



บมจ.สยามพาณิชย์ลีสซิ่ง
SIAM PANICH LEASING PLC.



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SPL
ANNUAL REPORT 2003

To be the leader in asset management and profit maximization

1 of Top Quartile in performance

1 of 200 best small companies with revenue of 1 billion dollars in the world

Disclosure Report Award 2003



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FINANCIAL HIGHLIGHTS

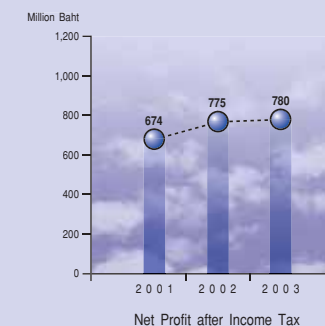
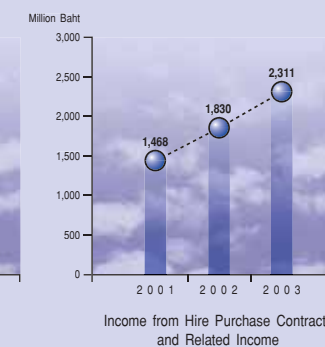
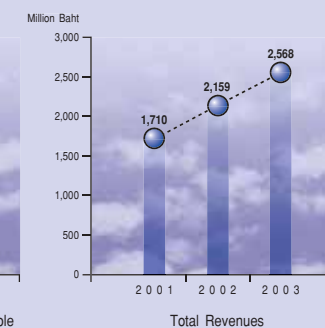
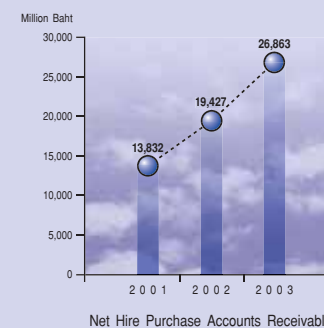
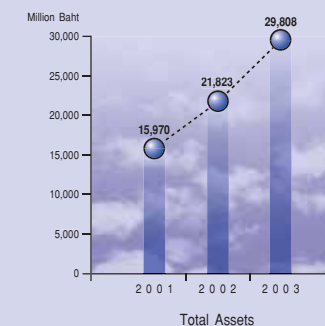
	2003	2002	2001
ASSETS Million Baht			
Total Assets	29,808	21,823	15,970
Net Hire Purchase Accounts Receivable	26,863	19,427	13,832
LIABILITIES AND SHAREHOLDERS' EQUITY Million Baht			
Total Liabilities	24,741	17,338	12,121
Shareholders' Equity	5,067	4,485	3,850
OPERATIONAL PERFORMANCE Million Baht			
Total Revenues	2,568	2,159	1,710
Income from Hire Purchase Contracts and Related Income	2,311	1,830	1,468
Net Profit after Income Tax	780	775	674
PROFITABILITY RATIO			
Profit Margin*	% 58.09	25.83	34.73
Interest Earn**	% 9.84	10.76	12.15
Interest Expense**	% 3.99	5.35	7.20
Interest spread**	% 5.85	5.41	4.95
Return on Total Revenues	% 30.37	35.91	39.41
Return on Equity	% 16.33	18.60	19.19
Earning per Share	Baht/Share 3.92	3.89	3.39
EFFICIENCY RATIO			
Return on Assets	% 3.02	4.10	4.90
Asset Turnover	0.10	0.11	0.12
Book Value per share	Baht/Share 25.43	22.51	19.35
FINANCIAL POLICY RATIO			
Debt to Equity	4.88	3.87	3.15
Loans to Loan Borrowings	1.24	1.29	1.35
Dividend Payout Ratio	% 25.54	19.27	-

In 2001 The Company had no dividend payout because of accumulated losses.

In 2002 The Company paid interim dividend for half of the operational results in 2002 at 0.75 baht per share.

In 2003 The Company declared a dividend of 1.75 baht per share, in which 0.75 baht per share was an interim dividend for the six months period ending June 30, 2002 and the remaining was paid in 2003 at 1.00 baht per share.

* In case of Operating Lease ** In case of Financial Lease



REVENUE STRUCTURE

- The revenue structure for the Company's businesses for the year ended December 31, 2003, 2002 and 2001 are as follows

Unit : Million Baht

Service	2 0 0 3		2 0 0 2		2 0 0 1	
	Revenue	%	Revenue	%	Revenue	%
Income from financing services						
■ Hire Purchase	2,311.36	89.99	1,830.50	84.79	1,468.20	85.86
■ Leasing	83.01	3.23	76.84	3.56	79.29	4.64
■ Factoring	67.21	2.62	59.40	2.75	66.53	3.89
Total income from financing services	2,461.58	95.84	1,966.74	91.10	1,614.02	94.39
Other Income *	106.76	4.16	192.18	8.90	95.99	5.61
Total Revenues	2,568.34	100.00	2,158.92	100.00	1,710.01	100.00

Note : * Other Income includes income from terminated debts and recoveries after sale of repossessed assets

The Company's Financing Services

- The Company's major business operations are to provide hire purchase, leasing and factoring services.
- Hire Purchase** - bonded contractually by a hire purchase contract, hire purchase is a form of consumer financing that the useful benefit of the asset belongs to the customer. The ownership is transferred to the customer only when the hire purchase contract has been fully paid and complete. Presently, automobile financing of both new and used vehicles are the Company's main products.
- Leasing** - credit service offered to corporate clientele in the form of a leasing agreement in which they are entitled to the useful benefit of the asset. Upon expiration of the lease contract, the lessees have an option to purchase the leased asset at a price previously agreed upon.
- Factoring** - the buying/selling and assignment of trade accounts receivable in which the supplier transfers its rights on its account receivable to the Company. The factoring applicants can receive their funding without any collateral.

Business Competition

Hire Purchase Business

In 2003, vehicles sales amounted to 530,000 units* or increased about 30 percent over expectant figures. This increase was attributed to many factors, that being, economic activity returning back to normal levels, the continuation in low hire purchase rates, the momentum from the financial institutions in consumer lending, and promotional campaigns among automobile manufacturers, all which have stimulated consumer spending on vehicles. In 2004, it is expected that* vehicles sales for Thailand will grow 10 percent over 2003 figures or amount to 600,000 units, which will be its highest figure in 7 years or since 1996.

As a result of aggressive lending by the finance companies and being that the hire purchase business is secured by its automobile collateral, which is highly liquid in the market, the competition in automobile hire purchase continuously goes on. Nevertheless, with hire purchase rates remaining low, consumer demand for automobile hire purchases has also increased. Currently, competition in the hire purchase business is still in both the new and used vehicle market, with interest spreads remaining at the 2 - 3%, much similar to the same level as last year.

In 2004, hire purchase lending by finance companies is expected to continue due to excess liquidity and the impact of the new financial master plan, in which finance companies are most likely to be upgraded to banks.

* Source : Krungthep Turakij newspaper dated January 15, 2004.

Leasing Business

As a result of the increasing capacity utilization among industries, especially in the import and vehicles industry, accompanied with the increase in private consumption indicates that the economy is returning back to normal levels. Nevertheless, the Company's policy is to offer automobile lending to corporate clientele, not focusing in machinery for the industrial sector. As a result, the Company faces aggressive competition in pricing, similar to the competition in the hire purchase business. In addition, since the Company's policy is to offer leasing credit to only high quality customers and not attempt in pricing competition, the expansion of the Company's leasing activities are not impressive as the leasing company, which offer mainly machinery lending for industrial sector.

MANAGEMENT DISCUSSION AND ANALYSIS

Factoring Business

■ With economic activity returning back to normal levels in the year 2003, lending among financial institutions were expanded to cover both the large corporate and the small and medium corporate enterprises, with increased penetration to the small and medium corporate enterprises(SMEs). The factoring business was expanded to SMEs, with financial institutions competing in both the private and government sector. Institutions, such as the SME bank and Small Industry Credit Guarantee Corporation, offered loans for state funded projects, which in turn employed private companies. As a result, both the government sector and SMEs understood the factoring business much better. Since factoring requires no collateral and is offered at relatively low rates, there is much favorable attention in the factoring business.

■ In 2003, the Company's factoring business continuously expanded but faced much pricing competition. Nevertheless, to attract the continuation of customers using the Company's factoring service, the Company has maintained its policy in offering quality service to its customers and maintained good relationships with them.

Operational Performance

Summary of Operational Results

■ In 2003, the Company's origination of new hire purchase contracts grew by 36 percent over the year 2002. Given the continuous growth in vehicle sales and improved consumer confidence, the Company expects to continuously expand its new loans.

■ As a result of the expansion of the core hire purchase business, total revenues in 2003 grew by 19 percent over the previous year. Accumulated retained losses that were increased from exchange rate losses from 1997 to 1998, were successfully wiped out in 2002 and as a result the Company was paying normal taxes again in 2003. Given that the Company was taxed at the full rate in 2003, net profit after tax for 2003 grew only slightly.

Income from Major Businesses

■ In 2003, income growth was still continuous with total revenues amounting to 2,568 million baht or an increase of 19 percent over 2002. This increase in total revenues was mainly attributed to an increase in hire purchase income. Despite the intense pricing competition in the hire purchase business, the Company was still able to successfully grow its hire purchase income by expanding both its new and used vehicle financing in 2003.

■ Highlighted below is an income breakdown of the Company's businesses.

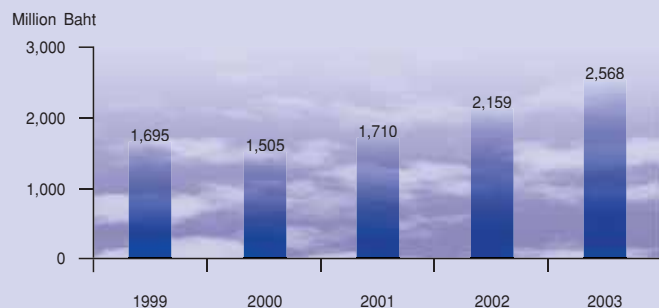
■ **Hire Purchase** The Company's total hire purchase income for the year 2003 amounted to 2,311 million baht, or a 26 percent increase from 2002.

■ **Leasing** The Company's total leasing income for the year 2003 amounted to 83 million baht, or a 8 percent increase from 2002.

■ **Factoring** The Company's total factoring income for the year 2003 amounted to 67 million baht, or a 13 percent increase from 2002.

- Other Income** Other income comprises of income from the recovery on bad debt, interest income from bank accounts, dividend received from its investments, and miscellaneous income. The Company's other income for 2003 decreased from that of 2002 due to the fall in income from the recovery on bad debt, which amounted to 132 million baht in 2002 and 28 million baht in 2003.

Total Revenues



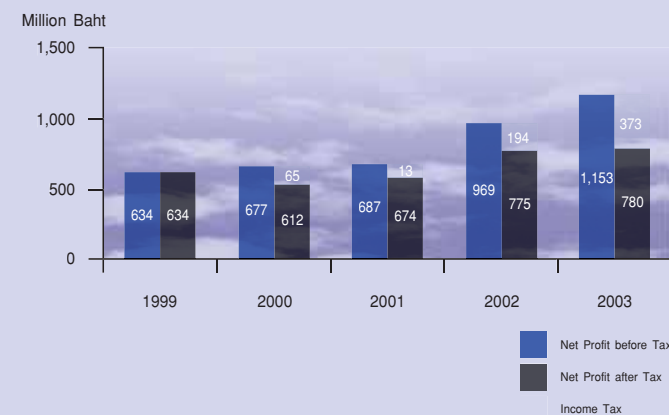
Expenses

- In the year 2003, the Company's total expenses amounted to 1,415 million baht, or an increase of 19 percent from 2002. This increase was attributed to its interest and provisioning expenses.

- Interest Expense** The Company's total interest expense amounted to 795 million baht in 2003. The increase in interest expense was a result of the Company's substantial increase in loan borrowings to support the expansion of new credit.

- Bad debts and Allowance for Doubtful Accounts** The Company's bad debts and allowance for doubtful accounts in 2003 amounted to 163 million baht, which increased as a result of new loan growth and increased provisioning on terminated accounts that were past due over one year.

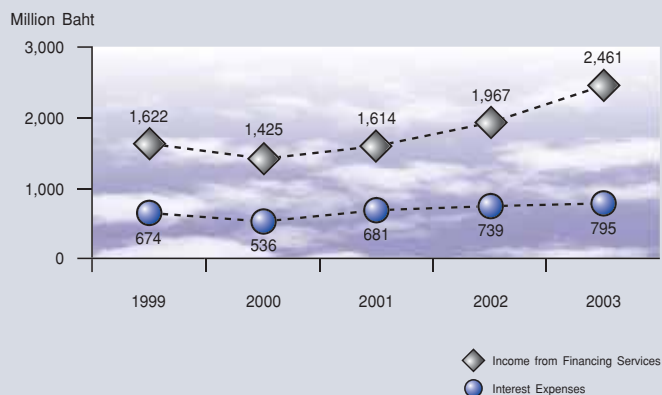
- Salaries and Employee Benefit** These expenses amounted to 234 million baht or an increase of 21 percent from 2002. This increase was attributed to increasing staff, which were needed for the expansion of new loans.



Net Income

Profit-generating Ability

- In 2003, net profit after income tax amounted to 780 million baht, growing slightly from 2002. The return on total revenues for the year 2003 and 2002 were respectively 30.37 percent and 35.91 percent. This decrease was attributed to higher tax expenses paid in 2003. In 2002, the Company still had accumulated retained losses amounting to 94 million baht, which helped reduce its corporate income tax but in 2003, tax was at the normal rate. However, the Company's net income before tax for the 2003 grew in line with revenue, that is, 19% from 2002, amounting to 1,153 million baht. Return on total revenues-before tax for the 2003 and 2002 were respectively 44.90% and 44.87%, which remained nearly the same. Having analyzed these figures, the Company's profitability for the 2003 was not lower than that of 2002. Given consideration to the increased competition in 2003, the Company has shown its ability to increase its profitability over the year 2002.



Interest Spread

- Despite the pricing competition across all the various financing businesses, the Company's interest spread continuously increased from 4.95% in 2001 to 5.41% in 2002 and 5.85% in 2003 due mainly to lower funding costs.
- However, the Company yields in 2003 still fell but fell less than that of 2002. This is attributed to the expansion in the used vehicle sector and the fact that interest rates are bottoming out. In order to minimize falling yields and reduce overall risk, the Company blends the proportion of its new and used vehicle hire purchase at appropriate levels.

