



THREE DECADES OF ACHIEVEMENT

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INTEGRITY  
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**Annual Report 2002**

**SAHA-UNION PUBLIC COMPANY LIMITED**

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30 years on the quality route



30<sup>th</sup> SAHA-UNION



From the very beginning up to the present, after 30 years in business, the company has stressed and upheld operational principles of "**Integrity Quality Service**", through fine management in order to manufacture quality products while providing for optimum satisfaction on all relevant parties, thus, sustaining the company's achievement and success.

## MAJOR FINANCIAL RATIO AND INFORMATION

### SAHA-UNION PUBLIC COMPANY LIMITED (CONSOLIDATED)

Unit: Million Baht

	2002	2001	2000
Total Revenues	17,895.4	18,272.0	19,005.1
Total Sales	17,118.9	17,735.2	18,180.7
Gross Profit	2,305.4	2,569.7	2,357.9
Net Profit	963.3	959.3	957.3
Total Assets	18,398.5	17,600.6	17,679.2
Total Liabilities	4,220.2	4,899.5	6,398.2
Total Shareholder's Equity	14,178.3	12,701.1	11,281.1
Earning Ratio (%)	5.38%	5.25%	5.04%
Earning per Share (Baht)	3.31	3.72	3.89
Dividend per Share (Baht)	1.25	1.25	1.25
Book Value (Baht)	44.59	44.43	40.60
Net Asset Value (Baht)	44.59	44.43	40.60
Return on Assets (%)	5.35%	5.44%	5.58%
Return on Equity (%)	7.42%	8.36%	10.05%
Debt to Equity Ratio (Times)	0.30	0.49	0.57

### SAHA-UNION PUBLIC COMPANY LIMITED

	2002	2001	2000
Total Revenues	15,494.2	15,970.3	15,969.5
Total Sales	14,291.6	14,861.0	14,679.6
Export	7,181.4	7,755.9	7,167.0
Domestic	7,110.2	7,105.1	7,512.6
Gross Profit	843.3	858.9	761.8
Net Profit	963.3	959.3	957.3
Earning per Share (Baht)	3.31	3.72	3.89
Dividend per Share (Baht)	1.25	1.25	1.25
Book Value (Baht)	44.59	44.43	40.60

## REPORT OF THE BOARD OF DIRECTORS

In 2002, the Thai economy was achieving a growth of 4.8 percent. Not really a true reflection of the kingdom's economic recovery, the figure was misleading in that any growth was experienced by very few of the industries. These included such sectors as commercial vehicles, electronic circuit boards, televisions, video players, mining and rock quarries, and construction. Generally speaking, however, growth was not the general experience, with production capacity higher than market demand and dropping retail prices. International competition with low-cost producers, meanwhile, remained strong, just another factor keeping market growth negligible. With over capacity a key word in the year 2002, Thailand also saw its unemployment rate reach high levels.

The Export market in 2002 was still facing various difficulties, despite the fact that export volumes at the end of the year did arise. Traditionally dominated by foreign markets, the Thai export markets was effected mostly by foreign market demand fluctuations. The year saw foreign markets consolidating and expanding only slowly, especially in the U.S.A., Japan and Europe. The U.S. Market expanded by only 2.4%, while the Japanese market stayed almost flat with a growth of just 0.6%. The European Union market shrunk by 3.2% and continued to decline. In such an environment, Thailand was forced to seek subsidiaries and new markets much closer to home, such as the ASIAN region and China. Such a move will enable the country in future to expand its economy and industrial business strength to a more appropriate ratio.

Saha-Union Public Company Limited and its subsidiaries experienced even further challenges during the past year, with production showing either slow or zero growth rates. Demand for electronic parts and sports shoes was shrinking, while textile and ready-to-wear garments showed no growth at all. Prices per unit slumped, on the back of consumers' weakened buying power, while competition among producers of similar products was becoming fierce. Despite such a challenging environment, however, the company saw satisfactory results for the year 2002, thanks to its cautious management strategies and decision-making, in line with the tough economic situation.

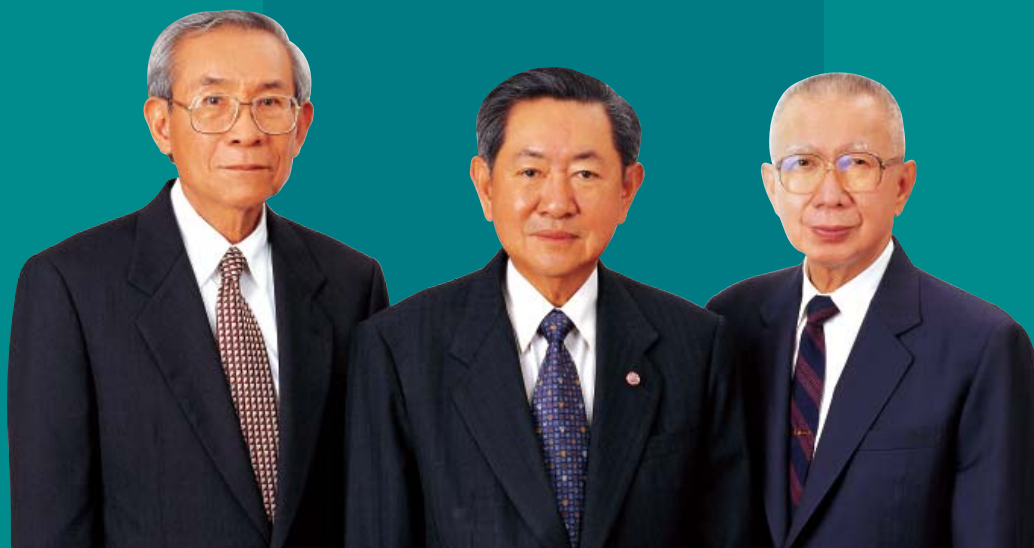
### Results of the Operations in 2002

In the year 2002, Saha-Union Public Company Limited achieved a total sales revenue of Baht 14,291.6 million, down just 3.83 percent from the year before, when figures touched Baht 14,861.0 million. Total exports totaled Baht 7,181.4 million, 7.41 percent less than those of last year, while total domestic sales, which were valued at Baht 7,110.2 million, made things more even by rising 0.07 percent over those of the previous year.

Net profits also looked healthy in 2002, with Baht 963.3 million, 0.42 percent higher than the Baht 959.3 million total of 2001. Total liabilities added to the positive picture, with a drop of 19.1 percent, bottoming out at Baht 4,569.6 million in 2002. The company's total assets, meanwhile, stood at Baht 17,546.7 million, an increase of 2.5 percent from 2001.

The company has been enjoying continuous growth. Total exports for the company brought in as much as **Baht 5,875.4 million** in the year 1994 to a number in 2002, when figures reached **Baht 7,181.4 million**.





**Mr. Panas Simasathien**  
Executive Chairman

**Mr. Amnuay Viravan**  
Chairman

**Mr. Damri Darakananda**  
Vice Chairman

### Structure of Revenue and Financial Status

Earning half of its income from domestic sales and half from exports, the company has been enjoying continuous growth. Total exports for the company brought in as much as Baht 5,875.4 million in the year 1994 to a number in 2002, when figures reached Baht 7,181.4 million.

The company's financial status has always been strong, with liability ratios standing at 0.35:1. Although Saha-Union, Plc. does have debts in the form of loans, the company has enjoyed a reputation of meeting loan payments with no apparent problems or delays. In 2002, the company made loan payments, on or before schedule, totaling Baht 1,110 million. Meanwhile, with payments not required for any the company's loans within the next one-year period, or categorized as a short term loan. That the company's loans of Baht 500 million, to be paid off in two years' time, are all in Thai Baht, also means that any currency exchange fluctuations will have no impact on the loans at all.

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

The ratio of liabilities to shareholders' equity was 0.35:1 times, while the ratio of the year 2000 and 2001 were 0.49 and 0.61:1 times. Saha-Union Pcl. is, therefore, clearly shown to have a healthy financial structure, comparing to other industries which normally in the range of 1.5 to 2 times.

Saha-Union, Plc. has maintained its policy of flexibility on shareholders' dividends, ensuring that they are determined by profits and predicted cash flow, rather than on any fixed ratios. The policy ensures that shareholders receive dividends in accordance with the investments they have made. For the last five years, the company has paid shareholders their dividends regularly, reasonably and to the satisfaction of all concerned.

<b>Dividends in 1997</b>	<b>were Baht</b>	<b>1.00</b>	<b>per share.</b>
<b>Dividends in 1998</b>	<b>were Baht</b>	<b>1.20</b>	<b>per share.</b>
<b>Dividends in 1999</b>	<b>were Baht</b>	<b>1.25</b>	<b>per share.</b>
<b>Dividends in 2000</b>	<b>were Baht</b>	<b>1.25</b>	<b>per share.</b>
<b>Dividends in 2001</b>	<b>were Baht</b>	<b>1.25</b>	<b>per share.</b>

## Business Structure and Operations

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

### 1. Manufacturing Group

#### Textile

The group's textile operation is run by eight different companies. Their total efforts generated sales of Baht 6,864.0 million, an increase of 1.45 % over the previous year's sales. Export was Baht 2,724.9 million, while domestic was Baht 4,139.1 million.

#### Footwear

The Footwear's group activities are operated by three companies, which achieved total sales of Baht 3,177.7 million, an decrease by 19.6 % compared to the year of 2001. Export was Baht 2,768.9 million, while domestic was Baht 408.8 million.

#### Plastics, Rubber ,and Metal

This group is run by eight companies. Their total sales of Baht 2,890.0 million in 2002 saw an increase of 6.8 % over the previous year. Export of these operations was Baht 1,687.6 million, while domestic was Baht 1,202.4 million.

### 2. Electronics and Computer Group

Three companies from the group as follows:

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

#### 2. Union Technology Company Limited

Both companies are involved in the production of hard disk drives for export to IBM

#### 3. Computer Union Company Limited

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

### 3. Energy Group

#### 1. Joint ventures in China,

- Four cogeneration plants in Zhejiang Province. Of these, three have been operational for some years, while the fourth is a new investment called "Shangyu Hangzhou-Union Cogeneration Co., Ltd." Also a cogeneration plant, this one is located in a chemical industrial area near to Hangzhou Province.
- Five cogeneration plants in Jiangsu Province and increased investment in "Yixing-Union Biochemical Co., Ltd.," to produce good grade lime acid for food industry exports.
- Two thermal power plants in Yunnan Province.

#### 2. Investment project in Independent Power Producer in Thailand.

### 4. Trading, Investment and Services Group

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

## Economic Trends and Predictions for 2003

Currently, economic trends are highly dynamic, and are influenced by a variety of factors. These include international free trade and investment agreements, trading groups, unions, international relations, and new technologies being introduced - one after another, it seems. Thailand, like the rest of the world, has to face increasingly tougher competition, especially from producers of similar goods abroad, which benefit from less restrictions and ever-better efficiency. Such competition might cause a growing number of local producers to lose their market shares, be unable to compete and perhaps even collapse under the increased pressure.

Furthermore, main drivers of the world economy, such as the United States of America, Japan and the European Union, have also showed signs of slowing, since the latter half of the year 2002 a trend, that has overlapped into 2003 as well. The United States is looking far less healthy than it did a few years before, while Japan remains weak from financial institution-related problems. The European Union has also experienced slower growth, while world economic

problems are being compounded by the looming shadow of war in the Persian Gulf, and by the ongoing trouble in the Middle East. Both crises are expected to have an impact on such influential factors as oil prices, interest rates and currency exchange rates. In turn, of course, these will have a major impact on Thai economic growth as well.

### **Business Strategy Development and the Management System**

Saha-Union, Pcl. watches carefully the trends and directions of the world economy, and has carried out several evaluations on the world situation, with special attention given to their impact on the company's operations. The company also focuses on the development and flexibility of its operations, enabling them to achieve ever-higher degrees of efficiency. Particularly emphasized are development programs, designed to help increase production capacity, and greater efficiency in the distribution of finished goods. Both objectives will enable penetration into new markets, increased quality of goods and services, and improved performance, to keep pace with new technologies - a key factor in today's highly competitive environment.

Two committees have been set up recently by the company. Called the Business Development Committee and the Human Development Committee, the first will conduct a continuous search for new types of investment, while the second will focus human development. The new types of investment sought by the first committee may or may not be connected in some way to existing operations. Those not connected to existing operations are expected to enable the company to branch out into different types of business, with the prospect of long-term development and growth, and satisfactory returns. Meanwhile, the second committee will be responsible for devising optimum scopes and methods for human resource development. This will involve developing the company's entire workforce, from the executives to the workers. While the committee will remain the heart of the company's human resource development efforts, personnel managers and other executives from various industries will provide the necessary information and feedback, including development program evaluations, to the committee for analysis and discussion. The aim is to design development programs that can maximize the efficiency of the company's personnel, in addition to effective company policies and objectives.

The company would like to inform all concerned that His Excellency Mr. Anand Panyarachun has announced his retirement as Chairman of the Board of Directors, effective from 1 September 2002. For two decades, Mr. Anand has helped manage the company and its subsidiaries, and for 10 years, has guided the company as Chairman of the Board. Chairman Anand Panyarachun has contributed so much towards the success of Saha-Union, Plc. And the group, he is and always will be the image of Saha-Union, Plc. Today, because of his efforts, the company is well recognized, both locally and abroad. Chairman Anand has built for Saha-Union, Plc. a reputation for operational transparency, an impressive code of ethics and the highest degree of integrity towards trading partners.

The Board of Directors, the management and all personnel would like to express their deep gratitude to Chairman Anand for his two decades of incomparable contributions to Saha-Union Public Company Limited and its subsidiaries.

In line with the company's 30th anniversary celebration, on 10 August 2002, the Board of Directors would like to congratulate and extend its sincere gratitude to the company's shareholders, trading partners and customers, whose trust and confidence have been invaluable. The Board, as well as every executive and employee are proud to be a part of the company's many achievements, and will continue to strive for greater success in the future.



**Mr. Amnuay Viravan**



**Mr. Damri Darakananda**



**Mr. Panas Simasathien**



# BOARD OF DIRECTORS

**Mr. Amnuay  
Viravan**  
Chairman



**Mr. Damri  
Darakananda**  
Vice Chairman



**Mr. Panas  
Simasathien**  
Executive Chairman



**Mr. Amorn  
Chandara-somboon**  
Advisor



**Mr. Kisao  
Suzuki**  
Advisor



**Mrs. Chongraksa  
Darakananda**  
Advisor



**Mr. Viroj  
Phutrakul**  
Chairman of the Audit  
Committee Board and Advisor



**Mr. Sumeth  
Darakananda**  
Advisor



## BOARD OF DIRECTORS

**Mr. Chackchai Panichapat**  
Advisor



**Mr. Kamol Khoosuwan**  
Vice Executive Chairman



**Mr. Sompop Amatayakul**  
Advisor



**Mr. Nontaphon Nimsomboon**  
Vice Executive Chairman



**Mrs. Araya Arunanondchai**  
Audit Committee Member



**Miss Sriwarin Jirapakkana**  
Executive Director and President



**Miss Pakinee Prerttiumrong**  
Audit Committee Member



**Mrs. Supung Tangsujaritpunt**  
Executive Director and Vice President



## BOARD OF DIRECTORS

**Mr. Songsak  
Thampimukvatana**  
Executive Director  
and Vice President



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



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



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

**Mrs. Chantorntree  
Darakananda**



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



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



**Mr. Nantiya  
Darakananda**  
Executive Director



## BOARD OF DIRECTORS

### Mr. Amnuay Viravan

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

### Mr. Damri Darakananda

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

### Mr. Panas Simasathien

**Education** • Ph.D., (Accounting), University of Illinois, USA. • Master's Degree, (Accounting), University of Illinois, U.S.A. • Bachelor's Degree, (Cum Laude), Claremont Men's College, California, U.S.A. • Certificate of Accountancy, Thammasat University **Experiences** • Minister of Finance • Permanent Secretary, Ministry of Finance • Director General, Revenue Department • Director General, Comptroller-General's Department • Chairman, the Electricity Generating Authority of Thailand (EGAT) **Current Positions** • Chairman, Thai Rating and Information Services Company Limited • Chairman, Scandinavian Leasing Public Company Limited • Vice Chairman and Executive Chairman, Bangkok Intercontinental Hotels Company Limited • Vice Chairman, the National Economic and Social Development Board (NESDB) • Commissioner, Securities and Exchange Commission • Director, Union Energy Company Limited • Law Councilor (Law Committee Number 3), the Council of State • Chairman of the University Council, Thammasat University • Chairman, Securities Analysts Association

### Mr. Amorn Chandara-Somboon

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

## BOARD OF DIRECTORS

<p><b>Mr. Kisao Suzuki</b></p>	<p><b>Education</b> • Bachelor's Degree, (Mechanical Engineering ), Tokyo Institute of Technology, Japan  <b>Experiences</b> • Managing Director, Manufacturing, IBM Japan <b>Current Positions</b> • Director, Union Textiles Industries Public Company Limited</p>
<p><b>Mrs. Chongraksa Darakananda</b></p>	<p><b>Education</b> • High School Diploma <b>Experiences</b> • Vice President, Saha-Union Corporation Limited  • Director, World Trading Company Limited • Manager, Finance Department, Union Industries Corporation Limited <b>Current Positions</b> • Director, Companies in Saha-Union Group</p>
<p><b>Mr. Viroj Phutrakul</b></p>	<p><b>Education</b> • Bachelor's Degree, (Economics), Sheffield University, UK. <b>Experiences</b> • Chairman, Lever Brothers (Thailand) Company Limited • Chairman, the Industrial Estate Authority of Thailand  • Vice Chairman, the Federation of Thai Industries • President, Thailand Management Association  <b>Current Positions</b> • President, Boonrawd Asia Beverage Company Limited • Executive Director, Central Pattana Public Company Limited • Director, Siam Commercial Bank Public Company Limited  • Director, Boonrawd Brewery Company Limited • Executive Chairman, Asian Institute of Technology</p>
<p><b>Mr. Sumeth Darakananda</b></p>	<p><b>Education</b> • Bachelor's Degree, (Engineering), Nottingham University, UK. <b>Experiences</b> • Chairman, Union Plastic Company Limited • Chairman, Union Thai-Nichiban Company Limited • President, Saha-Union Public Company Limited • Executive Vice Chairman, Saha-Union Public Company Limited  <b>Current Positions</b> • Chairman, Union Button Corporation Limited • Chairman, Venus Button Company Limited • Chairman, Blood Transfusion Services Company Limited (BTS) • Chairman, Venus Technology Company Limited • Chairman, Pro-Med Company Limited</p>
<p><b>Mr. Chackchai Panichapat</b></p>	<p><b>Education</b> • Master's Degree, (Electrical Engineering), University of Texas, Austin, Texas, U.S.A.  • Bachelor's Degree, (Electrical Engineering) (Second Honors), Chulalongkorn University <b>Experiences</b>  • Engineer, the Royal Irrigation Department • Deputy Secretary, Office of the Board of Investment  • Director, the Board of National Science and Technology Development Agency, Ministry of Science, Technology and Environment • Director, Board of the Industrial Estate Authority of Thailand  <b>Current Positions</b> • Executive Chairman, Amata City Company Limited • Director, Union Energy Company Limited • Director, Union Energy (China) Company Limited • Director and Chairman of the Audit Committee Board, City Recreation and Sports Public Company Limited • Director and Member of the Audit Committee Board, Central Pattana Public Company Limited</p>
<p><b>Mr. Kamol Khoosuwan</b></p>	<p><b>Education</b> • Bachelor's Degree, (Political Science), Chulalongkorn University <b>Experiences</b> • Personnel Manager, Thai Oil Company Limited • Human Resources Manager, Charoen Pokphand Company Limited • President, Saha-Union Public Company Limited • President, Union Energy Company Limited  <b>Current Positions</b> • Vice Executive Chairman, Saha-Union Public Company Limited • Vice Executive Chairman, Union Energy Company Limited</p>
<p><b>Mr. Sompop Amatayakul</b></p>	<p><b>Education</b> • Honorary Doctorate's Degree from Thammasat University and the National Institute of Development Administration <b>Experiences</b> • Deputy Minister, Ministry of Industry • Managing Director, IBM (Thailand) Co., Ltd. • President, Saha-Union Public Company Limited  <b>Current Positions</b>  • Executive Chairman, B.B Business Management Company Limited • Executive Chairman, Pomona Holding Company Limited • Managing Director, Khonkaen Breweries Company Limited • Director, Union Plastic Public Company Limited • Director, Union Pioneer Public Company Limited</p>



## BOARD OF DIRECTORS

<p><b>Mr. Nontaphon Nimsomboon</b></p>	<p><b>Education</b> • Master's Degree (Bus.Adm.), University of Iowa, U.S.A • Bachelor's Degree, (Accounting) (Honors), Thammasat University <b>Experiences</b> • Auditor-General, Office of the Auditor-General of Thailand • President, Auditor General of Thailand Association <b>Current Positions</b> • Vice Executive Chairman, Saha-Union Public Company Limited • Director, Union Energy Company Limited • Director, Union Energy (China) Company Limited</p>
<p><b>Mrs. Araya Arunanondchai</b></p>	<p><b>Education</b> • Bachelor's Degree, (Accounting), Thammasat University <b>Experiences</b> • Director, Budget Department, Thai Farmers Bank Public Company Limited • Vice President, Saha-Union Corporation Limited • Chairman, Union Securities Company Limited <b>Current Positions</b> • Executive Director, Chiangmai Night Bazaar Company Limited • Executive Chairman, Rajburi Sugar Company Limited</p>
<p><b>Miss Sriwarin Jirapakkana</b></p>	<p><b>Education</b> • Master's Degree ( Management) , SASIN Graduate Institute of Business Administration of Chulalongkorn University • Bachelor's Degree, (Accounting), Chulalongkorn University <b>Experiences</b> • Vice President-Finance, Saha-Union Public Company Limited • Director, Companies in Saha-Union Group <b>Current Positions</b> • President, Saha-Union Public Company Limited • Director, Union Textiles Industries Public Company Limited • Chairman, Union Pioneer Public Company Limited • Chairman, Union Nifco Company Limited • Chairman, Union Thai-Nichiban Company Limited • Chairman, Union-Zojirushi Company Limited • Chairman, Union Plastic Public Company Limited • Chairman, Union Stainless Steel Products Company Limited • Director, Companies in Saha-Union Group</p>
<p><b>Miss Pakinee Prettitumrong</b></p>	<p><b>Education</b> • Bachelor's Degree, (Economics), Thammasat University <b>Experiences</b> • Manager, Chongsawat Corporation <b>Current Positions</b> • Director, Union Industries Corporation Limited • Director, Union Thread Industries Company Limited</p>
<p><b>Mrs. Supung Tangsujaritpunt</b></p>	<p><b>Education</b> • Certificate of Vocational Education (Accounting) <b>Experiences</b> • Manager, Finance and Accounting, Union Thread Industries Company Limited • Manager, Finance and Accounting, Union Spinning Mills Company Limited • Manager, Finance and Accounting, Saha-Union Public Company Limited (Ladphrao) • Managing Director, Union Spinning Mills Company Limited <b>Current Positions</b> • Executive Director and Vice President, Saha-Union Public Company Limited</p>
<p><b>Mr. Songsak Thampimukvatana</b></p>	<p><b>Education</b> • Bachelor's Degree, (Engineering), Adamson University, Philippines <b>Experiences</b> • Managing Director, Union Footwear Public Company Limited <b>Current Positions</b> • Executive Chairman, the Footwear Business, Saha-Union Group • Chairman, Union Footwear Public Company Limited</p>
<p><b>Miss Dalad Saphavichaikul</b></p>	<p><b>Education</b> • Master's Degree, (Computer), University of Illinois, U.S.A. • Bachelor's Degree, (Economics) (First Honors) Chulalongkorn University <b>Experiences</b> • Manager, Office of the President, Saha-Union Public Company Limited • Manager, Office of the Executive Chairman, Saha-Union Public Company Limited <b>Current Positions</b> • Vice President, Saha-Union Public Company Limited • Managing Director, Uni-Fibre Company Limited • Director, Union Textile Industries Public Company Limited • Director, Union Energy Company Limited • Director, Union Energy (China) Company Limited • Director Union Pioneer Public Company Limited • Director, Processing Center Company Limited</p>

