion baht, up from 7.8 billion the previous year. The main factors stimulating industry growth are the government policies aimed at improving and upgrading the IT equipment in state agencies, commerce, industry, education and social development. Furthermore, it is predicted that the kingdom's gross domestic product (GDP) in 2004 will exceed that of the year 2003 - a situation that gives confidence to the industry to invest in more software programming.

Currently, competition in IT, both in hardware and software, is fierce, on the back of a price war in the hardware sector. In recognizing that its profits from hardware sales are lower, the company is now focusing on developing more value-added services and software, which will bring better returns. Also being emphasized is the development of additional services and penetration into new business management markets. Various electronic systems will be implemented, allowing for the follow up of operations and sales, filing documents, training and conference calls.

The company is committed to maintaining its status as the leader in total IT solutions in Thailand. It will deliver products and innovations of the very highest quality to markets with top-class services, to provide support to its 23 after-sales service centers nationwide. Computer Union, Ltd. will also introduce its our trading partners are our friend's policy, to aid in product and service efficiency development via customer and partner feedback. The company means to continue its focus on human resources, with programs in place to develop staff skills, expertise and knowledge, in readiness for any changes in the industry.

Energy



TYPES OF PRODUCTS AND SERVICES

Projects of Energy business are:

1. Joint ventures in China,
 - Four cogeneration plants in Zhejiang Province and Five cogeneration plants in Jiangsu Province
 - Two thermal power plants in Yunnan Province.
2. Investment project in Independent Power Producer in Thailand.

ENERGY BUSINESS IN CHINA

Union Energy Co.,Ltd., a company in Saha-Union Group, has jointly invested with its business partner in China. The ratio of investment is more than 50% of the total investment in 11 thermal and cogeneration power plants in provinces of Zhejiang, Jiangsu and Yunnan

PERFORMANCE IN 2003

In the first half of 2003, the energy business in China was managed to achieve its operational targets. Helped by stable coal prices and continuous coal supplies, the power-generating and steam plants were operating at maximum capacity. Most of the energy consumers were industrial factories, whose demand for electricity and steam were not much affected by the outbreak of the Sudden Acute Respiratory Syndrome (SARS).

In the second half of the year, China experienced electricity shortages, especially towards the end of the year. With a nine per cent growth in 2003, China's heavy industries needed ever-increasing amounts of energy. Complicating the problem was the need for water-power generating plants to cut their capacities, on the back of lower-than-average levels in the country's reservoirs. Such a situation presented the company with the opportunity to operate at full capacity. However, all was not rosy. Reduced electricity rates meant that the

company was unable to compensate for rising coal prices, caused by the Chinese government's more stringent safety measures for coal mines, which resulted in several mines being closed down. Nevertheless, the overall performance of the company's 11 power plants showed satisfactory results, with higher profits than in the previous year.

INDUSTRIAL TRENDS AND COMPETITION

The economic growth in China has resulted in increased demand for electricity. With more and more factories opening there, it is forecasted that the country could expect power shortages for about two years, starting in 2003, especially in such heavy industrial provinces as Zhejiang and Jiangsu.

During 2003, the company and its subsidiaries increased the generating capacity of their power plants in:

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The company is ready to put its Independent Power Producer Project in motion, regardless of whether investors and financial institutions, both domestic and foreign, all in place. The designers and construction contractors are ready too, as are the suppliers and delivery companies.

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- **Wuxi-Union Cogeneration Co, Ltd.**

In its third phase of expansion continuing from 2002, the company increased its capacity by 120 megawatts, and expects to increase this still further by August 2004.

- **Zhangjiagang Shenzhou-Union Cogeneration Co, Ltd.**

The company's power plants increased its capacity by a further six megawatts, enabling the company to produce 75 tons more steam per hour, starting from April 2004.

- **Yixing-Union Cogeneration Co, Ltd.**

Here, the capacity was increased by a further 250 Megawatts and 660 tons of steam.

- **Zhejiang Jiashan-Union Co, Ltd.**

The power plants enjoyed a further investment of 10 million Chinese Yuans, to generate an additional 35 tons of steam per hour, and three megawatts of electricity for the factories in the industrial zone there.

Meanwhile, the new power plants of Shangyu Hangzhou-Union Co, Ltd., with a capacity of 24 megawatts and 390 tons of steam per hour, will be in operation before the end of 2004. According to the plan, all power generating plants in China will have a total capacity of 950 megawatts, and given China's need for more electricity, the company expects to be able to achieve its targetted profits with relative ease.

In the future, many predict that the energy industry in China will be changed from a government



monopoly into separate production and distribution operations. In time, the electricity production business will be privatised, with the government holding stocks in five of the companies. Such privatisation will promote freedom and flexibility in the management of these operations, which will enable more investment for increased capacity.

There will be six distribution zones set up to cover the whole country, which will be interconnected to form a major power-pool system for power purchase and distribution.

Power plants have to adapt themselves in preparation for the industry's future restructuring, with lowering operational costs as a major aim. The Power Plants must also ready themselves by upgrading their management techniques, adopting advanced technology for the operation, and enhancing efficiency and transparency-all of which will strengthen their ability to compete in the future.

ENERGY PROJECT IN THAILAND

Ever since the Thai Government at the cabinet meeting of 12 September 1992 agreed to allow businesses in the private sector to invest in the electricity generating business, as Independent Power Producer (IPP). A company in Saha-Union Group has jointly invested with its overseas business partner, which boast long experience in the energy industry, setting up Union Power Development Co., Ltd. on 19 July, 1996 to operate the Hinkrut Project, a thermal energy power generating plant that will burn imported coals of low sulphur content with a capacity of 1,400 megawatts. The plant is located on 1,200 Rais of land in Moo 9, Sub-district Thongchai, Bangsaphan District, Prachuab Khirikhan Province. The total investment is valued at US\$ 1,200 million.

Currently, Union Power Development Co., Ltd. has changed its name to Ratchaburi Power Co.,Ltd. (RPCL) and is still to operate the electricity generating power plant by using natural gas instead of coal, and relocated the plant to Ratchaburi Province.

PERFORMANCE OF ENERGY BUSINESS IN THAILAND IN 2003

According to the revision of the Power Purchase Agreement (PPA), effective from 17 May, 2001, the power plant's phase 1 and 2 will start commercial operations on 1 October, 2005 and 1 January, 2006 respectively. However, the government finally decided to relocate the power plant from Prachuab Khirikhan Province to Ratchaburi Province to diminish the impacts of the society and the environment in the area.

Currently, the company is ready to put its independent Power Producer Project in motion, regardless of whether investors and financial institutions, both domestic and foreign, all in place. The designers and construction contractors are ready too, as are the suppliers and delivery companies. The company and all partners are in the process of revising the natural gas purchase agreement and all contracts for signing agreement on 1 March, 2004

This project represents the benefits to the kingdom as a whole, is included a stable and secure power supply and power reserve. Also, The gas price will be decreased and all incomes from gas purchasing will be circulated in the kingdom, including income taxes to the public agency. Most importantly, however, is that project will promote investment, and, therefore, increased cash flow in the country.



Human Resources

Saha-Union Public Company Limited has successfully maintained its status and reputation as a leading organisation of the kingdom, causes mainly to its highly effective human resource management. In realising that maximum efficiency is not only achieved through organisational development or enhanced management processes, Saha-Union Pcl. understands the importance of enabling personnel to reach their full potential. The management realises that “a happy worker will do his best”, and thus makes every effort to ensure that each and every employee is happy with his or her job; feels secure in that job; and is able to achieve a decent livelihood. The company believes that these are the very factors that company loyalty is built upon, and the very factors that enable Saha-Union Pcl. to remain a leading organisation in the Kingdom of Thailand.

Saha-Union Pcl. and its subsidiaries have built a secure organisation, in the belief that this will be mutually beneficial for both the employees themselves and the company. In adhering to a policy that promotes security for employees, Saha-Union Pcl. ensures that employees are well supported, that they are encouraged to spend only what they can reasonably afford, and that they save for the future via the company's 20-year-old saving coop, called the Credit Union. In the case of an emergency, employees may take out a loan under the Credit Union, which is run by committees made up of highly experienced individuals in this area. Also for the employees, there is a Provident Fund with more than 12,000 members and a fund of more than 180 million baht for welfare. The Provident Fund is managed by a committee made up of some of the kingdom's leading financial institutions, who monitor the management of the fund closely and ensure that minimal risks are taken for maximum gains for members.

Other company welfare benefits include dormitories for the workers on the factory premises, and a bus service to take employees who live away from the plant to and from work. There are also co-op stores, where employees can buy goods and necessities at reasonable prices, as well as cafeterias that serve good quality, hygienic food to the employees of other factories in the industrial zones too.

With an emphasis on the well-being of workers and safety at work, the company has also set up welfare committees and committees for safety and hygiene at all of its facilities in industrial zones. These committees represent the interests of the employees via presenting ideas, suggestions and requests to the management on welfare, safety and environmental issues at the work place.

The past year has seen many improvements in Saha-Union Pcl. facilities, with special attention being given to hygiene, safety and more user-friendly operations. Regular fire drills have been conducted and various inspections held to check safety and emergency warning equipment, especially for fire-fighting.

The company also recognises the importance of the surrounding communities and environment, and various improvements have been made to the head office buildings, with a special emphasis on new energy-saving air-conditioners. Budgets have been allocated for the maintenance of facilities and equipment at many of the factories. Saha-Union Pcl. strives to provide clean, hygienic and safe work places to allow employees to feel comfortable and confident, and to inspire greater company loyalty far into the future.

Structure of Shareholding

10 MAJOR SHAREHOLDERS ON 2 APRIL 2003 IN SAHA-UNION PCL.

NO.	SHAREHOLDERS	ULTIMATE SHAREHOLDERS	BUSINESS	NO. OF SHARES	% OF SHARES
1.	GROUP OF COMPANIES				
1.1	Union Thread Industries Company Limited	Darakananda Group	Investment	28,938,500	9.65
1.2	Union Capital Company Limited	Darakananda Group	Investment	18,750,000	6.25
1.3	Union Business Management Company Limited	Darakananda Group	Investment	18,650,000	6.22
1.4	Union Industries Corporation Limited	Darakananda Group	Investment	17,880,300	5.96
1.5	Uni-Fibre Company Limited	Darakananda Group	Investment	6,334,040	2.11
1.6	Saha - Union Holding Company Limited	Darakananda Group	Investment	6,204,994	2.07
1.7	Union Multi-Capital Company Limited	Darakananda Group	Investment	6,000,000	2.00
2.	BANGKOK BANK PUBLIC COMPANY LIMITED			12,325,000	4.11
3.	MERRILL LYNCH, PIERCE, FENNER&SMITH INC.			11,987,400	4.00
4.	THAI ACRYLIC COMPANY LIMITED			4,100,000	1.37
5.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD.			3,808,000	1.27
6.	HSBC (SINGAPORE) NOMINEES PTE LTD.			3,715,300	1.24
7.	UBS AG SINGAPORE, BRANCH - PB SECURITIES CLIENT CUSTODY			3,687,500	1.23
8.	BANGKOK LIFE ASSURANCE LIMITED			3,590,000	1.20
9.	TISCO FINANCE PUBLIC COMPANY LIMITED			3,150,000	1.05
10.	GERLACH & CO-DIMENSIONAL EMERGING MARKETS VALUE FUND, INC.			3,025,300	1.01

NUMBER OF DIRECTORS' SHAREHOLDING

NAME	No. of Shares 2002	No. of Shares 2001	% of Change
Mr. Amnuay Viravan	371,980	371,980	-
Mr. Damri Darakananda *	-	-	-
Mr. Panas Simasathien	-	-	-
Mr. Amorn Chandara-somboon	-	-	-
Mr. Kisao Suzuki	-	-	-
Mrs. Chongraksa Darakananda *	50,000	50,000	-
Mr. Sumeth Darakananda	634,814	634,814	-
Mr. Chackchai Panichapat	-	-	-
Mr. Kamol Khoosuwan	10,030	10,030	-
Mr. Sompop Amatayakul	10,000	10,000	-
Mr. Nontaphon Nimsomboon	-	-	-
Mrs. Araya Arunanondchai	2,251,694	2,251,694	-
Miss Sriwarin Jirapakkana	127,284	127,284	-
Miss Pakinee Prerttitumrong	1,950,624	1,950,624	-
Mrs. Supung Tangsujaritpunt	144,962	144,962	-
Mr. Songsak Thampimukvatana	-	-	-
Mr. Thitivat Suebsaeng	-	-	-
Miss Dalad Sapthavichaikul	13,052	13,052	-
Mr. Chutindhon Darakananda	-	-	-
Mr. Aksornprasit Darakananda **	2,398,500	2,398,500	-
Mrs. Chantornree Darakananda **	27,500	27,500	-
Mr. Bovornrat Darakananda	-	-	-
Mr. Vacharaphong Darakananda ***	1,582,600	1,662,600	(2.46)
Mrs. Sasithorn Darakananda ***	-	-	-
Mr. Nantiya Darakananda	59,600	75,380	(20.93)

*, ** and *** Related persons as the regulation of SET, number 258

Remuneration for the Management

- The total remuneration of the company's directors in 2003 were as follows:
The meeting fees and allowance for the 26 directors amounted to Baht 12,930,000. The company paid the remuneration for Directors during 2003 to 26 members, one more than the number of Directors at the end of the year, which was 25 members, since one of the directors had passed away during the year.
- The remuneration for all seven of the Executive Directors and the Executives, including their salary and bonus, totaled Bht. 9,616,301.32. Other Executive Directors, excluded from 7 as mentioned, do not receive these remunerations except the meeting allowance from the company only since they all have positions and responsibilities, with earning the remunerations as salary and bonus, in other companies in the group.

Other remunerations

Provident Fund contributions, for the executives in 2003, amounted to Bht. 173,280

Structure of Management

The structure of the boards comprises of 4 different committees:

1. The Board of Directors comprises of 25 board members, with the following duties and responsibilities:

NAME	POSITION
Mr. Amnuay Viravan	Chairman
Mr. Damri Darakananda	Vice Chairman
Mr. Panas Simasathien	Executive Chairman
Mr. Amorn Chandara-somboon	Director
Mr. Kisao Suzuki	Director
Mrs. Chongraksa Darakananda	Director
Mr. Sumeth Darakananda	Director
Mr. Chackchai Panichapat	Director
Mr. Kamol Khoosuwan	Director
Mr. Sompop Amatayakul	Chairman of The Audit Committee
Mr. Nontaphon Nimsomboon	Vice Executive Chairman
Mrs. Araya Arunanondchai	Audit Committee Member
Miss Sriwarin Jirapakkana	President
Miss Pakinee Prerttiumrong	Audit Committee Member
Mrs. Supung Tangsujaritpunt	Vice President
Mr. Songsak Thampimukvatana	Vice President
Mr. Thitivat Suebsaeng	Director
Miss Dalad Saphthavichaikul	Vice President
Mr. Chutindhon Darakananda	Vice President
Mr. Aksornprasit Darakananda	Vice President
Mrs. Chantornree Darakananda	Director
Mr. Bovornrat Darakananda	Vice President
Mr. Vacharaphong Darakananda	Vice President
Mrs. Sasithorn Darakananda	Director
Mr. Nantiya Darakananda	Director
Mrs. Sirinun Sansanakom	as the Secretary of the Company

1. To appoint and terminate company employees. They have the authority to delegate this job to any particular board member.

2. To authorize incentive pay for staff, employees or any other person performing a task for the company, either on a regular or irregular basis.

3. To determine the shareholders' dividends.

4. To implement, in a legal manner, the objectives and resolutions decided on at the shareholders' meetings.

The board is also duty-bound to issue the policies and objectives of the company, and see to it that the company's activities are carried out according to the objectives.

The board can authorize a board member or any other individual to act on its behalf and nominate one of board member to be the President as assignment by the Board of Directors.

Board of Directors must be at least five board members, with over half that number residing in the kingdom. Three quarters of the members must be Thai citizens. The board members are appointed by the shareholders, in accordance with the procedures and regulations set out.

2. The Executive Committee

NAME	POSITION
Mr. Panas Simasathien	Chairman
Mr. Nontaphon Nimsomboon	Vice Chairman
Miss Sriwarin Jirapakkana	President
Mrs. Supung Tangsujaritpunt	Vice President
Mr. Songsak Thampimukvatana	Vice President
Miss Dalad Saphavichaikul	Vice President
Mr. Chutindhon Darakananda	Vice President
Mr. Aksornprasit Darakananda	Vice President
Mr. Bovornrat Darakananda	Vice President
Mr. Vacharaphong Darakananda	Vice President
Mr. Thitivat Suebsaeng	Executive Director
Mrs. Chantorntree Darakananda	Executive Director
Mrs. Sasithorn Darakananda	Executive Director
Mr. Nantiya Darakananda	Executive Director

Duties and Authorities of the Committees

1. Setting up of operational plan, as authorised by the board of directors, with the aim to achieve the company's objectives.
2. Controlling, observing and overseeing the implementation of policies and plans, as assigned by the board of directors to the President, or as assigned by the Executive Committee Board to the Chairman of Business Lines.
3. Authorising urgent and important tasks, within the boundaries and limitations of power and budget, as assigned by the Board of Directors to the Executive Directors, President, or Chairman of Business Lines. The committees put forward the action for consideration and present it to the board of directors for approval at the next board meeting.
4. Studying the feasibility of investment projects, proposing investment plans and operational planning for both long and short-terms goals for the Board of Directors and/or the board of the subsidiaries.
5. Seeking new business opportunities and presenting them to the Board of Directors for approval.
6. Giving support and assistance, and offering opinions and advice to the President, Chairman of Business Lines and Managing Directors of affiliates and subsidiaries. The item also includes problem solving in the various operations of the groups.
7. Performing special assignments or any other assignments, as required by the Board of Directors.
8. Considering, scrutinizing and approving the plans and other business, as proposed by the President, Chairman of Business Lines or Executive Directors before presenting to the Board of Directors for approval.

3. Board of Audit Committee

The Audit Committee has all the necessary qualifications according to the rules of SET and the Board of Director's charter approval on 25th November, 2002, with two years terms.

The Audit Committee consists of the following members:

- | | |
|--------------------------------------|-------------------------------|
| 1. Mr. Sompop Amatayakul | Chairman |
| 2. Mrs. Araya Arunanondchai | Audit Committee Member |
| 3. Miss Pakinee Prerttiumrong | Audit Committee Member |

The Audit Committee's scope, duties and responsibilities are as follows:

1. Review the Company's internal control system to ensure that the systems are appropriate and effective.
2. Select, review and propose the appointment of the external auditors, co-ordinate with them on preparation of related financial reports and review the Company's financial reports to ensure their accuracy and credibility.
3. Revise the Company's compliance with applicable laws and regulations and guard against conflicts of interest.
4. Prepare Audit Committee's report, to be signed by the Committee Chairman, and published in the Company's annual report
5. Ascertain management correct the errors/weaknesses discovered and urge management to take remedial action.

6. Follow-up and assess the results of implementation deemed important by the Audit Committee.
7. Other activities assigned by the Board of Directors.

4. The Advisory Board

The Board consists of 10 member and its main duty is to give advice to the board of directors. The advisory board comprises of members of vast knowledge and experience, as follows:

1. Mr. Amnuay Viravan Chairman
2. Mr. Damri Darakananda Vice Chairman
3. Mr. Panas Simasathien
4. Mr. Amorn Chandara-somboon
5. Mr. Kisao Suzuki
6. Mrs. Chongraksa Darakananda
7. Mr. Sumeth Darakananda
8. Mr. Sompop Amatayakul
9. Mr. Chackchai Panichapat
10. Mr. Kamol Khoosuwan

Nomination of board members and executives.

As the company does not have a nominating committee, the nomination of the Board of Directors is left to the Chairman of the Board, Vice Chairman, the Chairman of the Advisory Board and the Executive Chairman. These then make their selections based on qualifications, capability and experience in business administration. The selected names are presented to the board of directors, who, in turn, make their recommendations to the shareholders. The annual shareholders' meeting, which minor holders also attend, vote on the selections of the members of the board, in accordance with the following principles and procedures:

1. Shareholders are allowed one vote per share.

2. The voting for the nomination of board members may be done by casting a vote for each member nomination, one at a time, or by casting votes for a group. The method used depends usually on the number of board members needed to fill the seats, although the choice of method is left for the voters to decide. However, when voting, the shareholders must cast their votes as a single lot to either an individual or to a group as a whole, (as laid out in rule no. 1 above). Shareholders cannot divide a single vote into several fractions, and give these to a number of different individuals, nor to different groups of nominated names.

3. The names with the majority votes receive the nominations. In cases where there is a tie, the chairperson casts the deciding vote. However minor shareholders have the rights following to the company's regulation as if no special case that recommended.

At each annual meeting of the ordinary shareholders, one-third of the total number of board members will be at the end of their terms. If the number of board members cannot be exactly divided into one-third, the closest number to one-third will suffice.

Within the first and second years of the company's registration, members of the board drew lots to decide who had to leave the board. Since then, the board members who are on the board longest have vacated their seats.

The board members who leave at the end of their term can be nominated to sit on the board again. Besides leaving the board at the end of the term, a board member may quit his or her board duties when:

1. He/she dies.
2. He/she resigns from the board.
3. He/she is disqualified.

4. The shareholders at the shareholders' meeting can vote any members out by votes from no less than three-quarters of the members at any particular meeting, who, with their combined holdings own no less than half of the total shares of all the voting shareholders at the meeting .

