



We are committed to continuous innovation and product development  
We provide products and services that contribute to the welfare  
of mankind and environmental protection

## *Annual Report 2005*



DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED

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●  
**Quality**

Do the right things right the first time

●  
**Agility**

Sensitive to the rapidly changing environment Act quickly

●  
**Innovation**

Lead trends and develop competitive new products

●  
**Customer Satisfaction**

Fully understand and fulfil customer needs

●  
**Teamwork**

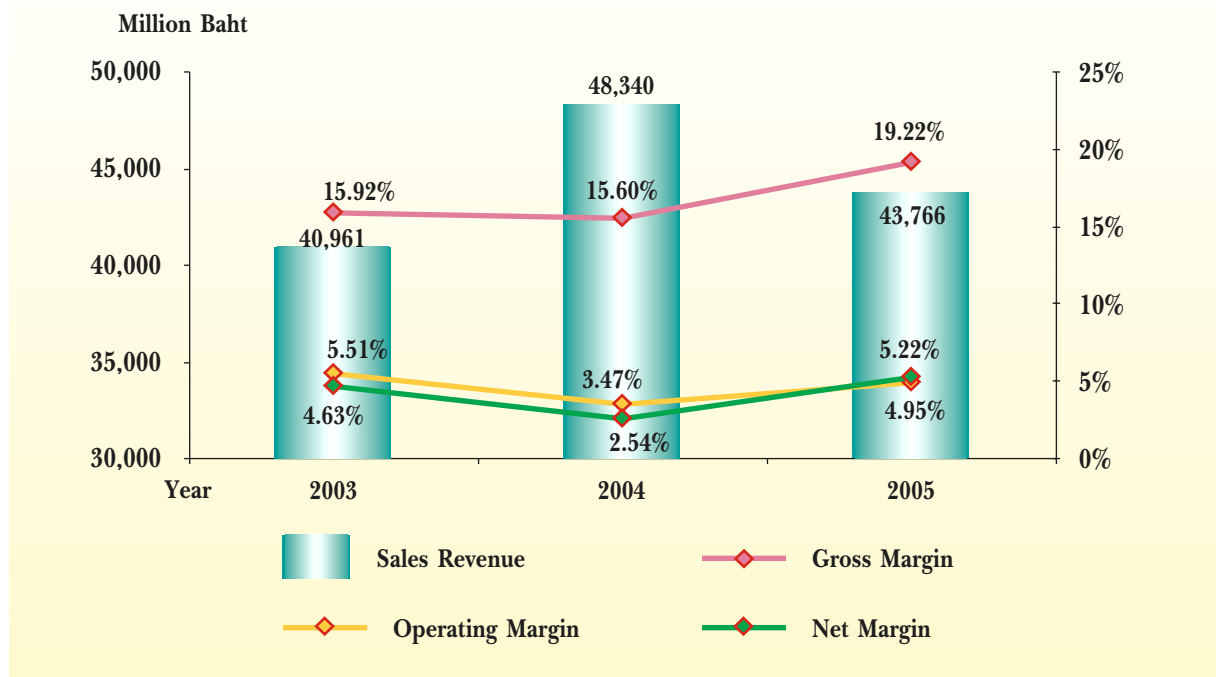
Effective communication and team collaboration

●

## Financial Highlights 2005

Unit: Million Baht	Consolidated			The Company Only		
	2005	2004	2003	2005	2004	2003
Total Assets	27,497	28,181	29,352	21,090	21,994	22,498
Total Liabilities	12,477	14,767	16,032	6,128	8,641	9,256
Total Shareholders' Equity	15,020	13,414	13,320	14,962	13,353	13,242
Sales Revenues	43,766	48,340	40,961	34,029	37,717	33,821
Total Revenues	44,558	48,819	41,907	34,796	37,800	34,001
Gross Profit	8,410	7,539	6,521	6,486	6,131	5,317
Net Profit	2,285	1,228	1,896	2,285	1,228	1,896
Paid-Up Capital	1,188	1,188	1,188	1,188	1,188	1,188
Unit: (%)						
Net Profit Per Revenues	5.13	2.52	4.53	6.57	3.25	5.58
Return on Equity	16.07	9.19	13.22	16.14	9.24	13.54
Return on Assets	8.21	4.27	6.97	10.61	5.52	8.05
Unit: Baht						
Net Profit Per Share	1.92	1.03	1.60	1.92	1.03	1.60
Dividend Per Share	1.20	0.80	0.80	1.20	0.80	0.80
Book Value Per Share	12.64	11.29	11.21	12.59	11.24	11.15

### Profitability Performance



## COMPANY GENERAL INFORMATION



Name	Delta Electronics (Thailand) Public Company Limited
Company Registration Number	0107537002559
Registered Address	714 Moo 4, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn Province 10280, Thailand Tel. : (662) 709-3200 Fax : (662) 324-0243
Contact Address	909 Soi 9, Moo 4, E.P.Z., Bangpoo Industrial Estate, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn Province 10280, Thailand Tel. : (662) 709-2800 Fax : (662) 709-3790
Type of Business	Manufacturing of electronic components
Home Page	<a href="http://www.deltathailand.com">www.deltathailand.com</a>
Registered Share Capital	1,259,000,000 ordinary shares at par value of Baht 1
Paid up Capital	1,238,585,440 ordinary shares at par value of Baht 1 (As of 9 February 2006)
References	<ol style="list-style-type: none"><li>Auditor Ernst &amp; Young Office Limited 33<sup>rd</sup> Floor, Lake Rajada Building, 193/136-137, New Rajadapisek Road, Bangkok 10110, Thailand Tel. : (662) 264-0777, (662) 661-9190 Fax : (662) 264-0789, (662) 661-9192</li><li>Share Registrar Thailand Securities Depository Co., Ltd. 62 Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel. : (662) 229-2800 Fax . : (662) 359-1259</li><li>Legal Advisor Allen &amp; Overy (Thailand) Co., Ltd. 22<sup>nd</sup> Floor Sindhorn Tower III, 130-132 Wireless Road, Phatumwan, Bangkok 10330, Thailand Tel. : (662) 263-7600 Fax : (662) 263-7699</li></ol>



## MESSAGE FROM THE PRESIDENT 2005



First of all, I would like to express my most sincere gratitude to all our friends in business for their support to our company in the past 15 years since our inauguration in 1990. Because of your patronage, our business has been growing constantly and firmly, from less than USD 300 million in sales during the first few years to over USD 1 billion in sales in this year. Being in Southeast Asia outside of the main Electronics Supply Chain, we serve our customers with flexibility, competitive costs, and improving quality and design. Most of all, our niche position has always been the second source outside of the main supply chain to mitigate one country risk for both our clients and Delta group. Supporting by our invaluable management and staffs, new products and designs have been developed continuously making Delta Thailand well recognized by many world renowned companies in Personal Computing, Networking, Telecommunication, and Consumer Electronics.

Since the acquisition of Delta Energy System in June 2003, Delta Thailand has marked another milestone being in an advanced level of higher technology with extended applications of power supplies products into many diversified industries other than computing. However, the cost to this does not come cheap. Not only the price of acquisition, the expenses associated with the relocation of DES production facilities to Thailand, and other low costs area such as Slovakia, also came in big number including double production costs during relocation process as well as many restructuring expense items. Being the first cross border acquisition done by Asian company and being the first acquisition ever made by the company, there were some delays and over-runs but tremendous hard work put in by all our employees in every location made this acquisition well worthwhile.

In 2005, the turn around process has come to an end. DES consolidated business in Thailand and Europe has been dramatically improved with gross margin grown from 15% before acquisition to the low of 12% during the relocation and now stabilizing at around 20% to sales revenue. Though profitable, but, DES still could not generate profits back to Delta Thailand consolidated net profits in 2005 because the management had decided to invest more in research and development of power supplies products using technology of DES. Comparing DES sales of USD 240 million in 2003 to USD 350 million in 2005, DES sales growth is expected



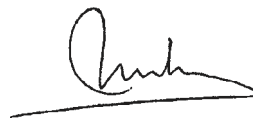
to be around 15% in the next few years for this reason amid vulnerable telecommunication industry outlook and , hopefully, DES will be able to generate profits to the Delta Thailand consolidated financial statement also in next year 2006.

On the other hand, PC or computing power supplies in Delta Thailand is still struggling. Most PC related products are commoditizing with much of demand is still from China whereas more production are also consolidated into that country as well. In order to keep standard computing power supplies business, we concentrate in costs reduction, improving product design and quality, as well as careful selection for products, or orders, with advantage of being in Thailand.

In 2006, Video Display business has come to final for many products including CRT (Cathode Ray Tube) and LCD (Liquid Crystal Display) monitors as well as PDP (Plasma) TV leaving only LCD TV intact. Therefore, many extra expenses incurred in 2005 to accommodate such strategy. This is not the sign of diminishing business outlook for display business. On the contrary, many display technologies are still undergoing development into commercial products which will be ready when both products and their end markets are successfully developed.

Even with careful and thorough business strategy set forth from our visionary industry knowledge, continued supports from our staffs, customers, suppliers, financial institutions, government officials , and investors have always been critical to our success. I, again, would like to take this opportunity to express my sincere appreciation to your kind patronage in all aspects. We, the management of Delta Thailand and Delta group, are committed to the best business conduct and sound integrity to deliver the best result in the prevailing business and economic circumstances to well earn your confidence and trust along the past 15 years and many more years to come.

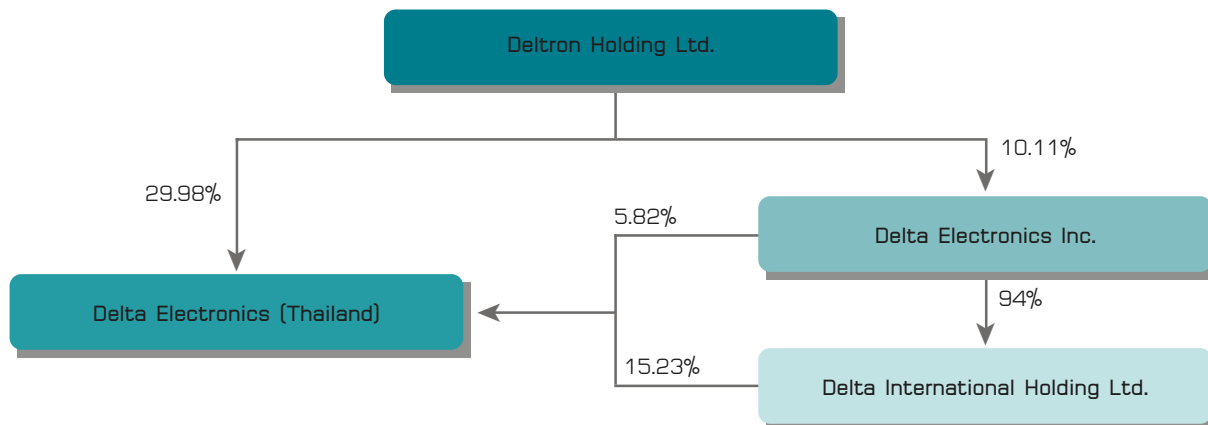
Yours faithfully,



Ng Kong Meng (James)  
President

## NATURE OF BUSINESS

Shareholding structure of Delta Electronics (Thailand)



According to the above shareholding structure, Deltron Holding Co., Ltd. is the Company's major shareholder. They have also invested in Delta Electronics, Inc. and Delta International Holding Co., Ltd., both of which are engaged in the manufacturing and sale of electronic components with production bases in Taiwan and China. Although the products being manufactured by Delta Electronics Inc. are of the same type as the Company's, the clienteles are not the same as the Company's products which are considered medium-end while those from China are low-end. The products manufactured in Taiwan, however, are high-end. The Company's products are exported to the United States of American and Europe. Products made in China are targeted for its domestic sales and those made in Taiwan are exported to the United States of America. For these reasons, the products manufactured by companies under Delta Electronics Inc.'s group do not directly compete among themselves. The products and the markets are differentiated to a certain extent.

Mr. Ng Kong Meng is the Chairman of Board of Director of the Company and a director of Delta Electronics, Inc. His directorship at Delta Electronics, Inc. does not give him managerial authority. The role is only to acknowledge the policy of Delta Group in general. As the Company now actively manufactures mostly medium-end electronic parts as opposed to high-end and low-end products manufactured by Delta Electronics, Inc., the Company, so far, has not had a conflict of interest.

### NATURE OF BUSINESS OF THE COMPANY

The Company is a manufacturer and exporter of electronics equipment and parts. At present, The Company has 4 plants, 3 plants in Export Processing Zone of Bangpoo Industrial Estate, Samutprakarn and 1 plant in Wellgrow Industrial Estate, Chachoengsao. Main businesses of the Company cover the following 4 product groups.



1. Video Display Product Group
2. Power Supply Product Group
3. DES Product Group
4. Component Product Group



## PRODUCT PROFILES

### 1. VIDEO DISPLAY PRODUCT GROUP

Previously, Delta Thailand used to be the major production base for monitor both CRT and LCD monitors. Since year 2003, the technology of TV screen has been changed from CRT to LCD which has offered better performances such as slim depth, light weight, more power saving, lower environment contamination, higher resolution and wide range of screen size with current available size ranging from 15" to 47" inches.

Now LCD TV is one of the main products of the Company which contributes highest portion in the sales of the Video Display Product Group. Video display plant of Delta-Thailand is one of the major LCD TV manufacturing centers in this region who has already built up strong LCD TV manufacturing capability. The main current customers of the LCD TV are Westinghouse and Vivitek.

### 2. POWER SUPPLY PRODUCT GROUP

Power supplies are mainly used in the information technology, telecommunication and computer industries. Products in this group include switching power supplies (SPS), Adaptor and DC-DC converters.

#### SWITCHING POWER SUPPLIES

Switching power supplies (SPS) is an integrated circuit system which provides stable direct current (DC) power supply from alternate current (AC) voltage to electronic equipment and parts in

computer, telecommunication equipment, and household electrical tools. There are many types of switching power supplies with different voltages for different applications. There are 3 switching power supplies products produced by Delta Thailand for computer and peripherals i.e. SPS for desktop, SPS for servers, and SPS for networking. Determinations of technology level for SPS products are power density or watt per cubic inch. Higher-end technology power supply is smaller size and able to

generate higher watt. The main current customers of the power supplies are Cisco, Dell, HP, Arris International, Xerox, Sun Microsystems, and Intel, etc.

#### ADAPTER

For its Adapter products, most of its production is for notebook and printers. Another small portion is for consumer electronics such as personal data application (PDA) and cordless home appli-



ances. Major customers for the company's adapter are Dell, HP, Apple, etc. For charger product, its production is mainly for mobile phone. The main customers of charger products are Dell, Black & Decker, HPQ, Motorola, Sun Microsystems, Apple, etc.

#### DC-DC CONVERTER

DC-DC converter is an electronic device mainly used in information technology and computer industries. Its main application is to transform the input DC to different output DC voltages as required by users. Currently the main DC-DC converter produced by the company is VRM (Voltage Regulated Module). It is used to supply the stable voltage to micro processor that generally generates unstable load (Dynamic Load) while operating. Adding VRM module in computer will enhance the efficiency of processor by supporting the system to work smoothly and faster. In addition, two more advantages are applied.

1. Currently, the electronic products generally require higher power to supply their systems while semiconductors require lower voltage. Thus, more current is needed. DC-DC converter has been designed to meet such specific need.
2. The current flown in electrical wire generally generates resistance which causes voltage drop and also create the unsmooth circuit.

With those reasons, installing DC-DC Converter near the circuit for transforming and smoothing the voltage is necessary while still being able to supply high current in the circuit.

The main current customers of DC-DC Converter are Dell, HP, IBM, Sun Microsystems, Ericsson, Motorola, Intel and etc.

### 3. DES PRODUCT GROUP

DES's product is one type of switching power supply which is used in telecommunication, consumer electronics, medical equipment, communication network, ATM network, safety and security system.

DES's product line comprises all the components necessary for telecommunication power system i.e. AC/DC rectifiers, DC/DC Converters, DC/AC inverters, and power system controllers as well as third party batteries, packs and cabinets.

The telecom power systems product area offers a complete range of standard and customized power systems, shelves and after sales service directly to a large number of local and global Telecom and Datacom operators in Europe, Asia, as well as to ODM customers. DES's customers benefit from a world-wide presence with local support in over 40 countries, including 18 directly managed local DES representations and local 30 partners.

The development and production of DES's telecommunication rectifier modules and power system controllers are separated into Europe and Thailand to gain the best of technical development capability and cost effective production synergy to benefit the company and customers.



A team of highly qualified and experienced engineers is dedicated to the development of telecommunication power rectifiers and controllers. At the same time, approximately 95 system development and customer support engineers are located close to important customers in some local system integration centers, fulfilling the customer specific power system requirements.

Owing to our possession of ample power supply design experiences for years, DES also offers a complete range of high power density customized power supply for high end server, storage system, networking and telecom equipment to ensure continuous and reliable supply of power for a wide range of applications in the Telecommunication equipment, IT, office automation, medical and automotive industry. The power ranges from 400W to 9000w to service Cisco, Motorola, Nokia, Lucent, HPQ, Phoenix and other major worldwide customers.

#### 4. COMPONENT PRODUCT GROUP

Component Product Group is mainly composed of the following products.

##### 1. COOLING FAN

Since the establishment of Delta Thailand, the component products, such as magnetic and EMI filter, have mainly been used in the Company's own production of its key product like power supply. Since 2001 onwards, cooling fan has become one of Delta Thailand's major products and within a very short period, this product has been growing very fast and able to contribute half of the total annual sales of the component product group. The main customers of cooling fan are the large and reputable names in the electronic fields, such as Cisco, HPQ, Dell



and Sun Microsystems etc. With the strong support from both in house and global designing team, the continuous technology development and quality awareness, the Company now is able to broaden the fan's applications into other fields, beside PC and internal support, such as the household appliances, telecommunications and automobile (i.e. car seat, audio and navigation system). Cooling fan is now ready for more and more challenges and innovations to satisfy its customer's needs.

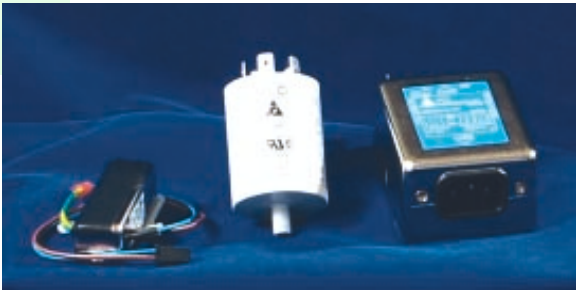
##### 2. EMI FILTER

DELTA has been producing reliable and quality consistent EMI Filters with extensive years of experience which has made us the World's leader of these products. We have research and development, flexible engineering together with supporting groups which can provide suitable solutions to our customers' requirements in quality, on time delivery and competitive price. We have our own international recognized test facilities such as shielding rooms and test laboratory for total EMC compatibility. Our technical expertise is demonstrated by over 2,000 part numbers

approved by UL, CSA and VDE. Our full commitment in quality starts from design stage and continues through the production stages and is certified with ISO-9000/ISO-14001. All our EMI filters meet international safety standards and have undergone Statistical Process Control and Total Quality Management.

EMI Filter is Electromagnetic Interference Filter, an electronics component used in electronics and electrical products. The function of EMI Filter is to reduce noise and interference that pass through electronics and electrical products. Our EMI Filters pass the EMC (Electromagnetic Compatibility) testing and have CE Mark for European, Japanese, Australian, New Zealand and American markets. At the moment, we have to follow the EMC regulations for electronics components in Thailand as well. EMI Filter is used in many products listed below.

- Home appliances such as refrigerator, washing machine, vacuum cleaner, plasma TV, LCD TV, Projection TV
- Computer such as personal computer, network computer, high-end printer
- Telecommunication system such as mobile phone base station
- Automation system such as automatic transportation, robotics
- Machine tools such as EDM, wire cut, grinding, milling machine
- Air-conditioning system for factory and medium sized office



Since EMI Filters are used in various products, the market is so wide and unlimited. Therefore, to meet the customers' utmost satisfaction, Delta group's global sales and marketing offices are located in several key cities around the world to provide customer service. The Company's main customers of EMI Filter are Philips, Sony, Apple, Artesyn, LG and Hitachi etc.

Besides, the above products, this product group also includes solenoid and magnetic. Most of solenoid valves are used as an automatic controller such as electric valve, electric lock etc. The solenoid valves are applied in many industries, thus the major customers are also varied for example automotive, home appliance and other industries. The magnetic component has also been used in many industries such as computer, automotive and home appliances.



## PRODUCTION CAPACITY IN 2005

### 1. Video Display Plant

Location	: Plant1, E.P.Z., Bangpoo Industrial Estate, Samutprakarn
Production area	: 18,000 sq. m
No. of operators	: 800
Production line	: Monitor (CRT) 1 line, LCD TV 4 lines
Production capacity	: CRT Monitor 40,000 units/month LCD TV 40,000 units/month
Actual production	: 65% of production capacity

### 2. Power Supply Plant

#### 2.1 DC-DC Converter Plant

Location	: Plant5, E.P.Z., Bangpoo Industrial Estate, Samutprakarn
Production area	: 4,200 sq. m
No. of operators	: 880
Production line	: 10 lines
Production capacity	: 1,200,000 units/month
Actual production	: 83% of production capacity

#### 2.2 Switching Power Supply 1 and 2 Plant (SPS, Adaptor)

##### Switching Power Supply 1 Plant (for server, PC, notebook)

Location	: Plant5, E.P.Z., Bangpoo Industrial Estate, Samutprakarn
Production area	: 9,600 sq. m
No. of operators	: 3,100
Production line	: SPS 10 lines (for server 3 lines and consumer electronics 7 lines) Adaptor 2 lines (for notebook)
Production capacity	: SPS for server 280,000 units/month SPS for consumer electronics 3,500,000 units/month Adaptor for notebook 960,000 units/month
Actual production	: 73% of production capacity

Switching Power Supply 2 (for Networking) now uses the production facilities of DES Product Group

### 3. DES Product Plant

#### Thailand Plant

Location	: Plant5, E.P.Z., Bangpoo Industrial Estate, Samutprakarn
Production area	: 15,000 sq. m
No. of operators	: 2,100
Production line	: Networking 5 lines, DES products 19 lines
Production capacity	: Networking 150,000 units/month DES 110,000 units/month
Actual production	: 78% of production capacity

**DES (Slovak) Plant**

Location	: Nova Dubnica, Slovak Republic
Production area	: 9,500 sq. m
No. of operators	: 320
Production capacity	: 32,000 units/month
Actual production	: 85% of production capacity

**DES (India) Plant**

Location	: Plot No. 27, Sector - 34, EHTP, Gurgaon - 122001, Haryana, India
Production area	: 1,100 sq. m
No. of operators	: 190
Production line	: 8 lines (for telecom systems)
Production capacity	: 1,200 units/month
Actual production	: 83% of production capacity

**4. Component Product Plant****4.1 Magnetic Plant**

Location	: Plant3, E.P.Z., Bangpoo Industrial Estate, Samutprakarn
Production area	: 23,624 sq. m
No. of operators	: 3,200
Production line	: Magnetic 100 lines Solenoid 2 lines and ECU 3 lines
Production capacity	: Magnetic 20,000,000 units /month Solenoid 50,000 unit/month ECU 120,000 unit/month
Actual production	: 75% of production capacity

**4.2 EMI Filter Plant**

Location	: Wellgrow Industrial Estate, Chachoengsao
Production area	: 2,800 sq. m
No. of operators	: 1,000
Production line	: 29 lines
Production capacity	: 3,000,000 units/month
Actual production	: 85% of production capacity

**4.3 Cooling Fan Plant**

Location	: Wellgrow Industrial Estate, Chachoengsao
Production area	: 2,500 sq. m
No. of operators	: 900
Production line	: 15 lines
Production capacity	: 2,000,000 units/month
Actual production	: 75% of production capacity



## RESEARCH AND DEVELOPMENT

Delta Electronics (Thailand) Public Company Limited continuously improves its research and development capability since its inauguration in 1990. At the beginning, the company's R&D was concentrated around the improvement of production efficiency and productivity to reduce its production costs.

