

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2002 AND 2001

Report of Independent Auditor

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

I have audited the accompanying consolidated balance sheets of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 31 December 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 Delta Electronics (Thailand) 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 completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2002 and 2001, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok : 17 January 2003

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2002 AND 2001

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2002	2001	2002	2001
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	4	7,857,503,429	11,076,093,164	6,044,425,240	9,824,338,652
Current investments	5				
Investments in available-for-sale securities		102,348,278	65,232,699	-	-
Investments in bank deposit		-	221,348,500	-	-
Accounts receivable - trade					
Related parties	25	664,925,263	528,002,707	5,685,177,678	4,409,512,272
Unrelated parties		7,700,365,625	5,438,824,501	5,516,131,378	3,780,602,474
Less : Allowance for doubtful accounts		(341,544,541)	(59,325,169)	(341,544,541)	(59,325,169)
Accounts receivable - trade, net	6	8,023,746,347	5,907,502,039	10,859,764,515	8,130,789,577
Inventories - net	7	3,785,186,877	2,652,878,948	1,296,274,970	905,054,624
Other current assets					
Input tax refundable		61,746,639	81,375,148	53,044,022	42,590,114
Advance payments		26,785,287	54,235,432	6,557,630	15,387,504
Others		61,670,324	38,143,287	19,965,630	24,002,829
TOTAL CURRENT ASSETS		19,918,987,181	20,096,809,217	18,280,032,007	18,942,163,300
NON - CURRENT ASSETS					
Investments accounted for under equity method	8	623,575,311	621,935,811	2,371,818,383	2,185,343,873
Other long-term investments					
Investments in other related parties	9	361,542,654	299,823,578	-	-
Investments in unit trusts	10	120,000,000	120,000,000	120,000,000	120,000,000
Long-term loan to related party	11, 25	65,662,936	67,289,944	-	-
Property, plant and equipment - net	12	3,854,696,062	3,628,869,609	3,851,152,166	3,354,485,506
Consolidation goodwill		85,680,794	90,462,270	-	-
Other non-current assets		1,685,084	1,927,808	1,685,084	1,927,808
TOTAL NON-CURRENT ASSETS		5,112,842,841	4,830,309,020	6,344,655,633	5,661,757,187
TOTAL ASSETS		25,031,830,022	24,927,118,237	24,624,687,640	24,603,920,487

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2002 AND 2001

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2002	2001	2002	2001
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	13	869,107,356	1,160,000,000	869,040,000	1,160,000,000
Accounts payable - trade					
Related parties	25	155,570,753	50,726,899	142,057,538	85,718,723
Unrelated parties		6,639,696,279	5,941,531,657	6,633,130,603	5,933,785,307
Total accounts payable - trade		6,795,267,032	5,992,258,556	6,775,188,141	6,019,504,030
Amounts due to related parties	25	966,772,680	587,923,439	1,260,375,821	877,768,376
Other current liabilities					
Accrued expenses	14	487,692,684	949,379,316	481,666,554	938,752,439
Advance received		221,142,107	106,417,991	221,142,107	106,417,991
Forward contracts payable	15	23,532,520	9,007,245	-	1,528,000
Other accounts payable		221,438,442	120,333,766	221,438,442	120,333,766
Others		86,775,759	53,129,981	18,680,184	31,737,272
TOTAL CURRENT LIABILITIES		9,671,728,580	8,978,450,294	9,847,531,249	9,256,041,874
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
1,200 million ordinary shares of Baht 1 each		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Issued and fully paid					
1,188.10 million ordinary shares of Baht 1 each					
(2001 : 1,188.04 million ordinary shares of Baht 1 each)	16	1,188,102,115	1,188,042,920	1,188,102,115	1,188,042,920
Additional paid-in capital					
Premium on share capital		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Unrealised loss on investments in available-for-sale securities		(29,642,143)	(20,927,361)	(29,642,143)	(20,927,361)
Translation adjustments		116,025,994	139,859,753	116,025,994	139,859,753
Retained earnings					
Appropriated - Statutory reserve	18	120,000,000	120,000,000	120,000,000	120,000,000
Unappropriated		11,890,757,925	12,428,990,801	11,890,757,925	12,428,990,801
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		14,777,156,391	15,347,878,613	14,777,156,391	15,347,878,613
MINORITY INTEREST - equity attributable to minority shareholders of subsidiaries		582,945,051	600,789,330	-	-
TOTAL SHAREHOLDERS' EQUITY		15,360,101,442	15,948,667,943	14,777,156,391	15,347,878,613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		25,031,830,022	24,927,118,237	24,624,687,640	24,603,920,487
		0	0	0	0

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

DIRECTORS

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EARNINGS STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2002	2001	2002	2001
REVENUES					
Sales		40,542,180,003	30,556,670,863	41,272,114,902	30,305,129,706
Other income					
Interest income		175,055,111	337,033,828	128,117,076	294,117,012
Gain on exchange rate	20	-	289,810,076	-	308,233,536
Gain on sales of investments in available-for-sale securities		1,100,634	105,505,413	-	-
Others		84,462,475	61,968,096	31,873,169	26,157,006
Share of profit from investments accounted for under equity method		38,125,038	-	219,023,051	91,082,421
TOTAL REVENUES		40,840,923,261	31,350,988,276	41,651,128,198	31,024,719,681
EXPENSES					
Cost of sales		34,071,459,626	24,316,837,373	34,865,080,901	24,244,310,371
Selling and administrative expenses		3,015,245,521	3,004,096,218	2,960,584,325	2,879,315,838
Directors' remuneration	21	2,342,000	2,318,500	2,342,000	2,318,500
Loss on exchange rate	20	399,286,677	-	471,290,431	-
Share of loss from investments accounted for under equity method		-	14,591,821	-	-
TOTAL EXPENSES		37,488,333,824	27,337,843,912	38,299,297,657	27,125,944,709
EARNINGS BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX		3,352,589,437	4,013,144,364	3,351,830,541	3,898,774,972
INTEREST EXPENSES		(28,820,765)	(36,201,792)	(28,820,765)	(33,825,102)
CORPORATE INCOME TAX	22	(4,062,105)	(4,497,415)	-	-
EARNINGS AFTER CORPORATE INCOME TAX		3,319,706,567	3,972,445,157	3,323,009,776	3,864,949,870
MINORITY INTEREST IN NET LOSS (EARNINGS) OF SUBSIDIARIES		3,303,209	(107,495,287)	-	-
NET EARNINGS FOR THE YEAR		3,323,009,776	3,864,949,870	3,323,009,776	3,864,949,870
EARNINGS PER SHARE					
23					
Basic earnings per share					
Net earnings		2.80	3.28	2.80	3.28
Weighted average number of ordinary shares (shares)		1,188,090,160	1,179,822,037	1,188,090,160	1,179,822,037
Diluted earnings per share					
23					
Net earnings		2.80	3.28	2.80	3.28
Weighted average number of ordinary shares (shares)		1,188,107,422	1,179,891,723	1,188,107,422	1,179,891,723