5. He/she is ordered out by the court of law.

The board of directors can appoint or nominate board members to also sit on the executive committees, with power and responsibility as authorized and assigned by the board. Conversely, the board can also appoint one of the committee members as its chairman. By merit of his position, the President is also allowed to sit on the executive committees.

Good Corporate Governance

Over the years, Saha-Union Public Company Limited's Board of Directors have realized the importance of good corporate governance. This is crucial to Saha-Union Public Company Limited's operations - as it enables the company to generate growth and stability. The company is a registered and has, therefore, established its corporate governance in accordance with the principles and practices of the Stock Exchange of Thailand as follows:

1. Policy on Corporate Governance

Saha-Union Public Company Limited's Board of Directors intend to oversee and manage the company while fulfilling all of its obligations both corporate and moral to its shareholders, interested parties, customers, business partners and society as a whole. These obligations include, for example, the role of the Board of Directors in overseeing internal control, risk management and disclosure of information to the public and other involved groups. The company has summed up its corporate governance policy in a written motto, "Integrity Quality Service".

2. Shareholders: Rights and Equitable Treatment

In 2003, Saha-Union Public Company Limited held a general meeting at the company's office. Ten working days before the meeting, the company sent out invitations and announced an agenda. The relevant documents for the meeting included the opinions of the Board of Directors and complete company reports that shareholders were able to inspect. Shareholders who could not be present could transfer their voting rights to a third party, who were not required to be the management or member of the Board of Directors. All data, documents, and invitations were given to shareholders before the meeting.

For easy viewing before the meetings, the rights of shareholders were recorded in a computer program. To ensure privileges shareholders had to register and confirm their identity with ID cards one hour before the meeting.

3. Various Groups of Stakeholders

The 2003 shareholder meeting was comprised of a total of 17 board members, excluding members who were in overseas. All of the independent directors and audit committee members attended the meeting. The Chairman of the Board of Directors selected an appropriate date for the meeting, and welcomed all shareholders to inspect the company's operations as well as to offer ideas and opinions. The board members answered all questions from shareholders, and recorded all details and opinions in the minutes.

The appointment of board members and discussion of directors' remuneration are detailed in the sections, Nomination of board members and the management page. 38 and Remuneration of Directors and the management page. 35

Before casting votes the shareholders were informed how and when to do so by the Chairman of the Board.

4. Shareholders' Meetings

Saha-Union Public Company Limited acknowledges the importance of all interested parties, internally (employees, executives or directors of affiliate and subsidiary companies etc), but also outside the company, (business partners, competitors, creditors and other involved organizations). The company operates honestly and morally, as regards social commitments and its compliance with laws and regulations on the environment. The company knows that all interested parties who give their support are a part of the company's success now and in the future.

5. Leadership and Vision

As part of their responsibilities as leaders, Saha-Union Public Company Limited's Board of Directors established the company's objectives, goals and policy of the company's business operations. The company's Board of Directors also approved the company's business plan and budgets. The company's business operations have to satisfy established criteria and policy as well as be conducted carefully, skillfully and honestly. The company clearly defined the role of Chairman of the Board of Directors, as separate from the roles of Executive Directors.

Normally the Board of Directors holds a monthly meeting to assess the company's performance and to consider several matters raised by not only the Directors, but also Executive Directors and the President. The Board of Directors also discusses various operational problems brought up by Directors for consideration, to see how they might be solved. In addition, the internal control system is discussed to decide whether it is adequate enough to meet the company's business requirements. The sub-committee, namely the Audit Committee, is also set up to follow up and adjust strategies to ensure they address changing situations. The duties of the Audit Committee are listed under subject 12 of the Committees.

Under the company's regulations, the management team has the authority to operate in all financial areas. In any other circumstances, the management team has to consult the Board of Directors for further advice and follow the resolutions of the committee. In some cases, the management team has to bring up issues at the shareholder's meeting to make new resolutions.

6. Conflict of Interests

Under Saha-Union Public Company Limited's operational policy, "Integrity Quality Service", the Board of Directors carefully operates against benefit contradiction. Normally, company-to-company lists of products and price occur under general conditions and systems. When unexpected lists occurred, they need approval from the Board of Directors, shareholders or governmental units. The company reveals all details of the transactions between companies in the group in the section, Common Interest Person and Connected Transaction page. 54-56

Regarding policy for internal information, the company has established regulations to prevent malpractice. The management and staff are prohibited from misusing their authority for personal benefit or aiding others in illegal practices. All members of staff are to perform their duties honestly. The company has a set procedure for disciplinary action that can be taken. These are listed under the company's internal policies.

7. Business Ethics

Saha-Union Public Company Limited established a policy, under its business ethic "Integrity, Quality Service", of the business operations and practices of directors and staff and their responsibilities to customers, business partners and society. Although these policies have not been put in writing as all concerned parties are familiar with them because of long-standing involvement with the company. These ethical policies are strictly adhered to.

8. Balance of Power for Non-Executive Directors

Saha-Union Public Company Limited is comprised of 25 board members. These include 14 members of the executive committee board, 1 independent directors, 3 audit committee members, who meet with all the requirements of the Stock Exchange of Thailand, and 9 advisory board members. The ratio of non-executives, comprised of members of the independent directors and the audit committee members, is 48% of the total board members.

9. Aggregation or Segregation of Positions

Saha-Union Public Company Limited's Chairman of the Board of Directors, Chairman of the Executive Committee and President have separate and distinct responsibilities. The Chairman of the Executive Committee is responsible for setting up operational plans and performs duties assigned by the Board of Directors. This is done with the aim of achieving all the company's objectives. The President is responsible for administering work assigned by the Board of Directors and Chairman of the Executive Committee. The Chairman of the Board of Directors is responsible for setting up the company's objectives and operational policy and ensuring all operations meet with their objectives.

10. Remuneration for Directors and the Management

Saha-Union Public Company Limited makes remuneration payments to Directors and Executive Members. The company gives both meeting fees and an allowance to directors. The executive members are provided with salaries and bonuses. Board members of the audit committee receive extra remuneration in line with their increased duties and responsibilities. The company believes that the amount of remuneration is appropriate when considering the type of business the company does and the dedication to service of the directors. The amount of remuneration has to be approved by the shareholders during the company's general shareholder meeting. Remuneration of the Management team is in line with the company's principles and policy as established by Board of Directors. The final amount is depends on the performance of both the company and the individual's performance. No sub-committee has been established to take care of the remuneration, but the company has a group of directors who make careful consideration of all factors including the state of the company. The details of the remuneration for Directors and the Management appear on page 35 of the annual report.

11. Board of Directors' Meetings

Normally, Saha-Union Public Company Limited's Executive Committee meeting is held every month before the board meeting so the board of directors can assess the company's performance. The schedule for the monthly

meetings is set at the beginning of the year so directors can arrange their enrollment. The company's secretary is responsible for sending out invitations, agenda and relevant documents 7 days before each meeting. Each monthly meeting includes an assessment of operational performance and normally two hours are spent while executive members present the topics and the directors carefully consider any problems that have occurred. In 2002, the board of directors attended 12 meetings.

This does not include directors who had important duties to perform or were overseas. The secretary later provided all relevant information for absent directors.

The company records all details of the meeting and the approved report from the board of directors is kept for future inspection. The company's secretary is able to give some advice on the relevant laws and regulations.

12. Committees

On 22 October 1999 Saha-Union Public Company Limited's sub-committee agreed to establish an audit committee, who meet all requirements of the Stock Exchange of Thailand. This sub-committee is comprised of independent and non-executive directors and is operational for two-years. The Audit Committee consists of the following members:

- | | |
|-------------------------------|-------------------------|
| 1. Mr. Sompop Amatayakul | Chairman |
| 2. Mrs. Araya Arunanondchai | Member (Non-Executives) |
| 3. Miss Pakinee Prertitumrong | Member (Non-Executives) |

All three sub-committee members have performed their duties consistently. In 2003, the board of audit committee held 5 meetings and reported to the company's board of directors every three months.

The audit sub-committee set up a charter, which was approved by the company's board of directors. The Audit Committee's scope, duties and responsibilities are as follows:

1. Review the company's internal control system to ensure that the systems are appropriate and effective.
2. Select, review and propose the appointment of the external auditors, coordinate with them on preparation of related financial reports and review the company's financial reports to ensure their accuracy and credibility.
3. Revise the company's compliance with applicable laws and regulations and guard against conflicts of interest.
4. Prepare Audit Committee's report, to be signed by the Committee Chairman, and published in the Company's Annual Report.
5. Ascertain management correct the errors/weakness discovered and urge management to take remedial action.
6. Follow-up and assess the results of implementation deemed important by the Audit Committee.
7. Other activities assigned by the Board of Directors.

13. Controlling System and Internal Audit

Saha-Union Public Company Limited places great importance on its internal control system both at the management level and the operational level for greater efficiency of the company. The company established suitable, clear and concise rules and procedures for the internal control system. It also set up a range of operational authorities from the management level, down to the operational level. Responsibility for internal control is divided among staff, inspectors and the evaluation team, enabling each group to inspect each other. The company also has a financial report system so the management can follow all operations. The company's inspection system is designed to benefit to the company. The Board of Directors' opinions on the internal control system are printed under the internal control section.

The company's internal control department is responsible for inspecting the company's working systems, major operations and financial activities to ensure they comply with established precedents. The internal control department, operates under the board of the audit committee and follows the annual operational plans and missions. The department reports directly to the board of audit committee and, in some urgent cases, to the management for rapid assessment and necessary adjustments. The internal control department has the authority to make independent inspections.

To ensure efficient risk management the company employed a group of staff to oversee any possible-risk situations in the business. Such risk management includes managing currency exchange on the forward rate, the establishment of amounts and prices, and the adjustment of strategy in line with rapidly changing situations. This enables the operational staff to manage such operations as the purchase of raw materials to reduce any possible risks. It helps increase the company's stability and maintain operational efficiency into the future.

14. Directors' Reporting

The details of the Report of the Board of Directors to the Financial Statements is on page 52.

15. Relations with Investors

Saha-Union Public Company Limited's Board of Directors has a policy to disclose all appropriate information in full. The company, therefore, circulates its financial report and any general information that might affect the share price on the Stock Market. This information is distributed through the Stock Market's channel for investors and involved parties. In addition, the company discloses information through its website www.sahaunion.co.th in the Investor Relations section. The company has also established a working unit to provide company information to investors, analysis experts and any involved parties who require it. Those wishing to contact the company's finance and account department should call 0 2311 5111 ext. 7470 or 7471, or fax to 0 2311 6867. The company welcomes any opinions or advice that will enable it to improve in the future.

Policy of Internal Information Using Protection

The company has, since day one of its operations, emphasized the importance of moral behavior in both the management and staffs under the philosophy of "Integrity Quality Service". In addition, the company's regulation is contained the discipline of employee's conduct by forbidding the employees using any authorities for their own personal benefits as well as for the third parties.

Rules and Punishments:

- must contribute time and attention to the job and the company
- work with full potential (knowledge and capability)
- work with integrity and honesty

The punishments are listed in the company's internal policies.

Internal Control

The company's board of directors has provided the following report on the adequacy and appropriateness of the system controlling the company's internal affairs in the year 2000:

The organization and its environment

As the foundation of the internal affairs administration system, complement the company's overall effectiveness. The board saw to it that the business objectives and investment plans were clear and easy to evaluate. These acted as the operational guidelines for the employees. The objectives of the operations were based on true data and achievable targets, and were all carefully considered and monitored.

The board studied and scrutinized the whole system, prior to setting its objectives, and also decided on reasonable incentives and remuneration for the employees. The structure of the system is designed to encourage efficient management practices. The executives' manual and organization structure were approved by the board, and were made available to the executives.

The board set the operational objectives, which included sales targets in domestic and international markets, each according to the nature of business and geographical location. The targets are earmarked in advance each year, with monthly performance evaluations and operational plan reviews at least once a year, normally in August.

At the employee level, regular evaluations are planned to ensure that their tasks are completed on schedule.

The company also has rules concerning ethics and regulations in writing, prohibiting its executives and staff from performing or acting in a way that is in conflict with the interests of the operation. The violation of such rules is, subject to disciplinary action. The terms and conditions of disciplinary violation have printed in the executives and employees' manual in section "Discipline and Punishment"

The company is firmly committed to its philosophy of "Integrity Quality Service" in all of its business activities. The company has copies of its policies and regulations in print. These are written in a way that is clear and easy to understand, to prevent any confusion.

The company sets its policies and plans its activities with an emphasis on fairness to its trading partners, which is expected to work to the advantage of the company in the long-term.

Risk Management

The company regularly conducts evaluations and estimates on the risk factors that may have an impact on the company's operations, both internally and externally. It analyses possible-risk situations, with a particular emphasis on marketing trends, the new marketing channel, value added products increasing, the economy and currency exchange rate fluctuations. The company also monitors carefully any incidents that may cause a negative impact on

its activities, while seeking ways to reduce such risks. The staff involved are notified and are asked to proceed in accordance with pre-set risk management measures.

Executive Operation Control

The company assigns separate areas of responsibility to each of its executives. The executives carry out their tasks in accordance with certain power limitations and fixed budgets, as specified in clearly-written documents.

There are three main areas of responsibility, each of which is clearly defined and assigned to the executives' separate departments or branches for the purpose of monitoring their power as,

Executives scope of authority, harvens responsible for making a record of any actions they may take, keeping their sets of accounts in order, and taking care of the company's property and assets.

In the case of any financial transactions with any of the company's major partners; Directors, the Excutives or other related persons, the policy dictates that all sets of accounts and transactions should be treated normally, like any other trading partner accounts, with the company's interests as a priority. Also, the policy clearly states that the authorization of such a transaction or activity must be done through executives who have no personal interest in the case. Such a safeguard prevents any party or individual from exploiting any opportunity or benefit for his or her own personal gain.

When the company has committed itself to fulfilling a long-term deal for the sale or purchase of goods, the policy requires that there should be continual follow up to ensure that all conditions are met and that all commitments are fulfilled throughout the period of the agreement.

Before the company makes a decision to further invest in any of its affiliates or joint ventures, it monitors carefully such joint ventures or affiliates through its executives, who are appointed by the company to head the affiliates and joint ventures, in accordance with certain directives.

Furthermore, the company commits to the policy of making certain that each of its operations is conducted strictly in accordance with legal requirements, to minimize or eliminate any risks involving the company's reputation.

Information and Communications

The company has always seen its information and communication technologies as being a key to an efficiently-run organisation. The company is well aware of the risks of making important decisions with accurate and sufficient information. The Directors receives notice of a meeting and/or the relevant documents required for the meeting about seven days in advance.

The board meeting reports include the detailed records of agendas, proposals, enquiries, opinions and ideas from the board members, in addition to remarks and explanations.

Book-keeping documentation and records are completed and filed in the appropriate sections. So far, there has never been any complaint from the auditors. The company also strictly follows general accounting procedures, suitable to the nature of the company's operations, to give an honest picture of its operations.

Follow-up Systems

Based on its commendable operational efficiency and highly effective management team, the company is easily able to set targets and objectives for its operations.

The board closely monitors the performance of the Executives, checking to see whether or not they are able to achieve their targets. Should they fail to achieve their targets, the company takes appropriate corrective action, which is determined on a case to case basis. Operations may fail to achieve their targets because of resource limitations or work-related obstacles. In such cases, the Board makes its recommendations for alternative schemes.

The company also continually monitors its internal auditing operation, checking to ensure that it is conducted according to procedure. Audit reports are passed directly to the Board of Audit Committees, to allow the committees the opportunity to inspect the documents and to present their own reports on the matter. So far, no misconduct or anyirregularity has been found by the Audit Committees. Should any irregularity be discovered, however, the auditors are required to immediately file a report to the Board of the Audit Committees, so that appropriate action can be taken. In the case where irregularities or violation of the laws or acts are suspected, which may result in the company acquiring a bad reputation and/or adversely affect the financial status of the company, the management is required to immediately notify the Boards or the Board of the Audit Committee, with recommended measures to address the problem.

The company also requires that as if the Board of Audit Committees has any opinions that are different from the Board of Directors' decisions. those opinions must be recorded in the meeting's report. However, no such issues has occurred since then.

Management Discussion and Analysis

OPERATIONAL PLANNING AND PROCEDURES

One of Saha-Union's subsidiaries, "Union Energy Company Limited", has embarked on a joint venture with foreign investors to form an electricity generation power plant, under the name of "Union Power Development Company Limited", which is to carry out an electricity generation power plant with the Independent Power Producer (IPP) project in Prachuabkhiran province. The plant has a maximum capacity of 1,400 Megawatts.

However, the construction of the power plant was postponed, and the company was unable to achieve its targets. In the meantime, new developments have seen Union Power Development change its name to Ratchaburi Power Company Limited (RPCL), and plans are underway to relocate the power plant to Ratchaburi Province. And, though the same capacity of 1,400 Megawatt is being planned, the plant will burn natural gas instead of coal. The investment, which is to have a greater number of Thai shareholders than originally planned, is expected to total around US\$ 890 million. The shareholders will include: Ratchaburi Alliance Co, Ltd. with 25%, and PTT with 10% of RPCL's registered capital. If loan negotiations go according to plan, Union Energy Co., Ltd. will recoup the advance and loans to RPCL and earn proceeds from the issuing of shares. Meanwhile, the company's holdings will be reduced from 15 to 10 percent, and the company will only receive returns on its investment starting from the year 2008.

PERFORMANCE

Overall operational performance in 2003

The operational performance of Saha Union, Plc. and its subsidiaries during the past year showed a net profit of Baht 1,031.99 million, a slight increase of 4.36 percent from the year 2002 which was shown as Baht 988.87 million. This was mainly the result of an increase in sales of 295.76 million Baht as well as cost of sales increased 364.64 million Baht, pushing gross profit down to 66.88 million Baht. Share of profits from investment in the associated companies accounted for under equity method also dropped at amount of Baht 115 million. Earning for the company from currency exchange fluctuations increased Baht 224.24 million and interest charges reduced of Baht 35.28 million. On the other hand, sales and management expenses rose by a further Baht 62.43 million. Main factors on the company's operations are as follows:

- **Government free trade Policy**

Imported products, similar to those produced by the company but cheaper, have taken a firm hold in the market - making it more difficult for the company to sell its products both locally and overseas. Though raw material prices soared during 2003, the company was unable to compensate for the increased costs by raising the price of its products, on the back of increased competition and dropping finished product prices. The result was that the company's profits slumped, along with the product prices.

- **Marketing and Competition**

The market for industrial goods started to change, with trends showing a growing demand for more skilled labor, in such sectors as electronics and textiles. There were also changes in the various forms of products required as well as fierce competition with lower cost of sales. The result was a slump in product prices, and production was forced to adapt quickly to market response. To cope with such challenges, the company spared no effort in keeping its market shares by launching marketing strategies that exactly suited the market environment.

- **Currency exchange fluctuations**

In 2002, Saha Union experienced losses from currency fluctuations to the tune of Baht 120 million, due to the exchange rate of Baht 43.30 to the US dollar. In contrast, the year 2003 saw an exchange rate of Baht 39.43 to the US dollar, and with a similar number of debts and transactions as in the previous year, the company managed to

make a profit from currency exchanges worth Baht 82 million. Nevertheless, the stronger Baht against the US dollar, combined with a high export ratio, meant that the currency earnings were lower than in previous years. This was just one of the factors resulting in lower profits for the company in the year 2003. Saha Union Pcl. has developed strategies to manage such risks, and will in future adhere to systemic and procedural guidelines to maintain more consistent profits.

- **Increase/decrease of goods and services**

Saha Union, Pcl. strives to assure customer satisfaction by developing and improving the quality of its products, and by providing reliable services and punctual deliveries. The company has also adopted innovative technology to be used with certain product groups. These factors will enable the company to better compete in this highly competitive industry, to maintain its market share, and to keep pace with the fast-paced global economy.

performance of business groups

- **Revenues from sales and services**

In 2003, Saha-Union, Pcl.'s income from sales was Baht 17,414.65 million, compared to Baht 17,118.9 million, or an increase of Baht 295.76 million, as 1.73 per cent, higher than the year before. Main factors behind the increase included higher income from products of plastics, rubber and metal and energy business. Income from the company's textile, sports footwear and computer business was lower than in the previous year, causes to fierce market competition, helped by cheaper products and manufacturing abroad. Meanwhile, growth in the automobile industry gave a boost to the company's plastic and rubber product sales. Sales volumes were encouraging, and the company made significant progress in product quality development. The company's metal product exports also soared, helped by the increased demand from abroad.

- **Other revenues**

Other revenues that were not from sales in the year 2003 was down by 86.35 million Baht, or 10.63%, from the previous year, caused to reduced interest rate earnings of 7.9 million Baht, while other revenues, from non-core businesses, up to 20.7 million Baht, mainly from energy business in China. Also, the company saw a decrease of profit from the capital, of Baht 115.56 million from the previous year, because of the severe competition experienced in the textile industry.