With support from the research engineers from Delta Electronics Inc. in Taiwan together with technology flow from other technology companies invested by Delta group, the company started to do product design aiming for Original Design Manufacturing (ODM) for all of its current and future products.

Delta Thailand used to be positioned as a low-end production base outside of China especially in CRT monitor, and as the second source outside of Mainland China to help mitigate the country risk for both our customers and Delta group. However, since most of low-end products are now produced in Mainland China to exploit its local market opportunity, Delta Thailand has moved towards medium to higher-end power products such as DC-DC converters, network & telecom power supplies, telecom, industrial applications, solar power conversion, LCD TV, automotive components, and high-value-add grey-box assemblies.

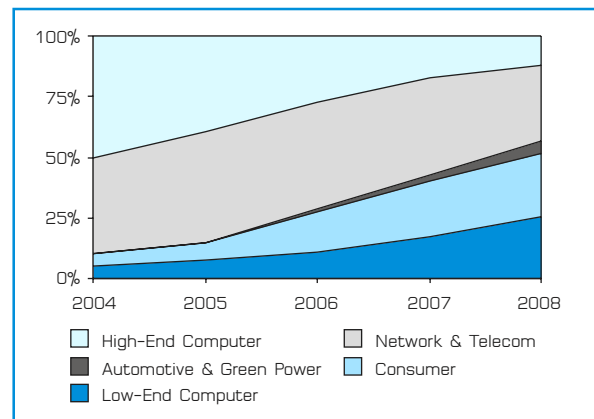


Fig. 1 : Revenue Split by Product Application

This trend towards higher value products has been further supported by the acquisition of Ascom Energy Systems in 2003 (subsequently renamed Delta Energy Systems), bringing in over 150 highly qualified R&D engineers, and an intellectual property portfolio of over 150 patents.

Delta Thailand R&D staff has now over 400 R&D engineers world-wide, in Thailand, Europe, India, and USA.

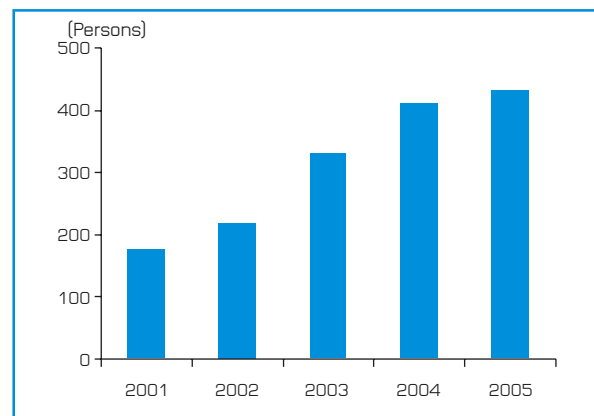


Fig. 2 : R&D staff

As a result, the proportion of revenue derived from its own R&D has now taken the major role, and will continue to increase.

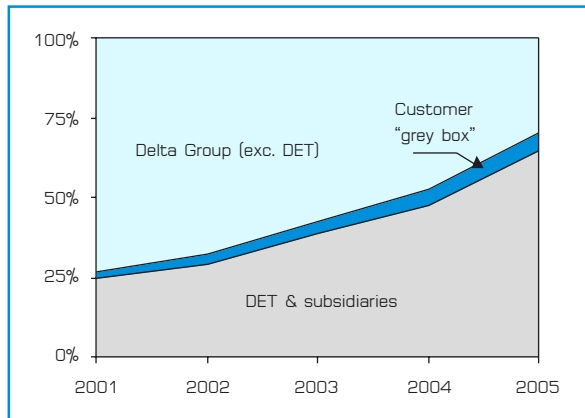


Fig. 3 : Revenue Split by R&D Origin

Remark : DET means Delta Electronics (Thailand) Plc.

As a consolidated result, the R&D expenditure has now increased to over 4% of total sales, and should exceed 5% in the near future.

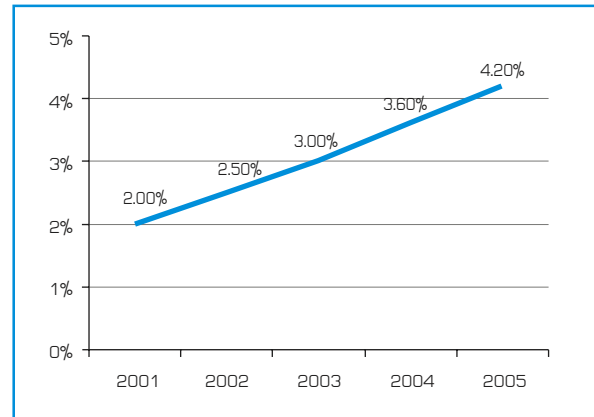


Fig. 4 : R&D Expenses as % of Revenue

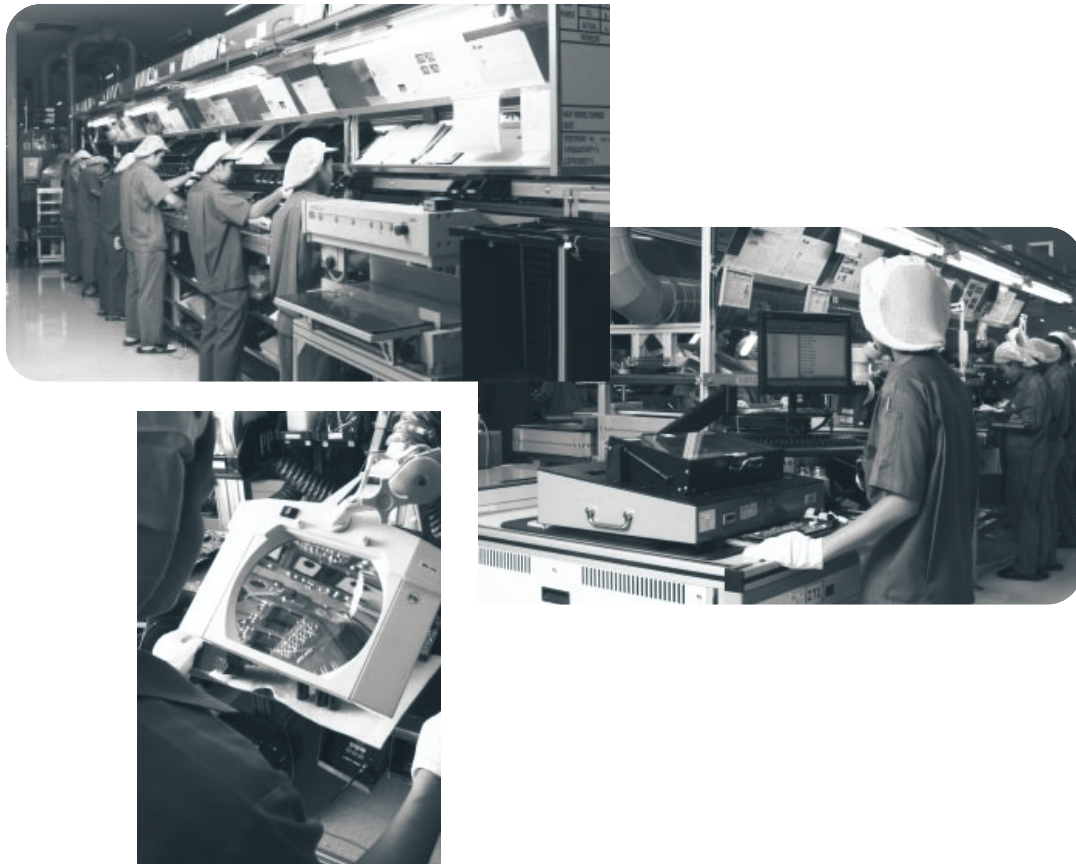
## PERSONNEL

The Human Resource Department remains focused on continuous personnel development. We are trying to proceed in accordance with international standards and to join a number of public and private projects to develop personnel of companies and Thailand as a whole. We have been awarded several certificates by the authority as a result.

We have started to seriously undertake R&D personnel development in 2005 and will continue with it in order to enhance our key competitive edge. Our improvement of R&D Department has made it possible for us to receive income tax exemption, an investment promotion initiative of Board of Investment. We currently employ more than 600 scientific academics, engineers and researchers. A master's degree curriculum was developed specifically for our staffs in collaboration with Hua Chiew Chalermprakit University in which more than 60 staffs participate. Similarly, a Bachelor's degree curriculum was developed for production line supervisors to help build their educational stature and income. As for general workers, the Company has developed vocational and higher vocational courses in commerce and electronics in collaboration with the Vocational Education Office and provide them on the Company's premises. Qualified teaching personnel were selected to serve as instructors free of charge for the students. The Company has also entered into cooperation with many educational institutions in order to allow them to use equipments and personnel to develop their students, namely, Kasetsart University, Thai-German Institute and Samutprakan Technical College.

In addition to development of high-level personnel, we help find ways for others to increase their income through handicraft trainings. artificial flowers and candles are among many items featured.





The Company is very well aware of the problems the government is facing and have taken necessary steps to create jobs in the provinces such as in the four southern provinces and in the Northeast so that locals in those area will not have to abandon their home in search of a job in Bangkok. There are more than 4,000 people in different regions of the country working for us. They earn a total of greater than Baht100 Million per month and help us reduce our number of employees significantly.

The Human Resource Department oversees human resource management for subsidiaries with branches abroad. The Company has collaborated with the executives of Delta Energy Systems in the implementation of personnel structure and the move of production base from Europe to Thailand and Eastern Europe by dispatching personnel to train and work in various countries and by bringing foreign personnel to Thailand so that they can share new technologies with Thai personnel.

The Company's operation in 2005 has earned the Outstanding Labour Relations Award of the Ministry of Labour, Thai Labour Standard Certificate (TLS 8001) of the Ministry of Labour, Certificate of Honour from the Chachoengsao Office of Labour Protection and Welfare Department and a letter of thanks from the Ministry of Industry for the Company's creation of jobs in rural areas.

The Company employed a total of approximately 12,500 staffs in 2005.

## REVENUES STRUCTURE AND OPERATIONS IN 2005

Sales Revenue Structure of the Companies and its subsidiaries

Unit : Million Baht

Product Group	2003		2004		2005	
	Revenue	%	Revenue	Revenue	Revenue	%
<b>Power Supply</b>						
For Server	3,987	9.73	3,946	8.19	2,381	5.44
For Networking	2,426	5.92	1,917	3.98	2,233	5.10
For Desktop	1,204	2.94	600	1.25	158	0.36
DC-DC Converter	2,372	5.79	3,410	7.07	3,166	7.23
Adaptor	8,530	20.82	6,558	13.61	5,980	13.66
Others	24	0.06	35	0.07	22	0.05
<b>Total</b>	<b>18,543</b>	<b>45.27</b>	<b>16,466</b>	<b>34.17</b>	<b>13,940</b>	<b>31.85</b>
<b>DES</b>						
DES	4,603	11.24	12,981	26.93	14,196	32.44
<b>Total</b>	<b>4,603</b>	<b>11.24</b>	<b>12,981</b>	<b>26.93</b>	<b>14,196</b>	<b>32.44</b>
<b>Video Display</b>						
LCD TV	707	1.73	1,142	2.37	6,484	14.82
LCD monitor	8,081	19.73	8,303	17.23	3,669	8.38
CRT monitor	5,401	13.19	5,010	10.39	1,296	2.96
PDP TV	234	0.57	777	1.61	978	2.23
<b>Total</b>	<b>14,423</b>	<b>35.21</b>	<b>15,232</b>	<b>31.60</b>	<b>12,427</b>	<b>28.39</b>
<b>Component</b>						
Magnetic	460	1.12	668	1.39	491	1.12
EMI Filter	725	1.77	789	1.64	1,070	2.45
Fan	2,207	5.39	2,063	4.28	1,642	3.75
<b>Total</b>	<b>3,392</b>	<b>8.28</b>	<b>3,520</b>	<b>7.30</b>	<b>3,203</b>	<b>7.32</b>
	40,961	100.00	48,199	100.00	43,766	100.00

### Operation in 2005

In 2005, Delta Thailand further reinforced its capabilities to serve the present and future requirements of its customers. It utilizes the synergies of a strong R&D program, expertise in material sourcing, product design and process engineering competence, and the human resource including sales and customer service personnel.

During 2005, there was a continued trend of power supplies designing, manufacturing and markets shifting from North America and Europe to Asia. Delta Thailand focused to lead and capitalize on this world-wide trend. It made strategic product mix so as to neutralize the impact of PC supply chain and its demand growth consolidation in China. Its management constantly kept focus on capitalizing upon the potential in the medium and high end power supplies for printers and consumer electronics,



which continued to be the growing market world-wide. To meet up the challenges of high demand, Delta Thailand's operations have been really quick in ramping-up the production capacities for the growing demands in DC-DC converter and high end Networking Power supply business. HP, DELL, Sun, Cisco, Xerox and Arris contributed highly in a total revenue turnover of approximately Baht 5,400 million made by DC-DC converters and high end networking power supplies alone in year 2005. Delta Thailand's management has consciously shifted its focus from the shrinking market of adapters to reduce the dependence on these products. For the low end power supplies and adapters business, the Company continued to serve its long term customers who see a greater value in Delta Thailand due to excellent quality and delivery performance records in the past. This helps them to keep an efficient supply chain as a second source outside of China. The same is true for the Delta Group as well, and it is indeed a win-win situation. The low end power supplies business for Delta Thailand was at Baht 8,500 million, which is a satisfactory performance in view of the consolidation of PC supply chain in China.

On the other side of the coin, there has been continuous advancement in high end power supply products within Delta Thailand's subsidiary in Europe, Delta Energy Systems. The implementation of management's key objective of creating "high-value, low-cost products" has been quite smooth and as per the targets. Delta Thailand has been successful in realizing this vision, when it launched newer solutions for high end telecom power customers, like the DPR rectifier series launched in third quarter of 2005. The management lays tremendous emphasis on a "high-value, low-cost product" policy for high end power supply products in order to achieve greater competitiveness and market share. Due to this reason, the company keeps on investing in future technology research in Europe to bring the benefits of quality, reliability and hi-tech features to its valued customers. At the same time, low cost was being achieved by producing from Thailand plants which enjoy an efficient supply chain developed over years of successful and competitive business practices. The management is very satisfied with the outcome of this policy implementation that has seen improvement in revenue as well as profitability. The new products from Delta Group as well as the DES current products have complemented the Company's product basket for European, American and Asian markets.

Delta Thailand, together with its subsidiaries, Delta Energy Systems group, is now much better equipped to effectively handle the needs of information technology, telecom and data communication industries. Delta's important customer for telecom power, like Nokia and Motorola, have appreciated these developments and provided greater business to the Company in comparison to the past. In 2005, DES made a revenue of approximately Baht 14,200 million compared to Baht 13,000 million during 2004. As a step forward from its power supplies business, Delta Thailand has introduced the assembly line for Delta Energy Systems range of Telecom Power Systems in order to cater to the growing telecommunication market segment. This new initiative has seen successful deliveries to many important customers in Asia, including some customers within Thailand, like AIS, TOT, CAT, True, etc. In the past, these customers were being served from Delta Thailand's subsidiary in Europe, the Delta Energy Systems. However, Delta Thailand now serves them in an efficient way.

For the second product group, the Video Display Business Group or VDBG, the running products for 2005 included LCD TV/LCD Monitors and PDP TV. The Video Display business group found good business opportunities for LCD TV as compared to CRT/LCD monitors. This was the change from the previous years when CRT/LCD monitors had enjoyed better market share. This demand shift has boosted Delta Thailand's focus on the LCD TV segment. In 2005, Delta's LCD TV products business got a boost when it received orders from Westinghouse for the LCD TV. Strategically, Delta Thailand has now reduced its focus on CRT and LCD monitors and lay more emphasis on LCD TV business. The TV business provides varying opportunity for profitability as against highly competitive CRT TV/Monitors market. The Video Display Product Group has concentrated on enhancing the local sourcing and manufacturing capability to reduce inventories and improve the delivery capacities to its customers for LCD TV. Even while the CRT monitors requirements declined in 2005, the Video Display Product Group made a revenue of approximately Baht 12,400 million in 2005, reduced from the previous year of Baht 15,200 million. Video Display Product Group made almost 6 times greater revenue for the LCD TV when it achieved about Baht 6,500 million as compared with last year's Baht 1,100 million sales revenue.

The Component Product Business Group saw sustained business and many growth & diversification opportunities in this year. Fan business continued to play the most important role in the performances of this business group. Delta Thailand's heat sink cooling fans, data storage fans, game console fans and server fans were very popular with customers like Cisco, Engenio, Fujikura, Sun Micro, as well as Alcatel. Overall, the fan products contributed about Baht 1,600 million in 2005, representing 50% of the Component Product Group's sales revenue. High growth in CPBG product group also came from its EMI products segment. Delta Thailand's EMI products found many diverse applications from major customers like Philips, Daikin, Sony, Apple, and Artesyn. As the magnetic product segment supported growing in-house demands within Delta Thailand Power Supplies Business Group, it was also successful in obtaining good orders from customers like General Electric, Nitto and Bendix. Overall, the Component Product Group contributed approximately Baht 3,200 million revenue in 2005.



Delta Thailand has been a successful enterprise for power supplies, monitors, fans and component products. However, it now evolves from a manufacturing major to becoming a business centre. Delta Thailand is now profitably managing the European markets with its subsidiary Delta Energy Systems. It will also focus on developing South East Asian and Indian business for Telecom Power Systems. That's the direction and orientation for Delta Thailand going to be in 2006, and in coming next few years. Delta Thailand has plans for the future, based on the product reliability, market awareness, tailored customer solutions, outstanding sales and service support and deep commitment to its customers.

Delta Thailand aims clearly at 2006 to be a year of product and market consolidation for bringing growth and rewards for the organization. Delta Thailand plans to continue exploiting its strengths in the high end power supply business, and parallelly increase its market share in Europe. DC-DC converter products along with Networking and Server power supplies shall be the thrust area for various customers in IT, Telecommunications and Networking markets. Delta Thailand has various ongoing projects with its customers that will mature in 2006 and provide impetus to its growth. New product creation for ever changing needs of telecommunication and networking customers shall keep attention and Delta Thailand plans to invest considerable R&D resources for this purpose. At the same time, Delta Thailand shall continue to provide an efficient value proposition to our traditional market segment, the PC industry.

The company shall work to keep and consolidate its market leader position in India for Telecom Power System products, and leverage the strengths of India organization to introduce strategic and profitable product lines in growing Indian market. The company shall localize the experiences from European and Indian Telecom Power Systems business and implement strategies in South East Asia for growing the Telecom Power Business in South East Asia. Introduction of new products for Telecom Power Systems in Thailand shall provide an opportunity for the European, Indian and South-East Asian customers to experience high quality products with the advantage of local price and excellent delivery support from Thailand. The company sees Telecom Power Systems business as a new opportunity area with a good potential for growth.

In order to pursue company's mission of providing energy saving products for better quality of life, Delta Thailand shall embark on strategic renewable energy products. The company shall start its R&D for Solar photovoltaic charger controller and inverter products for stand-alone (off-grid) applications that has good market in Thailand and other developing Asian countries. The company also sees the application of such products in European markets and plans to put up a product development and marketing plan for Solar Inverter products. The first product for stand-alone inverter applications is on the R&D table and the company expects to launch the product soon. These solar products shall find applications both in private as well as government supported solar energy programs in various countries of the world. Delta Thailand's subsidiary in Europe, Delta Energy Systems, has an already established product portfolio for grid-connected inverters. Delta Thailand shall leverage this strength for the Asian markets. The company firmly believes that introduction of solar power related products would open new avenues of business for it.

For Display products, 2006 shall see continued growth in LCD (Liquid Crystal Display) TV products. LCD TV are much in demand due to better performances as mentioned before. The target markets will be USA, Europe and China and the main strategies to be implemented will be a cost reduction and development of it R&D personnel.

Component shall see healthy growth in 2006. There will be more focus on higher value-add products such as Telecommunication fan, Automotive fan and industrial use 3-phase EMI filter. R&D team will be set up in Europe for Fan and EMI to enhance design capability of these products and increase the sales. Solenoid and magnetic parts for Automotive will be another area of focus. Sanitary valve, solenoid for washing machine, refrigerator and printer, industrial use valve and magnetic components or assembly for Automotive will be some of new products added into present product range for America, Europe and Japan market.

#### FUTURE PLAN

There will be no new significant investment project in the Company itself in year 2006. But following the acquisition of DES group since 2003, the Company has seen an opportunity in expanding its business into many regions such as Eastern Europe i.e. Slovakia and Czech, and also Asia particularly India. The Company expects Slovakia could be developed to be the major production/assembly bases for power supplies and solar inverter and also the logistic hubs for the Eastern Europe market.

DES Slovakia plans to build a new manufacturing plant. The objective of building a new factory is to replace the current production which is under subcontracting. This project is expected to help increase the competitiveness by reducing the production costs and also provide an opportunity to develop a pilot run for a small production or assembly of automotive electronic parts.

DES India is now planning to expand its production capacity to serve its huge local market demand and may also serve the new potential markets in neighboring countries in South Asia like Sri Lanka, Nepal, Bangladesh and others. Currently, DES India has occupied the biggest market share in telecom power systems in India which accounted for around 60%. It plans to increase its production capacity to more than double of the existing capacity by renting another factory. The production is expected to start in the second quarter of 2006.



