

Delta Electronics (Thailand) Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and six-month period ended  
30 June 2008

## **Review report of Independent Auditor**

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

I have reviewed the accompanying consolidated balance sheets of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 30 June 2008, the related consolidated statements of income for the three-month and six-month period ended 30 June 2008, changes in shareholders' equity and cash flows for the six-month period ended 30 June 2008, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period. 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 review. The consolidated interim financial statements of certain overseas subsidiary companies for the three-month and six-month period ended 30 June 2008 were reviewed by the subsidiaries' auditors, whose reports have been furnished to me. My report on the consolidated financial statements for the three-month and six-month period ended 30 June 2008, insofar as they relate to the amounts included for these subsidiary companies, is based solely on the reports of those other auditors. These financial statements reflect total assets as at 30 June 2008 of approximately Baht 6,161 million, total revenues for the three-month and six-month period ended 30 June 2008 of approximately Baht 3,122 Million and Baht 5,619 million, respectively and net income for the three-month and six-month period ended 30 June 2008 of approximately Baht 65 Million and Baht 13 million, respectively.

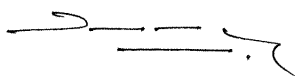
I conducted my review in accordance with the auditing standards applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries 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 review 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.

Without qualifying the review report on the aforementioned financial statements, I draw attention to Note 20.3.1 to the financial statements regarding the Company's receipt of notice of a corporate income tax assessment from the Revenue Department, covering the years 1997 - 2000.

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 2007 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 15 February 2008, expressed an unqualified opinion on those statements, and drew attention to the Company's receipt of notice of a corporate income tax assessment from the Revenue Department. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The consolidated statements of income for the three-month and six-month period ended 30 June 2007, changes in shareholders' equity and cash flows for the six-month period ended 30 June 2007 of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the three-month and six-month period ended 30 June 2007, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under his report dated 8 August 2007, that nothing had come to his attention that caused him to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles and drew attention to the Company's receipt of notice of a corporate income tax assessment from the Revenue Department.



Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited

Bangkok: 8 August 2008

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**

**Balance sheets**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	30 June 2008 (Unaudited but reviewed)	31 December 2007 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		8,239,810,606	9,181,580,042	5,654,145,044	6,542,961,639
Investments in available-for-sale securities	3	88,590,192	79,876,068	-	-
Trade accounts receivable					
Related parties	2	290,322,616	302,754,418	1,272,230,442	1,385,744,065
Unrelated parties		7,048,165,450	6,617,949,480	3,693,539,298	3,689,398,887
Less: Allowance for doubtful accounts		(39,652,811)	(48,537,093)	(11,725,577)	(23,347,363)
Trade accounts receivable - net	4	7,298,835,255	6,872,166,805	4,954,044,163	5,051,795,589
Amounts due from related parties	2	4,707,920	43,045,411	-	41,678,550
Inventories - net	5	3,971,294,079	3,423,255,044	1,552,104,794	1,335,310,372
Other current assets					
Input tax refundable		227,417,739	223,400,029	48,161,971	71,415,008
Advance payments		93,204,753	75,219,485	22,618,057	16,582,703
Forward contracts receivable		-	29,215,226	-	24,055,600
Prepaid expenses		66,494,405	57,493,043	20,488,295	10,405,403
Prepaid tax		256,255,594	192,863,448	-	-
Other accounts receivable		73,981,129	46,209,310	-	-
Others		81,450,411	60,573,636	5,807,781	11,974,727
<b>Total current assets</b>		<b>20,402,042,083</b>	<b>20,284,897,547</b>	<b>12,257,370,105</b>	<b>13,106,179,591</b>
<b>Non-current assets</b>					
Deposits at bank with restrictions	6	248,621,667	265,687,580	-	-
Investments in subsidiary companies - net	7	-	-	5,935,185,255	5,450,535,255
Investment in associated company	8	540,383,576	505,632,220	-	-
Investments in other parties - net	9	178,716,342	185,436,978	-	-
Property, plant and equipment - net	10	3,866,936,007	3,698,669,206	2,327,670,115	2,494,617,971
Intangible assets					
Goodwill on business combination		306,757,971	306,757,971	-	-
Other intangible assets	11	907,605,963	941,508,693	-	-
Other non-current assets		71,514,721	66,125,629	1,765,069	2,050,903
<b>Total non-current assets</b>		<b>6,120,536,247</b>	<b>5,969,818,277</b>	<b>8,264,620,439</b>	<b>7,947,204,129</b>
<b>Total assets</b>		<b>26,522,578,330</b>	<b>26,254,715,824</b>	<b>20,521,990,544</b>	<b>21,053,383,720</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 financial statements		Separate financial statements	
		30 June 2008 (Unaudited but reviewed)	31 December 2007 (Audited)	30 June 2008 (Unaudited but reviewed)	31 December 2007 (Audited)
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,259 million ordinary shares of Baht 1 each	15	<u>1,259,000,000</u>	<u>1,259,000,000</u>	<u>1,259,000,000</u>	<u>1,259,000,000</u>
Issued and fully paid					
1,247.38 million ordinary shares of Baht 1 each (31 December 2007: 1,247.38 million ordinary shares of Baht 1 each)		1,247,380,634	1,247,378,396	1,247,380,634	1,247,378,396
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	3	(18,164,763)	(4,833,983)	-	-
Translation adjustments		(1,181,545,659)	(1,121,618,967)	-	-
Retained earnings					
Appropriated - Statutory reserve		125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		<u>13,507,918,000</u>	<u>14,081,620,220</u>	<u>12,666,933,721</u>	<u>13,302,915,722</u>
Equity attributable to the company's shareholders		15,173,400,712	15,820,358,166	15,532,126,855	16,168,106,618
Minority interest - equity attributable to minority					
Shareholders of subsidiary		<u>60,957,879</u>	<u>55,148,515</u>	-	-
<b>Total shareholders' equity</b>		<u>15,234,358,591</u>	<u>15,875,506,681</u>	<u>15,532,126,855</u>	<u>16,168,106,618</u>
<b>Total liabilities and shareholders' equity</b>		<u>26,522,578,330</u>	<u>26,254,715,824</u>	<u>20,521,990,544</u>	<u>21,053,383,720</u>
		-	-	-	-