## BOARD OF DIRECTORS

<p><b>Mr. Chutindhon Darakananda</b></p>	<p><b>Education</b> • Master’s Degree, (Bus.Adm.), SASIN Graduate Institute of Business Administration of Chulalongkorn University • Bachelor’s Degree, (Industrial Engineering), Stanford University, U.S.A.  <b>Experiences</b> • Managing Director, Union Thread Industries Company Limited • Director, Companies in Saha-Union Group <b>Current Positions</b> • Vice President, Saha-Union Public Company Limited • Director, Companies in Saha-Union Group</p>
<p><b>Mr. Aksornprasit Darakananda</b></p>	<p><b>Education</b> • Bachelor’s Degree, (Chemical Engineering), Georgia Institute of Technology, U.S.A.  <b>Experiences</b> • Director, Companies in Saha-Union Group <b>Current Positions</b> • Managing Director, Union Industries Corporation • Managing Director, Union Thread Industries Company Limited • Vice President, Saha-Union Public Company Limited • President and Acting Vice President - Business Development, Union Energy Company Limited</p>
<p><b>Mrs. Chantorntree Darakananda</b></p>	<p><b>Education</b> • Bachelor’s Degree, ( Medical ), Chulalongkorn University <b>Experiences</b> • Director, Companies in Saha-Union Group <b>Current Positions</b> • Assistant Managing Director, Union Industries Corporation • Assistant Managing Director, Union Thread Industries Company Limited • Director, Companies in Saha-Union Group • Director, Latphrao Hospital Public Company Limited</p>
<p><b>Mr. Bovornrat Darakananda</b></p>	<p><b>Education</b> • Master’s Degree, (Electrical and Management Engineering), Massachusetts Institute of Technology, U.S.A. • Bachelor’s Degree, (Electrical and Management Engineering), Massachusetts Institute of Technology, U.S.A. <b>Experiences</b> • Vice President, Saha-Union International (Georgia) Inc. • Director and Executive Director, Union Energy Company Limited • Director and Manager, Union Energy (China) Company Limited • General Manager, Saha-Union Investment (China) Company Limited <b>Current Positions</b> • Managing Director, Union Spinning Mills Company Limited</p>
<p><b>Mr. Vacharaphong Darakananda</b></p>	<p><b>Education</b> • Bachelor’s Degree, (Physics), Harvey Mudd College, California, U.S.A. <b>Experiences</b> • Assistant Managing Director, Venus Thread Company Limited • General Manager, Saha-Union Public Company Limited (Sriracha Operation) <b>Current Positions</b> • Vice President, Saha-Union Public Company Limited • Managing Director, Union Textile Industries Public Company Limited</p>
<p><b>Mr. Nantiya Darakananda</b></p>	<p><b>Education</b> • Master’s Degree, ( Bus.Adm.), SASIN Graduate Institute of Business Administration of Chulalongkorn University • Bachelor’s Degree, ( Applied Physics), University of California, Davis, U.S.A. <b>Experiences</b> • Assistant Managing Director, Union Button Corporation Limited • Assistant to the Executive Vice Chairman, Saha-Union Public Company Limited <b>Current Positions</b> • President, Blood Transfusion Services Company Limited (BTS) • President, Venus Technology Company Limited • President, Pro-Med Company Limited • Director, Union Pioneer Public Company Limited • Director, Union Plastic Public Company Limited • Director, Union Thai-Nichiban Company Limited • Director, Star. Edu Company Limited • Director, Venus Button Company Limited • Director, Union Industries Company Limited • Director, Union Thread Industries Company Limited</p>

## BOARD OF THE EXECUTIVES

<b>The Advisory Board</b>	<b>Mr. Amnuay Viravan</b> <b>Mr. Damri Darakananda</b> <b>Mr. Panas Simasathien</b> <b>Mr. Amorn Chandara-somboon</b> <b>Mr. Kisao Suzuki</b> <b>Mrs. Chongraksa Darakananda</b> <b>Mr. Viroj Phutrakul</b> <b>Mr. Sumeth Darakananda</b> <b>Mr. Sompop Amatayakul</b> <b>Mr. Chackchai Panichapat</b>	Chairman Vice Chairman
<b>Board of Executive Committee</b>	<b>Mr. Panas Simasathien</b> <b>Mr. Kamol Khoosuan</b> <b>Mr. Nontaphon Nimsomboon</b> <b>Miss Sriwarin Jirapakkana</b> <b>Mrs. Supung Tangsujaritpunt</b> <b>Mr. Songsak Thampimukvatana</b> <b>Miss Dalad Saphavichaikul</b> <b>Mr. Chutindhon Darakananda</b> <b>Mr. Aksornprasit Darakananda</b> <b>Mr. Bovornrat Darakananda</b> <b>Mr. Vacharaphong Darakananda</b> <b>Mr. Nantiya Darakananda</b>	Chairman Vice Executive Chairman Vice Executive Chairman President
<b>Board of Audit Committee</b>	<b>Mr. Viroj Phutrakul</b> <b>Mrs. Araya Arunanondchai</b> <b>Miss Pakinee Prerttitumrong</b>	Chairman
<b>Executive Officers</b>	<b>Mr. Panas Simasathien</b> <b>Mr. Kamol Khoosuan</b> <b>Mr. Nontaphon Nimsomboon</b> <b>Miss Sriwarin Jirapakkana</b>  <b>Mrs. Supung Tangsujaritpunt</b> <b>Mr. Songsak Thampimukvatana</b> <b>Miss Dalad Saphavichaikul</b> <b>Mr. Chutindhon Darakananda</b> <b>Mr. Aksornprasit Darakananda</b> <b>Mr. Bovornrat Darakananda</b> <b>Mr. Vacharaphong Darakananda</b>	Executive Chairman Vice Executive Chairman Vice Executive Chairman President and Acting Vice President- Finance and Accounting Vice President Vice President Vice President Vice President Vice President Vice President Vice President

# DIRECT INVESTMENT OF SAHA-UNION IN THE GROUP COMPANIES

AS OF DECEMBER 31, 2002

GROUP OF BUSINESS	COMPANY	AUTHORIZED (BAHT)	CAPITAL ISSUED (BAHT)	PAID UP PER SHARE (BAHT)	INVESTMENT %	INVESTMENT PER SHARE (BAHT)
	Saha-Union Public Co., Ltd.	3,000,000,000	3,000,000,000	10	-	-
<b>MANUFACTURING</b>						
<b>Textile</b>	Union Textile Industries Public Co., Ltd.	600,000,000	600,000,000	10	29.69	10.16
	Union Garment Co., Ltd.	50,000,000	50,000,000	100	99.98	140.70
	Union Thread Industries Co., Ltd.	200,000,000	200,000,000	10	25.07	10.41
	Union Spinning Mills Co., Ltd.	200,000,000	200,000,000	100	25.00	93.13
	Union Industries Corp., Ltd.	150,000,000	150,000,000	100	25.00	116.01
	Union Button Corp., Ltd.	70,000,000	70,000,000	100	10.71	153.33
	Venus Button Corp., Ltd.	40,000,000	40,000,000	100	25.00	100.00
	Union Micron Clean Co., Ltd.	5,000,000	5,000,000	10	25.00	10.00
	Fashion Apparel Co., Ltd.	5,000,000	2,500,000	50	29.99	50.00
<b>Footwear</b>	Union Footwear Public Co., Ltd.	200,000,000	200,000,000	10	45.38	14.48
	Union Shoes Co., Ltd.	100,000,000	100,000,000	100	61.70	111.67
	Uni-Sole Co., Ltd.	100,000,000	100,000,000	100	32.00	58.75
<b>Plastics &amp; Rubber and Metal</b>	Union Pioneer Public Co., Ltd.	75,000,000	75,000,000	10	48.96	14.46
	Union Plastic Public Co., Ltd.	250,000,000	250,000,000	10	49.52	19.02
	Union Thai-Nichiban Co., Ltd.	15,000,000	15,000,000	100	40.27	318.92
	Union Zojirushi Co., Ltd.	140,000,000	140,000,000	100	51.00	100.92
	Union Stainless Steel Product Co., Ltd.	40,000,000	40,000,000	100	98.00	133.70
	Union Nifco Co., Ltd.	40,000,000	40,000,000	100	30.00	112.92
	Union Rubber Products Corp., Ltd.	20,000,000	20,000,000	100	99.99	80.56
	Thai Rubber Enterprise Corp., Ltd.	32,000,000	30,500,000	100	50.69	100.24
<b>ELECTRONICS &amp; COMPUTER</b>	Saha-Union Public Co., Ltd. (Sriracha Project)					
	Union Technology Co., Ltd.	100,000,000	100,000,000	10	99.99	10.00
	Computer Union Co., Ltd.	60,000,000	60,000,000	100	88.57	103.30
<b>ENERGY</b>	Union Energy Co., Ltd.	1,250,000,000	1,250,000,000	10	99.20	10.00
	Union Energy (China) Co., Ltd.	3,950,000,000	3,950,000,000	100	99.99	100.00
<b>COMMERCIAL, INVESTMENT &amp; SERVICES</b>						
<b>Commercial</b>	Sports Ace Co., Ltd.	40,000,000	40,000,000	100	50.00	112.06
	Uni-Fibre Co., Ltd.	120,000,000	120,000,000	100	25.67	100.00
	Union Universe Co., Ltd.	7,500,000	7,500,000	100	49.86	100.22
<b>Investment</b>	Union Capital Co., Ltd.	250,000,000	250,000,000	100	29.00	100.00
	Saha-Union Holding Co., Ltd.	1,000,000,000	1,000,000,000	100	99.54	100.00
	Union Business Management Co., Ltd.	500,000,000	500,000,000	100	29.40	99.80
	Union Overseas Holding Co., Ltd.	100,000,000	25,000,000	2.5	25.00	2.50
	Union Equity Co., Ltd.	230,000,000	230,000,000	10	99.43	10.00
	Union Rubber Plus Co., Ltd.	40,000,000	30,000,000	7.5	25.00	7.50
	Texport International Co., Ltd.	50,000,000	50,000,000	100	85.18	104.00
	Uni-Ago Co., Ltd.	65,000,000	65,000,000	100	30.00	104.95
<b>Services</b>	Union Sime Darby (Thailand) Ltd.	4,000,000	4,000,000	100	18.95	91.58
	Union Printing Co., Ltd.	30,000,000	30,000,000	10	94.57	10.37
	Venus Shoes Co., Ltd.	100,000,000	100,000,000	100	76.00	80.42
	Union Construction Corp. Ltd.	200,000,000	200,000,000	100	1.95	113.71
<b>Overseas</b>	Saha-Union International (U.S.A.) Inc.	USD 500,000	USD 250,000	USD 1	10.00	22.01
	Saha-Union International Ltd. (Hong Kong)	HKD 254,894,000	HKD 254,894,000	HKD 100	99.98	488.32
	Saha-Union International (Taipei) Ltd.	NT 5,000,000	NT 5,000,000	NT 25	10.00	19.30
	Saha-Union International (GA) Inc.	USD 7,000,000	USD 7,000,000	USD 1	100.00	25.55
	Saha-Union International (UK) Ltd.	GBP 100,000	GBP 100,000	GBP 1	10.00	46.09
	Saha-Union Investment (China) Co., Ltd.	USD 10,000,000	USD 10,000,000	US\$ 1	100.00	24.90
<b>NON- OPERATING COMPANIES</b>	Union Asset Development Co., Ltd.	35,000,000	35,000,000	10	1.24	2.75
	Union Yeijer Industrial Co., Ltd.	50,000,000	50,000,000	100	93.60	65.30
	Union Itoh Molds Co., Ltd.	26,300,000	26,300,000	25.00	42.37	92.39
	Union Metal Work Corp., Ltd.	23,100,000	23,100,000	10	35.17	14.52
	Oriental Footwear Co., Ltd.	207,700,000	207,700,000	10	47.50	10.00
	Uni-Media Co., Ltd.	166,500,000	166,500,000	10	78.00	7.45
	Investment in Companies in the Group					
	Investment in Other Companies					
	Total Investment					

S.U. INVESTMENT AT COST (BAHT)	BOOK VALUE PER SHARE (BAHT)	MARKET VALUE PER SHARE (BAHT)	INVESTMENT MARKET VALUE	DATE OF ESTABLISHMENT	PRODUCT / SERVICE
	44.59	17.70		10 Aug. 1972	Investment and Sales Distributor of Saha-Union Group
180,892,423.41	18.90	8.50	151,404,550.00	21 Mar. 1977	Fabric
70,335,622.00	269.24	269.24	134,586,630.69	26 Apr. 1974	Garment
52,215,572.50	97.53	97.53	488,965,419.85	2 Nov. 1973	Cotton Synthetic Sewing Thread
46,563,324.78	143.44	143.44	71,717,603.21	4 Jun. 1971	Sewing Thread
43,502,205.00	572.27	572.27	214,600,932.85	23 May 1961	Zippers
11,500,000.00	255.20	255.20	19,139,829.26	28 May 1969	Buttons
10,000,000.00	126.39	126.39	12,638,503.71	15 Feb. 1989	Buttons
1,250,000.00	45.76	45.76	5,720,334.26	24 Jan. 1998	Cleanroom Garment
749,850.00	70.14	70.14	1,051,934.59	20 Oct. 1988	Garment
131,378,696.98	22.53	14.00	127,051,400.00	17 Mar. 1982	Sports Shoes
68,897,580.00	217.81	217.81	134,379,954.38	5 Aug. 1986	Sports Shoes
18,800,000.00	106.46	106.46	34,067,291.03	29 Sep. 1988	Soles
53,084,046.25	45.64	47.00	172,575,540.00	8 Oct. 1973	Rubber thread, elastic braids & webbing
235,432,531.30	19.52	11.00	136,181,430.00	3 Jan. 1969	Plastic products
19,266,000.00	2,642.43	2,642.43	159,629,183.33	21 Jun. 1973	Cellophane, magic, kraft and pp tape
72,057,235.50	299.44	299.44	213,798,113.96	18 Aug. 1986	Vacuum bottles
52,410,933.00	163.99	163.99	64,281,972.56	16 Dec. 1988	Pipes
13,552,200.00	381.26	381.26	45,755,977.48	3 Nov. 1988	Fasteners
16,110,854.50	73.80	73.80	14,759,886.55	24 Mar. 1971	Rubber Products
16,260,330.10	107.31	107.31	17,407,180.77	9 Jul. 1970	Rubber estates
99,999,930.00	22.83	22.83	228,332,519.60	22 Jun. 1992	Manufacture Hardisk drive and computer accessories technology
54,890,700.40	162.43	162.43	86,313,521.06	18 Nov. 1982	Manufacture Hardisk drive and computer accessories technology
1,239,999,950.00	8.53	8.53	1,057,937,392.41	2 Feb. 1994	Computer and all kinds of peripherals distributor
3,949,999,400.00	97.48	97.48	3,850,335,616.87	9 Aug. 1996	Electric power & energy investment
22,412,500.00	368.21	368.21	73,641,094.53	2 Apr. 1984	Electric power & energy investment
30,800,000.00	158.45	158.45	48,803,633.08	5 Nov. 1980	Sport Shoes distributor
3,748,010.00	1,289.76	1,289.76	48,233,205.36	7 Mar. 1968	Supply raw materials and textile distributor
72,500,000.00	132.68	132.68	96,192,821.17	29 Jun. 1970	Grandslam garments
995,398,600.00	23.24	23.24	231,369,846.41	14 Nov. 1989	Investment
146,712,439.98	58.55	58.55	86,064,916.77	30 Jun. 1993	Investment
6,250,025.00	2.82	2.82	7,051,977.65	29 Apr. 1994	Investment
228,698,014.00	13.99	13.99	319,910,960.96	31 May 1989	Investment
7,500,000.00	10.64	10.64	10,635,753.99	1 Mar. 1995	Investment
44,293,600.00	81.06	81.06	34,524,261.57	14 Apr. 1978	Investment
20,464,690.80	79.41	79.41	15,485,455.83	22 Aug. 1972	Investment
694,141.16	262.40	262.40	1,988,963.58	4 Aug. 1981	Argriculture Business
29,415,812.50	8.24	8.24	23,385,146.58	10 Jul. 1970	Broking Services
61,120,000.00	42.51	42.51	32,306,113.80	29 Sep. 1988	Printing Services
4,431,100.00	61.16	61.16	2,383,466.74	7 Sep. 1973	Assets and apartments rental
550,250.00	50.66	50.66	1,266,602.72	12 Oct. 1977	Architectural, Construction, and Interior Design Services
1,244,449,250.48	575.44	575.44	1,466,485,865.01	18 Aug. 1972	Import and sales distributor of Saha-Union Group
385,917.66	93.86	93.86	1,877,144.67	8 Nov. 1984	Import & Export and sales distributor of Saha-Union Group
178,852,500.00	42.77	42.77	299,368,392.14	29 Jan. 1988	Supply raw materials for The Group Companies
460,850.00	59.07	59.07	590,742.98	22 Oct. 1991	Import and sales distributor of Saha-Union Group
249,038,000.00	51.77	51.77	517,676,510.84	25 Feb. 1995	Non-Operation
119,322.50	8.12	8.12	352,205.18	31 May 1989	Investment
30,560,819.75	13.05	13.05	6,107,180.93	6 Jul. 1990	Non-Operation
41,183,700.00	0.50	0.50	224,436.38	22 Jun. 1987	Non-Operation
11,800,000.00	(0.03)	(0.03)	(23,676.03)	20 Sep. 1973	Non-Operation
98,657,500.00	0.01	0.01	62,499.79	1 Dec. 1987	Non-Operation
96,702,960.00	0.01	0.01	74,094.43	25 Dec. 1987	Non-Operation
10,086,349,389.55			10,768,672,335.48		
45,907,262.20			92,760,967.88		
10,132,256,651.75			10,861,433,303.36		



## BUSINESS RESULTS AND FIVE YEAR FINANCIAL STATISTICS

Revenues	2002	2001
	Equity Method	Equity Method
Sales	14,291.6	14,861.0
Export	7,181.4	7,755.9
Domestic	7,110.2	7,105.1
Dividends Received	407.0	174.3
Other Incomes	536.0	608.8
<b>Total Revenues</b>	<b>15,234.6</b>	<b>15,644.1</b>
<b>Expenses</b>		
Cost of Sales	13,448.3	14,002.1
Selling and Administrative Expenses	798.0	803.8
Interest Expenses	61.3	150.1
Total Expenses	<b>14,307.6</b>	<b>14,956.0</b>
Operating Profit (Loss)	927.0	688.1
Gain (loss) on Exchange Rate	(106.0)	129.0
Profit (Loss) before Corporate Income Tax	821.0	817.1
Corporate Income Tax	(117.3)	(184.0)
Net Profit (Loss) after Corporate Income Tax	703.7	633.1
(Less) Dividends Income	(391.3)	(157.4)
Plus (Less) Participating Gain (Loss)		
- Subsidiary	154.8	247.4
- Associated	496.1	236.2
<b>Net Profit (Loss)</b>	<b>963.3</b>	<b>959.3</b>
Earning per Share (Baht)	3.31	3.72
Dividends per Share (Baht)	1.25	1.25
Dividends per Net Profit (%)	37.76%	33.60%

Assets	2002	2001
	Equity Method	Equity Method
Loan to Group Companies	456.9	1,666.8
Current Assets	3,049.2	2,849.0
Investment in Group and Other Companies	12,916.9	11,348.3
Investment in NCD	-	-
Long Term Investment	102.6	102.6
Property, Plant and Equipment-Net	731.5	859.1
Other Assets	289.6	297.1
<b>Total Asset</b>	<b>17,546.7</b>	<b>17,122.9</b>
<b>Liabilities and Shareholder's Equity</b>		
Deposit from Group and Other Companies	424.7	524.2
Current Liabilities	3,543.8	4,017.3
Long Term Loan	500.0	1,000.0
Other Liabilities	101.1	108.4
<b>Shareholder's Equity</b>		
Shareholder's Equity Issued and Paid Up Share Capital	3,000.0	3,000.0
Premiums on Share Capital	2,599.0	2,599.0
Company's Shares held by the Subsidiaries	(217.6)	(217.6)
Appropriated and Unappropriated Retain Earnings	5,616.6	5,017.0
Auditing Standard	2,979.1	1,074.6
Total Shareholder's Equity	12,977.1	11,473.0
<b>Total Liabilities and Shareholder's Equity</b>	<b>17,546.7</b>	<b>17,122.9</b>
Book Value (Baht)	44.59	44.35

Unit : Million Baht

2000 Equity Method	1999 Equity Method	1998 Equity Method
14,679.6	13,776.4	15,180.0
7,167.0	7,027.8	9,681.2
7,512.6	6,748.6	5,498.8
271.8	174.3	130.3
551.6	587.2	814.7
<b>15,503.0</b>	<b>14,537.9</b>	<b>16,125.0</b>
13,917.8	12,590.2	14,109.4
771.5	564.3	585.0
206.6	302.3	568.3
<b>14,895.8</b>	<b>13,456.8</b>	<b>15,262.7</b>
607.2	1,081.1	862.3
54.8	15.1	725.4
662.0	1,096.2	1,587.7
(116.2)	(218.6)	(203.4)
545.8	877.6	1,384.3
(248.6)	(153.9)	(127.7)
220.9	(104.9)	825.6
439.2	411.6	149.1
<b>957.3</b>	<b>1,030.4</b>	<b>2,231.2</b>
3.89	4.20	9.09
1.25	1.25	1.20
32.13%	29.78%	13.20%

2000 Equity Method	1999 Equity Method	1998 Equity Method
1,712.6	1,677.1	3,330.3
3,324.2	2,559.3	3,074.6
10,424.9	10,685.6	6,410.0
-	-	168.7
102.7	200.0	-
867.0	941.1	1,022.5
295.0	296.7	303.9
<b>16,726.5</b>	<b>16,359.7</b>	<b>14,310.0</b>
533.4	706.7	1,603.2
4,367.2	3,728.4	4,363.4
1,710.0	2,164.1	1,347.8
124.6	696.4	57.3
3,000.0	3,000.0	3,000.0
2,599.0	2,599.0	2,599.0
(1,462.5)	(1,479.1)	(1,479.1)
5,079.7	4,419.6	3,430.3
775.0	524.6	(611.9)
9,991.2	9,064.1	6,938.3
<b>16,726.5</b>	<b>16,359.7</b>	<b>14,310.0</b>
40.60	36.92	23.13

## STRUCTURE OF INCOME AND INVESTMENT

Unit : Million Baht

Group of Business	2002					
	Domestic	%	Overseas	%	Total	%
Textile and Footwear	5,179	28.94	9,129	51.01	14,308	79.95
Electronics and Computer	4,327	24.18	-	-	4,327	24.18
Plastics, Rubber and Metal	1,608	8.99	2,868	16.03	4,476	25.02
Energy	-	-	1,008	5.63	1,008	5.63
Investments and Others	91	0.51	139	0.78	230	1.29
Total	11,205	62.62	13,144	73.45	24,349	136.07
Less : Transactions					(7,230)	(40.40)
Total Net Sale					17,119	95.67
Plus : Share of Profit of Affiliates					496	2.77
Plus : Other Incomes					280	1.56
Total Revenues					17,895	100.00

Unit : Million Baht

Group of Business	2001					
	Domestic	%	Overseas	%	Total	%
Textile and Footwear	5,250	28.53	10,120	55.00	15,370	83.54
Electronics and Computer	4,994	27.14	-	-	4,994	27.14
Plastics, Rubber and Metal	1,391	7.56	2,903	15.78	4,294	23.34
Energy	-	-	866	4.71	866	4.71
Investments and Others	92	0.50	203	1.10	295	1.60
Total	11,727	63.74	14,092	76.59	25,819	140.33
Less : Transactions					(8,084)	(43.94)
Total Net Sale					17,735	96.39
Plus : Share of Profit of Affiliates					236	1.28
Plus : Other Incomes					428	2.33
Total Revenues					18,399	100.00

Unit : Million Baht

Group of Business	2000					
	Domestic	%	Overseas	%	Total	%
Textile and Footwear	5,623	29.59	9,004	47.38	14,628	76.97
Electronics and Computer	4,158	21.88	-	-	4,158	21.88
Plastics, Rubber and Metal	1,402	7.38	2,829	14.89	4,232	22.27
Energy	-	-	682	3.59	682	3.59
Investments and Others	59	0.32	240	1.27	299	1.59
Total	11,244	59.17	12,756	67.13	24,001	126.30
Less : Transactions					(5,820)	(30.63)
Total Net Sale					18,181	95.67
Plus : Share of Profit of Affiliates					439	2.31
Plus : Other Incomes					385	2.02
Total Revenues					19,005	100.00

		2002
Group of Business	Company Name	% Investment Equity Method
<b>MANUFACTURING</b>		
Textiles	Union Textile Industries Public Co., Ltd.	37.79
	Union Garment Co., Ltd.	99.98
	Union Thread Industries Co., Ltd.	36.23
	Union Spinning Mills Co., Ltd.	52.16
	Union Industries Corp., Ltd.	29.60
	Union Button Corp., Ltd.	10.71
	Venus Button Corp., Ltd.	30.00
	Fashion Apparel Co., Ltd.	99.97
	Union Micron Clean Co., Ltd.	41.85
Footwear	Union Footwear Public Co., Ltd.	51.23
	Union Shoes Co., Ltd.	97.85
	Uni-Sole Co., Ltd.	70.69
Plastics & Rubber and Metal	Union Pioneer Public Co., Ltd.	52.67
	Union Plastic Public Co., Ltd.	49.68
	Union Thai-Nichiban Co., Ltd.	40.27
	Union Zojirushi Co., Ltd.	51.00
	Union Stainless Steel Product Co., Ltd.	98.00
	Union Nifco Co., Ltd.	39.90
	Union Rubber Products Corp., Ltd.	99.99
	Thai Rubber Enterprise Corp., Ltd.	50.69
	<b>ELECTRONICS &amp; COMPUTER</b>	Saha-Union Public Co., Ltd. (Sriracha Project)
	Union Technology Co., Ltd.	99.99
	Computer Union Co., Ltd.	88.56
	Computer Union Systems Co., Ltd.	88.56
<b>ENERGY</b>	Union Energy Co., Ltd.	99.41
	Union Energy (China) Co., Ltd.	99.99
<b>COMMERCIAL, INVESTMENT &amp; SERVICES</b>		
Commercial	Sports Ace Co., Ltd.	50.00
	Uni-Fibre Co., Ltd.	51.71
	Union Universe Co., Ltd.	49.86

		2002
Group of Business	Company Name	% Investment Equity Method
Investment	Union Capital Co., Ltd.	49.00
	Saha-Union Holding Co., Ltd.	99.67
	Union Business Management Co., Ltd	55.24
	Union Overseas Holding Co., Ltd.	58.98
	Union Equity Co., Ltd.	99.43
	Union Rubber Plus Co., Ltd.	45.68
	Texport International Co., Ltd.	85.18
	Venus Shoes Co., Ltd.	96.86
	Venus Thread Co., Ltd.	25.07
	Uni-Ago Co., Ltd.	45.02
	Services	Union Printing Co., Ltd.
Union Construction Corp. Ltd.		98.90
Overseas	Saha-Union International (U.S.A.) Inc.	42.60
	Saha-Union International Ltd. (Hong Kong)	99.98
	Saha-Union International (Taipei) Ltd.	32.50
	Saha-Union International (GA) Inc.	100.00
	Saha-Union International (UK) Ltd.	32.56
	Saha-Union Investment (China) Co., Ltd.	100.00
<b>Non- Operating Companies</b>		
	Union Asset Development Co., Ltd.	98.69
	Union Yeijer Industrial Co., Ltd.	99.97
	Union Itoh Molds Co., Ltd.	61.02
	Union Metal Work Corp., Ltd.	72.72
	Oriental Footwear Co., Ltd.	49.99
	Uni-Media Co., Ltd.	78.00

# T e x t i l e



## Types of Products and Services

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

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

Manufactured for and distributed to both domestic and overseas markets, the above products are sold under the VENUS trademark. The customers either use VENUS products in their own products, or sell them directly to the consumers. The companies enjoy cordial, long-term relationships with their trading partners for VENUS products, as well as high financial integrity.