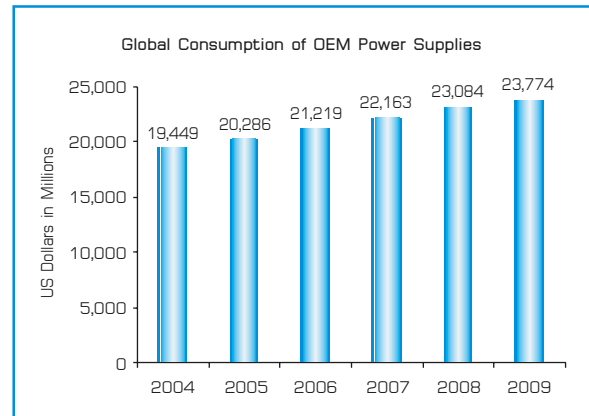
Over the span of last few years, significant changes have taken place in the world economy. The economy is now becoming more global than ever before, with the products being designed in one location, manufacturing in the other and marketed in a third region. There has been certain amount of stabilization in 2004-2005, and the world economy now shows upward signs. 2005 is expected to be a modest and not an exceptional year.

In 2006, the large multinational electronic equipment manufacturers shall continue to shift from North America and Europe to Asia in order to reduce their production costs. The cost (or the price) shall remain the key driving force, although quality manufacturers with high technology features shall continue to command premiums. Technology advancements shall continue to bring about quality, reliability, power density or compactness, efficiency improvement, though manufacturers may not be able to command commensurate with the efforts and investment that goes behind the technology. Obviously, the key technology players shall survive and move-on in the market. Environmental consideration shall be on a high agenda of all consumer bodies and manufacturers shall follow.

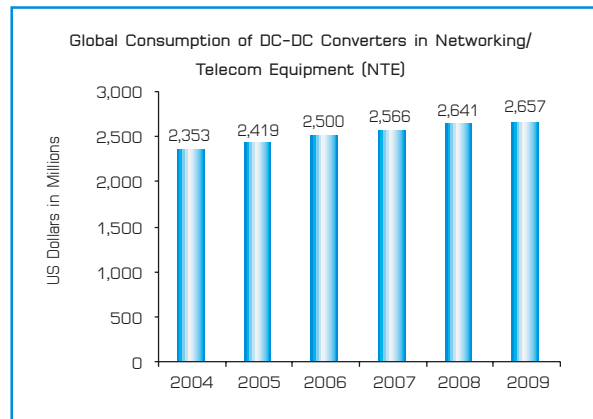
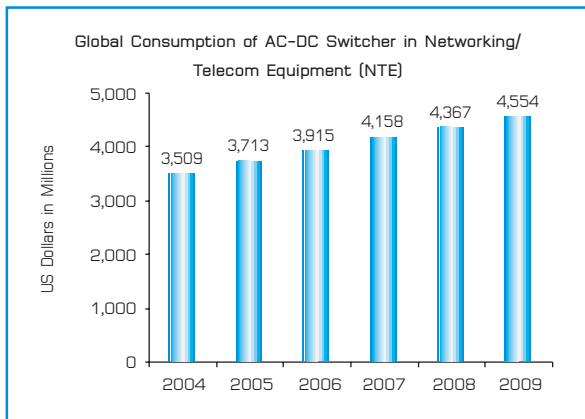
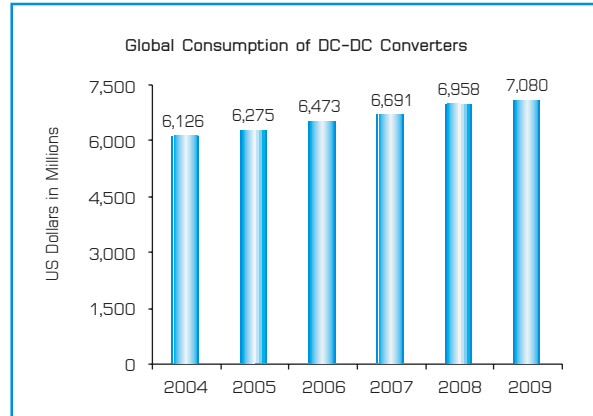
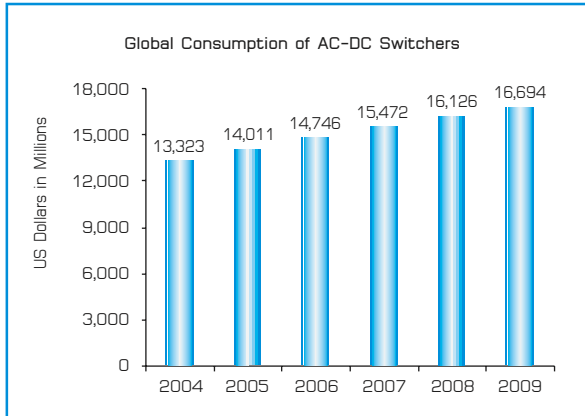
By and large, there shall be much growth in information technology and telecommunication sectors of the economy. The growth shall mostly be fuelled by the emerging markets of China, India, Russia and South America. The infrastructure creation and expansion potential in these markets shall provide decent market to manufacturers in all the relevant product categories.

**Global Switching Power Supply Market**

The installations and expansions of the telecom infrastructure projects primarily in developing countries of the world is keeping upward trends. Consequently, there is a positive impact on the World-wide Power Supplies Market. The world-wide consumptions of AC-DC switchers and DC-DC converters for Networking and Telecommunications markets over 2004 - 2009 period is on increasing trends at 5.4% and 2.5% respectively. Most of the business volume is expected to come from the developing countries like China, India, Russia, amongst others. Delta Thailand shall, therefore, strongly focus on these product lines.



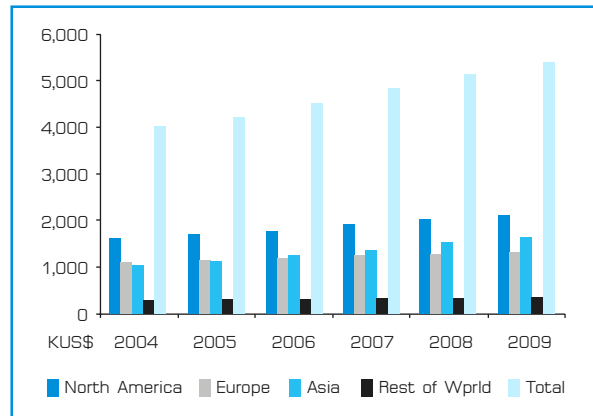
Source : Micro-Tech Consultants WWPS-2005 report.



Source : Micro-Tech Consultants WWPS-2005 report

### Global Telecom Power Supply Market

The installations and expansions of the telecom infrastructure projects primarily in developing countries of the world is keeping upward trends. Consequently, there is a positive impact on the Global Telecom Power Systems requirements and the business prospects look quite good. The worldwide telecom power systems market shows a steady growth of about 4% annually for the period of 2004 till 2008. Even though the growth is not phenomenally big, Delta Thailand, being a new entrant in this market, is poised for higher growth. The company expects to achieve high growth in this new market by virtue of high quality, customized and cost competitive solutions. The Telecom Power Systems market in South East Asia, India and Europe shall remain high on company's focus.



Source : Skyline CAPEX report, Regional sales report, TPBU estimated

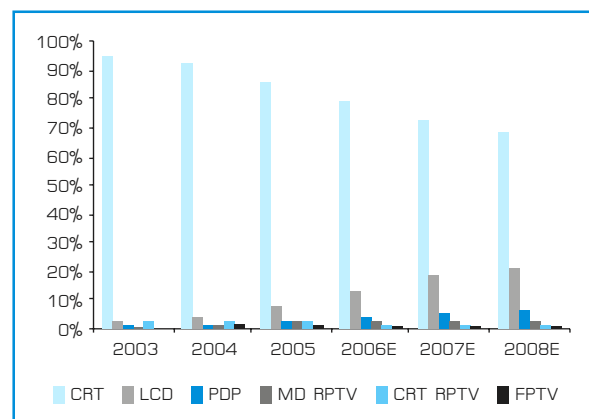


### Global Cooling Components and EMI products Market

Some of the world's important markets are now opening up - China, India, Russia, South America... and people now have much larger spending powers. Infrastructures needs to be created and improved, which offers vast opportunities for most of the industries for tapping these markets. Large amount of electronics products will be experiencing good growth, including information technology, telecommunications, automotive home appliances and home entertainment. This will have positive impact on components industry, primarily comprising of semiconductors, magnetics, cooling fans, EMI filters and likewise. These components are basic elements of many IT, communication, consumer durable and entertainment industry products, and they are sure to experience decent growth and benefits. Moreover, the technology advancements shall continue to bring about quality, reliability and compactness for many of the end products, hence the components would also see steady improvements in quality and packaging (in terms of density and size), and consumers shall benefit from such advancements. However, this market shall also experience cost pressures and the margins can only be high if quality and new features are added up continuously.

### Global TV Market Analysis

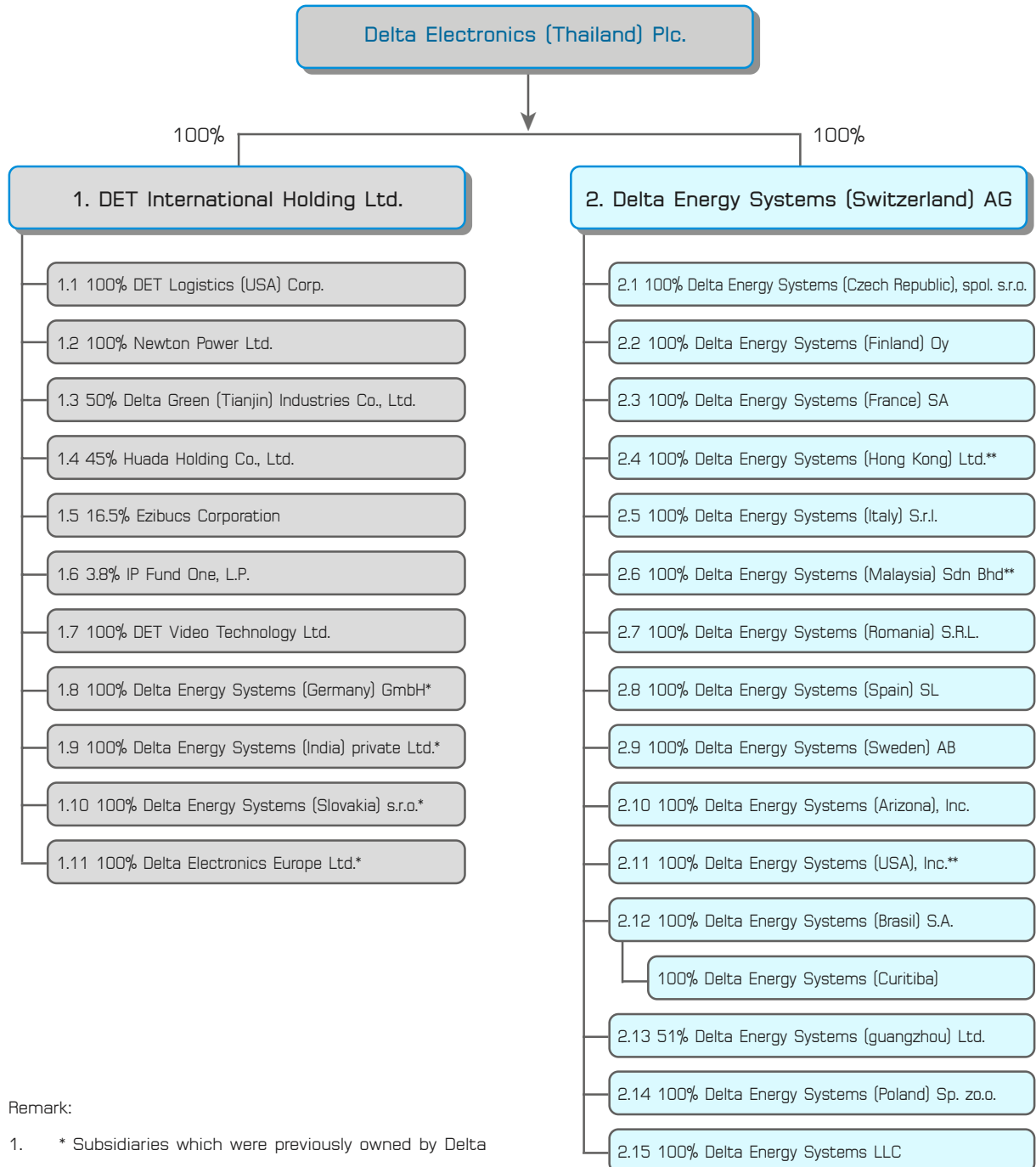
As per DisplaySearch & DELTA, the annual TV market from 2006 to 2008 shall grow by about 4.4% average. The total market size in 2008 is estimated to be US\$ 211 Million. The conventional market of CRT (Cathode Ray Tube) TV is coming down from about 95% in 2003 to 69% of the world-wide TV market. This reduction in market share is getting distributed mostly in other TV segments like LCD TV and PDP TV. Owing to slim size, light weight, better power saving, higher resolution and wider range of screen size, LCD TV is gaining more and more popularity. Delta sales team expects the LCD TV market segment to grow year on year and reach 21% of total TV market demand in 2008.



Source : DisplaySearch & Delta estimation

## INVESTMENT STRUCTURE OF THE COMPANY

(As of February 2006)



Remark:

1. \* Subsidiaries which were previously owned by Delta Energy Systems (Switzerland)
2. \*\* Companies have closed their operations and are under liquidation process as their operations are no longer needed.
  - 1) Delta Energy Systems (Hong Kong) Ltd.
  - 2) Delta Energy Systems (Malaysia) Sdn Bhd
  - 3) Delta Energy Systems (USA) Inc.



Company	Location	Type of Business	Type of Stock	Registered Capital	Paid up Capital	Hold %
1. DET International Holding Ltd.	Scotia Centre, 4 <sup>th</sup> Floor P.O. Box 2804 George Town, Grand Cayman, Cayman Islands, British	Business Investment	Common Stock	USD 100,000,000	USD 53,852,576	100
1.1. DET Logistics (USA) Corporation.	4405 Cushing Parkway, Fremont, CA 94538 USA.	Sales of Electronics Component	Common Stock	USD 1,000,000	USD 500,000	100
1.2. Newton Power Ltd.	22/F, Prosperity Center, 25 Chong Yip St., Kwun Tong, Kowloon, Hong Kong Tel. (852) 2362-7881 Fax. (852) 2333-8221	Marketing & Sales Research & Development	Common Stock	HKD 2,020,688	HKD 2,020,688	100
1.3. Delta Green (Tianjin) Industrial Co., Ltd.	168, No.15 Coastal Way Tianjin Port Free Trade Zone, Tianjin P.R. China. Tel : 86-22-25760371 Fax : 86-22-25760380	- Voltage Controlled Oscillator - Chip Inductor	Common Stock	USD 20,000,000	USD 20,000,000	50
1.4. Huada Holding Ltd.	P.O. Box 2003, British America Centre, Phase 3, Dr. Roy's Drive, George Town, Grand Cayman, Cayman Islands, British	Trading Company	Common Stock	USD 16,000,000	USD 16,000,000	45
1.5. Ezonics Corporation	5870 Stoneridge Dr.,te.4, Pleasanton, CA 94588 USA.	PC Based Digital Video Camera	Common & Preference Stock	USD 25,000,000	USD 6,988,550	16.5
1.6. IP Fund One,L.P.	C/O 7F, 122 Tun Hua N Rd., Taipei 105 Taiwan Tel. (886)2-3518-3999 Fax. (886)2-6606-0021	Investment for Development in Software system, Hardware and Internet	Common Stock	USD 260,000,000	USD 217,449,233	3.8
1.7. DET Video Technology Ltd.	Portcullis, Trust Net, Chambers, Po.Box 3444 Road Town, Tortola, Bristish Virgin Island Tel. (284) 494-5296 Fax. (284) 494-5283	Assembly &Sales of Electronics Component	Common Stock	USD 100,000	USD 100,000	100
1.8. Delta Energy Systems (Germany) GmbH	Coesterweg 45, D-59494 Soest	Sales, RD and assembly of power system, OEM and custom design product	Common Stock	EUR 2,300,813.45 (DEM 4,500,000)	EUR 2,300,813.45	100

Company	Location	Type of Business	Type of Stock	Registered Capital	Paid up Capital	Hold %
1.9. Delta Energy Systems (India) Private Ltd.	Plot#34, Phase IV; Udyog Vihar;Gurgaon, India 122016	Sales and assembly of power system products	Common Stock	INR 44,500,000	INR 40,476,020	100
1.10. Delta Energy Systems (Slovakia) s.r.o.	Trencianska 19, P.O Box 35A, SK-018 51 Nova Dubnica	Sales and assembly of power system, OEM and Customer Design products	Common Stock	SKK 200,000	SKK 200,000	100
1.11. Delta Electronics Europe Ltd	2 Young Place, GB-G75 oTD East Kilbride, UK	Sales and RD for power system and power supply products	Common Stock	GBP\$ 1,000,000	GBP\$ 500,000	100
2. Delta Energy Systems (Switzerland) AG	Freiburgstrasse 251, CH-3018 Bern-Bümpliz	Sales, RD and assembly of Power System, OEM, Board Mounted Power and Custom Design products	Common Stock	CHF 20,000,000	CHF 20,000,000	100
2.1. Delta Energy Systems (Czech Republic) spol.s.r.o.	Strasnickà 3165/1b, 10200 Praha 10	Marketing & Sales for power system products	Common Stock	CZK 8,000,000	CZK 8,000,000	100
2.2. Delta Energy Systems (Finland) OY	Juvan Teollisuuskatu 15, FIN-02920 Espoo, Finland	Sales and Assembly of power system products	Common Stock	EUR 269,100.68	EUR 134,550.34	100
2.3. Delta Energy Systems (France) SA	Route de Longjumeau, F-91380 Chilly-Mazarin	Sales and assembly of power system products	Common Stock	EUR 1,605,000	EUR 1,605,000	100
2.4. Delta Energy Systems (Hong Kong) Ltd.	Units 1-4, 20 <sup>th</sup> floor, New Trend Center, 704 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong	Assembly of Power system and custom design products	Common Stock	HK\$ 100,000	HK\$ 100,000	100
2.5. Delta Energy Systems (Italy) S.r.l.	Via Primo Maggio 6, I-40011 Anzola dell'Emilia	Sales and assembly of power system products	Common Stock	EUR 100,000	EUR 100,000	100
2.6. Delta Energy Systems (Malaysia) Sdn Bhd	Externe c/o Lebuah Bandar Utama, MAL-47800 Petaling Java	Sales of power system products	Common Stock	RM 1,000,000	RM 850,000	100
2.7. Delta Energy Systems (Romania) S.R.L.	Str.Negru Voda Nr. 2, Bl. C4 Sc.A, Suite 14-15. Sect 3, RD-70462 Bucharest	R&D for Board Mounted Power products	Common Stock	Lei 2,000,000	Lei 2,000,000	100
2.8. Delta Energy Systems (Spain) S.L.	Freiburgstrasse 251, CH-3018 Bern-Bümpliz	Sales and assembly of power system products	Common Stock	EUR 200,000	EUR 200,000	100



Company	Location	Type of Business	Type of Stock	Registered Capital	Paid up Capital	Hold %
2.9. Delta Energy Systems (Sweden) AB	Annaåggen 3, P.O.Box 3096, 350 33 Växjö Sweden	Sales and assembly of power system products	Common Stock	SEK 2,010,000	SEK 2,010,000	100
2.10. Delta Energy Systems (Arizona), Inc.	Freiburgstrasse 251, CH-3018 Bern-Bümpliz	R& D for Board Mounted Power products	Common Stock	USD 10	USD 1	100
2.11. Delta Energy Systems (USA), Inc.	1 Pine Lakes Parkway North, Palm Coast, FL 32137-3608 USA	Sales, RD and assembly of power system, OEM and custom design product	Common Stock	USD 10	USD 1	100
2.12. Delta Energy Systems (Brasil) S/A	Rua Almirante Alexandrino, 1130, Afonso Pena CEP 83040-420, Sao José dosPinhais-PR	Sales and assembly of power system products	Common Stock	R\$ 6,545,368.23	R\$ 6,545,368.23	100
2.12.1. Delta Energy Systems (Curitiba)	Rua Almirante Alexandrino, 1130, Afonso Pena CEP 83040-420, Sao José dosPinhais-PR	Providing engineering service to DES Brazil	Common Stock	R\$ 1,000.00	R\$ 1,000.00	100
2.13. Delta Energy Systems (Guangzhou) Ltd.	139 Zhongshan Da Dao, Tianhe District, Guangzhou 510630	Sales and assembly of power system and customer design products	Common Stock	USD 6,000,000	USD 3,000,000	51
2.14. Delta Energy Systems (Poland) Sp.zo.o	23 Poleczki Street 02-822 Warsaw	Sales and assembly for power system products	Common Stock	PLN\$ 500,000	PLN\$ 500,000	100
2.15. Delta Energy Systems LLC	4/17 Bulding 4B Pokrovsky Blvrđ Road, Moscow, 1010000 Russia	Sales for power system	Common Stock	RUR 30,000	RUR 30,000	100

### Investment Policy

In case the Company has to expand the business, its investment will still be in the electronic or electronic related industries which can support the core business of the Company such as R&D, or any other business that can enhance the growth or improve the competitiveness of the Company and its subsidiaries. However, the business expansion will focus on the products/services that the Company and its group are specialized in and also emphasize on the energy-saving and environmental friendly products.

After making investment in the subsidiaries, the Company generally keeps monitoring and following up on the operations of its subsidiaries closely by sending some directors or management to sit on the board and determining the policies and direction of those subsidiaries.

## RISKS FACTORS

Below is the list of risks exposed to the Company's operations in general. However, type and the degree of the impact of each risk may be varied from time to time which depends on the nature of the business and the external factors such as change in laws, free trade zone, political circumstances, etc. The risk factors that may impact the operations of the Company and its group can be summarized as follows.

### 1. Risks from product obsolescence due to the technology changes

Most of electronic products encounter rapid changes of technologies and evolving industry standards. The company, therefore, continuously enhances the capability of its research and development department to develop and deliver high quality and cost effective products on a timely basis, in line with the latest technologies to meet the competitive requirements of the market. With support from other companies in the Delta group and customers for ODM products, the company gains access to new technologies and also the product design and developments. In addition, the company puts efforts to extend its product and market diversification by offering a more variety of new products like switching power supply for telecommunications, medical equipment and others. Moreover, for the existing products like electronic components, the Company always extends the applications that can be applied to the other industries like consumer electronics, automobile, etc.