- **Costs and expenses of sales and management**

The cost of sales in 2003 was Baht 364.64 million, or 2.46 per cent, more than that of the previous year, against an increase in total sales by Baht 295.76 million. An issue for concern was that the cost of sales rose proportionately higher than the total sales, on the back of higher raw material costs and strong competition. Meanwhile, Saha Union Pcl. also incurred additional expenses in sales and management, which were up by Baht 62.43 million, or 4.03 percent, over the year 2002. Factors that contributed to this were higher sales and export expenses (up 1.5 percent), and higher electricity, water, fuel, and telephone costs (up 1.48 percent). Sales promotion costs also saw a slight increase (up 0.4 percent) in the year 2003. The management had no control over many of the above increases, but made a decision to keep those that it could control as low as possible.

- **Profit**

In 2003, the company showed a profit increase of 12.83 per cent, a decrease of 0.64 per cent from the year before, when profits were up by 13.47 per cent. The main cause of this was the higher raw material costs. Meanwhile, the profit from the operation per total income was slightly higher than in the year 2002, at 7.92 per cent,

up from 7.86 %; this in spite of the 4.03 percent increase in management and sales expenses. The figures reflected the company's ability to better control its costs and expenses. The ratio of net profit per share was 7.84 percent, a slight increase over the previous year's figure of 7.82 %, while the company was also able to maintain shareholders' returns at rates that were higher than interest rates. The ratio of the company's net profit against that of total revenue in 2003 was 5.69, up from 5.38 during 2002, thanks to the effective management of costs and expenses.

Operational cash flow with net and gross profits in 2003 amounted to 136.86 percent and 98.31 percent, down from 169.25 percent and 116.29 percent of the previous year. Inventory rose by 3.56 per cent, while trading debts fell by 6.97 percent. Meanwhile, the company managed to reduce its trust receipt debts by as much as 39.44 percent, many of which were paid to benefit from the stronger Baht. This also helped reduce the ratio of operational cash flow to profit.

● Return on Equity

The year 2003 saw the company achieve a net profit from accounted for under equity method, in accordance with standard accountancy procedures, which require that profits made from both the subsidiaries and associates are also shown. The net profit was 1,031.99 million Baht and net profit per share was Baht 3.55. The company expects to pay dividends of Baht 1.25 per share, with a ratio of payable dividends set at 35.21 percent of the net profit accounted under equity method.

The management of the company maintains a policy that dividend payments be kept flexible, and not fixed in proportion to the profit. However, its policy requires that the dividends will be paid at the appropriate ratio to the investment by calculated from the cost of expenses. The policy that evidently has an impact on the cash flow, as shown by past dividend records:

Year	Dividends	Earnings per share
2002	1.25	3.40
2001	1.25	3.72
2000	1.25	3.89
1999	1.25	4.20
1998	1.20	9.09 (Adjusted according to foreign currency exchange rate)
1997	1.00	(1.39) (Adjusted according to foreign currency exchange rate)

FINANCIAL STATUS

Changes in the financial status of the company during the year 2003 were as follows:

Assets

As of 31 December 2003, Saha - Union Pcl.'s total assets were worth 19,880 million Baht, an increase of around 9.15% from the previous year, when assets were valued at 18,213 million Baht.

Assets at the end of 2003 comprised current asset, worth 35.39 percent, investment worth 42.62 percent, building and equipment, worth 17.58 percent and other asset, worth 4.41 percent, compared to those of the previous year, while compared to the end of 2003, the company's current assets showed an increase of 0.53 percent, helped mainly by the company's China-based factories depositing 3 percent more money into the bank, and a 1.38 percent increase in investment. During the year 2003, Saha Union Pcl. invested more heavily in three power generating plants in China: Baht 108.4 million at Wuxi-Union Cogeneration, Baht 94.6 million at Yixing-Union Cogeneration, and Baht 124.8 million at Shangyu Hangzhou-Union Cogeneration. Profits were realised according to standard accountancy procedures, and details can be seen in Note no. 9 in the budget statement on investment by the subsidiaries.

● Quality of assets

As of 31 December 2003, the accounts of the majority of the company and its subsidiaries' debtors, shown that all payments were up to date. However, the accounts of debtors over a year old were listed under payments receivable, which shown a figure of Baht 33.3 million, while those listed under doubtful debts amounted to Baht 27.97 million, giving a ratio of 0.97 percent against total debtors. For the present, the company believes that its reserve unpaid debts are sufficient.

Short-term loans, given to related businesses at the end of 2003, up by 68.7 million Baht or 0.38 percent from the previous year - a reflection of the companies' more lucrative position, and their ability to pay off some of their loans. All loans are given to the subsidiaries for their circulating capital and other activities of the operation. Saha- Union Plc. believes that its related businesses will be able to pay off all of their debts, with interest, in the near future by in line with the rates of the country's major bank.

As of 31 December 2003, the inventory was up by Baht 41.38 million, or 0.23 percent, just a slight rise from the previous year. However, the company's depreciation and outdated inventory amounted to Baht 85.76 million in the same period.

Concerning investment, the company presented a deficit in its reserve securities account. Details can be found in the financial statements, in sections 8, 9, and 10. The company believes its current reserves are both sufficient and appropriate.

● Liquidity

As of 31 December 2003, Saha Union Pcl. had a cash flow to the tune of Baht 1,412 million for its operational activities, with Baht 774 million for financing. On top of this, the company had spent Baht 1,469 million in investments, and had a total of Baht 717 million in net cash flow. The cash flow from operational activities dropped to Baht 261 million, on the back of increased inventory, which was up by Baht 47 million. Over-due income amounted to Baht 23 million, while cash expenses rose to Baht 52 million and advance expenses by Baht 10 million. Trading debts fell by Baht 66 million. There was minimal ratio of 98.3 percent between the amount of operation cash flow (Baht 1,412 million) and the gross profit (Baht 1,436 million).

In terms of investment, the company's loans were up Baht 68 million, with investments in electricity projects valued at Baht 328 million, and China-based international schools, at Baht 98 million. The company had also invested in permanent assets like buildings, equipment and machinery, mostly for its plastic, rubber, metal, footwear and computer businesses. Such investment totalled Baht 830 million, and was aimed at expanding the company's business activities in China.

In financing activities, the company's cash flow from short-term loans came to Baht 242 million; long-term loans, Baht 980 million; paid-up short-term loans, Baht 100 million; and paid-up dividends to shareholders, Baht 422 million. Saha-Union Pcl. used its net cash flow from such financing activities for further investment and expansion of the business operations.

The cash flow from the three activities showed a net increase of Baht 717 million, which, when added to the cash equivalents (Baht 1,135 million at the end of the year), came to Baht 1,852 million.

Saha Union's liquidity ratios at the end of 2003 stood at 1.69 times, with current assets against current liabilities at 1.28 times, reflecting the company's ability to transform assets into cash for the payment of all current debts. Following debt repayment, the company would be left with cash reserves at a ratio of 0.28 times. This means that the company has a very high liquidity rate.

Figures for other liquidity sources were close to those of the previous year too. Worthy of note was Saha Union Pcl. 's achievement of a shorter cash flow cycle, from raw material payments to goods sold, dropping from an average of 22 days in 2002, to 19 days in 2003. The achievement was made possible by close supervision.

Impact of short-term loan payments on liquidity Saha Union Pcl.'s short-term loans in the year 2003 were valued at Baht 560 million. Meanwhile, long-term loans due within the year came to Baht 500 million, and payments (also due within the year) for rental contracts, at Baht 63 million. Liability expenses stood at Baht 461 million, and, when added to other current liabilities (at Baht 295 million), came to Baht 1,879 million. Combined, Saha Union Pcl.'s assets, liquidity, cash & cash equivalents and deposits (in financial institutes) came to Baht 1,853 million, meaning that the company was able to pay as much as 98.62 percent of its short-term loans at a moment's notice. Moreover, as far as trust receipts (T/R) were concerned, the company's L/Cs (with payment guaranteed on the due dates) could be used to pay off the T/Rs. Therefore, when considering the value of short-term capital investment, the earning/spending is also relevant.

- **Investment expenses**

Most of the cash of Saha Union Public Company Limited and its subsidiaries in 2003 was tied up in investments worth Baht 8,472 million, with additional sums going towards the purchase of land, buildings, equipment and machinery, worth Baht 830 million. Such investment was to be used for the expansion of various business groups. The main objective of the increased investment in 2003 was to adjust and upgrade the production processes in line with new technologies and changing market demand, and to prepare for the growth and expansion of the business. Return on investment, The company and its subsidiaries invested in the affiliated company both in Investment plans Thailand and in China. Over the past three years, the companies have generated and earned about 6% of their total investments a year in energy projects in China, via its energy and electricity generating projects, the figures achieved fell short of the expected target of 10-12% a year, caused by the loss of some power plant projects. However, most of projects still made good profits, but the falling unit prices and increased raw material prices could be the obstacle for making profit as well.

- **Investment plans**

The subsidiaries plan to increase their investments in China by US\$ 12 million in 2004, in accordance with capital needs. The subsidiaries will hold all the shares of the new power generating plants in Zhejiang Province, the Zhejiang Tiashan-Union Cogeneration No. 2 project. The total investment calls for US\$ 29 million, 12 million from the registered capital, and the rest in the form of loans, following Chinese government approval. It will take two years to complete the power plants, but by the end of 2005, the plants will be operational. The company will receive its earnings in dividends when the project begins to make a profit. Returns on the investment are expected to reach 10 percent.

Source of investment

By the end of December 2003, the company and its subsidiaries' total liabilities stood at Baht 5,621,407,990, while the shareholders' equity was worth Baht 13,171,038,384. The structure of capital showed that the majority of the investment comprised the shareholders' equity, while the amount of debts was significantly less than the capital. Meanwhile, the ratio of liabilities to shareholders' equity was 0.43:1, significantly lower than the accepted average ratio 2.5:1 of other similar-sized establishments. With a strong capital structure in place, Saha Union Pcl. showed very low risk in its liabilities, with a large capital as well.

The ratios of ability to make interest payments is 28.02 time, the generally accepted ratios of ability to make payments is 2-3 time, and the ratios of ability to make payments of interests and the loans due in one year is 2.34 time. The company has a strong capital structure, allowing it to meet its financial obligations without effecting its cash flow.

- **Shareholders' equity**

By the end of 2003, the shareholders' equity amounted to Baht 13,171.04 million, up to Baht 530.03 million. The company's registered paid-up capital of Baht 3,000 million, plus share premiums worth Baht 2,599 million, statutory reserves of Baht 806.52 million, and other reserves of Baht 94 million, less the subsidiaries' equity of Baht 217.57 million, brings the company's unappropriated profits to Baht 5,048.03 million. Meanwhile, gains from currency exchange fluctuations came to an additional Baht 1,122 million, and unrealised profits from the transfer of investments to assets to Baht 718.7 million. As no profit was made from the adjustment of real estate value, the shareholders' equity remained unchanged in this area.

- **Liabilities**

Saha Union Pcl. had Baht 2,998.98 million in short-term debts from outside sources in 2003, and Baht 1,139.34 million in long-term ones. The latter were under lease-hold agreements amounting to Baht 79.67 million, with 36-month contracts - a length of time long enough to allow the company to use its permanent assets to generate income. Meanwhile, Saha Union Pcl.'s US dollar long-term loans were valued at US\$ 25 million, with interest rates set according to SIBOR. These loans, for which property was not used as collateral, are due between 2005 and 2010. The loans are bound by certain limitations and procedures, and the company is required to keep a fixed ratio between the liabilities and shareholders' equity, transactions and asset transfers.

The impact of currency exchange fluctuations on the long-term loans was monitored closely by the company's teams of experts, who kept close watch on the trends and managed the risks appropriately. The company is capable of making payments on these long-term loans, using the returns from its investment projects to meet the payments. As such, any negative risks are minimal. Able to keep loan payments up to date, the company, despite having more financial obligations in the future, has a 1.84 time chance of meeting payments, which is deemed more than adequate.

Major factors that have an impact on the company's future operations and financial status

By the end of 2003, Union Energy Company Limited, one of the company's subsidiaries, had invested in Union Power Development Company Limited (now Ratchaburi Power Company Limited (RPCL)). Union Energy's involvement included investment, loans, and reserves totalling Baht 1,070 million, as the company had been informed on a regular basis. The project is currently progressing, and RPCL is seeking further loans to finalise the financial plan. The details can be found under Risk Factors and Future Projects. Saha Union Pcl. expects the new project to succeed, and the construction of the power generating plants to proceed as planned. Events beyond the company's control are expected to be resolved positively, while the company expects to see returns from its investment in five years' time. This will - no doubt - add to the company's success in the future.

Risk Factors

RISK FACTORS WITH SIGNIFICANT IMPACT ON THE COMPANY

Independent power plant project in Prachuabkhirikhan, Thailand,

As Saha Union Pcl. gave detailed information in its 2002 report, was now making progress, especially since the government's policy to switch the type of fuel from coal to natural gas. It was decided that the generating plants would be relocated from Prachuabkhirikhan to Ratchaburi Province, with an output of 1,400 Megawatt. The project, for which the first phase is to start supplying power to the public in March 2008 (with the second phase to be commenced in June), calls for an investment of US\$ 890 million.

The subsidiaries' investments, loans and reserves for the project totalled Baht 1,070 million. With schedules showing the exact dates of project completion, and a time line when the public will be supplied with power, the company's risks on recouping returns on the investment and paying off the loans were reduced significantly. This was in stark contrast to the uncertainty surrounding the project in previous years, with any risk now being transferred to the ability of Ratchaburi Power to seek loans and develop the project. There was a strong chance that all parties concerned in the venture would push hard for the project to succeed, that the loans they were seeking would come through, and that the project would be able to meet the demand for electricity in the future. Risks related to the venture are expected to be resolved within 2004.

Risk from business operations

• Business operation risks

From the fierce local and overseas competition, forcing the company to drop the price of products in the footwear, textile and electronic parts business groups. Such a drop in price is expected to have an impact on total product sales and, in turn, lower the profit margin. Saha Union Pcl. now has strategies in place to cope with such risks. In the company's continuous efforts to improve production efficiency, via innovation and the use of latest technology, it has been able to increase its cost effectiveness without compromising its high-quality standards. The company is currently seeking the opportunity to expand geographically to additional locations, allowing for lower distribution and production costs.

- **Risk from Relying on Major Customers' Order**

Products such as footwear and computer parts current rely heavily on major buyers. Major footwear customers include NIKE, which bought more than 90 percent of the company's total products last year, and Hitachi Global Storage Technologies Co.Ltd., which is the sole customer of the company's electronics parts. Such a scenario, of course, is a high risk situation. Should the company lose this buyers, it would be face huge problems. Not surprising, the company is trying its best not to let such a situation occur. Among its efforts are continuous upgrades in product quality, to satisfy buyers; more cost-effective production, to keep the prices competitive; and increasingly better services, for improve customer satisfaction. Equally important, the company recognizes, is the ability to maintain good, long-standing relationships with customers.

- **Risk of currency exchange fluctuations**

The majority of the raw materials used by the company for production are imported, while payment for sales and exports are made in foreign currencies. Such a situation means that Saha-Union Pcl. is vulnerable to currency exchange fluctuations, which have a direct impact on the cost of raw materials and export sales when the income for these is changed into Baht. To lower such risks, the company has devised a protection scheme or 'Natural Hedge', and may consider forward contract purchasing in some circumstances.

- **Risk of raw material prices**

Major raw materials used by Saha Union Pcl.comprise textiles, footwear, and rubber - all of which may fluctuate in price. The price of cotton, synthetic yarn and raw rubber, for example, went up slightly, causing increased raw material costs. Meanwhile, the price of finished goods could not be adjusted in light of tough competition, which brought profits low. To cope with the situation, the company, with the help of its skilful team of managers, implemented various strategies to reduce such risks. They will keep careful watch of trends, manage the risks, and activate sound strategies to procure raw materials from the right place and right time - for maximum results.

Director's Reporting

Report by the Board of Directors

on their responsibilities for all details appearing in the company's financial report

The Board of Directors claims total responsibility for all financial details and notes of the company and its subsidiaries appearing in the annual report. The financial report was made in accordance with certified accounting standards, while the company applied appropriate accounting policies, with careful consideration and estimates. The company also revealed additional important information in the section entitled Notes on Financial Statements.

The Board of Directors has maintained a suitable and efficient internal control system, ensuring that the company's accounts are complete and kept accurately, while containing sufficient information. Such stringent internal control measures help protect the company's interests, and highlight any recurring weak points. They also ensure that the company does not get involved in any fraudulent or suspect activities.

To better carry out its responsibilities, the Board of Directors established the Board of the Audit Committee, last year, comprising the Independent Board Member and Non-Executive Directors. These were responsible for scrutinizing and Financial Report and inspecting the company's internal controls. Comments made by the Board of the Audit Committee on this subject are listed in Report of the Audit Committee in this Annual Report.

The Board of Directors concluded, on 31 December 2003, that the company's internal control system was satisfactory and sufficiently adequate to give credibility to the Financial Reports of both the company and its subsidiaries.



Mr. Amnuay Viravan
Chairman



Miss Sriwarin Jirapakkana
President

Report of the Audit Committee

In the year 2003, the Audit Committee comprised three Independent Directors, including Mr. Sompop Amatayakul, Mrs. Araya Arunanondchai and Miss Pakinee Prertitumrong. Authorized by the company's Board of Directors to perform their duties in accordance with the regulations of the Securities Exchange of Thailand, the Audit Committee held four meetings in 2003, with the company's appointed auditor, executives and internal auditor.

In brief, the main functions performed by the Audit Committee included:

- Conducting reviews of the financial statements with the appointed auditor and executives. The reviews were focused on giving advice and suggestions to ensure that the financial statements were properly and accurately prepared, with sufficient information according to accepted accounting standards and other relevant regulations.
- Selecting and recommending the appointment of an independent auditor, as well as recommending a suitable remuneration for him/her to the board of directors, to be proposed during the shareholders' meeting.
- Reviewing plans and reports of the internal auditing office, with the solution that the overall internal control and auditing system were adequate and acceptable.



Sompop Amatayakul

**Chairman of the Audit committee
Saha - Union Public Company Limited.**

Common Interested Persons and Connected Transactions

TYPES OF TRANSACTIONS

The transactions are normal business practices. Most of them are ordinary credit characteristics between creditors and debtors, loans and reasonable prices, with the interest considered normal of a major bank.

1. Policy of transactions, the transactions which took place between the company and its other persons in the future were not special or different from ordinary business practices in any way. They were normal practices, characterized by normal credit, given at prices or with interest considered normal in the market at the time that the transactions occurred. Therefore, it is not necessary to seek the opinion of non-board members or independent transaction specialists on this matter.

As SUC did not issue any information or propose to sell any securities during the past year, it is unnecessary to seek the opinion of non-board members concerning this matter.

2. Accounting policy between the company and its subsidiaries and affiliates because the company has a policy that completely separates it from its affiliates, separate sets of accounts are also required. In this way, the company's subsidiaries and affiliates are provided with greater opportunities to sell their products.

3. The procedures used for the sets of accounts are exactly the same as those used for the accounts of any other customers or trading partner.

4. In future, the company will continue to adhere to its policy of treating its subsidiaries and affiliates' accounts in the same way as those of any other customers or trading partner.