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

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Directors  
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(Unaudited but reviewed)

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries****Income statements****For the three-month periods ended 30 June 2008 and 2007**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<b>Revenues</b>					
Sales and services income		8,342,238,421	8,443,754,954	5,262,334,882	5,437,225,244
Other income					
Interest income		38,208,507	63,243,255	32,112,403	38,320,009
Gain on exchange rate		-	97,351,084	40,574,322	24,160,732
Others		91,828,852	9,115,298	34,124,448	11,316,762
Share of income from investment in associated company		31,632,602	14,779,668	-	-
<b>Total revenues</b>		<b>8,503,908,382</b>	<b>8,628,244,259</b>	<b>5,369,146,055</b>	<b>5,511,022,747</b>
<b>Expenses</b>					
Cost of sales and services		6,399,118,718	6,774,099,032	4,032,963,427	4,391,055,408
Selling and administrative expenses		1,324,381,407	985,867,823	764,542,057	555,653,366
Loss on exchange rate		61,656,341	-	-	-
Amortisation of intangible assets		13,293,130	20,542,971	-	-
Loss on impairment of assets		-	118,078,874	-	118,078,874
<b>Total expenses</b>		<b>7,798,449,596</b>	<b>7,898,588,700</b>	<b>4,797,505,484</b>	<b>5,064,787,648</b>
<b>Income before interest expenses and</b>					
<b>Corporate income tax</b>		705,458,786	729,655,559	571,640,571	446,235,099
Interest expenses		(35,353,176)	(80,134,642)	-	-
Corporate income tax		(48,798,678)	(45,618,231)	-	-
<b>Net income for the period</b>		<b>621,306,932</b>	<b>603,902,686</b>	<b>571,640,571</b>	<b>446,235,099</b>
<b>Net income attributable to:</b>					
Equity holders of the parent		621,522,362	603,962,426	571,640,571	446,235,099
Minority interests of the subsidiary (loss)		(215,430)	(59,740)		
		<u>621,306,932</u>	<u>603,902,686</u>		
<b>Earnings per share</b>					
16					
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the parent		0.50	0.48	0.46	0.36
<b>Diluted earnings per share</b>					
Net income attributable to equity holders of the parent		0.50	0.48	0.46	0.36

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

(Unaudited but reviewed)