### 2. Reliance on certain sources of key components

The company's production depends on obtaining adequate supplies of raw materials and components on a timely basis. Some key components necessary for production of certain products are available from a limited number of suppliers. In the supply chain structure, shortage of raw materials could result in margin reduction or sales deterioration. As such, the company has a policy to have multiple sources for any particular materials from both local and oversea. Most of the electrical parts are from oversea while those mechanical parts are mainly from local. Delta group also pool resources for raw material sourcing in order to gain bargaining power and secure the sourcing ability. The company has its procurement policy to source from many prominent suppliers to make price comparison before buying in good amount to secure its production plan. The company purchases its raw materials and components principally from a group of leading suppliers of high quality materials, which the company believes can satisfy its quality standards and volume requirements. The Delta group has consolidated its raw material procurement for better bargaining power. Nevertheless each company is directly responsible for its own, actual purchases.

Currently, the Company has more 1,100 vendors in the approved list and the maximum purchase value per vendor in 2005 was up to 15% of the annual total purchase amount. This was due to the purchase of panel, a main part of monitor and TV, which was considered a high value item. But for the general component parts, the maximum purchase amount per vender was up to only 3% of the annual total purchase amount. In general, the Company will not rely on the only vendor in any type of raw material.



### 3. Shortage of Labor

Though labor cost is not a very significant portion in the company's production costs structure, the Company's business is considered labor intensive. Shortage of labor or any other labor problem will definitely affect the production process and finally will hurt the operating results of the Company. Moreover, operators should have some skills as well as good knowledge and understanding of the production process. The Company has programs to enhance the skills and knowledge of its operators. Since its inauguration, the Company has never had difficulty in managing its labor or productivity improvements. In fact, the company's major costs are in its raw materials and procurement that plays a vital role in determining the Company's profitability.

### 4. Market Competition

The markets for electronics products are considered high competition resulting in downward pressure on prices and margins, especially low technology or commoditizing products. The Company's strategy is to compete by offering new models with better quality and specifications at more competitive prices. Moreover, the Company offers a wide variety of products at different prices, quality, technical performance, features, and systems compatibility. The Company now also offers customized designs and technical support to individual customers in various industries such as telecommunications, office appliances, and consumer electronics.

### 5. Foreign Exchange Fluctuation Risks

Fluctuation of the exchange rate of the Baht against US dollar affects the company's sales and profits dramatically in the past few years after the introduction of Managed Float system. However, the company occasionally engages in forward contracts and other hedging instruments to reduce such impact, especially on its treasury management.

### 6. Risks from the change in policy from the major shareholder

Due to the fact that Delta Electronics Inc., (Taiwan), with its subsidiary in China, is one of the Company's major shareholders, there is overlapping of some products between the Company and its major shareholders. With the Delta group's policy to enhance its competitive advantages over its competitors in each product market and geographical areas, it is unlikely that transfer pricing would be enforced. With strong competition in every product groups and its markets, conflicts of interest, such as internal competition, would only jeopardize the group's ability to grow and compete with its rivals. Therefore, the Delta group has a committee that will determine the business directions and policies for the group in general as well as guides each of the company in the group in line with these policies. The strategy is set for the purpose to enhance the competitiveness of the group by providing more benefits to its customers from the advantages of each company in the group that can offer to the customers from different perspective. Moreover, the Delta group creates synergy among the group companies in areas such as research capability, distribution channels, and bargaining power in raw

material procurement, and etc. Each company in the group has its own autonomy and its operations are independent from one another. Up to now, the Company has gained supports from the major shareholder and the group since its inauguration.

**7. Risks from its investments and financial assistance given to its subsidiaries**

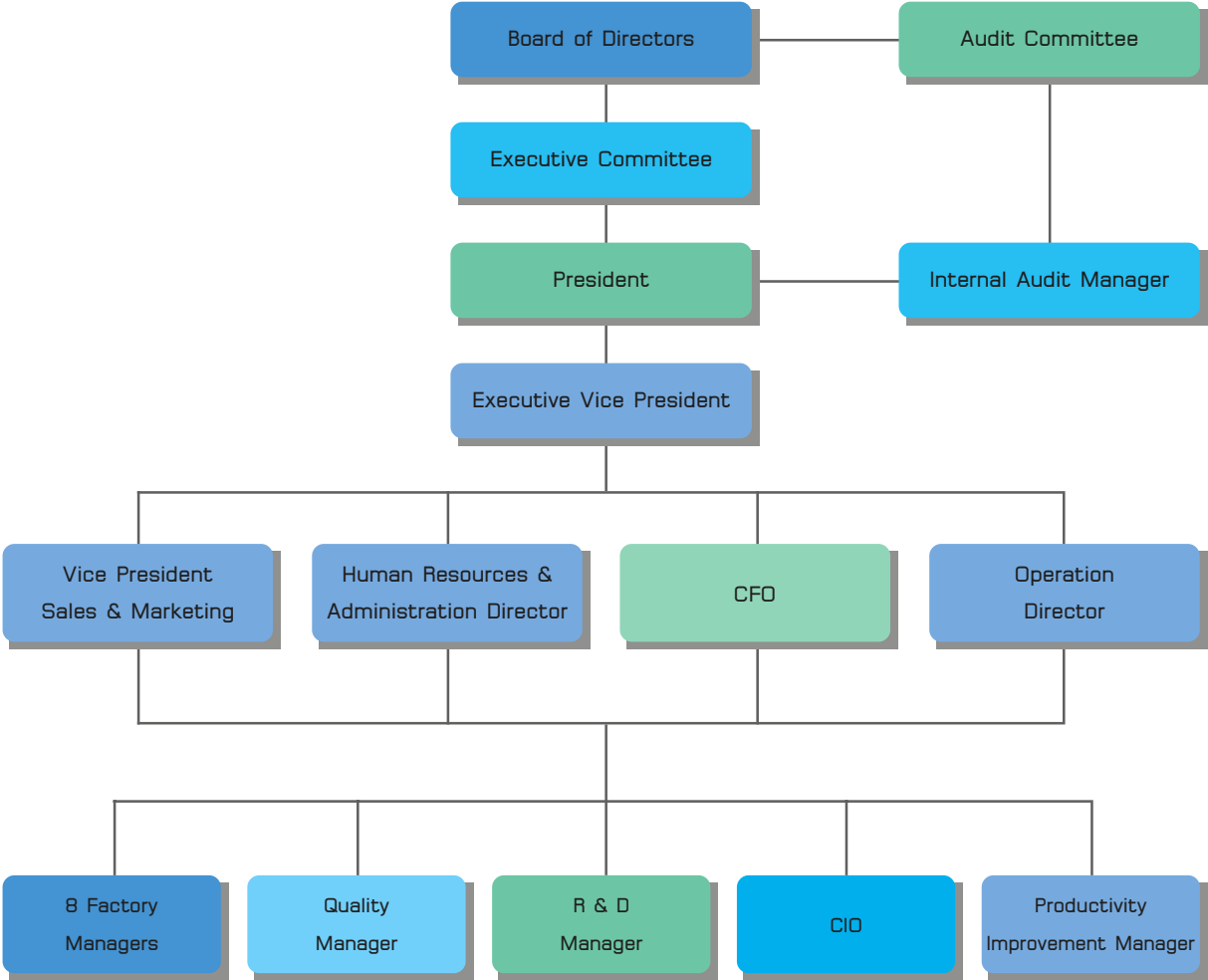
The Company has made some investments both directly and indirectly through its subsidiaries. The significant investment was made in year 2003 by acquiring Delta Energy Systems group in Europe. After the acquisition, the Company has seen business opportunities in some of its subsidiaries and needs to expand operations through those subsidiaries to penetrate the markets in some specific regions. The Company, thus, needs to inject money and/or provides financial assistance by giving corporate guarantees to those subsidiaries in order to get sufficient fund and working capital from financial institutions to support their operations. However, the additional investment amounts or funds provided are considered comparatively insignificant comparing to the current size of the Company. Moreover, for the major subsidiaries, cash management is directly monitored and controlled by the Company's treasury team to mitigate the financial risk.

The Company also has put its efforts in improving the administration and coordination among its subsidiaries by arranging trainings and meetings from time to time for the executives of those subsidiaries to meet with the Company's management in order to work towards the same working process, policy and direction.

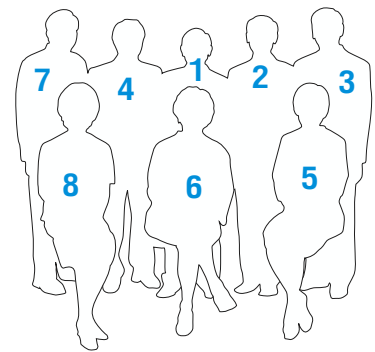
For general investment policy, Company will focus mainly on the investment within the areas of Delta group's core businesses which will help mitigate the investment risk (for further detail, please refer to the Company's investment policy).



### Organization Chart



## BOARD OF DIRECTORS



- |    |  |                      |
|----|--|----------------------|
| 1. | Mr. Ng Kong Meng (James)                     | Chairman             |
| 2. | Mr. Wang, Ming-Cheng (Stronger)              | Vice Chairman        |
| 3. | Mr. Chu, Chih-Yuan (Roger)                   | Director             |
| 4. | Mr. Anusorn Muttaraid                        | Director             |
| 5. | Ms. Niramol Tantipuntum                      | Director             |
| 6. | Assistant Professor Wattanee Phanachet       | Independent Director |
| 7. | Associate Professor Vudtechai Kapilakanchana | Independent Director |
| 8. | Professor Supapun Ruttanaporn                | Independent Director |

**BOARD OF DIRECTORS**

<b>Name</b>	<b>Mr. Ng Kong Meng (James)</b>
<b>Position</b>	Chairman of the Board /President /Executive Committee Member
<b>Number of shares held</b>	4,000,000 shares and 1,000,000 units of warrant
<b>% Shareholding (as of Mar 10, 06)</b>	0.32%
<b>Education /Training</b>	M. Sc (Electronic Engineering), University of Southampton, UK Bachelor Degree in Electrical Engineering, National Taiwan University
<b>Work experience</b>	1974-1986 : Divisional Manager, Philips Singapore Pte Ltd. 1986-1989 : General Manager, Thomson Audio Malaysia Pte Ltd. 1990-Present : Chairman of the Board and President, Delta Electronics (Thailand) Plc 2004-Present : Executive Committee Member, Delta Electronics (Thailand) Plc.
<b>Name</b>	<b>Mr. Wang, Ming-Cheng (Stronger)</b>
<b>Position</b>	Vice Chairman of the Board /Vice President /Executive Committee Chairman
<b>Number of shares held</b>	4,000,010 shares and 600,000 units of warrant
<b>% Shareholding (as of Mar 10, 06)</b>	0.32%
<b>Education /Training</b>	Industrial Engineering (Diploma), National Taipei Institute of Technology
<b>Work experience</b>	1971-1986 : Manufacturing Engineering Manager, RCA (Taiwan) Ltd. 1987-1989 : Factory Manager, Delta Electronics Inc. Taiwan 1990-Present : Vice Chairman of the Board and Vice President, Delta Electronics (Thailand) Plc 1999-Present : Executive Committee Chairman, Delta Electronics (Thailand) Plc
<b>Name</b>	<b>Mr. Chu, Chih-Yuan (Roger)</b>
<b>Position</b>	Director
<b>Number of shares held</b>	2,000,000 shares and 1,000,000 units of warrant
<b>% Shareholding (as of Mar 10, 06)</b>	0.16%
<b>Education /Training</b>	B.A (Economics), Chinese Culture University
<b>Work experience</b>	1976-1985 : Accounting Manager, Goodyear Taiwan Ltd. 1986-Present : Corporate CFO, Delta Electronics Inc. Taiwan 1988-Present : Director, Delta Electronics (Thailand) Plc.

<b>Name</b>	<b>Mr. Anusorn Muttaraid</b>
<b>Position</b>	Director /Executive Committee Member /Human Resources & Administration Director
<b>Number of shares held</b>	2,000,000 shares and 600,000 units of warrant
<b>% Shareholding (as of Mar 10, 06)</b>	0.16%
<b>Education /Training</b>	B. Sc, Kasetsart University Director Certification Program (DCP) Year 2004 from Thai Institute of Directors Association
<b>Work experience</b>	1989-1991 : Vice President, Thai Setgetsudo Co., Ltd. 1991-1993 : Factory Manager, Teletech (Thailand) Plc 1993-Present : Human Resources & Administration Director Delta Electronics (Thailand) Plc. 1994-Present : Director, Delta Electronics (Thailand) Plc. 1999-Present : Executive Committee Member, Delta Electronics (Thailand) Plc.
<b>Name</b>	<b>Ms. Niramol Tantipuntum</b>
<b>Position</b>	Director /Executive Committee Member /Accounting Manager
<b>Number of shares held</b>	2,000,000 shares and 700,000 units of warrant
<b>% Shareholding (as of Mar 10, 06)</b>	0.16%
<b>Education /Training</b>	MBA, National Institute of Development Administration B.A (Accounting), Ramkhamhaeng, University Director Accreditation Program (DAP) Year 2004 from Thai Institute of Directors Association
<b>Work experience</b>	1989-1990 : Finance & Accounting Manager, Thai Refrigeration Component Co., Ltd 1990-1991 : Costing Manager, ETA (Thailand) Co., Ltd 1991-Present : Accounting Manager, Delta Electronics (Thailand) Plc. 1994-Present : Director, Delta Electronics (Thailand) Plc. 1999-Present : Executive Committee Member, Delta Electronics (Thailand) Plc.
<b>Name</b>	<b>Assistant Professor Wattanee Phanachet</b>
<b>Position</b>	Independent Director /Audit Committee Chairman
<b>Number of shares held</b>	-None-
<b>% Shareholding (as of Mar 10, 06)</b>	-None-
<b>Education /Training</b>	M.A (Accounting), University of Alabama, USA B.A (Accounting), Chulalongkorn University Director Certification Program (DCP) Year 2002 from Thai Institute of Directors Association
<b>Work experience</b>	1959-1997 : Assistant Professor, Associate Dean for Academic Affairs : Associate Dean for International Affairs, Chulalongkorn University 1999-Present : Independent Director /Audit Committee Chairman - Delta Electronics (Thailand) Plc. - Capital Nomura Securities Plc. : Independent Director, Thai Poly Acrylic Plc. : Retired Civil Servant



<b>Name</b>	<b>Associate Professor Vudtechai Kapilakanchana</b>
<b>Position</b>	Independent Director /Audit Committee Member
<b>Number of shares held</b>	-None-
<b>% Shareholding (as of Mar 10, 06)</b>	-None-
<b>Education /Training</b>	M. Sc (Mechanical Engineer), Fairleigh Dickinson, University, USA
<b>Work experience</b>	<p>1989-1990 : Faculty Secretary, Faculty of Engineering, Kasetsart University</p> <p>1990-1992 : Vice Dean, Faculty of Engineering, Kasetsart University</p> <p>1992-2002 : Dean, Faculty of Engineering, Kasetsart University</p> <p>1994-Present : Independent Director, Delta Electronics (Thailand) Plc.</p> <p>1999-Present : Audit Committee Member, Delta Electronics (Thailand) Plc.</p> <p>2002-Present : Vice President for Administration, Kasetsart University</p> <p>2003-Present : Public Relations Subcommittee, Council of Engineers</p> <p>Present : Consultant Committee, Year's 2005-2006</p> <p style="text-align: center;">Air-Conditioning Engineering Association of Thailand</p>
<b>Name</b>	<b>Professor Supapun Ruttanaporn</b>
<b>Position</b>	Independent Director /Audit Committee Member
<b>Number of shares held</b>	-None-
<b>% Shareholding (as of Mar 10, 06)</b>	-None-
<b>Education /Training</b>	<p>M.B.A (Accounting), Michigan State University, USA</p> <p>B.A (Accounting), Chulalongkorn University</p> <p>Director Certification Program (DCP) Year 2002 from Thai Institute of Directors Association</p>
<b>Work experience</b>	<p>1966-2004 : Teaching accounting and auditing courses as faculty staff of Department of Accountancy, Chulalongkorn University (CU)</p> <p>Other positions in CU in the past:</p> <ul style="list-style-type: none"> <li>: Member of CU University Council</li> <li>: Deputy Dean in charge of administration</li> <li>: Head of Department of Accountancy</li> <li>: Member of Faculty of Commerce &amp; Accountancy Committee</li> <li>: Member of Department of Accountancy Committee</li> <li>: Past honorable auditor of Wat Yannasungvararam Foundation</li> </ul> <p>: Independent Director /Audit Committee Member, Chiang Mai Frozen Food Plc.</p> <p>Present : Independent Director /Audit Committee Member</p> <ul style="list-style-type: none"> <li>- Delta Electronics (Thailand) Plc.</li> <li>- Glow Energy Plc.</li> </ul> <p>: President of Thai Accounting Association</p> <p>: Honorable auditor of Som Dej Pra Thep Rattanasuda Foundation</p> <p>: Treasurer of Wat Yannasungvararam Foundation</p> <p>: Pension staff of Chulalongkorn University</p>

## Executive Committee

1.	Mr. Wang, Ming-Cheng (Stronger)	Executive Committee Chairman
2.	Mr. Ng Kong Meng (James)	Executive Committee Member
3.	Mr. Hsieh, Heng-Hsien (Henry)	Executive Committee Member
4.	Mr. Anusorn Muttaraid	Executive Committee Member
5.	Mr. Yu, Po-Wen	Executive Committee Member
6.	Mr. Ter Chai Seng	Executive Committee Member
7.	Ms. Niramol Tantipuntum	Executive Committee Member
8.	Mr. Vichai Saksuriya	Executive Committee Member
9.	Mr. Mana Tangchatsiri	Executive Committee Member

### Management Team

<b>Name</b>	<b>Mr. Ng Kong Meng (James)</b>
<b>Position</b>	President
<b>Number of shares held</b>	4,000,000 shares and 1,000,000 units of warrant
<b>% Shareholding (as of Mar 10, 06)</b>	0.32%
<b>Education /Training</b>	M. Sc (Electronic Engineering), University of Southampton, UK Bachelor Degree in Electrical Engineering, National Taiwan University
<b>Work experience</b>	1974-1986 : Divisional Manager, Philips Singapore Pte Ltd. 1986-1989 : General Manager, Thomson Audio Malaysia Pte Ltd. 1990-Present : Chairman of the Board and President, Delta Electronics (Thailand) Plc 2004-Present : Executive Committee Member, Delta Electronics (Thailand) Plc.
<b>Name</b>	<b>Mr. Wang, Ming-Cheng (Stronger)</b>
<b>Position</b>	Vice President
<b>Number of shares held</b>	4,000,010 shares and 600,000 units of warrant
<b>% Shareholding (as of Mar 10, 06)</b>	0.32%
<b>Education /Training</b>	Industrial Engineering (Diploma), National Taipei Institute of Technology Director Certification Program (DCP) Year 2005 from Thai Institute of Directors Association
<b>Work experience</b>	1971-1986 : Manufacturing Engineering Manager, RCA (Taiwan) Ltd. 1987-1989 : Factory Manager, Delta Electronics Inc. Taiwan 1990-Present : Vice Chairman of the Board and Vice President, Delta Electronics (Thailand) Plc 1999-Present : Executive Committee Chairman, Delta Electronics (Thailand) Plc



<b>Name</b>	<b>Mr. Hsieh, Heng-Hsien (Henry)</b>
<b>Position</b>	Vice President Sales & Marketing
<b>Number of share held</b>	55 shares
<b>% Shareholding (as of Mar 10, 06)</b>	-
<b>Education /Training</b>	Electrical Engineering (Diploma), National Taipei University of Technology
<b>Working experience</b>	1986-1998 : Sales Manager, Philips Passive Components. Taiwan 1998-2002 : Business Head of Adaptor, GM of PC Power Business Development, Delta Electronics Inc. Taiwan 2003-Pesent : Vice President Sales & Marketing, Delta Electronics (Thailand) Plc. 2004-Pesent : Executive Committee , Delta Electronics (Thailand) Plc. : CEO, Delta Energy Systems (Switzerland) AG
<b>Name</b>	<b>Mr. Anusorn Muttaraid</b>
<b>Position</b>	Human Resources & Administration Director
<b>Number of shares held</b>	2,000,000 shares and 600,000 units of warrant
<b>% Shareholding (as of Mar 10, 06)</b>	0.16%
<b>Education /Training</b>	B. Sc, Kasetsart University Director Certification Program (DCP) Year 2004 from Thai Institute of Directors Association
<b>Work experience</b>	1989-1991 : Vice President, Thai Setgetsudo Co., Ltd. 1991-1993 : Factory Manager, Teletech (Thailand) Plc 1993-Present : Human Resources & Administration Director, Delta Electronics (Thailand) Plc. 1994-Present : Director, Delta Electronics (Thailand) Plc. 1999-Present : Executive Committee Member, Delta Electronics (Thailand) Plc.
<b>Name</b>	<b>Mr. Yu, Po-Wen</b>
<b>Position</b>	CFO
<b>Number of share held</b>	10 shares
<b>Holding ratio (as of Mar 10, 06)</b>	-
<b>Education /Training</b>	B.A (Accounting), Chinese Culture University (Taipei)
<b>Working experience</b>	1989-1990 : Accounting Supervisor, Tuntex Group Taiwan 1990-1991 : Finance Section Manager, Delta Electronics Inc. Taiwan 1991-Present : CFO, Delta Electronics (Thailand) Plc. 1999-Present : Executive Committee Member, Delta Electronics (Thailand) Plc.

<b>Name</b>	<b>Mr. Ter Chai Seng</b>
<b>Position</b>	Operation Director
<b>Number of share held</b>	0 shares
<b>Holding ratio (as of Mar 10, 06)</b>	-
<b>Education /Training</b>	B. Sc (Electronics), National Taiwan University
<b>Working experience</b>	<p>1974-1994 : Manufacturing Engineering Manager, Project Manager &amp; QA Manager of Philips Singapore (PTE) Ltd.</p> <p>1995-1997 : Monitor Plant Manager, Delta Electronic (Thailand) Plc.</p> <p>1998-1999 : Switching Power Supply Plant Manager, Delta Electronic (Thailand) Plc.</p> <p>1999-Present : Operation Director, Delta Electronic (Thailand) Plc.</p> <p>2004-Present : Executive Committee Member, Delta Electronics (Thailand) Plc.</p>



Registered and Paid up Share Capital (as of 9 February 2006)

Type of Equity	No. of Shares	Par	Value (Baht)
1. Registered Share Capital	1,259,000,000	1	1,259,000,000
2. Paid up Capital	1,238,585,440	1	1,238,585,440

Major Shareholders (as of March 10, 2005)

No.	Shareholders Name	Shares	Percentage
1.	Citibank Nominees Singapore Pte Ltd-S.A. PBG Clients SG (For Deltron Holding Ltd.)	356,185,420	29.98
2.	Citibank Nominees Singapore Pte Ltd-S.A. PBG Clients SG (For Delta International Holding Ltd.)	180,984,450	15.23
3.	Delta Electronics Inc.	69,128,140	5.82
4.	HSBC (Singapore) Nominees Pte Ltd.	42,106,230	3.54
5.	Boston Safe Deposit and Trust Company	36,564,730	3.08
6.	Chase Nominees Limited 42	24,365,600	2.05
7.	Goldman Sachs International	19,822,500	1.67
8.	HSBC Bank Plc-Clients General A/C	17,661,700	1.49
9.	ABN AMRO Bank N.V. Singapore Branch	17,195,750	1.45
10.	Thai NDVR Co.,Ltd.	10,500,143	0.88

### DIVIDEND POLICY

The Company has a policy to pay dividend at least 30% of its net profits. The dividend payout ratio may subject to change depending on the investment plan and/or other capital requirements the Company may have in the future.