Company's Financial Status

Total Assets

- As at the end of 2003, the Company's total assets amounted to 29,808 million baht, or an increase of 37 percent from the year 2002. This increase was attributed to a 38 percent annual growth in hire purchase receivables, increasing from 19,427 million baht as at the end of 2002 to 26,863 million baht as at the end of 2003. In 2003, the Company has originated new hire purchase contracts amounting to 17,929 million baht, or an increase of 36 percent from 2002.

Quality of Receivables

- As for the quality of receivables, the Company's lending policy emphasizes the importance of customer quality. In addition, the Company sets its allowance for doubtful accounts based on the aging analysis of each type of receivable and the probability of collecting its receivables. As at the end of 2003, the Company's total non-performing loans amounted to 1,310 million baht, or an increase of 210 million baht from 2002 and its allowance for doubtful accounts amounted to 811 million baht as at the end of 2003, or an increase of 104 million baht or 15 percent from 2002. As a result, the Company has set aside provisions for 62 percent of its non-performing loans, expecting that some of these non-performing loans are still collectable.
- The Company's ratio of allowance for doubtful accounts to total outstanding receivables as at the end of 2001, 2002 and 2003 were respectively 4.21%, 2.87% and 2.44%. The decrease in this ratio each year were attributed to an improvement in asset quality and the growth expansion of the Company's total outstanding receivables.

Total Liabilities

- As at the end of 2003, the Company's total liabilities amounted to 24,741 million baht, or an increase of 43 percent from 2002. With loan borrowings accounting for 96% of the Company's total liabilities, loan borrowings amounted to 23,789 million baht, or grew by 7,106 million baht over the previous year on the back of strong lending growth.
- **The Company's source of funding** Although short term funding rates in 2003 continues to be quite low, the Company continue to diversified its funding sources to include long term loans in order to reduce the risk from interest rate fluctuations. Currently, the Company's average tenor on its loans is 2 years and its short term loans account for 40 percent of the total.

COMPANY'S FUNDING STRUCTURE AS AT THE END OF 2003 AND 2002

(unit : million baht)	2003	2002
Bank overdraft and Short term loans	9,474	6,136
Current long term loans due within 1 year	3,325	2,261
Long term loans	10,990	8,286
Total	23,789	16,683

Liquidity and Capital Structure

■ As at the end of 2003, the Company's shareholders equity amounted to 5,067 million baht. As a result of increased borrowings to support the expansion of new credit, the Company's debt to equity ratio has increased from 3.87, at the end of 2002, to 4.88, as at the end of 2003.

■ The sources of these loan borrowings for the year 2003 and 2002 are as follows:

(unit : million baht)	2003	2002
Bank overdraft and Short term loans	9,474	6,136
Long term loans :		
Debentures	10,000	8,500
Loans from bank and financial institutions	4,315 = 14,315	2,047 = 10,547
Shareholders' equity	5,067	4,485

■ As at the end of 2003, the Company expects to receive 32,060 million baht of future payment from receivables, excluding past due receivables, with the expected maturity as follows.

Receivable Due Schedule	Million Baht
Within 1 year	12,430
Later than 1 year but not later than 2 years	9,343
Later than 2 years but not later than 3 years	6,348
Later than 3 years	3,939

■ From total borrowings of 23,789 million baht at the end of 2003, 12,799 million baht will be due payable in 2004. In addition, as of December 31, 2003, the Company had long term credit lines amounting to 17,306 million baht from various financial institutions. Therefore, the future payments from receivables and the unutilized credit lines provide sufficient liquidity to repay all of the Company's borrowings. With this capital structure, the Company's liquidity is at a seemingly good level.

Main Factors Influencing the Company's Operations or Future Financial Status

■ Aside from the highly competitive pricing environment, which has been the main factor in operating the hire purchase business for the past 3 or 4 years, the impact of the financial master plan, which was declared at the beginning of 2004, must be carefully assessed and will play a major role in the financial business sector operations.

■ Although there is no certainty among the business structure of the financial institutions as of yet, which the Company expects that the finance companies will upgrade themselves to banks, will be those that are already competing in the hire purchase business. These competitors have been competing aggressively in the hire purchase business for the last two or three years since it is a business with much rapid expansion potential.

■ Management believes that in order to maintain profitability with continuous expansion, especially during this highly competitive environment, the Company must expand its market by building and sustaining strong relationships with various dealers and effectively manage its collection and funding efficiency. Although it will be quite easy for new competitors to enter the hire purchase business, managing the business for continuity requires much time and experience. The Company has consistently demonstrated both its growth in lending and profitability, and firmly believes that it clearly reflects its ability to go on.



RISK FACTORS

- The following risk factors have a direct impact on the Company's business.

Risk Factors from the Business

1. Risk in the Growth of Motor Vehicle Sales

- With hire-purchase financing accounting for 90% of the Company's total three financing services, in which approximately 90% are automobile financing, the state of motor vehicle sales is one of the Company's main risk factors. The Company's marketing policy is to concentrate on both the new and used vehicle market, with each market differing in their credit risk and yield returns. In extending used car financing, the risk lies in the vehicle valuation but is offset by its higher lending rates.

- Being fully aware of this risk factor, the Company attempts to minimize its impact by maintaining its existing customers and expanding its hire-purchase market to include various automobile dealers whom offer both new and used vehicles, and continue building and maintaining a strong relationship base with its existing automobile dealers. To help minimize the credit exposure in the used vehicle business, the Company assigns only its most experienced staff for the generation of this business.

2. Risk from Interest Rate Fluctuations

- Since the Company's main source of revenue is from interest financing, the interest rate climate has a substantial impact on the Company's business. Currently, a reduction in interest yield, which are a result of fierce competition, has led to a decrease in the Company's hire purchase yields and revenue. Nevertheless, the Company minimizes this risk by expanding its hire purchase to the used vehicle financing business. The higher yields in the used vehicle financing business assists in halting the overall revenue from falling despite intense pricing competition in the hire purchase market.

- As the Company's major cost, interest expense accounts for 56% of total expenses. Given that the Company is partially susceptible to mismatched funding and net margin variances during interest rate fluctuation periods, the Company must be able to manage funds at lower costs, while not exposing itself to a high level of mismatched funding. Due to the excess liquidity in the financial money markets in 2002 - 2003, the Company was able to raise short-term loans at very low rates. However, to reduce the potential risk of short-term loans, the short-term loans will be replaced with long-term loans when they reach an appropriate level. In addition, to reduce the risk of mismatched funding and maintain reasonable interest spreads under current market conditions, these loans are on a fixed rate basis and the term coincides with the tenor of its newly generated receivables.

Currently the Company's average tenor on its receivables is 2.5 years and average tenor on its loans is 2 years.

3. Risk from Competitors

- As a result of the continued growth in the automobile market and the expansion of the hire purchase business in some finance companies, new credit among financial institutions were limited to only the consumer credit sectors, especially hire purchase and personal loans. Although, an oligopoly with fewer players exist, intense competition in the form of pricing is still clearly evident for capturing market share.

- To reduce this risk factor, the Company must maintain its market share and interest spreads to ensure that this form of competition will not force the Company to suffer potential losses while extending new business. The Company concentrates on providing good service and continues to maintain relationships with the various automobile dealers of Thailand and feel that these relationships lead to reduced risk from competition.

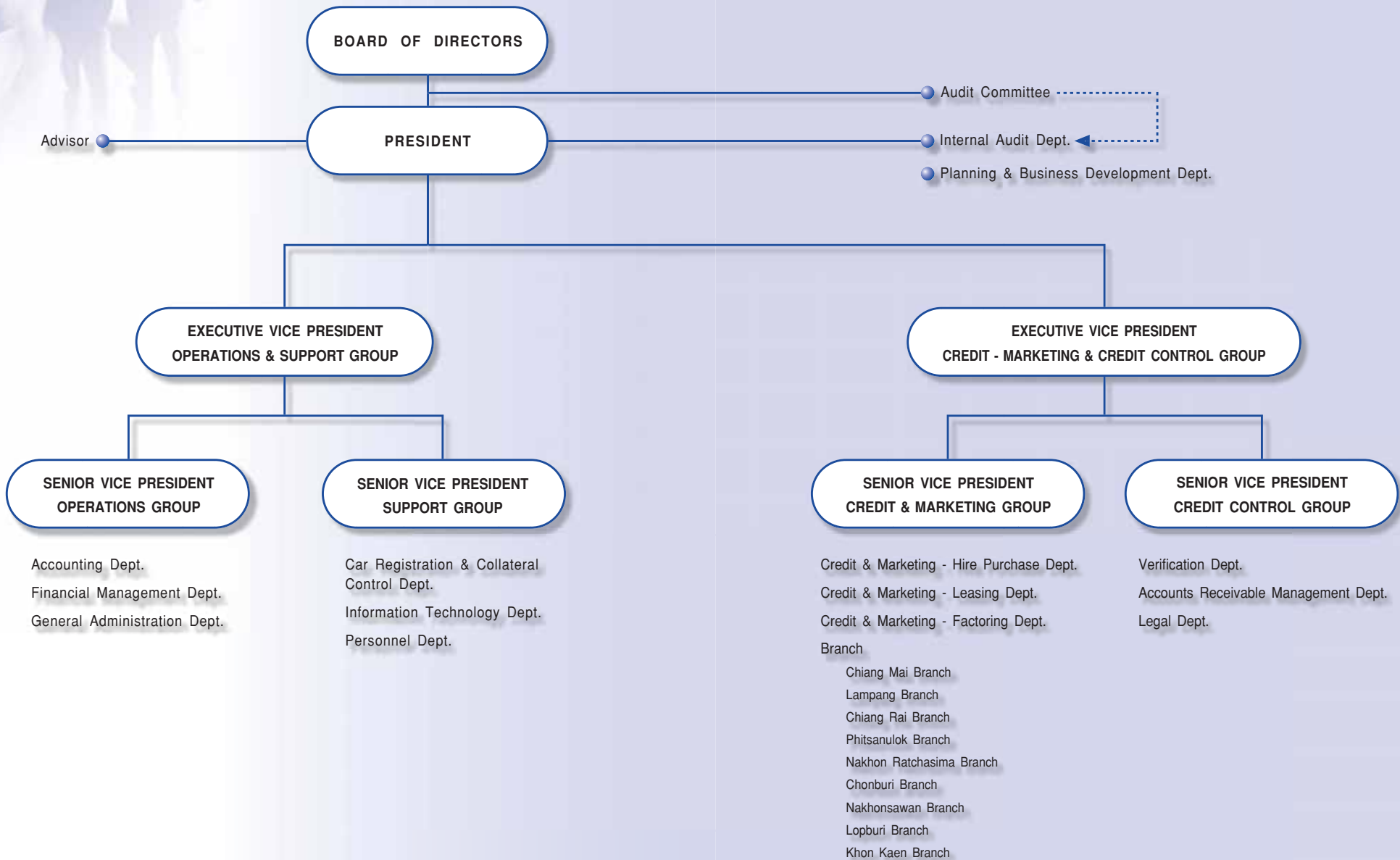
Risk from Business Operations

- Since there is no specific-related regulation pertaining to the hire purchase and leasing business, potential risk stems from the fact that industry players are free to grow their business as they choose. Problems concerning the quality of receivables could arise depending on factors such as fraud, efficiency in collection, or economic environment. If these players lack prudent management and sound operational policies it is very likely that they will experience collection delinquencies, especially under these poor economic conditions.

- The Company is fully aware of this risk factor and has carefully monitored all new loans extended under this business climate to ensure quality growth in its receivables. In addition, it has set measures to protect itself from higher risk debtors by increasing both its down payments and personal guarantees. Through the use of internal audits and its internal control systems, management is able to trace and follow up on the status of these receivables, thereby, reducing the risk of increasing non-performing loans. In addition, the effectiveness of the Company's internal control system accompanied with "cross-checking" and job rotation techniques for employees reduces the risk of fraud and theft within the Company.

ORGANIZATION CHART

SIAM PANICH LEASING PUBLIC COMPANY LIMITED



BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

- **The Company's directorship structure** comprises of both the Board of Directors and the Audit Committee.

The Board of Directors

- **Members of the Board of Directors**

- Mr. Yuth Vorachattarn *	Chairman
- Mr. Sompoch Intranukul	Director
- Mr. Pratip Wongnirund	Director
- Mr. Kopr Kritayakrirana	Director
- Mr. Nibondh Namdhavaj	Director
- Mr. Bunlue Kampanartsanyakorn	Director
- Mr. Shatchawan Kiatgraigangwan	Director/President

- **Secretary of the Board of Directors**

- Miss Jarinee Satyapan
- * Appointed as a Director on June 2, 2003
Appointed as the Chairman on July 1, 2003

- **Scope of responsibilities**

1. The Board of Directors may appoint a Director to be the Managing Director, having such authority as the Board of Directors deems appropriate.

2. No Director may undertake commercial transactions of the same nature as and competing with those of the Company, nor may he be a partner in a partnership, a partner with unlimited liability in a limited partnership, a director in another limited company or public limited company carrying on business of the same nature as and competing with that of the Company, either on his own account or on behalf of a third party unless he will have first notified the Shareholders Meeting before a resolution appointing him is passed.

3. A Director shall notify the Company without delay in the event that he has any interest, whether direct or indirect, in any contract entered into by the Company, or in the event that the number of shares or debentures in the Company or any subsidiary held by him is increased or decreased.

4. The Directors will have the power to borrow or raise money in order to operate the Company's business in accordance with its objects.

5. The Directors will have the power to sell or mortgage any immovable property of the Company, or let on lease any immovable property of the Company for more than three years, or make any gift or enter into any compromise or institute any action in Court or submit any dispute to arbitration.

6. If any Director purchases any property of the Company or sells any property to the Company or does any other transaction with the Company, regardless of whether it is in his or her own name or in the name of any other person, such purchase, sale or other transaction will not bind the Company unless approved by the Board of Directors.

7. All transactions of the Company undertaken on behalf of the Company by the Board of Directors, the Directors or persons assigned by the Board of Directors shall be valid and binding on the Company notwithstanding any defect in the election, appointment or qualification of any of the Directors which may later be discovered.

8. Any two Directors authorized by the Board of Directors may jointly sign their names under the seal of the Company. The Board of Directors may designate and change the names of the Directors who are authorized to sign on behalf of the Company.

The Audit Committee

- **Members of the Audit Committee**

- Mr. Sompoch Intranukul	Chairman of Audit Committee
- Mr. Pratip Wongnirund	Director of Audit Committee
- Mr. Kopr Kritayakrirana	Director of Audit Committee

- **Secretary of the Audit Committee**

- Miss Vilairat Worapongpichet

- **Scope of responsibilities**

1. Review to ensure the correctness and sufficiency of the Company's financial reporting.

2. Review to ensure the suitability and effectiveness of the Company internal audit and control system.

3. Review to ensure the Company abides by all relevant regulation including both legal and SET regulations.

4. Consider and propose the appointment of the Company's external auditor and fee.

5. Consider the correctness and adequacy of disclosure for both related and conflict of interest transactions.

6. Prepare the Audit Committee Report, which has been approved by the Audit Committee Chairman, and present this report in the Company's annual report.