## Products and Services Preparation

The companies acquire most of their raw materials from overseas, with the quantity being based on order evaluations carried out each quarter. While raw material acquisition and warehouse management planning is determined by the production process, the number of orders for products, on the other hand, is largely dependent upon fluctuating raw material prices - which have a direct impact on the cost of the product - and currency exchange fluctuations.

## Performance in 2002

In 2002, both domestic and overseas markets saw a gradual increase, especially during the first half of the year. The companies meticulously planned their operations, while cautiously increasing the production capacity of certain products, amidst a market characterized by intense pricing competition.

In the last half of the year, problems seen arising from the closure of the Thailand-Myanmar border resulted in a sudden shut down of part of the companies' production line, causing the companies to fall below its distribution target. The impact of such an event was also expected to be carried forward into the next year.



The companies are making every effort to manage their costs effectively, allowing them to keep in line with current market conditions. To keep their **competitive** edge over other producers, the companies are improving their production process for **increased efficiency**.

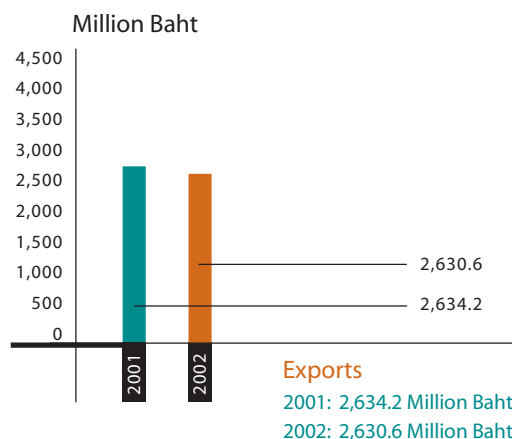
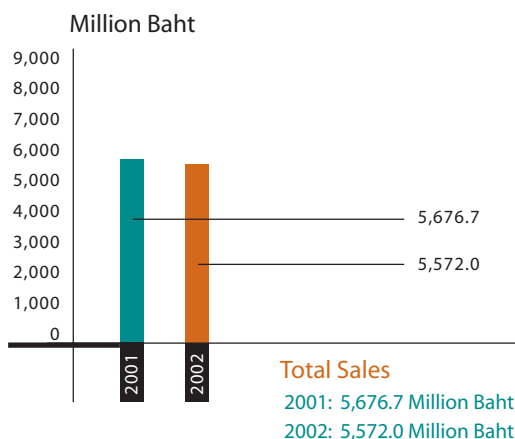


Though the companies, involved in the textile business managed to generate Baht 5,572.0 million in total sales, a decrease of 1.8 %, compared to the pervious year, when the sales touched Baht 5,676.6 million. The total value of exports amounted to Baht 2,630.6 million, 0.1 % dropped from the previous year , while domestic sales reached Baht 2,941.4 million, a reduction of 3.32 % from the year 2001.

#### Trend of Industry and Competition

The conflict in the Middle East is expected to drive the costs of raw materials higher, with adverse effects on textile producers. To avoid being effected by this, The companies have plans to acquire raw materials at the lowest costs possible, taking care not to compromise on their quality.

The price war currently evident in the industry is the biggest concern to the companies. Despite the rising raw material prices, the price war means that the companies are unable to adjust their finished products to cover the extra costs. To facilitate matters, the companies are making every effort to manage their costs effectively, allowing them to keep in line with current market conditions. To keep their competitive edge over other producers, the companies are improving their production process for increased efficiency, while adding value to their products. With such efforts, the companies hope to be able to maintain their market share, while achieving satisfactory growth for the year 2003.



### Types of Products and Services

The footwear companies manufacture sport shoes by divided into two sections, first one made to order and export to brand owner " NIKE ", while another one produce under the company's own brand name, "DMAQ" to sell domesticcally which consist of exercise shoes , running shoes, and outdoor shoes.

### Products and Services Preparation

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

### Performance in 2002

The footwear group of companies achieved total sales of Baht 3,128.9 million, down from last years, figure of Baht 3,608.0 million. Meanwhile, total production in 2002 reached almost six million pairs, slightly lower than that of the previous year.

### Trends of the Industry and Competition

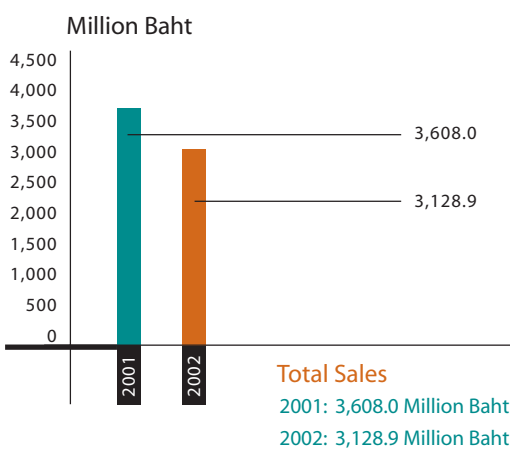
The sports shoe market in 2002 saw producers suffer from the onslaught of stiff competition. In having an important trading partner like NIKE, however, Saha-Union, Plc. - through its subsidiaries - was more than able to stay afloat. Boasting continuous growth, NIKE owns a majority share in the world's sports shoe market. While the subsidiaries receive a stream of orders from NIKE, the most important part of the business relationship with NIKE is the companies' role as major producer of the popular ACG (All Condition Gear) sports shoes. ACG remains NIKE's single strongest brand. Such a business relationship has a very positive impact on the subsidiaries - allowing them to keep a firm grip on their market share and remain fairly competitive.

F o o t w e a r



Important factors towards staying competitive include **product development, quality improvement, pricing, services and delivery.**

The companies have always worked to improve themselves continually.



Important factors towards staying competitive include product development, quality improvement, pricing, services and delivery. The companies have always worked to improve themselves continually. In 2002, the companies enhanced their design concepts and product improvement, while employing new production technologies, called Waterproof (Gore tex), in their production process. The companies also emphasize cost and expense control, along with developing their potential. A new footwear factory was set up in line with this aim. Located in Phol district, Khonkean Province, this is the third factory of their kind. The others can be found in Baan Pai district, Khonkean, and in Chakarath, Nakhon Ratchasima. The new factory will not only increase the companies' capacity, but will also enable enhanced production flexibility - to better respond to the needs of their highly dynamic customer base.

Quality control and improvement has come a long way since the companies' successful initiation of Oregon Series I (a development project in shoe production, with the aim to improve production processes and product quality). The project was so successful, in fact, that the companies have now introduced their Oregon Series II project. A joint-development venture with the companies' trading partners, Oregon Series II is expected to enable both parties to achieve top-quality products, without the need for random quality checks on finished goods and products to be exported.

Furthermore, the companies have plans to start another project, called Lean Manufacturing. Aimed at reducing and simplifying the entire production process, from design and production, to delivery to the customers, the project will make use of state-of-the-art technologies to improve internal and external management practices - in preparation for even tougher competition in the future.



# P

## l a s t i c s

## R u b b e r a n d M e t a l

### **Types of Products and Services**

This business group consists of eight main companies, some of them are joint-venture project with major Japanese companies. Products under the group are Plastic products for various industries, weaving and elastic braids, elastic band, adhesive tape, cellulose tape, stainless-non corrosive metal products, vacuum bottle and rubber plantation. All products are manufactured to both domestic and overseas markets.

### **Products and Services Preparation**

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

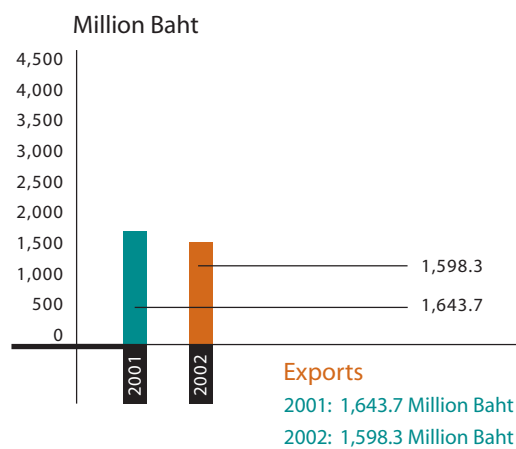
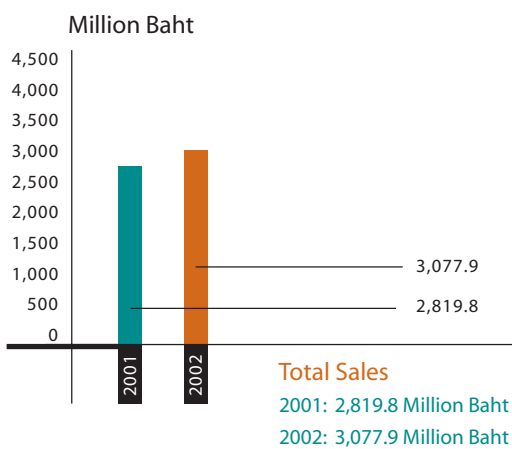
### **Performance in 2002**

Despite the shrinking economy, tough competition and ever-fiercer price war, companies in this business line did quite well in the year 2002. The companies, riding on their continuous development and enhanced potential, found themselves in a position of strong competitiveness. The products of all subsidiaries continued to hold firmly to their reputation for top quality amongst customers. The companies succeeded well, with significant growth experienced in the plastics, rubber and metal sectors. Total sales jumped to Baht 3,077.9 million, an increase over the previous year's amounted 9.2 %. Exports from these sectors generated a revenue of Baht 1,598.3 million, representing 51.9% of the total revenue.

### **Trends of Industry and Competition**

In recognizing that the world's slowed economic growth is likely to continue into the year 2003, with increased competition likely, especially from such new competitors as China and Taiwan, the companies saw the need to adjust their strategies in preparation for increased competition in the future. Such strategies included the careful selection of high-quality raw materials for the production process, and the continuous improvement of the technology used, with the aim to enhance the efficiency of the companies'

The companies set their own standards, through the manufacture of **high-quality** products and the provision of reliable services. The companies believe these are the factors that are key to **increased market shares**.



production lines. Such adjustments are expected to also help reduce waste, leading the whole operation a few steps further towards achieving the companies' (Economy of Scale Policy). Coupled with more efficient production, the strategies are expected to also help increase the companies' production capacity.

The companies are committed to expanding both their domestic and foreign markets through an offensive Supply Creates Demand Strategy. Meanwhile, the companies are also diversifying its lines of production, in addition to introducing new products onto the market, to better respond to customers' latest needs. The companies set their own standards, through the manufacture of high-quality products and the provision of reliable services. The companies believe these are the factors that are key to increased market shares, and are confident that their operations in 2003 will reap the same success as in previous years



### Types of Products and Services

The group's two subsidiaries in this sector are:

1. Union Technology Company Limited, which produces Hard Disk Drives for export.
2. Computer Union Company Limited, a distributor of computer systems, information technology software and services. The company also distributes IBM software programs to dealers nationwide. It also acts as a supplier of leading computer peripherals from NCR, HP, McAfee and PCI Network, in addition to being a service provider and system consultant to its customers. These include leading financial institutions, large and medium business entities, government organizations and state agencies.

### Electronics

#### Trends of Industry and Competition

The year 2002 saw the market of electronic parts shrink from the previous year, with worldwide capacity exceeding market demand, and increased competition between manufacturers of electronic hardware. While the year saw some producers forced into mergers for the sake of survival, The company managed to secure an increased number of orders and a growth of about 10 percent over 2001. Union Technology Co., Ltd., fortunately, was able to adjust quickly, with an emphasis on improving its overall performance for increased competitiveness. A special emphasis was given to improved quality of both products and services, skill development programs for more efficient personnel, enhanced production systems for a more streamlined operation, and cost-cutting in production via the use of minimal resources. The company's continuous efforts to improve its performance won the confidence of its customers, resulting in a continuous flow of orders in 2002.

The belief in the value of top-class quality control as the key to production was partly what enabled the company to succeed. Never really satisfied with its existing system in terms of efficiency, the company has always striven to achieve an ever-better performance. Moreover, it has installed a waste-water treatment system, towards better use of its resources. Meeting all the requirements of the ISO 14001, the system is just part of the company's bid for better performance. In the same vein, the company was also awarded its ISO 9001/2000 quality management system in 2002, the latest world-acclaimed quality award for the industry at that time. This is in addition to the ISO 9001 certificate that the company achieved for eight consecutive years. Another prestigious award received by the



**E**lectronics  
and Computer



The company has always given top priority to the development of its employees. For 2003, it plans to measure the development and **improvement of the management structure against (the Thailand Quality Award).**

company, this for the second year running, was the "Outstanding Award for Safety Health and Environment in the Work Place".

### Operation Plans in 2003

The company has always given top priority to the development of its employees. For 2003, it plans to measure the development and improvement of the management structure against " the Thailand Quality Award ", with the main objectives of building equal satisfaction among supporters, shareholders, customers, distributors, employees and surrounding communities.

### Computer

#### Trends of Industry and Competition

Computer Union Co.,Ltd. earned 1.6 billion Baht in revenue in 2002, with major earnings from:

1. Distribution of IBM products, both hardware (PCs, notebooks, Intel base servers and storage), and software (IBM DB2, Informix, Websphere and Tivoli).
2. Distribution of banking products and services, to leading financial institutions and banks.
3. Services provided at the company's own service centers, of which there are 23 centers nationwide.

In 2002, the company added a new NCR Cheque Clearing system to its banking products, following a new Bank of Thailand policy, requiring that each bank carries out its own cheque clearance. The new system by NCR will form the basis for future services in supplying hardware and software for customers in the banking group.

### Operation Plans in 2003

Computer Union Co.,Ltd. emphasizes the provision of high-quality products and efficient services, with the aim to guarantee customer satisfaction. The company also exerted greater effort towards strengthening the workforce and provided additional resources for the purpose. Skill development programs were designed to increase employees' expertise, knowledge and capability.

The company will also endeavor to build strong relations with its customers, who are also producers, distributors and dealers, through strong sales and marketing support. In recognizing the importance of expanding its customer base from medium-sized businesses, Computer Union Co., Ltd. is attempting to win over the undecided group in this sector. The company stresses its ability to provide complete services, covering consultancy, design, system lay out, hardware peripherals and software, installation, maintenance and after-sales services. Fully aware that they are investing in services from the experts, existing and potential customers will be assured of making the right decision in choosing Computer Union Co.,Ltd. to take care of their information technology needs.

# E n e r g y



## Types of Products and Services

The company's investments in China and Thailand are:

### 1. Joint ventures in China,

- Four cogeneration plants in Zhejiang Province. Of these, three have been operational for some years, while the fourth is a new investment called "Shangyu Hangzhou-Union Cogeneration Co., Ltd." Also a cogeneration plant, this one is located in a chemical industrial area near to Hangzhou Province.
- Five cogeneration plants in Jiangsu Province and increased investment in "Yixing-Union Biochemical Co., Ltd.," to produce good grade lime acid for food industry exports.
- Two thermal power plants in Yunnan Province.

### 2. Investment project in Independent Power Producer in Thailand.

## Energy projects in the People's Republic of China

### Performance in 2002

During the first half of the year, the company faced coal supply problems. Unable to receive sufficient coal, the plants, particularly the five power plants in Jiangsu, faced not only coal shortages, but also higher priced coal, on the back of several coal mine accidents in China during that period. Many small mines that did not meet the safety requirements were temporarily closed, making coal more scarce and expensive.

In contrast to the higher coal prices, the Chinese government was trying to reduce electricity rates for the people - a scenario that saw the company faced with the problem of higher generating costs and lower electricity rates. Nevertheless, in the last half of the year, the coal situation in China stabilized. With uninterrupted supplies, generating costs and coal price dropped, taking, in turn, the pressure off the power plants.

The overall performance in 2002 of the 11 power plants was satisfactory, in spite of higher generating costs and coal shortages, causing some of the plants to operate at a loss. Nevertheless, the plants doing better managed to compensate for the weak performance of others, resulting, the companies in the energy business gained in a profit of US\$ 6.47 million, or 5.6 percent of investment.

### **Trends of Industry and Competition**

The companies remain convinced that there is a high demand for electricity and steam power in Jiangsu and Zhejiang Provinces, while the prices per unit of electricity and steam are fair. The companies supply both types of power to businesses and industries with satisfactory returns, while demand and prices are expected to remain unchanged over the short term. Even though prices per unit of both types of power are expected to fall in the future, such an adjustment is forecasted to be minimal, causing no impact on the companies' revenues.

On the back of the continuous growth of the energy industry in China, the companies have decided to invest in and acquire a new estate and office building in Shanghai, not too far from the old office. The new office has been decorated and is now open for business. The companies have also invested in a new thermal energy power plant under "Shangyu Hangzhou-Union Cogeneration Co., Ltd. Project", able to generate up to 24 Megawatts of electricity, the new plant can also produce 390 tons of steam per hour. The total investment is worth 100 million RMB, divided into two sections. Firstly, invest through a joint-venture company in Zhejiang Province amounted 50%, and another, 25% of the project directly invested by two subsidiaries. Meanwhile, the Wuxi-Union Cogeneration Co., Ltd. project, which is operating in Jiangsu, is being expanded to the third phase, allowing an increase in capacity of 100 Megawatts of electricity, plus 660 more tons of steam per hour. With such an increase in capacity, the plant will be able to generate a total of 139 Megawatts of electricity and 885 tons of steam per hour. Furthermore the companies are always on the look out for new investment opportunities, whether it be for existing projects or for new ones.

Ongoing plans for the operations in 2002 to 2003 include increased capacity, with the aim to generate sufficient electricity and steam to fulfill the energy needs of industries in China. The companies are expected to earn more revenue in the year 2003. As China is now a member of the World Trade Organization (WTO), any business concepts, regulations, accounting practices and laws governing business and investment have to be adjusted to conform to international rules and regulations. Such adjustments are expected to benefit the company by way of better standards and more transparent operations.

### **Performance of Energy Business in Thailand in 2002**

Following surveys on electricity demand and national reserves in relation to the kingdom's economic growth, the government has decided that plans for any new independent power plants (for which construction has not yet been started) should be postponed until the year 2007. Following negotiations with Electricity Generating Authority of Thailand (EGAT), Union Power Development Co., Ltd. has reached an agreement that the company's first generating plant will begin generating commercial power on the 1st of October 2007, while the second plant will start operations on the 1st of January, 2008.

Currently, the company is ready to put its independent Power Producer Project in motion, regardless of whether the government wishes the plants to be kept at the same designated site and regardless of whether the government wishes it to switch to producing other types of fuel. Moreover, investors and financial institutions, both domestic and foreign, all in place. The designers and construction contractors are ready too, as are the suppliers and delivery companies.

If this project is allowed to move ahead as planned, the benefits to the kingdom as a whole will include a stable and secure power supply and power reserve in the kingdom-leading to gain reliance on other countries. Most importantly, however, is that project will promote investment, and, therefore, increased cash flow in the country.

## STRUCTURE OF SHAREHOLDING

### 10 MAJOR SHAREHOLDERS ON 3 APRIL 2002 IN SAHA-UNION PCL.

SHAREHOLDER	NO. OF SHARES	% OF SHARES
1. Union Thread Industries Co., Ltd.	28,938,500	9.65
2. Union Capital Co., Ltd.	18,750,000	6.25
3. Union Business Management Co., Ltd.	18,650,000	6.22
4. Union Industries Corporation Limited	17,880,300	5.96
5. Bangkok Bank Plc.	12,325,000	4.11
6. Uni-Fibre Co., Ltd.	6,334,040	2.11
7. Saha-Union Holding Co., Ltd.	6,204,994	2.07
8. Union Multi-Capital Co., Ltd.	6,000,000	2.00
9. Thai Acrylic Co., Ltd.	5,900,000	1.97
10. DBS Vickers Securities (Singapore) Pte. Ltd.	5,000,000	1.67

## NUMBER OF DIRECTORS' SHAREHOLDING

NAME	No. of Shares 2002	No. of Shares 2001	% of Change
Mr. Amnuay Viravan	371,980	371,980	-
Mr. Damri Darakananda *	-	-	-
Mr. Panas Simasathien	-	-	-
Mr. Amorn Chandara-somboon	-	-	-
Mr. Vaidhaya Viravaidhaya	20,127	20,127	-
Mr. Kisao Suzuki	-	-	-
Mrs. Chongraksa Darakananda *	50,000	50,000	-
Mr. Viroj Phutrakul	-	-	-
Mr. Sumeth Darakananda	634,814	634,814	-
Mr. Chackchai Panichapat	-	-	-
Mr. Kamol Khoosuwan	10,030	40,030	(74.94)
Mr. Sompop Amatayakul	10,000	10,000	-
Mr. Nontaphon Nimsomboon	-	-	-
Mrs. Araya Arunanondchai	2,251,694	2,251,694	-
Miss Sriwarin Jirapakkana	127,284	177,284	(28.20)
Miss Pakinee Prerttiumrong	1,950,624	1,950,624	-
Mrs. Supung Tangsujaritpunt	144,962	264,962	(45.29)
Mr. Songsak Thampimukvatana	-	-	-
Miss Dalad Saphthavichaikul	13,052	13,052	-
Mr. Chutindhon Darakananda	-	-	-
Mr. Aksornprasit Darakananda **	2,398,500	2,398,500	-
Miss Chantornree Darakananda **	27,500	27,500	-
Mr. Bovornrat Darakananda	-	-	-
Mr. Vacharaphong Darakananda	1,622,600	1,662,600	(2.41)
Mr. Nantiya Darakananda	75,380	75,380	-

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

### Remuneration for the Management

The total remuneration of the company's directors in 2002 were as follows:

- The meeting fees and allowance for the 26 directors amounted to Baht 12,495,000. The company paid the remuneration for Directors during 2002 to 26 members, one more than the number of Directors at the end of the year, which was 25 members, since one of the directors retired during the year.
- The remuneration for all seven of the Executive Directors and the Executives, including their salary and bonus, totaled Bht. 11,507,932.87, Other Executive Directors, excluded from 7 as mentioned, do not receive these remunerations except the meeting allowance from the company only since they all have positions and responsibilities, with earning the remunerations as salary and bonus, in other companies in the group.