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries****Income statements****For the six-month periods ended 30 June 2008 and 2007**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<b>Revenues</b>					
Sales and services income		15,969,997,268	17,423,730,173	10,403,223,076	12,186,488,182
Other income					
Interest income		106,771,554	121,806,523	69,456,793	78,081,628
Gain on exchange rate		-	178,223,772	123,225,466	24,225,586
Compensation income from cancellation order		-	187,914,295	-	-
Others		120,333,363	34,905,585	45,815,325	15,239,164
Share of income from investment					
in associated company	8	36,920,725	26,020,589	-	-
<b>Total revenues</b>		<b>16,234,022,910</b>	<b>17,972,600,937</b>	<b>10,641,720,660</b>	<b>12,304,034,560</b>
<b>Expenses</b>					
Cost of sales and services		12,126,705,523	14,042,334,371	7,901,039,675	9,880,109,580
Selling and administrative expenses		2,532,523,031	2,160,338,374	1,380,867,863	1,194,534,809
Loss on exchange rate		8,309,101	-	-	-
Amortisation of intangible assets	11	26,633,247	41,288,194	-	-
Loss on impairment of assets		-	118,078,874	-	118,078,874
<b>Total expenses</b>		<b>14,694,170,902</b>	<b>16,362,039,813</b>	<b>9,281,907,538</b>	<b>11,192,723,263</b>
<b>Income before interest expenses and</b>					
<b>Corporate income tax</b>		<b>1,539,852,008</b>	<b>1,610,561,124</b>	<b>1,359,813,122</b>	<b>1,111,311,297</b>
Interest expenses		(63,355,760)	(136,315,429)	-	-
Corporate income tax		(54,694,699)	(61,677,534)	-	-
<b>Net income for the period</b>		<b>1,421,801,549</b>	<b>1,412,568,161</b>	<b>1,359,813,122</b>	<b>1,111,311,297</b>
<b>Net income attributable to:</b>					
Equity holders of the parent		1,422,092,903	1,412,649,021	1,359,813,122	1,111,311,297
Minority interests of the subsidiary (loss)		(291,354)	(80,860)	-	-
		<u>1,421,801,549</u>	<u>1,412,568,161</u>	<u>1,359,813,122</u>	<u>1,111,311,297</u>
<b>Earnings per share</b>					
16					
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the parent		1.14	1.13	1.09	0.89
<b>Diluted earnings per share</b>					
Net income attributable to equity holders of the parent		1.14	1.13	1.09	0.89

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 2008 and 2007**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities:</b>				
Net income before tax	1,476,496,248	1,474,245,695	1,359,813,122	1,111,311,297
Adjustments to reconcile net income to net cash from (used in) operating activities:				
Depreciation	372,918,063	458,360,855	290,405,667	384,443,123
Amortisation in premium/discount of forward contracts	(7,459,177)	(1,006,374)	(6,730,268)	4,550,294
Amortisation of goodwill	-	12,681,348	-	-
Amortisation of other intangible assets	26,633,247	28,606,846	-	-
Allowance for doubtful accounts (reversal)	(8,884,282)	(36,148,132)	(11,621,786)	2,264,902
Allowance for stock obsolescences (reversal)	85,405,469	(58,054,014)	(5,532,393)	12,081,386
Accrual of provisions	48,176,352	86,740,525	3,829,884	20,422,188
(Gain) loss from sale of property, plant and equipment	2,650,657	(70,054)	2,344,706	(2,835,661)
Allowance for impairment loss of assets	-	118,078,874	-	118,078,874
Share of income from investment in associated company	(36,920,725)	(26,020,589)	-	-
Allowance for diminution in value of investment in other parties	-	8,410,431	-	-
Unrealised gain on exchange rate	(70,157,908)	(133,254,184)	(97,443,550)	(119,962,405)
Interest expense	63,355,760	136,315,429	-	-
Income from operating activities before changes in operating assets and liabilities	1,952,213,704	2,068,886,656	1,535,065,382	1,530,353,998
Decrease (increase) in operating assets:				
Trade accounts receivable	(223,041,849)	1,533,666,537	304,115,531	1,222,033,428
Amounts due from related parties	38,337,491	(32,680,396)	41,678,550	-
Inventories	(633,444,504)	1,439,315,870	(211,262,029)	504,488,040
Other current assets	(81,740,995)	(26,067,353)	9,316,229	4,744,953
Other non - current assets	19,529,571	(19,559,056)	285,834	26,024
Increase (decrease) in operating liabilities:				
Trade accounts payable	271,416,511	(1,669,943,678)	(144,166,736)	(965,620,928)
Amounts due to related parties	7,342,738	18,313,078	(57,127,441)	42,905,391
Other current liabilities	218,706,999	(124,028,756)	112,020,243	(190,449,514)
Provisions	(111,163,293)	(219,491,063)	(6,878,993)	(32,251,979)
Other non-current liabilities	(3,273,554)	(7,811,696)	(45,000)	(245,000)
Cash flows from operating activities	1,454,882,819	2,960,600,143	1,583,001,570	2,115,984,413
Cash paid for interest expense	(52,267,960)	(134,465,417)	-	-
Cash paid for corporate income tax	(100,703,455)	(14,153,051)	(672,298)	(429,863)
<b>Net cash flows from operating activities</b>	<b>1,301,911,404</b>	<b>2,811,981,675</b>	<b>1,582,329,272</b>	<b>2,115,554,550</b>