Common Interested Persons and Connected Transactions

LISTS OF TRANSACTIONS BETWEEN SAHA-UNION PCL. AND OTHER PARTIES IN 2003

Company	Types of Relationship	Information		
		Types of Business	Amount (Million Baht)	Conditions of Costs
1. Saha-Union Holding Co., Ltd.	Related Persons, with holding more than 10%	1. Loan 2. A Balance of Interest 3. Dividends 4. Total Interest	47.95 0.70 7.76 3.80	<ul style="list-style-type: none"> Balance of payment as of the end of 2003 Shareholders' meeting vote Referred to types and rates of a major commercial bank
2. Union Thread Industries Co., Ltd.	10 Major Related Shareholders	1. Trading 2. Dividends 3. Total Interest 4. Creditor-Debitor	1,423.06 45.19 1.79 242.69	<ul style="list-style-type: none"> Market prices Shareholders' meeting vote Referred to types and rates of a major commercial bank Balance of payment as of the end of 2003
3. Venus Thread Co., Ltd.	Related Persons, with holding more than 10%	1. Trading 2. Creditor-Debitor 3. Total Interest	147.43 58.52 -	<ul style="list-style-type: none"> Market prices Balance of payment as of the end of 2003 Referred to types and rates of a major commercial bank
4. Union Spinning Mills Co., Ltd.	Related Persons, with holding more than 10%	1. Trading 2. Creditor-Debitor 3. Total Interest	673.29 174.45 -	<ul style="list-style-type: none"> Market prices Balance of payment as of the end of 2003 Referred to types and rates of a major commercial bank
5. Saha-Union International (USA) Inc.	Related Persons, with holding more than 10%	1. Trading 2. A Balance of Interest 3. Total Interest	5.96 - -	<ul style="list-style-type: none"> Market prices Balance of payment as of the end of 2003 Referred to types and rates of a major commercial bank
6. Union Capital Co., Ltd.	10 Major Related Shareholders	1. Loan 2. A Balance of Interest 3. Dividends 4. Total Interest	22.80 1.98 23.44 1.98	<ul style="list-style-type: none"> Balance of payment as of the end of 2003 Shareholders' meeting vote Referred to types and rates of a major commercial bank
7. Union Business Management Co., Ltd.	10 Major Related Shareholders	1. Loan 2. A Balance of Interest 3. Dividends 4. Total Interest	128.80 8.67 23.31 8.67	<ul style="list-style-type: none"> Balance of payment as of the end of 2003 Shareholders' meeting vote Referred to types and rates of a major commercial bank
8. Union Textile Industries Public Co., Ltd.	Related Persons, with holding more than 10%	1. Trading 2. Dividends 3. Loan 4. Total Interest 5. A Balance of Interest 6. Creditor-Debitor	3,240.51 10.16 220.00 4.24 1.80 580.42	<ul style="list-style-type: none"> Market prices Shareholders' meeting vote Referred to types and rates of a major commercial bank Balance of payment as of the end of 2003 Balance of payment as of the end of 2003
9. Venus Corp., Ltd.	Related Persons, with holding more than 10%	1. Loan 2. Total Interest 3. Creditor-Debitor	2.74 0.02 -	<ul style="list-style-type: none"> Referred to types and rates of a major commercial bank Balance of payment as of the end of 2003
10. Union Industries Corp.	10 Major Related Shareholders	1. Trading 2. Dividends 3. Total Interest 4. Creditor-Debitor	286.20 29.10 0.42 107.13	<ul style="list-style-type: none"> Market prices Shareholders' meeting vote Referred to types and rates of a major commercial bank Balance of payment as of the end of 2003

Common Interested Persons and Connected Transactions

LISTS OF TRANSACTIONS BETWEEN SAHA-UNION PCL. AND OTHER PARTIES IN 2003

Company	Types of Relationship	Information		
		Types of Business	Amount (Million Baht)	Conditions of Costs
11. Venus Button Co., Ltd.	Related Persons, with holding more than 10%	1. Dividends	1.39	• Shareholders' meeting vote
12. Venus Product Co., Ltd.	Related Persons, with holding more than 10%	1. Loan 2. Total Interest	0.69 0.01	• Referred to types and rates of a major commercial bank
13. Union Distributor Co., Ltd.	Related Persons, with holding more than 10%	1. Loan 2. Total Interest	0.92 0.01	• Referred to types and rates of a major commercial bank
14. Union Zip Co., Ltd.	Related Persons, with holding more than 10%	1. Loan 2. Total Interest	2.50 0.03	• Referred to types and rates of a major commercial bank
15. Union Limousine Co., Ltd.	Related Persons, with holding more than 10%	1. Loan 2. Total Interest	3.00 0.03	• Referred to types and rates of a major commercial bank
16. Union Knitting Yarn Co., Ltd.	Related Persons, with holding more than 10%	1. Loan 2. Total Interest	0.55 0.01	• Referred to types and rates of a major commercial bank
17. Uni-Fibre Co., Ltd.	10 Major Related Shareholders	1. Loan 2. A Balance of Interest 3. Dividends 4. Total Interest	45.08 0.03 7.92 0.27	• Balance of payment as of the end of 2003 • Shareholders' meeting vote • Referred to types and rates of a major commercial bank
18. Union Oversea Holding Co., Ltd.	Related Persons, with holding more than 10%	1. Loan 2. A Balance of Interest 3. Total Interest	28.31 0.03 0.18	• Balance of payment as of the end of 2003 • Referred to types and rates of a major commercial bank
19. Union Multi-Capital Co., Ltd.	10 Major Related Shareholders	1. Loan 2. Total Interest	15.00 0.08	• Referred to types and rates of a major commercial bank
20. Thai Rubber Enterprise Co., Ltd.	Related Persons, with holding more than 10%	1. Total Interest	0.03	• Referred to types and rates of a major commercial bank
21. Union Pioneer Pcl.	Directors and Related Persons, with holding more than 10%	1. Trading 2. Dividends 3. Total Interest 4. Creditor-Debitor	926.41 11.02 0.07 127.09	• Market prices • Shareholders' meeting vote • Referred to types and rates of a major commercial bank • Balance of payment as of the end of 2003
22. Union Button. Corp.	Directors and Related Persons, with holding more than 10%	1. Trading 2. Dividends 3. Creditor-Debitor	126.17 1.84 25.78	• Market prices • Shareholders' meeting vote • Balance of payment as of the end of 2003

Report and Financial Statements

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
31 December 2003 and 2002

Report of Independent Auditor

To the Board of Directors and Shareholders of
Saha-Union Public Company Limited


I have audited the accompanying consolidated balance sheets of Saha-Union Public Company Limited and its subsidiaries as at 31 December 2003 and 2002, the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the years then ended, and the separate financial statements of Saha-Union Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to report on these financial statements based on my audits. I did not audit the financial statements of eight overseas subsidiaries, which statements reflect total assets as of 31 December 2003 of Baht 6,278 million, total revenues and net earnings for the year then ended of Baht 1,429 million and Baht 87 million, respectively (2002 : total assets of Baht 6,111 million, total revenues of Baht 1,746 million and net earnings of Baht 12 million). The financial statements of those subsidiaries were audited by other auditors whose reports have been furnished to me, and my opinion on consolidated financial statements for 2003 and 2002, insofar as it relates to the amounts included for those subsidiaries, are based solely on the reports of the other auditors.

I conducted my audits 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 audits provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Saha-Union Public Company Limited and its subsidiaries, and of Saha-Union Public Company Limited, as at 31 December 2003 and 2002, the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the financial statements, I draw attention to the fact that as at 31 December 2003, Union Energy Company Limited (a subsidiary company) has Baht 1,070 million (2002 : Baht 1,053 million) of investments in, loans and advance to a related company engaging in a power generating project to supply electricity to Electricity Generating Authority of Thailand (EGAT). The project has been unable to proceed as planned due to several factors. As discussed in Note 10 to the financial statements, in response to an announcement of the Office of the Prime Minister on 10 May 2002, the related company and EGAT have negotiated and now reached an agreement on various issues so as to facilitate the project implementation with reasonable returns on investment but such agreement has yet to be executed by the parties concerned.

In my audit report dated 25 February 2003, I expressed a qualified opinion on the consolidated financial statements of Saha-Union Public Company Limited and its subsidiaries for the year ended 31 December 2002 since such financial statements included the accounts of certain overseas subsidiaries and associated companies that had not been audited by their auditors. In 2003, the 2002 audited financial statements of all those subsidiaries and associated companies, together with the auditors' reports, have been furnished to me, and such statements did not reveal any significant variations from the unaudited accounts. Therefore, my current opinion on the 2002 financial statements as presented herein for comparative purposes, is different from that expressed in my previous audit report.



Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Balance sheet

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
as at 31 December 2003 and 2002

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2003	2002	2003	2002
			(Restated)		(Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		1,591,529,435	892,410,596	322,131,513	307,996,262
Current investment - deposit with financial institutions		260,987,769	242,674,969	108,805	108,002
Trade accounts and notes receivable	5				
Related parties	6	475,985,501	514,766,221	650,611,514	733,197,676
Unrelated parties		2,396,369,816	2,592,278,285	1,621,507,752	1,606,083,813
Less : Allowance for doubtful accounts		(27,971,554)	(49,441,481)	(13,597,927)	(20,072,598)
Trade accounts and notes receivable - net		2,844,383,763	3,057,603,025	2,258,521,339	2,319,208,891
Short-term loans to related parties	6	626,192,273	557,486,427	2,441,450,250	456,892,250
Inventories - net	7	1,203,573,143	1,162,186,139	262,021,374	240,159,136
Other current assets					
Accrued income		132,960,449	109,506,732	72,073,849	100,006,853
Advance		81,203,563	29,042,975	-	-
Refundable input tax		83,422,848	82,296,568	76,863,336	75,372,099
Prepaid expenses		54,771,590	44,057,732	2,989,776	3,962,512
Refundable import duty		16,494,600	31,221,541	10,500	58,286
Others		139,447,036	140,974,652	6,470,082	2,364,685
TOTAL CURRENT ASSETS		7,034,966,469	6,349,461,356	5,442,640,824	3,506,128,976
NON-CURRENT ASSETS					
Investments accounted for under equity method					
Investments in subsidiaries	8	-	-	6,994,150,931	8,287,125,813
Investments in associated companies	9	7,132,662,347	6,528,289,066	4,519,148,141	4,231,722,660
		7,132,662,347	6,528,289,066	11,513,299,072	12,518,848,473
Other long-term investments					
Investments in other companies - net	10	746,117,613	390,304,159	454,875,013	104,955,109
Investments pending sale	10	470,250,000	470,250,000	-	-
Unit trusts	11	123,240,000	123,120,000	102,700,000	102,600,000
		1,339,607,613	983,674,159	557,575,013	207,555,109
Advance to related parties	6	97,048,280	97,048,280	-	-
Property, plant and equipment - net	12	3,493,956,586	3,443,695,014	639,925,145	731,534,234
Other non-current assets					
Land awaiting development		403,805,438	403,805,438	275,210,438	275,210,438
Leasehold rights		186,632,802	212,858,792	-	-
Withholding tax deducted at source		68,748,036	74,099,657	7,178,285	7,178,285
Others		122,734,815	120,125,627	7,047,310	7,200,410
TOTAL NON-CURRENT ASSETS		12,845,195,917	11,863,596,033	13,000,235,263	13,747,526,949
TOTAL ASSETS		19,880,162,386	18,213,057,389	18,442,876,087	17,253,655,925

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

Balance sheet (continued)

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
as at 31 December 2003 and 2002

(Unit : Baht)

		CONSOLIDATED		THE COMPANY ONLY	
	Note	2003	2002	2003	2002
			(Restated)		(Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions		560,098,002	205,378,366	256,592,648	11,464,518
Trust receipts		330,406,616	545,573,803	259,177,403	451,870,671
Trade accounts and notes payable					
Related parties	6	1,088,002,641	997,080,513	1,766,224,160	1,604,904,824
Unrelated parties		788,586,902	952,127,006	56,168,836	47,375,460
Current portion of long-term loan	13	500,000,000	-	500,000,000	-
Current portion of liabilities under financial lease agreements	14	63,251,324	51,386,419	-	-
Other accounts payable - related parties	6	-	-	817,026,503	1,293,835,429
Deposits from related parties	6	87,567,751	71,376,632	350,251,417	424,678,625
Other current liabilities					
Accrued expenses		461,130,746	448,476,214	103,132,171	91,183,850
Corporate income tax payable		68,759,681	90,326,435	1,913,159	17,935,642
Others		226,747,482	272,609,665	28,015,550	25,290,056
TOTAL CURRENT LIABILITIES		4,174,551,145	3,634,335,053	4,138,501,847	3,968,539,075
NON-CURRENT LIABILITIES					
Long-term loans - net of current portion	13	1,059,663,927	582,693,413	993,445,000	500,000,000
Liabilities under financial lease agreements - net of current portion	14	79,674,214	33,471,849	-	-
Provision for employee compensation and pension expenses	4	265,044,047	218,772,480	47,084,176	40,057,298
Provision for losses of subsidiaries	8	-	-	81,965,482	97,525,353
Provision for losses of associated companies	9	155,093	4,839,157	10,841,198	6,531,657
Other non-current liabilities		42,319,564	102,000	-	-
TOTAL NON-CURRENT LIABILITIES		1,446,856,845	839,878,899	1,133,335,856	644,114,308
TOTAL LIABILITIES		5,621,407,990	4,474,213,952	5,271,837,703	4,612,653,383

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

Balance sheet (continued)

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
as at 31 December 2003 and 2002

(Unit : Baht)

		CONSOLIDATED		THE COMPANY ONLY	
	Note	2003	2002	2003	2002
			(Restated)		(Restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered, issued and fully paid					
300,000,000 ordinary shares					
of Baht 10 each		3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Share premium		2,599,000,000	2,599,000,000	2,599,000,000	2,599,000,000
Company's shares held by the subsidiaries	15	(217,573,410)	(217,573,410)	(217,573,410)	(217,573,410)
Retained earnings					
Appropriated					
Statutory reserve	16	806,524,511	731,752,598	806,524,511	731,752,598
Other reserve		94,154,465	64,688,294	94,154,465	64,688,294
Unappropriated		5,048,030,096	4,484,046,803	5,048,030,096	4,484,046,803
Translation adjustments		1,122,202,850	1,718,812,408	1,122,202,850	1,718,812,408
Unrealised gain on the change in value					
of investments in available-for-sale securities		718,699,872	260,275,849	718,699,872	260,275,849
Equity attributable to the Company's shareholders		13,171,038,384	12,641,002,542	13,171,038,384	12,641,002,542
Minority interest (equity attributable to minority					
shareholders of subsidiaries)		1,087,716,012	1,097,840,895	-	-
TOTAL SHAREHOLDERS' EQUITY		<u>14,258,754,396</u>	<u>13,738,843,437</u>	<u>13,171,038,384</u>	<u>12,641,002,542</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>19,880,162,386</u>	<u>18,213,057,389</u>	<u>18,442,876,087</u>	<u>17,253,655,925</u>

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

Statements of Earnings

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
For the years ended 31 December 2003 and 2002

(Unit : Baht)

		CONSOLIDATED		THE COMPANY ONLY	
	Note	2003	2002	2003	2002
			(Restated)		(Restated)
REVENUES					
Sales		17,414,658,802	17,118,900,013	14,931,221,073	14,291,597,209
Other income					
Interest income		57,453,082	65,346,220	110,465,102	89,293,927
Rental income		3,715,191	4,910,685	258,508,545	256,658,828
Dividend income		38,596,856	21,002,363	16,635,197	15,725,313
Others		209,838,657	189,128,234	237,721,868	190,073,598
		309,603,786	280,387,502	623,330,712	551,751,666
Share of profits from investments accounted for under equity method		416,620,693	532,186,311	493,953,398	679,770,326
TOTAL REVENUES		18,140,883,281	17,931,473,826	16,048,505,183	15,523,119,201
EXPENSES					
Cost of sales		15,180,082,607	14,815,446,080	14,119,769,907	13,448,302,372
Selling and administrative expenses		1,612,290,908	1,549,858,892	829,956,523	788,893,703
Directors' remuneration	17	15,426,000	14,841,000	13,050,000	12,495,000
Exchange (gain) loss		(103,597,181)	120,644,117	(87,686,643)	105,950,403
TOTAL EXPENSES		16,704,202,334	16,500,790,089	14,875,089,787	14,355,641,478
EARNINGS BEFORE INTEREST EXPENSES,					
 INCOME TAX AND MINORITY INTEREST		1,436,680,947	1,430,683,737	1,173,415,396	1,167,477,723
INTEREST EXPENSES		(51,277,892)	(86,564,286)	(22,578,885)	(61,352,369)
CORPORATE INCOME TAX	19	(271,353,977)	(280,317,109)	(118,849,753)	(117,252,565)
EARNINGS BEFORE MINORITY INTEREST		1,114,049,078	1,063,802,342	1,031,986,758	988,872,789
EARNINGS OF SUBSIDIARIES IN RESPECT					
 OF MINORITY INTEREST		(82,062,320)	(74,929,553)	-	-
NET EARNINGS FOR THE YEAR		1,031,986,758	988,872,789	1,031,986,758	988,872,789
BASIC EARNINGS PER SHARE					
Net earnings		3.55	3.40	3.55	3.40
Weighted average number of shares		291,012,306 shares	291,012,306 shares	291,012,306 shares	291,012,306 shares

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

Statements of Changes in Shareholder's Equity

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
For the years ended 31 December 2003 and 2002

(Unit : Baht)

CONSOLIDATED											
	Note	Issued and paid up share capital	Share premium	Company's shares held by the subsidiaries	Statutory reserve	Other reserve	Unappropriated retained earnings	Translation adjustments	Unrealised gain(loss) on the change in value of investments in available-for-sale securities	Minority interest	Total
Balance as of 31 December 2001 - as previously reported											
Restated transactions of 2002											
Add : Difference in net profit between those shown in audited accounts and in unaudited accounts of overseas subsidiaries and associated companies		-	-	-	-	-	38,284,706	-	-	(96,877)	38,187,829
Less : Pre-operating expenses and fixed assets written off by overseas subsidiaries and associated companies		-	-	-	-	-	(15,702,224)	-	-	(4,995,497)	(20,697,721)
Restated transactions of 2003											
Less : Prior year's adjustments of overseas subsidiaries and associated companies	20	-	-	-	-	-	(138,177,151)	-	-	(65,893,704)	(204,070,855)
Cumulative effect of the change in accounting policy relating to employee compensation and pension expenses	4	-	-	-	-	-	(223,529,014)	-	-	(35,766,431)	(259,295,445)
Balance as of 31 December 2001 - as restated											
Increase in fair value of investments		-	-	-	-	-	-	-	182,250,207	-	182,250,207
Increase in translation adjustments		-	-	-	-	-	-	722,286,690	-	-	722,286,690
Net earnings for the year		-	-	-	-	-	988,872,789	-	-	-	988,872,789
Dividend paid	21	-	-	-	-	-	(375,000,000)	-	-	-	(375,000,000)
Less : Dividend paid in respect of company's shares held by subsidiaries		-	-	-	-	-	11,234,619	-	-	-	11,234,619
Dividend paid - net		-	-	-	-	-	(363,765,381)	-	-	-	(363,765,381)
Transferred to statutory reserve		-	-	-	142,312,535	-	(142,312,535)	-	-	-	-
Transferred to other reserve		-	-	-	-	11,344,557	(11,344,557)	-	-	-	-
Decrease in minority interest		-	-	-	-	-	-	-	-	(28,541,624)	(28,541,624)
Balance as of 31 December 2002 - as restated											
Balance as of 31 December 2002 - as previously reported											
Less : Prior year's adjustments of overseas subsidiaries and associated companies	20	-	-	-	-	-	(99,837,634)	-	-	(65,893,704)	(165,731,338)
Cumulative effect of the change in accounting policy relating to employee compensation and pension expenses	4	-	-	-	-	-	(236,304,298)	-	-	(37,421,444)	(273,725,742)
Balance as of 31 December 2002 - as restated											
Increase in fair value of investments		-	-	-	-	-	-	-	458,424,023	-	458,424,023
Increase in translation adjustments		-	-	-	-	-	-	(596,609,558)	-	-	(596,609,558)
Net earnings for the year		-	-	-	-	-	1,031,986,758	-	-	-	1,031,986,758
Dividend paid	21	-	-	-	-	-	(375,000,000)	-	-	-	(375,000,000)
Less : Dividend paid in respect of company's shares held by subsidiaries		-	-	-	-	-	11,234,619	-	-	-	11,234,619
Dividend paid - net		-	-	-	-	-	(363,765,381)	-	-	-	(363,765,381)
Transferred to statutory reserve		-	-	-	74,771,913	-	(74,771,913)	-	-	-	-
Transferred to other reserve		-	-	-	-	29,466,171	(29,466,171)	-	-	-	-
Decrease in minority interest		-	-	-	-	-	-	-	-	(10,124,883)	(10,124,883)
Balance as of 31 December 2003											

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

Statements of Changes in Shareholder's Equity

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
For the years ended 31 December 2003 and 2002

(Unit : Baht)

THE COMPANY ONLY										
	Note	Issued and paid up share capital	Share premium	Company's shares held by the subsidiaries	Statutory reserve	Other reserve	Unappropriated retained earnings	Translation adjustments	Unrealised gain(loss) on the change in Value of investments in available-for-sale securities	Total
Balance as of 31 December 2001 - as previously reported		3,000,000,000	2,599,000,000	(217,573,410)	589,440,063	53,343,737	4,351,720,170	996,525,718	78,025,642	11,450,481,920
Restated transactions of 2002										
Add : Difference in net profit between those shown in audited accounts and in unaudited accounts of overseas subsidiaries and associated companies		-	-	-	-	-	38,284,706	-	-	38,284,706
Less : Pre-operating expenses and fixed assets written off by overseas subsidiaries and associated companies		-	-	-	-	-	(15,702,224)	-	-	(15,702,224)
Restated transactions of 2003										
Less : Prior year's adjustments of overseas subsidiaries and associated companies	20	-	-	-	-	-	(138,177,151)	-	-	(138,177,151)
Cumulative effect of the change in accounting policy relating to employee compensation and pension expenses	4	-	-	-	-	-	(223,529,014)	-	-	(223,529,014)
Balance as of 31 December 2001 - as restated		3,000,000,000	2,599,000,000	(217,573,410)	589,440,063	53,343,737	4,012,596,487	996,525,718	78,025,642	11,111,358,237
Increase in fair value of investments		-	-	-	-	-	-	-	182,250,207	182,250,207
Translation adjustments		-	-	-	-	-	-	722,286,690	-	722,286,690
Net earnings for the year		-	-	-	-	-	988,872,789	-	-	988,872,789
Dividend paid	21	-	-	-	-	-	(375,000,000)	-	-	(375,000,000)
Less : Dividend paid in respect of company's shares held by subsidiaries		-	-	-	-	-	11,234,619	-	-	11,234,619
Dividend paid - net		-	-	-	-	-	(363,765,381)	-	-	(363,765,381)
Transferred to statutory reserve		-	-	-	142,312,535	-	(142,312,535)	-	-	-
Transferred to other reserve		-	-	-	-	11,344,557	(11,344,557)	-	-	-
Balance as of 31 December 2002 - as restated		3,000,000,000	2,599,000,000	(217,573,410)	731,752,598	64,688,294	4,484,046,803	1,718,812,408	260,275,849	12,641,002,542
Balance as of 31 December 2002 - as previously reported		3,000,000,000	2,599,000,000	(217,573,410)	731,752,598	64,688,294	4,820,188,735	1,718,812,408	260,275,849	12,977,144,474
Less : Prior year's adjustments of overseas subsidiaries and associated companies	20	-	-	-	-	-	(99,837,634)	-	-	(99,837,634)
Cumulative effect of the change in accounting policy relating to employee compensation and pension expenses	4	-	-	-	-	-	(236,304,298)	-	-	(236,304,298)
Balance as of 31 December 2002 - as restated		3,000,000,000	2,599,000,000	(217,573,410)	731,752,598	64,688,294	4,484,046,803	1,718,812,408	260,275,849	12,641,002,542
Increase in fair value of investments		-	-	-	-	-	-	-	458,424,023	458,424,023
Increase in translation adjustments		-	-	-	-	-	-	(596,609,558)	-	(596,609,558)
Net earnings for the year		-	-	-	-	-	1,031,986,758	-	-	1,031,986,758
Dividend paid	21	-	-	-	-	-	(375,000,000)	-	-	(375,000,000)
Less : Dividend paid in respect of company's shares held by subsidiaries		-	-	-	-	-	11,234,619	-	-	11,234,619
Dividend paid - net		-	-	-	-	-	(363,765,381)	-	-	(363,765,381)
Transferred to statutory reserve		-	-	-	74,771,913	-	(74,771,913)	-	-	-
Transferred to other reserve		-	-	-	-	29,466,171	(29,466,171)	-	-	-
Balance as of 31 December 2003		3,000,000,000	2,599,000,000	(217,573,410)	806,524,511	94,154,465	5,048,030,096	1,122,202,850	718,699,872	13,171,038,384