### Other remunerations

Provident Fund contributions, for the executives in 2002, amounted to Bht. 144,000

# STRUCTURE OF MANAGEMENT

The structure of the boards comprises of 4 different committees:

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

NAME	POSITION
Mr. Amnuay Viravan	Chairman
Mr. Damri Darakananda	Vice Chairman
Mr. Panas Simasathien	Executive Chairman
Mr. Amorn Chandara-somboon	Director
Mr. Vaidhaya Viravaidhaya	Director
Mr. Kisao Suzuki	Director
Mrs. Chongraksa Darakananda	Director
Mr. Viroj Phutrakul	Chairman of the Audit Committee Board
Mr. Sumeth Darakananda	Director
Mr. Chackchai Panichapat	Director
Mr. Kamol Khoosuwan	Vice Executive Chairman
Mr. Sompop Amatayakul	Director
Mr. Nontaphon Nimsomboon	Vice Executive Chairman
Mrs. Araya Arunanondchai	Audit Committee Member
Miss Sriwarin Jirapakkana	President
Miss Pakinee Prerttitumrong	Audit Committee Member
Mrs. Supung Tangsujaritpant	Vice President
Mr. Songsak Thampimukvatana	Vice President
Miss Dalad Saphavichaikul	Vice President
Mr. Chutindhon Darakananda	Vice President
Mr. Aksornprasit Darakananda	Vice President
Mrs. Chantornree Darakananda	Director
Mr. Bovornrat Darakananda	Vice President
Mr. Vachaphong Darakananda	Vice President
Mr. Nantiya Darakananda	Director
Mrs. Sirinun Sansanakom as the Secretary of the Company	

1. To appoint and terminate company employees. They have the authority to delegate this job to any particular board member.
2. To authorize incentive pay for staff, employees or any other person performing a task for the company, either on a regular or irregular basis.
3. To determine the shareholders' dividends.
4. To implement, in a legal manner, the objectives and resolutions decided on at the shareholders' meetings.

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

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

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

## 2. The Executive Committees

NAME	POSITION
Mr. Panas Simasathien	Chairman
Mr. Kamol Khoosuwan	Vice Chairman
Mr. Nontaphon Nimsomboon	Vice Chairman
Miss Sriwarin Jirapakkana	President
Mrs. Supung Tangsujaritpant	Vice President
Mr. Songsak Thampimukvatana	Vice President
Miss Dalad Saphavichaikul	Vice President
Mr. Chutindhon Darakananda	Vice President
Mr. Aksornprasit Darakananda	Vice President
Mr. Bovornrat Darakananda	Vice President
Mr. Vachaphong Darakananda	Vice President
Mr. Nantiya Darakananda	Executive Director



## Duties and Authority of the Committees

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

### 3. Board of Audit Committee

The Board of Directors of Saha-Union Pcl. has changed the provisional status of the existing Audit Committee into a permanent one which has all the necessary qualifications according to the rules of SET on the 22nd October 1999.

The Audit Committee consists of the following members:

- |                                      |                               |
|--------------------------------------|-------------------------------|
| <b>1. Mr. Viroj Phutrakul</b>        | <b>Chairman</b>               |
| <b>2. Mrs. Araya Arunanondchai</b>   | <b>Audit Committee Member</b> |
| <b>3. Miss Pakinee Prertitumrong</b> | <b>Audit Committee Member</b> |

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

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

### 4. The Advisory Board

The Board consists of 11 member and its main duty is to give advice to the board of directors. The advisory board comprises of members of vast knowledge and experience, as follows:

- |                                |               |
|--------------------------------|---------------|
| 1. Mr. Amnuay Viravan          | Chairman      |
| 2. Mr. Damri Darakananda       | Vice Chairman |
| 3. Mr. Panas Simasathien       |               |
| 4. Mr. Amorn Chandara-somboon  |               |
| 5. Mr. Vaidhaya Viravaidhaya   |               |
| 6. Mr. Kisao Suzuki            |               |
| 7. Mrs. Chongraksa Darakananda |               |
| 8. Mr. Viroj Phutrakul         |               |
| 9. Mr. Sumeth Darakananda      |               |
| 10. Mr. Sompop Amatayakul      |               |
| 11. Mr. Chackchai Panichapat   |               |

### **Nomination of board members and executives.**

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

1. Shareholders are allowed one vote per share.

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

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

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

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

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

1. He/she dies.

2. He/she resigns from the board.

3. He/she is disqualified.

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

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

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

### **Good Corporate Governance**

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

#### **1. Policy on Corporate Governance**

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

#### **2. Shareholders: Rights and Equitable Treatment**

In 2002, Saha-Union Public Company Limited held a general meeting at the company's office. Ten working days before the meeting, the company sent out invitations and announced an agenda. The relevant documents for the meeting included the opinions of the Board of Directors and complete company reports that shareholders were able to inspect. Shareholders who could not be present could transfer their voting rights to a third party, who were not required to be the management or member of the Board of Directors. All data, documents, and invitations were given to shareholders before the meeting.

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

### 3. Various Groups of Stakeholders

The 2002 shareholder meeting was comprised of a total of 22 board members, excluding members who were in overseas. All of the independent directors and audit committee members attended the meeting. The Chairman of the Board of Directors selected an appropriate date for the meeting, and welcomed all shareholders to inspect the company's operations as well as to offer ideas and opinions. The board members answered all questions from shareholders, and recorded all details and opinions in the minutes.

The appointment of board members and discussion of directors' remuneration are detailed in the sections, Nomination of board members and the management page.36 and Remuneration of Directors and the management page.33

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

### 4. Shareholders' Meetings

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

### 5. Leadership and Vision

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

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

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

### 6. Conflict of Interests

Under Saha-Union Public Company Limited's operational policy, "Integrity Quality Service ", the Board of Directors carefully operates against benefit contradiction. Normally, company-to-company lists of products and price occur under general conditions and systems. When unexpected lists occurred, they need approval from the Board of Directors, shareholders or governmental units. The company reveals all details of the transactions between companies in the group in the section, Common Interest Person and Connected Transaction page. 53-55

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

### 7. Business Ethics

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

## 8. Balance of Power for Non-Executive Directors

Saha-Union Public Company Limited is comprised of 25 board members. These include 13 members of the executive committee board, 2 independent directors, 3 audit committee members, who meet with all the requirements of the Stock Exchange of Thailand, and 7 advisory board members. The ratio of non-executives, comprised of members of the independent directors and the audit committee members, is 48% of the total board members.

## 9. Aggregation or Segregation of Positions

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

## 10. Remuneration for Directors and the Management

Saha-Union Public Company Limited makes remuneration payments to Directors and Executive Members. The company gives both meeting fees and an allowance to directors. The executive members are provided with salaries and bonuses. Board members of the audit committee receive extra remuneration in line with their increased duties and responsibilities. The company believes that the amount of remuneration is appropriate when considering the type of business the company does and the dedication to service of the directors. The amount of remuneration has to be approved by the shareholders during the company's general shareholder meeting. Remuneration of the Management team is in line with the company's principles and policy as established by Board of Directors. The final amount is depends on the performance of both the company and the individual's performance. No sub-committee has been established to take care of the remuneration, but the company has a group of directors who make careful consideration of all factors including the state of the company. The details of the remuneration for Directors and the Management appear on page 33 of the annual report.

## 11. Board of Directors' Meetings

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

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

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

## 12. Committees

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

- |                               |                                   |
|-------------------------------|-----------------------------------|
| 1. Mr. Viroj Phutrakul        | Chairman and Independent Director |
| 2. Mrs. Araya Arunanondchai   | Member (Non-Executives)           |
| 3. Miss Pakinee Prertitumrong | Member (Non-Executives)           |

All three sub-committee members have performed their duties consistently. In 2002, the board of audit committee held 5 meetings and reported to the company's board of directors every three months.

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

1. Review the company's internal control system to ensure that the systems are appropriate and effective.
2. Select, review and propose the appointment of the external auditors, coordinate with them on preparation of related financial reports and review the company's financial reports to ensure their accuracy and credibility.
3. Revise the company's compliance with applicable laws and regulations and guard against conflicts of interest.

4. Prepare Audit Committee's report, to be signed by the Committee Chairman, and published in the Company's Annual Report.
5. Ascertain management correct the errors/weakness discovered and urge management to take remedial action.
6. Follow-up and assess the results of implementation deemed important by the Audit Committee.
7. Other activities assigned by the Board of Directors.

### 13. Controlling System and Internal Audit

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

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

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

### 14. Directors' Reporting

The details of the Report of the Board of Directors to the Financial Statements is on page 50.

### 15. Relations with Investors

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

### Policy of Internal Information Using Protection

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

Rules and Punishments:

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

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

### Internal Control

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

## **The organization and its environment**

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

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

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

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

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

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

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

## **Risk Management**

The company regularly conducts evaluations and estimates on the risk factors that may have an impact on the company's operations, both internally and externally. It analyses possible-risk situations, with a particular emphasis on marketing trends, the new marketing channel, value added products increasing, the economy and currency exchange rate fluctuations. The company also monitors carefully any incidents that may cause a negative impact on its activities, while seeking ways to reduce such risks. The staff involved are notified and are asked to proceed in accordance with pre-set risk management measures.

## **Executive Operation Control**

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

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

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

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

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

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



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

### **Information and Communications**

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

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

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

### **Follow-up Systems**

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

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

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Operational Planning and Procedure

One of Saha-Union's subsidiaries, "Union Energy Company Limited", has embarked on a joint venture with foreign investors to form an electricity generation power plant, under the name of "Union Power Development Company Limited", which is to carry out an electricity generation power plant with the Independent Power Producer (IPP) project in Prachuabkirikan province. The plant has a maximum capacity of 1,400 Megawatts. Initially, construction of the power generation plant was to have begun by the year 1997, with operations beginning just four years later. Given this time frame, the company could have expected to earn a profit by the second year of operation. However, as the construction of the plant was postponed, the schedule has had to be adjusted, pushing further into the future the time when the company could be expected to make a profit. Apart from the information below, details on the company's progress, future trends, directions and policy can be found in the segment on risk factors.

## Performance

### Overall operational performance

The operational performance of Saha Union, Plc. and its subsidiaries during the past year showed a net profit of Baht 963.31 million, a slight increase of 0.4 percent from the year 2001 which was shown as Baht 959.30 million. Despite substantial investment dividend earnings of Baht 259.87 million, as shown in the company's profit and loss accounts. This was mainly the result of a drop in sales of 616.28 million Baht and a decrease in sales cost of 351.93 million Baht. Pushing gross profit down too, to 264.35 million Baht, such a decrease was caused by the impact of various changes and factors on the company's operations, as follows:

#### **Government free trade policy**

Imported products, similar to those produced by the company but cheaper, have taken a firm hold in the market - making it more difficult for the company to sell its products both locally and overseas.

#### **Marketing and Competition**

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

#### **Currency exchange**

The Baht's stronger value in the year 2002 saw the company's gross profit drop, on the back of significant earnings from exports. However, the company's measures to minimize the impact of any currency fluctuations, by obtaining foreign currencies in advance and by entering into various other agreements, will enable a more balanced scenario for raw material purchases and export sales in future. The moves will also enable the company to adjust its strategies more easily, to cope with any new situations as they arise.

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

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

## performance of business groups

### Revenues from sales and services

In 2002, Saha-Union, Plc.'s income from sales was Baht 17,118.9 million, Baht 616.28 million, or 3.47 percent, lower than the year before. Main factors behind the decrease included lower income from textiles, shoes, computers, and electronic parts, which were experiencing almost no growth in demand, especially in overseas markets. Market prices of these goods were dropping too, thanks in part to the stronger Baht against other foreign currencies, on the back of lower export revenues. However, other sectors were holding up well, without any apparent loss in earnings.

### Other revenue

Other revenue in the year 2002 was up by 239.63 million Baht, or 44.64%, from the previous year, thanks to reduced interest rate earnings of 4.4 million Baht-made possible by the reduction of interest on deposits by financial institutions. Dividend revenues reduced slightly to 1.82 million Baht, while other revenue, from non-core businesses, dropped to 14.15 million Baht. This following the introduction of a new standard accounting practice, requiring that profits and losses from investments be displayed in loss/gain ratios. In 2002, such revenue showed an increase of 259.87 million Baht from the previous year, reflecting losses sustained from the sale of several registered companies in the second quarter, to the value of 227 million Baht. As this occurred last year, such transactions are not revealed in this year's records, which have now regained more usual levels.

### Cost and expenses of sales and management

In 2002, the company's experienced a decrease of 351.93 million Baht in sales costs, or a 2.32% drop, from the previous year, thanks mostly to a decline in net sales. Nevertheless, as annual spending was kept to a minimum, the company's sales costs did not reflect a proportionate decrease. Despite cost saving efforts, the company was still able to maintain product quality, while improving on product capabilities. The company's cautious stand on cost saving enabled a reduction in sales and service costs of 12.95 million Baht, or 0.83%.

### Profit

In 2002, Saha-Union, Plc. realized gross profit ratio of 13.47% and 12.88%, compared to total sales and total revenues, which the ratio were 14.49% and 14.06%, a slightly lower than the previous year, since sales cost in 2002 did not failed to follow exactly the same trends as total sales, thanks in part to fierce competition within the industry, a drop in sales price and a stronger Baht. The cash flow percentage from operations, compared to net profits and operational profits, in 2002 was 165.92% and 113.61%, against the previous year's closer figures of 179.94% and 103.66%. The changes reflected a decrease in profits, on the back of inventory depreciation and greater expenditure, listed as 572.44 million Baht in 2001, and 620.44 million Baht in the year 2002. Contributing to the change was the company's old practice of not reporting its cash flow, making the cash flow seem higher than the profit, even though, in reality, the figures were quite similar.

The company's net profit for 2002 was 963.31 million Baht, a figure that was similar to the 959.30 million Baht total of the previous year.

### Return on Equity

The year 2002 saw the company achieve a net profit of Baht 963.31 million, in accordance with standard accountancy procedures, which require that profits made from both the subsidiaries and affiliates are also shown. The net profit per share was Baht 3.31. The company expects to pay dividends of Baht 1.25 per share, with a ratio of payable dividends set at 37.76 per cent of the net profit (equity method) or 53.19% (cost method).

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

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

### Financial Status

Changes in the financial status of the company during the year 2002 were as follows:

#### Assets

As of 31 December 2002, Saha-Union's total assets were worth 18,398 million Baht, a increase of around 4.53% from the previous year, when assets were valued at 17,600 million Baht.

Assets at the end of 2002 comprised current asset, worth 34.51 percent, investment worth 41.45 percent, building and equipment, worth 19.10 percent and other asset, worth 4.93 percent, compared to those of the previous year, were 3.1% lower in value, because of a 2.16% drop in short-term loans-thanks to the greater liquidity of the company's related businesses, placing them in a better position to pay back their loans. Stock values at the end of 2002, compared to those of the previous year, dropped by 0.7%, while compensation taxes from the revenue department also exhibited a 0.22% decreased. Meanwhile, investment in the year 2002 was 3.11% higher, or amounted to 954.43 million Baht, thanks to better knowledge on profit drawing, from the loss and gain accounts of affiliated companies. (The details can be found in the financial statement notes in section 9.) A healthier investment scenario was the driving force behind the establishment of joint-venture companies in China, especially those in the real estate, construction and equipment sectors. (The details can be found in the financial statement notes in section 13.)

#### Quality of Assets

As of 31 December 2002, the accounts of the majority of the company and its subsidiaries' debtors, shown that all payments were up to date. However, the accounts of debtors over a year old were listed under payments receivable, which shown a figure of Baht 54.7 million, while those listed under doubtful debts amounted to Baht 49.4 million, giving a ratio of 1.59 percent against total debtors. For the present, the company believes that its reserve unpaid debts are sufficient. Short-term loans, given to related businesses at the end of 2002, dropped by 356.19 million Baht from the previous year-a reflection of the companies' more lucrative position, and their ability to pay off some of their loans. Saha-Union ,Plc. believes that its related businesses will be able to pay off all of their debts, with interest, in the near future by in line with the rates of the country's major bank. However, for the loans, giving to the subsidiaries for their circulating capital and other activities of the operation. Inventory, recorded of a slightly figure that was no effect to the company. However, those figures take into account the calculated depreciation and any outdated inventory.

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

### **Liquidity**

In the year ending 31 December 2002, Saha-Union, Plc. realizes a cash flow of Baht 1,598 million from its operation. Baht 165 million of was on investments, while Baht 1,531 million was on the business and activities to acquire cash. The 1,598 million Baht in cash flow, generated from the company's operations, saw a slight decrease of 7.41%, or 128 million Baht from the previous year, on the back of falling outstanding payments, which had dropped by 149 million Baht. As for the difference between the operational cash flow and the net profit, the amount was 963 million Baht, or an increase of 165.92% in the net profit.

On the investment front, the company's short-term loans issued to related businesses decreased by Baht 356 million, amidst the increased liquidity of related businesses, which were requiring smaller loans to fund their operations. Additional company investments in the year 2002 remained minimal, with Saha-Union, Plc. investing only another 20 million Baht in machinery and equipment for footwear business. Moreover, the company also invested in fixed assets as building, property, the utility system in Plastics, rubber and metal, Computer, energy and footwear business lines, or amounted to 13% of the cash flow generated from operations. As for remuneration, the company gained 7.75% in dividends from initial investment (cost method)

In financing activities, the company was able to pay up as much as Baht 17 million of its short term loans, and As much as Baht 1,100 million on its long term ones. Furthermore, the company paid Baht 461 million in dividends to its shareholders. For the year ending 31 December 2002, the company's cash (and cash equivalents) was increased at Baht 232.5 million. However, when added to the accumulated cash and its cash equivalents, amounted to Baht 902.5 million. As a result, the remaining cash and its cash equivalents in hand came to Baht 1,135 million.

Liquidity ratios at the end of 2002 showed current assets against current liabilities standing at 1:76, a slight increase from the previous year's ratio of 1:71. In the meantime, the ratio for liquid assets against current liabilities was 1:32, showing a slight increase over the previous year too, when it stood at 1:22. Reflecting the company's ability to transform liquid assets into cash and pay off current liabilities, while leaving a surplus of 0:32, such improvements show clearly the company's position of strong liquidity.

The impact of short-term debt payments on the company's liquidity By the year 2002, the company had already paid 500 million Baht's worth of long-term debts, some of which were not actually due until 2003. This meant that there were no long-term debt payments due within the next one-year period. Short-term loans, however, were valued at 205 million Baht, while contract loans stood at 51 million, and outstanding payments at 579 million. Other current liabilities were worth 197 million Baht, in addition to deposit amounts from related businesses valued at 71 million Baht. The company's total debts amounted to 1,103 million Baht, while its liquid assets, cash, cash equivalents and deposits at financial institutions were worth a total of 1,135 million Baht-more than enough to cover the company's short-term debts. The company's number of trust receipt (T/R) creditors (debtors able to pay off debts on time) is yet another important factor to take into account-allowing better planning of short-term investment funds.

## Investment expenses

### Investment type

Most of expenses of Saha-Union, Plc. and its subsidiaries were tied up in investments, with a small amount going towards the purchase of more machinery and equipment. These were mostly for the upgrading and development of production processes for footwear, plastics, rubber and metal, electronics and computer and energy businesses, with the aim to keep pace with new market trend and newly developed technologies. These, in long term, will enable the company to maintain a competitive edge and increase its operation efficiency.

Return on investment, The company and its subsidiaries invested in the affiliated company both in Thailand and in China. Over the past three years, the companies have generated sums of US\$ 6 million , or 3,900 million Baht in energy projects in China and earning about 6-7% of their total investments a year, via the figures achieved fell short of the expected target of 12% a year, caused by the loss of some power plant projects. However, most of projects still made good profits, but the falling unit prices and increased raw material prices could be the obstacle for making profit as well..

### Investment plans

Saha Union, Plc.'s subsidiary companies have plans to increase their investment presence in China. Investing 25 million RMB (the US\$ equivalent to be determined on payment), which is 25% of the total investment, the company's subsidiaries hope to become involved in joint ventures in China's energy sector. Zhejiang province is seen as particularly favorable by the company-this being the province with the best growth potential. Investments will be made in the year 2003, when the companies expect to receive dividends after the project is already to operate.

## Investment source

### Shareholders' Equity

In the year ending 31 December 2002, the shareholders' equity amounted to 12,977.14 million Baht, which can be summed up as follows:

The company had 3,000 million Baht in registered paid-up capital, and share premiums worth 2,599 million Baht, with deductions of subsidiaries' equity amounting to 217.57 million Baht. The company also had legal reserves worth 731.75 million Baht, an increase of 142.31 million Baht from the previous year-following the company's transfer of 10% of the net profits from 2001 to reserves. The transfer was done prior to the distribution of shareholders' dividends. Other reserves, amounting to 64.69 million Baht, showed an increase of 11.34 million Baht, while unfinanced accumulated profits stood at 4,820.19 million Baht. Meanwhile, profits from foreign exchange fluctuations and predicated profit on investment fluctuations were 1,979.09 million Baht, an increase of 904.53 million Baht from the previous year, on the back of the decision by the company to adhere to new accounting regulations.

An increase in the company's shareholdings in 2002 effected the cash flow, as did accumulated profits-divided into legal reserves and other reserves-amounting to 153.65 million Baht, as well as surplus profits from shareholders' dividends, which showed an increase of 445.89 million Baht. Major factors with an impact on the cash flow of the company, therefore, were increased shareholdings and profits from operations, a figure touching 599.54 million Baht.



### **Appropriation of Investment Structure**

The shareholders' equity in the year 2002 totaled of Baht 12,977.14 million as shown above, with total liabilities of Baht 4,220.24 million. The ratio of liabilities to shareholders' equity was 0.30:1 times, while the ratio of ability to make interest payments on the debt is 22.70 times. Meanwhile, the ratio of liabilities to equity is normally in the range of 1.5 to 2 times, with generally accepted ratios of ability to pay interest at only 2-3 times. Saha-Union, Plc. is, therefore, clearly shown to have a healthy capital structure with a strong capability to handle its liabilities. Furthermore, had the impact of the registered capital and surplus share premiums, amounting to a total sum of 5,381.43 million Baht, on the cash flow been ignored, the total sum would have amounted to 10,998.06 million Baht. However, in choosing to include this factor, Saha-Union Plc. is adhering to the required accounting regulations. In either case, the company clearly has a strong, healthy capital structure.

### **Liabilities**

The company is a short-term debtor to outsiders to the tune of Baht 2,530 million and Baht 616.16 million for long term that will be required to make payments on its debts in the year 2004. The interest charged is at the lowest possible rate, and no property guarantee. The long term loans have stipulated such limitations and procedures as the maintenance of liability to equity ratios, and restrictions on selling, transferring or binding contracts on estates and other property belonging to the company. The risks involved in currency fluctuations on the loans are low, thanks to the loans being provided by local institutions in Thai Baht.

### **Factors expected to effect the company's operations or financial status in the future**

As of 31 December 2002, Union Energy Co., Ltd., a subsidiary of Saha-Union Group had invested in Union Power Development Co., Ltd. in the form of investments. Loans, and advance, totaling Baht 1,053 million. The figure included the investment of an agreed amount that has to be sold to foreign investors, with the condition that the transfer of shares and payments could be concluded only when events and conditions stipulated in the contract have been realized. Unfortunately, the project has been postponed since 1997 and expected to until the year 2007. At the moment, the company is awaiting a decision from the Thai government and other related public sectors. In such a scenario, the company's chance of realizing dividends from the investment rides solely on the ability of Union Power Development Co., Ltd. To seek further financing, to sustain and develop the project into a fruitful venture.

