

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2004

## **Review Report of Independent Auditor**

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

I have reviewed the accompanying consolidated balance sheet of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 30 June 2004, and the related consolidated statements of earnings for the three-month and six-month periods ended 30 June 2004 and 2003, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2004 and 2003, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

The consolidated interim financial statements for the three-month and six-month periods ended 30 June 2004 of an overseas subsidiary and an overseas group of subsidiary companies were reviewed by the subsidiary's auditors, whose reports have been furnished to me. My report on the consolidated and the Company's financial statements for the period ended 30 June 2004, insofar as they relate to the amounts included for this subsidiary and group of subsidiary companies, is based solely on the reports of that other auditors. These financial statements reflect total assets as at 30 June 2004 of approximately Baht 10,128 million, total revenues for the three-month and six-month periods then ended of approximately Baht 4,591 million and Baht 8,869 million, respectively and net loss for the three-month and six-month periods then ended of approximately Baht 308 million and Baht 1,112 million, respectively. In addition, the Company's financial statements include its investment in this subsidiary and group of subsidiary companies state under the equity method, amounting to Baht 1,956 million as at 30 June 2004, and its share of loss for the three-month and six-month periods then ended, amounting to Baht 308 million and Baht 1,112 million, respectively.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews and the reports of the other auditors, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the year ended 31 December 2003, in accordance with generally accepted auditing standards and, under my report dated 21 January 2004, expressed an unqualified opinion on those statements, based solely on the reports of other auditors in so far as it related to an overseas subsidiary and an overseas group of subsidiary companies (the financial statement of the overseas subsidiary and the overseas group of subsidiary companies which were audited by the subsidiary's auditors presented total assets and total revenues of approximately Baht 9,749 million and Baht 14,703 respectively), drawing attention to the fact that the purchase of the overseas group of companies is yet to be completed because the valuation of net asset values had yet to be completed, meaning that the valuation of consolidation goodwill may differ from the recorded amount. The balance sheets as at 31 December 2003, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 4 August 2004

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Baht)

	Note	Consolidated		The Company Only	
		30 June 2004	31 December 2003	30 June 2004	31 December 2003
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	2	4,832,057,529	5,437,360,125	3,022,231,620	3,305,274,882
Current investments	3				
Investments in available-for-sale securities		63,091,561	68,185,929	-	-
Fixed deposit		204,667,000	198,191,000	-	-
Accounts receivable - trade					
Related parties	13	433,253,084	468,057,894	2,858,255,409	2,632,751,293
Unrelated parties		10,577,004,901	9,633,978,853	7,194,851,032	6,727,192,723
Less : Allowance for doubtful accounts		(356,823,835)	(381,708,011)	(275,713,068)	(296,723,937)
Accounts receivable - trade, net	4	10,653,434,150	9,720,328,736	9,777,393,373	9,063,220,079
Short-term loan to and amounts due from related parties	13	-	22,103,553	-	17,526,791
Inventories - net		6,415,172,797	4,513,920,426	3,005,269,963	2,048,121,165
Other current assets					
Input tax refundable		217,944,269	332,680,449	13,991,669	32,456,636
Advance payments		49,944,739	118,226,376	8,570,029	97,073,618
Forward contracts receivable	7	-	2,059,824	-	-
Other accounts receivable		184,174,272	19,744,420	-	-
Others		183,351,600	121,882,439	29,994,299	17,701,845
<b>TOTAL CURRENT ASSETS</b>		<b>22,803,837,917</b>	<b>20,554,683,277</b>	<b>15,857,450,953</b>	<b>14,581,375,016</b>
<b>NON - CURRENT ASSETS</b>					
Investments accounted for under equity method	5	601,424,522	569,882,078	3,851,838,288	3,999,852,422
Other long-term investments					
Investments in other parties	6	297,423,940	255,845,373	-	-
Investments in unit trusts		-	120,000,000	-	120,000,000
Long-term loans to related parties	13	-	61,955,025	-	-
Property, plant and equipment - net		4,700,819,629	4,790,136,340	3,849,412,902	3,794,625,615
Intangible assets					
Consolidation goodwill		2,422,053,546	2,752,569,192	-	-
Other intangible assets		708,996	154,632,676	-	-
Other non-current assets		105,431,122	92,380,996	1,934,762	1,869,762
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8,127,861,755</b>	<b>8,797,401,680</b>	<b>7,703,185,952</b>	<b>7,916,347,799</b>
<b>TOTAL ASSETS</b>		<b>30,931,699,672</b>	<b>29,352,084,957</b>	<b>23,560,636,905</b>	<b>22,497,722,815</b>

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

## DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (Continued)

(Unit : Baht)

Note	Consolidated		The Company Only	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank overdrafts and short-term loan from financial institutions	54,965,790	894,569	-	-
Accounts payable - trade				
Related parties	13	254,944,882	53,604,350	98,954,364
Unrelated parties		7,803,082,671	6,850,018,560	6,798,558,473
Total accounts payable - trade		8,058,027,553	6,903,622,910	6,897,512,837
Amounts due to related parties	13	436,302,902	424,165,376	469,002,674
Other current liabilities				
Accrued expenses	8	1,527,555,967	1,159,864,468	662,823,574
Advance received		150,324,229	137,221,754	125,631,678
Forward contract payable	7	154,005,341	-	-
Other accounts payable		377,286,821	391,943,639	256,864,929
Others		309,022,608	249,332,283	17,284,648
TOTAL CURRENT LIABILITIES		11,067,491,211	9,267,044,999	8,429,120,340
NON-CURRENT LIABILITIES				
Long-term loan from related party	13	-	-	1,735,894,368
Long-term loan from financial institutions	9	4,502,674,000	4,360,202,000	-
Provisions	10	1,868,975,593	2,362,657,614	-
Other non-current liabilities		39,109,259	42,364,241	-
TOTAL NON-CURRENT LIABILITIES		6,410,758,852	6,765,223,855	1,735,894,368
TOTAL LIABILITIES		17,478,250,063	16,032,268,854	10,165,014,708

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

## DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (Continued)

(Unit : Baht)

	Consolidated		The Company Only	
	30 June 2004 (Unaudited but reviewed)	31 December 2003 (Audited)	30 June 2004 (Unaudited but reviewed)	31 December 2003 (Audited)
SHAREHOLDERS' EQUITY				
Share capital				
Registered				
1,200 million ordinary shares of Baht 1 each	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Issued and fully paid				
1,188.10 million ordinary shares of Baht 1 each	1,188,102,115	1,188,102,115	1,188,102,115	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	(30,383,487)	(21,219,555)	(30,383,487)	(21,219,555)
Translation adjustments	(20,704,884)	(3,170,331)	(20,704,884)	(3,170,331)
Retained earnings				
Appropriated - Statutory reserve	120,000,000	120,000,000	120,000,000	120,000,000
Unappropriated	10,646,695,953	10,466,073,883	10,646,695,953	10,466,073,883
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS	13,395,622,197	13,241,698,612	13,395,622,197	13,241,698,612
MINORITY INTEREST - equity attributable to minority shareholders of subsidiaries	57,827,412	78,117,491	-	-
TOTAL SHAREHOLDERS' EQUITY	13,453,449,609	13,319,816,103	13,395,622,197	13,241,698,612
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	30,931,699,672	29,352,084,957	23,560,636,905	22,497,722,815
	0	0	0	0

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

.....