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

Statements of Cash Flows

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
For the years ended 31 December 2003 and 2002

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
		(Restated)		(Restated)
Cash flows from (used in) operating activities :				
Net earnings	1,031,986,758	988,872,789	1,031,986,758	988,872,789
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities :-				
Share of profit from investments accounted for under equity method	(416,620,693)	(532,186,311)	(493,953,398)	(679,770,326)
Dividend receipt from investments in other companies	(21,328,893)	(20,471,656)	(16,581,392)	(15,724,156)
Gain on sales of investment	(2,840,984)	-	(26,456,714)	-
Earnings attributed to minority shareholders of subsidiaries	82,062,320	74,929,553	-	-
Unrealised (gain) loss on exchange	(75,114,421)	126,041,441	(68,465,152)	124,077,433
(Gain) loss on sales of fixed assets	15,992,469	16,159,664	(1,096,349)	(2,642,922)
Allowance for doubtful accounts (reversal)	(21,469,927)	3,804,113	(6,474,671)	379,886
Provision for stock damage/obsolescence (reversal)	5,448,975	963,444	(1,140,000)	4,921,810
Provision for employee compensation and pension expenses	46,271,566	12,189,105	7,026,878	3,356,193
Depreciation and amortization	690,119,359	635,026,428	154,927,587	169,101,826
	1,334,506,529	1,305,328,570	579,773,547	592,572,533
Decrease (increase) in operating assets				
Trade accounts and notes receivable	229,324,310	(160,278,798)	61,798,528	(57,572,730)
Inventories	(46,835,979)	72,895,488	(20,722,238)	47,725,924
Other current assets	(85,982,386)	219,049,898	22,799,139	41,086,341
Other non - current assets	(8,765,914)	(12,646,759)	153,099	194,861
Increase (decrease) in operating liabilities				
Trade accounts and notes payable	(66,165,264)	328,770,073	170,115,149	133,772,932
Other current liabilities	14,107,280	(73,740,407)	(409,283,850)	(108,286,813)
Other non - current liabilities	42,217,564	(5,685,186)	-	-
Net cash from operating activities	1,412,406,140	1,673,692,879	404,633,374	649,493,048
Cash flows from (used in) investing activities :				
Decrease (increase) in short-term loans to related parties	(68,705,846)	356,191,193	(1,984,558,000)	1,209,934,610
Increase in investments	(398,218,491)	(166,791,872)	(1,190,158,179)	(400,546,425)
Decrease (increase) in assets and liabilities in subsidiaries from translation adjustments	(250,753,568)	246,817,724	-	-
Cash receipt from reduction of capital in subsidiaries	-	-	1,966,325,420	-
Dividend receipt from investments in other companies	21,328,893	20,471,656	16,581,393	15,724,156
Dividend receipt from investments accounted for under equity method	57,274,812	50,392,464	261,571,122	391,259,278
Cash receipt from redemption of negotiable certificates of deposit	-	71,245,472	-	-
Increase in property, plant and equipment	(830,168,912)	(488,337,204)	(62,222,149)	(31,593,295)
Net cash from (used in) investing activities	(1,469,243,112)	89,989,433	(992,460,393)	1,184,778,324

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

Statements of Cash Flows (continued)

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
For the years ended 31 December 2003 and 2002

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2003	2002	2003	2002
		(Restated)		(Restated)
Cash flows from (used in) financing activities :				
Decrease in bank overdrafts and short-term loans from financial institutions	(100,462,395)	(16,996,862)	(187,772,221)	(19,938,053)
Increase (decrease) in deposits from related companies	16,191,119	42,906,165	(74,427,206)	(99,564,893)
Cash receipt from short-term loan	242,000,000	-	242,000,000	-
Cash receipt from long-term loan	980,688,015	-	997,162,500	-
Repayment of long - term loan	-	(1,110,000,000)	-	(1,110,000,000)
Increase in liabilities under financial lease agreements	58,067,269	14,236,898	-	-
Dividend paid	(422,215,397)	(461,238,929)	(375,000,000)	(375,000,000)
Net cash from (used in) financing activities	774,268,611	(1,531,092,728)	601,963,073	(1,604,502,946)
Net increase in cash and cash equivalents	717,431,639	232,589,584	14,136,054	229,768,426
Cash and cash equivalents at beginning of year	1,135,085,565	902,495,981	308,104,264	78,335,838
Cash and cash equivalents at end of year (Note 22)	1,852,517,204	1,135,085,565	322,240,318	308,104,264
Supplemental cash flows information				
Cash paid during the years for :				
Interest expenses	49,467,767	90,798,760	20,554,648	66,176,099
Corporate income tax	292,766,803	371,950,637	134,872,237	150,298,345

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

Note to Financial Statements

SAHA-UNION PUBLIC COMPANY LIMITED

and its Subsidiaries
For the years ended 31 December 2003 and 2002

1. GENERAL INFORMATION

Saha-Union Public Company Limited (herein after referred to as "the Company") was incorporated as a limited company under Thai law and was registered as a public limited company on 30 March 1994. The Company operates in Thailand and its principal activities are investment holding and distribution of products manufactured by the group companies, namely, textile, footwear, electronic components, plastic, rubber products and metal.

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements include the financial statements for the year ended 31 December 2003 and 2002 of the Company and the following subsidiaries :-

Company name	Percentage directly and indirectly owned by the Company		Incorporated in	Nature of business	Subsidiary's total assets as a percentage to the consolidated total		Subsidiary's total revenues as a percentage to the consolidated total	
	2003	2002			2003	2002	2003	2002
Saha-Union International Ltd. (Hong Kong)	99.98	99.98	Hong Kong	Importer and distributor	1.13	1.87	0.67	0.78
Saha-Union International (GA) Inc.	100.00	100.00	USA	Importer and distributor	1.50	1.96	0.54	3.05
Saha-Union Investment (China) Co., Ltd.	100.00	100.00	China	Investment holding	6.60	3.01	-	0.01
Saha-Union Holding Co., Ltd.	99.67	99.67	Thailand	Investment holding	1.00	1.17	0.01	-
Union Garment Co., Ltd.	99.98	99.98	Thailand	Manufacturing of garments	0.85	1.01	0.77	0.67
Fashion Apparel Co., Ltd.	99.97	99.97	Thailand	Manufacturing of garments	0.11	0.08	0.14	0.09
Union Pioneer Public Co., Ltd.	52.67	52.67	Thailand	Manufacturing of rubber thread, elastic braids & webbing	1.79	1.65	0.30	0.25
Union Zojirushi Co., Ltd.	51.00	51.00	Thailand	Manufacturing of vacuum bottles	2.86	2.32	0.09	0.09
Union Stainless Steel Products Co., Ltd.	98.00	98.00	Thailand	Manufacturing of pipes	0.54	0.54	0.10	0.05
Thai Rubber Enterprise Corp. Ltd.	50.69	-	Thailand	Rubber estates	0.17	-	0.03	-
Union Rubber Products Corp. Ltd.	99.99	99.99	Thailand	Manufacturing of rubber product	0.12	0.10	0.09	0.07
Union Footwear Public Co., Ltd.	51.23	51.23	Thailand	Manufacturing of sports shoes	2.68	3.07	0.19	0.11
Union Shoes Co., Ltd.	97.85	97.85	Thailand	Manufacturing of sports shoes	1.03	1.38	0.18	0.26
Union Metal Work Corp. Ltd.	-	72.72	Thailand	Dormant	-	-	-	-
Venus Shoes Co., Ltd.	96.86	96.86	Thailand	Dormitory rental and Service	0.36	0.42	0.08	0.08
Uni-Sole Co., Ltd.	70.69	70.69	Thailand	Machine and warehouse rental	0.27	0.44	-	-
Union Yeijer Industrial Co., Ltd.	-	99.97	Thailand	Dormant	-	-	-	-
Union Printing Co., Ltd.	94.74	94.57	Thailand	Printing services	0.16	0.17	0.14	0.15
Computer Union Co., Ltd.	88.58	88.56	Thailand	Computer dealer	3.65	4.22	9.91	18.47
Uni-Media Co., Ltd.	78.00	78.00	Thailand	Investment holding	-	-	-	-
Union Itoh Molds Co., Ltd.	-	61.02	Thailand	Dormant	-	-	-	-
Union Equity Co., Ltd.	99.43	99.43	Thailand	Investment holding	0.34	0.36	-	0.01
Union Assets Development Co., Ltd.	-	98.69	Thailand	Dormant	-	-	-	-
Union Construction Co., Ltd.	98.90	98.90	Thailand	Architectural, construction and interior design	0.77	0.76	0.41	0.29
Union Technology Co., Ltd.	99.99	99.99	Thailand	Manufacturing of electronic components	0.77	0.43	0.04	0.04
Union Energy Co., Ltd.	99.45	99.41	Thailand	Investment in electric power & energy business	5.42	5.79	0.09	0.08
Union Energy (China) Co., Ltd.	99.99	99.99	Thailand	Investment holding	12.04	13.04	-	-

Company name	Percentage directly and indirectly owned by the Company		Incorporated in	Nature of business	Subsidiary's total assets as a percentage to the consolidated total		Subsidiary's total revenues as a percentage to the consolidated total	
	2003	2002			2003	2002	2003	2002
Textport International Corp., Ltd.	85.18	85.18	Thailand	Investment holding	0.07	0.07	0.02	0.01
Union Overseas Holding Co., Ltd.	58.98	58.98	Thailand	Investment holding	-	-	-	-
Union Human Resource Development Co., Ltd.	99.99	-	Thailand	Train and develop employees' skill	-	-	-	-
Computer Union System Co., Ltd. (99.99 percent owned by Computer Union Co., Ltd.)	88.58	88.56	Thailand	Dormant	0.01	0.02	-	0.96
Jakkarat Union Footwear Co., Ltd. (99.99 percent owned by Union Footwear Plc.)	51.23	51.23	Thailand	Manufacturing of shoe upper	-	-	-	-
Burirum Union Shoes Co., Ltd. (100 percent owned by Union Shoes Co., Ltd.)	97.85	97.85	Thailand	Manufacturing of shoe upper	0.04	0.03	-	-
Phon Union Footwear Co., Ltd. (50.00 percent owned by Union Footwear Plc. And 49.99 percent by Union Shoes Co., Ltd.)	53.53	53.53	Thailand	Manufacturing of sole	0.30	0.15	-	-
Zhejiang Saha-Union Thread Industry Co., Ltd. (70.00 percent owned by the Company, 20.00 percent by Union Energy (Hong Kong) Co., Ltd. and 10.00 percent by Saha-Union Investment (China) Co., Ltd.)	99.99	-	China	Manufacturing of dye thread (not commencing its business)	0.24	-	-	-
Union Energy (Hong Kong) Co., Ltd. (99.99 percent owned by Saha-Union International Ltd. (Hong Kong))	99.98	99.98	Hong Kong	Investment holding	2.06	0.45	0.05	0.01
Jiashan-Union Cogeneration Co., Ltd. (66.57 percent owned by Union Energy (China) Co., Ltd. and 7.40 percent by Saha-Union Investment (China) Co., Ltd.)	73.97	73.97	China	Power generation	2.34	2.60	1.31	1.10
Danyang-Union Cogeneration Co., Ltd. (49.50 percent owned by Union Energy (China) Co., Ltd. and 5.50 percent by Saha-Union Investment (China) Co., Ltd.)	55.00	55.00	China	Power generation	4.17	5.46	2.54	2.29
Danhuang-Union Cogeneration Co., Ltd. (90.00 percent owned by Union Energy (China) Co., Ltd. and 9.90 percent by Saha-Union Investment (China) Co., Ltd.)	99.99	99.99	China	Power generation	1.70	2.15	1.11	0.96
Shenzhou-Union Cogeneration Co., Ltd. (74.97 percent owned by Union Energy (China) Co., Ltd. and 8.33 percent by Saha-Union Investment (China) Co., Ltd.)	83.30	83.30	China	Power generation	2.08	2.36	1.46	1.42

2.2 During the year, there were two new subsidiaries, Thai Rubber Enterprise Corp. Ltd. and Zhejiang Saha-Union Thread Industry Co., Ltd., while the Company divested other four subsidiaries, Union Metal Work Corp. Ltd., Union Yeijer Industrial Co., Ltd., Union Itoh Molds Co., Ltd. and UnionAssets Development Co., Ltd.

2.3 The financial statements of the subsidiaries incorporated in overseas are translated to Thai Baht at the closing exchange rate as to assets and liabilities, and at the average exchange rate as to revenues and expenses. The resultant difference has been shown under the caption of "Translation adjustments" in the shareholders' equity.

3. SIGNIFICANT ACCOUNTING POLICIES

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, excluding value added tax, of goods sold and delivered after deducting discounts and goods returned.

3.2 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realizable 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 or net realisable value.

3.4 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line method over the following estimated useful lives :-

Buildings	20	years
Land and leasehold improvements	5 - 20	years
Machinery and equipment	5 - 10	years
Molds	5	years
Facilities	5	years
Furniture and fixtures	5	years
Motor vehicles	5	years

Depreciation of molds acquired since the year 2002 is calculated by reference to its net book value on a double - declining basis, over the useful lives of 5 years.

Depreciation of plant and equipment of a company's branch acquired since the year 2000 is calculated by reference to its net book value on a double-declining basis, over the useful lives of 5-20 years.

The Company and its subsidiaries recognise impairment loss if events or changes in circumstances indicate the carrying value may not be recoverable.

No depreciation is provided for land, machinery under installation and construction in progress.

3.5 Investments

Investments in subsidiaries and in associated companies are stated under the equity accounting method.

Long-term investments in marketable securities, which the Company intends to hold as investments available for sales and unit trusts of mutual fund are determined at fair value. Fair value of marketable securities is based on the latest bid price of the last working day quoted by the Stock Exchange and fair value of the unit trust is based on net asset value. Gains or losses on the 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.

Long-term investments in non-marketable securities, which the Company hold as other investments, are valued at cost. The Company recognises loss on impairment of other investments (if any) in the earnings statement.

3.6 Employees compensation and pension

Employee compensation and pension expenses are provided in the accounts by reference to the provisions of labour laws and the Company's personnel regulations, and are determined based upon the probability that employees in each age group will work until reaching their retirement age. Prior to 2003, employee compensation and pension expenses were recognised as and when incurred.

3.7 Foreign currencies

Transactions in foreign currencies are translated into Baht at the rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the balance sheet date are translated into Baht at the rates ruling at the balance sheet date.

Exchange gains and losses are included in determining earnings.

3.8 Earnings per share

Earnings per share as presented in the earnings statements is the basic earnings per share, which is determined by dividing net earnings for the year by the weighted average number of ordinary shares in issue during the year after deducting the Company's shares held by the subsidiaries.

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 financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

4. CHANGE IN ACCOUNTING POLICY

In prior years, the Company and its subsidiaries recorded employee compensation and pension expenses when they were incurred. However, for reasons of prudence, in 2003 the Company and its subsidiaries began to set aside provision for employee compensation and pension expenses in its accounts, based upon the provisions of the labour laws and the Company and its subsidiary's personnel regulations as mentioned in Note 3.6. The 2002 financial statements presented herein for comparative purposes have been restated to reflect this change, as if the new accounting policy had always been applied. The change has the effect of decreasing net earnings for 2003 by Baht 19.1 million (Baht 0.07 per share) and decreasing the previously reported earnings for 2002 by Baht 12.8 million (Baht 0.04 per share). The cumulative effect of the change up to the 31 December 2001 amounting to Baht 223.5 million has been adjusted against the beginning balance of retained earnings for 2002.

5. TRADE ACCOUNTS AND NOTES RECEIVABLE

As at 31 December 2003 and 2002, most of the trade accounts and notes receivable were within their credit terms. The Company and its subsidiaries have assessed the recoverable value of the receivables that were past due for one year and more, of which the balance as at 31 December 2003 amounted to approximately Baht 33.3 million (2002 : Baht 54.7 million) and Baht 17.5 million for the Company only (2002 : Baht 20.3 million). Based on such assessment, an allowance for doubtful accounts of Baht 28.0 million (2002 : Baht 49.4 million) and Baht 13.6 million for the Company only (2002 : Baht 20.1 million) has been made in the accounts. The Company and its subsidiaries believe that such allowance is adequate under the current circumstance.

To minimise the foreign exchange exposure relating to its foreign currency receivables, the Company has entered into forward contracts to sell USD 21.4 million at exchange rates ranging from Baht 39.00 - 42.05 per USD 1, YEN 282.2 million at exchange rates ranging from Baht 34.72 - 36.94 per YEN 100 and EURO 2.3 million at exchange rate ranging from Baht 47.40 - 49.30 per EURO 1.

6. RELATED PARTY TRANSACTIONS

Below is a summary of significant business transactions between the Company and its subsidiaries, associated and related companies (related by way of common shareholders and/or directors) during the years : -

Consolidated

(Unit : Million Baht)

	For the year ended 31 December		Pricing policy
	2003	2002	
Transactions with associated companies			
Sales of merchandise	1,770	1,733	Cost plus margin
Lending (weighted average balance outstanding at month end)	255	488	Interest rate with reference to the loan interest rate of local commercial bank.
Interest income	17	34	See "lending" above
Purchases of merchandise	5,981	5,649	Resale price reduced by a margin.
Borrowings (weighted average balance outstanding at month end)	54	45	Interest rate with reference to the savings deposit rate of local commercial bank.
Transactions with related companies			
Sales of merchandise	6	14	Cost plus margin
Lending (weighted average balance outstanding at month end)	261	210	Interest rate with reference to the loan interest rate of local commercial bank.
Interest income	16	15	See "lending" above
Purchases of merchandise	143	164	Resale price reduced by a margin
Borrowings (weighted average balance outstanding at month end)	22	10	Interest rate with reference to the savings deposit rate of local commercial bank.

The Company Only

(Unit : Million Baht)

	For the year ended 31 December		Pricing policy
	2003	2002	
Transactions with subsidiaries			
Sales of merchandise	1,014	798	Cost plus margin
Rental income	258	255	Contract price
Service income	143	129	Contract price
Lending (weighted average balance outstanding during the period)	1,307	742	Interest rate with reference to the loan interest rate of local commercial bank.
Interest income	79	47	See "lending" above
Purchases of merchandise	4,788	5,748	Resale price reduced by a margin
Borrowings (weighted average balance outstanding during the period)	332	546	Interest rate with reference to the saving rates of local commercial bank.
Transactions with associated companies			
Sales of merchandise	1,625	1,606	Cost plus margin
Lending (weighted average balance outstanding during the period)	255	488	Interest rate with reference to the loan interest rate of local commercial bank.
Interest income	17	34	See "lending" above
Purchases of merchandise	5,753	5,415	Resale price reduced by a margin
Borrowings (weighted average balance outstanding during the period)	54	45	Interest rate with reference to the saving rates of local commercial bank
Transactions with related companies			
Sales of merchandise	-	8	Cost plus margin
Purchases of merchandise	143	164	Resale price reduced by a margin
Borrowings (weighted average balance outstanding during the period)	22	10	Interest rate with reference to the saving rates of local commercial bank.