## RISK FACTORS

The risk factors that could have considerable impact on the company are as follows:

### **The Independent Power Producer projects in Prachuab Khirikhan.**

As our subsidiary, Union Energy Company Limited, has invested in Union Power Development Company Limited, which is the owner of the power plant project in Prachuab Khirikhan. The Hin Krut Project, involving an investment of USD 1,200 million, is a thermal energy generating plant with a maximum capacity of 1,400 Megawatts. Planned previously to start in 1997, the project's postponement has resulted in a still-to-be-confirmed alternative start-up date. Problems causing the delay include environmentalist groups opposed to the plant's construction being started. This, despite the fact that the company (UPDC) already has been in possession of official endorsement from the Office of Environmental Policy and Planning, following an analysis study on the project's environment impact. On the 10th of May 2002, the prime minister's office announced that the current electricity supply would be sufficient until the year 2007, and that contractors should discuss any issues with EGAT. Negotiations between EGAT and the company followed, with the projects postponed until 2007.

As of 31 December 2002, Saha-Union, Plc. Had extended loans, advances and investments totaling Baht 1,053 million to Union Power Development Company Limited, with any returns riding on the success of the Hin Krut Project and of the ability of Union Power Development Company Limited to secure even more loans to further develop the project-allowing it to become completely operational.

The company is certain it can begin the operations as agreed. In case speculators, predicting that power reserves will run short in 2006, are correct, the company is ready to bridge the gap. In such a scenario, the company is willing to begin the projects, regardless of whether that will mean a change in location or even a change in the type of fuel being produced.

### **Risk from Business Operation**

#### **Risk from the Economics Trend**

As the shadow of the war in the Persian Gulf and the conflict in the Middle East looms larger, Saha-Union, Plc. has a lot riding on its exports. The economy in the U.S.A., Europe and Japan has still not recovered its previous good health, and, if war should break out, the situation is expected to worsen. This paints a bleak picture for exporters. Moreover, China is a new membership in the WTO. This has had an impact on the company which has experienced a sharp decline in export volumes. Another factor

contributing to this difficult situation is increased competition, which is forcing the company to cut product prices, especially for footwear, textiles, and computer parts. This, of course, has had an effects on gross profits. To compensate for any losses in export, the company is currently looking at cutting production costs, expanding other businesses with good potential, and to expand into other sectors and industries in the future.

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

Products such as footwear and computer parts current rely heavily on major buyers. Major footwear customers include NIKE, which bought 99.17 percent of the company's total products last year, and IBM, which is the sole customer of the company's electronics parts. Such a scenario, of course, is a high risk situation. Should the company lose this buyers, it would be face huge problems. Not surprising, the company is trying its best not to let such a situation occur. Among its efforts are continuous upgrades in product quality, to satisfy buyers; more cost-effective production, to keep the prices competitive; and increasingly better services, for improve customer satisfaction. Equally important, the company recognizes, is the ability to maintain good, long-standing relationships with customers.

#### **Risk from Raw Materials**

As it is usually necessary for the company to acquire most of its raw materials from abroad in advance, the company is highly susceptible to exchange rate fluctuations. Raw material prices rise and fall in line with such fluctuations. Where a certain raw material falls victim to low price trends, the company's advance buying policy renders its raw materials more expensive than its competitors' supplies. Meanwhile, the final selling price of the products cannot be adjusted to reflect the more expensive raw materials from which they were made. Therefore, the gross profits are lower ,because the cost of production is higher. The company's main products, such as textiles footwear, plastics and metal are all effected in this way. The company's executives have tried to reduce such foreign exchange risks and, at periodically held meetings, attempt to formulate policies and directions according to current situations, with the aim to minimize such risks. The company keeps a close watch on price trends of raw materials, while the work group prepares directions and strategies for their purchases.

## DIRECTOR'S REPORTING

### Report by the Board of Directors

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

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

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

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

The Board of Directors concluded, on 31 December 2002, that the company's internal control system was satisfactory and sufficiently adequate to give credibility to the Financial Reports of both the company and its subsidiaries.



**Mr. Amnuay Viravan**  
Chairman



**Miss Sriwarin Jirapakkana**  
President

## REPORT OF THE AUDIT COMMITTEE

### To : The Shareholders,

During the fiscal year 2002, the Audit Committee comprises of three independent directors as appointed by the Company's Board of Directors, conducted five meetings together with the Company's auditors, executives and internal auditors to review and examine various aspects of operations in accordance with the charter approved by the Board of Directors. The summary of key aspects are as follows:

- Reviewed and examined the processes of quarterly financial reports preparation for the Company and its subsidiaries. The Committee acknowledged that the processes used for the preparation of financial reports were sound, contained essential information and complied with standard accounting principles.
- The internal control system and its implementation were generally satisfactory. The internal auditing found no major issue and deficiency. The Audit Committee gave several suggestions to enhance the efficiency of the internal control.

The Audit Committee recommended the Board of Directors to propose in the Shareholders' Meeting for the appointment of Mr. Narong Puntawong, Mr. Ruth Chaowanagawi, or Mr. Sophon Permsirivallop, of Ernst & Young Co, Ltd. as the Company's Auditor for the fiscal year of 2003.



(Mr. Sompop Amatayakul)

**Chairman of the Audit Committee**  
**Saha-Union Public Company Limited**

**Note:** Mr. Sompop Amatayakul has been appointed as Chairman of the Audit Committee since February 2003 by the Board of Directors' resolution on 18 February 2003. He replaced Mr. Viroj Phutrakul who passed away.

## HUMAN RESOURCES



Saha-Union, Plc. And its subsidiaries have, for many years, successfully maintained the status of a leading organization in the kingdom-partly because of a strong management policy and the professional and efficient manner in which they go about their business. Another important factor behind the Group's success, however, is their human resources. Without the human input, even the most efficient mechanism would not be effective for long. Moreover, all employees at Saha-Union Group are unusually committed to achieving success for the Group. Highly dedicated, these are a powerful driving force behind the Group's success.

Nevertheless, to continue to receive such dedication and commitment from its workers, the Group understands that it takes more than skill development to motivate them. It understands the importance of taking good care of them too. In taking care of them, Saha-Union Group realizes that they, in turn, will continue to take care of the company-allowing it to maintain its successful operation and competitive edge. To this end, The Group is committed to ensuring that all employees enjoy maximum job security, good health, and a decent livelihood in relation to their jobs with the company. The Group sets out to keep its workforce happy, as it strives to deserve their trust and dedication.

The current economic situation has convinced the Group of the need to support a policy that encourages employees to build on their own financial security. They are encouraged to save for the future and spend thriftily, through the Group's Credit Union, which was established more than 20 years ago. Helping to manage the Credit Union committees are experts from relevant fields-ensuring that the Credit Union operation is in line with the Group's regulations and objectives. The Group has also established a Provident Fund for its employees. With 11,000 members, the fund has already reached 160 million Baht. The fund is managed by a leading financial institution, with a committee closely monitoring the management of the fund, to ensure that risks are kept to a minimum. For the added convenience of its employees, Saha-Union Group provides bus services to those who commute, and dormitories for employees. There are also welfare stores, where employees can buy quality consumer goods, and cafeterias, which serve clean, all at lower-than-market prices.

As for the safety and welfare of the workforce, Saha-Union, Plc. has appointed a Welfare Committee, in addition to a Committee for Safety and Hygiene in the Work Place, to allow employees the opportunity to express their views and suggestions on welfare and safety issues to the management. General matters are also discussed. During the past year, in response to views expressed via these committees, the management has made improvements to the main building at the head office. Such improvements include increased lighting inside the building, new office ceilings and additional air-conditioning units. Additionally, space allocated for common activities is kept clear and clean, while emergency warning units have been installed. Meanwhile, inspections of the fire-fighting tools and apparatus have confirmed that all the equipment is operational. In 2003, the company has approved a budget for repairs in some of the office buildings.

The Group believes organizational development has to go hand in hand with welfare, security and the decent livelihood of the people within that organization. In this way, improved morale and dedication can more easily be acquired, paving the way for the organization to progress. Saha-Union Group is firm in its conviction that its staffs are the most valuable assets of the Group. They are the main mechanism that drives the Group towards future success.



## COMMON INTERESTED PERSONS AND CONNECTED TRANSACTIONS

### Types of Transactions

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

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

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

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

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

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

### Lists of Transactions between Saha-Union Pcl. and other parties in 2002

Company	Types of Relationship	Information		
		Types of Business	Amount (Million Baht)	Conditions of Costs
1. Saha-Union Holding Co., Ltd.	Major shareholders	1. Loan	74.28	<ul style="list-style-type: none"> <li>• Referred to types and rates of a major commercial bank</li> <li>• Balance of payment as of the end of 2002</li> <li>• Shareholders' meeting vote</li> </ul>
		2. Total Interest	5.41	
		3. A Balance of Interest	1.28	
		4. Dividends	7.76	
2. Union Shoes Co., Ltd.	Major shareholder, with holding more than 10%	1. Trading	1,098.62	<ul style="list-style-type: none"> <li>• Market prices</li> <li>• Balance of payment as of the end of 2002</li> <li>• Shareholders' meeting vote</li> <li>• Referred to types and rates of a major commercial bank</li> <li>• Balance of payment as of the end of 2002</li> </ul>
		2. Creditor-Debitor	204.69	
		3. Dividends	9.25	
		4. Total Interest	0.08	
		5. A Balance of Interest	-	
		6. Loan	-	
3. Venus Shoes Co., Ltd.	Major shareholder, with holding more than 10%	1. Loan	33.30	<ul style="list-style-type: none"> <li>• Balance of payment as of the end of 2002</li> <li>• Referred to types and rates of a major commercial bank</li> <li>• Balance of payment as of the end of 2002</li> </ul>
		2. Creditor-Debitor	-	
		3. Total interest	2.80	
		4. A Balance of Interest	0.39	
4. Union Footwear Pcl.	Interested persons, with holding more than 5%	1. Trading	1,996.26	<ul style="list-style-type: none"> <li>• Market prices</li> <li>• Balance of payment as of the end of 2002</li> <li>• Shareholders' meeting vote</li> <li>• Referred to types and rates of a major commercial bank</li> <li>• Balance of payment as of the end of 2002</li> </ul>
		2. Creditor-Debitor	275.74	
		3. Dividends	13.61	
		4. Loan	-	
		5. Total Interest	0.15	
		6. A Balance of Interest	0.12	
5. Union Pioneer Pcl.	Directors and related persons, with holding more than 10%	1. Trading	761.93	<ul style="list-style-type: none"> <li>• Market prices</li> <li>• Balance of payment as of the end of 2002</li> <li>• Shareholders' meeting vote</li> <li>• Referred to types and rates of a major commercial bank</li> <li>• Balance of payment as of the end of 2002</li> </ul>
		2. Creditor-Debitor	109.09	
		3. Dividends	14.69	
		4. Loan	35.33	
		5. Total Interest	0.52	
		6. A Balance of Interest	0.07	
6. Union Yeijer Industrial Co., Ltd.	Interested persons, with holding more than 5%	1. Loan	6.42	<ul style="list-style-type: none"> <li>• Referred to types and rates of a major commercial bank</li> <li>• Balance of payment as of the end of 2002</li> </ul>
		2. Total Interest	0.06	
		3. A Balance of Interest	0.05	

Company	Types of Relationship	Information		
		Types of Business	Amount (Million Baht)	Conditions of Costs
7. Union Soles Co., Ltd.	Interested persons, with holding more than 5%		-	
8. Venus Button Co., Ltd.	Directors and related persons, with holding more than 5%	1.Trading 2.Creditor-Debitor 3.Dividends	- - 1.00	<ul style="list-style-type: none"> <li>• Market prices</li> <li>• Balance of payment as of the end of 2002</li> <li>• Shareholders' meeting vote</li> </ul>
9. Venus Product Co., Ltd.	Directors, with holding more than 10%	1.Loan 2.Total interest	0.64 0.01	<ul style="list-style-type: none"> <li>• Referred to types and rates of a major commercial bank</li> </ul>
10. Union Button. Co., Ltd.	Directors and related persons, with holding more than 10%	1.Trading 2.Creditor-Debitor 3.Dividends	149.24 30.99 0.94	<ul style="list-style-type: none"> <li>• Market prices</li> <li>• Balance of payment as of the end of 2002</li> <li>• Shareholders' meeting vote</li> </ul>
11. Union Property Co., Ltd.	Directors, with holding more than 10%	1.Loan 2.Total interest	- -	
12. Union Rubber Plus Co., Ltd.	Interested persons, with holding more than 5%	- -	- -	
13. Burirum Union Shoes Co., Ltd.	Interested persons, with holding more than 5%	- -	- -	



**FINANCIAL STATEMENTS**

SAHA-UNION PUBLIC CO., LTD

## Report of Independent Auditor

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

I have audited the accompanying consolidated balance sheets of Saha-Union Public Company Limited and its subsidiaries as at 31 December 2002 and 2001, the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for the years then ended, and the separate financial statements of Saha-Union Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to report on these financial statements based on my audits. I did not audit the 2002 financial statements of six overseas subsidiaries, which statements reflect total assets as of 31 December 2002 of Baht 5,284 million, total revenues and net earnings for the year then ended of Baht 1,321 million and Baht 43 million, respectively (2001 : the financial statements of seven overseas subsidiaries, which statements reflect total assets as of 31 December 2001 of Baht 5,219 million, total revenues and net earnings for the year then ended of Baht 1,468 million and Baht 92 million, respectively). The financial statements for the year 2002 and 2001 of those subsidiaries were audited by other auditors whose reports have been furnished to me, and my opinion on the 2002 and 2001 consolidated financial statements, insofar as it relates to the amounts included for those subsidiaries, are based solely on the reports of the other auditors.

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

The financial statements of two overseas subsidiaries and three overseas associated companies, which were included in the 2002 consolidated financial statements under report, were prepared by those companies' management and not yet audited by their auditors. The financial statements of those subsidiaries reflected total assets as of 31 December 2002 totalling Baht 830 million, total revenues and net loss for the year then ended totalling Baht 427 million and Baht 26 million, respectively. With regards to the aforementioned associated companies, the investments accounted for under the equity method in these companies as at 31 December 2002 amounted to Baht 1,891 million and a share of annual profit of these associated companies as recorded by the Company amounted to Baht 157 million. As of the date of my report, the financial statements of those subsidiaries and associated companies are being audited by their auditors thus I have not yet received their audit reports. This is considered to be a limitation of audit scope imposed by circumstances (2001 : The financial statements of one overseas subsidiary and three overseas associated companies included in the 2001 consolidated financial statements were prepared by those companies' management and not yet audited by their auditors. The financial statements of the subsidiary reflected total assets as of 31 December 2001 of Baht 407 million, total revenues and net loss for 2001 of Baht 156 million and Baht 12 million, respectively. With regards to the associated companies, the investments in those companies, accounted for under the equity method, as at 31 December 2001 amounted to Baht 1,747 million and the Company recorded a share of profit from these investments totalling Baht 144 million. However, during 2002, we have been furnished with the audited financial statements of those companies, which statements revealed a difference in net profit of Baht 38 million from the unaudited ones. This difference has been adjusted against the prior year's financial statements. Therefore, my opinion to the 2001 financial statements, as presented herein for comparative purposes, has changed to an unqualified opinion).

In my opinion, based on my audits and the reports of other auditors, except for the effect of the matter as described in the third paragraph to the 2002 financial statements, the financial statements referred to above present fairly, in all material respects, the financial position of Saha-Union Public Company Limited and its subsidiaries, and of Saha-Union Public Company Limited, as at 31 December 2002 and 2001, the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

I draw attention, without qualifying my report, to the following matters:

(a) As at 31 December 2002, Union Energy Company Limited, a subsidiary company, has invested in a related company in forms of investments, loans and advance payment amounting of Baht 1,053 million (2001 : Baht 1,005 million). The return on these investments and their recoverability depend upon the success of the power generating project and the ability of the related company to seek a source of funds for further development of the project.

(b) As mentioned in Note 26 to the financial statements, the financial information by business segment as disclosed by the Company and its subsidiaries is confined to the sales of each business segment.



**Narong Puntawong**

Certified Public Accountant (Thailand) No. 3315

# BALANCE SHEETS

SAHA-UNION PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2002 AND 2001

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
			(Restated)		(Restated)
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		892,410,596	702,225,831	307,996,262	78,228,898
Current investment-deposit with financial institutions		242,674,969	200,270,150	108,002	106,940
Trade accounts and notes receivable	4				
Related parties	5	514,766,221	485,997,368	733,197,676	797,531,292
Unrelated parties		2,592,278,285	2,453,937,069	1,606,083,813	1,477,309,746
Less : Allowance for doubtful accounts		(49,441,481)	(45,637,368)	(20,072,598)	(19,692,712)
Trade accounts and notes receivable-net		3,057,603,025	2,894,297,069	2,319,208,891	2,255,148,326
Short-term loans to related parties	6	557,486,427	913,677,620	456,892,250	1,666,826,860
Inventories-net	7	1,162,186,139	1,236,045,070	240,159,136	292,806,870
Other current assets					
Accrued income		109,506,732	63,876,680	100,006,853	50,904,779
Advance		29,042,975	27,373,354	-	-
Refundable input tax		82,296,568	118,693,924	75,372,099	117,251,622
Prepaid expenses		44,057,732	64,372,201	3,962,512	7,069,693
Others		172,196,193	398,558,348	2,422,971	47,470,222
<b>TOTAL CURRENT ASSETS</b>		<b>6,349,461,356</b>	<b>6,619,390,247</b>	<b>3,506,128,976</b>	<b>4,515,814,210</b>
<b>NON-CURRENT ASSETS</b>					
Investments accounted for under equity method					
Investments in subsidiaries	8	-	-	8,465,754,839	7,866,895,077
Investments in associated companies	9	6,642,743,262	5,688,317,980	4,346,176,856	3,391,118,940
		6,642,743,262	5,688,317,980	12,811,931,695	11,258,014,017
Other long-term investments					
Investments in other companies-net	10	860,554,159	865,878,216	104,955,109	90,299,323
Unit trusts	11	123,120,000	123,120,000	102,600,000	102,600,000
Negotiable certificates of deposit	12	-	71,245,472	-	-
		983,674,159	1,060,243,688	207,555,109	192,899,323
Property, plant and equipment-net	13	3,514,719,608	3,305,702,308	731,534,234	859,109,890
Other non-current assets					
Land awaiting development		403,805,438	403,805,438	275,210,438	275,210,438
Leasehold rights		212,858,792	227,442,667	-	-
Withholding tax deducted at source		74,099,657	57,711,412	7,178,285	7,178,285
Others		217,173,907	237,978,289	7,200,410	14,685,225
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,049,074,823</b>	<b>10,981,201,782</b>	<b>14,040,610,171</b>	<b>12,607,097,178</b>
<b>TOTAL ASSETS</b>		<b>18,398,536,179</b>	<b>17,600,592,029</b>	<b>17,546,739,147</b>	<b>17,122,911,388</b>

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



# BALANCE SHEETS (CONTINUED)

SAHA-UNION PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2002 AND 2001

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
			(Restated)		(Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions		205,378,366	110,804,646	11,464,518	35,035,108
Trust receipts		545,573,803	646,001,412	451,870,671	439,359,273
Trade accounts and notes payable					
Related parties	5	997,080,513	928,587,612	1,604,904,824	1,496,498,881
Unrelated parties		952,127,006	691,782,589	47,375,460	22,010,004
Current portion of long-term loans	15	-	610,000,000	-	610,000,000
Current portion of liabilities under financial lease agreements	16	51,386,419	40,800,668	-	-
Other accounts payable-related parties	5	-	-	1,293,835,429	1,172,055,313
Deposits from related parties	14	71,376,632	28,470,467	424,678,625	524,243,517
Other current liabilities					
Accrued expenses		488,676,214	409,180,263	91,183,850	145,156,506
Corporate income tax payable		90,326,435	200,213,532	17,935,642	65,477,927
Others		197,203,855	194,142,238	25,290,056	31,619,760
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,599,129,243</b>	<b>3,859,983,427</b>	<b>3,968,539,075</b>	<b>4,541,456,289</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans-net of current portion	15	582,693,413	1,000,000,000	500,000,000	1,000,000,000
Liabilities under financial lease agreements-net of current portion	16	33,471,849	29,820,704	-	-
Provision for losses of subsidiaries	8	-	-	94,523,941	102,580,526
Provision for losses of associated companies	9	4,839,157	3,893,657	6,531,657	5,810,171
Other non-current liabilities		102,000	5,787,185	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>621,106,419</b>	<b>1,039,501,546</b>	<b>601,055,598</b>	<b>1,108,390,697</b>
<b>TOTAL LIABILITIES</b>		<b>4,220,235,662</b>	<b>4,899,484,973</b>	<b>4,569,594,673</b>	<b>5,649,846,986</b>

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

# BALANCE SHEETS (CONTINUED)

SAHA-UNION PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2002 AND 2001

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
			(Restated)		(Restated)
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Registered, issued and fully paid					
300,000,000 ordinary shares of Baht 10 each		3,000,000,000	3,000,000,000	3,000,000,000	3,000,000,000
Share premium		2,599,000,000	2,599,000,000	2,599,000,000	2,599,000,000
Company's shares held by the subsidiaries	17	(217,573,410)	(217,573,410)	(217,573,410)	(217,573,410)
Retained earnings					
Appropriated					
Statutory reserve	18	731,752,598	589,440,063	731,752,598	589,440,063
Other reserve		64,688,294	53,343,737	64,688,294	53,343,737
Unappropriated		4,820,188,735	4,374,302,652	4,820,188,735	4,374,302,652
Translation adjustments		1,718,812,408	996,525,718	1,718,812,408	996,525,718
Unrealised gain on the change in value of investments in available-for-sale securities		260,275,849	78,025,642	260,275,849	78,025,642
Equity attributable to the Company's shareholders		12,977,144,474	11,473,064,402	12,977,144,474	11,473,064,402
Minority interest (equity attributable to minority shareholders of subsidiaries)		1,201,156,043	1,228,042,654	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		14,178,300,517	12,701,107,056	12,977,144,474	11,473,064,402
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		18,398,536,179	17,600,592,029	17,546,739,147	17,122,911,388

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

# STATEMENTS OF EARNINGS

SAHA-UNION PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER  
2002 AND 2001

(Unit : Baht)

	Note	CONSOLIDATED		THE COMPANY ONLY	
		2002	2001	2002	2001
			(Restated)		(Restated)
<b>REVENUES</b>					
Sales		17,118,900,013	17,735,183,176	14,291,597,209	14,861,020,538
Other income					
Interest income		65,346,220	69,749,518	89,293,927	130,215,238
Rental income		4,910,685	4,781,941	256,658,828	258,080,165
Dividend income		21,002,363	22,817,555	15,725,313	16,936,367
Others		189,128,233	203,278,827	190,073,598	220,503,695
		280,387,501	300,627,841	551,751,666	625,735,465
Share of profits from investments accounted for under equity method	19	496,085,367	236,213,462	650,849,900	483,573,365
<b>TOTAL REVENUES</b>		<b>17,895,372,881</b>	<b>18,272,024,479</b>	<b>15,494,198,775</b>	<b>15,970,329,368</b>
<b>EXPENSES</b>					
Cost of sales		14,813,536,127	15,165,466,905	13,448,302,372	14,002,120,900
Selling and administrative expenses		1,539,579,740	1,552,530,260	785,537,510	790,469,923
Directors' remuneration	20	14,841,000	15,711,000	12,495,000	13,335,000
Exchange (gain) loss		120,644,117	(126,925,125)	105,950,403	(129,005,239)
<b>TOTAL EXPENSES</b>		<b>16,488,600,984</b>	<b>16,606,783,040</b>	<b>14,352,285,285</b>	<b>14,676,920,584</b>
<b>EARNINGS BEFORE INTEREST EXPENSES, INCOME TAX AND MINORITY INTEREST</b>		<b>1,406,771,897</b>	<b>1,665,241,439</b>	<b>1,141,913,490</b>	<b>1,293,408,784</b>
INTEREST EXPENSES		(86,564,286)	(179,770,710)	(61,352,369)	(150,098,526)
CORPORATE INCOME TAX	21	(280,317,109)	(399,969,471)	(117,252,565)	(184,008,977)
<b>EARNINGS BEFORE MINORITY INTEREST</b>		<b>1,039,890,502</b>	<b>1,085,501,258</b>	<b>963,308,556</b>	<b>959,301,281</b>
EARNINGS OF SUBSIDIARIES IN RESPECT OF MINORITY INTEREST		(76,581,946)	(126,199,977)	-	-
<b>NET EARNINGS FOR THE YEAR</b>		<b>963,308,556</b>	<b>959,301,281</b>	<b>963,308,556</b>	<b>959,301,281</b>
<b>BASIC EARNINGS PER SHARE</b>					
Net earnings		3.31	3.72	3.31	3.72
Weighted average number of shares		291,012,306 shares	258,205,598 shares	291,012,306 shares	258,205,598 shares