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Unit : Baht)

CONSOLIDATED

	Issued and paid-up share capital	Premium on share capital	Unrealised gain (loss) on investments in available-for-sale securities	Translation adjustments	Retained earnings		Minority interest-equity attributable to minority shareholders of subsidiaries	Total
					Appropriated	Unappropriated		
Balance as at 31 December 2000	1,050,387,500	1,491,912,500	52,546,439	118,206,134	120,000,000	10,706,578,391	385,666,261	13,925,297,225
Unrealised loss on investments in available-for-sale securities	-	-	(73,473,800)	-	-	-	-	(73,473,800)
Translation adjustments	-	-	-	21,653,619	-	-	-	21,653,619
Unrealised items in earnings statement	-	-	(73,473,800)	21,653,619	-	-	-	(51,820,181)
Net earnings for the year	-	-	-	-	-	3,864,949,870	-	3,864,949,870
Dividend paid (Note 28)	-	-	-	-	-	(2,142,537,460)	-	(2,142,537,460)
Increased share capital	137,655,420	-	-	-	-	-	-	137,655,420
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	215,123,069	215,123,069
Balance as at 31 December 2001	1,188,042,920	1,491,912,500	(20,927,361)	139,859,753	120,000,000	12,428,990,801	600,789,330	15,948,667,943
Unrealised loss on investments in available-for-sale securities	-	-	(8,714,782)	-	-	-	-	(8,714,782)
Translation adjustments	-	-	-	(23,833,759)	-	-	-	(23,833,759)
Unrealised items in earnings statement	-	-	(8,714,782)	(23,833,759)	-	-	-	(32,548,541)
Net earnings for the year	-	-	-	-	-	3,323,009,776	-	3,323,009,776
Dividend paid (Note 28)	-	-	-	-	-	(3,861,242,652)	-	(3,861,242,652)
Increased share capital (Note 16)	59,195	-	-	-	-	-	-	59,195
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(17,844,279)	(17,844,279)
Balance as at 31 December 2002	1,188,102,115	1,491,912,500	(29,642,143)	116,025,994	120,000,000	11,890,757,925	582,945,051	15,360,101,442

0

The accompanying notes are an integral part of the financial statements

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Unit : Baht)

THE COMPANY ONLY

	Unrealised gain (loss)						Total
	Issued and paid-up share capital	Premium on share capital	on investments in		Retained earnings		
			available-for-sale securities	Translation adjustments	Appropriated	Unappropriated	
Balance as at 31 December 2000	1,050,387,500	1,491,912,500	52,546,439	118,206,134	120,000,000	10,706,578,391	13,539,630,964
Unrealised loss on investments in available-for-sale securities	-	-	(73,473,800)	-	-	-	(73,473,800)
Translation adjustments	-	-	-	21,653,619	-	-	21,653,619
Unrealised items in earnings statement	-	-	(73,473,800)	21,653,619	-	-	(51,820,181)
Net earnings for the year	-	-	-	-	-	3,864,949,870	3,864,949,870
Dividend paid (Note 28)	-	-	-	-	-	(2,142,537,460)	(2,142,537,460)
Increased share capital	137,655,420	-	-	-	-	-	137,655,420
Balance as at 31 December 2001	1,188,042,920	1,491,912,500	(20,927,361)	139,859,753	120,000,000	12,428,990,801	15,347,878,613
Unrealised loss on investments in available-for-sale securities	-	-	(8,714,782)	-	-	-	(8,714,782)
Translation adjustments	-	-	-	(23,833,759)	-	-	(23,833,759)
Unrealised items in earnings statement	-	-	(8,714,782)	(23,833,759)	-	-	(32,548,541)
Net earnings for the year	-	-	-	-	-	3,323,009,776	3,323,009,776
Dividend paid (Note 28)	-	-	-	-	-	(3,861,242,652)	(3,861,242,652)
Increased share capital (Note 16)	59,195	-	-	-	-	-	59,195
Balance as at 31 December 2002	1,188,102,115	1,491,912,500	(29,642,143)	116,025,994	120,000,000	11,890,757,925	14,777,156,391