7. Consider other matters, as assigned by the Board of Directors, given acceptance from the Audit Committee.

Electing the Company's Director and Management

■ The Company does not have an election committee to elect its Board of Directors. As stipulated in the Company's Memorandum and Articles of Association, Directors of the Company are specified in the Shareholder's Meeting, in which, the election of Directors is decided by the votes of not less than one-half of votes from the shareholders whom are present and entitled to vote.

■ If an office of Director is vacant otherwise than by rotation, the Board of Directors shall elect a person who is qualified and is not prohibited under the applicable laws, as a Director in his place at the meeting of the Board of Directors next following unless the remaining tenure of the Director vacating office is less than 2 months. The resolution of the meeting of the Board of Directors pursuant to the first paragraph will require the votes of not less than three-fourths of the number of the remaining Directors. A Director who has been elected as a replacement shall retain his office only for the remaining tenure of his predecessor.

■ Currently, the Company has only one Director who comes from Siam Commercial Bank Public Company Limited and has no other major shareholder.

■ As for the election of Directors of the Audit Committee, the Board of Directors elects the Directors of the Audit Committee for a two-year term and those retiring by rotation may be eligible for re-election if the Board of Director considers it appropriate.

Members of the Executive Officers and Vice President of Accounting and Financial Department

Name - Last Name	Position
1. Mr. Shatchawan Kiatgraingawan	President
2. Mr. Suwat Pathnopas	Executive Vice President Operations & Support Group
3. Mr. Songvuti Sangvoravuttikun	Executive Vice President Credit-Marketing & Credit Control Group
4. Mr. Narain U-nanupap	Senior Vice President Credit Control Group
5. Mr. Nipon Manasboonpermpool	Senior Vice President Credit & Marketing Group
6. Miss Vilairat Worapongpichet	Vice President-Accounting Department
7. Mrs. Kannika Jarantankul	Vice President-Financial Management Department

Remuneration for the Board of Directors

Name - Last Name / Position	Number of Shares As of December 31, 2003	Unit of Warrants As of December 31, 2003	Remuneration received in the year 2003
1. Mr. Yuth Vorachattarn* Chairman	-	-	260,000
2. Mr. Sompoch Intranukul Chairman of Audit Committee	-	-	1,155,750
3. Mr. Pratip Wongnirund Director of Audit Committee	-	-	915,750
4. Mr. Kopr Kritayakirana Director of Audit Committee	-	-	915,750
5. Mr. Nibondh Namdhavaj Director	-	-	675,750
6. Mr. Bunlue Kampanartsanyakorn Director	-	-	675,750
7. Mr. Shatchawan Kiatgraingawan President	-	-	675,750

* Appointed on June 2, 2003, replacing Mr. Amorn Asavanunt, who resigned on June 1, 2003. (Received remuneration amounting to Baht 1,071,500 in the year 2003)

■ The Directors, totaling 8 persons which included a retired Director during the year 2003, received remuneration in the form of meeting allowances totaling 1,900,000 baht for the year 2003 and additional remuneration for the Company's 2002 operational results totaling 3,486,000 baht.

The Directors of the Audit Committee, totaling 3 persons, received remuneration in the form of meeting allowances totaling 960,000 baht for the year 2003.

■ Top management, which includes the President and 4 other top management from Senior Vice President and onward, totaling 5 persons, received salaries and bonuses based on performance totaling 19,759,000 baht for the year 2003. In addition, they received monies applied to their provident funds totaling 598,170 baht for the year 2003.

INFORMATIONS OF THE BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND VICE PRESIDENT OF ACCOUNTING AND FINANCIAL DEPARTMENT

MR. YUTH VORACHATTARN CHAIRMAN

HIGHEST EDUCATION

B.Econ.(Hons), M.A.(Econ), Thammasat University

TRAINING ON THE ROLE AND RESPONSIBILITIES OF A DIRECTOR

Chairman Directors Course organized by Australian Institute of Company Directors
Chairman 2000 organized by The Thai Institute of Directors Association

EXPERIENCE

2003 - Present Chairman, Siam Panich Leasing Plc.
Present Consultant, Corporate Governance Center, The Stock Exchange of Thailand.
Chairman, Family Know-How Co.,Ltd.
Chairman, Kim Eng Securities (Thailand) Plc.
2001 - 2002 President, The Bangkok Metropolitan Bank Plc.
1999 - 2001 Managing Director, Market of Alternative Investment (MAI)
1999 - 2001 Executive Vice President, The Stock Exchange of Thailand
1999 - 2000 Deputy Director General, Government Saving Bank

NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002

No Change.

MR. SOMPOCH INTRANUKUL CHAIRMAN OF AUDIT COMMITTEE

HIGHEST EDUCATION

B.A. (Accounting), Chulalongkorn University

TRAINING ON THE ROLE AND RESPONSIBILITIES OF A DIRECTOR

The Audit Committee
Directors Certification Program No. 24/2002
organized by The Thai Institute of Directors Association

EXPERIENCE

1999 - Present Chairman of Audit Committee, Siam Panich Leasing Plc.
1999 - Present Chairman of Audit Committee, Deves Insurance Plc.
1995 - Present President, Siam Administrative Management Co.,Ltd.
1999 - 2001 Chairman, Board of Executive Directors, Siam City Bank Plc.

NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002

No Change.

MR. PRATIP WONGNIRUND DIRECTOR OF AUDIT COMMITTEE

HIGHEST EDUCATION

School of Commerce, Sydney Technical College, New South Wales, Australia.

TRAINING ON THE ROLE AND RESPONSIBILITIES OF A DIRECTOR

The Role and Responsibilities of Audit Committee organized by The Stock Exchange of Thailand
Director Certification Program No. 36/2003 organized by The Thai Institute of Directors Association

EXPERIENCE

1999 - Present Director of Audit Committee, Siam Panich Leasing Plc.
1998 - Present Chairman, Indara Insurance Plc.
1998 - Present Director, Interlife John Hancock Assurance Plc.
2002 - Present Chairman, BT Securities Co.,Ltd.
1999 - 2002 Advisor to the Audit Committee, Bank Thai Plc.

NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002

No Change.

MR. KOPR KRITAYAKRIRANA DIRECTOR OF AUDIT COMMITTEE

HIGHEST EDUCATION

Ph.D. (Physics), Harvard University, U.S.A.

TRAINING ON THE ROLE AND RESPONSIBILITIES OF A DIRECTOR

Directors Certification Program No. 11/2001 organized by The Thai Institute of Directors Association

EXPERIENCE

2000 - Present Director of Audit Committee, Siam Panich Leasing Plc.
2002 - Present Director of Audit Committee, Sicom Securities Plc.
2003 - Present Director, Banpu Plc.
1989 - Present Director, Thai Reinsurance Plc.
1997 - 2001 Director and Executive Director, Bangkok Metropolitan Bank Plc.
1988 - 2001 Director, President and CEO, Siam Commercial Life Assurance Plc.

NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002

No Change.

MR. NIBONDH NAMDHAVAJ DIRECTOR

■ **HIGHEST EDUCATION**

M.B.A. Kasetsart University

■ **EXPERIENCE**

2000 - Present Director, Siam Panich Leasing Plc.
1995 - March 2001 Senior Vice President Business Development
Department 3, Retail Banking and SME Group,
Siam Commercial Bank Pcl.
April 2001 - October 2002 Senior Vice President and Manager, Credit Development,
Asset Management Group, Siam Commercial Bank Plc.
November 2002 - July 2003 Senior Vice President Regional Manager,
Siam Commercial Bank Pcl.
August 2003 - Present SVP, Manager, SME Business Development,
Siam Commercial Bank Pcl.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

MR. BUNLUE KAMPANARTSANYAKORN DIRECTOR

■ **HIGHEST EDUCATION**

M.S.C. (Civil) Engineering, University of Hawaii, U.S.A.

■ **TRAINING ON THE ROLE AND RESPONSIBILITIES OF A DIRECTOR**

Good Corporate Governance
Finance for Non Financer Directors
organized by The Thai Institute of Directors Association

■ **EXPERIENCE**

2001 - Present Director, Siam Panich Leasing Plc.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

MR. SHATCHAWAN KIATGRAIGANGWAN DIRECTOR AND PRESIDENT

■ **HIGHEST EDUCATION**

M.B.A. Kasetsart University

■ **EXPERIENCE**

1993 - Present Director and President, Siam Panich Leasing Plc.
1997 - Present Director, Dhanavat Insurance Co.,Ltd.
Present Director, Siam Administrative Management Co.,Ltd.
Director, Siam Press Management Co.,Ltd.
1994 - April 2002 Director, SPL Transport Co.,Ltd.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

MR. SUWAT PATHNOPAS

EXECUTIVE VICE PRESIDENT OPERATIONS & SUPPORT GROUP

■ **HIGHEST EDUCATION**

B.A. (Accounting), Chulalongkorn University
Advance Certificate, American Institute of Banking, New York, U.S.A.

■ **TRAINING ON THE ROLE AND RESPONSIBILITIES OF A DIRECTOR**

Good Corporate Governance (Key to Success for Business in the New Era) organized
by The Stock Exchange of Thailand and The Thai Institute of Directors Association

■ **EXPERIENCE**

1996 - Present Executive Vice President Operations & Support Group,
Siam Panich Leasing Plc.
1997 - Present Director, SPL Transport Co.,Ltd.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

MR. SONGVUTI SANGVORAVUTTIKUN

EXECUTIVE VICE PRESIDENT CREDIT - MARKETING & CREDIT CONTROL GROUP

■ **HIGHEST EDUCATION**

B.A. (Law), Chulalongkorn University
Barrister at Law

■ **EXPERIENCE**

1996 - Present Executive Vice President Credit - Marketing & Credit Control Group,
Siam Panich Leasing Plc.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

MR. NARAIN U-NANUPAP

SENIOR VICE PRESIDENT CREDIT CONTROL GROUP

■ **HIGHEST EDUCATION**

B.A. (Law), Thammasat University
Barrister at Law

■ **EXPERIENCE**

1998 - Present Senior Vice President Credit Control Group,
Siam Panich Leasing Plc.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

MR. NIPON MANASBOONPERMPOOL

SENIOR VICE PRESIDENT CREDIT & MARKETING GROUP

■ **HIGHEST EDUCATION**

B.A. (Accounting), Chulalongkorn University

■ **EXPERIENCE**

2001 - Present Senior Vice President Credit & Marketing Group,
Siam Panich Leasing Plc.

1992 - 2000 First Senior Vice President Credit & Marketing Group,
Siam Panich Leasing Plc.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

MISS VILAIRAT WORAPONGPICHET

VICE PRESIDENT - ACCOUNTING DEPT.

■ **HIGHEST EDUCATION**

M.B.A. Kasetsart University

■ **TRAINING ON THE ROLE AND RESPONSIBILITIES OF A DIRECTOR**

Good Corporate Governance (Key to Success for Business in the New Era) organized
by The Stock Exchange of Thailand and The Thai Institute of Directors Association

■ **EXPERIENCE**

1994 - Present Vice President - Accounting Dept., Siam Panich Leasing Plc.

1999 - Present Secretary of Audit Committee, Siam Panich Leasing Plc.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

MRS. KANNIKA JARANTANKUL

VICE PRESIDENT - FINANCIAL MANAGEMENT DEPT.

■ **HIGHEST EDUCATION**

M.E. in Economics, Chiang Mai University

■ **EXPERIENCE**

2001 - Present Vice President - Financial Management Dept.,
Siam Panich Leasing Plc.

2000 - 2001 Vice President - Support Group, Siam Panich Leasing Plc.

1998 - 2000 Vice President - Lampang Branch, Siam Panich Leasing Plc.

■ **NO. OF SHAREHOLDING AS OF DECEMBER 31,2003, COMPARED TO YEAR 2002**

No Change.

CORPORATE GOVERNANCE

Corporate Governance

■ The Company recognizes the importance of good corporate governance, which is the basis for any efficient organization. In accordance to the Stock Exchange of Thailand's fifteen principles of good corporate governance, the Company has addressed these following issues.

1. Corporate Governance Policy

■ In order to ensure that the Company abides by clear and transparent policies and that the shareholders, investors, and related parties can be confident in the management of the Company, the Company's Board of Directors conducts its activities and practices in accordance to the Stock Exchange of Thailand's Code of Best Practices for listed companies and provides the Company with a Corporate Governance Policy that is in accordance to the Stock Exchange of Thailand's fifteen principles of good corporate governance.

■ The Company's Corporate Governance Policy covers the following areas:

- The Company must be transparent and disclose sufficient information that is equally accessible to all relevant parties.
- The Company must ensure fairness and equitable treatment to all shareholders and various groups of stakeholders.
- The Company must consider all operation risks and have appropriate internal controls and risk management.
- The Board of Directors must be responsible for ensuring maximum shareholder value and eliminate conflict of interests.
- The Board of Directors, management, and all Company employees must perform their duties and responsibilities in adherence to corporate ethics.

■ With respect to risk management and Corporate ethics, in 2003, the Company has set two committees, one preparing a risk management handbook and the other preparing a corporate ethics handbook. The Company expects that these handbooks will be used in 2004.

2. Rights of Various Groups of Stakeholders

■ A company's operational efficiency is a result of strong support from various stakeholders. The Company recognizes the importance of all stakeholders, whether the support derives internally from the Company's employees or externally through its shareholders, investors, creditors, customers, and auditors. The Company is also aware that it has to be accountable to all stakeholders, ensuring that stakeholders receive both legal rights and other rights in which the Company deems appropriate. Such examples include the reporting of disclosed information - ensuring that all shareholders and investors receive equitable access to data, abiding by all covenants in various agreements set by creditors, assisting to disclose

the Company's operational information to the auditors, and ensuring fairness in the contracts signed by its customers. Furthermore, the Company has defined the ethical responsibilities for the Company's Board of Directors, management, and its employees to conduct with customers, shareholders, and society, as described in the corporate ethics handbook for its employees to acknowledge.

3. Rights of Shareholders

■ The Company conducts its shareholder's meetings in accordance to the legal framework and the Company's Articles of Association. Upon a Board of Director's resolution to hold a Shareholder's Meeting, the Company will announce the resolution inviting its shareholders to attend, through the Stock Exchange of Thailand and the Securities and Exchange Commission, immediately within the timeframe allowed for publicly releasing such material information. Nevertheless, shareholders also have the right to request a shareholder's meeting, at any point in time, by combining to prepare a letter of notification to the Board of Directors for this request, in accordance with the Company's Articles of Association.