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SAHA-UNION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2002, AND 2001

Note	CONSOLIDATED							(Unit : Baht)		
	Issued and paid up share capital	State premium	Company's shares held by the subsidiaries	Statutory reserve	Other reserve	Unappropriated retained earnings	Translation adjustments		Unrealised gain (loss) on the change in value of investments in available-for-sale securities	Minority interest
<b>Balance as of 31 December 2000 - as previously reported</b>	3,000,000,000	2,599,000,000	(1,462,465,278)	527,632,838	37,088,196	4,514,942,284	976,392,924	(201,389,096)	1,289,860,480	11,281,062,348
Less : Pre-operating expenses and fixed assets written off by overseas subsidiaries and associated companies	-	-	-	-	-	(15,435,443)	-	-	(6,276,895)	(21,712,338)
<b>Balance as of 31 December 2000 - as restated</b>	3,000,000,000	2,599,000,000	(1,462,465,278)	527,632,838	37,088,196	4,499,506,841	976,392,924	(201,389,096)	1,283,583,585	11,259,350,010
Sale of company's shares held by the subsidiaries during the year	-	-	1,244,891,868	-	-	-	-	-	-	1,244,891,868
Increase in fair value of investments	-	-	-	-	-	-	-	279,414,738	-	279,414,738
Increase in translation adjustments	-	-	-	-	-	-	20,132,794	-	-	20,132,794
Net earnings for the year	-	-	-	-	-	959,301,281	-	-	-	959,301,281
Dividend paid	-	-	-	-	-	(375,000,000)	-	-	-	(375,000,000)
Less: Dividend paid in respect of company's shares held by subsidiaries	-	-	-	-	-	67,407,991	-	-	-	67,407,991
Dividend paid-net	-	-	-	-	-	(307,592,009)	-	-	-	(307,592,009)
Transferred to statutory reserve	-	-	-	-	-	(61,807,225)	-	-	-	-
Increase in other reserve	-	-	-	61,807,225	16,255,541	-	-	-	-	16,255,541
Decrease in minority interest	-	-	-	-	-	-	-	-	(55,540,931)	(55,540,931)
Difference between selling price and cost of company's shares held by the subsidiaries sold during the year	-	-	-	-	-	(715,106,236)	-	-	-	(715,106,236)
<b>Balance as of 31 December 2001 - as restated</b>	<b>3,000,000,000</b>	<b>2,599,000,000</b>	<b>(217,573,410)</b>	<b>589,440,063</b>	<b>53,343,737</b>	<b>4,374,302,652</b>	<b>996,525,718</b>	<b>78,025,642</b>	<b>1,228,042,654</b>	<b>12,701,107,056</b>
<b>Balance as of 31 December 2001 - as previously reported</b>	3,000,000,000	2,599,000,000	(217,573,410)	589,440,063	53,343,737	4,351,720,170	996,525,718	78,025,642	1,233,135,028	12,683,616,948
Add : Difference in net profit between those shown in audited accounts and in unaudited accounts of overseas subsidiaries and associated companies 8, 9	-	-	-	-	-	38,284,706	-	-	(96,877)	38,187,829
Less : Pre-operating expenses and fixed assets written off by overseas subsidiaries and associated companies	-	-	-	-	-	(15,702,224)	-	-	(4,995,497)	(20,697,721)
<b>Balance as of 31 December 2001 - as restated</b>	3,000,000,000	2,599,000,000	(217,573,410)	589,440,063	53,343,737	4,374,302,652	996,525,718	78,025,642	1,228,042,654	12,701,107,056
Increase in fair value of investments	-	-	-	-	-	-	-	182,250,207	-	182,250,207
Increase in translation adjustments	-	-	-	-	-	-	722,286,690	-	-	722,286,690
Net earnings for the year	-	-	-	-	-	963,308,556	-	-	-	963,308,556
Dividend paid	-	-	-	-	-	(375,000,000)	-	-	-	(375,000,000)
Less: Dividend paid in respect of company's shares held by subsidiaries	-	-	-	-	-	11,234,619	-	-	-	11,234,619
Dividend paid-net	-	-	-	-	-	(363,765,381)	-	-	-	(363,765,381)
Transferred to statutory reserve	-	-	-	142,312,535	-	(142,312,535)	-	-	-	-
Increase in other reserve	-	-	-	-	11,344,557	(11,344,557)	-	-	-	-
Decrease in minority interest	-	-	-	-	-	-	-	-	(26,886,611)	(26,886,611)
<b>Balance as of 31 December 2002</b>	<b>3,000,000,000</b>	<b>2,599,000,000</b>	<b>(217,573,410)</b>	<b>731,752,598</b>	<b>64,688,294</b>	<b>4,820,188,735</b>	<b>1,718,812,408</b>	<b>260,275,849</b>	<b>1,201,156,043</b>	<b>14,178,300,517</b>

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

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SAHA-UNION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2002, AND 2001

Note	THE COMPANY ONLY						(Unit: Baht)		
	Issued and paid up share capital	Share premium	Company's shares held by the subsidiaries	Statutory reserve	Other reserve	Unappropriated retained earnings		Translation adjustments	Unrealised gain(loss) on the change in value of investments in available-for-sale securities
<b>Balance as of 31 December 2000 - as previously reported</b>	3,000,000,000	2,599,000,000	(1,462,465,278)	527,632,838	37,088,196	4,514,942,284	976,392,924	(201,389,096)	9,991,201,868
Less : Pre-operating expenses and fixed assets written off by overseas subsidiaries and associated companies	-	-	-	-	-	(15,435,443)	-	-	(15,435,443)
<b>Balance as of 31 December 2000 - as restated</b>	3,000,000,000	2,599,000,000	(1,462,465,278)	527,632,838	37,088,196	4,499,506,841	976,392,924	(201,389,096)	9,975,766,425
Sale of company's shares held by the subsidiaries during the year	-	-	1,244,891,868	-	-	-	-	-	1,244,891,868
Increase in fair value of investments	-	-	-	-	-	-	-	279,414,738	279,414,738
Translation adjustments	-	-	-	-	-	-	20,132,794	-	20,132,794
Net earnings for the year	-	-	-	-	-	959,301,281	-	-	959,301,281
Dividend paid	-	-	-	-	-	(375,000,000)	-	-	(375,000,000)
Less : Dividend paid in respect of company's shares held by subsidiaries	-	-	-	-	-	67,407,991	-	-	67,407,991
Dividend paid - net	-	-	-	-	-	(307,592,009)	-	-	(307,592,009)
Transferred to statutory reserve	-	-	-	61,807,225	16,255,541	(61,807,225)	-	-	16,255,541
Increase in other reserve	-	-	-	-	-	-	-	-	-
Difference between selling price and cost of company's shares held by the subsidiaries sold during the year	-	-	-	-	-	(715,106,236)	-	-	(715,106,236)
<b>Balance as of 31 December 2001 - as restated</b>	3,000,000,000	2,599,000,000	(217,573,410)	589,440,063	53,343,737	4,374,302,652	996,525,718	78,025,642	11,473,064,402
<b>Balance as of 31 December 2001 - as previously reported</b>	3,000,000,000	2,599,000,000	(217,573,410)	589,440,063	53,343,737	4,351,720,170	996,525,718	78,025,642	11,450,481,920
Add : Difference in net profit between those shown in audited accounts and in unaudited accounts of overseas subsidiaries and associated companies	-	-	-	-	-	38,284,706	-	-	38,284,706
Less : Pre-operating expenses and fixed assets written off by overseas subsidiaries and associated companies	-	-	-	-	-	(15,702,224)	-	-	(15,702,224)
<b>Balance as of 31 December 2001 - as restated</b>	3,000,000,000	2,599,000,000	(217,573,410)	589,440,063	53,343,737	4,374,302,652	996,525,718	78,025,642	11,473,064,402
Increase in fair value of investments	-	-	-	-	-	-	-	182,250,207	182,250,207
Translation adjustments	-	-	-	-	-	-	722,286,690	-	722,286,690
Net earnings for the year	-	-	-	-	-	963,308,556	-	-	963,308,556
Dividend paid	-	-	-	-	-	(375,000,000)	-	-	(375,000,000)
Less : Dividend paid in respect of company's shares held by subsidiaries	-	-	-	-	-	11,234,619	-	-	11,234,619
Dividend paid-net	-	-	-	-	-	(363,765,381)	-	-	(363,765,381)
Transferred to statutory reserve	-	-	-	142,312,535	-	(142,312,535)	-	-	-
Increase in other reserve	-	-	-	-	11,344,557	(11,344,557)	-	-	-
<b>Balance as of 31 December 2002</b>	3,000,000,000	2,599,000,000	(217,573,410)	731,752,598	64,688,294	4,820,188,735	1,718,812,408	260,275,849	12,977,144,474

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

# STATEMENTS OF CASH FLOWS

SAHA-UNION PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER  
2002 AND 2001

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
		(Restated)		(Restated)
<b>Cash flows from (used in) operating activities :</b>				
Net earnings	963,308,556	959,301,281	963,308,556	959,301,281
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities :-				
Share of profit from investments accounted for under equity method	(496,085,366)	(236,213,462)	(650,849,900)	(483,573,365)
Dividend receipt from investments in other companies	(20,471,656)	(22,328,615)	(15,724,156)	(16,936,367)
Gain on sales of investment	-	(2,534,918)	-	(3,643,384)
Earnings attributed to minority shareholders of subsidiaries	76,581,946	126,199,977	-	-
Unrealised (gain) loss on exchange	126,041,442	(12,426,396)	124,077,433	(14,383,577)
Gain on exchange of cash receipt from reduction of capital in overseas subsidiary	-	-	-	(95,814,775)
(Gain) loss on sales of fixed assets	16,159,664	2,596,304	(2,642,922)	(432,319)
Allowance for doubtful accounts (reversal)	3,804,113	(1,187,385)	379,886	(1,858,388)
Provision for stock damage/obsolescence	963,444	6,518,835	4,921,810	(230,767)
Depreciation and amortisation	620,442,553	572,436,891	169,101,826	199,590,097
	1,290,744,696	1,392,362,512	592,572,533	542,018,436
Decrease (increase) in operating assets				
Trade accounts and notes receivable	(160,278,798)	174,192,304	(57,572,731)	279,631,819
Inventories	72,895,488	364,246,152	47,725,924	(14,847,582)
Other current assets	219,049,898	231,037,768	41,086,341	124,316,837
Other non-current assets	1,937,115	(96,634,607)	194,861	(2,105,437)
Increase (decrease) in operating liabilities				
Trade accounts and notes payable	328,770,073	(270,197,351)	133,772,932	(53,751,596)
Other current liabilities	(149,146,218)	(61,847,153)	(108,286,813)	(19,971,925)
Other non-current liabilities	(5,685,185)	(7,033,993)	-	-
Net cash from operating activities	1,598,287,069	1,726,125,632	649,493,047	855,290,552
<b>Cash flows from (used in) investing activities :</b>				
Decrease (increase) in short-term loans to related parties	356,191,193	(468,158,968)	1,209,934,610	45,805,418
Increase in investments	(20,361,468)	(14,083,580)	(400,546,425)	(35,350,059)
Decrease in assets and liabilities in subsidiaries from translation adjustments	246,817,724	200,885,408	-	-
Cash receipt from reduction of capital in subsidiaries	-	-	-	419,093,951
Dividend receipt from investments in other companies	20,471,656	22,328,615	15,724,156	16,936,366
Dividend receipt from investments using equity method	50,392,464	52,581,562	391,259,278	157,361,295
Decrease in negotiable certificates of deposit	71,245,472	-	-	-
Increase in property, plant and equipment	(559,361,798)	(546,402,317)	(31,593,295)	(191,247,027)
Net cash from (used in) investing activities	165,395,243	(752,849,280)	1,184,778,324	412,599,944

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



# STATEMENTS OF CASH FLOWS (CONTINUED)

SAHA-UNION PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER  
2002 AND 2001

(Unit : Baht)

	CONSOLIDATED		THE COMPANY ONLY	
	2002	2001	2002	2001
		(Restated)		(Restated)
<b>Cash flows from (used in) financing activities :</b>				
Decrease in bank overdrafts and short-term loans from financial institutions	(16,996,862)	(228,637,742)	(19,938,053)	(297,355,666)
Increase (decrease) in deposits from related companies	42,906,165	(152,667,270)	(99,564,892)	(9,164,407)
Cash receipt from sale of company's share held by subsidiaries	-	529,785,631	-	-
Cash paid to short-term loan from other company	-	(45,803,735)	-	-
Repayment of long-term loans	(1,110,000,000)	(711,743,471)	(1,110,000,000)	(676,200,000)
Increase (decrease) in liabilities under financial lease agreements	14,236,898	(7,035,623)	-	-
Dividend paid	(461,238,929)	(381,566,595)	(375,000,000)	(375,000,000)
Net cash used in financing activities	(1,531,092,728)	(997,668,805)	(1,604,502,945)	(1,357,720,073)
Net increase (decrease) in cash and cash equivalents	232,589,584	(24,392,453)	229,768,426	(89,829,577)
Cash and cash equivalents at beginning of year	902,495,981	926,888,434	78,335,838	168,165,415
Cash and cash equivalents at end of year (Note 23)	1,135,085,565	902,495,981	308,104,264	78,335,838
<b>Supplemental cash flows information</b>				
Cash paid during the years for :				
Interest expenses	90,798,760	410,183,077	66,176,099	355,926,719
Corporate income tax	371,950,637	377,290,250	150,298,345	144,812,166

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

# NOTES TO FINANCIAL STATEMENTS

SAHA-UNION PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2002 AND 2001

## 1. GENERAL INFORMATION

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

## 2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements include the financial statements for the year ended 31 December 2002 and 2001 of the Company and the following subsidiaries :-

Company name	Percentage directly and indirectly owned by the Company		Incorporated in	Nature of business	Subsidiary's total assets as a percentage to the consolidated total		Subsidiary's total revenues as a percentage to the consolidated total	
	2002	2001			2002	2001	2002	2001
Saha-Union International Ltd. (Hong Kong)	99.98	99.98	Hong Kong	Importer and distributor	1.87	1.18	0.78	1.12
Saha-Union International (GA) Inc.	100.00	100.00	USA	Importer and distributor	1.96	2.15	3.05	2.70
Saha-Union Investment (China) Co., Ltd.	100.00	100.00	China	Investment holding	3.01	1.85	0.01	0.19
Saha-Union Holding Co., Ltd.	99.67	99.67	Thailand	Investment holding	1.17	1.22	-	-
Union Garment Co., Ltd.	99.98	99.98	Thailand	Manufacturing of garments	1.01	1.05	0.67	0.64
Fashion Apparel Co., Ltd.	99.97	99.97	Thailand	Manufacturing of garments	0.08	0.08	0.09	0.06
Union Pioneer Public Co., Ltd.	52.67	52.67	Thailand	Manufacturing of rubber thread, elastic braids & webbing	1.65	1.51	0.25	0.37
Union Zojirushi Co., Ltd.	51.00	51.00	Thailand	Manufacturing of vacuum bottles	2.32	2.47	0.09	0.11
Union Stainless Steel Products Co., Ltd.	98.00	98.00	Thailand	Manufacturing of pipes	0.54	0.52	0.05	0.04
Union Rubber Products Corp. Ltd.	99.99	99.99	Thailand	Manufacturing of rubber product	0.10	0.10	0.07	0.04
Union Footwear Public Co., Ltd.	51.23	51.23	Thailand	Manufacturing of sports shoes	3.07	3.71	0.11	0.06
Union Shoes Co., Ltd.	97.85	97.85	Thailand	Manufacturing of sports shoes	1.38	1.38	0.26	0.25
Union Metal Work Corp. Ltd.	72.72	72.72	Thailand	Ceased operation	-	-	-	-
Venus Shoes Co., Ltd.	96.86	96.86	Thailand	Dormitory rental and Service	0.42	0.48	0.06	0.09
Uni-Sole Co., Ltd.	70.69	70.69	Thailand	Machine and warehouse rental	0.44	0.36	-	-
Union Yeijer Industrial Co., Ltd.	99.97	99.97	Thailand	Ceased operation	-	-	-	-
Union Printing Co., Ltd.	94.57	94.57	Thailand	Printing services	0.17	0.17	0.15	0.18
Computer Union Co., Ltd.	88.56	88.16	Thailand	Computer dealer	4.22	3.82	8.45	9.43
Uni-Media Co., Ltd.	78.00	78.00	Thailand	Investment holding	-	-	-	-
Union Itoh Molds Co., Ltd.	61.02	57.43	Thailand	Ceased operation	-	-	-	0.03
Union Equity Co., Ltd.	99.43	99.43	Thailand	Investment holding	0.36	0.45	0.01	0.06
Union Assets Development Co., Ltd.	98.69	98.69	Thailand	Investment holding	-	-	-	-
Union Construction Co., Ltd.	98.90	98.90	Thailand	Architectural, construction and interior design	0.76	0.78	0.29	0.26
Union Energy Co., Ltd.	99.41	98.52	Thailand	Investment in electric power & energy business	5.79	5.79	-	0.06
Union Energy (China) Co., Ltd.	99.99	99.99	Thailand	Investment holding	13.04	13.30	0.00	0.02
Textport International Corp., Ltd.	85.18	85.18	Thailand	Investment holding	0.07	0.06	0.01	0.02
Union Overseas Holding Co., Ltd.	58.98	58.98	Thailand	Investment holding	-	-	-	-

Company name	Percentage directly and indirectly owned by the Company		Incorporated in	Nature of business	Subsidiary's total assets as a percentage to the consolidated total		Subsidiary's total revenues as a percentage to the consolidated total	
	2002	2001			2002	2001	2002	2001
	Computer Union System Co., Ltd. (99.99 percent owned by Computer Union Co., Ltd.)	88.56			88.16	Thailand	Computer dealer	0.02
Union Technology Co., Ltd.	99.99	99.99	Thailand	Manufacturing of electronic components	0.43	0.94	0.04	0.04
Jakkarat Union Footwear Co., Ltd. (99.99 percent owned by Union Footwear Plc.)	51.23	51.23	Thailand	Manufacturing of shoe upper	-	-	-	-
Burirum Union Shoes Co., Ltd. (100 percent owned by Union Shoes Co., Ltd.)	97.85	97.85	Thailand	Manufacturing of shoe upper	0.03	0.05	-	-
Union Energy (Hong Kong) Co., Ltd. (99.99 percent owned by Saha-Union International Ltd. (Hong Kong))	99.98	99.98	Hong Kong	Investment holding	0.45	1.22	0.01	0.02
Jiashan-Union Cogeneration Co., Ltd. (66.57 percent owned by Union Energy (China) Co., Ltd. and 7.40 percent by Saha-Union Investment (China) Co., Ltd.)	73.97	73.97	China	Power generation	2.60	2.60	1.1	0.89
Danyang-Union Cogeneration Co., Ltd. (49.5 percent owned by Union Energy (China) Co., Ltd. and 5.5 percent by Saha-Union Investment (China) Co., Ltd.)	55.00	55.00	China	Power generation	5.46	5.28	2.29	1.74
Danhuang-Union Cogeneration Co., Ltd. (90.0 percent owned by Union Energy (China) Co., Ltd. and 9.9 percent by Saha-Union Investment (China) Co., Ltd.)	99.99	94.00	China	Power generation	2.15	2.32	0.96	0.85
Shenzhou-Union Cogeneration Co., Ltd. (74.97 percent owned by Union Energy (China) Co., Ltd. and 8.33 percent by Saha-Union Investment (China) Co., Ltd.)	83.30	83.30	China	Power generation	2.36	2.22	1.42	1.34
Phon Union Footwear Co., Ltd. (50.00 percent owned by Union Footwear Plc. and 49.99 percent by Union Shoes Co., Ltd.)	53.53	-	Thailand	Manufacturing of sole	0.15	-	-	-

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

2.3 The financial statements of Danhuang-Union Cogeneration Co., Ltd., and Shenzhou-Union Cogeneration Co., Ltd. as included in the financial statements, with total assets of Baht 830 million as of 31 December 2002, total revenues and net loss for the year then ended totalling Baht 427 million and Baht 26 million, respectively, were prepared by those companies' management (the 2001 financial statements included the financial statements of Danhuang - Union Cogeneration Co., Ltd., with total assets as of 31 December 2001 of Baht 407 million, and total revenues and net loss for 2001 of Baht 156 million and Baht 12 million, respectively, but during 2002, the Company was furnished with the audited 2001 financial statements of that company, which showed a difference in net loss of Baht 2 million from the unaudited ones. The difference has been adjusted against the prior year's financial statements).

2.4 The consolidated financial statements of 2001 do not include the financial statements of one overseas subsidiary, as referred to in Note 10, since the Company does not control over this subsidiary company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

#### 3.1 Sales

Sales are the invoiced value, excluding value added tax, of goods sold and delivered after deducting discounts and goods returned.

#### 3.2 Trade accounts receivable and allowance for doubtful accounts

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

#### 3.3 Inventories

Inventories are valued at the lower of cost or net realisable value.

#### 3.4 Property, plant and equipment and depreciation

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

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

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

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

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

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

#### 3.5 Investments

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

Long-term investments in marketable securities, which the Company intends to hold as investments available for sales and unit trusts of mutual fund are determined at fair value. Fair value of marketable securities is based on the latest bid price of the last working day quoted by the Stock Exchange and fair value of the unit trust is based on net asset value. Gains or losses on the changes in value of investments are shown as a separate item under the shareholders' equity in the balance sheet and is credited or charged against earnings when the investments have been disposed of.

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

#### 3.6 Foreign currencies

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

Exchange gains and losses are included in determining earnings.

### 3.7 Earnings per share

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

### 3.8 Use of accounting estimates

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

## 4. TRADE ACCOUNTS AND NOTES RECEIVABLE

As at 31 December 2002 and 2001, most of the trade accounts and notes receivable were within their credit terms. The Company and its subsidiaries have assessed the recoverable value of the receivables that were past due for one year and more, of which the balance as at 31 December 2002 amounted to approximately Baht 54.7 million (2001 : Baht 61.3 million) and Baht 20.3 million for the Company only (2001 : Baht 21 million). Based on such assessment, an allowance for doubtful accounts of Baht 49.4 million (2001 : Baht 45.6 million) and Baht 20.1 million for the Company only (2001 : Baht 19.7 million) has been made in the accounts. The Company and its subsidiaries believe that such allowance is adequate under the current circumstance.

To minimise the foreign exchange exposure relating to its foreign currency receivables, the Company has entered into forward contracts to sell USD 4.5 million at exchange rates ranging from Baht 42.95 - 44.20 per USD1, and YEN 43.2 million at exchange rates ranging from Baht 35.17-35.92 per YEN 100.