0

The accompanying notes are an integral part of the financial statements

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
Cash flows from (used in) operating activities :-				
Net earnings	3,323,009,776	3,864,949,870	3,323,009,776	3,864,949,870
Adjustments to reconcile net earnings to net cash from (used in) operating activities :-				
Depreciation and amortisation	724,946,942	584,019,540	703,285,763	521,697,412
Amortisation in premium/discount of forward contracts	(7,993,856)	2,179,167	(216,382)	330,132
Amortisation of goodwill	4,710,026	4,081,550	-	-
Allowance for doubtful accounts (reversal)	282,219,372	(17,496,219)	282,219,372	(17,440,643)
Provision for obsolete inventories (reversal)	(13,680,501)	(9,100,000)	(13,680,501)	(9,100,000)
(Gain) loss from sale of fixed assets	(16,980,980)	36,179,214	(16,980,980)	35,883,125
Gain from sale of investments in available-for-sale securities	(1,100,634)	(105,505,413)	-	-
Loss from disposal of investments in other related parties	-	16,262,029	-	-
Share of (profit) loss from investments accounted for under equity method	(38,125,039)	14,591,821	(219,023,051)	(91,082,421)
Unrealised (gain) loss on exchange rate	347,944,883	(106,630,523)	312,085,357	(106,579,078)
Minority interest in net earnings (loss) of subsidiaries	(3,303,209)	107,495,287	-	-
Earnings from operating activities before changes in operating assets and liabilities	4,601,646,780	4,391,026,323	4,370,699,354	4,198,658,397
Decrease (increase) in operating assets :-				
Accounts receivable - trade	(2,401,203,018)	1,267,036,979	(3,013,933,648)	557,739,815
Amounts due from related parties	-	11,040,020	-	-
Inventories	(1,118,627,428)	1,667,604,966	(377,539,845)	1,829,587,336
Input tax refundable	19,628,509	7,693,064	(10,453,908)	10,707,920
Other current assets	202,568	17,494,908	12,055,128	58,288,804
Other non - current assets	242,724	448,210	242,724	448,210
Increase (decrease) in operating liabilities :-				
Accounts payable - trade	794,762,236	377,175,123	747,437,871	589,018,166
Amounts due to related parties	377,967,676	29,381,391	381,725,880	311,299,032
Accrued expenses	(448,902,931)	745,281,748	(444,302,184)	747,037,117
Advance receivable	115,623,884	(49,585,923)	115,623,884	(49,585,923)
Other accounts payable	101,104,676	(27,372,027)	101,104,676	(27,372,027)
Other current liabilities	24,665,181	21,552,384	(12,988,953)	23,901,107
Net cash from operating activities	2,067,110,857	8,458,777,166	1,869,670,979	8,249,727,954

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
Cash flows from (used in) investing activities :-				
Decrease (increase) in investments in bank deposit	221,348,500	(221,348,500)	-	-
Increase in investments in available-for-sale securities	(82,265,394)	(17,894,664)	-	-
Proceeds from disposal of investments in available-for-sale securities	37,220,200	420,225,795	-	-
Increase in investments in other related parties	(69,373,888)	(149,692,493)	-	(384,475,916)
Proceeds from disposal of investments in other related parties	-	17,927,722	-	-
Cash fund return from associated company's liquidation	19,987,769	-	-	-
Increase in long-term loan to related party	-	(67,289,944)	-	-
Acquisition of fixed assets	(1,266,535,953)	(1,297,923,758)	(1,243,501,645)	(1,190,841,316)
Proceeds from sales of fixed assets	332,411,066	319,965,157	60,530,202	21,184,787
Net cash used in investing activities	(807,207,700)	(996,030,685)	(1,182,971,443)	(1,554,132,445)
Cash flows from (used in) financing activities :-				
Increase (decrease) in short-term loans from financial institutions	(366,282,644)	475,000,000	(366,350,000)	699,000,000
Cash received from increased share capital	59,195	137,655,420	59,195	137,655,420
Dividend paid	(3,861,242,652)	(2,142,537,460)	(3,861,242,652)	(2,142,537,460)
Net cash used in financing activities	(4,227,466,101)	(1,529,882,040)	(4,227,533,457)	(1,305,882,040)
Increase (decrease) in translation adjustments	(11,947,300)	8,668,695	-	-
Net increase (decrease) in cash and cash equivalent	(2,979,510,244)	5,941,533,136	(3,540,833,921)	5,389,713,469
Cash and cash equivalents - beginning of year	11,076,093,164	5,007,433,235	9,824,338,652	4,307,498,390
Cash and cash equivalents - end of year (Note 27)	8,096,582,920	10,948,966,371	6,283,504,731	9,697,211,859
Supplemental cash flows information				
Cash paid during the year for :				
Interest	30,269,832	35,466,124	29,872,527	32,692,129
Income tax	1,076,622	2,916,865	338,713	178,055

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

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

1. GENERAL INFORMATION

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

2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements incorporate the financial statements for the years ended 31 December 2002 and 2001 of Delta Electronics (Thailand) Public Company Limited (hereinafter referred to as “the Company”) and its subsidiaries as follows :-

	Percentage directly and indirectly owned by the Company		Incorporated in	Nature of business	Percentage of total assets included in the consolidated total assets		Percentage of total revenues included in the consolidated total revenues	
	2002	2001			2002	2001	2002	2001
	DET International Holding Limited	100			100	Cayman Island	Holding business	10.36
Newton Power Limited (owned by DET Internatioal Holding Limited)	100	100	Hong Kong	Product and marketing, research and development for electronic components	0.22	0.29	0.01	-
Delcom Electronics Limited (owned by DET International Holding Limited) - Dissolution dated 21 November 2002	51	51	Thailand	Manufacturing and sales of electronic components	1.60	1.60	0.08	0.11
DET Logistic (USA) Corporation Limited (owned by DET International Holding Limited)	100	100	United states of America	Sales of electronic components	19.82	12.60	37.02	32.35
Delta Electronics Components (Thailand) Limited (owned by DET International Holding Limited)	10	10	Thailand	Manufacturing and sales of electronic components	0.22	0.27	-	1.39

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

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 of goods supplied after deducting discounts and allowances, and excluding value added tax.

3.2 Accounts receivable - trade and allowance for doubtful accounts

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

3.3 Inventories

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

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

3.4 Property, plant and equipment/depreciation

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

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

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

3.5 Investments

Short-term investments in marketable equity securities, which the Company intends to hold as investments available for sales are determined at fair value. Fair value is based on the latest bid price of the last working day quoted by the Stock Exchange. 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.