■ For each shareholder's meeting, the Company gives a minimum of 14 days advanced notice, in which it will close the share register book, for the purpose of determining which shareholders have the right to attend the meeting. All schedules, agendas, and other details of the shareholder's meeting will be sent to the shareholders before the date of the meeting as legally prescribed.

4. Shareholder's Meeting

■ At all of the previous Shareholder's Meeting, most of the Directors were present. The Chairman of the meeting would give shareholders unlimited opportunity to ask questions. All Directors, including the Chairman and Managing Director of the Company, would combine in fielding the questions, as well as acknowledging and listening to any recommendations shareholders had for the Company.

5. Leadership and Vision

■ The Company's current Board of Directors has both extensive credentials and management experience from various other companies. Their knowledge and skilled experience is used in developing and formulating efficient corporate policies and strategies for the Company abide by.

■ The Board of Directors is fully aware of the importance of corporate governance and its implication towards the maximization of shareholder value. In order to maintain quality and efficiency in the Company's operations, the Board of Directors specifies that a minimum of one Board meeting be held on a quarterly basis. During this meeting, the Board would

be updated with the Company's operational results, address any important management issues of concern, and assist in the overall guidance of the Company. On an annual basis, the Board is also responsible for acknowledging full year operational results, which includes considering and approving the annual budget to reflect the Company's business plan, which was initially set forth for the Company's management team. The President, being one of the members of the Board of Director's management team, sets out policies, which are consistent to that of the Board, for all company staff to abide by.

6. Conflict of Interests

■ The Company's Directors and management carefully consider ways of removing conflict of interest issues. By carefully managing the Company's internal information, its attempts to prevent management or other related parties from using "inside information" for their own personal gain.

■ **Possible Conflict of Interest Transactions** The Company's Directors and management are aware that conflicts of interest may arise in certain transactions. Acting within the regulatory framework outlined by the Stock Exchange of Thailand, consideration must be given to identify these conflicts of interest, even to the extent of preventing the execution of certain transactions. Possible conflict of interest transactions are treated in the same manner as those that are executed with normal persons. These transactions are publicly reported in the Company's annual report as well as the presentation form 56-1.

■ **Managing the Use of the Company's Internal Information** The Company's Memorandum and Articles of Association stipulates the disclosure of all confidential information. In addition, both the Company's management and Board of Directors are conducive to not release any financial information or use this information for any personal benefit before the information is publicly released through the Stock Exchange of Thailand.

7. Business Ethics

■ The Company has completed its Ethics handbook and is expected to introduce this material for its employees for acknowledge and conduct in 2004.

8. Balance of Power for Non-Managing Directors

■ The Company's 7 member Board of Directors team consists of 6 non-managing Directors and one managing Director. Of the non-managing Directors, 3 are members of the Audit Committee, whom have neither management participation nor major shareholdings in the Company. The Company's balance of power is also distributed to three non-managing Directors, whom are members of the audit committee, that account for 40 percent of the Company's Board of Directors.

■ **In electing new Directors**, a list of candidates is submitted to the Board of Directors and through a Shareholder Meeting for their consideration. Preference is given to those candidates, whom are knowledgeable, skillful, and experienced in providing direct benefit to the company's business operations. The procedure for electing new Directors can be referred to the section on "Electing the Company's Board of Directors and Management" of the Annual Report.

■ As for the announcement of the change in Directors, the Company would immediately notify sources at the Stock Exchange of Thailand and the Securities and Exchange Commission, abiding and adhering to all time frames and regulatory procedures. New directors will be briefed on their responsibilities to the Company in accordance to the Stock Exchange of Thailand's Code of Best Practices for listed companies.

9. Aggregation or Segregation of Positions

■ Currently, the title of Chairman and President are held by two separate persons. The Company's balance of power is also distributed to Members of the Audit Committee whom assist in reviewing the overall operations of the Company.

10. Remuneration for Directors and Management

■ The Company does not have a committee for considering the remuneration of Company Directors and Executive Management but the remuneration for the Company's Directors is in accordance to the Annual Shareholder's Meeting resolutions, with all amounts paid, including meeting allowances and other remuneration from the Company, disclosed in the Company's annual report.

■ As for the Executive Management, the Board of Directors authorizes their remuneration.

11. Board of Director's Meeting

■ The Company's Directors conduct a minimum of one Board Meeting per quarter. The agendas to be discussed in the meeting are scheduled clearly in advance, with the Secretary of the Meeting responsible for mailing both the Meeting's invitational letter and information package. During each Meeting, the Secretary of the Meeting will also be responsible for the recording and filing of the "Chairman's Approved Minutes of the Director's Meeting" in order that the Directors and other related parties have a chance to review this information.

■ In addition, the Company's Directors can also obtain legal advice from the Company's internal legal department.

■ In 2003, the Company Directors held a total of 8 Board of Director Meetings. The attendance record for each Director can be seen below.

Director's Name	Number of Meetings in Attendance
1. Mr. Yuth Vorachattarn Appointed as a Director on June 2, 2003	3
2. Mr. Sompoch Intranukul	8
3. Mr. Pratip Wongnirund	8
4. Mr. Kopr Kritayakirana	8
5. Mr. Nibondh Namdhavaj	8
6. Mr. Bunlue Kampanartsanyakorn	8
7. Mr. Shatchawan Kiatgraigangwan	8
8. Mr. Amorn Asvanunt Resigned on June 1, 2003	4

■ The Directors of the Audit Committee held a total of 4 Director Meetings for the year 2003. The attendance record for each Director can be seen below.

Director's Name	Number of Meetings in Attendance
1. Mr. Sompoch Intranukul	4
2. Mr. Pratip Wongnirund	4
3. Mr. Kopr Kritayakirana	4

12. Committees

■ The Company has only one committee, that being, the Company's Audit Committee as outlined under the heading "The Audit Committee" of the annual report. Although the Company has not set up a committee to assess remuneration, the remuneration for Company's Directors and Executive Management is clearly outlined in the section "Remuneration for Directors and Management".

13. Control System and Internal Audit

■ The Company has an Audit Committee that is responsible for the review and management of operational workflow, ensuring that the Company's internal controls are effective and that the Company's financial information is credible. The Company also has an internal audit department, which reports directly to the President, and is directly responsible for auditing and reviewing the Company's internal controls. During each quarterly Audit Committee meeting, the Vice President of the internal audit department will report pertinent internal audit results for the Audit Committee for their acknowledgement, including any other issues in which the Audit Committee had delegated to the internal audit department. The Audit Committee would then send its recommendations of improvement for management to consider.

■ **As for risk management**, the Company has provided procedures for credit risk management in all stages of the business, beginning with the credit underwriting, collection management process, and management's use of operational reports to track progress and detect unpredictable risk. In addition, to increase employee knowledge and work efficiency, the Company's management also gives great importance to the training of its employees, especially those involved in the marketing and collection departments.

■ The Company has produced a Risk Management handbook as operational guidance, which covers all areas of the Company's risk management, and expects it to be used in 2004.

14. Director's Reporting

■ The Company's Board of Directors is fully aware of the importance of having credible financial statements and emphasizes the use of independent auditors whom are not influenced by the Company in any manner. These independent auditors are directly responsible for providing a fair assessment of the company, providing assertions of any unbiased opinions they may have on Company's operations.

■ Coordinating with the Company's operational team, the Company's Directors are responsible for the financial information presented, ensuring that the financial reporting provided is true, accurate and complete in accordance with Thai generally accepted accounting principles and in conformity with Thai Accounting Standards issued by the Institute of Certified Accountants and Auditors of Thailand. The Company's Directors must consider carefully and reasonably the disclosed information that is used in analyzing the Company's financial status and operational performance.

■ The Company's Directors is also fully aware of the importance of having effective internal control systems in place. Effective internal controls help to ensure that financial information are reported accurately and complete. In addition, these internal controls are used to mitigate theft, fraud, and/or any other unusual activities that are materially adverse to the Company. The Company's Board of Directors has established an Audit Committee to review that the Company's internal control system, including audits are both appropriate and efficient, and to ensure that the Company's financial statements are both accurate and adequate.

15. Relations with Investors

■ The Company is fully aware that the disclosure of both financial and non-financial information is of great significance to the investment community. The Company gives great importance in disclosing information, which is both accurate and complete, through the Stock Exchange of Thailand's medium of communication for publicly listed companies. In addition,

management gives plenty of opportunities for investment analysts from financial institutions to meet on a one-on-one basis and occasionally participates in corporate roadshows for the foreign investor community.

■ Nevertheless, the Company has relatively few investor relation activities. The President, with assistance from the Executive Vice President - Operations and Support Group and the Vice President - Support Group, are responsible for communicating important information with institutional/individual investors and stock analysts.

■ As for the release of information to its shareholders, the Company abides by the regulatory framework outlined by the Stock Exchange of Thailand, with the Executive Vice President - Operations and Support Group, responsible for coordinating these activities with the Stock Exchange of Thailand, the Securities and Exchange Commission, and shareholders. The Company releases its information publicly through the Stock of Exchange of Thailand's medium of communication, as well as through the presentation form (56-1 form) and the annual reports.

Managing the Company's Internal Information

■ The Company manages its internal information as follows.

■ **Duties and responsibilities in reporting share holdings** The Company has notified all of its Directors and management personnel, from the Vice Presidency level and onwards, of their duties and responsibilities in reporting any share holdings to the Securities and Exchange Commission and any changes in the type of reporting as stipulated by the Securities and Exchange Commission.

■ **Use of financial information** Financial information that has been prepared but not yet publicly announced are accessible to only limited personnel. The Board of Directors, management, and accessible employees are conductive to not release any financial information or use this information for any personal benefit before the information is publicly released through the Stock Exchange of Thailand.

■ However, the Company's Memorandum and Articles of Association stipulates punishment to those employees, who disclose confidential information, including those that intentionally occur damage to the Company.

REPORT FROM THE CHAIRMAN OF AUDIT COMMITTEE

To: The Shareholders

■ In the year 2003, the Audit Committee has continued to perform its assigned duties, stipulated by the Stock Exchange of Thailand's regulatory framework and assigned to them by the Company's Board of Directors. Acting within its scope of responsibilities, its main activities are summarized in the following points below.

1. Review the sufficiency and completeness of the Company's financial reporting, ensuring that both the quarterly and annual financial statements are prepared in accordance with generally accepted accounting principles. Through meetings between the Audit Committee and the Company's external auditors, opinions were exchanged on audit findings and an assessment was made on the overall quality of the Company's financial reporting.

2. Consider, screen, and recommend external auditors, which included the fixing of the audit fee. In 2003, the audit committee recommended that the Company designate Deloitte Touche Tohmatsu Jaiyos Limited as the Company's auditor and proposed an audit fee that was considered appropriate by the Company's Board of Directors.

3. Review the 2003 audit plan formulated by the Company's internal audit department and recommended that audits be conducted on all Company branches within the year. In addition, the audit committee requested implementation of an audit handbook, which was to be used to improve work efficiency and audit monitoring.

4. Review the credit underwriting and collection policies pertaining to the Company's used car financing, for which in 2003, the Company had continuously increased the number of used car originations.

5. Review the Company's loan-loss provisioning policy. In cooperation with the Company's external auditors, it was concluded that the Company's allowance for doubtful accounts was adequate for the current business environment.

■ The Audit Committee has been given the freedom to perform its duties independently and has received full support and contribution from all parties concerned.



Sompoch Intranukul
Chairman of Audit Committee

16 February 2004

RELATED TRANSACTIONS AND POTENTIAL CONFLICT OF INTEREST PERSONS

- The Company is an associated company of Siam Commercial Bank Public Company Limited and with regards to the other companies, which are presented in the related transactions, have one director holding the position of the Company Director.
- The related transactions for the year 2003 are summarized as following.

	Million Baht
■ Income and expenses during the year 2003 :	
■ Income from related companies	
Interest received	
Siam Commercial Bank Pcl.	0.18
Siam Administrative Management Co.,Ltd.	2.71
Income from financing service	
Siam Administrative Management Co.,Ltd.	7.79
Siam Press Management Co.,Ltd.	0.04
■ Expenses with related companies	
Interest expenses	
Siam Commercial Bank Pcl.	28.51
Dhanavat Insurance Co.,Ltd.	1.61
Interlife John Hancock Assurance Plc.	0.24
Bank charge	
Siam Commercial Bank Pcl.	20.68
■ Outstanding balances as of December 31, 2003 :	
Deposits	
Siam Commercial Bank Pcl.	83.60
Prepaid loan arrangement fee	
Siam Commercial Bank Pcl.	4.27
Debtors from financing services	
Siam Administrative Management Co.,Ltd.	124.62
Siam Press Management Co.,Ltd.	0.03
Bank overdraft and loan borrowings	
Siam Commercial Bank Pcl.	3,238.24
Debenture	
Dhanavat Insurance Co.,Ltd.	29.00
Interlife John Hancock Assurance Plc.	10.00
Interest payable	
Siam Commercial Bank Pcl.	5.33
Dhanavat Insurance Co.,Ltd.	0.18
Interlife John Hancock Assurance Plc.	0.02
■ Letters of guarantee	
Siam Commercial Bank Pcl.	37.43

Price Setting Policy for The Related Transactions :

- **The Company's Financing Service** The Company offers financing service to the above companies in accordance to normal trade practice, as offered to its general customers and charges market price interest rate to these companies.
- **Loan Borrowings** Loan borrowings from the above companies are in accordance to normal trade practice with the company paying interest at the market rate.

Necessary and Reasonableness for The Related Transactions

- The related transactions mentioned above and those to occur in the future are done in accordance to normal trade practice. The Company performs these transactions with reasonableness, whereby the fair value will be determined by the market price.

Approval Procedure for The Related Transactions

- To prevent any conflict of interest, the Company sets the pricing, approval process and the approval limits to authorized persons involved in the related transactions, which are in accordance to normal trade practice as offered to general customers.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
SIAM PANICH LEASING PUBLIC COMPANY LIMITED

■ We have audited the balance sheet of Siam Panich Leasing Public Company Limited as at December 31, 2003, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management as to the correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Siam Panich Leasing Public Company Limited for the year ended December 31, 2002, have been audited by other auditors whose report thereon dated February 21, 2003, expressed an unqualified opinion.

■ We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

■ In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Siam Panich Leasing Public Company Limited as at December 31, 2003, and the results of operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.