DIRECTORS

.....

(UNAUDITED BUT REVIEWED)

## DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## EARNINGS STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 JUNE 2004 AND 2003

(Unit: Baht)

	Note	Consolidated		The Company Only	
		2004	2003	2004	2003
<b>REVENUES</b>					
Sales		12,258,662,926	7,616,670,835	9,757,225,488	7,359,495,618
Other income					
Interest income		54,628,094	29,046,130	8,082,563	16,466,841
Gain on exchange rate		75,946,625	28,697,869	177,006,965	-
Gain on sale of investments in marketable securities		211,566	5,206,783	-	-
Others		64,752,526	71,450,673	6,661,080	68,452,845
Share of profit from investments accounted for under equity method		13,169,847	-	-	59,789,860
<b>TOTAL REVENUES</b>		<b>12,467,371,584</b>	<b>7,751,072,290</b>	<b>9,948,976,096</b>	<b>7,504,205,164</b>
<b>EXPENSES</b>					
Cost of sales		10,425,755,764	6,341,786,683	8,156,668,495	6,102,409,381
Selling and administrative expenses		1,349,023,006	731,525,837	798,637,167	720,065,529
Directors' remuneration		1,993,980	50,000	1,993,980	50,000
Loss on exchange rate		-	-	-	11,954,754
Amortisation of intangible assets		30,498,958	-	-	-
Restructuring expenses		3,937,911	-	-	-
Share of loss from investments accounted for under equity method		-	5,834,135	375,101,985	-
<b>TOTAL EXPENSES</b>		<b>11,811,209,619</b>	<b>7,079,196,655</b>	<b>9,332,401,627</b>	<b>6,834,479,664</b>
<b>EARNINGS BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX</b>		<b>656,161,965</b>	<b>671,875,635</b>	<b>616,574,469</b>	<b>669,725,500</b>
INTEREST EXPENSES		(27,658,748)	(1,150,425)	-	(1,150,425)
CORPORATE INCOME TAX		(14,795,629)	(1,544,573)	-	(804,193)
<b>EARNINGS AFTER CORPORATE INCOME TAX</b>		<b>613,707,588</b>	<b>669,180,637</b>	<b>616,574,469</b>	<b>667,770,882</b>
MINORITY INTEREST IN NET (EARNINGS) LOSS OF SUBSIDIARIES		2,866,881	(1,409,755)	-	-
<b>NET EARNINGS FOR THE PERIOD</b>		<b>616,574,469</b>	<b>667,770,882</b>	<b>616,574,469</b>	<b>667,770,882</b>
<b>EARNINGS PER SHARE</b>					
Basic earnings per share					
Net earnings		0.52	0.56	0.52	0.56
Weighted average number of ordinary shares (shares)		1,188,102,115	1,188,102,115	1,188,102,115	1,188,102,115
Diluted earnings per share					
Net earnings		0.52	0.56	0.52	0.56
Weighted average number of ordinary shares (shares)		1,188,116,200	1,188,116,094	1,188,116,200	1,188,116,094

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

(UNAUDITED BUT REVIEWED)

## DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## EARNINGS STATEMENTS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2004 AND 2003

(Unit: Baht)

	Note	Consolidated		The Company Only	
		2004	2003	2004	2003
<b>REVENUES</b>					
Sales		23,960,532,009	16,134,983,006	18,959,180,585	14,842,404,138
Other income					
Interest income		96,891,819	94,065,857	22,777,828	41,630,131
Gain on exchange rate		16,215,128	88,897,533	256,856,371	-
Gain on sales of investments in marketable securities		211,566	5,206,783	-	-
Others		104,635,059	94,912,507	17,383,038	76,348,300
Share of profit from investments accounted for under equity method		12,544,866	-	-	190,381,854
<b>TOTAL REVENUES</b>		<b>24,191,030,447</b>	<b>16,418,065,686</b>	<b>19,256,197,822</b>	<b>15,150,764,423</b>
<b>EXPENSES</b>					
Cost of sales		20,308,999,429	13,455,930,019	15,902,755,393	12,235,655,503
Selling and administrative expenses		2,608,529,854	1,463,222,004	1,503,572,364	1,391,132,324
Directors' remuneration		2,321,980	150,000	2,321,980	150,000
Loss on exchange rate		-	-	-	30,138,892
Amortisation of intangible assets		76,766,470	-	-	-
Restructuring expenses		4,993,383	-	-	-
Share of loss from investments accounted for under equity method		-	3,571,226	716,536,043	-
<b>TOTAL EXPENSES</b>		<b>23,001,611,116</b>	<b>14,922,873,249</b>	<b>18,125,185,780</b>	<b>13,657,076,719</b>
<b>EARNINGS BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX</b>		<b>1,189,419,331</b>	<b>1,495,192,437</b>	<b>1,131,012,042</b>	<b>1,493,687,704</b>
INTEREST EXPENSES		(52,776,355)	(2,546,232)	-	(2,546,232)
CORPORATE INCOME TAX		(2,329,141)	(2,308,926)	-	(804,193)
<b>EARNINGS AFTER CORPORATE INCOME TAX</b>		<b>1,134,313,835</b>	<b>1,490,337,279</b>	<b>1,131,012,042</b>	<b>1,490,337,279</b>
MINORITY INTEREST IN NET EARNINGS OF SUBSIDIARIES		(3,301,793)	-	-	-
<b>NET EARNINGS FOR THE PERIOD</b>		<b>1,131,012,042</b>	<b>1,490,337,279</b>	<b>1,131,012,042</b>	<b>1,490,337,279</b>
<b>EARNINGS PER SHARE</b>					
		<i>12</i>			
Basic earnings per share					
Net earnings		0.95	1.25	0.95	1.25
Weighted average number of ordinary shares (shares)					
		1,188,102,115	1,188,102,115	1,188,102,115	1,188,102,115
Diluted earnings per share					
		<i>12</i>			
Net earnings		0.95	1.25	0.95	1.25
Weighted average number of ordinary shares (shares)					
		1,188,116,222	1,188,116,094	1,188,116,222	1,188,116,094

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



(UNAUDITED BUT REVIEWED)

## DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2004 AND 2003

(Unit: Baht)