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

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

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

3.6 Foreign currencies

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

Exchange gains and losses are included in determining earnings.

3.7 Financial derivative instruments

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

3.8 Earnings per share

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

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

3.9 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles in certain circumstances requires management to make estimates and assumptions that affect amounts reported in the accompanying financial statements and notes thereto. Actual results could differ from these estimates.

4. CASH AND CASH EQUIVALENTS

The majority of “Cash and cash equivalents” of the Company and its subsidiaries consists of cash deposited with various overseas banks in USD accounts (most of the balance is in 5 banks). As at 31 December 2002, the Company and its subsidiaries had cash amounting to approximately USD 165 million (2001 : approximately USD 244 million), which bear interest at rates of between 0.2 to 1.8 percent per annum.

5. CURRENT INVESTMENTS

5.1 Investments in available-for-sale securities

	(Unit : Baht)			
	31 December 2002		31 December 2001	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<u>Available-for-sale securities</u>				
a) Cyntec	42,112,794	32,781,792	10,507,145	14,239,340
b) Loyalty Founder Enterprise	20,463,677	13,892,942	-	-
c) Others	70,770,050	57,029,644	75,930,301	51,270,745
T o t a l	<u>133,346,521</u>	<u>103,704,378</u>	<u>86,437,446</u>	<u>65,510,085</u>
Add : Unrealised loss on investments in available-for-sale securities	(29,642,143)		(20,927,361)	
Less : Translation adjustments	(1,356,100)		(277,386)	
Net marketable securities - equity	<u>102,348,278</u>		<u>65,232,699</u>	

5.2 Investments in bank deposit

The amount as at 31 December 2001 was the bond - linked structured deposit of a subsidiary with an overseas bank for which the convertible bond of an overseas related party had been placed as reference obligation, with the principal redemption conditions dependent on the performance of that overseas company. The deposit bore interest at a rate equal to LIBOR 6 months + 1% per year and matured during 2002.

6. ACCOUNTS RECEIVABLE - TRADE

The aging of outstanding balances as at 31 December 2002 and 2001 is as follows :-

	Consolidated		The Company Only	
	2002	2001	2002	2001
(Unit : Baht)				
<u>Accounts receivable - trade, related parties</u>				
Current	596,735,564	508,829,076	5,599,500,140	4,349,439,484
Past due 1 - 3 months	64,648,537	7,749,734	81,583,225	49,872,491
Past due 3 - 6 months	246,542	6,852,298	1,682,333	5,633,328
Past due 6 - 12 months	2,470,928	4,571,599	2,411,980	4,566,969
Past due over 12 months	823,692	-	-	-
Total	664,925,263	528,002,707	5,685,177,678	4,409,512,272
<u>Accounts receivable - trade, unrelated parties</u>				
Current	6,171,323,531	4,675,130,644	4,388,178,864	3,111,488,960
Past due 1 - 3 months	1,169,945,454	659,556,972	772,878,734	566,777,384
Past due 3 - 6 months	21,329,951	15,733,535	18,767,186	16,828,132
Past due 6 - 12 months	1,408,035	-	454,734	-
Past due over 12 months	336,358,654	88,403,350	335,851,860	85,507,998
Total	7,700,365,625	5,438,824,501	5,516,131,378	3,780,602,474
Total Accounts receivable - Trade	8,365,290,888	5,966,827,208	11,201,309,056	8,190,114,746
Less : Allowance for doubtful accounts	(341,544,541)	(59,325,169)	(341,544,541)	(59,325,169)
Accounts receivable - trade, net	8,023,746,347	5,907,502,039	10,859,764,515	8,130,789,577

As at 31 December 2002, a USD 5.3 million account receivable of a subsidiary of the Company has filed an application for reorganisation, and the Company does not expect to recover such debt. In addition, legal action is being pursued to enforce payment of a USD 2.2 million account receivable of the Company which is over 12 months past due. However, the Company's management believes that the allowance for doubtful accounts already set aside is adequate in the current circumstances.

7. INVENTORIES

(Unit : Baht)

	Consolidated		The Company Only	
	2002	2001	2002	2001
Finished goods	2,795,462,745	1,881,303,734	306,550,838	135,059,580
Work in process	283,265,046	150,790,151	283,265,046	150,790,151
Raw materials	725,928,761	600,746,121	725,928,761	599,165,951
Raw materials in transit	55,135,416	108,324,534	55,135,416	108,324,534
Total	3,859,791,968	2,741,164,540	1,370,880,061	993,340,216
Less : Allowance for obsolete inventories	(74,605,091)	(88,285,592)	(74,605,091)	(88,285,592)
Inventories - net	3,785,186,877	2,652,878,948	1,296,274,970	905,054,624

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

8. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

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

	Issued and		Percentage owned		Balances as at 31 December			
	paid up capital		by the Company		Consolidated		The Company Only	
	2002	2001	2002	2001	2002	2001	2002	2001
	USD	USD	%	%	Baht	Baht	Baht	Baht
<u>Subsidiary company</u>								
DET International Holding Company Limited								
- Cost	53,852,576	53,852,576	100	100	-	-	2,133,050,147	2,133,050,147
- Share of profit (loss) (accumulated to 31 December)							152,384,385	(66,638,666)
							2,285,434,532	2,066,411,481
Total investments in subsidiary company							2,285,434,532	2,066,411,481
<u>Associated companies</u>								
Huada Holding Company Limited								
- Cost	15,000,000	15,000,000	45	45	248,011,200	248,011,200	-	-
- Share of loss (accumulated to 31 December)					(87,654,124)	(85,919,424)		
					160,357,076	162,091,776		
Delta Green (Tianjin) Industries Company Limited								
- Cost	20,000,000	20,000,000	50	50	394,383,470	394,383,470	-	-
- Share of profit (loss) (accumulated to 31 December)					7,955,338	(22,386,106)		
					402,338,808	371,997,364		
Delta Components International Limited								
- Cost	1,000,000	1,000,000	50	50	18,836,400	18,836,400	-	-
- Share of profit (loss) (accumulated to 31 December)					1,151,369	(8,198,953)		
- Cash received from company's liquidation					(19,987,769)	-		
					-	10,637,447		