Dr. Suphamit Techamontrikul

Certified Public Accountant (Thailand)

Registration No. 3356

DELOITTE TOUCHE TOHMATSU JAIYOS

BANGKOK

February 2, 2004

FINANCIAL STATEMENTS

BALANCE SHEETS

AS AT DECEMBER 31,

	BAHT	
	2 0 0 3	2 0 0 2
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	147,435,600	60,803,724
Current portion of hire-purchase accounts receivable, net (Note 4)	9,697,138,797	7,542,862,107
Current portion of lease accounts receivable, net (Note 5)	406,047,099	355,420,678
Current portion of factoring accounts receivable, net (Note 6)	618,426,584	576,748,917
Current portion of notes receivable, net (Note 7)	224,363,062	210,377,310
Current portion of receivable from and loans to employees, net (Note 8)	13,360,798	15,633,388
Assets for sale (Note 9)	147,747,141	72,293,104
Other current assets (Note 10)	416,481,790	280,644,582
Total Current Assets	<u>11,671,000,871</u>	<u>9,114,783,810</u>
NON-CURRENT ASSETS		
Other long-term investments (Note 13)	51,468,351	54,794,124
Long-term hire-purchase accounts receivable, net (Note 4)	17,165,724,131	11,884,503,473
Long-term lease accounts receivable, net (Note 5)	719,277,349	568,314,163
Long-term factoring accounts receivable, net (Note 6)	312,929	-
Long-term notes receivable, net (Note 7)	30,510,108	19,449,975
Long-term receivable from and loans to employees, net (Note 8)	16,946,782	9,037,182
Property and equipment, net (Note 14)	135,474,417	151,198,539
Other non-current assets	17,612,975	20,888,460
Total Non-Current Assets	<u>18,137,327,042</u>	<u>12,708,185,916</u>
TOTAL ASSETS	<u>29,808,327,913</u>	<u>21,822,969,726</u>

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

BALANCE SHEETS (CONTINUED)

AS AT DECEMBER 31,

	BAHT	
	2 0 0 3	2 0 0 2
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank overdrafts and short-term loans from financial institutions (Note 15)	9,474,199,365	6,135,765,592
Current portion of long-term loans (Note 17)	3,325,050,129	2,260,628,490
Current portion of lease guarantee contracts	57,966,551	63,922,383
Income tax payable	202,591,063	126,880,003
Other current liabilities (Note 16)	496,808,860	288,784,993
Total Current Liabilities	<u>13,556,615,968</u>	<u>8,875,981,461</u>
NON-CURRENT LIABILITIES		
Long-term loans (Note 17)	10,990,088,968	8,286,464,488
Long term lease guarantee contracts	160,521,195	136,548,292
Other non-current liabilities	33,718,510	39,082,396
Total Non-Current Liabilities	<u>11,184,328,673</u>	<u>8,462,095,176</u>
TOTAL LIABILITIES	<u>24,740,944,641</u>	<u>17,338,076,637</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 18)		
Authorized share capital		
347,000,000 ordinary shares of Baht 10.00 each,	<u>3,470,000,000</u>	<u>3,470,000,000</u>
Issued and paid-up share capital		
199,230,897 ordinary shares of Baht 10.00 each, fully paid	1,992,308,970	1,992,308,970
Premium on share capital	1,905,058,530	1,905,058,530
Unrealized gain (loss) on revaluation of investment in available for sale securities	367,115	(1,307,112)
RETAINED EARNINGS		
Appropriated		
Legal reserve (Note 19)	130,264,457	91,262,982
Unappropriated	1,039,384,200	497,569,719
Total Shareholders' Equity	<u>5,067,383,272</u>	<u>4,484,893,089</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>29,808,327,913</u>	<u>21,822,969,726</u>

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

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31,

	BAHT	
	2 0 0 3	2 0 0 2
Revenues		
Income from hire-purchase contracts and related income	2,311,357,473	1,830,495,746
Income from lease contracts and related income	83,014,259	76,835,509
Income from factoring notes receivable	67,206,086	59,395,736
Other income (Note 20)	106,759,942	192,188,107
Total Revenues	<u>2,568,337,760</u>	<u>2,158,915,098</u>
Expenses		
Selling and administrative expenses (Note 21)	451,294,218	383,046,005
Provision for doubtful accounts	162,624,995	65,818,633
Directors' remuneration	6,410,000	1,968,000
Total Expenses	<u>620,329,213</u>	<u>450,832,638</u>
NET INCOME BEFORE INTEREST AND INCOME TAX EXPENSES	1,948,008,547	1,708,082,460
INTEREST EXPENSES	795,058,104	739,311,464
INCOME TAX (Note 22)	372,920,940	193,611,185
NET INCOME	<u>780,029,503</u>	<u>775,159,811</u>
BASIC EARNINGS PER SHARE (Note 23)	BAHT 3.92	3.89
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES 199,230,897	199,178,842
DILUTED EARNINGS PER SHARE (Note 23)	BAHT 3.85	3.85
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	SHARES 202,589,997	201,127,805

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

STATEMENTS OF CHANGES IN SHREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31,

	BAHT					
	Issued and paid - up share capital	Premium on share capital	Unrealized gain (loss) on revaluation of investment in available for sale securities	Legal reserve	Retained earnings (deficit)	Total
Beginning balance as at January 1, 2002	1,989,808,970	1,898,808,530	(2,090,900)	57,211,811	(94,136,388)	3,849,602,023
Other surpluses	-	6,250,000	-	-	-	6,250,000
Exercised warrant	2,500,000	-	-	-	-	2,500,000
Unrealized gain on revaluation of investment in available for sale securities	-	-	783,788	-	-	783,788
Legal reserve	-	-	-	34,051,171	(34,051,171)	-
Dividend payment (Note 24)	-	-	-	-	(149,402,533)	(149,402,533)
Net income	-	-	-	-	775,159,811	775,159,811
Ending balance as at December 31, 2002	<u>1,992,308,970</u>	<u>1,905,058,530</u>	<u>(1,307,112)</u>	<u>91,262,982</u>	<u>497,569,719</u>	<u>4,484,893,089</u>
Beginning balance as at January 1, 2003	1,992,308,970	1,905,058,530	(1,307,112)	91,262,982	497,569,719	4,484,893,089
Unrealized gain on revaluation of investment in available for sale securities	-	-	231,177	-	-	231,177
Loss on impairment of investment in available for sale securities	-	-	1,443,050	-	-	1,443,050
Legal reserve	-	-	-	39,001,475	(39,001,475)	-
Dividend payment (Note 24)	-	-	-	-	(199,213,547)	(199,213,547)
Net income	-	-	-	-	780,029,503	780,029,503
Ending balance as at December 31, 2003	<u>1,992,308,970</u>	<u>1,905,058,530</u>	<u>367,115</u>	<u>130,264,457</u>	<u>1,039,384,200</u>	<u>5,067,383,272</u>

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

	BAHT	
	2 0 0 3	2 0 0 2
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	780,029,503	775,159,811
Items to reconcile net income to net cash provided by operating activities		
Depreciation	19,281,317	15,348,611
Bad debt and provision for doubtful accounts	162,624,995	65,818,633
Provision for loss on impairment of assets for sales	-	12,759,189
Loss on sales of investment in subsidiaries	-	1
Provision for loss on impairment of general investment	1,443,050	4,078,232
Gain from sales of land and equipment	(18,928,414)	(6,406,447)
Prepaid interest amortization	260,985,049	174,428,927
Net cash from operating activities before changes in operating assets and liabilities	1,205,435,500	1,041,186,957
Operating assets (increase) decrease		
Hire-purchase accounts receivable	(7,460,037,118)	(5,583,192,189)
Lease accounts receivable	(223,503,970)	(197,839,208)
Factoring accounts receivable	(50,333,924)	(71,569,849)
Notes receivable	(26,565,894)	(21,741,403)
Receivable from and loans to employees	(5,637,010)	(450,041)
Assets for sale	(77,339,737)	9,229,625
Terminated contracts of hire-purchase receivable	(139,878,526)	(73,604,463)
Other current assets	(102,266,208)	835,700
Other non-current assets	3,275,485	7,972,339
Operating liabilities increase (decrease)		
Income tax payable	75,711,060	126,880,003
Accrued interest expenses	4,755,773	(1,354,632)
Accrued expenses	203,268,093	106,829,088
Other non-current liabilities	(5,363,886)	(274,850)
Leased guarantee contract	18,017,071	15,396,655
Net cash used in operating activities	(6,580,463,291)	(4,641,696,268)

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

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31,

	BAHT	
	2 0 0 3	2 0 0 2
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid on purchase of property and equipment	(37,606,094)	(25,792,719)
Proceeds from sale of land and equipment	54,863,015	7,952,014
Cash received from available for sale investment	3,556,950	-
Net cash provided by (used in) investing activities	20,813,871	(17,840,705)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts and short-term loans from financial institutions	3,226,154,766	2,311,003,133
Cash paid on repayment of long-term loan	(350,000,000)	(286,500,000)
Proceeds from debenture issuance	3,500,000,000	3,000,000,000
Cash paid on repayment of debenture	(2,000,000,000)	(2,000,000,000)
Cash received from long-term loan borrowings	2,469,340,077	1,770,430,053
Dividends paid	(199,213,547)	(148,795,946)
Proceeds from share subscription received from exercised warrant	-	8,750,000
Net cash provided by financing activities	6,646,281,296	4,654,887,240
Net increase in cash and cash equivalents	86,631,876	(4,649,733)
Cash and cash equivalents at beginning of the periods	60,803,724	65,453,457
Cash and cash equivalents at end of the periods	147,435,600	60,803,724

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND PRINCIPAL BUSINESS OF THE COMPANY

1.1 Basis of preparation of the financial statements

The brief particulars in the financial statements are shown in accordance with the Notification of the Department of Commercial Registration (currently the Department of Business Development) dated September 14, 2001 regarding "The Brief Particulars in the Financial Statements B.E. 2544" and the financial statements for the year ended December 31, 2002 have been reclassified to conform to the financial statements for the year ended December 31, 2003.

The Company's financial statements have been prepared in accordance with the regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2544.

The Company prepares its statutory financial statements in the Thai language in conformity with accounting standards and practices generally accepted in Thailand.

1.2 Principal business of the company

Siam Panich Leasing Public Company Limited ("the Company") is a public company limited and is listed on the Stock Exchange of Thailand, incorporated and resident in Thailand. The Company provides hire purchase, leasing and factoring services. The address of its registered head office is 32/24-26, 32/30, 32/53 Soi Sukhumvit 21 (Asoke) Sukhumvit Road, North Klong Toey, Wattana, Bangkok 10110. The company has 9 branches located in Chiangmai, Lampang, Chiangrai, Phitsanulok, Nakhon Ratchasima, Chonburi, Nakhonsawan, Lopburi and Khon Khaen.

As at December 31, 2003, the Company employs approximately 735 people (December 31, 2002 : 656 people) and the personnel expenses for the year ended December 31, 2003 amounted to Baht 234 million (December 31, 2002: Baht 194 million).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Cash on hand and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits at banks with original maturity of three months or less.

2.2 Income from hire-purchase contract

Income from hire-purchase contracts is recognized on the sum of the digits basis over the period of the contracts. Income will not be accrued for debts which have installment payment overdue over 120 days.

2.3 Income from lease contracts

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income.

Lease contracts are accounted for by financing lease basis. Finance income from lease contracts is recognised on the effective interest method over the period of the contracts. Income will not be accrued for debts which are overdue more than 180 days.

2.4 Income from factoring

Income from factoring is recognised by the effective interest method over the period of contracts. Interest income will not be accrued for debts which are overdue more than 180 days.

2.5 Accounts receivable and allowance for doubtful accounts

2.5.1 Hire-purchase accounts receivable and terminated contracts of hire-purchase

Hire-purchase accounts receivable are carried at contract amounts deducted by unearned interest income and allowance for doubtful accounts and terminated contracts of hire-purchase are carried at the amount after restructuring deducted by allowance for doubtful accounts.

For the year ended December 31, 2003, allowance for doubtful accounts is established based on the accounts which the Company has considered it may not be able to repay the obligation. The Company considered the ability to repay based on the payment history. The Company established its minimum allowance for doubtful account for the accounts that may not be able to repay the obligation as follows:

	%
Normal	1
Past due 1 - 4 months	2
Past due > 4 - 6 months	20
Past due > 6 - 12 months	50
Past due > 12 months	100

For the year ended December 31, 2002, allowance for doubtful accounts is established based on aging analysis and the collectabilities of the accounts deducted by the unearned interest income and proceeds from sales of repossessed assets.

2.5.2 Lease accounts receivable

Lease accounts receivable are carried at contract amounts deducted by unearned finance income and allowance for doubtful accounts. Allowance for doubtful accounts is established based on the ability to repay of the lease accounts receivable deducted by the unearned finance income and proceeds from sales of repossessed assets which is consider based on the history data. The Company established its minimum allowance for doubtful account as follows:

	%
Normal	1
Past due 1 - 4 months	2
Past due > 4 - 6 months	20
Past due > 6 - 12 months	50
Past due > 12 months	100

2.5.3 Factoring accounts receivable

Factoring accounts receivable are carried at contract amounts deducted by unearned interest income and allowance for doubtful accounts. The Company established its minimum allowance for doubtful account as follows:

	%
Normal	-
Past due 1 - 90 days	5
Past due 91- 180 days	10
Past due 181 - 365 days	20
Past due 366 - 540 days	50
Past due > 540 days	100

2.5.4 Notes receivable

Notes receivable are carried at contract amounts deducted by unearned interest income and allowance for doubtful accounts. The Company established its minimum allowance for doubtful account as follows:

	%
Normal	-
Past due 1 - 120 days	0.5
Past due 121 - 180 days	25
Past due 181 - 360 days	25
Past due 361 - 720 days	50
Past due 721 - 1,080 days	75
Past due > 1,080 days	100

In addition, the Company has established the allowance for doubtful accounts in addition to the minimum allowance for doubtful accounts by considering the ability to repay and payment history for each receivable type and each individual receivable.

2.6 Assets for sale

Assets for sale represent repossessed assets from the hire-purchase and finance lease business. Assets for sale are valued at the lower of net book value or an estimated net realisable value and deducted allowance for impairment (if any).

2.7 Investments

Investment in associated companies is accounted for by the equity method of accounting. These are undertakings in which the Company has between 20% and 50% of the voting rights, or over which the Company has significant influence, but which it does not control. Allowance is recorded for impairment in value and impairment loss is recognized in the statement of income.

Equity accounting involves recognising share of the associated's income or loss for the year in the income statement. The interest in the associated is carried in the balance sheet at an amount that reflects its share of the net assets of the associated. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Company has incurred obligations or guaranteed obligations in respect of associated undertaking.