The dividend payment for the year 2005 is Baht 1.20 per share, representing a payout ratio of 63%.

### MANAGERIAL STRUCTURE

The Company's managerial structure consists of 3 committees: Board of Director, Executive Committee and Audit Committee. Details of each committee are shown as follows:

#### Board of Directors

The Company's Board of Director is composed of 8 members, 4 executive directors, 4 non-executive directors and 3 of whom are independent directors, List of the members of the Board of Director is as follows.

No.	Name	Position
1.	Mr. Ng Kong Meng	Chairman
2.	Mr. Wang, Ming-Cheng	Vice Chairman
3.	Mr. Chu, Chih-Yuan	Director
4.	Mr. Anusorn Muttraid	Director
5.	Ms. Niramol Tantipuntum	Director
6.	Assistant Prof. Wattanee Phanachet	Independent Director
7.	Associate Prof. Vudtechai Kapilakanchana	Independent Director
8.	Professor Supapun Ruttanaporn	Independent Director

Secretary to the Board of Directors : Ms. Duangrat Lertvorasirikul

#### Authorized Directors:

Authorized directors are (1) Mr. Ng Kong Meng (as the President) and Mr. Wang, Ming-Cheng (as the Vice President) signing together with the Company's seal being affixed or (2) either Mr. Ng Kong Meng (as the President) or Mr. Wang, Ming-Cheng (as the Vice President) signing with any of Mr. Anusorn Muttraid or Ms. Niramol Tantipuntum or Mr. Chu, Chih-Yuan, totalling two persons with the Company's seal being affixed.

#### Scope of Responsibilities of the Board of Directors:

- To manage the business of the Company faithfully and prudently and comply with the laws and the Company's objectives, Articles of Association as well as the resolution of the shareholders' meeting, for the benefits of the Company.
- To determine policies, business strategy, business plan and budget of the Company, and to supervise that the administration and management including to follow up the result of the operation performed by the Executive Committee in order to ensure its proper compliance with the plan, policies and budget.
- To review the Company internal control systems and risk management to be correctly and efficiently conducted.
- To ensure that the Company complies with the Securities and Exchange Act and other securities and exchange laws e.g. SEC rules and regulations and the SET regulations, for instance, regulations concerning the entry into connected transactions and regulations concerning the substantial acquisition of assets, including any law governing the Company's business.
- To arrange for the preparation and submission of the audited balance sheet and profit and loss statement at the end of each accounting period to the shareholders' meeting for its consideration and approval.
- To monitor on the adequacy and timely of the Company's disclosure of information.
- To authorise any other person to perform any action on behalf of the Board of Directors under the supervision of the Board of Directors, or granting the power-of-attorney to such person to perform any action as the Board of Directors may think fit; provided, however, that the Board of Directors has the sole discretion to revoke or modify such power-of-attorney as the Board of Directors may think fit.

For this purpose, no authorisation will be enable the grantee under the power-of-attorney to consider and approve the transaction which may cause a conflict of interest between himself or any related person or interested person as the one party and the Company as the other party, unless it is granted following the approved policies and criteria previously set out by the Board of Directors.



#### Qualifications of Independent Director:

1. Hold not more than 5% of all voting shares in the Company, its affiliates, and joint ventures or is a juristic person that may impose a conflict of interest
2. Does not participate in the management of the Company, its affiliates, or its joint ventures; is not employee, a regularly paid consultant, or a person who has control over the company, its affiliates, or its joint venture or is a juristic person that may impose a conflict of interest
3. Is not a close relative-or related in familial or laws or couple of management, major shareholders, person who has control over the business, or person who appointed to manage the Company, its affiliates, and joint ventures.
4. Does not have any business relationship with the Company, its affiliates, and joint ventures or is a juristic person that may impose a conflict of interest that will lead to a lack of independent
5. Being a director whom is not appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders;
6. Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the Board of Directors free and clears of the control of the management or the majority shareholders of the company including related persons or close relatives of said persons.

#### Audit Committee

The Audit Committee of the Company consists of 3 members and all the members are independent directors. The Audit Committee member shall possess the qualifications specified by the Securities and Exchange Commission Act and the Stock Exchange of Thailand (SET)'s rules and regulations which require the committee to have at least three members and at least one of them shall have knowledge or experience in accounting and/or finance. List of the members of the Audit Committee is as follows.

No.	Name	Position
1.	Assistant Prof. Wattanee Phanachet	Audit Committee Chairman /Independent Director
2.	Associate Prof. Vudtechai Kapilakanchana	Audit Committee /Independent Director
3.	Professor Supapun Ruttanaporn	Audit Committee /Independent Director

#### Scope of Responsibilities of Audit Committee:

1. To review the sufficiency, credibility and objectivity of the company's financial reporting.
2. To review the adequacy and effectiveness of internal control systems and internal audit functions.
3. To review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
4. To consider and advise the appointment of the external auditors including the audit fee.
5. To consider compliance with all connected transaction disclosures or the conflict-of-interests disclosures.
6. To take care of any other matters assigned to it by the Board of Directors and agreed by Audit Committee.
7. To report the activities of the Audit Committee in the Company's annual report, which must signed by the chairman of the Audit Committee.

According to the Company's Audit Committee Charter, all the members shall be independent and non-executive directors and the Audit Committee meeting shall be held at least 4 times a year on a quarterly basis to monitor, follow up and review the Company's financial statements and its operations and the meeting minutes must be presented to committee members and the Board of Directors. There were 9 Audit Committee's meetings held in 2005. The Audit Committee shall report to the Board of Directors regarding its performances and operations at least once a year and the report is disclosed in the Company's annual report.

#### Executive Committee

The Executive Committee of the Company consists of 9 members as follows.

No.	Name	Position
1.	Mr. Wang, Ming-Cheng	Executive Committee Chairman
2.	Mr. Ng Kong Meng	Executive Committee Member
3.	Mr. Hsieh, Heng-Hsien	Executive Committee Member
4.	Mr. Anusorn Muttaraid	Executive Committee Member
5.	Mr. Yu, Po-Wen	Executive Committee Member
6.	Mr. Ter Chai Seng	Executive Committee Member
7.	Ms. Niramol Tantipuntum	Executive Committee Member
8.	Mr. Vichai Saksuriya	Executive Committee Member
9.	Mr. Mana Tangchatsiri	Executive Committee Member

#### Scope of Responsibilities of Executive Committee:

1. To operate and manage the business of the Company in compliance with Company's objectives, Memorandum of Association, policies, regulations, notifications, orders as well as the resolution of the Board of Directors and/or shareholders' meeting.
2. To establish policies, business plan, directions, strategies, budget and the main organization structure and authority of each department within the Company including the organization chart in order to propose to the Board of Directors for its consideration and approval as well as to monitor and follow up the result of the operation of the Company to be in accordance with the policies.
3. To be eligible to enter into any contract which is in the Company's normal course of business and/or any other transactions with banks or other financial institution for a total amount of not exceeding USD 10 million or equivalent in any other currencies per contract and in case there is a need to use any assets of the Company as collateral, approval of the Board of Director must be obtained.
4. To perform any other duties assigned by the Board of Directors from time to time.
5. To authorize any one or more persons to perform any action under the supervision of the Executive Committee, or granting the power-of-attorney to such person(s) to perform any action within the specified time as the Executive Committee may think fit; provided, however, that the Executive Committee has the sole discretion to revoke or modify such designated person or power-of-attorney as the Executive Committee may think fit.

For this purpose, no authorization will be enable a member of the Executive Committee under the power-of-attorney and/or his sub power-of -attorney to approve the transaction which may cause a conflict of interest between such attorney or any related person (as defined in the SEC Notification) as the one party and the Company or its subsidiary as the other party, unless it is granted in accordance with the Company's normal course of business as clearly identified



## Management Team

The management team of the Company consists of 6 members as follows.

No.	Name	Position
1.	Mr. Ng Kong Meng	President
2.	Mr. Wang, Ming-Cheng	Vice President
3.	Mr. Hsieh, Heng-Hsien	Vice President Sale and Marketing
4.	Mr. Anusorn Muttaraid	Human Resource & Administration Director
5.	Mr. Yu, Po-Wen	CFO
6.	Mr. Ter Chai Seng	Operation Director

### Scope of Responsibilities of the President:

1. To manage, control and responsible for the operation of the Company in accordance with the directions set out in the Company's budget as approved by the Board of Directors and/or the Executive Committee of the Company including taking care, advising and improving the operation continuously.
2. To propose policies, strategy of the Company and of the business unit of the Company to the Board of Directors for acknowledgement and approval and to be responsible for applying such strategy with its operation.
3. To be jointly responsible with the Executive Committee for preparation of the annual budget and the operational plan of the Company, reviewing the annual budget quarterly and proposing the amended budget to the Board of Directors.
4. To report the operational result to the Board of Directors quarterly.
5. To have the authorization to approve the payment in accordance with the Approval Authorization Instruction of the Company, which had already been copied to all directors for consideration. However, with respect to the matters other than the normal course of business, the President shall have the authorization to approve such payment only upon receipt of the Board's approval
6. To do any acts as assigned by the Board of Directors.
7. To be eligible in appointing and managing any working groups or any persons for benefit of the Company and efficient management, transparency, or empowering to any person or assigning any person to do any specific tasks in such authorization complies must be within the scope of the power-of-attorney and/or regulations, notifications or orders as determined or approved by the Board of Directors and/or the Company.

For this purpose, no authorization will be enable the president to approve the transaction which may cause a conflict of interest between himself/his assignee and any related person (as defined in the SEC Notification) as the one party and the Company or its subsidiary as the other party, unless it is granted in accordance with the Company's normal course of business as clearly identified

### Selection of Directors

The Company's Board of Directors shall nominate the candidate's name to the shareholders' meeting for approval. An appointment of director is made through a majority vote of shareholders meeting. One share shall count for one vote and each shareholder shall vote for nominated persons but the votes are indivisible. The person who obtains the highest votes will be elected as a director. In an event that the vote is tied for the last vacant seat, the Chairman of the meeting shall exercise a casting vote.

### Board of Directors Meeting

There were 7 Board of Directors' meetings and 9 Audit Committee's meetings held during year 2005. The minutes of the Board of Directors' meeting were documented and properly kept at the Company's office. The meeting attendance of each director is shown below.

Name	Boards' Meeting	Audit Committee's Meeting
Mr. Ng Kong Meng	0/7 *	-
Mr. Wang, Ming-Cheng	7/7	-
Mr. Chu, Chih-Yuan	5/7	-
Mr. Anusorn Muttaraid	7/7	-
Ms. Niramol Tantipuntum	7/7	-
Assistant Professor Wattanee Phanachet	7/7	9/9
Associate Professor Vudtechai Kapilakanchana	5/7	7/9
Professor Supapun Ruttanaporn	6/7	9/9

\* Remark: Mr. Ng Kong Meng participated 6 Board of Directors' meetings via telephone conference calls during year 2005.

### Remuneration of Directors and Management

#### Remuneration of Directors

The remuneration of 8 directors amounted to Baht 4,370,000 including annual remuneration, bonus (profit sharing) and meeting attendance fee with details shown below.

Unit: Baht

No.	Name of Director	Remuneration	Bonus	Meeting fee*	Amount
1.	Mr. Ng Kong Meng	240,000	240,000	-	480,000
2.	Mr. Wang, Ming-Cheng	240,000	240,000	-	480,000
3.	Mr. Chu, Chih-Yuan	240,000	240,000	-	480,000
4.	Mr. Anusorn Muttaraid	240,000	240,000	-	480,000
5.	Ms. Niramol Tantipuntum	240,000	240,000	-	480,000
6.	Assistant Prof. Wattanee Phanachet	240,000	340,000	160,000	740,000
7.	Associate Prof. Vudtechai Kapilakanchana	240,000	240,000	120,000	600,000
8.	Professor Supapun Ruttanaporn	240,000	240,000	150,000	630,000
Total					4,370,000

\* Meeting attendance fee is for independent directors only.

In 2005, there were 5 directors who received warrants under the Employee Stock Option Scheme (ESOP 2005) for a total 6,500,000 units, representing 11.02% of the Scheme.

#### Remuneration of the Management Team

The remuneration in 2005 including salary and bonus of the 6 members of the management team was Baht 6,251,998. The warrants under the ESOP 2005 allocated to the management were 1,225,000 units, representing 2.08% of the Scheme (in 2005, the number of management team has been reduced from 19 persons in the last year to 6 persons).



The Company has implemented its corporate governance according to the following principles.

**1. Corporate Governance Policy**

Delta Electronics (Thailand) Plc. is fully aware that good corporate governance is the key to long-term success and growth. The Company values integrity, transparency and accountability as the foundation of good corporate governance and the qualities with which we earn the trust of shareholders, clients, business partners, creditors, employees and other stakeholders.

The Company's Board of Directors and Audit Committee are responsible for the overseeing of the Company's good corporate governance practices and provide relevant recommendations.

**2. Rights and Equitable Treatment of Shareholders and Shareholders' Meeting (Principle no. 2 and 4)**

The Company is concerned about the rights and the equality of all shareholders. All of the shareholders are entitled to attend shareholders' meeting and receive the same information. Meeting invitations are sent to the shareholders at the same time in accordance with relevant laws and regulations. A power of attorney is enclosed for shareholders being unable to participate in the meeting to assign an individual or an independent director of the Company to vote on their behalf.

The Company's executives generally participate in the shareholders meeting in order that shareholders may present their inquiries, opinions and recommendations on the conduct of business.

**3. Rights of Stakeholders**

The Company is concerned about the rights and the significance of all stakeholders including, shareholders, clients, employees, business partners, creditors and the society. The Company's stance with regard to this can be described as follows:

- Shareholders** : The Company aims to bring a long term sustainable growth to its business and also provide a good return to its shareholders.
- Clients** : The Company is committed to the customer satisfaction and always provides them with the quality and reliable products and services.
- Employees** : The Company deems human resource its greatest asset. Fair compensation and equal career opportunity are provided on the basis of their aptitude and capability. Domestic and international trainings are arranged regularly to enhance their skills.
- Business Partners** : The Company always maintains a good relationship with its business partners with whom it works closely to improve the quality of raw materials and products in accordance with mutual requirements.
- Creditors** : The Company strictly abides by its obligations and repays to all creditors as promised.
- Community and the Society** : The Company is seriously concerned about operational safety of employees and environmental protection. The Company was certified ISO 14001 for environmental safety standard in 1999 and OHSAS (Occupational Health and Safety Assessment) by BVQI, an international standard inspection agency. It has awarded scholarships and donated computers to public schools and hospitals in nearby communities as well.

#### 4. Leadership and Vision

The Company's Board of Directors is composed of highly competent and experienced professionals. They establish policies, determine the direction to be taken by the Company and review business strategies proposed by the management of the Company. They also oversee the operation and periodically evaluate the Company's performances as well.

#### 5. Conflict of Interests

The decisions made by the management and the employees are intended to ensure the greatest benefit of the company. In the case where there is a conflict of interests, directors and/or management will present the matter to the Board of Directors in order to review the necessity of such transactions and the effects they will have on the Company. Connected directors are prohibited from voting on such transaction. However, all connected transactions are to be conducted in accordance with the regulations and notifications of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) concerning the connected transactions.

#### 6. Business Ethics

The Board of Directors is responsible for ensuring that the conduct of business is legitimate, ethical and in accordance with relevant regulations. Board of Directors, management and all employees are required to perform their duties ethically, honestly and in accordance with relevant laws and regulations, and, violators are seriously subject to punishments. Employees and other individuals may report dishonest or unethical conduct of employees directly to the management and Board of Directors or via the Company's e-mail.

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

Board of Directors is composed of eight directors: four of whom are executive directors, four other are non-executive directors, three of whom are independent directors. Therefore, independent directors account for one-third of the Board of Directors. This structure allows for optimal balance of power.

#### 8. Aggregation or Separation of Positions

According to the Company's current policy, Chairman of Board of Directors and the President may be the same person or different persons. In the case where the posts are held by the same person and Board of Directors meeting considers a matter possibly involving a conflict of interests, Chairman of Board of Directors and/or the President will refrain from participating in the meeting or voting on such matter, and, in such a case the meeting needs to select a chairman of the meeting to complete the consideration of the agenda in order to ensure transparency.



#### 9. Remuneration for Directors and the Management

The compensations of Board of Directors are in accordance with the resolution of shareholders meeting and are disclosed in the annual report of the Company, individually for individual directors whereas those for management are disclosed as a total.

#### 10. Board of Directors' Meeting

The Company requires at least four Board of Directors meetings per year or one per quarter. Additional meetings may be called if a special agenda arises. Regular meetings are scheduled in advance throughout the year, subject to the approval of Board of Directors. The Company sends invitations with agendas to each director seven days in advance. Minutes are taken, approved by Board of Directors and kept as evidence. Each meeting lasts approximately three hours on average.

There were a total of seven meetings in 2005. Attendance of each director is illustrated in the annual report.

#### 11. Sub committee

Board of Directors may appoint sub committees to handle or study certain matters. Two sub committees have been appointed so far: Executive Committee and Audit Committee. Scope of responsibilities and members of the said committees are listed under the Shareholding and Management Structure in the annual report.

#### 12. Controlling System and Internal Audit

The Board of Directors is responsible for the effectiveness of the internal control system while the audit committee is to review and oversee the Company's internal control systems and risk management to be properly and efficiently conducted.

The control environment and system of internal control has been established to ensure that

- the company's business is conducted in an efficient and effective manner;
- assets are adequately safeguarded
- the company is operated in compliance with relevant law and regulations
- management at various levels of authority has sound information on which to base decisions

Internal Audit Department has been set up with the objective to assess the risk and evaluate the adequacy and effectiveness of the Company's system of internal controls. The internal audit is conducted under the supervision of the Audit Committee and Board of Directors of the Company

#### 13. Directors' report

The Board of Directors has the duty of ensuring that the Company and its subsidiaries' financial statements are prepared in accordance with an accounting standard generally accepted in Thailand, that an appropriate accounting policy is chosen and constantly applied. Material information is adequately and properly disclosed in the notes to the financial statements.

#### 14. Relations with Investors

As the Company realizes that investors need to be given sufficient financial and other information, it has established the investor relations division to regularly provide shareholders, investors, fund managers and securities analysts with information. Meetings are held at least four times a year to disclose such information. Investors and other interested parties may request for information directly at [info@deltathailand.com](mailto:info@deltathailand.com) or visit the Company's web site at [www.deltathailand.com](http://www.deltathailand.com) to learn more.

#### INSIDER INFORMATION POLICY AND CONDUCT

The Company has the policy to limit the flow of confidential information to those middle to top management in the departments or plants concerned. Audited financial statements will be kept within management in the Finance and Accounting departments and the Office of the President both before and after the announcement to the public through the Stocks Exchange of Thailand. Other confidential information on the company for the period shall be discussed only in the management meetings to review the operations which comprise only managers of each plant and / or department. In the past 10 years after being listed on the Stocks Exchange of Thailand, the company has never encountered any insider information misconduct due to strict policy and excellent cooperation from top personal. In the case where mischievous conduct is detected, the management will consider levying penalty on the person's performance bonus consideration. Due to its corporate culture, the culprit person shall receive also unfavorable recognition. This would lead to diminished cooperation from their colleagues in the whole Delta group and its subsidiary and associated companies. This shall be considered the highest level of penalty to get.

Moreover, the directors, management, their spouses and dependent children are required to report on the change in their holding of the Company's securities to the SEC.



The company has been developing its Internal Control system for many years with objective to improve the efficiency of the organization as well as to protect against and detect any mistake and misconduct. Though, the company's internal control system has come to the management's satisfactory level but the Audit Committee and the management still work to develop it further. Structure of the company's internal control is comprised of 3 layers as follows:

**1. Audit Committee**

There are 3 members in the committee, all are independent directors who represent the public to monitor the company's internal Audit team on the Company's and its affiliates' operations. They are Assistant Professor Wattanee Phanachet, Associate Professor Vudtechai Kapilakanchan and Professor Supapun Ruttanaporn. The Audit Committee emphasizes in transactions between the Company and other companies in the Delta group as well as the Company's own affiliated and associated companies.

**2. Internal Audit**

The Company has set up its Internal Audit Department in 1999 to work closely with the Audit Committee members. There has been a routine checking and reporting system in place to ensure delivery of good control in the organization. Risk assessment includes external and internal factors that may affect the Company's present and future business growth as well as its profitability and financial status. Audit environment assessment includes scrutinizing the company's current system for check and balance in every area of production and operation. Control points in the system includes, Accounts Receivable, Accounts Payable, Purchase, Warehouses, Internal Quality Control, Import & Export operation, Accounting Ledgers, Assets Configuration, Costing, Production, and Human Resources.

**3. Self Assessment**

The executive team has been set up to evaluate the significant risks which may effect to the Company. The owner of each risk is identified in order to take preventive action and monitor the risks every 6 months.

With routine reporting system in place, the management and the Audit Committee can ensure that the Company's internal auditing system works properly, leading to a better and more profitable organization.

## THE AUDIT COMMITTEE REPORT

The Audit Committee consists of three independent directors: Assistant Professor Wattanee Phanachet as Chairperson, Associate Professor Vudtechai Kapilakanchana and Professor Supapun Ruttanaporn as Committee members with the Internal Audit Department Manager, Mr. Boonsin Surawatsatain as secretary.

The Audit Committee carried out its duties as specified by the Audit Committee Charter of Delta Electronics (Thailand) Public Company Limited. The main points are as follows:

1. Reviewed the company internal control system with the external and internal auditors. The Audit Committee has given some suggestions as deemed appropriate.
2. Reviewed and evaluated the performance of Internal Audit Department from the audit plans, audit practices, audit reports and the follow - ups. The Audit Committee has made suggestions on how to improve its efficiency.
3. Held meetings with external auditors to independently consider and approve quarterly and year-end financial statements before being submitted to the Board of Directors.
4. Reviewed that the Company complies with the related laws and regulations.
5. Considered disclosure of related parties or conflicts of interest transactions.
6. Considered and suggested the appointment of the external auditor to the Company's Board of Directors including the audit fee.

In year 2005, the Audit Committee held 9 meetings and deems that the Company has maintained efficient internal control. The Audit Committee also attempts to do its best in suggesting the Company to operate according to the SET guidelines on good corporate governance practices.