## 5. RELATED PARTY TRANSACTIONS

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

### Consolidated

(Unit : Million Baht)

	For the year ended 31 December		Pricing policy
	2002	2001	
<b>Transactions with associated companies</b>			
Sales of merchandise	1,733	1,689	Cost plus margin
Lending (weighted average balance outstanding at month end)	488	435	Interest rate with reference to the loan interest rate of local commercial bank.
Interest income	34	29	See "lending" above
Purchases of merchandise	5,649	5,539	Resale price reduced by a margin.
Borrowings (weighted average balance outstanding at month end)	45	87	Interest rate with reference to the savings deposit rate of local commercial bank.
Interest expenses	1	1	See "borrowings" above
<b>Transactions with related companies</b>			
Sales of merchandise	14	9	Cost plus margin
Lending (weighted average balance outstanding at month end)	210	151	Interest rate with reference to the loan interest rate of local commercial bank.
Interest income	15	12	See "lending" above
Purchases of merchandise	164	99	Resale price reduced by a margin
Borrowings (weighted average balance outstanding at month end)	10	23	Interest rate with reference to the savings deposit rate of local commercial bank.
Interest expenses	-	1	See "borrowings" above

**The Company Only**

(Unit : Million Baht)

	For the year ended 31 December		Pricing policy
	2002	2001	
<b>Transactions with subsidiaries</b>			
Sales of merchandise	798	997	Cost plus margin
Rental income	255	256	Contract price
Service income	129	128	Contract price
Lending (weighted average balance outstanding during the period)	742	1,315	Interest rate with reference to the loan interest rate of local commercial bank.
Interest income	47	91	See "lending" above
Purchases of merchandise	5,748	6,315	Resale price reduced by a margin
Borrowings (weighted average balance outstanding during the period)	546	775	Interest rate with reference to the saving rates of local commercial bank.
Interest expenses	5	4	See "borrowings" above
<b>Transactions with associated companies</b>			
Sales of merchandise	1,606	1,596	Cost plus margin
Lending (weighted average balance outstanding during the period)	488	435	Interest rate with reference to the loan interest rate of local commercial bank.
Interest income	34	29	See "lending" above
Purchases of merchandise	5,415	5,319	Resale price reduced by a margin
Borrowings (weighted average balance outstanding during the period)	45	83	Interest rate with reference to the saving rates of local commercial bank
Interest expenses	1	1	See "borrowings" above
<b>Transactions with related companies</b>			
Sales of merchandise	8	-	Cost plus margin
Purchases of merchandise	164	96	Resale price reduced by a margin
Borrowings (weighted average balance outstanding during the period)	10	23	Interest rate with reference to the saving rates of local commercial bank.
Interest expenses	-	1	See "borrowings" above

The outstanding balances as at 31 December 2002 and 2001 of the above transactions are shown separately in the balance summarized as follows :-

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
<i>Trade accounts and notes receivable - related parties :</i>				
<i>Subsidiaries</i>				
Union Footwear Plc.	-	-	104,394,713	200,929,531
Union Shoes Co., Ltd.	-	-	72,872,835	39,584,081
Saha-Union International (GA) Inc.	-	-	24,440,762	60,733,199
Union Pioneer Plc.	-	-	10,121,103	6,249,059
Saha-Union International Ltd. (Hong Kong)	-	-	13,053,039	12,806,765
Union Zojirushi Co., Ltd.	-	-	14,648,666	9,903,712
Others	-	-	4,428,022	3,681,681
	-	-	243,959,140	333,888,028



(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
<b>Associated companies</b>				
Union Textile Industries Plc.	323,674,382	278,181,283	317,164,026	275,761,286
Union Thread Industries Co., Ltd.	82,812,654	95,150,892	80,026,207	92,569,977
Union Spinning Mills Co., Ltd.	64,868,049	69,649,334	63,423,878	68,991,961
Venus Thread Co., Ltd.	15,732,555	14,234,643	15,555,323	14,112,145
Saha-Union International (USA) Inc.	9,879,783	10,692,117	9,879,783	10,692,116
Others	17,043,307	17,878,863	3,128,273	1,475,035
	<u>514,010,730</u>	<u>485,787,132</u>	<u>489,177,490</u>	<u>463,602,520</u>
<b>Related companies</b>	<u>755,491</u>	<u>210,236</u>	<u>61,046</u>	<u>40,744</u>
<b>Total</b>	<b><u>514,766,221</u></b>	<b><u>485,997,368</u></b>	<b><u>733,197,676</u></b>	<b><u>797,531,292</u></b>
<b>Trade accounts and notes payable - related parties</b>				
<b>Subsidiaries</b>				
Union Footwear Plc.	-	-	171,342,528	204,545,728
Union Technology Co., Ltd.	-	-	114,715,950	84,606,770
Union Shoes Co., Ltd.	-	-	131,820,078	97,673,481
Union Pioneer Plc.	-	-	98,970,994	83,082,763
Union Garment Co., Ltd.	-	-	66,305,033	59,846,572
Union Zojirushi Co., Ltd.	-	-	59,672,585	65,227,308
Union Stainless Steel Products Co., Ltd.	-	-	6,260,121	7,248,643
Others	-	-	5,569,351	2,790,000
	<u>-</u>	<u>-</u>	<u>654,656,640</u>	<u>605,021,265</u>
<b>Associated companies</b>				
Union Textile Industries Plc.	319,415,670	269,575,241	296,114,925	247,177,330
Union Thread Industries Co., Ltd.	203,579,887	232,925,657	203,579,887	232,925,657
Union Industries Corp., Ltd.	94,590,865	79,966,182	94,590,865	79,966,182
Union Spinning Mills Co., Ltd.	93,098,056	114,146,141	93,098,056	114,146,141
Union Plastic Plc.	115,236,342	59,774,057	109,206,357	59,687,922
Union Thai-Nichiban Co., Ltd.	98,730,418	82,967,488	98,688,559	82,895,969
Venus Thread Co., Ltd.	19,698,179	41,107,196	19,698,178	41,107,196
Uni-Fibre Co., Ltd.	4,803,080	6,572,179	-	-
Saha-Union International (Taipei) Ltd.	7,497,562	5,277,285	-	-
Others	6,017,507	7,127,453	859,345	4,423,233
	<u>962,667,566</u>	<u>899,438,879</u>	<u>915,836,172</u>	<u>862,329,630</u>
<b>Related companies</b>				
Union Button Co., Ltd. (related by common shareholders)	30,948,572	29,052,172	30,948,572	29,052,172
Others	3,464,375	96,561	3,463,440	95,814
	<u>34,412,947</u>	<u>29,148,733</u>	<u>34,412,012</u>	<u>29,147,986</u>
<b>Total</b>	<b><u>997,080,513</u></b>	<b><u>928,587,612</u></b>	<b><u>1,604,904,824</u></b>	<b><u>1,496,498,881</u></b>
<b>Other accounts payable - related parties :</b>				
<b>Subsidiaries</b>				
Saha-Union International Ltd. (Hong Kong)	-	-	124,459,135	109,937,934
Union Energy (Hong Kong) Co., Ltd.	-	-	1,169,376,294	1,062,117,379
<b>Total</b>	<u>-</u>	<u>-</u>	<b><u>1,293,835,429</u></b>	<b><u>1,172,055,313</u></b>

## 6. SHORT-TERM LOANS TO RELATED COMPANIES

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
<b>Subsidiaries :</b>				
Computer Union Co., Ltd.	-	-	30,000,000	131,611,900
Union Construction Corp., Ltd.	-	-	3,500,000	3,500,000
Union Rubber Products Corp., Ltd.	-	-	4,000,000	4,000,000
Saha-Union Holding Co., Ltd.	-	-	74,282,250	83,472,250
Venus Shoes Co., Ltd.	-	-	33,300,000	45,850,000
Union Energy Co., Ltd.	-	-	-	653,662,710
Union Footwear Plc.	-	-	-	15,644,000
Union Shoes Co., Ltd.	-	-	-	11,946,000
	-	-	145,082,250	949,686,860
<b>Associated companies :</b>				
Union Capital Co., Ltd.	47,300,000	67,300,000	47,300,000	67,300,000
Union Business Management Co., Ltd.	151,410,000	172,840,000	151,410,000	172,840,000
Union Industries Corp. Ltd.	37,000,000	92,000,000	37,000,000	92,000,000
Thai Rubber Enterprise Corp. Ltd.	1,100,000	-	1,100,000	-
Union Thread Industries Co., Ltd.	75,000,000	245,000,000	75,000,000	245,000,000
Union Textile Industries Plc.	-	140,000,000	-	140,000,000
	311,810,000	717,140,000	311,810,000	717,140,000
<b>Related companies :</b>				
Union Power Development Co., Ltd. (related by common shareholders)	235,889,563	186,710,306	-	-
Bayview Beach Resort Co., Ltd. (related by common shareholders)	8,265,000	8,265,000	-	-
Others	1,521,864	1,562,314	-	-
	245,676,427	196,537,620	-	-
<b>Total loan to related companies</b>	<b>557,486,427</b>	<b>913,677,620</b>	<b>456,892,250</b>	<b>1,666,826,860</b>

These loans bear interest rates with reference to the loan rates of a local commercial bank.

## 7. INVENTORIES

Inventories as at 31 December 2002 and 2001 consist of :-

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
Raw materials	357,190,148	318,326,310	381,198	313,823
Work in process	153,028,682	196,216,267	-	-
Finished goods	672,074,241	696,513,340	267,367,261	268,477,168
Packing materials	22,366,612	19,983,633	-	-
Spare parts and supplies	35,755,029	47,500,433	36,148	10,480,934
Goods in transit	2,087,278	36,857,495	618,889	36,857,494
Total	1,242,501,990	1,315,397,478	268,403,496	316,129,419
Less : Provision for stock obsolescence	(80,315,851)	(79,352,408)	(28,244,360)	(23,322,549)
Inventories-net	1,162,186,139	1,236,045,070	240,159,136	292,806,870

## 8. INVESTMENTS IN SUBSIDIARIES/PROVISION FOR LOSSES OF SUBSIDIARIES

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Saha-Union International Ltd. (Hong Kong)	Import and distribution	99.98	99.98	255	255	1,244,449	1,244,449	1,466,486	1,293,239	-	-
				(Million HKD)							
Saha-Union International (GA) Inc.	Import and distribution	100.00	100.00	7	7	178,852	178,852	299,368	278,385	-	-
				(Million USD)							
Saha-Union Investment (China) Co., Ltd.	Investment holding	100.00	100.00	10	10	249,038	249,038	333,230	304,931	-	-
				(Million USD)							
Saha-Union Holding Co., Ltd.	Investment holding	99.67	99.67	1,000	1,000	995,399	995,399	168,271	123,682	-	-
Union Garment Co., Ltd.	Manufacture of garments	99.98	99.98	50	50	70,336	70,336	134,587	148,580	24,994	9,998
Fashion Apparel Co., Ltd.	Manufacture of garments	99.97	99.97	2.5	2.5	750	750	1,757	1,939	150	150
Union Pioneer Public Co., Ltd.	Manufacture of rubber thread, elastic braids & webbing	52.67	52.67	75	75	53,084	53,084	170,450	156,253	14,687	14,687
Union Zojirushi Co., Ltd.	Manufacture of vacuum bottles	51.00	51.00	140	140	72,057	72,057	213,798	211,194	46,409	49,980
Union Stainless Steel Products Co., Ltd.	Manufacture of pipes	98.00	98.00	40	40	52,411	52,411	64,282	74,864	11,760	-
Union Rubber Products Corp. Ltd.	Manufacture of rubber product	99.99	99.99	20	20	16,111	16,111	14,760	12,350	-	-
Union Footwear Public Co., Ltd.	Manufacture of sports shoes	51.23	51.23	200	200	131,379	131,379	196,678	190,280	13,613	9,075
Union Shoes Co., Ltd.	Manufacture of sports shoes	97.85	97.85	100	100	68,898	68,898	165,357	176,334	9,255	9,255
Union Metal Work Corp., Ltd.	Dormant	72.72	72.72	23.1	23.1	11,800	11,800	(8,722)	8,687	-	-
Venus Shoes Co., Ltd.	Dormitory rental and services	96.86	96.86	100	100	61,120	61,120	40,272	35,075	-	-
Uni-Sole Co., Ltd.	Machine and warehouse rental	70.69	70.69	100	100	18,800	18,800	51,398	48,335	-	-
Union Yejier Industrial Co., Ltd.	Dormant	99.97	99.97	50	50	30,561	30,561	4,809	4,766	-	-
Union Printing Co., Ltd.	Printing services	94.57	94.57	30	30	29,416	29,416	23,385	22,323	-	-
Computer Union Co., Ltd.	Computer dealer	88.56	88.16	60	60	54,890	54,650	86,314	75,827	-	11,635
Uni-Media Co., Ltd.	Investment holding	78.00	78.00	166.5	166.5	96,703	96,703	74	90	-	-
Union Itoh Molds Co., Ltd.	Dormant	61.02	57.43	26.3	105.20	41,183	41,183	(4,582)	(15,529)	-	-
Union Equity Co., Ltd.	Investment holding	99.43	99.43	230	230	228,698	228,698	323,495	306,836	-	-
Union Asset Development Co., Ltd.	Investment holding	98.69	98.69	35	35	119	119	(6,069)	(6,249)	-	-
Union Construction Co., Ltd.	Architectural, construction and interior design services	98.90	98.90	200	200	4,431	4,431	(72,925)	(72,116)	-	-
Union Energy Co., Ltd.	Investment in electric power & energy business	99.41	98.52	1,250	500	1,240,000	490,000	1,057,553	350,692	-	-
Union Energy (China) Co., Ltd.	Investment holding	99.99	99.99	3,950	4,300	3,950,000	4,300,000	2,829,031	2,939,922	-	-

Company name	Type of business	Percentage owned by				Investment				Dividend	
		the Company		Paid-in capital		Cost method		Equity method		2002	2001
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Textport International Co., Ltd.	Investment holding	85.18	85.18	50	50	44,294	44,294	34,524	32,185	-	-
Union Overseas Holding Co., Ltd.	Investment holding	58.98	58.98	25	25	6,250	6,250	8,142	8,034	-	-
Computer Union System co., Ltd. (99.99 percent owned by Computer Union Co., Ltd.)	Computer dealer	88.56	88.16	5.03	5.03	-	-	4,824	2,409	-	-
Union Technology Co., Ltd.	Manufacture of electronic components	99.99	99.99	100	100	100,000	100,000	228,333	338,404	220,000	-
Jakkarat Union Footwear Co., Ltd. (99.99 percent owned by Union Footwear Public Co., Ltd.)	Manufacture of shoe uppers	51.23	51.23	20	5	-	-	735	5,456	-	-
Burirum Union Shoes Co., Ltd. (99.99 percent owned by Union Shoes Co., Ltd.)	Manufacture of shoe uppers	97.85	97.85	5	5	-	-	11,062	12,620	-	-
Phon Union Footwear Co., Ltd. (50.00 percent owned by Union Footwear Plc. and 49.99 percent by Union Shoes Co., Ltd.)	Manufacture of sole	53.53	-	30	-	-	-	(2,225)	-	-	-
Union Energy (Hong Kong) Co., Ltd. (100 percent owned by Saha-Union International Ltd. (Hong Kong))	Investment holding	99.98	99.98	223.2	223.2	-	-	9,999	220,158	-	-
Jiashan-Union Cogeneration Co., Ltd. (66.57 percent owned by Union Energy (China) Co., Ltd. and 7.40 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	73.97	73.97	7.1	7.1	-	-	161,937	158,871	-	-
Danyang-Union Cogeneration Co., Ltd. (49.5 percent owned by Union Energy (China) Co., Ltd. and 5.5 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	55.00	55.00	180	180	-	-	217,915	172,057	-	13,764
Danhuang-Union Cogeneration Co., Ltd. (90.00 percent owned by Union Energy (China) Co., Ltd. and 9.9 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	99.99	94.00	6.7	7.2	-	-	108,810	104,809	-	-
Shenzhou-Union Cogeneration Co., Ltd. (74.97 percent owned by Union Energy (China) Co., Ltd. and 8.33 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	83.30	83.30	5.2	5.2	-	-	193,200	176,709	-	-
<b>Total</b>						9,051,029	8,650,789	8,530,313	7,885,028	340,868	118,544
<b>Provision for losses of subsidiaries</b>						-	-	94,523	102,580		
						<b>9,051,029</b>	<b>8,650,789</b>	<b>8,624,836</b>	<b>7,987,608</b>		
<b>Less: Fair value of Company's shares held by subsidiaries</b>						-	-	(159,082)	(120,713)		
<b>Investments in subsidiaries</b>						<b>9,051,029</b>	<b>8,650,789</b>	<b>8,465,754</b>	<b>7,866,895</b>		

During the year, the Company increased its investment in Union Energy Co., Ltd. by Baht 750 million, and Union Footwear Public Co., Ltd. and Union Shoes Co., Ltd. jointly invested a total of Baht 30 million in Phon Union Footwear Co., Ltd.

Union Itoh Molds Co., Ltd., Union Energy (China) Co., Ltd., and Danhuang-Union Cogeneration Co., Ltd., reduced their share capital, by amounts of Baht 78.9 million, Baht 350 million, and USD 0.5 million respectively.

Share of losses from the investments in Danhuang-Union Cogeneration Co., Ltd., and Shenzhou-Union Cogeneration Co., Ltd., as included in the 2002 earnings statement, were calculated from financial statements prepared by the management of these companies, which their auditors were still in the process of auditing.

The 2001 financial statements included share of loss from investment in Danhuang-Union Cogeneration Co., Ltd. which was calculated from the financial statements prepared by that company's management. However, during 2002, the Company was furnished the audited financial statements of that company, and such statements showed a difference in net loss of Baht 2 million from the unaudited ones. This difference has been adjusted against the prior year's financial statements and presented as adjusting transaction in the statement of changes in shareholder's equity.

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

### Consolidated

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Saha-Union International (UK) Ltd.	Dormant	32.56	32.56	0.1	0.1	461	461	884	778	-	-
				(Million GBP)							
Saha-Union International (Taipei) Ltd.	Supplies raw materials to group companies	32.50	32.50	5	5	386	386	5,210	5,973	-	-
				(Million TWD)							
Saha-Union International (USA) Inc.	Import and Distribution	42.60	42.60	0.3	0.3	550	550	(1,275)	2,906	-	-
				(Million USD)							
Union Capital Co., Ltd.	Investment holding	49.00	49.00	250	250	72,500	72,500	112,532	62,354	-	-
Uni-Agro Co., Ltd.	Investment and agriculture	45.02	45.02	65	65	20,465	20,465	13,475	14,407	-	-
Union Textile Industries Plc.	Spinning and Weaving	37.79	37.39	600	600	180,892	180,892	396,596	397,229	8,906	24,937
Uni-Fibre Co., Ltd.	Distribution of textiles	51.71	51.63	120	120	30,800	30,800	67,074	37,037	-	-
Union Thread Industries Co., Ltd.	Manufacture of thread	36.23	36.23	200	200	52,216	52,216	684,734	597,368	9,024	9,024
Union Industries Corp, Ltd.	Manufacture of zippers	29.60	29.60	150	150	43,502	43,502	273,394	235,598	6,750	6,750
Venus Button Co., Ltd.	Manufacture of buttons	30.00	30.00	40	40	10,000	10,000	13,166	14,584	1,000	1,000
Union Business Management Co., Ltd.	Investment holding	55.24	55.16	500	500	146,712	146,712	93,720	38,166	-	-
Union Thai-Nichiban Co., Ltd.	Manufacture of tape	40.27	40.27	15	15	19,266	19,266	159,629	143,828	18,123	9,062
Union Plastic Plc.	Manufacture of plastic products, molds	49.68	49.68	250	250	236,217	236,217	242,573	232,962	3,101	-
Union Nifco Co., Ltd.	Manufacture of plastic products	39.90	39.90	40	40	13,552	13,552	56,895	40,165	-	-
Oriental Footwear Co., Ltd.	Dormant	49.99	49.99	207.7	207.7	100,350	100,350	(3,410)	(3,406)	-	-
Union Universe Co., Ltd.	Distributor of Grand Slam shirts	49.86	49.86	7.5	7.5	3,748	3,748	47,959	39,842	2,244	1,496
Sports Ace Co., Ltd.	Distributor of footwear and sportswear	50.00	50.00	40	40	22,412	22,412	73,641	76,660	-	-
Union Micronclean Co., Ltd.	Manufacture of clothes for cleaningroom	41.85	41.85	5	5	1,900	1,900	9,384	6,316	1,900	313

Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency )				(Restated)			
Union Rubber Plus Co., Ltd.	Investment holding	45.68	45.68	30	30	14,700	16,089	20,429	19,998	-	-
Union Spinning Mills Co., Ltd.	Manufacture of thread	52.16	52.16	200	200	46,563	46,563	95,313	84,106	-	-
Thai Rubber Enterprise Corp. Ltd.	Rubber estates	50.69	49.99	30.5	30	16,261	15,954	17,407	16,379	-	-
UAM Engineering Co., Ltd. (51.00 percent owned by Union Energy Co., Ltd.)	Dormant	-	49.98	2	2	-	1,020	-	1,020	-	-
Ban Pai Union Garment Co., Ltd. (50.00 percent owned by Union Garment Co., Ltd.)	Manufacture of ready to wear clothes	49.99	49.99	2	2	1,000	1,000	1,069	1,049	37	75
Ban Pai Union Footwear Co., Ltd. (49.99 percent owned by Union Footwear Public Co., Ltd.)	Manufacture of Shoe upper	22.69	22.69	5	5	2,500	2,500	5,265	3,712	-	-
Hangzhou-Union Cogeneration Co., Ltd. (45.00 percent owned by Union Energy (China) Co., Ltd. and 5.00 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	260	260	535,757	535,757	819,602	685,453	82,184	83,023
Jiyang-Union Cogeneration Co., Ltd. (45.00 percent owned by Union Energy (China) Co., Ltd. and 5.00 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	17	17	222,641	222,641	408,401	365,168	24,119	24,890
Yunnan Luliang-Union Cogeneration Co., Ltd. (50.00 percent owned by Union Energy (China) Co., Ltd.)	Power generation	50.00	50.00	24.7	24.7	453,156	453,156	492,994	393,630	-	-
Yunnan Qujing-Union Power Co., Ltd. (45.19 percent owned by Union Energy (China) Co., Ltd.) and 4.81 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	28.1	28.1	509,690	509,690	619,484	545,819	35,421	31,973
Wuxi-Union Cogeneration Co., Ltd. (40.50 percent owned by Union Energy (China) Co., Ltd. and 4.50 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	45.00	45.00	23	23	361,157	361,157	512,378	465,492	50,316	36,838
Yixing-Union Cogeneration Co., Ltd. (42.81 percent owned by Union Energy (China) Co., Ltd. and 5.20 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	48.01	48.01	57.7	57.7	1,016,667	1,016,667	1,313,840	1,086,973	81,834	109,435
Yixing Union Biochemical Co., Ltd (50.00 percent owned by Yixing Union Cogeneration Co., Ltd and 25.00 percent by Union Energy (China) Co., Ltd.)	Manufacture of citric acid	49.00	48.97	5	5	55,473	55,473	64,837	55,248	-	-
Venus Product Co., Ltd. (99.86 percent owned by Union Industries Corp, Ltd.)	Manufacture of venus thread	24.97	24.97	2	2	-	-	(154)	(167)	-	-

Company name	Type of business	Percentage owned by				Investment				Dividend	
		the Company		Paid-in capital		Cost method		Equity method		2002	2001
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)					(Restated)		
Union Distributor Co., Ltd. (99.30 percent owned by Union Industries Corp., Ltd.)	Dormant	24.83	24.83	1	1	-	-	692	637	-	-
Union Limousine Co., Ltd. (99.83 percent owned by Union Industries Corp., Ltd.)	Fuel retailer	24.96	24.96	4	4	-	-	66	31	-	-
Union Zip Co., Ltd. (94.75 percent owned by Union Industries Corp., Ltd.)	Dormant	23.69	23.69	3	3	-	-	411	395	-	-
Union Knitting Yarn Co., Ltd. (99.96 percent owned by Union Industries Corp., Ltd.)	Dormant	24.99	24.99	5	5	-	-	764	(321)	-	-
Venus Thread Co., Ltd. (97.92 percent owned by Union Thread Industries Co., Ltd. and 2.08 owned by Union Spinning Mills Co., Ltd.)	Dormant	25.07	25.07	150	150	-	-	4,600	2,712	-	-
Venus Corp. Ltd. (99.93 percent owned by Union Business Management Co., Ltd.)	Dormant	29.38	29.38	30	30	-	-	14,325	14,323	-	-
Total						4,191,494	4,193,596	6,637,904	5,684,424	324,959	338,816
Provision for losses of associated companies								-	4,839	3,894	
Investments in associated companies						4,191,494	4,193,596	6,642,743	5,688,318		

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Company name	Type of business	Percentage owned by				Investment				Dividend	
		the Company		Paid-in capital		Cost method		Equity method		2002	2001
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)					(Restated)		
Saha-Union International (UK) Ltd.	Dormant	32.56	32.56	0.1	0.1	461	461	884	778	-	-
				(Million GBP)							
Saha-Union International (Taipei) Ltd.	Supplies raw materials to group companies	32.50	32.50	5	5	386	386	5,210	5,973	-	-
				(Million USD)							
Saha-Union International (Taipei) Ltd.	Supplies raw materials to group companies	42.60	42.60	0.3	0.3	550	550	(1,275)	2,906	-	-
				(Million USD)							
Union Capital Co., Ltd.	Investment holding	49.00	49.00	250	250	72,500	72,500	112,532	62,354	-	-
Uni-Agro Co., Ltd.	Investment and agriculture	45.02	45.02	65	65	20,465	20,465	13,475	14,407	-	-
Union Textile Industries Plc.	Spinning and weaving	37.79	37.39	600	600	180,892	180,892	396,596	397,229	8,906	24,937
Uni-Fibre Co., Ltd.	Distribution of textiles	51.71	51.63	120	120	30,800	30,800	67,074	37,037	-	-
Union Thread Industries Co., Ltd.	Manufacture of thread	36.23	36.23	200	200	52,216	52,216	684,734	597,368	9,024	9,024