	Issued and		Percentage owned		Balances as at 31 December			
	paid up capital		by the Company		Consolidated		The Company Only	
	2002	2001	2002	2001	2002	2001	2002	2001
	USD	USD	%	%	Baht	Baht	Baht	Baht
Deltron Trading (Cambodia) Limited								
- Cost	8,000	8,000	47	47	168,523	168,523	-	-
- Share of loss (accumulated to 31 December)					(168,523)	(168,523)		
					-	-		
Unrealised loss on available-for-sale securities of a subsidiary					-	-	(29,642,143)	(20,927,361)
Translation adjustment					60,879,427	77,209,224	116,025,994	139,859,753
Total investments in associated companies					623,575,311	621,935,811		
Total investments accounted for under equity method					623,575,311	621,935,811	2,371,818,383	2,185,343,873

8.1 The subsidiaries held through DET International Holding Limited are Newton Power Limited, Delcom Electronics Limited, DET Logistic (USA) Corporation Limited and Delta Electronics Components (Thailand) Limited. All associated companies are also held through DET International Holding Limited.

8.2 During the current year, a former associated company, Delta Components International Limited was liquidated.

9. INVESTMENTS IN OTHER RELATED PARTIES

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

	The Company's interest		Balance as at 31 December			
	in equity capital		Consolidated		The Company Only	
	2002	2001	2002	2001	2002	2001
	%	%				
Cyntec Company Limited (owned by DET International Holding Limited)	0.66	0.83	30,403,614	26,215,676	-	-
IP Fund One, L.P.(owned by DET International Holding Limited)	3.80	3.80	267,438,850	202,252,900	-	-
Ezonics Corporation Company Limited (owned by DET International Holding Limited)	16.49	16.49	50,582,003	50,582,003	-	-
Translation adjustments			13,118,187	20,772,999	-	-
Total investments in other related parties			361,542,654	299,823,578	-	-

As at 31 December 2002, the fair value of marketable equity securities and the net book value of non-listed equity securities attributable to the holding of the Company in financial statements of the investees amounts to approximately Baht 125 million less than their recorded book value. However, the management of the Company believe that the decline in value is not of a permanent nature and that therefore no provision for impairment of the investments need be set aside.

10. I N V E S T M E N T S I N U N I T T R U S T S

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

11 . LONG-TERM LOAN TO RELATED PARTY

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

12. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	CONSOLIDATED							Total
	As at 31 December 2002							
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Others	
Cost :								
1 January 2002	312,646,818	798,147,031	2,296,614,810	626,163,084	487,441,799	385,209,089	403,537,550	5,309,760,181
Purchase/transfer in	-	514,780,429	719,732,090	95,320,288	283,865,302	33,593,336	135,343,971	1,782,635,416
Disposal/write-off/transfer out	-	(151,805,516)	(56,118,252)	(45,961,495)	(2,818,155)	(418,802,425)	(259,896,761)	(935,402,604)
31 December 2002	312,646,818	1,161,121,944	2,960,228,648	675,521,877	768,488,946	-	278,984,760	6,156,992,993
Accumulated depreciation :								
1 January 2002	-	107,906,626	939,079,909	326,499,375	150,438,243	-	156,966,419	1,680,890,572
Depreciation for the year	-	24,178,252	376,741,793	218,246,100	55,918,952	-	49,704,434	724,789,531
Depreciation - disposal/write-off	-	(8,728,909)	(40,004,617)	(19,340,649)	(2,062,896)	-	(33,578,573)	(103,715,644)
31 December 2002	-	123,355,969	1,275,817,085	525,404,826	204,294,299	-	173,092,280	2,301,964,459
Translation adjustments	-	-	(110,735)	-	-	-	(221,737)	(332,472)
Net book value :								
As at 31 December 2002	312,646,818	1,037,765,975	1,684,300,828	150,117,051	564,194,647	-	105,670,743	3,854,696,062
As at 31 December 2001	312,646,818	690,240,405	1,357,534,901	299,663,709	337,003,556	385,209,089	246,571,131	3,628,869,609
Depreciation charge (included in earnings statement) :								
Year 2002								724,789,531
Year 2001								584,019,540

Depreciation for the year amounting to Baht 654,538,801 (2001 : Baht 517,945,248) has been charged to cost of production and the remaining part of Baht 70,250,730 (2001 : Baht 66,074,292) has been charged to selling and administrative expenses.

(Unit : Baht)

THE COMPANY ONLY								
As at 31 December 2002								
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Others	Total
Cost :								
1 January 2002	312,646,818	667,288,695	2,251,045,457	626,163,084	487,441,799	385,209,089	218,992,284	4,948,787,226
Purchase/transfer in	-	494,485,749	718,347,810	95,320,288	283,865,302	33,593,336	133,988,623	1,759,601,108
Disposal/write-off/transfer out	-	(652,500)	(51,618,351)	(45,961,495)	(2,818,155)	(418,802,425)	(108,377,582)	(628,230,508)
31 December 2002	312,646,818	1,161,121,944	2,917,774,916	675,521,877	768,488,946	-	244,603,325	6,080,157,826
Accumulated depreciation :								
1 January 2002	-	102,672,292	901,101,750	326,499,375	150,438,243	-	113,590,060	1,594,301,720
Depreciation for the year	-	20,848,629	372,316,540	218,246,100	55,918,952	-	35,798,132	703,128,353
Depreciation - disposal/write-off	-	(164,952)	(38,978,385)	(19,340,649)	(2,062,896)	-	(7,877,531)	(68,424,413)
31 December 2002	-	123,355,969	1,234,439,905	525,404,826	204,294,299	-	141,510,661	2,229,005,660
Net book value :								
As at 31 December 2002	312,646,818	1,037,765,975	1,683,335,011	150,117,051	564,194,647	-	103,092,664	3,851,152,166
As at 31 December 2001	312,646,818	564,616,403	1,349,943,707	299,663,709	337,003,556	385,209,089	105,402,224	3,354,485,506
Depreciation charge (included in earnings statement) :								
Year 2002								703,128,353
Year 2001								521,697,412

Depreciation for the year amounting to Baht 654,538,801 (2001 : Baht 481,997,474) has been charged to cost of production and the remaining part of Baht 48,589,552 (2001 : Baht 39,699,938) has been charged to selling and administrative expenses.

13. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at 31 December 2002, the Company had loans from an overseas bank amounting to approximately JPY 2,400 million. The loans carry interest at a rate equal to LIBOR 3 months + 0.4% per annum and mature in April 2003.

14. ACCRUED EXPENSES

The balance mainly represented expenses and provisions related to product sales, amounting to approximately Baht 317 million (31 December 2001 : Baht 700 million). The management of the Company believes that actual expenditures will be close to the amount estimated and accrued in the Company's records.

15. RECEIVABLES/PAYABLE - FORWARD CONTRACTS

The Company and its subsidiary have entered into forward exchange contracts to sell USD 105 million (2001 : forward exchange contracts to purchase USD 14.5 million and forward exchange contracts to sell approximately USD 14.5 million) in order to reduce exchange rate risk. The Company and its subsidiary have recorded the foreign currency assets and liabilities arising from its entering into these contracts in the balance sheets, under the captions of “Receivables/Payable - forward contracts”.

16. SHARE CAPITAL

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

17. WARRANTS

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

The Annual General Meeting of shareholders held on 5 April 2001 approved resolutions to pay a dividend and to increase the Company’s issued share capital for allotment to current shareholders and an extraordinary general meeting of the Company’s shareholders held on 10 October 2001 approved the reduction of the par value of the Company’s ordinary shares from Baht 10 to Baht 1. As a result the Company has adjusted the exercise ratio and exercise price of the warrants such that 1 warrant can be exercised to purchase 11.4284 ordinary shares at a price of Baht 1 per share, effective from 1 November 2000 onwards.

During the year, 5,180 warrants have been exercised to purchase 59,195 new ordinary shares, leaving 1,188 warrants unexercised as at 31 December 2002.

18. STATUTORY RESERVE

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

19. EMPLOYEES AND RELATED COSTS

	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Number of employees at the end of year (persons)	15,374	11,480	15,304	11,404
Employee costs for the year (Million Baht)	1,927	1,465	1,808	1,312

20. GAIN (LOSS) ON EXCHANGE RATE

(Unit : Baht)

	For the year ended 31 December			
	<u>Consolidated</u>		<u>The Company Only</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Realised gain (loss) on exchange rate	(51,341,794)	183,179,553	(159,205,074)	201,654,458
Unrealised gain (loss) on exchange rate	(347,944,883)	106,630,523	(312,085,357)	106,579,078
Gain (loss) on exchange rate	<u>(399,286,677)</u>	<u>289,810,076</u>	<u>(471,290,431)</u>	<u>308,233,536</u>

21. DIRECTORS' REMUNERATION

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

22. CORPORATE INCOME TAX

Corporate income tax for the year was calculated at the rate of 30 percent of pre-tax earnings from the non-tax-exempted activities, after adding back expenses which are disallowable for tax computation purposes. No corporate income tax of the Company is payable for the current year since there is a tax loss for the non-tax-exempted activities.

23. RECONCILIATION OF DILUTED EARNINGS PER SHARE

(Unit : Baht)

	For the year ended 31 December					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Basic earnings per share						
Net earnings	3,323,009,776	3,864,949,870	1,188,090,160	1,179,822,037	2.80	3.28
Effect of dilutive potential						
Ordinary shares						
Warrants 1,188 units (2001 : 6,368 units)	-	-	17,262	69,686	-	-
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>3,323,009,776</u>	<u>3,864,949,870</u>	<u>1,188,107,422</u>	<u>1,179,891,723</u>	<u>2.80</u>	<u>3.28</u>

24. PROMOTIONAL PRIVILEGES

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

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

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

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

	(Unit : Baht)					
	Promoted		Non-promoted		Total	
	2002	2001	2002	2001	2002	2001
CONSOLIDATED						
Sales	24,201,762,313	19,948,701,434	16,511,440,484	10,843,246,755	40,713,202,797	30,791,948,189
THE COMPANY ONLY						
Sales	41,257,351,141	30,272,221,906	185,786,555	268,185,126	41,443,137,696	30,540,407,032

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

25. RELATED PARTY TRANSACTIONS

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

		(Unit : Baht)			
		Consolidated		The Company Only	
		2002	2001	2002	2001
	<u>Pricing policies</u>				
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Sales of goods	Cost plus certain margin	-	-	17,055,588,828	10,703,325,435
Purchase of raw materials	Cost plus certain margin	-	-	-	203,949,688
Purchase of fixed assets	Net book value	-	-	-	294,709,895
Commission paid	Contract prices	-	-	11,604,572	168,942,793
Inspection fee	Contract prices	-	-	142,248,161	-
Transactions with related parties					
Sales of goods	With reference to market prices	2,986,510,181	2,613,409,467	2,986,510,181	2,385,710,928
Sales of raw materials	With reference to market prices	55,123,252	77,544,856	55,123,252	74,029,604
Purchase of raw materials	Agreed upon basis	505,797,717	406,665,805	505,797,717	320,135,975
Purchase of fixed assets	Agreed upon basis	2,077,244	35,674,457	2,077,244	35,674,457
Commission paid	Contract prices	985,099,845	824,699,088	985,099,845	824,699,088
Technical fee	Contract prices	106,857,686	144,619,639	106,857,686	144,619,639
Management fee	Contract prices	60,379,215	58,834,952	60,379,215	58,834,952