The outstanding balances as at 31 December 2003 and 2002 of the above transactions are shown separately in the balance summarized as follows :-

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Trade accounts and notes receivable - related parties :				
<i>Subsidiaries</i>				
Union Footwear Plc.	-	-	78,826,714	104,394,713
Union Shoes Co., Ltd.	-	-	38,001,713	72,872,835
Saha-Union International (GA) Inc.	-	-	22,209,377	24,440,762
Union Pioneer Plc.	-	-	4,484,593	10,121,103
Saha-Union International Ltd. (Hong Kong)	-	-	19,687,554	13,053,039
Union Zojirushi Co., Ltd.	-	-	39,916,396	14,648,666
Others	-	-	3,503,967	4,428,022
	-	-	206,630,314	243,959,140
<i>Associated companies</i>				
Union Textile Industries Plc.	251,328,018	323,674,382	250,414,569	317,164,026
Union Thread Industries Co., Ltd.	65,097,464	82,812,654	62,800,459	80,026,207
Union Spinning Mills Co., Ltd.	86,575,560	64,868,049	84,217,900	63,423,878
Venus Thread Co., Ltd.	40,171,818	15,732,555	40,040,667	15,555,323
Saha-Union International (USA) Inc	3,798,210	9,879,783	3,798,209	9,879,783

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Union Universe Co., Ltd.	7,274,976	8,922,617	-	-
Others	20,939,071	8,120,690	2,642,485	3,128,273
	475,185,117	514,010,730	443,914,289	489,177,490
Related companies	800,384	755,491	66,911	61,046
Total	475,985,501	514,766,221	650,611,514	733,197,676
Short-term loans to related companies				
Subsidiaries				
Union Energy (China) Co., Ltd.	-	-	1,937,350,000	-
Computer Union Co., Ltd.	-	-	63,860,000	30,000,000
Union Construction Corp., Ltd.	-	-	3,500,000	3,500,000
Union Rubber Products Corp., Ltd.	-	-	1,000,000	4,000,000
Saha-Union Holding Co., Ltd.	-	-	47,945,250	74,282,250
Venus Shoes Co., Ltd.	-	-	16,200,000	33,300,000
	-	-	2,069,855,250	145,082,250
Associated companies				
Union Business Management Co., Ltd.	128,795,000	151,410,000	128,795,000	151,410,000
Union Capital Co., Ltd.	22,800,000	47,300,000	22,800,000	47,300,000
Union Textile Industries Plc.	220,000,000	-	220,000,000	-
Union Industries Corp. Ltd.	-	37,000,000	-	37,000,000
Thai Rubber Enterprise Corp. Ltd.	-	1,100,000	-	1,100,000
Union Thread Industries Co., Ltd.	-	75,000,000	-	75,000,000
	371,595,000	311,810,000	371,595,000	311,810,000
Related companies				
Ratchaburi Power Co., Ltd. (formerly known as "Union Power Development Co., Ltd.", related by share holding)	253,194,570	235,889,563	-	-
Others	1,402,703	9,786,864	-	-
	254,597,273	245,676,427	-	-
Total	626,192,273	557,486,427	2,441,450,250	456,892,250
Advance to related companies				
Related companies				
Ratchaburi Power Co., Ltd. (formerly known as "Union Power Development Co., Ltd.", related by share holding)	97,048,280	97,048,280	-	-
Trade accounts and notes payable-related parties				
Subsidiaries				
Union Footwear Plc.	-	-	146,250,356	171,342,528
Union Technology Co., Ltd.	-	-	196,722,898	114,715,950
Union Shoes Co., Ltd.	-	-	100,135,669	131,820,078
Union Pioneer Plc.	-	-	122,606,127	98,970,994
Union Garment Co., Ltd.	-	-	95,649,161	66,305,033
Union Zojirushi Co., Ltd.	-	-	75,310,508	59,672,585
Union Stainless Steel Products Co., Ltd.	-	-	6,420,421	6,260,121
Others	-	-	2,820,000	5,569,351
	-	-	745,915,140	654,656,640

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Associated companies				
Union Textile Industries Plc.	371,500,296	319,415,670	330,006,803	296,114,925
Union Thread Industries Co., Ltd.	179,885,126	203,579,887	179,885,126	203,579,887
Union Industries Corp., Ltd.	105,663,739	94,590,865	105,663,739	94,590,865
Union Spinning Mills Co., Ltd.	90,232,481	93,098,056	90,232,481	93,098,056
Union Plastic Plc.	166,626,627	115,236,342	166,189,425	109,206,357
Union Thai-Nichiban Co., Ltd.	100,634,788	98,730,418	100,561,435	98,688,559
Venus Thread Co., Ltd.	18,481,806	19,698,179	18,481,806	19,698,178
Uni-Fibre Co., Ltd.	6,480,135	4,803,080	-	-
Saha-Union International (Taipei) Ltd.	14,957,047	7,497,562	-	-
Others	6,250,088	6,017,507	2,000,879	859,345
	1,060,712,133	962,667,566	993,021,694	915,836,172
Related companies				
Union Button Co., Ltd. (related by share holding)	25,767,492	30,948,572	25,767,492	30,948,572
Others	1,523,016	3,464,375	1,519,834	3,463,440
	27,290,508	34,412,947	27,287,326	34,412,012
Total	1,088,002,641	997,080,513	1,766,224,160	1,604,904,824
Other accounts payable-related parties :				
Subsidiaries				
Saha-Union International Ltd. (Hong Kong)	-	-	114,787,281	124,459,135
Union Energy (Hong Kong) Co., Ltd.	-	-	702,239,222	1,169,376,294
Total	-	-	817,026,503	1,293,835,429
Deposits from related parties :				
Subsidiaries				
Union Pioneer Plc.	-	-	-	35,326,249
Union Energy Co., Ltd.	-	-	86,962,236	2,350,000
Union Shoes Co., Ltd.	-	-	14,500,000	-
Union Yei-er Industrial Co., Ltd.	-	-	-	6,420,000
Uni-Media Co., Ltd.	-	-	74,621	94,799
Union Equity Co., Ltd.	-	-	58,389,016	54,392,945
Textport International Co., Ltd.	-	-	24,450,000	22,050,000
Union Overseas Holding Co., Ltd.	-	-	28,307,793	28,233,106
Union Technology Co., Ltd.	-	-	50,000,000	200,000,000
Union Energy (China) Co., Ltd.	-	-	-	4,434,894
	-	-	262,683,666	353,301,993
Associated companies				
Uni-Fibre Co., Ltd.	45,077,766	40,388,912	45,077,766	40,388,912
Union Thai-Nichiban Co., Ltd.	-	10,000,000	-	10,000,000
Venus Corp., Ltd.	2,742,985	2,732,720	2,742,985	2,732,720
Union Limousine Co., Ltd.	3,000,000	3,000,000	3,000,000	3,000,000
Union Zip Co., Ltd.	2,500,000	2,500,000	2,500,000	2,500,000
Others	2,147,000	1,887,000	2,147,000	1,887,000
	55,467,751	60,508,632	55,467,751	60,508,632
Related companies	32,100,000	10,868,000	32,100,000	10,868,000
Total	87,567,751	71,376,632	350,251,417	424,678,625

7. INVENTORIES

Inventories as at 31 December 2003 and 2002 consist of :-

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Raw materials	419,032,032	357,190,148	471,947	381,198
Work in process	185,543,876	53,028,682	-	-
Finished goods	614,915,768	672,074,241	285,036,836	267,367,261
Packing materials	21,773,432	22,366,612	-	-
Spare parts and supplies	44,472,786	35,755,029	16,874	36,148
Goods in transit	3,600,076	2,087,278	3,600,076	618,889
Total	1,289,337,970	1,242,501,990	289,125,733	268,403,496
Less : Provision for stock obsolescence	(85,764,827)	(80,315,851)	(27,104,359)	(28,244,360)
Inventories - net	1,203,573,143	1,162,186,139	262,021,374	240,159,136

8. INVESTMENTS IN SUBSIDIARIES/PROVISION FOR LOSSES OF SUBSIDIARIES

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Saha-Union International Ltd. (Hong Kong)	Import and distribution	99.98	99.98	255	255	1,244,449	1,244,449	1,268,142	1,466,486	-	-
				(Except for other specified currency)				(Restated)			
				(Million HKD)							
Saha-Union International (GA) Inc.	Import and distribution	100.00	100.00	7	7	178,852	178,852	275,337	299,368	-	-
				(Million USD)							
Saha-Union Investment (China) Co., Ltd.	Investment holding	100.00	100.00	30	10	1,046,788	249,038	1,117,299	333,230	-	-
				(Million USD)							
Saha-Union Holding Co., Ltd.	Investment holding	99.67	99.67	1,000	1,000	995,399	995,399	225,095	168,271	-	-
Union Garment Co., Ltd.	Manufacture of garments	99.98	99.98	50	50	70,336	70,336	106,901	115,386	24,994	24,994
Fashion Apparel Co., Ltd.	Manufacture of garments	99.97	99.97	2.5	2.5	750	750	4,236	1,757	187	150
Union Pioneer Public Co., Ltd.	Manufacture of rubber thread, elastic braids & webbing	52.67	52.67	75	75	53,084	53,084	154,574	153,623	11,015	14,687
Union Zojirushi Co., Ltd.	Manufacture of vacuum bottles	51.00	51.00	140	140	72,057	72,057	210,210	207,245	35,700	46,409
Union Stainless Steel Products Co., Ltd.	Manufacture of pipes	98.00	98.00	40	40	52,411	52,411	62,001	59,536	-	11,760
Union Rubber Products Corp. Ltd.	Manufacture of rubber product	99.99	99.99	20	20	16,111	16,111	15,493	13,293	-	-
Union Footwear Public Co., Ltd.	Manufacture of sports shoes	51.23	51.23	200	200	131,379	131,379	181,302	182,356	11,344	13,613
Union Shoes Co., Ltd.	Manufacture of sports shoes	97.85	97.85	100	100	68,898	68,898	147,770	155,160	3,085	9,255
Union Metal Work Corp., Ltd.	Dormant	-	72.72	-	23.1	-	11,800	-	(8,722)	-	-
Venus Shoes Co., Ltd.	Dormitory rental and services	96.86	96.86	100	100	61,120	61,120	47,647	37,511	-	-
Thai Rubber Enterprise Corp. Ltd.	Rubber estates	50.69	-	31	-	16,567	-	17,909	-	-	-
Uni-Sole Co., Ltd.	Machine and warehouse rental	70.69	70.69	50	100	9,400	18,800	34,019	51,398	-	-
Union Yeijer Industrial Co., Ltd.	Dormant	-	99.97	-	50	-	30,561	-	4,809	-	-
Union Printing Co., Ltd.	Printing services	94.74	94.57	30	30	29,466	29,416	23,131	21,681	-	-
Computer Union Co., Ltd.	Computer dealer	88.58	88.56	60	60	54,901	54,890	45,469	72,385	7,971	-

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Uni-Media Co., Ltd.	Dormant	78.00	78.00	166.5	166.5	96,703	96,703	57	74	-	-
Union Itoh Molds Co., Ltd.	Dormant	-	61.02	-	26.3	-	41,183	-	(4,583)	-	-
Union Equity Co., Ltd.	Investment holding	99.43	99.43	230	230	228,698	228,698	343,387	323,495	-	-
Union Asset Development Co., Ltd.	Dormant	-	98.69	-	35	-	119	-	(6,069)	-	-
Union Construction Co., Ltd.	Architectural, construction and interior design services	98.90	98.90	200	200	4,431	4,431	(77,642)	(75,926)	-	-
Union Technology Co., Ltd.	Manufacture of electronic components	99.99	99.99	100	100	100,000	100,000	202,623	228,333	110,000	220,000
Union Energy Co., Ltd.	Investment in electric power & energy business	99.45	99.41	1,350	1,250	1,340,000	1,240,000	1,152,462	1,055,327	-	-
Union Energy (China) Co., Ltd.	Investment holding	99.99	99.99	2,000	3,950	1,999,999	3,950,000	883,744	2,824,944	-	-
Textport International Co., Ltd.	Investment holding	85.18	85.18	50	50	44,294	44,294	37,416	34,524	-	-
Union Overseas Holding Co., Ltd.	Investment holding	58.98	58.98	25	25	6,250	6,250	8,206	8,142	-	-
Union Human Resources Development Co., Ltd.	Train and develop employees' skill	99.99	-	0.25	-	250	-	230	-	-	-
Computer Union System Co., Ltd. (99.99 percent owned by Computer Union Co., Ltd.)	Dormant	88.58	88.56	5.03	5.03	-	-	4,862	4,824	-	-
Jakkarat Union Footwear Co., Ltd. (99.99 percent owned by Union Footwear Public Co., Ltd.)	Manufacture of shoe uppers	51.23	51.23	20	20	-	-	563	716	-	-
Burirum Union Shoes Co., Ltd. (99.99 percent owned by Union Shoes Co., Ltd.)	Manufacture of shoe uppers	97.85	97.85	5	5	-	-	5,105	11,010	-	-
Phon Union Footwear Co., Ltd. (50.00 percent owned by Union Footwear Plc. and 49.99 percent by Union Shoes Co., Ltd.)	Manufacture of sole	53.53	53.53	70	30	-	-	(3,620)	(2,225)	-	-
Zhejiang Saha-Union Thread Industry Co., Ltd. (70.00 percent owned by the Company, 20.00 percent by Union Energy (Hong Kong) Co., Ltd. and 10.00 percent by Saha-Union Investment (China) Co., Ltd.)	Manufacture of thread (not commencing its business)	99.99	-	0.9	-	-	-	(703)	-	-	-
Union Energy (Hong Kong) Co., Ltd. (100 percent owned by Saha-Union International Ltd. (Hong Kong))	Investment holding	99.98	99.98	223.2	223.2	-	-	102,061	9,999	-	-
Jiashan-Union Cogeneration Co., Ltd. (66.57 percent owned by Union Energy (China) Co., Ltd. and 7.40 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	73.97	73.97	7.1	7.1	-	-	166,865	161,937	-	-
Danyang-Union Cogeneration Co., Ltd. (49.50 percent owned by Union Energy (China) Co., Ltd. and 5.50 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	55.00	55.00	180	180	-	-	104,003	137,378	-	-

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Danhuang-Union Cogeneration Co., Ltd. (90.00 percent owned by Union Energy (China) Co., Ltd. and 9.99 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	99.99	99.99	6.7	6.7 (Million USD)	-	-	96,072	108,810	-	-
Shenzhou-Union Cogeneration Co., Ltd. (74.97 percent owned by Union Energy (China) Co., Ltd. and 8.33 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	83.30	83.30	5.2	5.2 (Million USD)	-	-	176,899	193,200	-	-
Total						7,922,593	9,051,029	7,139,125	8,348,683	204,296	340,868
Provision for losses of subsidiaries						-	-	81,965	97,525		
						7,922,593	9,051,029	7,221,090	8,446,208		
Less: Fair value of Company's shares held by subsidiaries						-	-	(226,939)	(159,082)		
Investments in subsidiaries						7,922,593	9,051,029	6,994,151	8,287,126		

During the year 2003, the Company increased its investments in Union Energy Co., Ltd. by Baht 100 million and in Saha-Union Investment (China) Co., Ltd. by USD 20 million. In addition, there was a jointed investment in Zhejiang Saha-Union Thread Industry Co., Ltd. At present this company is calling up its capital and has not yet commenced its business operations.

The Company sold its investments in Union Metal Work Corp., Ltd., Union Yeijer Industrial Co., Ltd. Union Itoh Molds Co., Ltd. and Union Assets Development Co., Ltd. at their net book value.

Union Energy (China) Co., Ltd. and Uni-Sole Co., Ltd. reduced their share capital and returned capital of Baht 1,950 million and Baht 16 million, respectively, to the Company.

The balances of investment in Danhuang-Union Cogeneration Co., Ltd. and Shenzhou-Union Cogeneration Co., Ltd. presented under the equity accounting method as at 31 December 2002 included share of losses for the year 2002 calculated from financial statements prepared by those companies' management and not yet audited by their auditors. However, in 2003, the Company was furnished with the audited financial statements of those companies, which did not materially differ from those prepared by management.

9. INVESTMENTS IN ASSOCIATED COMPANIES/PROVISION FOR LOSSES OF ASSOCIATED COMPANIES

Consolidated

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Saha-Union International (UK) Ltd.	Dormant	32.56	32.56	0.1	0.1 (Million GBP)	461	461	938	884	-	-
Saha-Union International (Taipei) Ltd.	Supplies raw materials to group companies	32.50	32.50	5	5 (Million TWD)	386	386	4,735	5,210	-	-
Saha-Union International (USA) Inc.	Import and Distribution	42.60	42.60	0.3	0.3 (Million USD)	550	550	3,608	(1,275)	-	-
Global Education Management Ltd.	Management of an international school (in pre-operation stage)	49.00	-	5	- (Million USD)	98,243	-	98,243	-	-	-
Union Capital Co., Ltd.	Investment holding	49.00	49.00	250	250	72,500	72,500	194,361	112,532	-	-
Uni-Agro Co., Ltd.	Investment and agriculture	45.02	45.02	65	65	20,465	20,465	12,974	13,475	-	-

Company name	Type of business	Percentage owned by		Investment							
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Union Textile Industries Plc.	Spinning and Weaving	37.79	37.79	600	600	180,892	180,892	282,229	335,450	8,906	8,906
Uni-Fibre Co., Ltd.	Distribution of textiles	51.71	51.71	120	120	30,800	30,800	106,689	66,375	-	-
Union Thread Industries Co., Ltd.	Manufacture of thread	36.23	36.23	200	200	52,216	52,216	776,209	684,734	9,024	9,024
Union Industries Corp, Ltd.	Manufacture of zippers	29.60	29.60	150	150	43,502	43,502	319,214	265,763	6,750	6,750
Venus Button Co., Ltd.	Manufacture of buttons	30.00	30.00	40	40	10,000	10,000	14,968	13,166	500	1,000
Union Business Management Co., Ltd.	Investment holding	55.24	55.24	500	500	146,712	146,712	183,561	93,720	-	-
Union Thai-Nichiban Co., Ltd.	Manufacture of tape	40.27	40.27	15	15	19,266	19,266	159,496	150,973	18,123	18,123
Union Plastic Plc.	Manufacture of plastic products, molds	49.68	49.68	250	250	236,217	236,217	253,982	236,538	6,202	3,101
Union Nifco Co., Ltd.	Manufacture of plastic products	39.90	39.90	40	40	13,552	13,552	73,215	55,503	3,600	-
Oriental Footwear Co., Ltd.	Dormant	-	49.99	-	207.7	-	100,350	-	(3,410)	-	-
Union Universe Co., Ltd.	Distributor of Grand Slam shirts	49.86	49.86	7.5	7.5	3,748	3,748	54,319	47,959	2,431	2,244
Sports Ace Co., Ltd.	Distributor of footwear and sportswear	50.00	50.00	40	40	22,412	22,412	42,901	73,641	-	-
Union Micronclean Co., Ltd.	Manufacture of clothes for cleaning room	41.85	41.85	5	5	1,900	1,900	10,434	8,928	1,900	1,900
Union Rubber Plus Co., Ltd.	Investment holding	45.68	45.68	30	30	14,700	14,700	19,989	20,429	980	-
Union Spinning Mills Co., Ltd.	Manufacture of thread	52.16	52.16	200	200	46,563	46,563	82,397	86,792	-	-
Thai Rubber Enterprise Corp. Ltd.	Rubber estates	-	50.69	-	30.5	-	16,261	-	16,790	-	-
Ban Pai Union Garment Co., Ltd. (50.00 percent owned by Union Garment Co., Ltd.)	Manufacture of ready to wear clothes	49.99	49.99	2	2	1,000	1,000	1,486	1,069	50	37
Ban Pai Union Footwear Co., Ltd. (49.99 percent owned by Union Footwear Public Co., Ltd.)	Manufacture of Shoe upper	22.69	22.69	5	5	2,500	2,500	5,031	5,265	-	-
Hangzhou-Union Cogeneration Co., Ltd. (45.00 percent owned by Union Energy (China) Co., Ltd. and 5.00 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	260	260	535,757	535,757	757,134	819,602	51,284	82,184
Jiyang-Union Cogeneration Co., Ltd. (45.00 percent owned by Union Energy (China) Co., Ltd. and 5.00 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	17	17	222,641	222,641	363,941	408,401	20,382	24,119
Yunnan Luliang-Union Cogeneration Co., Ltd. (50.00 percent owned by Union Energy (China) Co., Ltd.)	Power generation	50.00	50.00	24.7	24.7	453,156	453,156	474,354	492,994	-	-
Yunnan Qujing-Union Power Co., Ltd. (45.19 percent owned by Union Energy (China) Co., Ltd. and 4.81 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	28.1	28.1	509,690	509,690	596,907	619,484	4,087	35,421