Company name	Type of business	Percentage owned by				Investment					
		the Company		Paid-in capital		Cost method		Equity method		Dividend	
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
				(Except for other specified currency)				(Restated)			
Union Industries Corp., Ltd.	Manufacture of zippers	29.60	29.60	150	150	43,502	43,502	273,394	235,598	6,750	6,750
Venus Button Co., Ltd.	Manufacture of buttons	30.00	30.00	40	40	10,000	10,000	13,166	14,584	1,000	1,000
Union Business Management Co., Ltd.	Investment holding	55.24	55.16	500	500	146,712	146,712	93,720	38,166	-	-
Union Thai-Nichiban Co., Ltd.	Manufacture of tape	40.27	40.27	15	15	19,266	19,266	159,629	143,828	18,123	9,062
Union Plastic Plc.	Manufacture of plastic products, molds	49.68	49.68	250	250	235,433	235,433	241,788	232,177	3,095	-
Union Nifco Co., Ltd.	Manufacture of plastic products	39.90	39.90	40	40	13,552	13,552	56,895	40,165	-	-
Oriental Footwear Co., Ltd.	Dormant	49.99	49.99	207.7	207.7	98,658	98,658	(5,103)	(5,099)	-	-
Union Universe Co., Ltd.	Distributor of Grand Slam shirts	49.86	49.86	7.5	7.5	3,748	3,748	47,959	39,842	2,244	1,496
Sports Ace Co., Ltd.	Distributor of footwear and sportswear	50.00	50.00	40	40	22,412	22,412	73,641	76,660	-	-
Union Micronclean Co., Ltd.	Manufacture of clothes for cleaning room	41.85	41.85	5	5	1,250	1,250	8,734	5,666	1,250	313
Union Rubber Plus Co., Ltd.	Investment holding	45.68	45.68	30	30	7,500	7,500	13,229	11,409	-	-
Union Spinning Mills Co., Ltd.	Manufacture of thread	52.16	52.16	200	200	46,563	46,563	95,313	84,106	-	-
Thai Rubber Enterprise Corp., Ltd.	Rubber estates	50.69	49.99	30.5	30	16,261	15,954	17,407	16,379	-	-
UAM Engineering Co., Ltd. (51.00 percent owned by Union Energy Co., Ltd.)	Dormant	-	49.98	2	2	-	-	-	-	-	-
Ban Pai Union Garment Co., Ltd. (50.00 percent owned by Union Garment)	Manufacture of ready to wear clothes	49.99	49.99	2	2	-	-	69	49	-	-
Hangzhou-Union Cogeneration Co., Ltd. (45.00 percent owned by Union Energy (China) Co., Ltd. and 5.00 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	260	260	-	-	437,435	303,285	-	-
Jiyang-Union Cogeneration Co., Ltd. (45.00 percent owned by Union Energy (China) Co., Ltd. and 5.00 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	17	17	-	-	195,183	151,950	-	-
Yunnan Luliang-Union Cogeneration Co., Ltd. (50.00 percent owned by Union Energy (China) Co., Ltd.)	Power generation	50.00	50.00	24.7	24.7	-	-	182,242	82,878	-	-
Yunnan Qujing-Union Power Co., Ltd. (45.19 percent owned by Union Energy (China) Co., Ltd. and 4.81 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	50.00	50.00	28.1	28.1	-	-	258,894	185,229	-	-

Company name	Type of business	Percentage owned by				Investment				Dividend	
		the Company		Paid-in capital		Cost method		Equity method		2002	2001
		2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
		%	%	Million Baht	Million Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
						(Except for other specified currency)		(Restated)			
Wuxi-Union Cogeneration Co., Ltd. (40.50 percent owned by Union Energy (China) Co., Ltd. and 4.50 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	45.00	45.00	23	23	-	-	252,306	205,420	-	-
Yixing-Union Cogeneration Co., Ltd. (42.81 percent owned by Union Energy (China) Co., Ltd. and 5.20 percent by Saha-Union Investment (China) Co., Ltd.)	Power generation	48.01	48.01	57.7	57.7	-	-	614,445	387,578	-	-
Yixing Union Biochemical Co., Ltd. (50.00 percent owned by Yixing Union Citric Acid Cogeneration Co., Ltd. and 25 percent by Union Energy (China) Co., Ltd.)	Manufacture of citric acid	49.00	48.97	5	5	-	-	9,365	(224)	-	-
Venus Product Co., Ltd. (99.86 percent owned by Union Industries Corp., Ltd.)	Manufacture of venus thread	24.97	24.97	2	2	-	-	(154)	(166)	-	-
Union Distributor Co., Ltd. (99.30 percent owned by Union Industries Corp., Ltd.)	Dormant	24.83	24.83	1	1	-	-	692	637	-	-
Union Limousine Co., Ltd. (99.83 percent owned by Union Industries Corp., Ltd.)	Fuel retailer	24.96	24.96	4	4	-	-	66	31	-	-
Union Zip Co., Ltd. (94.75 percent owned by Union Industries Corp., Ltd.)	Dormant	23.69	23.69	3	3	-	-	411	395	-	-
Union Knitting Yarn Co., Ltd. (99.96 percent owned by Union Industries Corp., Ltd.)	Dormant	24.99	24.99	5	5	-	-	764	(321)	-	-
Venus Thread Co., Ltd. (97.92 percent owned by Union Thread Industries Co., Ltd. and 2.08 percent owned by Union Spinning Mills Co., Ltd.)	Dormant	25.07	25.07	150	150	-	-	4,600	2,712	-	-
Venus Corp., Ltd. (99.93 percent owned by Union Business Management Co., Ltd.)	Dormant	29.38	29.38	30	30	-	-	14,325	14,323	-	-
Total						1,023,127	1,022,820	4,339,645	3,385,309	50,392	52,582
Provision for losses of associated companies						-	-	6,532	5,810		
Investments in associated companies						1,023,127	1,022,820	4,346,177	3,391,119		

The share of profits (losses) from investments in associated companies accounted for under the equity method as included in the 2002 and 2001 earning statements, have generally been calculated from the financial statements prepared by the management of these companies, and not audited by their auditors.

However, during 2002, the Company was furnished with the audited financial statements of three overseas associated companies, and such statements revealed differences in net profit totalling Baht 40 million from the unaudited ones. Such difference has been adjusted against the prior year's financial statements and presented as an adjusting transaction in statements of changes in shareholders' equity.

The investments in Uni-fibre Co., Ltd., Union Business Management Co., Ltd., Union Spinning Mills Co., Ltd. and Thai Rubber Enterprise Corp., Ltd. are classified as investments in associated companies since the Company does not have control over the business of such companies.

## 10. INVESTMENTS IN OTHER COMPANIES

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

Consolidated <i>Investments in ordinary shares :</i>	Percentage owned by			
	the Company		Cost method	
	2002	2001	2002	2001
Company name	%	%	Thousand Baht	Thousand Baht
Union Button Co., Ltd.	10.71	10.71	11,500	11,500
Imperial Technology Management Plc.	1.27	1.27	10,000	10,000
Union Power Development Co., Ltd.	42.90	42.60	720,000	720,000
Wuxi Nan Yang Colour Printing & Packing Co., Ltd.	11.76	11.76	23,002	23,002
Zhuo Zhou Resources Link Co., Ltd.	36.86	36.86	32,687	32,687
Less : Provision for devalue of investments			(32,687)	(32,687)
			-	-
Zhuo Zhou-Union Textile Machinery Part Co., Ltd.	-	51.00	-	11,238
Beijing Saha-Union Architectural				
Decoration Products Co., Ltd.	-	50.00	-	8,818
Others			12,795	12,853
			777,297	797,411

### *Investment in available-for-sale securities :*

Company name	Unrealized gains (losses) on					
	Cost method		change in value of investment		Fair value	
	2002	2001	2002	2001	2002	2001
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Saha Pathana Inter-Holding Plc.	27,508	27,508	45,745	32,792	73,253	60,300
Bangkok Bank Plc.	4,390	4,390	2,739	831	7,129	5,221
New Plus Knitting Plc.	2,010	2,010	(1,631)	(1,426)	379	584
Electricity Generating Plc.	2,324	2,324	172	38	2,496	2,362
	36,232	36,232	47,025	32,235	83,257	68,467
<b>Total investments in other companies</b>					<b>860,554</b>	<b>865,878</b>

## The Company Only

### Investments in ordinary shares :

Company name	Percentage owned by the Company		Cost method	
	2002	2001	2002	2001
	%	%	Thousand Baht	Thousand Baht
Union Button Co., Ltd.	10.71	10.71	11,500	11,500
Imperial Technology Management Plc.	1.27	1.27	10,000	10,000
Others			2,694	2,694
			<u>24,194</u>	<u>24,194</u>

### Investment in available-for-sale securities :

Company name	Cost method		Unrealized gains (losses) on change in value of investment		Fair value	
	2002	2001	2002	2001	2002	2001
	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Saha Pathana Inter-Holding Plc.	27,508	27,508	45,745	32,792	73,253	60,300
Bangkok Bank Plc.	4,390	4,390	2,739	831	7,129	5,221
New Plus Knitting Plc.	2,010	2,010	(1,631)	(1,426)	379	584
	<u>33,908</u>	<u>33,908</u>	<u>46,853</u>	<u>32,197</u>	<u>80,761</u>	<u>66,105</u>
<b>Total investments in other companies</b>					<b>104,955</b>	<b>90,299</b>

In 1998, Union Energy Co., Ltd., a subsidiary, agreed to sell a part of its investment in Union Power Development Co., Ltd. (UPDC) to two foreign companies. During the year 2001, the agreement was terminated and a new agreement was made with another foreign company. The agreement stipulates that the sales transaction and payment there under is to be completed only upon the occurrence of certain events specified in the agreement. However, in view of the fact that the operation of the power generation project has been delayed since 1995, and there is no definite timeframe as to the commencement of the operation, Union Energy Co., Ltd. has classified this investment as a general investment. The investment has been accounted for under the cost method rather than the equity method since Union Energy Co., Ltd. does not have significant influence over UPDC.

The investments in Zhuo Zhou-Union Textile Machinery Part Co., Ltd., Zhuo Zhou Resources Link Co., Ltd. and Beijing Saha-Union Architectural Decoration Products Co., Ltd. held by Union Energy (China) Co., Ltd., a subsidiary, are classified as general investments since Union Energy (China) Co., Ltd. does not have any significant control and influence over those investee companies. The investments are accounted for under the cost method, and not adjusted to reflect proportionate interest in their operating results. However, during the year 2002, the investments in Zhuo Zhou-Union Textile Machinery Part Co., Ltd. and Beijing Saha-Union Architectural Decoration Products Co., Ltd. were written off as the possibility of return being earned on these investments was low.



(Unit : Thousand Baht)

	The Company Only				
	Land	Land and leasehold improvement	Buildings and facilities	Others	Total
<b>Cost</b>					
31 December 2001	58,955	92,740	1,809,476	705,317	2,666,488
Additions	-	1,466	2,234	82,988	86,688
Disposal / written off	-	-	-	(68,695)	(68,695)
Transfer in / (out)	-	188	12,399	(12,587)	-
31 December 2002	58,955	94,394	1,824,109	707,023	2,684,481
<b>Accumulated depreciation</b>					
31 December 2001	-	70,437	1,210,338	526,603	1,807,378
Depreciation for the year	-	8,983	90,100	70,018	169,101
Disposal / written off	-	-	-	(23,532)	(23,532)
31 December 2002	-	79,420	1,300,438	573,089	1,952,947
<b>Net book value</b>					
31 December 2002	58,955	14,974	523,671	133,934	731,534
31 December 2001	58,955	22,303	599,138	178,714	859,110
<b>Depreciation charges (included in earnings statements)</b>					
2002					169,101
2001					199,590

#### 14. DEPOSITS FROM RELATED PARTIES

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
<b>Subsidiaries :</b>				
Union Pioneer Plc.	-	-	35,326,249	55,325,076
Union Energy Co., Ltd.	-	-	2,350,000	-
Union Shoes Co., Ltd.	-	-	-	19,500,000
Union Yeijer Industrial Co., Ltd.	-	-	6,420,000	6,200,000
Uni-Media Co., Ltd.	-	-	94,799	114,799
Union Equity Co., Ltd.	-	-	54,392,945	40,549,937
Textport International Co., Ltd.	-	-	22,050,000	22,268,877
Union Overseas Holding Co., Ltd.	-	-	28,233,106	28,034,115
Union Technology Co., Ltd.	-	-	200,000,000	150,000,000
Union Energy (China) Co., Ltd.	-	-	4,434,894	173,780,246
	-	-	353,301,993	495,773,050
<b>Associated companies :</b>				
Uni-Fibre Co., Ltd.	40,388,912	11,160,000	40,388,912	11,160,000
Union thai-Nichiban Co., Ltd.	10,000,000	-	10,000,000	-
Venus Corp., Ltd.	2,732,720	2,705,467	2,732,720	2,705,467
Uni-Agro Co., Ltd.	-	1,650,000	-	1,650,000
Union Limousine Co., Ltd.	3,000,000	3,000,000	3,000,000	3,000,000
Union Zip Co., Ltd.	2,500,000	-	2,500,000	-
Others	1,887,000	1,607,000	1,887,000	1,607,000
	60,508,632	20,122,467	60,508,632	20,122,467

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
<b>Related companies :</b>				
Thai Charoen Textile Trading Co., Ltd. (related by common directors)	600,000	600,000	600,000	600,000
Damrongrak Co., Ltd. (related by common directors)	3,000,000	4,000,000	3,000,000	4,000,000
Union Sewing Thread Co., Ltd. (related by common directors)	4,268,000	3,748,000	4,268,000	3,748,000
Peacewell Co., Ltd. (related by common directors)	3,000,000	-	3,000,000	-
	10,868,000	8,348,000	10,868,000	8,348,000
<b>Total deposits from related parties</b>	<b>71,376,632</b>	<b>28,470,467</b>	<b>424,678,625</b>	<b>524,243,517</b>

Deposits from related parties bear interest rates with reference to the saving rates of a local commercial bank.

### 15. LONG-TERM LOANS

The outstanding balances as of 31 December 2002 and 2001 consisted of :-

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
a) Loans from local banks carrying interest at rates based on the Minimum Loan Rate, and repayable during 2001 to 2004.	500,000,000	1,610,000,000	500,000,000	1,610,000,000
b) Loan from overseas bank carrying interest at rate of 0.48675% per month, and repayable at call	82,693,413	-	-	-
Total	582,693,413	1,610,000,000	500,000,000	1,610,000,000
Less : current portion of long-term loans				
Long-term loans-net of current portion	-	(610,000,000)	-	(610,000,000)
	582,693,413	1,000,000,000	500,000,000	1,000,000,000

The relevant subsidiary company expects there will be no call for repayment of loan b) within 2003, and has therefore classified this loan as a long-term loan in the balance sheet.

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

### 16. FINANCIAL LEASE

This represents the obligations payable under the 36 months financial lease agreements. The assets acquired by a subsidiary under these agreements were recorded at fair value at inception of the agreements, and as at 31 December 2002 carried a net book value of Baht 107 million (2001 : Baht 90 million).

### 17. COMPANY'S SHARES HELD BY THE SUBSIDIARIES

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

During the year 2001, one of the subsidiaries sold a part of the treasury shares totaling 44.9 million shares through the Stock Exchange of Thailand for approximately Baht 530 million. The difference between the acquisition costs of these treasury shares and the sale proceeds amounting to Baht 715 million was dealt with through the statements of changes in shareholders' equity.



## 18. STATUTORY RESERVE

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

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

## 19. SHARE OF PROFITS FROM INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

Share of profits from investments accounted for under equity method for 2001 include the Company's share of losses from sales of certain available-for-sale securities made by its two associated companies during the year amounting to Baht 227 million. The Company had previously recorded a share of unrealized losses on the change in value of these securities in its shareholders' equity in the balance sheet.

## 20. DIRECTORS' REMUNERATION

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

## 21. CORPORATE INCOME TAX

The Company's corporate income tax for the year 2002 was calculated on its earnings that are attributable to the non-BOI promoted activities, after adding back certain non-tax deductible expenses and after deducting non-taxable income in accordance with the Revenue Code.

## 22. DIVIDEND

At the Annual General Meeting of the shareholders held on 23 April 2002 the meeting resolved that the Company pay a dividend of Baht 1.25 per share, totalling Baht 375 million, to its shareholders in respect of the 2001 earnings (2001 : Baht 1.25 per share, totalling Baht 375 million).

## 23. STATEMENTS OF CASH FLOWS

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

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

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
Cash on hand and at banks	892,410,596	702,225,831	307,996,262	78,228,898
Current investment	242,674,969	200,270,150	108,002	106,940
Cash and cash equivalents	1,135,085,565	902,495,981	308,104,264	78,335,838

## 24. EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2002	2001	2002	2001
Number of employees at end of year (persons)	15,196	15,632	538	457
Employee costs for the year (Thousand Baht)	1,860,099	1,786,951	129,580	110,993

## 25. PROMOTIONAL PRIVILEGES

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

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

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

(Unit :Thousand Baht)

Consolidated

	2002			2001		
	Promoted	Non-promoted	Total	Promoted	Non-promoted	Total
<b>REVENUES</b>						
Sales - Local	81,127	11,120,833	11,201,960	34,119	11,692,793	11,726,912
- Export	-	13,143,571	13,143,571	-	14,091,831	14,091,831
Services income	2,899	-	2,899	-	-	-
Total	84,026	24,264,404	24,348,430	34,119	25,784,624	25,818,743
Interest income	-	118,526	118,526	-	164,827	164,827
Gains on exchange	-	-	-	-	126,925	126,925
Other income	92	1,593,674	1,593,766	27	875,836	875,863
TOTAL REVENUES	84,118	25,976,604	26,060,722	34,146	26,952,212	26,986,358
Less : Eliminated transactions			(8,165,349)			(8,587,408)
			17,895,373			18,398,950

The Company Only

	2002			2001		
	Promoted	Non-promoted	Total	Promoted	Non-promoted	Total
<b>REVENUES</b>						
Sales - Local	-	7,110,152	7,110,152	-	7,105,114	7,105,114
- Export	-	7,181,445	7,181,445	-	7,755,906	7,755,906
Total	-	14,291,597	14,291,597	-	14,861,020	14,861,020
Interest income	-	89,294	89,294	-	130,215	130,215
Gains on exchange	-	-	-	-	129,005	129,005
Other income	-	1,113,308	1,113,308	-	979,093	979,093
TOTAL REVENUES	-	15,494,199	15,494,199	-	16,099,333	16,099,333

## 26. SEGMENT INFORMATION

The Company and its subsidiaries' business operations involve five principal segments : (1) textile and footwear (2) computer and electronics components (3) plastic, rubber and metal (4) power generation and (5) investment and others. The business operations are carried on both in Thailand and overseas. Below is the consolidated financial information for the years ended 31 December 2002 and 2001 of the Company and its subsidiaries.

	(Unit : Million Baht)					
	Export sales		Local sales		Total	
	2002	2001	2002	2001	2002	2001
Textile and Footwear	9,129	10,120	5,179	5,250	14,308	15,370
Computer and electronics components	-	-	4,327	4,994	4,327	4,994
Plastic, rubber and metal	2,868	2,903	1,608	1,391	4,476	4,294
Power Generation	1,008	866	-	-	1,008	866
Investment and others	139	203	91	92	230	295
Total	13,144	14,092	11,205	11,727	24,349	25,819
Less : Eliminated transactions	(126)	(125)	(7,104)	(7,959)	(7,230)	(8,084)
Net sales	13,018	13,967	4,101	3,768	17,119	17,735

The Company and its subsidiaries did not disclose the financial information by business segment other than the above sales information because such information is of vital importance to the Company and subsidiaries' business interests.

## 27. PROVIDENT FUND

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

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2002, the Company and its subsidiaries had commitments and contingent liabilities as follows :-

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

Payable	(Unit : Million Baht)	
	Consolidated	The Company Only
Within one year	31.1	14.4
Between 2 and 5 years	81.2	57.6
6 years and above	108.4	85.2
	<u>220.7</u>	<u>157.2</u>

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

28.2 Outstanding bank guarantees of Baht 205.7 million issued by the banks on behalf of the Company and its subsidiaries (the Company only : Baht 40.1 million) in respect of certain performance bonds as required in the ordinary course of business of the Company and its subsidiaries.

## 29. RELATED PARTY GUARANTEES

29.1 The Company has provided guarantees to financial institutions against certain obligations of its subsidiary, associated and related companies, charging such companies 1% of the guarantee amount as a fee. The outstanding guarantees as at 31 December 2002 and 2001 are summarized below :-

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
<b>Guarantees for subsidiaries</b>				
Million Baht	123.5	178.5	123.5	178.5
Million USD	5.0	5.0	5.0	5.0
Million HKD	6.8	6.8	6.8	6.8
<b>Guarantees for associated companies</b>				
Million Baht	-	181.0	-	181.0
Million USD	-	0.3	-	0.3

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

## 30. FINANCIAL INSTRUMENTS

### Financial risk management and policies

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

#### Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of operations of the Company and its subsidiaries and their cash flows. The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their deposits at banks, short-term investments, loans to related companies, bank overdrafts and loans from financial institutions, trust receipts, deposits from related companies, finance lease payable and long-term loans. The majority of these financial assets and liabilities carry interest rates which vary in line with market rates. (The details of long-term loans are set out in Note 15)

#### Foreign currency risk

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

However, the Company and its subsidiaries are exposed to foreign exchange risk on their investment in foreign subsidiary, associated and other companies. These investments are currently not hedged by derivative financial instruments since the Company and its subsidiaries believe that the likelihood of material losses arising from foreign exchange fluctuations is low.

#### Credit risk

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

#### Fair value

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

## 31. PRESENTATION

The presentation of these financial statements has been made in compliance with the Notification of the Commercial Registration Department dated 14 September 2002, issued under the Accounting Act B.E. 2543.

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# GENERAL INFORMATION

SAHA-UNION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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Phrakanong, Bangkok 10260  
Tel. (66-2) 311-5111-9, 332-5600  
Fax. (66-2) 332-5616  
www.sahaunion.co.th

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

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

## Juristic Persons of which the company's shareholding Exceed 10%

### MANUFACTURING

#### TEXTILES

##### **Union Textile Industries Public Co., Ltd.**

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

##### **Union Garment Co., Ltd.**

1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260  
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##### **Union Thread Industries Co., Ltd.**

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

##### **Union Spinning Mills Co., Ltd.**

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

##### **Union Industries Co., Ltd.**

142 Soi Lathphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310  
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##### **Union Button Corporation Limited**

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Tel. (66-2) 530-3003-7 Fax. (66-2) 538-1132

##### **Venus Button Co., Ltd.**

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

##### **Union Micron Clean Co., Ltd.**

1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260  
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### FOOTWEAR

##### **Union Footwear Public Co., Ltd.**

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

##### **Union Shoes Co., Ltd.**

Head Office: 1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260  
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##### **Uni-Soles Co., Ltd.**

Head Office: 142 Soi Lathphrao 80 (Chantima), Khwang Wangthonglang, Khet Wangthonglang, Bangkok 10310  
Branch: 99 Moo 5 Bangna-Trad Road, (K.M. 38) Bangpakong, Chachoengsao 24180  
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### PLASTICS, RUBBER AND METAL

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

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

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**OTHER REFERENCES**

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

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

**Union Zojirushi Co., Ltd.**

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**Union Rubber Products Corporation Limited**

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

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**Union Nifco Co., Ltd.**

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**Union Technology Co., Ltd.**

Head office 1828 Sukhumvit Road, Bangchak, Phrakanong, Bangkok 10260  
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Factory 336 Moo 10, Sukhumvit Road, Bangpra, Sriracha, Chonburi 20210  
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**ENERGY****Union Energy Co., Ltd.**

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**COMMERCIAL, INVESTMENT AND SERVICES****COMMERCIAL****Sports Ace Co., Ltd.**

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## Non-Operating Companies

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