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

		Consolidated		The Company Only	
Relationship		31 December 2002	31 December 2001	31 December 2002	31 December 2001
(Unit : Baht)					
<u>Accounts receivable - trade, related parties</u>					
<u>Subsidiary companies</u>					
DET Logistics (USA) Corporation Ltd.	Subsidiary Company	-	-	4,847,894,344	3,518,450,597
DET International Holding Ltd.	Subsidiary Company	-	-	174,082,673	374,281,025
Delta Electronics Components (Thailand) Ltd.	Subsidiary Company	-	-	-	696,237
		-	-	5,021,977,017	3,893,427,859
<u>Other related parties</u>					
Delta Electronics Inc.	Shareholder	387,423,119	278,886,086	387,423,722	278,882,542
Delta Electronics (Japan) Ltd.	Common shareholder	49,150,901	74,810,174	49,150,901	74,571,979
Delta Products Corporation Ltd.	Common shareholder	92,279,300	59,354,275	91,395,539	55,267,704
Delta Electronics International Ltd.	Common shareholder	123,966,698	23,896,488	123,124,736	23,797,215
Delta Video Technology Ltd.	Common shareholder	2,922	54,683,539	2,922	54,683,538
Delta Electronics (Scotland) Ltd.	Common shareholder	-	24,897,728	-	24,897,728
Others		12,102,323	11,474,417	12,102,841	3,983,707
		664,925,263	528,002,707	663,200,661	516,084,413
Total accounts receivable - trade, related parties		664,925,263	528,002,707	5,685,177,678	4,409,512,272
<u>Long - term loan to related party</u>					
Deltron Trading (Cambodia) Limited	Common shareholder	65,662,936	67,289,944	-	-
Total long-term loan to related party		65,662,936	67,289,944	-	-
<u>Accounts payable - trade, related parties</u>					
<u>Subsidiary company</u>					
Delta Electronics Components (Thailand) Ltd.	Subsidiary Company	-	-	45,158,002	44,664,665
		-	-	45,158,002	44,664,665
<u>Other related parties</u>					
Delta Electronics Inc.	Shareholder	79,316,126	16,364,471	79,237,717	16,364,471
Delta Electronics (Japan) Ltd.	Common shareholder	10,526,285	10,525,183	10,526,285	10,525,183
Delta Electronics International Ltd.	Common shareholder	466,397	14,164,404	226,823	14,164,404
DEI Logistics (USA) Corporation Ltd.	Common shareholder	58,353,234	-	-	-
Others		6,908,711	9,672,841	6,908,711	-
		155,570,753	50,726,899	96,899,536	41,054,058
Total accounts payable - trade, related parties		155,570,753	50,726,899	142,057,538	85,718,723
<u>Amounts due to related parties</u>					
<u>Subsidiary companies</u>					
Newton Power Limited	Subsidiary Company	-	-	12,966,487	-
DET Logistics (USA) Corporation Ltd.	Subsidiary Company	-	-	7,123,617	16,559,858
Delta Electronics Components (Thailand) Ltd.	Subsidiary Company	-	-	273,513,037	273,513,037
		-	-	293,603,141	290,072,895

(Unit : Baht)

	Relationship	Consolidated		The Company Only	
		31 December 2002	31 December 2001	31 December 2002	31 December 2001
		<u>Other related parties</u>			
Delta Electronics Inc.	Shareholder	715,925,155	557,532,944	715,925,155	557,532,944
Delta Products Corporation Ltd.	Common shareholder	217,675,567	24,686,385	217,675,567	24,686,385
Delta Electronics Europe Ltd.	Common shareholder	30,630,321	5,367,524	30,630,321	5,367,524
Others		2,541,637	336,586	2,541,637	108,628
		<u>966,772,680</u>	<u>587,923,439</u>	<u>966,772,680</u>	<u>587,695,481</u>
Total amounts due to related parties		<u>966,772,680</u>	<u>587,923,439</u>	<u>1,260,375,821</u>	<u>887,768,376</u>

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

26. COMMITMENT AND CONTINGENT LIABILITIES

26.1 Financial derivatives

1) Option agreements

A subsidiary of the Company has entered into various sell "call/put option" agreements with overseas financial institutions. The outstanding balances under the agreements as at 31 December 2002 and 2001 are as follows :-

	Amount		Contractual exchange rate	
	(Million USD)		(per 1 USD)	
	31 December 2002	31 December 2001	31 December 2002	31 December 2001
Sell "call option" agreements	214.05	158	41.83 - 44.45 Baht	45.00 - 48.50 Baht
Sell "put option" agreements	28.50	59	41.90 - 43.50 Baht	44.55 - 46.00 Baht

The subsidiary has also entered into various buy “put option” agreements”. As at 31 December 2002, the subsidiary had outstanding agreements to sell USD 88.5 million at a rate of Baht 41.83 to Baht 43.80 per 1 USD (31 December 2001 : USD 59 million at Baht 45.00 to Baht 47.45 per 1 USD).

As at 31 December 2002, the subsidiary have contingent losses amounting to approximately Baht 130.8 million under option agreements.

2) Sell “Special-condition option” agreements

A subsidiary of the Company has entered into various sell “call special-condition option” agreements approximately USD 5.4 million (31 December 2001 : USD 10 million) and entered into various sell “put special-condition option” agreements approximately USD 15 million (31 December 2001 : USD 5 million).

The subsidiary has also entered into various buy “call special-condition option” agreements approximately USD 10 million (31 December 2001 : Nil).

As at 31 December 2002, the subsidiary have recorded no contingent losses under “Special-condition option” agreements as they are unable to estimate the amount of such contingent losses for the current period.

As at 31 December 2002, the exchange rates for US Dollar announced by the BOT are Baht 43.0947 per 1 USD for the average buying rate and Baht 43.3039 per 1 USD for the average selling rate.