## Consolidated

	Issued and paid-up share capital	Premium on share capital	Unrealised loss on investments in available-for-sale securities	Translation adjustments	Retained earnings		Minority interest-equity attributable to minority shareholders of subsidiaries	Total
					Appropriated	Unappropriated		
<b>Balance as at 31 December 2002 (Audited)</b>	1,188,102,115	1,491,912,500	(29,642,143)	116,025,994	120,000,000	11,890,757,925	582,945,051	15,360,101,442
Unrealised gain on investments in available-for-sale securities	-	-	9,521,562	-	-	-	-	9,521,562
Translation adjustments	-	-	-	12,313,398	-	-	-	12,313,398
Unrealised items in earnings statement	-	-	9,521,562	12,313,398	-	-	-	21,834,960
Net earnings for the period	-	-	-	-	-	1,490,337,279	-	1,490,337,279
Dividend paid	-	-	-	-	-	(3,326,685,922)	-	(3,326,685,922)
Returned dividend	-	-	-	-	-	5,583,458	-	5,583,458
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(582,945,051)	(582,945,051)
<b>Balance as at 30 June 2003</b>	<u>1,188,102,115</u>	<u>1,491,912,500</u>	<u>(20,120,581)</u>	<u>128,339,392</u>	<u>120,000,000</u>	<u>10,059,992,740</u>	<u>-</u>	<u>12,968,226,166</u>
<b>Balance as at 31 December 2003 (Audited)</b>	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	-	-	(9,163,932)	-	-	-	-	(9,163,932)
Translation adjustments	-	-	-	(17,534,553)	-	-	-	(17,534,553)
Unrealised items in earnings statement	-	-	(9,163,932)	(17,534,553)	-	-	-	(26,698,485)
Net earnings for the period	-	-	-	-	-	1,131,012,042	-	1,131,012,042
Dividend paid	-	-	-	-	-	(950,481,692)	-	(950,481,692)
Returned dividend	-	-	-	-	-	91,720	-	91,720
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(20,290,079)	(20,290,079)
<b>Balance as at 30 June 2004</b>	<u>1,188,102,115</u>	<u>1,491,912,500</u>	<u>(30,383,487)</u>	<u>(20,704,884)</u>	<u>120,000,000</u>	<u>10,646,695,953</u>	<u>57,827,412</u>	<u>13,453,449,609</u>

The accompanying notes are an integral part of the financial statements

(UNAUDITED BUT REVIEWED)

## DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2004 AND 2003

(Unit: Baht)

**The Company Only**

	Issued and paid-up share capital	Premium on share capital	Unrealised loss on investments in available-for-sale securities	Translation adjustments	Retained earnings		Total
					Appropriated	Unappropriated	
<b>Balance as at 31 December 2002 (Audited)</b>	1,188,102,115	1,491,912,500	(29,642,143)	116,025,994	120,000,000	11,890,757,925	14,777,156,391
Unrealised gain on investments in available-for-sale securities	-	-	9,521,562	-	-	-	9,521,562
Translation adjustments	-	-	-	12,313,398	-	-	12,313,398
Unrealised items in earnings statement	-	-	9,521,562	12,313,398	-	-	21,834,960
Net earnings for the period	-	-	-	-	-	1,490,337,279	1,490,337,279
Dividend paid	-	-	-	-	-	(3,326,685,922)	(3,326,685,922)
Dividend return	-	-	-	-	-	5,583,458	5,583,458
<b>Balance as at 30 June 2003</b>	<u>1,188,102,115</u>	<u>1,491,912,500</u>	<u>(20,120,581)</u>	<u>128,339,392</u>	<u>120,000,000</u>	<u>10,059,992,740</u>	<u>12,968,226,166</u>
<b>Balance as at 31 December 2003 (Audited)</b>	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	-	-	(9,163,932)	-	-	-	(9,163,932)
Translation adjustments	-	-	-	(17,534,553)	-	-	(17,534,553)
Unrealised items in earnings statement	-	-	(9,163,932)	(17,534,553)	-	-	(26,698,485)
Net earnings for the period	-	-	-	-	-	1,131,012,042	1,131,012,042
Dividend paid	-	-	-	-	-	(950,481,692)	(950,481,692)
Dividend return	-	-	-	-	-	91,720	91,720
<b>Balance as at 30 June 2004</b>	<u>1,188,102,115</u>	<u>1,491,912,500</u>	<u>(30,383,487)</u>	<u>(20,704,884)</u>	<u>120,000,000</u>	<u>10,646,695,953</u>	<u>13,395,622,197</u>

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

(UNAUDITED BUT REVIEWED)

## DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2004 AND 2003

(Unit: Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Cash flows from (used in) operating activities :-</b>				
Net earnings	1,131,012,042	1,490,337,279	1,131,012,042	1,490,337,279
Adjustments to reconcile net earnings to net cash from (used in) operating activities :-				
Depreciation and amortisation	626,020,960	367,684,100	390,710,196	366,116,122
Amortisation in premium/discount of forward contracts	(8,427,938)	6,021,881	-	(27,618)
Amortisation of goodwill	175,001,222	2,327,986	-	-
Amortisation of other intangible assets	152,583,960	-	-	-
Allowance for doubtful accounts (reversal)	(24,884,177)	(74,828,747)	(21,010,869)	(74,828,747)
Provision for obsolete inventories	160,505,238	12,435,772	72,166,390	12,435,772
Reversal of provisions	(335,856,185)	-	-	-
(Gain) loss from sale of fixed assets	23,895,090	(22,461,691)	1,705,685	(22,484,392)
Gain from sale of investments in available - for - sale securities	(211,566)	(5,206,783)	-	-
Loss from return loan to associated company	13,849,122	-	-	-
Share of (profit) loss from investments accounted for under equity method	(12,378,479)	3,571,226	716,536,043	(190,381,854)
Unrealised (gain) loss on exchange rate	51,595,059	70,762,585	(253,525,576)	(15,956,606)
Minority interest in net earnings of subsidiaries	3,301,793	-	-	-
Earnings from operating activities before changes in				
operating assets and liabilities	1,956,006,141	1,850,643,608	2,037,593,911	1,565,209,956
Decrease (increase) in operating assets :-				
Accounts receivable - trade	(672,912,083)	1,544,928,298	(457,853,271)	2,968,492,159
Short-term loan to and amounts due from related parties	17,526,791	-	17,526,791	-
Inventories	(2,061,757,609)	1,319,796,818	(1,029,315,188)	(113,464,824)
Input tax refundable	114,736,180	41,330,565	18,464,967	32,627,948
Advance payments	68,281,637	-	88,503,589	-
Other accounts receivable	(164,429,852)	-	-	-
Other current assets	(58,092,628)	(28,074,787)	(8,915,921)	(32,918,254)
Other non - current assets	(13,050,126)	403,500	(65,000)	403,500
Increase (decrease) in operating liabilities :-				
Accounts payable - trade	1,043,474,838	(1,583,610,633)	597,325,545	(1,562,166,335)
Amounts due to related parties	12,428,147	(223,982,464)	32,267,600	(501,855,240)
Accrued expenses	338,700,124	126,428,487	124,418,858	127,366,401
Advance received	8,148,724	(73,244,946)	9,494,527	(73,244,946)
Accounts payable - others	(17,872,525)	(59,840,620)	27,424,527	(59,840,620)
Other current liabilities	36,365,645	(34,745,113)	1,698,735	(4,112,484)
Provisions	(154,004,486)	-	-	-
Other non-current liabilities	(3,254,982)	-	-	-
Net cash flows from operating activities	450,293,936	2,880,032,713	1,458,569,670	2,346,497,261