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Wuxi-Union Cogeneration Co., Ltd. (40.50 percent owned by Union Energy (China) Co., Ltd. and 4.50 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	45.00	45.00	25.7 (Million USD)	23	469,534	361,157	555,897	459,743	44,787	50,316
Yixing-Union Cogeneration Co., Ltd. (42.81 percent owned by Union Energy (China) Co., Ltd. and 5.20 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	48.01	57.7 (Million USD)	57.7	1,111,274	1,016,667	1,472,401	1,347,174	12,496	81,834
Yixing Union Biochemical Co., Ltd. (50.00 percent owned by Yixing Union Cogeneration Co., Ltd. and 25.00 percent by Union Energy (China) Co., Ltd.)	Manufacture of citric acid	50.00	49.00	5 (Million USD)	5	55,473	55,473	74,956	64,837	-	-
Shangyu Hangzhou-Union Cogeneration Co., Ltd. (50.00 percent owned by Hangzhou-Union Cogeneration Co., Ltd., 22.50 percent by Union Energy (Hong Kong) Co., Ltd. and 2.50 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation (in construction process)	49.99	-	100 (Million RMB)	-	124,883	-	114,197	-	-	-
Venus Product Co., Ltd. (99.86 percent owned by Union Industries Corp., Ltd.)	Manufacture of venus thread	24.97	24.97	2	2	-	-	(155)	(154)	-	-
Union Distributor Co., Ltd. (99.30 percent owned by Union Industries Corp., Ltd.)	Dormant	24.83	24.83	1	1	-	-	747	692	-	-
Union Limousine Co., Ltd. (99.83 percent owned by Union Industries Corp., Ltd.)	Fuel retailer	24.96	24.96	4	4	-	-	95	66	-	-
Union Zip Co., Ltd. (94.75 percent owned by Union Industries Corp., Ltd.)	Dormant	23.69	23.69	3	3	-	-	397	411	-	-
Union Knitting Yarn Co., Ltd. (99.96 owned by Union Industries Corp., Ltd.)	Dormant	24.99	24.99	5	5	-	-	763	764	-	-
Venus Thread Co., Ltd. (97.92 percent owned by Union Thread Industries Co., Ltd. and 2.08 owned by Union Spinning Mills Co., Ltd.)	Dormant	25.07	25.07	150	150	-	-	5,565	4,600	-	-
Venus Corp. Ltd. (99.93 percent owned by Union Business Management Co., Ltd.)	Dormant	29.38	29.38	30	30	-	-	14,329	14,325	-	-
Union Kotec Molds Co., Ltd. (51.00 percent owned by Union Plastic Plc.)	Manufacture of molds (not commencing its business)	25.34	-	15	-	-	-	-	-	-	-
Total						4,500,993	4,191,494	7,132,507	6,523,450	191,502	324,959
Provision for losses of associated companies						-	-	155	4,839		
Investments in associated companies						4,500,993	4,191,494	7,132,662	6,528,289		

The Company Only

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Saha-Union International (UK) Ltd.	Dormant	32.56	32.56	0.1	0.1	461	461	938	884	-	-
				(Million GBP)							
Saha-Union International (Taipei) Ltd.	Supplies raw materials to group companies	32.50	32.50	5	5	386	386	4,735	5,210	-	-
				(Million TWD)							
Saha-Union International (USA) Inc.	Import and Distribution	42.60	42.60	0.3	0.3	550	550	3,608	(1,275)	-	-
				(Million USD)							
Global Education Management Ltd.	Management of an international school (in pre-operation stage)	49.00	-	5	-	98,243	-	98,243	-	-	-
				(Million USD)							
Union Capital Co., Ltd.	Investment holding	49.00	49.00	250	250	72,500	72,500	194,361	112,532	-	-
Uni-Agro Co., Ltd.	Investment and agriculture	45.02	45.02	65	65	20,465	20,465	12,974	13,475	-	-
Union Textile Industries Plc.	Spinning and weaving	37.79	37.79	600	600	180,892	180,892	282,229	335,449	8,906	8,906
Uni-Fibre Co., Ltd.	Distribution of textiles	51.71	51.71	120	120	30,800	30,800	106,689	66,375	-	-
Union Thread Industries Co., Ltd.	Manufacture of thread	36.23	36.23	200	200	52,216	52,216	776,209	684,734	9,024	9,024
Union Industries Corp., Ltd.	Manufacture of zippers	29.60	29.60	150	150	43,502	43,502	319,214	265,763	6,750	6,750
Venus Button Co., Ltd.	Manufacture of buttons	30.00	30.00	40	40	10,000	10,000	14,968	13,166	500	1,000
Union Business Management Co., Ltd.	Investment holding	55.24	55.24	500	500	146,712	146,712	183,561	93,720	-	-
Union Thai-Nichiban Co., Ltd.	Manufacture of tape	40.27	40.27	15	15	19,266	19,266	159,496	150,973	18,123	18,123
Union Plastic Plc.	Manufacture of plastic products, molds	49.68	49.68	250	250	235,433	235,433	253,197	235,753	6,190	3,095
Union Nifco Co., Ltd.	Manufacture of plastic products	39.90	39.90	40	40	13,552	13,552	73,215	55,503	3,600	-
Oriental Footwear Co., Ltd.	Dormant	-	49.99	-	207.7	-	98,658	-	(5,103)	-	-
Union Universe Co., Ltd.	Distributor of Grand Slam shirts	49.86	49.86	7.5	7.5	3,748	3,748	54,319	47,959	2,431	2,244
Sports Ace Co., Ltd.	Distributor of footwear and sportswear	50.00	50.00	40	40	22,412	22,412	42,901	73,641	-	-
Union Micronclean Co., Ltd.	Manufacture of clothes for cleaning room	41.85	41.85	5	5	1,250	1,250	9,784	8,278	1,250	1,250
Union Rubber Plus Co., Ltd.	Investment holding	45.68	45.68	30	30	7,500	7,500	12,789	13,229	500	-
Union Spinning Mills Co., Ltd.	Manufacture of thread	52.16	52.16	200	200	46,563	46,563	82,397	86,792	-	-
Thai Rubber Enterprise Corp., Ltd.	Rubber estates	-	50.69	-	30.5	-	16,261	-	16,790	-	-
Ban Pai Union Garment Co., Ltd.	Manufacture of ready to wear clothes	49.99	49.99	2	2	-	-	486	69	-	-
(50.00 percent owned by Union Garment Co., Ltd.)											
Union Kotec Molds Co., Ltd.	Manufacture of molds	25.34	-	15	-	-	-	-	-	-	-
(51.00 percent owned by Union Plastic Plc.)	(not commencing its business)										
Hangzhou-Union Cogeneration Co., Ltd.	Power generation	50.00	50.00	260	260	-	-	374,967	437,435	-	-
(45.00 percent owned by Union Energy (China) Co., Ltd. and 5.00 percent by Saha-Union Investment (China) Co., Ltd.)				(Million RMB)							
Jiyang-Union Cogeneration Co., Ltd.	Power generation	50.00	50.00	17	17	-	-	150,723	195,183	-	-
(45.00 percent owned by Union Energy (China) Co., Ltd. and 5.00 percent by Saha-Union Investment (China) Co., Ltd.)				(Million USD)							

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Yunnan Luliang-Union Cogeneration Co., Ltd. (50.00 percent owned by Union Energy (China) Co., Ltd.)	Power generation	50.00	50.00	24.7 (Million USD)	24.7	-	-	163,602	182,242	-	-
Yunnan Qujing-Union Power Co., Ltd. (45.19 percent owned by Union Energy (China) Co., Ltd. and 4.81 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	28.1 (Million USD)	28.1	-	-	236,317	258,894	-	-
Wuxi-Union Cogeneration Co., Ltd. (40.50 percent owned by Union Energy (China) Co., Ltd. and 4.50 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	45.00	45.00	25.7 (Million USD)	23	-	-	187,450	199,672	-	-
Yixing-Union Cogeneration Co., Ltd. (42.81 percent owned by Union Energy (China) Co., Ltd. and 5.20 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	48.01	60 (Million USD)	57.7	-	-	678,397	647,779	-	-
Yixing-Union Biochemical Co., Ltd. (50.00 percent owned by Yixing Union Cogeneration Co., Ltd. and 25.00 percent by Union Energy (China) Co., Ltd.)	Manufacture of citric acid	50.00	49.00	5 (Million USD)	5	-	-	19,483	9,365	-	-
Shangyu Hangzhou-Union Cogeneration Co., Ltd. (50.00 percent owned by Hangzhou-Union Cogeneration Co., Ltd., 22.50 percent by Union Energy (Hong Kong) Co., Ltd. and 2.50 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation (in construction process)	49.99	-	100 (Million RMB)	-	-	-	(10,686)	-	-	-
Venus Product Co., Ltd. (99.86 percent owned by Union Industries Corp., Ltd.)	Manufacture of venus thread	24.97	24.97	2	2	-	-	(155)	(154)	-	-
Union Distributor Co., Ltd. (99.30 percent owned by Union Industries Corp., Ltd.)	Dormant	24.83	24.83	1	1	-	-	747	692	-	-
Union Limousine Co., Ltd. (99.83 percent owned by Union Industries Corp., Ltd.)	Fuel retailer	24.96	24.96	4	4	-	-	95	66	-	-
Union Zip Co., Ltd. (94.75 percent owned by Union Industries Corp., Ltd.)	Dormant	23.69	23.69	3	3	-	-	397	411	-	-
Union Knitting Yarn Co., Ltd. (99.96 percent owned by Union Industries Corp., Ltd.)	Dormant	24.99	24.99	5	5	-	-	763	764	-	-
Venus Thread Co., Ltd. (97.92 percent owned by Union Thread Industries Co., Ltd. and 2.08 percent owned by Union Spinning Mills Co., Ltd.)	Dormant	25.07	25.07	150	150	-	-	5,565	4,600	-	-
Venus Corp., Ltd. (99.93 percent owned by Union Business Management Co., Ltd.)	Dormant	29.38	29.38	30	30	-	-	14,329	14,325	-	-
Total						1,006,451	1,023,127	4,508,307	4,225,191	57,274	50,392
Provision for losses of associated companies						-	-	10,841	6,532		
Investments in associated companies						1,006,451	1,023,127	4,519,148	4,231,723		

Shares of profits (losses) from investments in associated companies, accounted for under the equity method, have generally been calculated from financial statements prepared by the management of these companies, and not audited by their auditors.

During the year 2003, Union Energy (Hong Kong) Co., Ltd. (a subsidiary), Saha-Union Investment (China) Co., Ltd. (a subsidiary) and Hangzhou-Union Cogeneration Co., Ltd. (an associated company), invested respective amounts of Baht 108 million, Baht 12 million and Baht 239 million, in Shangyu Hangzhou-Union Cogeneration Co., Ltd., which is carrying out the construction of its power generating plant. Moreover, the Company invested Baht 98 million in Global Education Management Co., Ltd., which is preparing itself for management of an international school in China, representing 49 percent of that company's registered capital.

The Company sold its investment in Oriental Footwear Co., Ltd. at its net book value.

The balances of investment in Yixing-Union Cogeneration Co., Ltd., Yixing-Union Biochemical Co., Ltd. and Wuxi-Union Cogeneration Co., Ltd. presented under the equity accounting method as at 31 December 2002, included share of profits for the year 2002 calculated from financial statements prepared by those companies' management and not yet audited by their auditors. However, during the year 2003, the Company was furnished with the audited financial statements of those companies, which did not materially differ from those prepared by management.

Investments in Uni-Fibre Co., Ltd., Union Business Management Co., Ltd. and Union Spinning Mills Co., Ltd. are classified as investments in associated companies since the Company does not have any control over the business operations of investee companies.

10. INVESTMENTS IN OTHER COMPANIES

Investments in other companies consist of investments in ordinary shares and available-for-sale securities as follows :-

Consolidated

Investments in ordinary shares :

Company name	Percentage owned by the Company		Cost method	
	2003	2002	2003	2002
	%	%	Thousand Baht	Thousand Baht
Union Button Co., Ltd.	10.71	10.71	11,500	11,500
Imperial Technology Management Plc.	0.67	0.67	10,000	10,000
Ratchaburi Power Co., Ltd. (Formerly known as "Union Power Development Co., Ltd.")	14.99	14.99	249,750	249,750
Wuxi Nan Yang Colour Printing & Packing Co., Ltd.	11.76	11.76	23,002	23,002
Zhuo Zhou Resources Link Co., Ltd.	36.86	36.86	32,687	32,687
Less : Provision for devalue of investments			(32,687)	(32,687)
			-	-
Others			15,188	12,795
			309,440	307,047

Investment in available-for-sale securities :

Company name	Cost method		Unrealized gains (losses) on the change in value of investment		Fair value	
	2003	2002	2003	2002	2003	2002
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Saha Pathana Inter-Holding Plc.	27,508	27,508	110,958	45,745	138,466	73,253
Bangkok Bank Plc.	204,402	4,390	87,263	2,739	291,665	7,129
New Plus Knitting Plc.	2,010	2,010	(1,460)	(1,631)	550	379
Electricity Generating Plc.	2,324	2,324	3,673	172	5,997	2,496
	236,244	36,232	200,434	47,025	436,678	83,257
Total investments in other companies					746,118	390,304

The Company Only

Investments in ordinary shares :

Company name	Percentage owned by the Company		Cost method	
	2003	2002	2003	2002
	%	%	Thousand Baht	Thousand Baht
Union Button Co., Ltd.	10.71	10.71	11,500	11,500
Imperial Technology Management Plc.	0.67	0.67	10,000	10,000
Others			2,694	2,694
			24,194	24,194

Investment in available-for-sale securities :

Company name	Cost method		Unrealized gains (losses) on the change in value of investment		Fair value	
	2003	2002	2003	2002	2003	2002
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Saha Pathana Inter-Holding Plc.	27,508	27,508	110,958	45,745	138,466	73,253
Bangkok Bank Plc.	204,402	4,390	87,263	2,739	291,665	7,129
New Plus Knitting Plc.	2,010	2,010	(1,460)	(1,631)	550	379
	233,920	33,908	196,761	46,853	430,681	80,761
Total investments in other companies					454,875	104,955

During the year 2003, the Company increased its investment in Bangkok Bank Plc. by 2,531,800 shares, a cost of Baht 79 each.

The investments in Zhuo Zhou Resources Link Co., Ltd. held by Union Energy (China) Co., Ltd., a subsidiary, are classified as general investments since Union Energy (China) Co., Ltd. does not have any significant control and influence over those investee companies. The investments are accounted for under the cost method, and not adjusted to reflect proportionate interest in their operating results. However, Union Energy (China) Co., Ltd. had recorded fully provision for devalue of investment as the possibility of return being earned on that investments was low.

Union Energy Co., Ltd. (a subsidiary) holds an investment in the ordinary shares of Ratchaburi Power Co., Ltd. (RPC), formerly known as "Union Power Development Co., Ltd.", which is engaged in a power-generating project to supply electricity to Electricity Generating Authority of Thailand (EGAT). The project has been unable to proceed as planned due to several factors and in 2001, Union Energy Co., Ltd. agreed to sell a part of its investment to a foreign company. However, the related agreement stipulates that the sales transaction and payment thereunder are to be completed only upon the occurrence of certain events specified in the agreement. Since the events have not yet occurred, Union Energy Co., Ltd. has recorded the portion of the investment it agreed to sell under the caption of "Investment pending sale" in the balance sheet.

Regarding the development of the power generating project, in response to an announcement of the Office of the Prime Minister on 10 May 2002, RPC and EGAT have negotiated to jointly resolve all issues affecting the project. The parties have agreed to change the fuel for the project from coal to natural gas, relocate the project site from Hin Krut to the existing power plant complex of Ratchaburi Electricity Generating Co., Ltd. and extend the power plan completion date to March 2008. Moreover, they have negotiated a fifth amendment of the Power Purchase Agreement to match these changes in circumstances. The agreement reached by RPC and EGAT has been endorsed by the Ministry of Energy and the Office of the Attorney General. In addition, during 2003, a Memorandum of Understanding was signed between the shareholders of RPC and two Thai companies that are leading players in the power and energy sector of Thailand for the latter's participation as additional shareholders in RPC. However, such agreement has yet to be executed by the parties concerned.

11. UNIT TRUSTS

These represent investments in Bualuang Capital Augmented Preferred Securities Fund as detailed follows :-

(Unit : Thousand Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Cost (at Baht 10 per unit)	120,000	120,000	100,000	100,000
Add : Unrealised gains on the change in value of the investments	3,240	3,120	2,700	2,600
Fair value	123,240	123,120	102,700	102,600

12. PROPERTY, PLANT AND EQUIPMENT

(Unit : Thousand Baht)

	Consolidated						
	Land	Land and leasehold improvement	Buildings and facilities	Machinery and equipment	Power plants	Others	Total
Cost							
31 December 2002	70,614	111,497	2,400,174	2,153,060	2,138,477	1,361,664	8,235,486
Assets of newly acquired subsidiary	24,603	1,101	4,545	2,989	-	6,881	40,119
Additions	-	2,874	12,115	272,763	76,843	453,213	817,808
Disposal / written off	-	-	(806)	(51,184)	-	(98,375)	(150,365)
Transfer in / (out)	-	13,031	49,049	128,487	-	(190,567)	-
Translation adjustment	-	-	-	-	(178,751)	(12,843)	(191,594)
31 December 2003	95,217	128,503	2,465,077	2,506,115	2,036,569	1,519,973	8,751,454
Accumulated depreciation							
31 December 2002	-	92,748	1,624,543	1,451,484	679,359	862,329	4,710,463
Adjustment of overseas subsidiary	-	-	-	-	71,024	-	71,024
Assets of newly acquired subsidiary	-	143	1,869	2,413	-	5,507	9,932
Depreciation for the year	-	10,558	117,522	202,790	136,400	170,891	638,161
Disposal / written off	-	-	-	(44,949)	-	(73,237)	(118,186)
Translation adjustment	-	-	-	-	(60,482)	(4,234)	(64,716)
31 December 2003	-	103,449	1,743,934	1,611,738	826,301	961,256	5,246,678
Allowance for impairment loss							
31 December 2002	-	-	-	10,304	-	-	10,304
Reversal of impairment loss	-	-	-	(2,673)	-	-	(2,673)
Loss on impairment for the year	-	-	-	3,188	-	-	3,188
31 December 2003	-	-	-	10,819	-	-	10,819
Net book value							
31 December 2003	95,217	25,054	721,143	883,558	1,210,268	558,717	3,493,957
31 December 2002	70,614	18,749	775,631	691,272	1,388,094	499,335	3,443,695
Depreciation charges (included in earnings statements)							
2002							593,791
2003							638,161

(Unit : Thousand Baht)

	The Company Only				
	Land	Land and leasehold improvement	Buildings and facilities	Others	Total
Cost					
31 December 2002	58,955	94,394	1,824,109	707,023	2,684,481
Additions	-	1,864	1,588	60,123	63,575
Disposal / written off	-	-	-	(9,133)	(9,133)
Transfer in / (out)	-	9,396	7,735	(17,131)	-
31 December 2003	58,955	105,654	1,833,432	740,882	2,738,923
Accumulated depreciation					
31 December 2002	-	79,420	1,300,438	573,089	1,952,947
Depreciation for the year	-	9,500	84,714	60,714	154,928
Disposal / written off	-	-	-	(8,877)	(8,877)
31 December 2003	-	88,920	1,385,152	624,926	2,098,998
Net book value					
31 December 2003	58,955	16,734	448,280	115,956	639,925
31 December 2002	58,955	14,974	523,671	133,934	731,534
Depreciation charges (included in earnings statements)					
2002					169,101
2003					154,928

13. LONG - TERM LOANS

The outstanding balances as of 31 December 2003 and 2002 consisted of :-

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
a) Loans from local banks carrying interest at rates based on the Minimum Loan Rate, and repayable during 2002 to 2004.	500,000,000	500,000,000	500,000,000	500,000,000
b) Loans from local banks carrying interest at rates based on the SIBOR, and repayable during 2005 to 2010 (The principal totalling amounts USD 25 million)	993,445,000	-	993,445,000	-
c) Loan from overseas bank carrying interest at rate of 0.48675% per month, and repayable at call	66,218,927	82,693,413	-	-
Total	1,559,663,927	582,693,413	1,493,445,000	500,000,000
Less : current portion of long - term loans	(500,000,000)	-	(500,000,000)	-
Long - term loans - net of current portion	1,059,663,927	582,693,413	993,445,000	500,000,000

Under the loan agreements, there are covenants and restrictions, including in relation to the maintenance of a debt to equity ratio, and negative pledges on certain of the Company's assets that are essential for the Company's operations.

14. FINANCIAL LEASE

This represents the obligations payable under the 36 months financial lease agreements. The assets acquired by a subsidiary under these agreements were recorded at fair value at inception of the agreements, and as at 31 December 2003 carried a net book value of Baht 145 million (2002 : Baht 107 million).

15. COMPANY'S SHARES HELD BY THE SUBSIDIARIES

These represent the acquisition cost of the 8,987,694 Company's shares acquired and held by two subsidiaries ("treasury shares").

16. STATUTORY RESERVE

In accordance with Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit until such reserve reaches 10 percent of its registered share capital.

However, the Company's regulations require the Company to set aside statutory reserve until such reserve reaches at least 25 percent of its registered share capital.

17. DIRECTORS' REMUNERATION

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

18. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2003	2002	2003	2002
Number of employees at year ended (Persons)	17,833	15,196	576	538
Cost of employees for the year (Thousand Baht)	2,005,929	1,860,099	155,747	129,580

19. CORPORATE INCOME TAX

The Company's corporate income tax for the year was calculated on its earnings that are attributable to the non-BOI promoted activities, after adding back certain non-tax deductible expenses and after deducting non-taxable income in accordance with the Revenue Code.

20. PRIOR YEAR'S ADJUSTMENTS

These represent prior years' adjustments made by certain overseas subsidiary and associated companies. They mainly related to the correcting of depreciation of property, plant and equipment that was under-charged in the past and adjustment of the carrying value of ending inventory.

21. DIVIDEND

At the Annual General Meeting of the shareholders held on 22 April 2003 the meeting resolved that the Company pay a dividend of Baht 1.25 per share, totalling Baht 375 million, to its shareholders in respect of the 2002 earnings (2002 : Baht 1.25 per share, totalling Baht 375 million).

22. STATEMENTS OF CASH FLOWS

For the purposes of the statements of cash flows, cash and cash equivalents include cash on hand and at banks and current investment with an original maturity of 3 months or less and without encumbrances.