Moreover, the Audit Committee proposed to appoint Ernst & Young Office Limited by Khun Narong Puntawong, CPA. No. 3315, and/or Khun Ruth Chaowanagawi, CPA. No. 3247, and/or Khun Supachai Phanyawattano, CPA. No. 3930, and/or Khun Siraporn Ouaanunkun, CPA. No. 3844 as the auditor for the accounting period ended 31 December 2006. However, this is subject to the approval of the Annual General Shareholders Meeting.



Assistant Professor Wattanee Phanachet

Chairperson

On behalf of the Audit Committee



The Company and its subsidiaries have engaged into business transactions with their related companies in Delta group. The major transactions and reasons for having such related party transactions can be summarized as follows.

### 1. Sales transactions

In order to avoid trade constraints in certain countries for either the Company or its customers e.g. local content requirements, Delta group has established its trade network in local area for better service to customers as well as to enhance its business opportunities in those countries. The transactions are made based on certain trade agreement or with reference to market price, which includes related company's operating fee.

### 2. Purchase of raw materials

Companies in Delta group have set up material network in order to create bargaining power for better price and availability. For certain suppliers, the Company has to facilitate export facility to them via Delta group network. Price of raw material and handling fee will be charged to the Company in such incidence.

### 3. Purchase of fixed assets

Due to the better capability in research and development, Delta Electronics, Inc and some of its affiliates developed and produced new products before transferring to Delta Thailand when such products reached the stage for mass production. Therefore, it is usually better and cheaper for the Company to buy machinery from related companies.

### 4. Commissions

Since the business structure of electronics supply chain company has to provide services to customers in the area where they are located in. This makes Delta group to establish business network which enables the Company to have customer relations offices worldwide. Thus, these offices are able to contact customers with feedbacks to the Company on new product development to be launched into the market. Based on the exchange of information, we are able to match customers' requirements for cost saving, quality improvements and product development, etc. In addition, the office has to provide after-sales service in order to gain maximum customer satisfaction.

### 5. Inspection fee

To strengthen the Company's R&D, the Company has invested in a research and development company namely, Newton Power Ltd. Its business is in R&D of power supply and in order to be survived in the longer term, Newton Power has to provide the R&D services to both Delta Thailand and the related companies. The service fees charged to all parties are based on the normal business conditions.

## 6. Financial assistance

The Company has no policy to provide financial assistance to the related companies except its subsidiaries. Most of the borrowing/lending between the Company or its subsidiaries and the related companies are mainly due to the transaction attained from the business operations rather than a real financial assistance. In case of borrowing or lending, the interest rate will be charged base on financial market's interest rate such as LIBOR.

Remark: Please refer to the notes 23 of the Company's audited financial statements for the year ended December 31, 2005 for detailed information.

### Procedures for related party transactions

In case there is a related party transaction between the Company and the person who may have conflicts of interest, the Management shall consider and approve the small related transaction and the transaction that is considered a general normal business transaction. For the medium to large transaction, the Management shall propose it to the Company's Board of Directors for consideration. In some particular cases, the opinion of the Audit Committee may also be required and the Audit Committee may seek for an opinion from the independent professionals or auditor to support their or shareholders' justification of the transaction. However, the procedures for related party transactions shall comply with the SET's rule and regulations concerning the connected transactions.

In addition, the Audit Committee generally reviews and discusses about the related party transactions with the Company's external auditor in order to help protect conflicts of interest and review if the related party transactions are adequately and properly disclosed.

### Policy for the related party transactions

The Company and its subsidiaries will continue to do the business with the related parties in the future as it is their normal course of business. Moreover, Supports from the group's network will help strengthen the Company's business and improve its competitiveness in the world market. However, such related transactions shall utmost benefit the Company and comply with the SET's rules and regulations concerning the connected transactions and also be properly disclosed in the Company's quarterly and annual financial statements.



## EXPLANATION AND ANALYSIS OF OPERATIONAL RESULTS AND FINANCIAL STATUS



### Sales

Based on the consolidated financial statements for the year ended 31 December 2005, Sales revenue of the Company and its subsidiaries in 2005 had reduced by 9.5% from Baht 48,340 million in 2004 to Baht 43,766 million. This was mainly due to a decline in the sales of some product groups i.e. Video Display and Switching Power Supply product group which reduced by around 18.4% and 15.3%, respectively. Among the Video Display product group, CRT and LCD monitor' sales substantially reduced. The Company has now focused more on LCD TV which still has strong demand. In Switching Power Supply product group, switching power supply (SPS) for server and adapter substantially decreased by around 39.7% and 8.8%, respectively, but networking power supply increased significantly, about 16.5% over the past year.

Moreover, in 2005, sales of DES product group has also grown significantly about 9.4% over those of the previous year and the Company expects DES products together with other higher end products, such as SPS for networking, DC-DC converters and others, will play a much greater role the future.

(Please refer to Revenue Structure and Operation in 2005 for further details.)

### Profit

Gross profit margin was slightly improved from 15.6% in 2004 to 19.2% in 2005. This was mainly due to the change in sales mix by DES product group's sales (including these of DES produced in Thailand and overseas) playing more important role in 2005 total sales. DES sales contributed for around 32% to total sales as compared to 27% previously.

Selling and admin expenses in 2005 slightly rose from Baht 5,860 million or 12.1% of sales in 2004 to Baht 6,245 million or 14.3% of sales. The major increased items were R&D and management expenses which were mainly incurred by the Company's subsidiaries, DES group. Even the selling and admin expenses had increased, the operating profit margin was improved to 4.95% as compared to 3.47% in 2004. Net profit, as a result, increased from Baht 1,228 million in the last year to Baht 2,285 million, representing a growth of 86%.

### Financial Status

Based on the Company's consolidated financial statements as of December 31, 2005, the Company and its subsidiaries had total assets of Baht 27,497 million, total liabilities of Baht 12,477 million and shareholders' equity of Baht 15,020 million.

### Assets

Current assets were posted at Baht 20,257 million or accounted for 74% of the total assets and included mainly cash and cash equivalents, accounts receivable, and inventory. In 2005, accounts receivable and inventory reduced by 22% and 19%, respectively, due to lower sales, particularly those of monitor. Cash and cash equivalent, hence, increased from Baht 3,834 million in last year to Baht 7,146 million in 2005 and the liquidity in 2005, as a result, was significantly improved in spite of a slightly longer collection and inventory period, from 78 days and 48 days, to 76 days and 43 days, respectively, in 2004.

Non current assets were booked at Baht 7,240 million or 26% of the total assets. The major non current assets included land, plant and equipment (net) of Baht 3,795 million which was 17.6% reduced from that of the previous year. This was mainly due to the write off of the expired and unused office equipment, i.e. computers, and some unused machines after the monitor production lines had been closed.. The other main non current assets were the intangible assets which included the consolidation goodwill owing to the acquisition of Ascom Energy Systems group and the patent rights. The net amount of these two items amounted to Baht 2,333 million.

### Liabilities

Accounts payable in 2005 decreased from Baht 6,652 million in 2004 to Baht 6,109 million due to the lower sales which resulted in the decrease of the purchase of raw materials. The average payment period had been slightly extended to 65 days as compared to 60 day in 2004.

Total non current liabilities reduced for a total amount of Baht 1,954 million (from Baht 5,861 million to Baht 3,907 million) largely owing to the reduction in long term loan. Due to the sufficient cash balance, the Company had partially paid off its long term loan which was incurred since it acquired Ascom Energy Systems group in 2003. The outstanding balance of long term loan as of December 31, 2004 of Baht 3,715 million, hence, reduced to Baht 2,136 million in 2005. The reduction in liabilities together with the profit generated during year 2005 helped improved the Debt to Equity ratio significantly from 1.10 time in 2004 to 0.83 times in 2005.

### Shareholders equity

Shareholders' equity as of December 31, 2005 was enlarged from Baht 13,414 million in the last year to Baht 15,020 million mainly owing to the increased retained earnings which resulted from the profit generated during the year 2005.

### REMUNERATION OF AUDITOR

The Company paid the audit fee for the year 2005 to its aitor for a total amount of Baht 4,033,000 (four million and thirty three thousand Baht) including other actual out of pocket expenses.



# Responsibility of the Board of Directors to the Financial Statements



The Board of Directors of Delta Electronics Public Company Limited is responsible for the financial statements of the Company and its subsidiaries which have been prepared in accordance with Thailand’s generally accepted accounting standards. The appropriate accounting policies are applied consistently with adequate disclosure of material information in the notes to the financial statements.

The Board of Directors has assigned the Audit Committee which is composed of all independent directors to review the quality of financial statements and the effectiveness of the internal control system to ensure that accounting records are booked properly and accurately in order to safeguard the Company’s assets. The opinions of the Audit Committee have been reported in the annual report. Furthermore, the Company’s external auditor has also provided their opinions on the financial statements of the Company and its subsidiaries in the auditor’s report which has also been disclosed in the annual report. Make sure

A handwritten signature in black ink, appearing to read "Ng Kong Meng", with a horizontal line underneath it.

Ng Kong Meng  
Chairman

On behalf of the Board of Directors

## 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 2005 and 2004, 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.

The consolidated financial statements of an overseas subsidiary and an overseas group of subsidiary companies as at 31 December 2005 and 2004 and for the years then ended were audited by the subsidiary's auditors, whose reports have been furnished to me. My opinions on the consolidated and the Company's financial statements, insofar as they relate to the amounts included for this subsidiary and group of subsidiary companies, is based solely on the reports of those other auditors. These financial statements reflect total assets as at 31 December 2005 and 2004 of approximately Baht 7,466 million and Baht 9,229 million respectively, total revenues for the years ended 31 December 2005 and 2004 of approximately Baht 19,056 million and Baht 18,902 million respectively, net loss for the year ended 31 December 2005 and 2004 of approximately Baht 230 million and Baht 1,519 million respectively. In addition, the Company's financial statements include investments in this subsidiary and group of subsidiary companies stated under the equity method amounting to Baht 1,429 million and Baht 1,446 million as at 31 December 2005 and 2004, respectively, share of loss for the year ended 31 December 2005 and 2004 amounting to Baht 230 million and Baht 1,519 million, respectively.

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 and the reports of the other auditors referred to in the second paragraph provide a reasonable basis for my opinion.

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2005 and 2004, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited  
Bangkok : 9 February 2006



## BALANCE SHEETS

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2005	2004	2005	2004
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4	7,145,819,576	3,833,527,262	5,309,825,378	2,417,913,321
Investments in available-for-sale securities	5	91,273,764	53,246,592	-	-
Accounts receivable - trade					
Related parties	23	643,388,168	488,165,238	2,943,821,584	3,570,078,030
Unrelated parties		8,036,658,591	10,489,698,143	4,914,135,153	6,657,116,350
Less : Allowance for doubtful accounts		(363,059,219)	(353,986,547)	(261,695,236)	(265,581,428)
Accounts receivable - trade, net	6	8,316,987,540	10,623,876,834	7,596,261,501	9,961,612,952
Short-term loan to and amounts due from related parties	23	53,210,802	-	-	-
Inventories - net	7	4,244,370,304	5,234,128,306	1,891,567,045	2,118,711,879
Other current assets					
Input tax refundable		114,900,964	109,215,463	22,642,995	14,817,593
Advance payments		29,429,346	43,085,813	21,748,453	29,533,045
Forward contracts receivable	12	29,898,873	-	-	-
Other accounts receivable		49,672,266	58,482,367	-	-
Others		181,524,756	189,289,890	31,050,094	22,766,870
<b>TOTAL CURRENT ASSETS</b>		<b>20,257,088,191</b>	<b>20,144,852,527</b>	<b>14,873,095,466</b>	<b>14,565,355,660</b>
<b>NON - CURRENT ASSETS</b>					
Investments accounted for under equity method	8	547,056,485	539,136,452	2,818,944,021	3,565,545,372
Investments in other parties	9	257,322,436	284,164,862	-	-
Property, plant and equipment - net	10	3,795,044,499	4,606,947,731	3,396,080,738	3,860,743,128
Intangible assets					
Consolidation goodwill		1,055,292,092	1,187,733,817	-	-
Other intangible assets		1,278,137,915	1,281,007,176	-	-
Other non-current assets		307,358,386	137,216,492	2,197,431	1,904,762
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,240,211,813</b>	<b>8,036,206,530</b>	<b>6,217,222,190</b>	<b>7,428,193,262</b>
<b>TOTAL ASSETS</b>		<b>27,497,300,004</b>	<b>28,181,059,057</b>	<b>21,090,317,656</b>	<b>21,993,548,922</b>

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

**BALANCE SHEETS (Continued)**

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2005	2004	2005	2004
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions		216,312,363	154,365,243	-	-
Accounts payable - trade					
Related parties	23	377,844,285	465,226,525	143,814,723	151,326,933
Unrelated parties		5,730,724,532	6,186,850,182	4,745,801,603	5,500,694,457
Total accounts payable - trade		6,108,568,817	6,652,076,707	4,889,616,326	5,652,021,390
Short-term loan from and amounts due to related parties	23	107,913,513	242,180,483	128,668,278	242,213,445
Other current liabilities					
Accrued expenses	11	1,383,397,749	1,312,283,882	763,779,606	534,360,813
Advance received		282,925,619	178,383,160	166,392,805	144,630,007
Other accounts payable		222,909,870	279,624,461	161,447,720	195,871,232
VAT payable		127,900,664	28,406,710	-	-
Others		120,317,017	58,453,706	18,310,031	23,147,100
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,570,245,612</b>	<b>8,905,774,352</b>	<b>6,128,214,766</b>	<b>6,792,243,987</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loan from related party	23	-	-	-	1,848,741,408
Long-term loan from financial institutions	13	2,136,087,200	3,715,317,000	-	-
Provisions	14	1,735,591,161	2,102,213,502	-	-
Other non-current liabilities		35,003,402	43,921,837	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,906,681,763</b>	<b>5,861,452,339</b>	<b>-</b>	<b>1,848,741,408</b>
<b>TOTAL LIABILITIES</b>		<b>12,476,927,375</b>	<b>14,767,226,691</b>	<b>6,128,214,766</b>	<b>8,640,985,395</b>

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



## BALANCE SHEETS (Continued)

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
AS AT 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2005	2004	2005	2004
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Registered					
1,259 million ordinary shares of Baht 1 each (2004 : 1,200 million ordinary shares of Baht 1 each)	15	1,259,000,000	1,200,000,000	1,259,000,000	1,200,000,000
Issued and fully paid					
1,188.12 million ordinary shares of Baht 1 each (2004 : 1,188.10 million ordinary shares of Baht 1 each)		1,188,116,740	1,188,102,115	1,188,116,740	1,188,102,115
Additional paid-in capital					
Premium on share capital		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Unrealised loss on investments in available-for-sale securities		(13,122,460)	(41,001,868)	(13,122,460)	(41,001,868)
Translation adjustments		97,195,102	(150,241,673)	97,195,102	(150,241,673)
Retained earnings					
Appropriated - Statutory reserve	16	125,900,000	120,000,000	125,900,000	120,000,000
Unappropriated		12,072,101,008	10,743,792,453	12,072,101,008	10,743,792,453
<b>EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS</b>		<b>14,962,102,890</b>	<b>13,352,563,527</b>	<b>14,962,102,890</b>	<b>13,352,563,527</b>
<b>MINORITY INTEREST - equity attributable to minority shareholders of subsidiaries</b>		<b>58,269,739</b>	<b>61,268,839</b>	<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>15,020,372,629</b>	<b>13,413,832,366</b>	<b>14,962,102,890</b>	<b>13,352,563,527</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>27,497,300,004</b>	<b>28,181,059,057</b>	<b>21,090,317,656</b>	<b>21,993,548,922</b>

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

## EARNINGS STATEMENTS

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2005	2004	2005	2004
<b>REVENUES</b>					
Sales and services income		43,765,831,849	48,340,068,713	34,029,416,390	37,716,572,039
Other income					
Interest income		194,670,083	116,005,800	97,952,723	51,813,719
Gain on exchange rate	18	-	147,406,244	608,811,855	-
Gain on disposal of fixed assets		105,556,374	-	-	-
Reversal of provision for obsolete inventories		349,344,360	-	-	-
Others		142,177,657	215,632,076	60,245,617	31,686,281
<b>TOTAL REVENUES</b>		<b>44,557,580,323</b>	<b>48,819,112,833</b>	<b>34,796,426,585</b>	<b>37,800,072,039</b>
<b>EXPENSES</b>					
Cost of sales and services		35,356,132,351	40,801,434,432	27,543,445,189	31,586,069,815
Selling and administrative expenses		6,244,769,889	5,859,739,476	3,906,913,903	3,891,017,582
Loss on disposal of fixed assets		-	111,582,794	33,588,452	2,147,602
Loss on disposal of investments in available-for-sale securities		4,691,173	-	-	-
Directors' remuneration	19	4,410,000	4,511,960	4,410,000	4,511,960
Loss on exchange rate	18	146,313,937	-	-	214,232,587
Amortisation of intangible assets		131,962,483	162,501,147	-	-
Restructuring expenses		125,936,345	437,851,345	-	-
Loss on diminution in value of investment in other parties		27,523,267	-	-	-
Share of loss from investments accounted for under equity method		18,857,938	23,670,645	1,021,917,534	862,673,789
<b>TOTAL EXPENSES</b>		<b>42,060,597,383</b>	<b>47,401,291,799</b>	<b>32,510,275,078</b>	<b>36,560,653,335</b>
<b>EARNINGS BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX</b>					
CORPORATE INCOME TAX		2,496,982,940	1,417,821,034	2,286,151,507	1,239,418,704
INTEREST EXPENSES		(141,287,769)	(126,438,057)	-	-
CORPORATE INCOME TAX	20	(70,943,782)	(57,426,855)	(1,471,410)	(11,310,162)
<b>EARNINGS AFTER CORPORATE INCOME TAX</b>		<b>2,284,751,389</b>	<b>1,233,956,122</b>	<b>2,284,680,097</b>	<b>1,228,108,542</b>
MINORITY INTEREST IN NET EARNINGS OF SUBSIDIARIES		(71,292)	(5,847,580)	-	-
<b>NET EARNINGS FOR THE YEAR</b>		<b>2,284,680,097</b>	<b>1,228,108,542</b>	<b>2,284,680,097</b>	<b>1,228,108,542</b>
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	21				
Net earnings		1.92	1.03	1.92	1.03
Weighted average number of ordinary shares (shares)		1,188,115,769	1,188,102,115	1,188,115,769	1,188,102,115
Diluted earnings per share	21				
Net earnings		1.92	1.03	1.92	1.03
Weighted average number of ordinary shares (shares)		1,188,727,036	1,188,116,133	1,188,727,036	1,188,116,133

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



# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY



DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	CONSOLIDATED							
	Issued and paid-up share capital	Premium on share capital	Unrealised loss on investments in available-		Retained earnings		Minority interest-equity attributable to minority shareholders of subsidiaries	Total
			for-sale securities	Translation adjustments	Appropriated	Unappropriated		
Balance as at 31 December 2003	1,188,102,115	1,491,912,500	(21,219,555)	(3,170,331)	120,000,000	10,466,073,883	78,117,491	13,319,816,103
Unrealised loss on investments in available-for-sale securities	-	-	(19,782,313)	-	-	-	-	(19,782,313)
Translation adjustments	-	-	-	(147,071,342)	-	-	-	(147,071,342)
Unrealised items in earnings statement	-	-	(19,782,313)	(147,071,342)	-	-	-	(166,853,655)
Net earnings for the year	-	-	-	-	-	1,228,108,542	-	1,228,108,542
Dividend paid (Note 26)	-	-	-	-	-	(950,481,692)	-	(950,481,692)
Dividend return	-	-	-	-	-	91,720	-	91,720
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(16,848,652)	(16,848,652)
Balance as at 31 December 2004	1,188,102,115	1,491,912,500	(41,001,868)	(150,241,673)	120,000,000	10,743,792,453	61,268,839	13,413,832,366
Unrealised gain on investments in available-for-sale securities	-	-	27,879,408	-	-	-	-	27,879,408
Translation adjustments	-	-	-	247,436,775	-	-	-	247,436,775
Unrealised items in earnings statement	-	-	27,879,408	247,436,775	-	-	-	275,316,183
Net earnings for the year	-	-	-	-	-	2,284,680,097	-	2,284,680,097
Appropriated to legal reserve (Note 16)	-	-	-	-	5,900,000	(5,900,000)	-	-
Dividend paid (Note 26)	-	-	-	-	-	(950,491,571)	-	(950,491,571)
Dividend return	-	-	-	-	-	20,029	-	20,029
Increase share capital (Note 15)	14,625	-	-	-	-	-	-	14,625
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(2,999,100)	(2,999,100)
Balance as at 31 December 2005	1,188,116,740	1,491,912,500	(13,122,460)	97,195,102	125,900,000	12,072,101,008	58,269,739	15,020,372,629

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

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	THE COMPANY ONLY							Minority interest-equity attributable to minority shareholders of subsidiaries	Total
	Issued and paid-up share capital	Premium on share capital	Unrealised loss on investments in available-for-sale securities	Translation adjustments	Retained earnings				
					Appropriated	Unappropriated			
Balance as at 31 December 2003	1,188,102,115	1,491,912,500	(21,219,555)	(3,170,331)	120,000,000	10,466,073,883		13,241,698,612	
Unrealised loss on investments in available-for-sale securities	-	-	(19,782,313)	-	-	-	-	(19,782,313)	
Translation adjustments	-	-	-	(147,071,342)	-	-	-	(147,071,342)	
Unrealised items in earnings statement	-	-	(19,782,313)	(147,071,342)	-	-	-	(166,853,655)	
Net earnings for the year	-	-	-	-	-	1,228,108,542	-	1,228,108,542	
Dividend paid (Note 26)	-	-	-	-	-	(950,481,692)	-	(950,481,692)	
Dividend return	-	-	-	-	-	91,720	-	91,720	
<b>Balance as at 31 December 2004</b>	<b>1,188,102,115</b>	<b>1,491,912,500</b>	<b>(41,001,868)</b>	<b>(150,241,673)</b>	<b>120,000,000</b>	<b>10,743,792,453</b>		<b>13,352,563,527</b>	
Unrealised gain on investments in available-for-sale securities	-	-	27,879,408	-	-	-	-	27,879,408	
Translation adjustments	-	-	-	247,436,775	-	-	-	247,436,775	
Unrealised items in earnings statement	-	-	27,879,408	247,436,775	-	-	-	275,316,183	
Net earnings for the year	-	-	-	-	-	2,284,680,097	-	2,284,680,097	
Appropriated to legal reserve (Note 16)	-	-	-	-	5,900,000	(5,900,000)	-	-	
Dividend paid (Note 26)	-	-	-	-	-	(950,491,571)	-	(950,491,571)	
Dividend return	-	-	-	-	-	20,029	-	20,029	
Increase share capital (Note 15)	14,625	-	-	-	-	-	-	14,625	
<b>Balance as at 31 December 2005</b>	<b>1,188,116,740</b>	<b>1,491,912,500</b>	<b>(13,122,460)</b>	<b>97,195,102</b>	<b>125,900,000</b>	<b>12,072,101,008</b>		<b>14,962,102,890</b>	