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

(UNAUDITED BUT REVIEWED)

## DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2004 AND 2003

(Unit: Baht)

	Consolidated		The Company Only	
	2004	2003	2004	2003
<b>Cash flows from (used in) investing activities :-</b>				
Decrease in loan to related party	1,704,961	-	-	-
Increase in investments in available-for-sale securities	(3,087,246)	-	-	-
Proceeds from disposal of investments in available-for-sale securities	3,661,470	24,671,829	-	-
Increase in investments in subsidiaries	-	-	(595,220,394)	-
Increase in investments in other parties	(40,777,778)	(31,518,975)	-	-
Consolidation goodwill from additional investment	145,649,843	-	-	-
Proceeds from return fund of investment in other parties	7,286,215	-	-	-
Proceeds from redemption of investment in unit trusts	120,000,000	-	120,000,000	-
Proceed from return loan to associated company	53,343,497	-	-	-
Increase in prepayment for investment	-	(1,775,289,309)	-	(1,775,289,309)
Increase in amount due from other parties	-	(2,891,829,209)	-	-
Acquisition of fixed assets	(560,404,092)	(252,083,403)	(448,635,986)	(248,144,091)
Proceeds from sales of fixed assets	1,432,818	41,966,917	1,432,818	41,942,748
Net cash flows used in investing activities	(271,190,312)	(4,884,082,150)	(922,423,562)	(1,981,490,652)
<b>Cash flows from (used in) financing activities :-</b>				
Increase in bank overdrafts and short-term loans from financial institutions	54,071,221	4,622,715,644	-	-
Increase (decrease) in long-term loan from related party	-	-	(55,803,976)	1,852,615,515
Dividend paid	(950,481,692)	(3,326,685,922)	(950,481,692)	(3,326,685,922)
Returned dividend	91,720	5,583,458	91,720	5,583,458
Decrease in minority interest from subsidiary's liquidation	-	(227,260,807)	-	-
Net cash flows from (used in) financing activities	(896,318,751)	1,074,352,373	(1,006,193,948)	(1,468,486,949)
<b>Increase (decrease) in translation adjustments</b>	(69,710,553)	28,350,848	-	-
<b>Cash and cash equivalent as of date subsidiary was excluded from the consolidated financial statements</b>	-	(371,911,280)	-	-
Net decrease in cash and cash equivalent	(786,925,680)	(1,273,257,496)	(470,047,840)	(1,103,480,340)
Cash and cash equivalents - beginning of period	5,437,360,125	7,857,503,429	3,305,274,882	6,044,425,240
Cash and cash equivalents - end of period (Note 15)	4,650,434,445	6,584,245,933	2,835,227,042	4,940,944,900
<b>Supplemental cash flows information</b>				
Cash paid during the period for :				
Interest	19,116,934	2,831,646	30	2,831,646
Corporate income tax	66,952,089	570,904	10,073,839	569,915

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

(UNAUDITED BUT REVIEWED)

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

**1. GENERAL INFORMATION**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 "Interim financial statements", which the Company choosing to present condensed interim financial statements. However, additional line items are presented in the balance sheets, the statements of earnings, changes in shareholders' equity, and cash flows as in the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2003. However, there were changes in the composition of the Group during the current quarter as follows :-

	Percentage of shares held by the Company		Percentage of total assets of subsidiary included in consolidated balance sheets		Percentage of total income of subsidiary included in consolidated earnings statements for the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b><u>Increase of investment in subsidiaries</u></b>						
Delta Energy Systems (Brazil) S.A. (owned by Delta Energy Systems (Switzerland) AG.)	100	80	-	0.01	1.08	0.53
Delta Electronics Europe Ltd. (owned by Delta Energy Systems (Switzerland) AG.)	100	-	1.65	-	0.20	-

(UNAUDITED BUT REVIEWED)

During the year 2003, the Company acquired an overseas group of companies. Following the acquisition, Delta Energy Systems (Switzerland) AG became the parent of this group of companies. The Company hold 100 percent of the shares of Delta Energy Systems (Switzerland) AG.

At present, the purchase of the group of companies is completed as Settlement Agreement dated 15 May 2004. The Company recorded the cost of the investment based on the value stated in the agreement plus related professional fees and recorded goodwill based on the difference between the cost of the investments and the net asset values computed from the financial statements as at 30 June 2003 which audited by the other auditor.

The outstanding balance of investment and consolidation goodwill as at 30 June 2004 are as follow :-

	(Unit : Million Baht)
	<u>30 June 2004</u>
Cost of investment related to the acquisition	1,711
Related professional fees	454
Less : cash returned under the provisions of the settlement agreement (amounting to approximately CHF 1.7 million)	<u>(55)</u>
Cost of investment - net	2,110
Net asset values of this group of companies as at 30 June 2003	<u>963</u>
Consolidation goodwill	1,147
Add : Adjustment form the discrepancy in accounting policy related to the acquisition in minority interest of subsidiary	25
Accumulated amortisation of consolidation goodwill from acquisition date to 30 June 2004	<u>(57)</u>
Consolidation goodwill - net	<u><u>1,115</u></u>

During April 2004, a subsidiary company, Delta Energy Systems (Switzerland) AG, acquired the share capital held by the minority interest in another overseas subsidiary, Delta Energy System (Brazil) S.A. As a result of the acquisition, Delta Energy Systems (Switzerland) AG is the parent company of Delta Energy Systems (Brazil) S.A. with a holding of 100 percent.

During May 2004, a subsidiary company, Delta Energy Systems (Switzerland) AG, acquired a 100 percent holding in an overseas related party, Delta Electronics Europe Ltd.

(UNAUDITED BUT REVIEWED)

During June 2004, a subsidiary company, Delta Energy Systems (Switzerland) AG, increased its registered share capital from CHF 1 million to CHF 20 million and the meeting of the Board of Directors of the Company held on 25 May 2004 approved resolutions to acquire all of such additional share capital. As a result there is no impact on the composition of the Group.

During June 2004, a subsidiary company, Delta Energy Systems (Czech Republic) spol. s.r.o. sold its investment in its subsidiary company, Delta Energy Systems (Bratislava) spol. s.r.o. to another subsidiary of the Company, Delta Energy Systems (Slovakia) s.r.o. Following the acquisition, Delta Energy Systems (Slovakia) s.r.o. is the parent company of Delta Energy Systems (Bratislava) spol. s.r.o. with a holding of 100 percent. As a result there is no impact on the composition of the Group.

### 1.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as adopted for preparation of the financial statements for the year ended 31 December 2003.

## 2. CASH AND CASH EQUIVALENTS

Most of the cash at banks of the Company comprises cash deposited with various overseas banks in US Dollar accounts (most of balance is in 5 banks), the balance of which, as at 30 June 2004, amount to approximately USD 68 million (31 December 2003 : approximately USD 82 million).