Investments in non-marketable equity securities classified as general investments are carried at cost. A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

Investments classified as available-for-sale are those intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, and are included in non-current assets.

Investments in marketable equity securities are carried at fair value which is determined by reference to the Stock Exchange of Thailand quoted bid price. For other investment, fair value is calculated by reference to net asset value as at the balance sheet date, as announced by the Mutual Fund Management Company to the public. Adjustments in the carrying amount are recorded as unrealized gains or losses in the shareholders' equity. Allowance is recorded for impairment in value and impairment loss is recognized in the statement of income.

2.8 Property, plant and equipment

All property, plant and equipment is recorded at cost less accumulated depreciation.

Depreciation is calculated so as to write-off the cost of the assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are:

	%
Land improvements	5
Building and building improvements	5 - 20
Furniture and fixtures	20
Office machinery and equipment	10 - 20
Motor vehicles	20

Building improvement is amortized over the lease period. In the case of no expired date in the lease agreement, building improvement will be amortized within five years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any cost of disposal. Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenditure incurred for addition, renewal or betterment, which results in a substantial increase in an asset's current replacement value, is capitalised. Repair and maintenance costs are recognised as an expense when incurred.

2.9 Provident fund

The Company operates a provident fund, being a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund are charged to the income statement in the year to which they relate.

2.10 Financial instruments

Financial assets carried on the balance sheet include cash and bank balances, hire-purchase accounts receivable, lease accounts receivable, factoring accounts receivable, notes and interest receivable and investments. Financial liabilities carried on the balance sheet include bank overdrafts and loans from banks and financial institutions. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.11 Earnings per share

Basic earnings per share are calculated by dividing net income by the weighted average number of ordinary shares outstanding at the end of the year. In the case of a capital increase, the number of shares is weighted according to the time of subscription received for the increase in issued and paid-up share capital. The diluted earnings per share is calculated from net income for the period divided by the weighted average number of warrants on the assumption the conversion of all warrant has been made at the beginning of the period or, if later, the date of the issuance of the potential warrants, even though it is not the exercise date yet.

2.12 Use of estimates in the preparation of financial statements

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. The actual results may differ from such estimates.

3. ADDITIONAL INFORMATION FOR CASH FLOWS

3.1 Cash paid for interest and income tax for the years ended December 31, is as follows:

	2003 Baht	2002 Baht
Interest	798,938,191	689,606,538
Income tax	303,497,328	66,731,182

3.2 Non- cash items for the years ended December 31, 2003 and 2002 are as follow:

	2003 Baht	2002 Baht
Vehicles transferred from assets for sale	1,885,700	3,269,530

4. HIRE-PURCHASE ACCOUNTS RECEIVABLE - NET

Hire-purchase accounts receivable - net as at December 31, consist of the following:

	Portion due within one year		Portion due over one year	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Hire-purchase contract receivables	11,633,082,530	9,083,684,934	18,861,404,662	13,130,463,387
Less Unearned interest income	(1,909,958,626)	(1,539,386,660)	(1,695,680,531)	(1,245,959,914)
Less Allowance for doubtful accounts	(25,985,107)	(1,436,167)	-	-
Net	<u>9,697,138,797</u>	<u>7,542,862,107</u>	<u>17,165,724,131</u>	<u>11,884,503,473</u>

Hire-purchase accounts receivable and allowance for doubtful accounts as at December 31, 2003 classified by aging as follows:

	Hire-purchase receivable net-of unearned interest income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts
Normal	21,958,278,965	2,041,046,056	1	20,410,461
Past due 1 - 4 months	4,788,113,432	129,791,168	2	2,595,823
Past due > 4 - 6 months	106,596,675	3,977,292	20	795,458
Past due > 6 - 12 months	27,081,478	3,384,698	50	1,692,349
Past due > 12 months	8,777,485	491,016	100	491,016
Total	<u>26,888,848,035</u>	<u>2,178,690,230</u>		<u>25,985,107</u>

Hire-purchase accounts receivable and allowance for doubtful accounts as at December 31, 2002 classified by aging as follows:

	Hire-purchase receivable net-of unearned interest income	Allowance for doubtful accounts
Normal	15,938,794,796	173,315
Past due 1 - 4 months	3,398,876,873	695,775
Past due > 4 - 6 months	66,365,749	227,371
Past due > 6 - 12 months	14,897,987	139,841
Past due > 12 months	9,866,342	199,865
Total	<u>19,428,801,747</u>	<u>1,436,167</u>

5. LEASE ACCOUNTS RECEIVABLE - NET

Lease accounts receivable - net as at December 31, consist of the following:

	Portion due within one year		Portion due over one year	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Lease contract receivables	575,173,069	495,196,685	767,711,675	613,507,427
Less Unearned finance income	(73,892,819)	(66,457,219)	(48,434,326)	(45,193,264)
Less Allowance for doubtful accounts	(95,233,151)	(73,318,788)	-	-
Net	<u>406,047,099</u>	<u>355,420,678</u>	<u>719,277,349</u>	<u>568,314,163</u>

Lease accounts receivable and allowance for doubtful accounts as at December 31, 2003 classified by aging as follows:

	Lease receivables net-of unearned finance income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts
Normal	802,144,595	9,024,506	1	90,245
Past due 1-4 months	73,070,034	51,418,172	2	1,028,364
Past due > 4-6 months	4,816,721	3,938,762	20	787,752
Past due > 6-12 months	43,818,473	37,803,450	50	18,901,725
Past due > 12 months	78,220,124	74,425,065	100	74,425,065
Total	<u>1,002,069,947</u>	<u>176,609,955</u>		<u>95,233,151</u>

Lease accounts receivable and allowance for doubtful accounts as at December 31, 2002 classified by aging as follows:

	Lease receivables net-of unearned finance income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful account
Normal	642,739,908	27,917,399	1	279,174
Past due 1-4 months	74,705,821	36,154,799	2	723,096
Past due > 4-6 months	-	-	20	-
Past due > 6-12 months	6,587,351	6,358,256	50	3,179,128
Past due > 12 months	72,549,874	69,137,390	100	69,137,390
Total	<u>796,582,954</u>	<u>139,567,844</u>		<u>73,318,788</u>

In order to classify lease accounts receivable by aging as at December 31, 2003, the Company has netted-off lease guarantee contract amounting to Baht 218 million from the lease accounts receivable balance (December 31, 2002 : Baht 200 million).

6. FACTORING ACCOUNTS RECEIVABLE - NET

Factoring accounts receivable - net as at December 31, consist of the following:

	Portion due within one year		Portion due over one year	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Factoring receivables	767,965,316	734,997,094	315,000	-
Less unearned finance income	(5,730,174)	(8,132,030)	(2,071)	-
Less allowance for doubtful accounts	(143,808,558)	(150,116,147)	-	-
Net	<u>618,426,584</u>	<u>576,748,917</u>	<u>312,929</u>	<u>-</u>

Factoring accounts receivable and allowance for doubtful accounts as at December 31, 2003 were classified by aging as follows:

	Factoring receivables before net-of unearned finance income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts
Normal	600,004,945	-	-	-
Past due 1 - 90 days	13,161,478	13,161,478	5	658,074
Past due 91- 180 days	-	-	10	-
Past due 181 - 365 days	14,954,262	14,954,262	20	2,990,853
Past due 366 - 540 days	-	-	50	-
Past due > 540 days	140,159,631	140,159,631	100	140,159,631
Total	<u>768,280,316</u>	<u>168,275,371</u>		<u>143,808,558</u>

Factoring accounts receivable and allowance for doubtful accounts as at December 31, 2002 were classified by aging as follows:

	Factoring receivables before net-of unearned finance income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts
Normal	572,396,601	-	-	-
Past due 1 - 90 days	7,354,711	735,460	5	36,773
Past due 91- 180 days	155,936	7,800	10	780
Past due 181 - 365 days	-	-	20	-
Past due 366 - 540 days	995,084	497,542	50	248,771
Past due > 540 days	154,094,762	149,829,823	100	149,829,823
Total	<u>734,997,094</u>	<u>151,070,625</u>		<u>150,116,147</u>

7. NOTES RECEIVABLE - NET

Notes receivable - net as at December 31, consist of the following:

	Portion due within one year		Portion due over one year	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Notes receivable	251,796,512	236,997,094	30,510,108	19,449,975
Less unearned interest income	(2,308,502)	(2,914,844)	-	-
Less allowance for doubtful accounts	(25,124,948)	(23,704,940)	-	-
Net	<u>224,363,062</u>	<u>210,377,310</u>	<u>30,510,108</u>	<u>19,449,975</u>

Note receivables and allowance for doubtful accounts as at December 31, 2003 were classified by aging as follows:

	Note receivables before net-of unearned interest income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts
Normal	245,497,757	-	-	-
Past due 1 - 120 days	4,859,882	4,859,882	0.5	24,299
Past due 121 - 180 days	2,039,311	2,039,311	25	509,828
Past due 181 - 360 days	4,952,753	4,952,753	25	1,238,188
Past due 361 - 720 days	1,898,980	1,898,980	50	949,490
Past due 721 - 1,080 days	2,619,177	2,619,177	75	1,964,383
Past due > 1,080 days	20,438,760	20,438,760	100	20,438,760
Total	<u>282,306,620</u>	<u>36,808,863</u>		<u>25,124,948</u>

Note receivables and allowance for doubtful accounts as at December 31, 2002 were classified by aging as follows:

	Note receivables before net-of unearned interest income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts
Normal	211,636,753	-	-	-
Past due 1 - 120 days	14,210,219	14,210,219	0.5	71,051
Past due 121 - 180 days	7,316,645	7,316,645	25	1,829,161
Past due 181 - 360 days	6,902,747	225,515	25	56,379
Past due 361 - 720 days	9,585,121	2,619,177	50	1,309,589
Past due 721 - 1,080 days	-	-	75	-
Past due > 1,080 days	6,795,584	20,438,760	100	20,438,760
Total	<u>256,447,069</u>	<u>44,810,316</u>		<u>23,704,940</u>

8. RECEIVABLE FROM AND LOANS TO EMPLOYEES

Receivable from and loans to employees as at December 31, consist of the following:

	Portion due within one year		Portion due over one year	
	2003	2002	2003	2002
	Baht	Baht	Baht	Baht
Hire-purchase contract receivables	7,616,157	7,012,919	12,230,625	9,493,720
Less unearned interest income	(676,960)	(597,696)	(565,474)	(456,538)
Net	<u>6,939,197</u>	<u>6,415,223</u>	<u>11,665,151</u>	<u>9,037,182</u>
Loans to employees	6,421,601	9,218,165	5,281,631	-
Net	<u>13,360,798</u>	<u>15,633,388</u>	<u>16,946,782</u>	<u>9,037,182</u>

9. ASSETS FOR SALE

Assets for sale as at December 31, consist of the following:

	2003	2002
	Baht	Baht
Repossessed assets from hire purchase contracts	95,886,503	26,441,246
Repossessed inventories from leasing contracts	928,358	2,478,358
Land for sale	50,932,280	43,373,500
	<u>147,747,141</u>	<u>72,293,104</u>

As at December 31, 2003 and 2002 land for sale are shown net of allowance for impairment of land for sale of Baht 12,759,189.

10. OTHER CURRENT ASSETS

Other current assets as at December 31, consist of the following :

	2003	2002
	Baht	Baht
Value Added Tax refundable	163,327,945	71,177,071
Prepaid loan arrangement fees	19,680,116	19,623,179
Terminated contracts of hire-purchase net of allowance for doubtful accounts of Baht 546,478,422 (December 31, 2002 : Baht 482,142,260)	179,709,445	145,835,690
Factoring accounts receivable under negotiation for debt restructuring net of allowance for doubtful accounts of Baht 74,004,901 (December 31, 2002 : Baht 73,616,420)	4,313,442	4,701,923
Others	49,450,842	39,306,719
	<u>416,481,790</u>	<u>280,644,582</u>

As at December 31, 2003, the Company has 4 factoring accounts receivable of Baht 78,318,343 (December 31, 2002 : Baht 78,318,343) which were long overdue because the debtors had encountered financial problems. Debt restructuring and negotiation by the debtors for obtaining new sources of funds are in process. The debt recoverable from the customers depend on debt restructuring and negotiation for obtaining new sources of funds. An allowance for doubtful accounts of Baht 74,004,901 (December 31, 2002 : Baht 73,616,420) has been made.

Terminated contract of hire-purchase and allowance for doubtful accounts as at December 31, 2003 were classified by aging as follows:

	Hire-purchase receivable net-of unearned interest income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts
Normal	3,123,618	45,928	1	459
Past due 1-4 months	10,767,080	667,758	2	13,355
Past due > 4-6 months	17,251,311	1,633,002	20	326,601
Past due > 6-12 months	119,058,922	45,225,578	50	22,612,789
Past due > 12 months	575,986,936	523,525,218	100	523,525,218
Total	<u>726,187,867</u>	<u>571,097,484</u>		<u>546,478,422</u>

Terminated contract of hire-purchase and allowance for doubtful accounts as at December 31, 2002 were classified by aging as follows:

	Hire-purchase receivable net-of unearned interest income	Receivables for calculating the allowance for doubtful accounts	% of allowance for doubtful accounts	Allowance for doubtful accounts
Normal	2,990,765	855,903	1	8,559
Past due 1-4 months	4,581,285	2,282,043	2	45,641
Past due > 4-6 months	17,428,476	9,827,048	20	1,965,409
Past due > 6-12 months	83,407,575	60,722,540	50	30,361,270
Past due > 12 months	519,569,849	449,761,381	100	449,761,381
Total	<u>627,977,950</u>	<u>523,448,915</u>		<u>482,142,260</u>

11. NON - PERFORMING LOANS AND RECEIVABLES

As at December 31, 2003, interest income has not been accrued for hire-purchase accounts receivable, lease accounts receivable and factoring accounts receivable, and terminated contracts of hire-purchase amounting to Baht 1,310 million (December 31, 2002 : Baht 1,110 million).

12. INVESTMENTS USING THE EQUITY METHOD

Investments using the equity method as at December 31, consist of :

	% holding	2003			
		Paid up capital	Cost	Allowance for impairment of investment	Equity method
		Baht	Baht	Baht	Baht
Investment in an associated company					
SPL Transport Co., Ltd.					
10,000,000 ordinary shares with a					
par value of Baht 10 per share	49	100,000,000	49,000,000	(49,000,000)	-
		<u>100,000,000</u>	<u>49,000,000</u>	<u>(49,000,000)</u>	<u>-</u>
2002					
	% holding	Paid up capital	Cost	Allowance for impairment of investment	Equity method
		Baht	Baht	Baht	Baht
Investment in an associated company					
SPL Transport Co., Ltd.					
10,000,000 ordinary shares with a					
par value of Baht 10 per share	49	100,000,000	49,000,000	(49,000,000)	-
		<u>100,000,000</u>	<u>49,000,000</u>	<u>(49,000,000)</u>	<u>-</u>

Super Car Co., Ltd. a 100% own subsidiary, has not been included in consolidation as the subsidiary suspended its operations since 1998. The subsidiary has registered for dissolution with the Ministry of Commerce on October 14, 2002. The Company has written off net investment of Baht 1 as an expense in the statement of income.