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



## STATEMENTS OF CASH FLOWS

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
<b>Cash flows from (used in) operating activities :-</b>				
Net earnings	2,284,680,097	1,228,108,542	2,284,680,097	1,228,108,542
Adjustments to reconcile net earnings to net cash from (used in) operating activities :-				
Depreciation and amortisation	1,164,961,136	1,241,784,265	877,682,319	823,043,997
Amortisation in premium/discount of forward contracts	(3,067,905)	-	-	-
Amortisation of goodwill	132,130,818	350,880,862	-	-
Amortisation of other intangible assets	66,146,132	158,646,912	-	-
Allowance for doubtful accounts (reversal)	9,072,672	(27,721,464)	(3,886,192)	(31,142,509)
Provision for obsolete inventories (reversal)	(547,626,195)	133,232,307	(44,583,978)	191,692,911
Accrual of provisions	100,435,144	112,273,986	-	-
Provision for diminution in value of investment in other parties	28,077,454	-	-	-
(Gain) loss from sale of fixed assets	(105,556,374)	111,582,794	33,588,452	2,147,602
(Gain) loss from sale of investments in available-for-sale securities	4,691,173	(213,051)	-	-
Loss from return loan to associated company	-	13,231,732	-	-
Share of loss from investments accounted for under equity method	18,857,937	23,670,645	1,021,917,534	862,673,789
Unrealised (gain) loss on exchange rate	(259,312,427)	90,158,869	(612,777,801)	285,756,893
Minority interest in net earnings of subsidiaries	71,292	5,847,580	-	-
Earnings from operating activities before changes in operating assets and liabilities	2,893,560,954	3,441,483,979	3,556,620,431	3,362,281,225
Decrease (increase) in operating assets :-				
Accounts receivable - trade	2,651,274,950	(1,155,387,525)	2,722,695,971	(1,146,811,255)
Short-term loan to and amounts due from related parties	(53,210,802)	17,526,791	-	17,526,791
Inventories	1,537,384,197	(853,440,187)	271,728,812	(262,283,625)
Input tax refundable	(5,685,501)	223,464,986	(7,825,402)	17,639,043
Advance payments	13,096,471	75,140,563	7,784,592	67,540,573
Other accounts receivable	8,810,101	(38,737,947)	-	-
Other current assets	10,384,630	(66,711,213)	(5,663,728)	(4,368,787)
Other intangible assets	19,083	-	-	-
Other non - current assets	(170,141,894)	(44,835,496)	(292,669)	(35,000)
Increase (decrease) in operating liabilities :-				
Accounts payable - trade	(649,099,265)	(185,347,079)	(867,996,439)	(471,036,973)
Short-term loan from and amounts due to related parties	(134,290,456)	(181,693,301)	(113,568,653)	(194,520,658)
Accrued expenses	42,524,084	131,191,885	200,829,010	3,719,943
Advance receivable	97,828,268	42,032,245	15,048,607	34,317,446
Other accounts payable	(59,559,456)	(111,228,446)	(37,268,377)	(29,262,731)
VAT payable	99,493,954	(1,753,052)	-	-
Other current liabilities	55,233,626	(158,528,679)	(4,837,069)	7,561,187
Provisions	(280,611,262)	(463,879,295)	-	-
Other non-current liabilities	(8,918,435)	1,557,596	-	-
Net cash from operating activities	6,048,093,247	670,855,825	5,737,255,086	1,402,267,179

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

## STATEMENTS OF CASH FLOWS (Continued)

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
<b>Cash flows from (used in) investing activities :-</b>				
Decrease in fixed deposit	-	198,191,000	-	-
Increase in investments in available-for-sale securities	(63,818,355)	(4,162,369)	-	-
Proceeds from disposal of investments in available-for-sale securities	50,032,136	3,498,243	-	-
Increase in investments in subsidiaries	-	-	-	(595,220,394)
Increase in investments in other parties	-	(40,777,778)	-	-
Proceeds from return fund of investment in other parties	12,649,352	7,286,215	-	-
Proceeds from redemption of investment in unit trusts	-	120,000,000	-	120,000,000
Proceeds from return loan to associated company	-	50,965,458	-	-
Decrease in long-term loan to related parties	-	1,704,961	-	-
Acquisition of fixed assets	(617,157,039)	(1,121,066,096)	(481,456,535)	(892,756,734)
Proceeds from sales of fixed assets	323,306,727	1,447,622	34,848,154	1,447,622
Net cash used in investing activities	(294,987,179)	(782,912,744)	(446,608,381)	(1,366,529,506)
<b>Cash flows from (used in) financing activities :-</b>				
Increase in bank overdrafts and short-term loan from financial institutions	61,947,120	153,470,674	-	-
Decrease in long-term loan from related party	-	-	(1,663,282,064)	(55,803,976)
Decrease in long-term loan from financial institutions	(1,766,379,800)	(586,629,000)	-	-
Dividend paid	(950,491,571)	(950,481,692)	(950,491,571)	(950,481,692)
Returned dividend	20,029	91,720	20,029	91,720
Cash received from increase share capital	14,625	-	14,625	-
Net cash used in financing activities	(2,654,889,597)	(1,383,548,298)	(2,613,738,981)	(1,006,193,948)
<b>Decrease in translation adjustments</b>	<b>(492,945)</b>	<b>(191,322,360)</b>	<b>-</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalent	3,097,723,526	(1,686,927,577)	2,676,907,724	(970,456,275)
Cash and cash equivalents - beginning of year	3,833,527,262	5,437,360,125	2,417,913,321	3,305,274,882
Cash and cash equivalents - end of year (Note 25)	6,931,250,788	3,750,432,548	5,094,821,045	2,334,818,607
<b>Supplemental cash flows information</b>				
Cash paid during the year for :				
Interest	162,535,319	107,962,297	-	-
Income tax	4,659,809	125,150,986	1,493,310	11,538,135

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### 1. GENERAL INFORMATION

Delta Electronics (Thailand) Public Company Limited was incorporated as a limited company under Thai laws. Its major shareholder is Deltron Holding Limited., 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.

These financial statements were authorised for issue by the Authorised Directors on 9 February 2006.

### 2. BASIS OF CONSOLIDATION

2.1 The consolidated financial statements incorporate the financial statements for the years ended 31 December 2005 and 2004 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		In	Nature of business	Percentage of total assets included in the consolidated total assets		Percentage of total revenues included in the consolidated revenues	
	2005	2004			2005	2004	2005	2004
	DET International Holding Limited	100			100	Cayman Island	Holding business	11.42
Delta Energy Systems (Switzerland) AG	100	100	Switzerland	Trading, research and developments for electronic products	6.57	5.54	2.04	1.32
The subsidiary companies owned by DET International Holding Limited								
Newton Power Limited	100	100	Hong Kong	Marketing research and development for electronic products	0.25	0.15	0.18	-
DET Logistics (USA) Corporation	100	100	USA	Trading of electronic products	7.32	12.01	21.03	15.38
DET Video Technology Limited	100	-	British virgin Island	Trading of electronic products	1.00	-	-	-
The subsidiary companies owned by Delta Energy Systems (Switzerland) AG								
Delta Energy Systems (Romania) S.R.L.	100	100	Romania	Research and development for electronic products	0.01	0.02	-	-
Delta Energy Systems (Czech republic) spol.s.r.o.	100	100	Czech Republic	Trading of electronic products	-	-	0.27	0.32
Delta Energy Systems (Bratislava) spol.s.r.o.	-	-	Slovak Republic	Trading of electronic products	-	-	-	0.09

	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 revenues	
	2005	2004			2005	2004	2005	2004
	The subsidiary companies owned by Delta Energy Systems (Switzerland) AG							
Delta Energy Systems (Slovakia) s.r.o.	100	100	Slovak Republic	Manufacturing to electronic products	2.89	4.25	0.15	0.13
Delta Energy Systems (Germany) GmbH.	100	100	Germany	Trading of electronic products	3.50	4.57	9.62	9.97
Delta Energy Systems (Spain) S.L.	100	100	Spain	Trading of electronic products	0.29	0.24	0.38	0.23
Delta Energy Systems (France) S.A.	100	100	France	Trading of electronic products	1.12	0.51	0.94	0.59
Delta Energy Systems (Italy) s.r.l.	100	100	Italy	Trading of electronic products	1.35	1.48	1.29	1.11
Delta Energy Systems (Sweden) AB.	100	100	Sweden	Trading of electronic products	0.32	0.50	0.58	0.72
Delta Energy Systems (Finland) Oy.	100	100	Finland	Trading of electronic products	0.62	0.38	1.38	1.22
Delta Energy Systems (Brazil) S.A.	100	100	Brazil	Trading of electronic products	0.51	0.17	1.24	1.11
Delta Systems Energia (Curitiba) Ltda. (owned by Delta Energy Systems (Brazil) S.A.)	100	100	Brazil	Engineering	-	-	-	-
Delta Energy Systems (Hong Kong) Ltd.	100	100	China	Trading of electronic products	0.16	0.46	-	-
Delta Energy Systems (Malaysia) Sdn Bhd.	100	100	Malaysia	Trading of electronic products	-	-	-	-
Delta Energy Systems (India) Private Ltd.	100	100	India	Trading of electronic products	2.34	2.22	2.49	1.56
Delta Energy Systems (Guangzhou) Ltd.	51	51	China	Trading of electronic products	0.19	0.13	-	0.62
Delta Energy Systems (USA) Inc.	100	100	USA	Trading of electronic products	-	-	-	3.66
Delta Energy Systems (Arizona) Inc.	100	100	USA	Research and development for electronic products	0.01	-	0.11	-
Delta Electronics Europe Ltd.	100	100	Scotland	Trading of electronic products	1.22	1.03	1.12	0.88
Delta Energy Systems (Poland) Sp z o o.	100	100	Poland	Trading of electronic products	0.08	0.02	0.09	-
Delta Energy Systems LLC.	100	100	Russia	Trading of electronic products	0.01	-	-	-



- 2.2 The assets, liabilities and results of operations of the subsidiaries are included in the consolidated financial statements from the date of acquisition to the date of disposition.
- 2.3 Outstanding balances between the Company and the subsidiaries, significant intercompany transactions, investments in subsidiaries in the Company's records and share capital of subsidiaries have been eliminated from the consolidated financial statements.
- 2.4 The excess of cost of investments over the net assets of the subsidiaries on the acquisition date is shown as "Consolidation goodwill" in the consolidated balance sheet and is amortised on the straight-line method over the period of 20 years.
- 2.5 Financial statements of the subsidiaries and associated companies denominated in foreign currency have been translated into Baht at the exchange rates ruling on the balance sheet date or where appropriate, the average rate. The differences arising from such translation have been shown separately under the caption of "Translation adjustments" in the shareholders' equity.
- 2.6 At a meeting of the Board of Director of a subsidiary company held on 21 September 2005, it was resolved that the subsidiary would set up a new company, DET Video Technology Limited, to be incorporated in the British Virgin Islands with a registered capital of USD 100,000. It is to be wholly owned by the subsidiary. During October 2005, the subsidiary company made full payment of the new company's share capital.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547.

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

#### 3.1 Recognition of revenue

Sales are the invoiced value of goods supplied after deducting discounts and allowances, and excluding value added tax. Sales of goods are recognised when products are delivered and title passes to customers.

Service income is recognised by reference to the stage of completion, and excluding value added tax.

#### 3.2 Accounts receivable - trade and allowance for doubtful accounts

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

#### 3.3 Inventories

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

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

### 3.4 Property, plant and equipment/depreciation

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

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

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

### 3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on a straight-line basis over the period of 20 years.

### 3.6 Investments

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

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

Investments in the ordinary and preference shares of other companies are valued at cost. Allowance for impairment of securities may be set up after taking into consideration the net book value and other factors.

For investments in ordinary and preference shares in other companies, the Company recognises loss on impairment of securities (if any) in the earnings statement.

### 3.7 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.

### 3.8 Financial derivative instruments

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



### 3.9 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.

### 3.10 Use of accounting estimates

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

### 3.11 Deferred income tax

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

### 3.12 Provision

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

### 3.13 Pension plan

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

## 4. CASH AND CASH EQUIVALENTS

Most of the Company's cash at banks comprises cash deposited with various banks in US Dollar accounts, amounting to approximately USD 127 million as at 31 December 2005. Most of this amount is in two accounts with foreign banks (31 December 2004 : approximately USD 59 million, most of balance is in 4 overseas banks and 1 local bank).

## 5. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

(Unit: Baht)

	31 December 2005		31 December 2004	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
Available-for-sale securities				
a) Cyntec Company Limited	48,009,064	45,130,885	81,759,622	44,572,082
b) Loyalty Founder Enterprise Company Limited	60,060,509	49,816,228	17,173,634	13,359,306
Total	108,069,573	94,947,113	98,933,256	57,931,388
Unrealised loss on investments in available-for-sale securities	(13,122,460)		(41,001,868)	
Translation adjustments	(3,673,349)		(4,684,796)	
Net investments in available-for-sale securities	91,273,764		53,246,592	

## 6. ACCOUNTS RECEIVABLE - TRADE

The aging of outstanding balances as at 31 December 2005 and 2004 is as follows :-

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
<u>Accounts receivable - trade, related parties</u>				
Current	556,744,809	428,925,079	2,548,445,303	3,359,353,354
Past due 1 - 3 months	83,057,337	56,063,059	395,145,835	210,242,643
Past due 3 - 6 months	3,577,075	738,586	230,446	442,744
Past due 6 - 12 months	8,947	2,438,514	-	39,289
Total	643,388,168	488,165,238	2,943,821,584	3,570,078,030
<u>Accounts receivable - trade, unrelated parties</u>				
Current	6,993,799,066	8,690,050,314	4,094,156,827	5,259,732,345
Past due 1 - 3 months	685,778,340	1,414,529,711	510,755,728	1,128,310,318
Past due 3 - 6 months	73,034,378	83,708,895	39,719,527	32,659,316
Past due 6 - 12 months	25,122,592	16,752,898	19,738,368	-
Past due over 12 months	258,924,215	284,656,325	249,764,703	236,414,371
Total	8,036,658,591	10,489,698,143	4,914,135,153	6,657,116,350
Total Accounts receivable - Trade	8,680,046,759	10,977,863,381	7,857,956,737	10,227,194,380
<u>Less</u> : Allowance for doubtful accounts	(363,059,219)	(353,986,547)	(261,695,236)	(265,581,428)
Accounts receivable - trade, net	8,316,987,540	10,623,876,834	7,596,261,501	9,961,612,952

## 7. INVENTORIES

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Finished goods	1,395,361,712	1,918,504,524	542,353,187	219,316,310
Work in process	659,519,105	753,269,118	369,207,677	452,120,567
Raw materials	2,094,604,138	3,126,122,914	1,028,356,686	1,528,625,899
Goods in transit	1,139,081,178	1,028,053,774	199,583,792	211,167,378
Total	5,288,566,133	6,825,950,330	2,139,501,342	2,411,230,154
<u>Less</u> : Allowance for obsolete inventories	(1,044,195,829)	(1,591,822,024)	(247,934,297)	(292,518,275)
Inventories - net	4,244,370,304	5,234,128,306	1,891,567,045	2,118,711,879



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 paid up capital		Percentage owned by the Company		Balances as at 31 December				
					Consolidated		The Company Only		
	Foreign currency	2005	2004	2005 %	2004 %	2005 Baht	2004 Baht	2005 Baht	2004 Baht
<u>Subsidiary companies</u>									
DET International Holding Limited									
- Cost	USD	53,852,576	53,852,576	100	100	-	-	2,133,050,147	2,133,050,147
- Share of profit (loss) (accumulated to 31 December)								(769,434,140)	85,762,642
								1,363,616,007	2,218,812,789
Delta Energy Systems (Switzerland) AG									
- Cost	CHF	20,000,000	20,000,000	100	100	-	-	2,576,143,928	2,576,143,928
- Share of loss (accumulated to 31 December)								(1,204,888,556)	(1,038,167,804)
								1,371,255,372	1,537,976,124
Total investments in subsidiary companies								2,734,871,379	3,756,788,913
<u>Associated companies</u> (owned by DET International Holding Limited)									
Huada Holding Company Limited									
- Cost	USD	16,000,000	16,000,000	45	45	266,009,850	266,009,850	-	-
- Share of loss (accumulated to 31 December)						(177,850,845)	(147,571,235)		
						88,159,005	118,438,615		
Delta Green (Tianjin) Industries Company Limited									
- Cost	USD	20,000,000	20,000,000	50	50	394,383,470	394,383,470	-	-
- Share of profit (accumulated to 31 December)						36,359,631	24,935,653		
						430,743,101	419,319,123		
Unrealised loss on available-for-sale securities of a subsidiary						-	-	(13,122,460)	(41,001,868)
Translation adjustments						28,154,379	1,378,714	97,195,102	(150,241,673)
Total investments in associated companies						547,056,485	539,136,452		
<b>Total investments accounted for under equity method</b>						<b>547,056,485</b>	<b>539,136,452</b>	<b>2,818,944,021</b>	<b>3,565,545,372</b>

## 9. INVESTMENTS IN OTHER PARTIES

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

(Unit : Baht)

	The Company's interest		Balance as at 31 December	
	in equity capital		Consolidated	
	2005	2004	2005	2004
	%	%		
IP Fund One, L.P.				
(owned by DET International Holding Limited)	3.84	3.84	352,964,104	365,613,456
Ezonics Corporation Company Limited				
(owned by DET International Holding Limited)	16.49	16.49	50,582,003	50,582,003
Total investment in other parties			403,546,107	416,195,459
Less : Provision for diminution in value of investment				
in other parties			(135,027,026)	(106,949,572)
Translation adjustments			(11,196,645)	(25,081,025)
Investments in other parties - net			257,322,436	284,164,862

## 10. PROPERTY, PLANT AND EQUIPMENT - NET

(Unit : Baht)

	CONSOLIDATED								
	As at 31 December 2005								
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
<b>Cost :</b>									
1 January 2005	324,769,775	1,286,115,518	5,513,722,316	927,621,258	991,600,250	10,382,397	1,214,799,200	422,765,807	10,691,776,521
Purchase/transfer in	-	10,619,199	417,504,534	127,984,513	36,310,982	31,131,091	211,654,252	606,440,489	1,441,645,060
Disposal/write-off/transfer out	(11,118,153)	(55,336,106)	(480,345,794)	(174,980,148)	(69,541,452)	(37,879,369)	(505,320,296)	(625,946,925)	(1,960,468,243)
31 December 2005	313,651,622	1,241,398,611	5,450,881,056	880,625,623	958,369,780	3,634,119	921,133,156	403,259,371	10,172,953,338
<b>Accumulated depreciation :</b>									
1 January 2005	-	193,599,975	3,473,220,850	781,763,660	438,283,950	-	872,482,692	325,477,663	6,084,828,790
Depreciation for the year	-	31,675,444	725,373,534	134,773,068	91,611,846	-	154,854,221	26,673,023	1,164,961,136
Depreciation - disposal/write-off	-	(8,604,315)	(391,160,092)	(164,346,624)	(41,561,337)	-	(293,833,887)	(23,450,293)	(922,956,548)
31 December 2005	-	216,671,104	3,807,434,292	752,190,104	488,334,459	-	733,503,026	328,700,393	6,326,833,378
Translation adjustments	(293,560)	(2,064,956)	(14,472,090)	-	(12,688,282)	(533,691)	(20,026,748)	(996,134)	(51,075,461)
<b>Net book value :</b>									
As at 31 December 2005	313,358,062	1,022,662,551	1,628,974,674	128,435,519	457,347,039	3,100,428	167,603,382	73,562,844	3,795,044,499
As at 31 December 2004	324,769,775	1,092,515,543	2,040,501,466	145,857,598	553,316,300	10,382,397	342,316,508	97,288,144	4,606,947,731
<b>Depreciation charge (included in earnings statement) :</b>									
Year 2005									1,164,961,136
Year 2004									1,241,784,265



Depreciation for the year amounting to Baht 906,557,652 (2004 : Baht 924,104,782) has been charged to cost of production and the remaining part of Baht 258,403,484 (2004 : Baht 317,679,483) has been charged to selling and administrative expenses.

(Unit : Baht)

The Company Only									
As at 31 December 2005									
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
<b>Cost :</b>									
1 January 2005	312,646,818	1,202,130,622	3,819,322,575	927,621,258	836,654,564	780,601	227,677,645	118,662,838	7,445,496,921
Purchase/transfer in	-	4,979,429	272,195,335	127,984,513	13,188,750	14,037,066	65,707,958	596,429,231	1,094,522,282
Disposal/write-off/transfer out	-	(1,484,002)	(224,031,107)	(174,980,148)	(66,782,099)	(13,697,404)	(23,134,064)	(601,828,003)	(1,105,936,827)
31 December 2005	312,646,818	1,205,626,049	3,867,486,803	880,625,623	783,061,215	1,120,263	270,251,539	113,264,066	7,434,082,376
<b>Accumulated depreciation :</b>									
1 January 2005	-	177,584,131	2,059,493,015	781,763,660	343,887,701	-	155,582,056	66,443,230	3,584,753,793
Depreciation for the year	-	27,681,500	581,335,721	134,773,068	71,996,905	-	52,296,924	9,598,201	877,682,319
Depreciation - disposal/write-off	-	(58,194)	(197,825,895)	(164,346,624)	(39,077,617)	-	(20,795,576)	(2,330,568)	(424,434,474)
31 December 2005	-	205,207,437	2,443,002,841	752,190,104	376,806,989	-	187,083,404	73,710,863	4,038,001,638
<b>Net book value :</b>									
As at 31 December 2005	312,646,818	1,000,418,612	1,424,483,962	128,435,519	406,254,226	1,120,263	83,168,135	39,553,203	3,396,080,738
As at 31 December 2004	312,646,818	1,024,546,491	1,759,829,560	145,857,598	492,766,863	780,601	72,095,589	52,219,608	3,860,743,128
<b>Depreciation charge (included in earnings statement) :</b>									
Year 2005									877,682,319
Year 2004									823,043,997

Depreciation for the year amounting to Baht 752,012,397 (2004 : Baht 707,644,583) has been charged to cost of production and the remaining part of Baht 125,669,922 (2004 : Baht 115,399,414) has been charged to selling and administrative expenses.

## 11. ACCRUED EXPENSES

The balance mainly represented expenses and provisions related to employee costs and product sales of the Company and its subsidiaries, amounting to approximately Baht 625 million and Baht 495 million, respectively (the Company only : Baht 136 million and Baht 562 million, respectively). The management of the Company and its subsidiaries believes that actual expenditures will be close to the amount estimated and accrued in the Company's records.