## 3. CURRENT INVESTMENTS

### 3.1 Investments in available-for-sale securities

	30 June 2004		31 December 2003	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
				(Audited)
<b>Available-for-sale securities</b>				
a) Cyntec	80,712,121	54,580,570	77,624,875	62,142,430
b) Loyalty Founder Enterprise	16,599,524	12,347,588	20,463,677	14,726,567
Total	97,311,645	66,928,158	98,088,552	76,868,997
Less: Unrealised loss on investments in available-for-sale securities	(30,383,487)		(21,219,555)	
Less: Translation adjustments	(3,836,597)		(8,683,068)	
Net investments in available-for-sale securities	63,091,561		68,185,929	

(UNAUDITED BUT REVIEWED)

### 3.2 Fixed deposit

The amount as at 30 June 2004 was a 6-month fixed deposit of a subsidiary with an overseas financial institution, for which the subsidiary entered into the interest rate swap transaction agreements as mentioned in Note 14.1 to the financial statements. The deposit bore interest at a rate equal to the 6-month LIBOR per annum.

## 4. ACCOUNTS RECEIVABLE - TRADE

The aging of outstanding balances as at 30 June 2004 and 31 December 2003 is as follows :-

	Consolidated		The Company Only	
	<u>30 June 2004</u>	<u>31 December 2003</u>	<u>30 June 2004</u>	<u>31 December 2003</u>
		(Audited)		(Audited)
<u>Accounts receivable - trade, related parties</u>				
Current	420,749,624	461,711,664	2,801,803,387	2,576,691,890
Past due 1 - 3 months	9,200,036	4,769,024	41,610,559	54,370,339
Past due 3 - 6 months	3,059,962	46,725	14,164,478	46,725
Past due 6 - 12 months	243,462	918,752	676,985	1,030,610
Past due over 12 months	-	611,729	-	611,729
Total	<u>433,253,084</u>	<u>468,057,894</u>	<u>2,858,255,409</u>	<u>2,632,751,293</u>
<u>Accounts receivable - trade, unrelated parties</u>				
Current	9,297,645,722	8,137,857,390	6,170,721,755	5,561,192,053
Past due 1 - 3 months	907,379,733	1,090,826,593	750,075,998	844,795,305
Past due 3 - 6 months	39,515,218	60,672,315	6,186,007	60,672,315
Past due 6 - 12 months	62,583,543	52,855,909	55,596,958	38,063,568
Past due over 12 months	269,880,685	291,766,646	212,270,314	222,469,482
Total	<u>10,577,004,901</u>	<u>9,633,978,853</u>	<u>7,194,851,032</u>	<u>6,727,192,723</u>
Total Accounts receivable - Trade	<u>11,010,257,985</u>	<u>10,102,036,747</u>	<u>10,053,106,441</u>	<u>9,359,944,016</u>
Less : Allowance for doubtful accounts	<u>(356,823,835)</u>	<u>(381,708,011)</u>	<u>(275,713,068)</u>	<u>(296,723,937)</u>
Accounts receivable - trade, net	<u><u>10,653,434,150</u></u>	<u><u>9,720,328,736</u></u>	<u><u>9,777,393,373</u></u>	<u><u>9,063,220,079</u></u>



(UNAUDITED BUT REVIEWED)

As at 30 June 2004, an account receivable of a subsidiary of the Company with an outstanding balance of approximately USD 5.2 million has filed an application for reorganisation, and the Company does not expect to recover such debt (31 December 2003 : USD 5.2 million). In addition, an account receivable of the Company with an outstanding balance of approximately USD 0.7 million (31 December 2003 : USD 1.3 million) negotiated with the Company to make payment in installments and in the current period, the Company has received partial payment from such account receivable. The Company's management believes that the allowance for doubtful already set aside is adequate in the current circumstances.

## 5. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

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

	(Unit : Baht)								
	Issued and paid up capital		Percentage owned by the Company		Consolidated		The Company Only		
	Foreign currency	2004	2003	2004 %	2003 %	30 June 2004	31 December 2003 (Audited)	30 June 2004	31 December 2003 (Audited)
<b>Subsidiary companies</b>									
DET International Holding Limited									
- Cost	USD	53,852,576	53,852,576	100	100	-	-	2,133,050,147	2,133,050,147
- Share of loss (accumulated to 30 June and 31 December)								(258,388,556)	(588,703,350)
								1,874,661,591	1,544,346,797
Delta Energy Systems (Switzerland) AG									
- Cost	CHF	20,000,000	1,000,000	100	100	-	-	2,576,143,928	1,980,923,534
- Share of profit (loss) (accumulated to 30 June and 31 December)								(547,878,860)	498,971,977
								2,028,265,068	2,479,895,511
Total investments in subsidiary companies								3,902,926,659	4,024,242,308
<b>Associated companies</b>									
(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 30 June and 31 December)						(113,740,909)	(113,980,330)		
						152,268,941	152,029,520		
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 30 June and 31 December)						26,654,213	13,948,849		
						421,037,683	408,332,319		
Deltron Trading (Cambodia) Limited									
- Cost	USD	8,000	8,000	47	47	168,523	168,523		
- Share of loss (accumulated to 30 June and 31 December)						(168,523)	(168,523)		
						-	-		
Unrealised loss on available-for-sale securities of a subsidiary						-	-	(30,383,487)	(21,219,555)
Translation adjustments						28,117,898	9,520,239	(20,704,884)	(3,170,331)
Total investments in associated companies						601,424,522	569,882,078		
<b>Total investments accounted for under equity method</b>						<b>601,424,522</b>	<b>569,882,078</b>	<b>3,851,838,288</b>	<b>3,999,852,422</b>

Share of profit/loss from subsidiary company, which is Newton Power Limited and share of profit/loss from associated companies are based on the financial statements as prepared by the management of these companies which have not yet been reviewed by their auditors.

(UNAUDITED BUT REVIEWED)

## 6. INVESTMENTS IN OTHER PARTIES

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

(Unit : Baht)

	The Company's interest		Consolidated	
	In equity capital			
	<u>2004</u>	<u>2003</u>	<u>30 June 2004</u>	<u>31 December 2003</u>
	%	%		(Audited)
IP Fund One, L.P. (owned by DET International Holding Limited)	3.80	3.80	365,613,456	332,121,893
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			416,195,459	382,703,896
Less : Provision for diminution in value of investments in other parties			(106,949,572)	(106,949,572)
Translation adjustments			(11,821,947)	(19,908,951)
<b>Investments in other parties – net</b>			<u>297,423,940</u>	<u>255,845,373</u>

## 7. FORWARD CONTRACTS

A subsidiary of the Company has entered into forward exchange contracts with local and overseas financial institutions. The outstanding balances under the contracts as at 30 June 2004 and 31 December 2003 are as follows :-

	Amount	
	(Unit : Million unit of currency)	
	<u>30 June 2004</u>	<u>31 December 2003</u>
		(Audited)
Forward Contracts to "Sell"		
USD/THB	110	75
USD/CHF	30	-

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".

(UNAUDITED BUT REVIEWED)

## 8. 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 631 million and Baht 396 million, respectively (the Company only : Baht 233 million and Baht 396 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.

## 9. LONG-TERM LOAN FROM FINANCIAL INSTITUTIONS

As at 30 June 2004, a subsidiary of the Company had a dollar loan from local and overseas banks amounting to approximately USD 110 million which is guaranteed by the Company. (31 December 2003 : USD 110 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.