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

(Unit : Baht)

	Consolidated		The Company Only	
	2003	2002	2003	2002
Cash on hand and at banks	1,591,529,435	892,410,596	322,131,513	307,996,262
Current investment	260,987,769	242,674,969	108,805	108,002
Cash and cash equivalents	1,852,517,204	1,135,085,565	322,240,318	308,104,264

23. PROMOTIONAL PRIVILEGES

Certain subsidiaries have been granted the following promotional investment privileges :-

Company	Privileges	Expiry Date
Union Garment Co., Ltd.	- Exemption from import duty on imported raw and essential materials	2 years from the date revenue was first earned
Buriram Union Shoes Co., Ltd.	- Exemption from corporate income tax on profits	8 years from the date revenue was first earned
	- 50% reduction of corporate income tax on profits	5 years from expiration of tax exemption
Union Footwear Plc.	- Reduction of import duty on imported molds	31 December 2003
Phon Union Footwear Co., Ltd.	- Reduction of import duty on imported machines	5 years from the date of first import
	- Exemption from corporate income tax on profits totalling not exceeds 100% of investment excluding land and working capital	8 years from the date revenue was first earned
Jukkarat Union Footwear Co., Ltd.	- Reduction of imported duty on imported machines	27 September 2003
	- Exemption from corporate income tax on profits	8 years from the date revenue was first earned
	- 50% reduction of corporate income tax on profits	5 years from expiration of tax exemption

The Company and its subsidiaries' operating revenues divided according to promoted and non-promoted activities are as follows :-

(Unit : Thousand Baht)

	Consolidated					
	2003			2002		
	Promoted	Non-promoted	Total	Promoted	Non-promoted	Total
REVENUES						
Sales - Local	-	8,474,272	8,474,272	-	6,845,440	6,845,440
- Export	-	13,127,401	13,127,401	-	13,143,571	13,143,571
Services income	136,469	3,326,560	3,463,029	84,026	4,275,393	4,359,419
Total	136,469	24,928,233	25,064,702	84,026	24,264,404	24,348,430
Interest income	17	139,450	139,467	-	118,526	118,526
Gains on exchange	229	100,641	100,870	-	-	-
Other income	718	1,384,766	1,385,484	92	1,622,595	1,622,687
TOTAL REVENUES	<u>137,433</u>	<u>26,553,090</u>	<u>26,690,523</u>	<u>84,118</u>	<u>26,005,525</u>	<u>26,089,643</u>
Less : Eliminated transactions			(8,446,043)			(8,158,169)
			<u>18,244,480</u>			<u>17,931,474</u>

(Unit : Thousand Baht)

Consolidated						
	2003			2002		
	Promoted	Non-promoted	Total	Promoted	Non-promoted	Total
REVENUES						
Sales - Local	-	5,760,292	5,760,292	-	5,568,986	5,568,986
- Export	-	7,360,463	7,360,463	-	7,181,445	7,181,445
Services income	-	1,810,466	1,810,466	-	1,541,166	1,541,166
Total	-	14,931,221	14,931,221	-	14,291,597	14,291,597
Interest income	-	110,465	110,465	-	89,294	89,294
Gains on exchange	-	87,687	87,687	-	-	-
Other income	-	1,006,819	1,006,819	-	1,142,228	1,142,228
TOTAL REVENUES	-	16,136,192	16,136,192	-	15,523,119	15,523,119

24. SEGMENT INFORMATION

The Company and its subsidiaries' business operations involve four principal segments : (1) textile, footwear, computer and electronics components (2) plastic, rubber and metal (3) power generation and (4) investment and others. The business operations are carried on both in Thailand and overseas. Below is the consolidated financial information for the years ended 31 December 2003 and 2002 of the Company and its subsidiaries.

(Unit : Million Baht)

For the year ended 31 December 2003						
	Textile, Footwear, Computer and electronics components	Plastic, Rubber and Metal	Power generation	Investment and Others	(Less) Eliminated transactions	Total
Sale revenue						
Local sales	9,579	2,242	-	116	(3,300)	8,637
Export sales	8,432	3,458	1,116	121	(4,350)	8,777
Total	18,011	5,700	1,116	237	(7,650)	17,414
Operating profit	580	259	96	596	(94)	1,437
Interest expenses						(51)
Corporate income tax						(272)
Earnings of subsidiaries in respect of minority interest						(82)
Net earnings for the year						1,032
Property, plant and equipment	1,256	751	1,210	277	-	3,494

(Unit : Million Baht)

For the year ended 31 December 2002						
	Textile, Footwear, Computer and electronics components	Plastic, Rubber and Metal	Power generation	Investment and Others	(Less) Eliminated transactions	Total
Sale revenue						
Local sales	9,506	1,608	-	91	(2,986)	8,219
Export sales	9,129	2,868	1,008	139	(4,244)	8,900
Total	18,635	4,476	1,008	230	(7,230)	17,119
Operating profit	773	306	12	411	(71)	1,431
Interest expenses						(87)
Corporate income tax						(280)
Earnings of subsidiaries in respect of minority interest						(75)
Net earnings for the year						989
Property, plant and equipment	1,290	487	1,388	279	-	3,444

25. PROVIDENT FUND

The Company, its subsidiaries and their employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. The fund is monthly contributed by both employees and the Companies at 3 percent of the employees' basic salaries. The fund is managed by Bangkok Bank Public Company Limited and will be paid to the employees upon termination in accordance with the rules of the fund.

26. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2003, the Company and its subsidiaries had commitments and contingent liabilities as follows :-

26.1 Commitments in respect of lease of several plots of land, equipments and buildings (the lease agreements are for the period of 1 - 30 years) and are payable as follows :-

(Unit : Million Baht)

Payable	Consolidated	The Company Only
Within one year	33.6	14.4
Between 2 and 5 years	74.9	57.6
6 years and above	76.6	70.8
	185.1	142.8

In addition, the Company and its subsidiaries had commitment in respect of capital expenditures (construction in progress and acquiring machine and equipment) at the amount of Baht 23 million.

26.2 Outstanding bank guarantees of Baht 202.1 million issued by the banks on behalf of the Company and its subsidiaries (the Company only : Baht 49.2 million) in respect of certain performance bonds as required in the ordinary course of business of the Company and its subsidiaries.

27. RELATED PARTY GUARANTEES

27.1 The Company has provided guarantees to financial institutions against certain obligations of its subsidiary and associated companies, charging such companies 1% of the guarantee amount as a fee. The outstanding guarantees as at 31 December 2003 and 2002 are summarized below :-

	Consolidated		The Company Only	
	2003	2002	2003	2002
Guarantees for subsidiaries				
Million Baht	125.8	123.5	125.8	123.5
Million USD	-	5.0	-	5.0
Million HKD	-	6.8	-	6.8
Guarantees for associated companies				
Million Baht	13.2	-	13.2	-

27.2 The Company has provided guarantee to a bank on behalf of a related company in respect of a bank guarantee amounting to Baht 105 million required for a project of that related company.

28. FINANCIAL INSTRUMENTS

Financial risk management and policies

The Company and its subsidiaries do not have the policy of holding or issuing derivative instruments for speculative or trading purposes.

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 relates primarily to their deposits at banks, short-term investments, loans to related companies, bank overdrafts and loans from financial institutions, trust receipts, deposits from related companies, finance lease payable and long-term loans. The majority of these financial assets and liabilities carry interest rates which vary in line with market rates. (The details of long-term loans are set out in Note 13)

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk as a result of their operations is limited since the balance of foreign receivables at any particular time is close to that of the trust receipts then payable. The difference between the two balances is generally covered by forward exchange contracts.

However, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in foreign subsidiary, associated and other companies. These investments are currently not hedged by derivative financial instruments since the Company and its subsidiaries believe that the likelihood of material losses arising from foreign exchange fluctuations is low. Moreover, as at 31 December 2003, the Company has outstanding balances of other accounts payable-related parties of HKD 159 million and new long-term loan principal of USD 25 million which are currently not hedged by derivative financial instruments since the Company believes that the likelihood of material losses arising from foreign exchange fluctuations is low.

Credit risk

The Company and its subsidiaries are exposed to credit risk, primarily with respect to trade accounts and notes receivable. However, since the companies maintain a prudent credit policy, and have diversified customer bases, and the majority of their export sales are made on the basis of letters of credit, the companies do not anticipate material losses from their debt collection. With respect to short-term loans to related companies, the Company and its subsidiaries do not anticipate losses from debt collection since those companies have the ability to repay such loans.

Fair value

Since the majority of long-term investments are accounted by the equity method and the interest rates of long-term loans vary in line with market rates, while other financial assets and liabilities are short-term, the management believe that the carrying value of those financial assets and liabilities does not materially differ from their fair value.

29. PRESENTATION

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

The Principles of Corporate Governance

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General Information

SAHA-UNION PUBLIC COMPANY LIMITED

Saha-Union Public Co., Ltd.
1828 Sukhumvit Road, Bangchak,
Phrakanong, Bangkok 10260
Tel. (66-2) 311-5111-9, 332-5600
Fax. (66-2) 332-5616
www.sahaunion.co.th

The company operates investment, financial service provision and product distribution within the group:

The company has, on issue, 300 million shares at par of ten baht, giving registered capital of 3,000 million Baht, all of which is paid-up.

JURISTIC PERSONS OF WHICH THE COMPANY'S SHAREHOLDING EXCEED 10%

● MANUFACTURING

TEXTILES

● Union Textile Industries Public Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260
Tel. (66-2) 311-5111-9, 332-5600 Fax. (66-2) 332-3123, 332-5616

● Union Garment Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260
Tel. (66-2) 311-5111-9, 332-5600 Fax. (66-2) 332-3123, 332-5616

● Union Thread Industries Co., Ltd.

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310
Tel. (66-2) 530-0511-30 Fax. (66-2) 539-6153

● Union Spinning Mills Co., Ltd.

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310
Tel. (66-2) 530-0511-30 Fax. (66-2) 538-4247

● Union Industries Co., Ltd.

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310
Tel. (66-2) 514-1191-4 Fax. (66-2) 538-4248

● Union Button Corporation Limited

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310
Tel. (66-2) 530-3003-7 Fax. (66-2) 538-1132

● Venus Button Co., Ltd.

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310
Tel. (66-2) 530-3003-7 Fax. (66-2) 538-1132

● Union Micron Clean Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260
Tel. (66-2) 311-5111-9, 332-5600 Fax. (66-2) 741-6145

● Fashion Apparel Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260
Tel. (66-2) 311-5111 Fax. (66-2) 311-6867

FOOTWEAR

● Union Footwear Public Co., Ltd.

Head Office: 1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260
Branch: 99 Moo 5 Bangna-Trad Road, (K.M. 38) Bangpakong, Chachoengsao 24180
Tel. (038) 538-499, 538-640-3 Fax. (038) 538-639, 538-470

● Union Shoes Co., Ltd.

Head Office: 1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260
Tel. (66-2) 311-5111-9, 332-5600 Fax. (66-2) 331-5668, 332-5616
Branch: 99 Moo 5 Bangna-Trad Road, (K.M. 38) Bangpakong, Chachoengsao 24180
Tel. (038) 538-499, 538-640-3 Fax. (038) 538-473

OTHER REFERENCES

Securities Registrar Thailand Securities Depository Co., Ltd.
62 The Securities Exchange of Thailand Building
Rachadapisek Road, Klongtoey, Bangkok 10110
Tel. (66-2) 359-1200-1
Fax. (66-2) 359-1259

AUDITOR

Mr.Narong Puntawong, Mr.Ruth Chaowanagawi and Mr.Sophon Permsirivallop
Ernst & Young Office Limited 33rd Floor, Lake Rajada Building
193/136-137 New Rajadaapisek Road, Bangkok 10110
Tel: (662) 264-0777
Fax: (662) 264-0789, 661-9192

- **Uni-Soles Co., Ltd.**

Head Office: 142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310

Branch: 99 Moo 5 Bangna-Trad Road, (K.M. 38) Bangpakong, Chachoengsao 24180

Tel. (038) 538-499, 538-640-3 Fax. (038) 538-475

PLASTICS, RUBBER AND METAL

- **Union Pioneer Public Co., Ltd.**

1 Moo 13 Serithai Road, Minbur, Bangkok 10510

Tel. (66-2) 517-0106-8 Fax. (66-2) 517-9056

- **Thai Rubber Enterprise Co., Ltd.**

252 Sukapiban Road, Tambon Watmai, Muang, Chantaburi 22000

Tel. (66-2) 517-8217-21 Fax. (66-2) 517-1016

- **Union Thai-Nichiban Co., Ltd.**

12 Bangchan Industrial Estates, Serithai Road, Minburi, Bangkok 10510

Tel. (66-2) 517-0100-3 Fax. (66-2) 517-0104

- **Union Plastic Public Co., Ltd.**

11 Moo 13 Bangchan Industrial Estates, Serithai Road, Minburi, Bangkok 10510

Tel. (66-2) 517-0109-14 Fax. (66-2) 517-0529

- **Union Zojirushi Co., Ltd.**

11/3 Bangchan Industrial Estates, Serithai Road, Minburi, Bangkok 10510

Tel. (66-2) 919-8893-5 Fax. (66-2) 517-1863

- **Union Rubber Products Corporation Limited**

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310

Tel. (66-2) 517-8217-21 Fax. (66-2) 517-1016

- **Union Stainless Steel Products Co., Ltd.**

11/12 Moo 14 Bangchan Industrial Estates, Serithai Road, Minburi, Bangkok 10510

Tel. (66-2) 919-8996-7 Fax. (66-2) 517-8167

- **Union Nifco Co., Ltd.**

99 Moo 5 Bangna-Trad Road, (K.M. 38) Bangpakong, Chachoengsao 24180

Tel. (038) 842-130-5 Fax. (038) 842-129

COMPUTER AND ELECTRONICS PARTS

- **Computer Union Co., Ltd.**

Head office 1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111-9 Fax. (66-2) 332-7940, 311-6875

Branch : 947 Tosapolland Building 3, 5 th FL. C3,E, Bangna-Trad Road, Bangna, Bangkok 10260

Tel. (66-2) 744-1363-9 Fax. (66-2) 744-1650

- **Union Technology Co., Ltd.**

Head office 1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111-9, 332-5600 Fax. (66-2) 311-6867

● ENERGY

● Union Energy Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111 Fax. (66-2) 332-5616

● Union Energy (China) Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111-9, 332-5600 Fax. (66-2) 332-5616

● COMMERCIAL, INVESTMENT AND SERVICES

COMMERCIAL

● Sports Ace Co., Ltd.

611/272-276 Soi Rathutit 2, Chareonkroong Road, Bangklo, Bangkoleerm, Bangkok 10120

Tel. (66-2) 292-1700-8 Fax. (66-2) 292-1565

● Uni-Fibre Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111 Fax. (66-2) 331-5668, 332-5615

● Union Universe Co., Ltd.

52/16-17 Soi Chareonkroong 41 Chareonkroong Road, Bangrak, Bangkok 10500

Tel. (66-2) 266-2976-80 Fax. (66-2) 237-6468

INVESTMENT

● Union Capital Co., Ltd.

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310

Tel. (66-2) 530-0511-30 Fax. (66-2) 539-6134

● Saha-Union Holding Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111-9, 332-5600 Fax. (66-2) 332-5616

● Union Business Management Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111 Fax. (66-2) 332-5616

● Union Oversea Holding Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111 Fax. (66-2) 332-5616

● Union Equity Co., Ltd.

1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel. (66-2) 311-5111-9, 332-5600 Fax. (66-2) 332-5616

● Union Rubber Plus Co., Ltd.

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310

Tel. (66-2) 530-7040-54 Fax. (66-2) 539-6124

● Texport International Co., Ltd.

142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310

Tel. (66-2) 530-0511-30 Fax. (66-2) 539-6134

● **Uni - Media Co., Ltd.**

1828 Sukhumvit Road, Bangchak, Phraknong, Bangkok 10260

Tel. (66-2) 311-5111 Fax. (66-2) 332-5616

● **Processing Center Co., Ltd.**

Thai Farmer Bank Building, 4 th Floor 142 Silom Road, Bangkok 10500

Tel. (66-2) 237-6330-4 Fax. (66-2) 237-6340

● **Uni-Agro Co., Ltd.**

142 Soi Chantima (Lathphrao 80) Latphrao Road, Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310

Tel. (66-2) 932-7868 Fax. (66-2) 514-2140

SERVICES

● **Sime Darby (Thailand) Co., Ltd.**

Vanissa Building 20th Floor, Soi Chidlom, Sukhumvit Road, Phyathai, Bangkok 10330

Tel. (66-2) 251-5288 Fax. (66-2) 254-6388

● **Union Printing Co., Ltd.**

99 Moo 5 Bangna-Trad Road, Bangpakong, Chachoengsao 24130

Tel. (038) 538-499, 538-640-3 Fax. (038) 538-639, 538-470

● **Venus Shoes Co., Ltd.**

Head Office: 142 Soi Latphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310

Branch: 99 Moo 5 Bangna-Trad Road, (K.M. 38) Bangpakong, Chachoengsao 24130

Tel. (038) 538-499, 538-640-3 Fax. (038) 538-639, 538-470

● **Union Human Resources Development Co., Ltd.**

1828 Sukhumvit Road, Bangchak, Phraknong, Bangkok 10260

Tel. (66-2) 311-5111, 332-5600 Fax. (66-2) 311-6127

OVERSEAS

● **Saha-Union International (U.S.A) Inc.**

419 Allan Street, Daly City, CA 94014, USA

Tel. (1-415) 467-5330-1 Fax. (1-415) 239-2625

● **Saha-Union International Ltd. (Hong Kong)**

1A. Yuk Yat Street, 6/F, Fook Shing Building, Tokwawan, Kowloon, Hong Kong

Tel. (852) 2365-0211-2 Fax. (852) 2363-2641

● **Saha-Union International (Taipei) Ltd.**

15 th Floor, Bangkok Bank Building 121 Sung Chiang Road, Taipei 10429, Taiwan

Tel. (88-62) 2506-7264-5 Fax. (88-62) 2506-9712

● **Saha-Union International (GA) Inc.**

3530 Piedmont Road, N.E Suite 15 L, Atlanta, GA 30305, USA

Tel. (1-404) 365-0678 Fax. (1-404) 365-0657

● **Saha-Union Investment (China) Co., Ltd.**

Cao Xi Road (N) # 18, 31 FL. (A, B, C.), Shanghai 200030, China

Tel. (86-21) 5459-0378, (86-21) 5459-0678, (86-21) 5459-0526 Fax. (86-21) 6427-9117

● **Global Education Managment Ltd.**

Room 1621-1625, Parkin Commercial Centre, 56 Dundas Street, Kowloon, Hong Kong

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Office Locations

SAHA-UNION PUBLIC COMPANY LIMITED

DOMESTIC

Head Office

1828 Sukhumvit Road, Bangchak, Phrakonong, Bangkok 10260

Tel: (66-2) 311-5111, 332-5600 Fax: (66-2) 332-5616, 332-3123

Latphrao Operations

142 Soi Chantima (Latphrao 80) Latphrao Road, Kwang Wangthonglang, Khet Wangthonglang Bangkok 10310

Tel: (66-2) 530-0511-30 Fax: (66-2) 538-4247, 539-6153

Bangpakong Operations

99 Moo 5, Bangna-Trad Road (Km. 38) Bangpakong Chacheongsao 24180

Tel: (66-38) 538-499, 538-640-4 Fax: (66-38) 538-639, 538-470

Sriracha Operations

336 Moo 10, Sukhumvit Road, Bangpra, Sriracha, Chonburi 20210

Tel: (66-38) 341-370-8 Fax: (66-38) 341-380-3

Bangpoo Operations

205 Moo 4, Sukhumvit Road (Km. 39.5) Bangpoo Mai, Muang District, Samutprakarn 10280

Tel: (66-2) 323-1085-91 Fax: (66-2) 323-9216

Bangchan Operations

NG 11, Bangchan Industrial Estate, Serethai Road, Minburi, Bangkok 10510

Tel: (66-2) 517-4489, 517-8159-61, 517-8217-21 Fax: (66-2) 517-1016

INTERNATIONAL

San Francisco

Saha-Union International (USA) Inc.

419 Allan Street, Daly City, CA 94014, USA

Tel: (1-415) 467-5330-1 Fax: (1-415) 239-2625

Georgia

Saha-Union International (GA) Inc.

3530 Piedmont Road, N.E Suite 15L

Atlanta, GA 30305, USA

Tel: (1-404) 365-0678 Fax: (1-404) 365-0657

Hong Kong

Saha-Union International Ltd.

1A Yuk Yat Street, 6/F, Fook Shing Building, Tokwawan, Kowloon, Hong Kong

Tel: (852) 2365-0211-2 Fax: (852) 2363-2641

Taiwan

Saha-Union International (Taipei) Ltd.

15th Floor, Bangkok Bank Building, 121 Sung Chiang Road,

Taipei 10429, Taiwan

Tel: (88-62) 2506-7264-5 Fax: (88-62) 2506-9712

Shanghai

Saha-Union Investment (China) Co., Ltd.

Cao Xi Road (N) # 18, 31 FL. (A, B, C.), Shanghai 200030, China

Tel: (86-21) 5459-0378, (86-21) 5459-0678, (86-21) 5459-0526 Fax: (86-21) 6427-9117

SAHA-UNION PUBLIC COMPANY LIMITED



1828 Sukhumvit Road, Bangchak,

Phrakanong, Bangkok 10260

Tel: (66-2) 311-5111, 332-5600

Fax: (66-2) 332-5616, 332-3123

www.sahaunion.co.th