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 2008 and 2007

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from investing activities:</b>				
Increase in investment in available-for-sale securities	(16,675,483)	-	-	-
Decrease in short-term loans to related parties	-	1,237,867	-	-
(Increase) decrease in deposits at bank with restrictions	17,065,913	(9,344,602)	-	-
Increase in investments in subsidiary company	-	-	(484,650,000)	(104,730,000)
Net proceeds from return fund of investment in other party	5,434,500	-	-	-
Acquisition of property, plant and equipment	(408,598,234)	(822,514,313)	(127,262,299)	(131,064,483)
Proceeds from sales of property, plant and equipment	3,966,803	121,535,826	1,459,782	19,799,547
Increase in other intangible asset	-	(93,963)	-	-
<b>Net cash flows used in investing activities</b>	<b>(398,806,501)</b>	<b>(709,179,185)</b>	<b>(610,452,517)</b>	<b>(215,994,936)</b>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	83,711,861	(18,444,627)	-	-
Dividend paid (Note 17)	(1,995,795,123)	(1,621,519,968)	(1,995,795,123)	(1,621,519,968)
Returned dividend	-	11,846	-	11,846
Cash received from increase share capital	2,238	1,256,358	2,238	1,256,358
<b>Net cash flows used in financing activities</b>	<b>(1,912,081,024)</b>	<b>(1,638,696,391)</b>	<b>(1,995,792,885)</b>	<b>(1,620,251,764)</b>
<b>Decrease in translation adjustments</b>	<b>(68,429,024)</b>	<b>(124,073,754)</b>	<b>-</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	(1,077,405,145)	340,032,345	(1,023,916,130)	279,307,850
<b>Cash and cash equivalents at beginning of period</b>	<b>9,181,580,042</b>	<b>6,798,019,213</b>	<b>6,542,961,639</b>	<b>4,632,876,588</b>
<b>Cash and cash equivalents at end of period (Note 18)</b>	<b>8,104,174,897</b>	<b>7,138,051,558</b>	<b>5,519,045,509</b>	<b>4,912,184,438</b>

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 2008 and 2007

(Unit: Baht)

## Consolidated financial statements

	Issued and paid-up share capital	Premium on share capital	Unrealised gain (loss) on investments in available-for-sale securities	Translation adjustments	Retained earnings		Minority interest-equity attributable to minority shareholders of subsidiaries	Total
					Appropriated	Unappropriated		
<b>Balance as at 31 December 2006 (Audited)</b>	1,246,067,451	1,491,912,500	5,344,092	(887,053,299)	125,900,000	12,547,711,602	55,190,166	14,585,072,512
Unrealised gain on investments in available-for-sale securities	-	-	33,673,084	-	-	-	-	33,673,084
Translation adjustments	-	-	-	(140,910,920)	-	-	(2,807,493)	(143,718,413)
Unrealised items in income statements	-	-	33,673,084	(140,910,920)	-	-	(2,807,493)	(110,045,329)
Net income for the period	-	-	-	-	-	1,412,649,021	(80,860)	1,412,568,161
Dividend paid (Note 17)	-	-	-	-	-	(1,621,519,968)	-	(1,621,519,968)
Returned dividend	-	-	-	-	-	11,846	-	11,846
Increased share capital	1,256,358	-	-	-	-	-	-	1,256,358
<b>Balance as at 30 June 2007</b>	<u>1,247,323,809</u>	<u>1,491,912,500</u>	<u>39,017,176</u>	<u>(1,027,964,219)</u>	<u>125,900,000</u>	<u>12,338,852,501</u>	<u>52,301,813</u>	<u>14,267,343,580</u>
<b>Balance as at 31 December 2007 (Audited)</b>	1,247,378,396	1,491,912,500	(4,833,983)	(1,121,618,967)	125,900,000	14,081,620,220	55,148,515	15,875,506,681
Unrealised loss on investments in available-for-sale securities	-	-	(13,330,780)	-	-	-	-	(13,330,780)
Translation adjustments	-	-	-	(59,926,692)	-	-	6,100,718	(53,825,974)
Unrealised items in income statements	-	-	(13,330,780)	(59,926,692)	-	-	6,100,718	(67,156,754)
Net income for the period	-	-	-	-	-	1,422,092,903	(291,354)	1,421,801,549
Dividend paid (Note 17)	-	-	-	-	-	(1,995,795,123)	-	(1,995,795,123)
Increased share capital (Note 15)	2,238	-	-	-	-	-	-	2,238
<b>Balance as at 30 June 2008</b>	<u>1,247,380,634</u>	<u>1,491,912,500</u>	<u>(18,164,763)</u>	<u>(1,181,545,659)</u>	<u>125,900,000</u>	<u>13,507,918,000</u>	<u>60,957,879</u>	<u>15,234,358,591</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 2008 and 2007**