## 10. PROVISIONS

The outstanding balances as at 30 June 2004 and 31 December 2003 are as follows :-

	(Unit : Million Baht)	
	Consolidated	
	30 June 2004	31 December 2003
		(Audited)
Pension	973	965
Restructuring costs	504	1,008
Warranty	194	159
Other provisions	198	231
	<u>1,869</u>	<u>2,363</u>

(UNAUDITED BUT REVIEWED)

**Pension**

The subsidiaries of the Company have provided retirement benefits for staff who are over 35 years old and have worked with that subsidiary companies for more than 10 years. The liability is calculated in accordance with the basis and conditions stipulated in the subsidiary's regulations.

**Restructuring costs**

The subsidiaries of the Company have estimated provision for restructuring because it is reducing its production and laying off staff. The associated liability is calculated in accordance with the basis and conditions stipulated in contracts related to production and employment of the subsidiary.

**Warranty**

The subsidiaries of the Company have estimated its liability under product warranties. The amount of its obligations depends on the type of product, and is calculated in accordance with the basis and conditions of warranty.

**11. WARRANTS**

The Meeting of the Board of Directors of the Company held on 23 February 2004 approved resolutions to pay a dividend to shareholders. As a result the Company has adjusted the exercise ratio of the warrants in the manner stated in the prospectus, such that 1 warrant can be exercised to purchase 12.34934 ordinary shares at a price of Baht 1 per share, effective from 2 March 2004.

During the current period, no outstanding warrants have been exercised to purchase new ordinary shares, leaving 1,188 warrants unexercised as at 30 June 2004.

(UNAUDITED BUT REVIEWED)

## 12. RECONCILIATION OF DILUTED EARNINGS PER SHARE

For the three-month periods ended 30 June						
Net earnings		Weighted average number of ordinary shares		Earnings per share		
<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net earnings	616,574,469	667,770,882	1,188,102,115	1,188,102,115	0.52	0.56
<b>Effect of dilutive potential ordinary shares</b>						
Warrants 1,188 units	-	-	14,085	13,979	-	-
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>616,574,469</u>	<u>667,770,882</u>	<u>1,188,116,200</u>	<u>1,188,116,094</u>	<u>0.52</u>	<u>0.56</u>
For the six-month periods ended 30 June						
Net earnings		Weighted average number of ordinary shares		Earnings per share		
<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net earnings	1,131,012,042	1,490,337,279	1,188,102,115	1,188,102,115	0.95	1.25
<b>Effect of dilutive potential Ordinary shares</b>						
Warrants 1,188 units	-	-	14,107	13,979	-	-
<b>Diluted earnings per share</b>						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>1,131,012,042</u>	<u>1,490,337,279</u>	<u>1,188,116,222</u>	<u>1,188,116,094</u>	<u>0.95</u>	<u>1.25</u>

(UNAUDITED BUT REVIEWED)

### 13. RELATED PARTY TRANSACTIONS

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

		(Unit : Baht)			
		For the three-month periods ended 30 June			
		Consolidated		The Company Only	
<u>Pricing policies</u>		<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods	Cost plus certain margin	-	-	2,014,284,928	1,779,968,635
Sales of raw materials	With reference to market prices	-	-	2,388,456	183,422
Purchase of raw materials	Cost plus certain margin	-	-	27,442,068	-
Commission paid	Contract prices	-	-	26,872,739	-
Inspection fee	Contract prices	-	-	26,934,643	37,869,886
Borrowing (Average balance of loan outstanding during period)	No interest charge	-	-	1,745,516,599	620,831,935
<b><u>Transactions with related parties</u></b>					
Sales of goods	With reference to market prices	450,522,540	498,819,728	450,522,540	498,819,728
Sales of raw materials	With reference to market prices	6,798,583	915,770	6,798,583	915,770
Purchase of raw materials	With reference to market prices	67,451,959	81,737,550	67,451,959	81,737,550
Purchase of fixed assets	Agreed upon basis	1,134,002	13,397,393	1,134,002	13,397,393
Commission paid	Contract prices	263,352,595	386,433,719	263,352,595	386,433,719
Lending (Average balance of loans outstanding during period)	Rate referenced to LIBOR	1,129,898	64,693,498	-	-
Interest income	Per loan agreement	-	280,811	-	-

		(Unit: Baht)			
		For the six-month periods ended 30 June			
		Consolidated		The Company Only	
<u>Pricing policies</u>		<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods	Cost plus certain margin	-	-	3,790,126,389	3,859,553,901
Sales of raw material	With reference to market prices	-	-	6,044,724	183,422
Purchase of raw materials	Cost plus certain margin	-	-	54,036,866	-
Commission paid	Contract prices	-	-	26,872,739	-
Inspection fee	Contract prices	-	-	50,654,616	63,670,288
Borrowing (Average balance of loan outstanding during period)	No interest charge	-	-	1,731,401,235	310,415,968

## (UNAUDITED BUT REVIEWED)

(Unit: Baht)

		For the six-month periods ended 30 June			
		Consolidated		The Company Only	
<u>Pricing policies</u>		2004	2003	2004	2003
<b>Transactions with related parties</b>					
Sales of goods	With reference to market prices	805,778,279	1,115,123,507	805,778,279	1,115,123,507
Sales of raw materials	With reference to market prices	12,594,443	6,476,642	12,594,443	6,476,642
Purchase of raw materials	With reference to market prices	107,936,181	145,483,482	107,936,181	145,483,482
Purchase of fixed assets	Agreed upon basis	3,221,095	15,858,763	3,221,095	15,858,763
Commission paid	Contract prices	537,381,894	643,928,019	537,381,894	643,928,019
Management fee	Contract prices	-	16,084,063	-	16,084,063
Lending (Average balance loan outstanding during period)	Rate reference to LIBOR	31,305,990	64,857,624	-	-
Interest income	Per loan agreement	237,143	548,797	-	-