## 12. FORWARD CONTRACTS

A subsidiary of the Company have entered into forward exchange contracts with overseas financial institutions. The outstanding balances under the contracts as at 31 December 2005 and 2004 are as follows:-

	Amount	
	(Unit : Million unit of currency)	
	2005	2004
Forward Contracts to "Sell"		
USD/THB	85	-

The subsidiary has recorded the foreign currency assets and liabilities arising from its entering into these contracts in the balance sheets, under the captions of "Forward contracts - receivable/payable".

### 13. LONG-TERM LOAN FROM FINANCIAL INSTITUTIONS

As at 31 December 2005, a subsidiary of the Company had a dollar loan from local and overseas banks amounting to approximately USD 52 million which is guaranteed by the Company. (31 December 2004 : USD 95 million).

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

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

### 14. PROVISIONS

The outstanding balances as at 31 December 2005 and 2004 is as follows :-

	(Unit : Million Baht)	
	Consolidated	
	2005	2004
Pension	935	1,020
Restructuring costs	465	688
Warranty	184	185
Other provisions	152	209
	1,736	2,102

### 15. SHARE CAPITAL/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 the new 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 Meeting of the Board of Directors of the Company held on 23 February 2005 approved resolutions to pay a dividend to shareholders. As a result the Company adjusted the exercise ratio of the warrants in the manner stated in the prospectus, such that 1 warrant can be exercised to purchase 12.64553 ordinary shares at a price of Baht 1 per share, effective from 10 March 2005.

During January 2005, 1,000 warrants were exercised to purchase 12,349 new ordinary shares, the Company registered this capital increase with the Ministry of Commerce on 12 January 2005 and during April 2005, 180 warrants were exercised to purchase 2,276 new ordinary shares, the Company registered this capital increase with the Ministry of Commerce on 7 April 2005.

The final date for the exercise of the Company's warrants was 30 June 2005, after which the remaining warrants can no longer be exercised.

- The Annual General Meeting of shareholders held on 30 March 2005 approved a resolution to issue up to 59,000,000 warrants for offer to executive directors and other employees of the Company. The warrants can be exercised to subscribe to newly issued ordinary shares in a ratio of 1 warrant per 1 ordinary share, at an exercise price of Baht 1 each. They are a one-time issue and have a life of 5 years, with the exercise period commencing on the last business day of January 2006. The warrants were listed



on the Stock Exchange of Thailand on 28 December 2005. The meeting also approved a resolution to increase the Company's registered share capital by 59,000,000 shares to support the exercise of the warrants, resulting in an increase in the number of ordinary shares comprising the registered share capital from 1,200,000,000 shares to 1,259,000,000 shares. The Company registered the increase in its registered share capital with the Ministry of Commerce on 7 April 2005.

#### 16. STATUTORY RESERVE

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

#### 17. EMPLOYEES AND RELATED COSTS

	Consolidated		The Company Only	
	2005	2004	2005	2004
Number of employees at the end of year (persons)	13,655	16,329	12,509	15,180
Employee costs for the year (Million Baht)	4,565	5,195	1,953	2,071

#### 18. GAIN (LOSS) ON EXCHANGE RATE

(Unit : Baht)

	For the year ended 31 December			
	Consolidated		The Company Only	
	2005	2004	2005	2004
Realised gain (loss) on exchange rate	(405,626,364)	237,565,113	(3,965,946)	71,524,306
Unrealised gain (loss) on exchange rate	259,312,427	(90,158,869)	612,777,801	(285,756,893)
Gain (loss) on exchange rate	(146,313,937)	147,406,244	608,811,855	(214,232,587)

#### 19. DIRECTORS' REMUNERATION

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

#### 20. CORPORATE INCOME TAX

Corporate income tax for the year was calculated based on the pre-tax earnings from the non-tax-exempted activities, after adding back expenses which are disallowed for tax computation purposes.

## 21. RECONCILIATION OF DILUTED EARNINGS PER SHARE

(Unit : Baht)

	For the year ended 31 December					
	Weighted average number					
	Net earnings		of ordinary shares		Earnings per share	
	2005	2004	2005	2004	2005	2004
Basic earnings per share						
Net earnings	2,284,680,097	1,228,108,542	1,188,115,769	1,188,102,115	1.92	1.03
Effect of dilutive potential ordinary shares						
Warrants 59,000,000 units (2004 : 1,188 units)	-	-	611,267	14,018	-	-
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	2,284,680,097	1,228,108,542	1,188,727,036	1,188,116,133	1.92	1.03

## 22. 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 :-

- 22.1 Exemption of corporate income tax on profit for the periods of 3 to 8 years commencing as from the date of earning operating income.
- 22.2 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.
- 22.3 Exemption of import duties on the raw and essential materials imported during the promotional period for use specifically in producing for export.
- 22.4 Exemption of import duties on items which the promoted person imports for re-export during the promotional period.
- 22.5 Exemption of import duties on machinery and equipment as approved by the Board or during the promotional period.

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

(Unit : Baht)

	Promoted		Non-promoted		Total	
	2005	2004	2005	2004	2005	2004
<b>THE COMPANY ONLY</b>						
Sales	34,027,111,432	37,597,429,490	184,974,002	259,501,138	34,212,085,434	37,856,930,628

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



## 23. RELATED PARTY TRANSACTIONS

During the year, the Company and its subsidiaries had business transactions with its 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 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 summarized as follows :-

(Unit : Baht)

Pricing policies	Consolidated		The Company Only		
	2005	2004	2005	2004	
<b>Transactions with subsidiary companies</b>					
(eliminated from the consolidated financial statements)					
Sales of goods	With reference to market prices	-	-	9,335,875,390	8,174,935,600
Sales of raw materials	With reference to market prices	-	-	30,183,152	54,946,773
Purchase of raw materials	With reference to market prices	-	-	98,227,782	326,164,051
Commission paid	Contract prices	-	-	510,521,081	238,717,741
Inspection paid	Contract prices	-	-	52,512,388	115,717,810
Borrowing (Average balance of loans outstanding during year)	No interest charge	-	-	1,178,137,236	1,763,961,885
<b>Transactions with related parties</b>					
Sales of goods	With reference to market prices	1,790,489,640	1,700,194,706	1,731,451,446	1,650,096,798
Sales of raw materials	With reference to market prices	36,296,681	28,055,033	36,296,681	28,055,033
Purchase of raw materials	With reference to market prices	375,007,069	208,662,276	375,007,069	208,662,276
Purchase of fixed assets	With reference to market prices	5,409,545	3,937,652	5,409,545	3,937,652
Commission paid	Contract prices	953,424,641	1,163,834,528	953,424,641	1,163,834,528
Commission received	Contract prices	95,637,838	99,597,307	-	-
Inspection received	Contract prices	133,680,018	-	-	-
Lending (Average balance of loans outstanding during year)	Interest at a rate reference to LIBOR	-	15,652,995	-	-
Borrowing (Average balance of loans outstanding during year)	Interest at a rate reference to LIBOR+1%	47,858,025	-	-	-
Interest income	Per loan agreement	-	242,018	-	-
Interest paid	Per loan agreements	2,018,335	-	-	-

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

(Unit : Baht)

Relationship	Consolidated		The Company Only		
	2005	2004	2005	2004	
<b>Accounts receivable - trade, related parties</b>					
<b>Subsidiary companies</b>					
DET Logistics (USA) Corporation	Subsidiary Company	-	-	2,044,128,543	3,038,387,162
DET International Holding Ltd.	Subsidiary Company	-	-	2,316,066	2,131,033
Delta Energy Systems (Switzerland) AG	Subsidiary Company	-	-	87,770,889	35,598,148
Delta Energy Systems (Germany) GmbH.	Subsidiary Company	-	-	105,788,786	37,445,557
Delta Energy Systems (India) Private Ltd.	Subsidiary Company	-	-	33,175,309	3,315,163
Delta Energy Systems (Brazil) S.A.	Subsidiary Company	-	-	6,225,174	6,048,443
Delta Energy Systems (Slovakia) s.r.o.	Subsidiary Company	-	-	2,471,736	-
Delta Electronics Europe Ltd.	Subsidiary Company	-	-	11,919,940	6,808,522
DET Video Technology Limited	Subsidiary Company	-	-	88,219,350	-
Others		-	-	62,998	793,840
		-	-	2,382,078,791	3,130,527,868

(Unit : Baht)

	Relationship	Consolidated		The Company Only	
		2005	2004	2005	2004
<u>Other related parties</u>					
Delta Electronics Inc.	Shareholder	40,456,357	152,979,381	10,733,124	141,884,959
Delta Electronics (Japan) Ltd.	Common shareholder	19,209,882	57,098,637	19,209,882	57,098,637
Delta Products Corporation Ltd.	Common shareholder	164,064,630	130,234,744	161,854,752	129,377,253
Delta Electronics International Ltd.	Common shareholder	52,762,836	58,188,061	36,550,924	58,188,061
Delta Video Technology Ltd.	Common shareholder	235,535,231	-	235,535,231	-
Delta Network International Ltd.	Common shareholder	22,207,041	23,689,464	22,207,041	23,689,464
Delta Network Inc.	Common shareholder	1,079,099	2,040,192	1,079,099	2,040,192
Delta Electronics (Jiangsu) Limited	Common shareholder	21,514,146	10,822,290	9,279,920	3,289,703
Addtron Technology (Japan) Limited	Common shareholder	63,398,383	15,084,643	63,398,383	15,084,643
Deltronics (Netherland) BV	Common shareholder	8,711,012	23,132,927	-	-
Delta Electronics Component (Wujiang) Ltd.	Common shareholder	1,011,205	5,762,042	1,011,205	5,762,042
Delta Electronics (Hong Kong) Ltd.	Common shareholder	12,505,072	5,997,656	-	-
Others		933,274	3,135,201	883,232	3,135,208
		643,388,168	488,165,238	561,742,793	439,550,162
Total accounts receivable - trade, related parties		643,388,168	488,165,238	2,943,821,584	3,570,078,030
<u>Short-term loan to and amounts due from related parties</u>					
Deltronics (Netherland) BV	Common shareholder	50,283,624	-	-	-
Delta Electronics (Hong Kong) Ltd.	Common shareholder	2,645,234	-	-	-
Others		281,944	-	-	-
Total short-term loan to and amounts due from related parties		53,210,802	-	-	-
<u>Accounts payable - trade, related parties</u>					
<u>Subsidiary companies</u>					
Delta Energy Systems (Germany) GmbH.	Subsidiary company	-	-	18,300,267	10,211,065
Delta Energy Systems (USA) Inc.	Subsidiary company	-	-	-	7,342,862
Delta Energy Systems (Switzerland) AG	Subsidiary company	-	-	555,939	55,156,256
Delta Energy Systems (Slovakia) s.r.o.	Subsidiary company	-	-	6,807,958	206,271
Delta Energy Systems (Arizona) Inc.	Subsidiary company	-	-	1,029,365	-
Others		-	-	323,100	714,680
		-	-	27,016,629	73,631,134
<u>Other related parties</u>					
Delta Electronics Inc.	Shareholder	330,957,674	448,503,872	88,917,560	65,958,277
Delta Electronics (Japan) Ltd.	Common shareholder	6,864,462	5,086,709	6,864,462	5,086,709
Delta Products Corporation Ltd.	Common shareholder	15,295,640	5,867,733	15,077,380	4,986,429
Addtron Technology (Japan) Limited	Common shareholder	2,470,476	-	2,470,476	-
Delta Video Technology Ltd.	Common shareholder	8,219,224	-	-	-
Others		14,036,809	5,768,211	3,468,216	1,664,384
		377,844,285	465,226,525	116,798,094	77,695,799
Total accounts payable - trade, related parties		377,844,285	465,226,525	143,814,723	151,326,933



(Unit : Baht)

	Relationship	Consolidated		The Company Only	
		2005	2004	2005	2004
<b><u>Short-term loan from and amounts due to related parties</u></b>					
<b><u>Subsidiary companies</u></b>					
Newton Power Limited	Subsidiary Company	-	-	-	15,931,896
DET Logistics (USA) Corporation	Subsidiary Company	-	-	15,922,753	11,129,602
Delta Energy Systems (Switzerland) AG	Subsidiary Company	-	-	-	36,458,828
Delta Energy Systems (Germany) GmbH.	Subsidiary Company	-	-	20,787,892	38,414
Delta Energy Systems (Arizona) Inc.	Subsidiary Company	-	-	7,411,428	-
Delta Electronics Europe Ltd.	Subsidiary Company	-	-	7,785,540	-
Others		-	-	185	847,370
		-	-	51,907,798	64,406,110
<b><u>Other related parties</u></b>					
Delta Electronics Inc.	Shareholder	536,994	173,375,085	536,994	173,375,085
Delta Electronics Scotland	Common shareholder	31,153,033	64,373,148	-	-
Delta Products Corporation Ltd.	Common shareholder	74,989,922	3,962,799	74,989,922	3,962,799
Others		1,233,564	469,451	1,233,564	469,451
		107,913,513	242,180,483	76,760,480	177,807,335
Total short-term loan from and amounts due to related parties		107,913,513	242,180,483	128,668,278	242,213,445
<b><u>Long-term loan from related party</u></b>					
DET International Holding Ltd.	Subsidiary Company	-	-	-	1,848,741,408
Total long-term loan from related party		-	-	-	1,848,741,408

The Company has entered into agreements with the subsidiaries and with the related parties whereby the subsidiaries and the related parties will provide sales services, marketing services, management services, after-sales services, technical information services, and raw material purchasing, and also sell the Company's products. The agreements are not for an identified period and are cancellable. Under the agreements, the Company is obliged to pay commission to its subsidiaries and 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.

As at 1 June 2005, the Company and its subsidiary have entered into a loan currency swap agreement, whereby the currency of the Company's long-term loan from the subsidiary was swapped from Swiss Francs to US dollars. As a result of this agreement, the amount of the loan was converted from CHF 53 million to USD 43 million. Full repayment of the loan was due by June 2008 and there was no interest charge. However, in September 2005, the Company made full payment of the outstanding loan to its subsidiary so that the subsidiary could repay the long-term loans to financial institutions in this month as mentioned in note 13 to the financial statements.

## 24. COMMITMENT AND CONTINGENT LIABILITIES

### 24.1 Financial derivatives

- 1) Sell "Special-condition option" agreement

A subsidiary of the Company has entered into sell "Special - condition option" agreements approximately USD 120 million against Baht (31 December 2004 : sell "put special - condition option" agreements approximately USD 62 million against CHF)

As at 31 December 2005 the subsidiary has not estimated its contingent losses under the "Special-condition option" agreements since it is unable to make an estimate of such losses. However, in January 2006, the "Special-condition option" agreements were terminated by virtue of the fulfillment of the conditions of termination stipulated in the agreements.

2) Interest Rate Swap Transaction agreements

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

1. Under an agreement to swap interest on a principal balance of USD 50 million, maturing in December 2006. Every 3 months, the subsidiary is required to pay interest to the financial institution at a rate referenced to 3-month LIBOR plus 1 percent per annum. The financial institution is in turn required to pay interest to the subsidiary at a rate referenced to in-arrear 3-month LIBOR plus 1 percent per annum, pro-rate for the number of days on which the daily interest rate lies within a range stipulated in the agreement.
2. Under an agreement to swap interest on a principal balance of USD 28 million, maturing in December 2007, from 25 September 2005 the subsidiary is required to pay interest to the financial institution every quarter, at a rate of 3.25 percent per annum if the 3-month LIBOR is less than 4 percent per annum or at a rate of 2.50 percent per annum if the 3-month LIBOR is more than 4 percent per annum. The financial institution is in turn required to pay interest to the subsidiary at a rate referenced to the 3-month LIBOR.

**24.2 Commitments and contingent liabilities**

- As at 31 December 2005, the Company and its subsidiaries had capital commitments amounting to Baht 99 million for the purchase of machinery and equipments (31 December 2004: Baht 230 million) and had operating lease commitments amounting to CHF 10 million for equipments (31 December 2004 : CHF 5.7 million).
- In present, an overseas subsidiary of the Company is being subjected to a tax inspection. Although the results of this inspection are not yet known, for conservative purposes the subsidiary has recorded provision for tax liabilities of approximately CHF 1.5 million. The Company's management believes that losses will not materiality differ from the recorded amount.

**24.3 Letter of guarantees**

As at 31 December 2005, there were significant outstanding bank guarantees of approximately Baht 30 million and INR 83 million (31 December 2004 : Baht 37 million) issued by the banks on behalf of the Company and an overseas subsidiary as required in the ordinary course of business of the Company and the overseas subsidiaries and there were outstanding letter of guarantees of approximately SKK 30 million and USD 10 million (31 December 2004 : SKK 30 million) issued by the Company for an overseas subsidiary as required in the ordinary course of business.

**24.4 Assets/Liabilities-foreign currency not hedged against foreign exchange risk**

Significant foreign currency assets and liabilities of the Company and its subsidiaries which were unhedged as at 31 December 2005, most of which are current balances, are summarised below :-



	Amount		
<b>Assets</b>			
Assets denominated in US Dollar	USD	189	million
Assets denominated in YEN	YEN	238	million
Assets denominated in New Taiwan Dollar	NTD	110	million
Assets denominated in EURO	EUR	5	million
<b>Liabilities</b>			
Liabilities denominated in US Dollar	USD	83	million
Liabilities denominated in YEN	YEN	167	million
Liabilities denominated in EURO	EUR	1	million

## 25. 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 :-

(Unit : Baht)

	Consolidated		The Company Only	
	2005	2004	2005	2004
Cash and cash equivalents	7,145,819,576	3,833,527,262	5,309,825,378	2,417,913,321
Unrealised gain on exchange rate	(214,568,788)	(83,094,714)	(215,004,333)	(83,094,714)
Cash and cash equivalents in the statements of cash flows	6,931,250,788	3,750,432,548	5,094,821,045	2,334,818,607

## 26. DIVIDENDS

At the Annual General Meeting of shareholders held on 30 March 2005, it was resolved that the company pay a dividend of Baht 0.80 per share for the year 2004, a total of Baht 950 million, The dividend reflected in the first quarter of the year 2005.

At the Annual General Meeting of shareholders held on 29 March 2004, it was resolved that the Company pay a dividend of Baht 0.80 per share for the year 2003, a total of Baht 950 million. The dividend was reflected in the first quarter of the year 2004.

## 27. FINANCIAL INFORMATION BY SEGMENT

The businesses of the Company and its subsidiaries mainly involve the single industry segment of the manufacture, distribution and service of electronic products and are mainly carried on both in Thailand and overseas. Financial information of the Company and its subsidiaries by geographical segment, as at 31 December 2005 and 2004, and for the years then ended, are as follows :-

(Unit : Million Baht)

	Consolidated for the years ended 31 December													
	Thailand		Asia		USA		Europe		Total		Eliminated		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Sales and services income - external	22,971	27,907	1,101	1,066	9,846	9,835	7,789	7,732	41,707	46,540	-	-	41,707	46,540
Sales and services income - related parties	11,160	9,825	154	1,410	59	750	5,900	7,478	17,273	19,463	(15,214)	(17,663)	2,059	1,800
	<u>34,131</u>	<u>37,732</u>	<u>1,255</u>	<u>2,476</u>	<u>9,905</u>	<u>10,585</u>	<u>13,689</u>	<u>15,210</u>	<u>58,980</u>	<u>66,003</u>	<u>(15,214)</u>	<u>(17,663)</u>	<u>43,766</u>	<u>48,340</u>
Gross profit	6,578	6,131	262	241	230	483	1,598	1,024	8,668	7,879			8,409	7,539
Gain (loss) on exchange rate													(146)	147
Other income													792	331
Share of loss from investments accounted for under equity method													(19)	(24)
Selling and administrative expenses													(6,539)	(6,576)
Interest expenses													(141)	(126)
Corporate income tax													(71)	(57)
Minority interest in net earnings of subsidiaries													-	(6)
Net earnings													<u>2,285</u>	<u>1,228</u>

(Unit : Million Baht)

	Consolidated for the years ended 31 December													
	Thailand		Asia		USA		Europe		Total		Eliminated		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Property, plant and equipment - net	3,396	3,861	48	31	11	70	340	645	3,795	4,607	-	-	3,795	4,607
Other assets	17,694	18,133	813	1,019	3,404	4,266	11,583	13,910	33,494	37,328	(9,792)	(13,754)	23,702	23,574
Total assets	<u>21,090</u>	<u>21,994</u>	<u>861</u>	<u>1,050</u>	<u>3,415</u>	<u>4,336</u>	<u>11,923</u>	<u>14,555</u>	<u>37,289</u>	<u>41,935</u>	<u>(9,792)</u>	<u>(13,754)</u>	<u>27,497</u>	<u>28,181</u>

## 28. FINANCIAL INSTRUMENTS

### 28.1 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.

### 28.2 Interest rate risk

The interest rate risk is the risk that future movements in market interest rates will affect the results of operations of the Company and its subsidiaries and their cash flows. The Company's and its subsidiaries' exposure to interest rate risk related primarily to their cash and cash equivalents, bank overdrafts and short-term loan from financial institutions and long-term loan from financial institutions. The majority of these financial assets and liabilities carry interest rates which vary in line with market rates. However, a subsidiary of the Company has entered into interest rate swap agreements to hedge such interest rate risk, as discussed in note 24.1 to the financial statements.

### 28.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risks relates primarily to its cash and cash equivalents, receivable, payable, bank overdrafts and short-term loan from financial institutions and long-term loan from financial institutions which are denominated in foreign currencies. A subsidiary of



the Company primarily utilise forward exchange contracts and special-condition option agreements with maturities of less than one year to hedge such financial assets and liabilities (as presented in note 12 and 24.1 to the financial statements). In addition to those transactional exposures, the Company and the subsidiary are also exposed to the effect of foreign exchange movements on their investments in foreign subsidiary and associated companies, which currently are not hedged by any derivative financial instruments.

#### 28.4 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.

#### 28.5 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.

### 29. SUBSEQUENT EVENT

A meeting of the Board of Directors of the Company held on 9 February 2006 passed the following significant resolutions :-

- 29.1 Approved the proposal of a dividend of Baht 1.20 per share for the year 2005.
- 29.2 Approved the reallocation of the 11,883,260 reserved shares for the exercise of the DELTA-W1 warrants to an additional reserve for the exercise of the DELTA-W2 warrants.
- 29.3 Approved a USD 52,887,000 increase in the capital of DET International Holding Limited to make repayment of its long-term loan from a financial institution, as mentioned in note 13 to the financial statements, and to purchase shares of Delta Energy Systems (Germany) GmbH, Delta Energy Systems (Slovakia) s.r.o., Delta Energy System (India) Private Ltd., and Delta Electronics Europe Limited from Delta Energy Systems (Switzerland) AG.

The Company will propose the resolution of the above meeting of the Board of Directors for adoption by the Annual General Meeting of the shareholders.

### 30. PRESENTATION

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

Certain amounts in the financial statements for the year ended 31 December 2004 have been reclassified to conform to the current year's classifications, with no effect on previously reported net earnings or shareholders' equity.