SPL Transport Co., Ltd., an associated company, has already ceased its operations since 2001 and such associated company has registered for dissolution with the Ministry of Commerce on January 14, 2004.

13. OTHER LONG - TERM INVESTMENTS

Other long-term investments as at December 31, consist of the following:

	% Holding	2003 Baht
General investments		
Dhanavat Insurance Management Co., Ltd.	10.00	30,000,000
Siam Administrative Management Co., Ltd.	12.67	3,800,000
Siampress Management Co., Ltd.	15.00	11,978,960
SCB Leasing Plc.	5.11	4,950,000
Supapirom Co., Ltd.	1.47	202,316
Sahakarn Wisavakorn Co., Ltd.	1.01	4,078,232
SG Star Property Co.,Ltd.	11.36	1
		<u>55,009,509</u>
Less Allowance for impairment of investment in Sahakarn Wisavakorn Co., Ltd.		(4,078,232)
		<u>50,931,277</u>
Available for sale securities		
Raimon Land Public Co., Ltd.	0.04	339,920
Add Unrealized gain in value of available for sale investment in securities		197,154
		<u>537,074</u>
Total other long-term investments		<u>51,468,351</u>

	%Holding	2002 Baht
General investments		
Dhanavat Insurance Management Co., Ltd.	10.00	30,000,000
Siam Administrative Management Co., Ltd.	12.67	3,800,000
Siampress Management Co., Ltd.	15.00	11,978,960
SCB Leasing Plc.	5.11	4,950,000
Supapirom Co., Ltd.	1.47	202,316
Sahakarn Wisavakorn Co., Ltd.	1.01	4,078,232
SG Star Property Co.,Ltd.	11.36	1
		<u>55,009,509</u>
Less Allowance for impairment of investment in Sahakarn Wisavakorn Co., Ltd.		<u>(4,078,232)</u>
		<u>50,931,277</u>
Available for sale securities		
SCB Base Stock Open End Fund	0.10	5,000,000
Raimon Land Public Co., Ltd.	0.07	169,959
Less Unrealized loss in value of available for sale investment in securities		<u>(1,307,112)</u>
		<u>3,862,847</u>
Total long-term investments		<u>54,794,124</u>

As at December 31, 2003, the fair value of general investments and available for sale securities are Baht 67,550,327 and Baht 537,074 respectively (December 31, 2002 : Baht 53,614,165 and Baht 3,862,847 respectively).

14. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net consist of the following:

	As at December 31, 2002 Baht	Addition Baht	Deduction Baht	Transfer from Repossession Cars Baht	Written Off Baht	As at December 31, 2003 Baht
Cost:						
Land and land improvements	70,450,636	1,200,000	(34,919,351)	-	-	36,731,285
Buildings and buildings						
improvements	30,847,682	5,814,000	-	-	-	36,661,682
Leasehold improvements	16,313,211	1,993,575	-	-	(799,993)	17,506,793
Furniture, fixture, office machinery						
and equipment	54,331,551	12,819,286	(628,618)	-	(2,046,663)	64,475,556
Vehicles	49,685,057	14,267,434	(4,976,056)	1,885,700	-	60,862,135
License software	3,985,232	1,511,800	-	-	-	5,497,032
Total cost	<u>225,613,369</u>	<u>37,606,095</u>	<u>(40,524,025)</u>	<u>1,885,700</u>	<u>(2,846,656)</u>	<u>221,734,483</u>
Accumulated depreciation :						
Land and land improvements	-	-	-	-	-	-
Buildings and buildings						
improvements	7,309,692	1,652,132	-	-	-	8,961,824
Leasehold improvements	10,986,869	901,988	-	-	(799,970)	11,088,887
Furniture, fixture, office machinery						
and equipment	35,042,992	6,548,038	(606,079)	-	(1,941,810)	39,043,141
Vehicles	18,609,193	9,647,634	(4,088,222)	-	-	24,168,605
License software	2,466,084	531,525	-	-	-	2,997,609
Total Accumulated depreciation	<u>74,414,830</u>	<u>19,281,317</u>	<u>(4,694,301)</u>	<u>-</u>	<u>(2,741,780)</u>	<u>86,260,066</u>
Property, plant and equipment, net	<u>151,198,539</u>					<u>135,474,417</u>
Depreciation for the years ended December 31,						
						19,281,317
						<u>15,348,611</u>

As at December 31, 2003, the Company has the assets which are fully depreciated but still in use, which cost of assets before fully depreciated amounted to Baht 41 million (December 31, 2002: Baht 40 million).

15. BANK OVERDRAFTS AND SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions consisted of the following:

	2003	2002
	Baht	Baht
Bank overdrafts	63,921,921	98,078,103
Short-term loans from financial institutions	<u>9,410,277,444</u>	<u>6,037,687,489</u>
	<u>9,474,199,365</u>	<u>6,135,765,592</u>

As at December 31, 2003, the Company has credit lines for bank overdrafts totalling Baht 30 million (December 31, 2002 : Baht 30 million), with no collateral.

As at December 31, 2003, the Company has Short term loans from financial institutions with the limits totalling Baht 7,547 million (December 31, 2002 : Baht 5,035 million), with no collateral.

16. OTHER CURRENT LIABILITIES

Other current liabilities as at December 31, consist of the following:

	2003	2002
	Baht	Baht
Interest payable	58,247,530	53,491,756
Suspense cash received from customers	25,462,538	16,327,419
Suspense cash received from customers for insurance premium	137,957,988	82,853,907
Accounts payable	127,369,932	76,622,946
Others	<u>147,770,872</u>	<u>59,488,965</u>
	<u>496,808,860</u>	<u>288,784,993</u>

17. LONG-TERM LOANS

Long-term loans as at December 31, are comprised of:

	2003	2002
	Baht	Baht
Debenture	10,000,000,000	8,500,000,000
Loans from financial institutions	<u>4,315,139,097</u>	<u>2,047,092,978</u>
	<u>14,315,139,097</u>	<u>10,547,092,978</u>
Less Current portion of long-term loans		
Debenture	1,750,000,000	2,000,000,000
Loans from financial institutions	<u>1,575,050,129</u>	<u>260,628,490</u>
	<u>3,325,050,129</u>	<u>2,260,628,490</u>
	<u>10,990,088,968</u>	<u>8,286,464,488</u>

Debentures amounting to Baht 10,000 million comprise of debentures amounting to Baht 3,500 million, Baht 3,000 million, and Baht 3,500 million issued on May 24, 2001, on March 6, 2002, and on March 4, 2003, respectively, which have conditions as below:

Debentures issued on May 24, 2001

Unit and value	3,500,000 units of par value of Baht 1,000 each
Period and maturity date	4 years, will be matured in 2005
Interest rate	Fixed rate of 6.20% per annum
Repayment principal	The repayment will be in 2004 and 2005

Debentures issued on March 6, 2002

Unit and value	3,000,000 units of par value of Baht 1,000 each
Period and maturity date	4 years, will be matured in 2006
Interest rate	Fixed rate of 5.5% per annum
Repayment principal	The repayment will be in 2005 and 2006

During the year ended December 31, 2003, the Company has issued debentures amounting to Baht 3,500 million, on March 4, 2003, which have conditions as follows:

Unit and value	3,500,000 units of par value of Baht 1,000 each
Period and maturity date	4 years, will be matured in 2007
Interest rate	Fixed rate of 3.2% per annum

During 2003, the Company redeemed debentures which were due Baht 2,000 million (December 31, 2002 : Baht 2,000 million).

The Company has to comply with certain conditions in the debenture prospectus. i.e. maintain dividend payout ratio in accordance with debenture agreements.

As at December 31, 2003, the Company has long-term loans with financial institutions, which credit facilities amounting to Baht 17,306 million (December 31, 2002: Baht 17,448 million), with no collateral.

At 31 December 2003 and 2002, the future payments to which the Company is committed under long-term borrowings and debentures agreement are as follows:

	2003	2002
	Baht	Baht
Not later than 1 year	3,325,050,129	2,260,628,490
Later than 1 year and not later than 2 years	4,054,443,977	2,874,305,305
Later than 2 years and not later than 3 years	3,335,865,191	3,912,159,183
Later than 3 years and not later than 4 years	<u>3,599,779,800</u>	<u>1,500,000,000</u>
	<u>14,315,139,097</u>	<u>10,547,092,978</u>

The interest rate exposures on the borrowings are as follows:

	2003	2002
Total borrowings:		
- At fixed interest rates	Baht 23,833,988,572	16,682,858,570
Weighted average effective interest rates (% per annum)		
- Loans from banks and finance institutions	2.43	3.31
- Debentures	4.94	6.32

18. SHARE CAPITAL AND SHARE PREMIUM

Share capital and share premium consist of the following:

	For the year ended December 31, 2002			
	Number	Ordinary	Share	Total
	of ordinary	Shares	Premium	
	shares	Baht	Baht	Baht
Balance as at January 1, 2002	198,980,897	1,989,808,970	1,898,808,530	3,888,617,500
Exercised warrant	<u>250,000</u>	<u>2,500,000</u>	<u>6,250,000</u>	<u>8,750,000</u>
Balance as at December 31, 2002	<u>199,230,897</u>	<u>1,992,308,970</u>	<u>1,905,058,530</u>	<u>3,897,367,500</u>

For the year ended December 31, 2003, no warrant has been exercised and as at December 31, 2003 and 2002, there are un-exercised warrants in the same number of 63,961,415 warrants.

19. LEGAL RESERVE

According to the Public Companies Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net income after accumulate deficit brought forward (if any) until the reserve is no less than 10 percent of the registered share capital. Such reserve fund is not available for distribution as dividend.

20. OTHER INCOME

Other income for the years ended December 31, consist of the following:

	2003	2002
	Baht	Baht
Income from terminated debts	6,277,370	5,547,629
Income from note receivable	31,697,758	31,371,307
Recovery on bad debt	27,960,199	131,957,669
Other income	40,824,615	23,311,502
	<u>106,759,942</u>	<u>192,188,107</u>

21. SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses for the years ended December 31, consist of the following:

	2003	2002
	Baht	Baht
Salaries, bonus and benefits	234,180,277	193,563,699
Fees and services	17,575,654	23,374,697
Taxes and duty stamp	31,201,846	24,036,591
Expenses on company premises and equipment	48,738,244	41,942,457
Transportation expenses	19,193,184	15,620,341
Direct collection costs	14,376,532	11,851,040
Loss on sale and loss on impairment of asset for sale	44,999,739	31,266,717
Others	41,028,742	41,390,463
	<u>451,294,218</u>	<u>383,046,005</u>

22. INCOME TAX

For the year ended December 31, 2002, the Company had low corporate income tax liabilities because the Company has losses carried forward being taxable expenses in corporate income tax calculation.

23. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

		For the years ended	
		December 31,	
		2003	2002
Net income	Baht	780,029,503	775,159,811
Weighted average number of ordinary shares	Share	199,230,897	199,178,842
Basic earnings per share	Baht	3.92	3.89
Effect of diluted ordinary shares			
Diluted number of ordinary shares	Share	202,589,997	201,127,805
Diluted earnings per share	Baht	3.85	3.85

As at December 31, 2003, the Company had 63,961,415 warrants (December 31, 2002: 63,961,415 warrants) which have an exercise price of Baht 35 at the rate of one warrant per one ordinary share. The calculation of the diluted earning per share is based on the assumption the exercise of the warrant holders has been made, the average fair values of the common stock for calculating the diluted earning per share are Baht 36.94 for the year ended December 31, 2003 (December 31, 2002 : Baht 36.10).

24. DIVIDENDS PAID

On April 2, 2003, the shareholders' meeting passed a resolution to pay dividends to the ordinary shareholders of 199,230,897 shares at Baht 1.75 per share, totaling Baht 348.65 million, which the Company paid the interim dividend at Baht 0.75 per share, totaling Baht 149.40 million. The Company paid the remaining dividend at Baht 1 per share, totaling Baht 199.23 million to the shareholders in May 2003.

At the Board of Directors meeting held on 9 August 2002, the board approved to pay interim dividend for the six months period ended 30 June 2002 at Baht 0.75 per share amounting Baht 149.40 million.

25. RELATED PARTY TRANSACTIONS

The Company is an associated company of Siam Commercial Bank Public Company Limited, incorporated in Thailand.

SPL Transport Co., Ltd. is an associated company of the Company. For Siam Administrative Management Co., Ltd., Siampress Management Co., Ltd., The B.N.H. Medical Center Limited, Dhanavat Insurance Management Co., Ltd., and InterLife John Hancock Assurance Public Company Limited, the Company has 1 director in common.

The Company provides financing services to related companies in accordance with a normal trade practice with other customers.

Loans from Siam Commercial Bank Public Company Limited are in accordance with a normal trade practice bearing interest at the market interest rate.

The company has transactions with related companies as follows:

25.1 Income from related parties

	For the years ended December 31,	
	2003	2002
	Baht	Baht
Siam Commercial Bank Public Company Limited		
Income from lease contracts	-	16,125
Interest received from deposits held at call	178,313	157,267
Siam Administrative Management Co., Ltd.		
Income from lease contracts	7,787,856	7,467,596
Interest received	2,715,206	583,836
Siampress Management Co., Ltd.		
Income from lease contracts	39,100	78,189
The B.N.H. Medical Center Limited		
Income from hire-purchase contracts	24,539	44,847

25.2 Expenses with related parties

	For the years ended December 31,	
	2003	2002
	Baht	Baht
Siam Commercial Bank Public Company Limited		
Interest expense for bank overdrafts	31,495	105,020
Interest expense for loans from bank	28,476,045	8,427,835
Bank charge	20,683,004	23,197,585
Interest expense for debentures	-	46,948
Dhanavat Insurance Management Co., Ltd.		
Interest expense for debentures	1,612,337	1,971,589
Interlife John Hancock Assurance Public Company Limited		
Interest expense for debentures	240,000	1,251,830

25.3 Outstanding balance with related parties

	As at December 31,	
	2003	2002
	Baht	Baht
Siam Commercial Bank Plc.		
Deposits	83,595,927	44,475,342
Bank overdrafts	108,237,279	98,078,103
Short term loans	3,130,000,000	390,000,000
Interest payable	5,329,603	18,835
Prepaid loan arrangement fee	4,275,029	8,029,959
Dhanavat Insurance Management Co.,Ltd.		
Debenture	29,000,000	29,000,000
Interest payable	185,663	185,663
Interlife John Hancock Assurance Plc.		
Debenture	10,000,000	15,000,000
Interest payable	24,615	100,957
Siam Administrative Management Co.,Ltd.		
Lease accounts receivable	124,623,710	99,442,230
Loan receivable	-	19,775,216
Siampress Management Co.,Ltd.		
Lease accounts receivable	35,880	466,440
The B.N.H. Medical Center Limited		
Hire-purchase accounts receivable	211,678	502,736

As at December 31, 2003, the Company has unutilized credit line amounting to Baht 322 million (December 31, 2002 : Baht 2,180 million).