(Unit: Baht)

	<b>Separate financial statements</b>				
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
			Appropriated	Unappropriated	
<b>Balance as at 31 December 2006 (Audited)</b>	1,246,067,451	1,491,912,500	125,900,000	12,547,711,602	15,411,591,553
Net income for the period	-	-	-	1,111,311,297	1,111,311,297
Dividend paid (Note 17)	-	-	-	(1,621,519,968)	(1,621,519,968)
Returned dividend	-	-	-	11,846	11,846
Increased share capital	1,256,358	-	-	-	1,256,358
<b>Balance as at 30 June 2007</b>	<u>1,247,323,809</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>12,037,514,777</u>	<u>14,902,651,086</u>
<b>Balance as at 31 December 2007 (Audited)</b>	1,247,378,396	1,491,912,500	125,900,000	13,302,915,722	16,168,106,618
Net income for the period	-	-	-	1,359,813,122	1,359,813,122
Dividend paid (Note 17)	-	-	-	(1,995,795,123)	(1,995,795,123)
Increased share capital (Note 15)	2,238	-	-	-	2,238
<b>Balance as at 30 June 2008</b>	<u>1,247,380,634</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>12,666,933,721</u>	<u>15,532,126,855</u>

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

**Delta Electronics (Thailand) Public Company Limited and its subsidiaries**

**Notes to consolidated interim financial statements**

**For the three-month and six-month period ended 30 June 2008**

**1. General information**

**1.1 Corporate information**

Delta Electronics (Thailand) Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Deltron Holding Limited, which is incorporated in the Channel Islands. The Company is principally engaged in the manufacture and distribution of electronic products and its registered address is 714 Moo 4, Tambon Prakasa, Amphur Muangsamutprakarn, Samutprakarn.

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

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 41 (revised 2007) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, the statements of income, changes in shareholders' equity, and cash flows in the same format as that used for 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.

**1.3 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 2007. However, there were the following changes in the composition of the Group during the current period.

1.3.1 As at 5 March 2008, the Company incorporated a new subsidiary in the Netherlands, “Delta Greentech (Netherlands) Cooperatie U.A.”. The subsidiary’s shareholder is Delta Greentech International Holding Limited, with shareholdings of 100 percent.

(Unaudited but reviewed)

1.3.2 As at 13 March 2008, the Company incorporated a new subsidiary in the Netherlands, "Delta Greentech (Netherlands) B.V.", with a registered capital of EUR 90,000 (900 ordinary shares of EUR 100 each). The subsidiary's shareholder is Delta Greentech (Netherlands) Cooperatie U.A., with shareholdings of 100 percent.

1.3.3 As at 18 April 2008, the Company incorporated a new subsidiary company in Turkey, "Delta Greentech Electronics Industry LLC.", with a registered capital of TRY 130,000 (5,200 ordinary shares of TRY 25 each). The subsidiary is held by Delta Greentech (Netherlands) BV., which is a subsidiary of DET International Holding Limited, with a shareholding of 100 percent.