3) Interest Rate Swap Transaction agreements

A subsidiary of the Company has entered into USD 45 million Interest Rate Swap Transaction agreements with an overseas financial institution. The contract period is 5 years, maturing in August 2007. Every 6 months, the subsidiary is required to pay interest to that financial institution at the 6-month LIBOR and the financial institution is required to pay interest to the subsidiary at a fixed rate of 4.20 percent per annum, pro-rated for the number of days on which the daily interest rate lies within a range stipulated in the agreements. (31 December 2001 : USD 80 million, with every 6 months the subsidiary required to pay interest at the 6-month LIBOR and the banks required to pay interest at fixed rate of between 2.99 and 3.52 percent per annum).

26.2 C o m m i t m e n t s

As at 31 December 2002, the Company had capital commitments amounting to Baht 31 million for the purchase of machinery and equipments (31 December 2001 : Baht 55 million).

26.3 Bank guarantees

As at 31 December 2002, there were outstanding bank guarantees of approximately Baht 32 million and USD 20 million (31 December 2001 : Baht 35.0 million and USD 20.5 million) issued by the banks on behalf of the Company as required in the ordinary course of business of the Company.

27. CASH FLOWS STATEMENTS

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

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

	Consolidated		The Company Only	
	2002	2001	2002	2001
Cash and cash equivalents	7,857,503,429	11,076,093,164	6,044,425,240	9,824,338,652
Unrealised loss (gain) on exchange rate	239,079,491	(127,126,793)	239,079,491	(127,126,793)
Cash and cash equivalents in the statements of cash flows	<u>8,096,582,920</u>	<u>10,948,966,371</u>	<u>6,283,504,731</u>	<u>9,697,211,859</u>

28. DIVIDENDS

At the Annual General Meeting of shareholders held on 13 March 2002, it was resolved that the Company pays a dividend for the year 2001 of Baht 3.25 per share, a total of Baht 3,861 million. The dividends have been recorded in the first quarter of the current year (for the year 2001 : Baht 20 per share , a total of Baht 2 , 1 4 5 million) .

29. FINANCIAL INFORMATION BY SEGMENT

The businesses of the Company and its subsidiaries mainly involve the single industry segment of the manufacture and distribution of electronic components and are mainly carried on in Thailand and United states of America. Financial information of the Company and its subsidiaries by geographical segment, as of 31 December 2002 and 2001 and for the years then ended, is as follows :-

(Unit : Million Baht)

	Consolidated for the years ended 31 December							
	Domestic		Foreign		Eliminated		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
Sales - external	22,435	17,812	15,120	10,132	-	-	37,555	27,944
Sales - related parties	20,043	13,520	-	-	(17,056)	(10,907)	2,987	2,613
	<u>42,478</u>	<u>31,332</u>	<u>15,120</u>	<u>10,132</u>	<u>(17,056)</u>	<u>(10,907)</u>	<u>40,542</u>	<u>30,557</u>
Gross profit	6,422	6,188	49	55	-	-	6,471	6,240
Gain (loss) on exchange rate							(399)	290
Other income							260	504
Share of profit (loss) from investments accounted for under equity method							38	(15)
Selling and administrative expenses							(3,017)	(3,006)
Interest expenses							(29)	(36)
Corporate income tax							(4)	(4)
Minority interest							3	(108)
Net earnings for the year							<u>3,323</u>	<u>3,865</u>

(Unit : Million Baht)

	Consolidated for the years ended 31 December							
	Domestic		Foreign		Eliminated		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
Property, plant and equipment - net	3,855	3,617	-	12	-	-	3,855	3,629
Other assets	21,526	21,649	7,989	6,509	(8,338)	(6,860)	21,177	21,298
Total assets	<u>25,381</u>	<u>25,266</u>	<u>7,989</u>	<u>6,521</u>	<u>(8,338)</u>	<u>(6,860)</u>	<u>25,032</u>	<u>24,927</u>

30. FINANCIAL INSTRUMENTS

30.1 Financial risk management and policies

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

30.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of operations of the Company and its subsidiaries and their cash flows. The Company's and its subsidiaries' exposure to interest rate risk related primarily to their deposits at banks, short-term investments and short-term loans from financial institutions. The majority of these financial assets and liabilities carry interest rates which vary in line with market rates. However, one subsidiary of the Company has entered into interest rate swap agreements to hedge such interest rate risk, as discussed in note 26.1.

30.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risks relates primarily to its cash and cash equivalents, receivable, payable and short-term loans from financial institutions which are denominated in foreign currencies. The Company and the subsidiary primarily utilise forward exchange contracts and currency options with maturities of less than one year to hedge such financial assets and liabilities. In addition to those transactional exposures, the Company and the subsidiary are also exposed to the effect of foreign exchange movements on their investments in foreign subsidiary and associated companies, which currently are not hedged by any derivative financial instruments.

Forward exchange contracts which remained outstanding on 31 December 2002 are summarised below :-

Contract to sell foreign currencies :

Foreign currency	Amount	Exchange rates (Baht/USD)	Maturity
USD	105,000,000	42.064 - 43.390	6.1.2003 - 1.7.2003

In addition, the subsidiary has entered into various sell/buy “put/call option” agreements and has also entered into various sell “call / put special - condition option” agreements as presented in note 26.1 to the financial statements.

Below is a summary of the Company’s and its subsidiaries’ unhedged foreign currency denominated assets/liabilities as at 31 December 2002. The majority of these liabilities are repayable within one year.

Foreign currency	Assets	Liabilities
USD	193,002,522	126,216,605
JPY	563,607,383	465,319,255

30.4 Credit risk

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

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

30.5 Fair value

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

31. PRESENTATION

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Commercial Registration Department dated 14 September 2001 as empowered under the Accounting Act B.E. 2543.

Certain amounts in the financial statements for the year ended 31 December 2001 have been reclassified to conform to the current year's classifications, with no effect on previously reported net earnings or shareholders' equity.

32. APPROVAL OF FINANCIAL STATEMENTS

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