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

		(Unit : Baht)			
		Consolidated		The Company Only	
<u>Relationship</u>		30 June 2004	31 December 2003	30 June 2004	31 December 2003
			(Audited)		(Audited)
<b>Accounts receivable - trade, related parties</b>					
<u>Subsidiary companies</u>					
DET Logistics (USA) Corporation Ltd.	Subsidiary Company	-	-	2,241,493,623	2,045,161,684
DET International Holding Ltd.	Subsidiary Company	-	-	6,407,389	52,638,833
Delta Energy Systems (Switzerland) AG	Subsidiary Company	-	-	81,836,356	49,621,866
Delta Energy Systems (Germany) GmbH	Subsidiary Company	-	-	49,833,814	11,789,777
Delta Energy Systems (Guangzhou) Ltd.	Subsidiary Company	-	-	28,564,824	-
Delta Electronics Europe Ltd.	Subsidiary Company	-	-	16,036,893	-
Others		-	-	4,392,701	6,516,601
		-	-	2,428,565,600	2,165,728,761
<u>Other related parties</u>					
Delta Electronics Inc.	Shareholder	175,562,050	217,396,886	175,408,965	217,396,886
Delta Electronics (Japan) Ltd.	Common shareholder	26,576,498	26,180,902	26,576,498	26,180,902
Delta Products Corporation Ltd.	Common shareholder	130,960,985	88,848,539	130,960,985	88,848,539
Delta Electronics International Ltd.	Common shareholder	70,413,330	75,629,273	70,269,064	74,920,653
Delta Network International Ltd.	Common shareholder	11,636,727	31,728,172	11,636,727	31,728,172
Delta Electronics Europe Ltd.	Common shareholder	-	18,331,727	-	18,076,136
Delta Network Inc.	Common shareholder	6,218,639	5,312,093	6,218,639	5,312,093
Delta Electronics (Jiangsu) Limited	Common shareholder	8,652,918	4,049,145	6,448,739	4,049,145
Others		3,231,937	581,157	2,170,192	510,006
		433,253,084	468,057,894	429,689,809	467,022,532
Total accounts receivable - trade, related parties		433,253,084	468,057,894	2,858,255,409	2,632,751,293
<b>Short-term loan to and amounts due from related parties</b>					
Deltron Trading (Cambodia) Ltd.	Associated company	-	4,576,762	-	-
Delta Products Corporation Ltd.	Common shareholder	-	17,526,791	-	17,526,791
Total short-term loan to and amounts due from related parties		-	22,103,553	-	17,526,791
<b>Long - term loans to related parties</b>					
Deltron Trading (Cambodia) Limited	Associated company	-	60,250,064	-	-
Delta Electronics Europe Ltd.	Common shareholder	-	1,704,961	-	-
Total long-term loans to related parties		-	61,955,025	-	-

## (UNAUDITED BUT REVIEWED)

(Unit : Baht)

Relationship	Consolidated		The Company Only		
	30 June 2004	31 December 2003 (Audited)	30 June 2004	31 December 2003 (Audited)	
<b>Accounts payable - trade, related parties</b>					
<b>Subsidiary companies</b>					
Delta Energy Systems (Germany) GmbH	Subsidiary company	-	-	9,588,737	1,776,196
Delta Energy Systems (Slovakia) s.r.o.	Subsidiary company	-	-	1,246,992	500,196
Delta Energy Systems (USA) Inc.	Subsidiary company	-	-	3,371,433	314,764
Delta Energy Systems (Hong Kong) Ltd.	Subsidiary company	-	-	5,960,951	3,244,956
Delta Electronics Europe Ltd.	Subsidiary company	-	-	216,666	-
Others		-	-	679,448	175,482
		-	-	21,064,227	6,011,594
<b>Other related parties</b>					
Delta Electronics Inc.	Shareholder	234,054,046	33,208,197	57,258,814	33,208,197
Delta Electronics (Japan) Ltd.	Common shareholder	6,658,509	6,626,226	6,658,509	6,626,226
Delta Products Corporation Ltd.	Common shareholder	13,889,216	3,230,837	13,887,463	3,230,837
Delta Network Inc.	Common shareholder	1,896	10,089,618	1,896	10,089,618
Others		341,215	449,472	83,455	414,442
		254,944,882	53,604,350	77,890,137	53,569,320
Total accounts payable - trade, related parties		254,944,882	53,604,350	98,954,364	59,580,914
<b>Amounts due to related parties</b>					
<b>Subsidiary companies</b>					
Newton Power Limited	Subsidiary Company	-	-	10,051,652	5,890,731
DET Logistics (USA) Corporation Ltd.	Subsidiary Company	-	-	10,146,565	5,292,734
Delta Energy Systems (Switzerland) AG	Subsidiary Company	-	-	11,544,598	5,263,612
Delta Electronics Europe Ltd.	Subsidiary Company	-	-	2,314,951	-
Others		-	-	898,766	1,958,771
		-	-	34,956,532	18,405,848
<b>Other related parties</b>					
Delta Electronics Inc.	Shareholder	298,524,391	408,860,473	298,524,391	403,314,944
Delta Products Corporation Ltd.	Common shareholder	114,523,828	12,683,153	114,523,828	12,683,153
Delta Electronics International Ltd.	Common shareholder	12,715,421	425,475	12,715,421	425,475
Others		10,539,262	2,196,275	8,282,502	2,196,275
		436,302,902	424,165,376	434,046,142	418,619,847
Total amounts due to related parties		436,302,902	424,165,376	469,002,674	437,025,695
<b>Long-term loan from related party</b>					
DET International Holding Ltd.	Subsidiary Company	-	-	1,735,894,368	1,767,203,360
Total long-term loan from related party		-	-	1,735,894,368	1,767,203,360



(UNAUDITED BUT REVIEWED)

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 15 percent of sales, and maximum rate not over than 3 percent of the purchasing price for the raw material purchasing services.

The balance of long-term loan from related party as at 30 June 2004, represents a loan of CHF 53 million which provided by a subsidiary of the Company. Full repayment of the loan is due by July 2008. There is no interest charge.

#### **14. COMMITMENT AND CONTINGENT LIABILITIES**

##### **14.1 Financial derivatives**

###### 1) Sell "call/put option" agreements

A subsidiary of the Company has entered into various sell "call option" agreements with overseas financial institution. The outstanding balances under the "call option" agreements as at 30 June 2004 are USD 9 million against Baht. Contractual exchange rate are 40.65 Baht per USD (31 December 2003 : Nil) and the outstanding balances under the sell "put option" agreements are 4.5 million against Baht. Contractual exchange rate are 39.35 Baht per USD (31 December 2003 : Nil).

The subsidiary has also entered into various buy "put option" agreements. As at 30 June 2004, the subsidiary had outstanding agreements to sell USD 4.5 million against Baht at a rate of Baht 39.45 per 1 USD (31 December 2003 : Nil)

As at 30 June 2004, the subsidiary has contingent losses amounting to approximately Baht 3.4 million under sell "call option" agreements.

(UNAUDITED BUT REVIEWED)

2) Sell “Special-condition option” agreements

A subsidiary of the Company has entered into various sell “call special-condition option” agreements approximately USD 112.50 million against Baht (31 December 2003 : USD 26.25 million against Baht and USD 16.74 million against EUR) and entered into various sell “put special-condition option” agreements approximately USD 99 million against CHF (31 December 2003 : USD 105 million against CHF).

As at 30 June 2004, the subsidiary has recorded no contingent losses under “Special-condition option” agreements as they are unable to estimate the amount of such contingent losses for the current period.

3) Special - condition forward contracts

A subsidiary of the Company has entered into Special - condition forward contracts to buy approximately USD 30 million against CHF (31 December 2003 : USD 150 million against CHF), has entered into Special - condition forward contracts to sell approximately USD 110 million against Baht (31 December 2003 : USD 30 million against Baht) and has entered into Special - condition forward contracts to sell approximately USD 5 million against CHF (31 December 2003 : Nil).