1.3.4 During April 2008, the Company completely incorporated a new subsidiary in Hong Kong, "Delta Greentech (Hong Kong) Limited".

1.3.5 During May 2008, the Company increased its investment in DET International Holding Limited by approximately USD 15 million, with the additional funds to be invested in Delta Power Solutions India Private Limited for use in acquisition of plant and equipment, and as working capital. As a result, the Company's investment in DET International Holding Limited increased from USD 136 million to USD 151 million. There is no impact on the composition of the Group.

As a result of the above investment, the issued and paid up share capital of Delta Power Solutions India Private Limited increased from INR 620 million to INR 1,220 million.

1.3.6 As at 20 June 2008, the Company completely incorporated a new subsidiary company in India, "Delta India Electronics Private Limited".

#### **1.4 Accounting Standards which are effective for the current year**

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 29, TAS 33 and TAS 49 are not relevant to the business of the Company, whereas TAS 25, TAS 31, TAS 35, TAS 39, TAS 41 and TAS 51 do not have any significant impact on the financial statements for the current period.

The following accounting standard has an impact to the financial statements for the current period.

**TAS 43 (revised 2007) “Business Combinations”**

TAS 43 (revised 2007) does not require the amortisation of goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less accumulated impairment losses. This accounting standard applies to goodwill arising from business combinations for which the agreement date is on or after 1 January 2008. Previously recognised goodwill can be accounted for prospectively, with the Company discontinuing the amortisation of the goodwill and instead testing for impairment, as from the beginning of the first fiscal year starting on or after 1 January 2008.

**1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2007, except for the following change in the accounting policy.

***Goodwill on business combination***

Goodwill on business combination is presented in the balance sheet at cost less accumulated impairment loss.

(Unaudited but reviewed)

## 2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policies
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2008	2007	2008	2007	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	777	1,293	With reference to market prices
Purchase of raw materials	-	-	9	9	With reference to market prices
Commission paid	-	-	40	219	Contract prices
Marketing fee	-	-	66	-	Contract prices
Design and engineering fee	-	-	228	-	Contract prices
<b><u>Transactions with associated company</u></b>					
Sales of goods	2	2	2	2	With reference to market prices
<b><u>Transactions with related parties</u></b>					
Sales of goods	251	297	250	292	With reference to market prices
Purchase of goods and raw materials	727	33	16	26	With reference to market prices
Commission paid	58	76	58	74	Contract prices
Commission received	5	24	-	-	Contract prices
Lending (Average balance of loans outstanding during period)	-	22	-	-	Interest at a rate reference to LIBOR + 1%

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policies
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2008	2007	2008	2007	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	1,574	3,585	With reference to market prices
Purchase of raw materials	-	-	20	15	With reference to market prices
Commission paid	-	-	76	412	Contract prices
Marketing fee	-	-	118	-	Contract prices
Design and engineering fee	-	-	454	-	Contract prices
<b><u>Transactions with associated company</u></b>					
Sales of goods	4	4	4	4	With reference to market prices
<b><u>Transactions with related parties</u></b>					
Sales of goods and raw materials	525	574	523	568	With reference to market prices
Purchase of goods and raw materials	909	362	32	57	With reference to market prices
Commission paid	114	151	114	149	Contract prices
Commission received	25	47	-	-	Contract prices
Lending (Average balance of loans outstanding during period)	-	22	-	-	Interest at a rate reference to LIBOR + 1%



(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, technical information services and after-sales services. Under the agreements, the Company is obliged to pay commission to its subsidiaries and related companies at rates ranging from 0.25 to 5 percent of sales and at total service cost plus the mark up of 5%. The Company also entered into other agreements with the subsidiaries and with the related parties, whereby they will provide raw material purchasing services and the Company is obliged to pay them at a rate not more than 3 percent of the purchasing price. These agreements are not for an identified period but are cancellable.