25.4 Letters of guarantee

As of December 31, 2003 and 2002 there are bank guarantees issued by a related company as follows:

	2003	2002
	Baht	Baht
Factoring customers	36,833,517	35,404,105
Building rental	581,250	581,250
Adapters rental	20,000	20,000
Total	<u>37,434,767</u>	<u>36,005,355</u>

26. COMMITMENTS AND CONTINGENCIES

26.1 As at December 31, 2003 and 2002, the Company has commitments in respect of long-term property leases payable as follows:

	2003	2002
	Baht	Baht
Within 1 year	8,733,480	7,886,400
Later than 1 year but not more than 5 years	14,825,160	344,400
	<u>23,558,640</u>	<u>8,230,800</u>

26.2 As at December 31, 2003, the Company has contingent liabilities in respect of bank providing letter of guarantee for factoring customers, letter of guarantee provided for building and adapters rental of Baht 36,833,517, Baht 581,250 and Baht 20,000 respectively (December 31, 2002 : Baht 35,404,105, Baht 581,250 and Baht 20,000).

27. DISCLOSURE OF FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise at the same time.

27.1 Interest rate risk

Interest rate risk in the financial statements arises from the potential change in interest rates which may have an adverse effect on the net interest earnings of the Company in the current reporting period, and in the future years. Interest rate risk arises from the structure and characteristics of the Company's assets and liabilities.

For interest rate risk, the Company has issued bonds or borrowed long-term loans with fixed interest rate rather than borrowed short-term loans or loans with floating interest rates.

27.2 Concentration of credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to the Company. The Company has policies in place to ensure that the contracts are made to customers with an appropriate credit history and cover in various business industries. In addition, the Company has adopted the policy of obtaining personnel guarantee and high down payment for high risk debts.

In the case of recognized financial assets, the carrying amount of the assets recorded in the balance sheet, net of any applicable provision for loss, represents the Company's maximum exposure to credit risk.

27.3 Earning financial assets and interest-bearing financial liabilities

The following table presents the Company's average balance of financial assets and financial liabilities, income and expense, and average income and expenses rates for the years ended December 31, 2003 and 2002.

	(million : Baht)		
	2003		
	Average Balance	Income and expense	Interest Rate (%) per Annum
Earning Financial Assets			
Hire- purchase accounts receivable	23,145	2,071	6 - 12
Lease accounts receivable	1,025	80	7 - 10
Factoring accounts receivable	603	63	9 - 12
Note receivables	242	32	9 - 15
Interest-bearing Financial Liabilities			
Bank overdrafts and short-term loans from financial institutions	7,827	144	1.65 - 2.00
Long - term loan	12,431	623	3.00 - 6.20
	(million : Baht)		
	2002		
	Average Balance	Income and expense	Interest Rate (%) per Annum
Earning Financial Assets			
Hire- purchase accounts receivable	16,630	1,649	7 - 13
Lease accounts receivable	818	78	8 - 11
Factoring accounts receivable	567	63	10 - 13
Note receivables	227	30	11 - 15
Interest-bearing Financial Liabilities			
Bank overdrafts and short-term loans from financial institutions	4,887	133	1.85 - 2.10
Long-term loan	9,277	577	3.20 - 7.75

27.4 Earning financial assets and interest-bearing financial liabilities

The following table presents the Company's maturity profile of on-balance-sheet financial assets and financial liabilities as at December 31, 2003 and 2002:

(million : Baht)

	2003					Total
	With in 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years	Past due Amount	
Hire-purchase accounts receivable	11,346	8,949	6,086	3,827	287	30,495
Lease accounts receivable	484	394	262	112	91	1,343
Factoring accounts receivable	600	-	-	-	168	768
Note receivables	221	19	10	1	31	282
Long-term loan	3,325	4,054	3,336	3,600	-	14,315

(million Baht)

	2002					Total
	With in 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years	Past due Amount	
Hire-purchase accounts receivable	8,868	6,751	4,198	2,181	216	22,214
Lease accounts receivable	411	299	225	90	84	1,109
Factoring accounts receivable	572	-	-	-	163	735
Note receivables	199	5	5	9	38	256
Long-term loan	2,261	2,874	3,912	1,500	-	10,547

27.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Company uses different methodologies for determining the fair value of financial instruments. The methodology used is dependent upon the characteristics of the financial instrument and the financial market in which it operates.

Although the management uses its best judgment in estimating fair values of financial instruments, estimation methodologies and assumptions used to estimate fair values are inherently subjective. Accordingly, the use of different estimation methodologies and/or market assumptions may have a significant effect on the estimated fair values.

The following table presents the Company's carrying amount and estimated fair value of significant financial instruments as at December 31, 2003 and 2002 :

	2003		2002	
	Carrying amount Baht	Fair values Baht	Carrying amount Baht	Fair values Baht
Debentures	10,000,000,000	10,046,645,000	8,500,000,000	8,895,175,000
Loans from local banks	3,930,107,471	3,946,970,115	1,864,839,106	1,902,678,605
Loans from mutual funds	385,031,626	385,544,598	182,253,872	182,150,491

The following methods and assumptions were used in estimating fair value of financial instruments as disclosed herein:

Cash, bank overdraft and short-term loans from financial institutions, accrued interest expense and long-term loans: the carrying amounts approximated fair value in the balance sheets.

Available for sale securities, fair-value is based on market value of Stock Exchange of Thailand.

General investment consists of non-marketable equity securities, of which fair value is estimated based on discounted cash flow method or net book value amount.

Hire-purchase accounts receivable, lease accounts receivable, factoring accounts receivable, notes receivable and loans to employees, fair value is based on carrying value of loans net-of unearned income and net-of allowance for doubtful accounts.

The fair values of long-term borrowings-debentures are calculated by reference to Thai Bond Dealing Centre's quoted market prices at the close of business on the balance sheet date.

The fair values of other long-term borrowings are based on discounted cash flows using a discount rate based upon the borrowing rate which is quoted by the Company's banker.

GENERAL INFORMATION

1. COMPANY INFORMATION

■ Siam Panich Leasing Public Company Limited - Register No. Bor. Mor. Jor. 465
The Company's business operations are to provide hire purchase, leasing and factoring services.

■ The Company's head office is located at 3rd - 5th, 9th, 23rd Sino-Thai Tower, 32/24 - 26, 32/30, 32/53 Soi Sukhumvit 21 (Asoke), Sukhumvit Road, Klongtoeynu, Wattana, Bangkok 10110 Telephone 0-2260-1200, 0-2661-7020 Fax 0-2260-1209

■ As at December 31, 2003, the Company's authorized number of ordinary shares totalled 347,000,000 shares, of which 199,230,897 shares were issued and paid-up share capital amounting to 1,992,308,970 baht.

2. SHAREHOLDING STRUCTURE

■ The Company's major shareholders as at April 10, 2003, which is the closing date in the shareholder's registry, are as follows.

Name	No. of Share	Portion of Shareholding
1. Siam Commercial Bank Plc.	44,587,471	22.38%
2. Thai NVDR Co.,Ltd.	14,128,610	7.09%
3. HSBC (Singapore) Nominees PTE Ltd	9,817,500	4.93%
4. Albouys Nominees Limited	9,247,000	4.64%
5. Chase Nominees Limited 1	5,009,500	2.51%
6. State Street Bank and Trust Company	4,274,542	2.15%
7. Raffles Nominees PTE Ltd	4,146,000	2.08%
8. Chase Nominees Limited	3,857,000	1.94%
9. Chase Nominees Limited 15	3,730,000	1.87%
10. Nortrust Nominees Limited	2,662,500	1.34%

3. INVESTMENTS

■ As at December 31, 2003, the Company has invested 10% or more of its issued capital in these Companies.

Name	Dhanavat Insurance Co.,Ltd.
Head Office's Address	877-879 New Road, Thaladnoy, Sampanwong, Bangkok 10100 Telephone 0-2237-3620, 0-2233-5652 Fax 0-2238-5286
Business Type	Non - Life Insurance
Type of Shares Issued	30 million Common Shares
Portion of Shareholding	10.00%

Name	Siam Administrative Management Co.,Ltd.
Head Office's Address	109, 111 Soi Ladpraw 84, Wang Thong Lang, Bangkok, Bangkok 10310 Telephone 0-2933-6111 Fax 0-2933-8569
Business Type	Document Express Service, Cleaning Service
Type of Shares Issued	3 million Common Shares
Portion of Shareholding	12.67%

Name	Siam Press Management Co.,Ltd.
Head Office's Address	18 Tower 1 West SCB Park Plaza 12th Fl. Ratchadapisek Road, Ladyao, Jatujak, Bangkok 10900 Telephone 0-2318-6463-5, 0-2319-4567 Fax 0-2937-6400
Business Type	Printing Service
Type of Shares Issued	6 million Common Shares
Portion of Shareholding	15.00%

Name	SG Star Property Co.,Ltd. ⁽¹⁾
Head Office's Address	12/90 Moo 6 Srinakarin Road, Bangbon, pravet, Bangkok 10250 Telephone 0-2814-0990-6 Fax 0-2814-0997
Business Type	Real Estate
Type of Shares Issued	76 million Common Shares
Portion of Shareholding	11.36%
Name	SPL Transport Co.,Ltd. ⁽²⁾
Head Office's Address	125/24-25 Sukhumvit Road, Tambol Map Ta Put, Amphur Muang, Rayong 21150 Telephone 0-3868-2268 Fax 0-3868-1552
Business Type	Rental Cranes Service
Type of Shares Issued	10 million Common Shares
Portion of Shareholding	49.00%

(1) The Company has swapped SG Star Property Co.,Ltd. debt for equity, which is under its rehabilitation plans.

(2) The company has closed down its operations since 2001.

4. OTHER REFERENCE PERSONS

4.1 SECURITY REGISTRAR

Thailand Securities Depository Co.,Ltd.
62 The Stock Exchange of Thailand Building, 4, 6-7 th Fl.
Ratchadapisek Road, Klongtoey, Bangkok 10110
Telephone 0-2359-1200-1 Fax 0-2359-1259-63

4.2 DEBENTURE REGISTRAR

Siam Commercial Bank Public Company Limited
Head office 9 Ratchadapisek Road, Ladyao, Jatujak, Bangkok 10900
Telephone 0-2544-1111, 0-2937-7777

4.3 BONDHOLDERS' REPRESENTATIVE

Amortizing Principal Repayment Debenture No. 1/2002, which will mature in 2006
DBS Thai Danu Bank Public Company Limited
Head office 393 Silom Road, Silom, Bangrak, Bangkok 10500
Telephone 0-2230-5000 Fax 0-2236-7939

4.4 AUDITORS

Mr. Niti Jungnitnirundr	CPA License No. 3809	or
Mr. Suphamit Techamontrikul	CPA License No. 3356	or
Miss Chongchitt Leekbhai	CPA License No. 2649	or
Mr. Permsak Jerajakwattana	CPA License No. 3427	or
Mrs. Nachalee Boonyakarnkul	CPA License No. 3126	

Deloitte Touche Tohmatsu Jaiyos Co.,Ltd.
Rajanakarn Building, 25th Floor, 183 South Sathorn Road,
Yannawa, Sathorn, Bangkok 10120
Telephone 0-2676-5700, 0-2676-5757

ADDRESS OF HEAD OFFICE AND BRANCH

■ HEAD OFFICE

3rd-5th, 9th, 23rd Sino -Thai Tower, 32/24-26, 32/30, 32/53 Soi Sukhumvit 21 (Asoke)
Sukhumvit Road, Klongtoeytua, Wattana, Bangkok 10110
Tel. 0-2260-1200, 0-2661-7020 Fax. 0-2260-1209

■ CHIANGMAI

224/7 Mahidol Road, Tambol Pardad, Amphur Muang, Chiangmai 50100
Tel. 0-5320-3804-5, 0-5327-7325-6, 0-5327-7367-8, 0-5320-3609 Fax. 0-5327-7364

■ LAMPANG

150 Highway Lampang-Ngao Road, Tambol Prabat, Amphur Muang, Lampang 52000
Tel. 0-5431-7613-4, 0-5431-7720-1, 0-5431-7757-8 Fax. 0-5431-7665

■ CHIANGRAI

139/6-7 Moo 9 Chiangrai-Wiangchai Road, Tambol Robwiang, Amphur Muang,
Chiangrai 57000
Tel. 0-5371-1277, 0-5371-3644, 0-5374-7263-6 Fax. 0-5371-3643

■ PHITSANULOK

459/1-3 Moo 7 Chinnalab Village, Phitsanulok-Wangthong Road, Tambol Samorkae,
Amphur Muang, Phitsanulok 65000
Tel. 0-5522-3766-70, Fax. 0-5522-3772

■ NAKHONRATCHASIMA

751/20-21 Mitrapap Road, Tambol Naimuang, Amphur Muang, Nakhonratchasima 30000
Tel. 0-4426-2711, 0-4426-3141, 0-4426-3145 Fax. 0-4426-2714

■ CHONBURI

53/127-128 Moo 3 Sukhumvit Road, Tambol Bansuan, Amphur Muang, Chonburi 20000
Tel. 0-3879-7424-6, Fax. 0-3879-7427

■ NAKHONSAWAN

282/3-4 Moo 10 Phaholyothin Road, Tambol Nakhonsawan-Tok, Amphur Muang,
Nakhonsawan 60000
Tel. 0-5631-0891-4 Fax. 0-5631-0895

■ LOPBURI

99/7 Moo 1 Phaholyothin Road, Tambol Tasala, Amphur Muang, Lopburi 15000
Tel. 0-3661-6001-5 Fax. 0-3661-6006

■ KHONKAEN

177/15-16 Moo 17 Mitrapap Road, Tambol Naimuang, Amphur Muang, Khonkaen 40000
Tel. 0-4322-8702-5 Fax. 0-4322-8705