4) 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. An agreement to swap interest with an overseas financial institution totalling USD 30 million. The contract period is 3 years, maturing in August 2006. Every 6 months, the subsidiary is required to pay interest to the financial institution at fixed rates of 0.95 percent per annum in the first year, 1.30 percent per annum in the second year and 1.65 percent per annum in the third year. The financial institution is in turn required to pay interest to the subsidiary at the 6-month LIBOR, pro-rate for the number of days on which the daily interest rate lies within a range stipulated in the agreement.

(UNAUDITED BUT REVIEWED)

2. An agreement to swap interest with an overseas financial institution totalling USD 30 million. The contract period is 5 years, maturing in October 2008 or when the subsidiary receives interest in an amount equivalent totalling to 9 percent of USD 30 million. Every 6 months, the subsidiary is required to pay interest to the financial institution at the 6-month LIBOR per annum, while the financial institution is required to pay interest to the subsidiary at 8 percent per annum for the first 6 months and at a rate referenced to the 6-month LIBOR per annum for the remainder of the period.
3. An agreement with an overseas financial institution to swap interest totalling USD 10 million. The contract period is 9 months, maturing in January 2005, and at the maturity date the subsidiary is required to pay interest to the financial institution at the 9-month LIBOR, while the financial institution is required to pay interest to the subsidiary at the 9-month LIBOR plus 0.95 percent per annum.

#### **14.2 Commitments and contingent liabilities**

As at 30 June 2004, the Company and its subsidiaries had capital commitments amounting to Baht 357 million for the purchase of machinery and equipments (31 December 2003: Baht 125 million) and had operating lease commitments amounting to CHF 6.8 million for equipments (31 December 2003 : CHF 9.2 million).

#### **14.3 Letter of guarantees**

As at 30 June 2004, there were outstanding bank guarantees of approximately Baht 29.5 million, USD 5 million and CHF 0.24 million (31 December 2003 : Baht 39 million and USD 5 million) issued by the banks on behalf of the Company as required in the ordinary course of business of the Company and there were outstanding bank guarantees of approximately SKK 30 million, EURO 1 million and USD 1.5 million (31 December 2003 : Nil) issued by the Company for 3 overseas subsidiaries as required in the ordinary course of business.

(UNAUDITED BUT REVIEWED)

#### 14.4 Assets/Liabilities-foreign currency not hedged against foreign exchange risk

A summary of significant foreign-currency assets and liabilities that were unhedged as at 30 June 2004 is set out below :-

	<u>Amount</u>
<b>Assets</b>	
Assets denominated in US Dollar	USD 149 million
Assets denominated in YEN	YEN 211 million
Assets denominated in EURO	EUR 2 million
Assets denominated in Switzerland Franc	CHF 19 million
<b>Liabilities</b>	
Liabilities denominated in US Dollar	USD 84 million
Liabilities denominated in YEN	YEN 467 million
Liabilities denominated in EURO	EUR 0.8 million

#### 15. 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)			
	<u>Consolidated</u>		<u>The Company Only</u>	
	30 June		30 June	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	4,832,057,529	6,588,708,491	3,022,231,620	4,945,407,458
Unrealised gain on exchange rate	(181,623,084)	(4,462,558)	(187,004,578)	(4,462,558)
Cash and cash equivalents in the statements of cash flows	<u>4,650,434,445</u>	<u>6,584,245,933</u>	<u>2,835,227,042</u>	<u>4,940,944,900</u>

(UNAUDITED BUT REVIEWED)

**16. FINANCIAL INFORMATION BY SEGMENT**

The businesses of the Company and its subsidiaries mainly involve the single industry segment of the manufacture and distribution of electronic product and are mainly carried on both in Thailand and overseas. The financial information of the Company and its subsidiaries by geographical segment, for the three-month and six-month periods ended 30 June 2004 and 2003, and as at 30 June 2004 and 31 December 2003, is as follow :-

	Consolidated for the three-month periods ended 30 June										(Unit : Million Baht)			
	Thailand		Asia		USA		Europe		Total		Eliminated		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Sales - external	7,299	5,171	284	-	2,278	1,946	1,935	-	11,796	7,117	-	-	11,796	7,117
Sales - related parties	2,465	2,279	473	-	48	-	1,824	-	4,810	2,279	(4,347)	(1,780)	463	499
	<u>9,764</u>	<u>7,450</u>	<u>757</u>	<u>-</u>	<u>2,326</u>	<u>1,946</u>	<u>3,759</u>	<u>-</u>	<u>16,606</u>	<u>9,396</u>	<u>(4,347)</u>	<u>(1,780)</u>	<u>12,259</u>	<u>7,616</u>
Gross profit	1,600	1,265	35	-	122	10	228	-	1,985	1,275			1,834	1,275
Gain on exchange rate													75	29
Other income													119	106
Share of profit (loss) from investments accounted for under equity method													14	(6)
Selling and administrative expenses													(1,386)	(732)
Interest expenses													(28)	(1)
Corporate income tax													(14)	(2)
Minority interest in net (earnings) loss of subsidiaries													3	(1)
Net earnings													<u>617</u>	<u>668</u>

(UNAUDITED BUT REVIEWED)

Consolidated for the six-month periods ended 30 June												(Unit : Million Baht)		
	Thailand		Asia		USA		Europe		Total		Eliminated		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Sales - external	14,373	10,098	490	-	4,616	4,921	3,663	-	23,142	15,019	-	-	23,142	15,019
Sales - related parties	4,596	4,975	906	-	88	-	3,693	-	9,283	4,975	(8,464)	(3,860)	819	1,115
	18,969	15,073	1,396	-	4,704	4,921	7,356	-	32,425	19,994	(8,464)	(3,860)	23,961	16,134
Gross profit	3,056	2,659	80	-	211	20	423	-	3,770	2,679			3,652	2,679
Gain (loss) on exchange rate													16	89
Other income													201	194
Share of profit (loss) from investments accounted for under equity method													13	(4)
Selling and administrative expenses													(2,693)	(1,463)
Interest expenses													(53)	(3)
Corporate income tax													(2)	(2)
Minority interest in net (earnings) loss of subsidiaries													(3)	-
Net earnings													1,131	1,490

Consolidated														(Unit : Million Baht)	
	Thailand		Asia		USA		Europe		Total		Eliminated		Total		
	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	30 June 2004	31 December 2003	
		(Audited)		(Audited)		(Audited)		(Audited)		(Audited)		(Audited)		(Audited)	
Property, plant and equipment - net	3,850	3,795	18	18	69	148	764	829	4,701	4,790	-	-	4,701	4,790	
Other assets	19,711	18,703	1,097	984	3,488	3,194	15,989	14,287	40,285	37,168	(14,054)	(12,606)	26,231	24,562	
Total assets	23,561	22,498	1,115	1,002	3,557	3,342	16,753	15,116	44,986	41,958	(14,054)	(12,606)	30,932	29,352	

(UNAUDITED BUT REVIEWED)

**17. RECLASSIFICATION**

Certain amounts in the financial statements for the year ended 31 December 2003 and for the three-month and six-month periods ended 30 June 2003 have been reclassified to conform to the current period's classifications, with no effect on previously reported net earnings or shareholders' equity.

**18. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

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