The balances of the account as at 30 June 2008 and 31 December 2007 between the Company and these related companies are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
<b><u>Trade accounts receivable, related parties</u></b>				
<u>Subsidiary companies</u>				
DET Logistics (USA) Corporation	-	-	667,847,944	798,224,811
Delta Energy Systems (Switzerland) AG	-	-	101,534,223	101,810,397
Delta Energy Systems (Germany) GmbH.	-	-	9,615,511	10,310,170
Delta Energy Systems (India) Private Limited	-	-	89,178,689	181,517,913
Delta Energy Systems (Brazil) S.A.	-	-	2,209,899	-
Delta Electronics (Slovakia) s.r.o.	-	-	52,806,173	8,485,617
Delta Power Solutions India Private Limited	-	-	80,594,743	13,046,379
Others	-	-	3,875	763,180
	-	-	1,003,791,057	1,114,158,467
<u>Associated company</u>				
Delta Green (Tianjin) Industries Company Limited	6,638,264	1,969,289	6,638,264	1,969,289
	6,638,264	1,969,289	6,638,264	1,969,289

(Unaudited but reviewed)

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
<u>Other related parties</u>				
Delta Electronics Inc.	9,244,191	28,664,499	4,631,326	12,463,872
Delta Electronics (Japan) Inc.	5,743,923	3,964,661	5,743,923	3,964,661
Delta Products Corporation Limited	173,384,468	169,956,913	173,384,468	169,609,470
Delta Electronics International Limited	39,684,699	35,296,230	37,611,677	31,963,517
Delta Network International Limited	759,814	14,890,412	759,814	14,890,412
Delta Electronics (Jiangsu) Limited	32,857,485	35,125,096	32,789,892	35,005,740
Delta Network International Limited (Macao)	5,196,855	-	5,196,855	-
Deltronics (Netherlands) B.V.	10,442,472	6,504,336	-	-
Delta Electronics (Hong Kong) Limited	4,154,540	4,310,422	-	-
Others	2,215,905	2,072,560	1,683,166	1,718,637
	<u>283,684,352</u>	<u>300,785,129</u>	<u>261,801,121</u>	<u>269,616,309</u>
Total trade accounts receivable, related parties	<u>290,322,616</u>	<u>302,754,418</u>	<u>1,272,230,442</u>	<u>1,385,744,065</u>

**Amounts due from related parties**Other related parties

Delta Products Corporation Limited	-	41,678,550	-	41,678,550
Delta Electronics Inc.	4,707,920	-	-	-
Deltronics (Netherlands) B.V.	-	1,366,861	-	-
Total amounts due from related parties	<u>4,707,920</u>	<u>43,045,411</u>	<u>-</u>	<u>41,678,550</u>

**Trade accounts payable, related parties**Subsidiary companies

Delta Energy Systems (Germany) GmbH.	-	-	4,538,292	7,783,469
Delta Electronics (Slovakia) s.r.o.	-	-	1,869,813	2,544,791
Delta Power Solutions India Private Limited	-	-	2,755,976	-
Others	-	-	104,252	83,224
	<u>-</u>	<u>-</u>	<u>9,268,333</u>	<u>10,411,484</u>

(Unaudited but reviewed)

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
<u>Other related parties</u>				
Delta Electronics Inc.	17,345,523	17,459,732	1,415,344	1,150,352
Delta Electronics (Japan) Inc.	9,536,119	4,659,640	9,536,119	4,659,640
Delta Electronics International Limited	404,077,691	384,639,985	3,725,905	6,552,157
Delta Electronics International Limited (Macao)	49,299,424	8,040,699	-	-
Others	6,000,379	4,692,043	3,179,106	4,719,471
	<u>486,259,136</u>	<u>419,492,099</u>	<u>17,856,474</u>	<u>17,081,620</u>
Total trade accounts payable, related parties	<u>486,259,136</u>	<u>419,492,099</u>	<u>27,124,807</u>	<u>27,493,104</u>

**Amounts due to related parties**

Subsidiary companies

DET Logistics (USA) Corporation	-	-	1,718,346	13,487,254
Delta Energy Systems (Germany) GmbH.	-	-	112,526,515	150,068,564
Delta Energy Systems (Switzerland) AG	-	-	-	6,660,043
Delta Energy System (India) Private Limited	-	-	5,087,258	7,093,488
Delta Energy Systems (Arizona) Inc.	-	-	6,019,035	16,011,916
Delta Electronics Europe Limited	-	-	8,111,982	4,916,866
Others	-	-	684,460	884,841
	<u>-</u>	<u>-</u>	<u>134,147,596</u>	<u>199,122,972</u>

Other related parties

Delta Electronics Inc.	29,003,336	14,069,966	23,658,839	8,688,135
Delta Electronics (Japan) Inc.	7,812,590	7,921,134	7,812,590	7,921,134
Delta Products Corporation Limited	19,683,687	28,254,922	19,683,687	28,254,922
Others	8,991,323	6,124,018	5,348,901	2,013,733
	<u>65,490,936</u>	<u>56,370,040</u>	<u>56,504,017</u>	<u>46,877,924</u>
Total amounts due to related parties	<u>65,490,936</u>	<u>56,370,040</u>	<u>190,651,613</u>	<u>246,000,896</u>

**Directors and management's remuneration**

For the six-month period ended 30 June 2008, the Company paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling approximately of Baht 11 million (30 June 2007: approximately of Baht 11 million).

(Unaudited but reviewed)

**Guarantee obligations with related parties**

The Company has outstanding guarantee obligations with its related parties, as described in Note 20.2.2 to the financial statements.

**3. Investments in available-for-sale securities**

	30 June 2008		31 December 2007	
	Cost/		Cost/	
	Book value	Fair value	Book value	Fair value
			(Audited)	
<b>Available-for-sale securities</b>				
Cyntec Company Limited	64,039,199	77,625,539	47,363,716	65,406,489
Loyalty Founder Enterprise Company Limited	59,083,034	27,331,931	59,083,034	36,206,278
Total	123,122,233	104,957,470	106,446,750	101,612,767
Unrealised loss on investments in available-for-sale securities	(18,164,763)		(4,833,983)	
Translation adjustments	(16,367,278)		(21,736,699)	
Net investments in available-for-sale securities	88,590,192		79,876,068	

**4. Trade accounts receivable**

The aging of outstanding balances as at 30 June 2008 and 31 December 2007 is as follows:

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
		(Audited)		(Audited)
<u>Trade accounts receivable, related parties</u>				
Current	269,560,268	290,407,384	1,190,409,788	1,341,804,144
Past due 1 - 3 months	16,009,287	7,586,991	58,535,449	22,788,847
Past due 3 - 6 months	820,310	1,732,265	10,234,132	2,546,746
Past due 6 - 12 months	1,768,356	1,106,167	2,031,879	6,296,756
Past due over 12 months	2,164,395	1,921,611	11,019,194	12,307,572
Total	290,322,616	302,754,418	1,272,230,442	1,385,744,065
<u>Trade accounts receivable, unrelated parties</u>				
Current	6,176,561,153	5,712,049,652	3,278,521,772	3,170,381,594
Past due 1 - 3 months	744,985,720	765,272,546	345,456,474	413,185,513
Past due 3 - 6 months	67,359,216	93,162,982	37,867,862	73,186,036
Past due 6 - 12 months	42,624,386	29,447,288	22,239,144	26,194,303
Past due over 12 months	16,634,975	18,017,012	9,454,046	6,451,441
Total	7,048,165,450	6,617,949,480	3,693,539,298	3,689,398,887
Total trade accounts receivable	7,338,488,066	6,920,703,898	4,965,769,740	5,075,142,952
Less: Allowance for doubtful accounts	(39,652,811)	(48,537,093)	(11,725,577)	(23,347,363)
Trade accounts receivable - net	7,298,835,255	6,872,166,805	4,954,044,163	5,051,795,589

(Unaudited but reviewed)

**5. Allowance for diminution in value of inventory**

Movement in the allowance for diminution in value of inventory account during the six-month period ended 30 June 2008 is summarised below.

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2008	(672,283,667)	(256,452,268)
Add: Allowance increase during the period	(85,405,469)	-
Less: Reversal of allowance during the period	-	5,532,393
Balance as at 30 June 2008	<u>(757,689,136)</u>	<u>(250,919,875)</u>

**6. Deposits at bank with restrictions**

The balance as at 30 June 2008 mainly represented bank deposits of approximately RMB 26 million of a subsidiary in the Republic of China which is subject to restrictions under the laws of the Republic of China and bank deposits of approximately EUR 2 million of a subsidiary in Germany which are subject to pension fund restrictions.

(Unaudited but reviewed)

## 7. Investments in subsidiary companies

(Unit: Baht)

Company's name	Separate financial statements						
	Issued and paid up capital			Shareholding percentage		Cost	
	Foreign	30 June	31 December	30 June	31 December	30 June	31 December
	currency	2008	2007	2008	2007	2008	2007
				%	%		(Audited)
<b>Investments in subsidiary companies</b>							
DET International Holding Limited	USD	150,675,626	135,675,626	100	100	5,716,271,326	5,231,621,326
Delta Energy Systems (Switzerland) AG	CHF	20,000,000	20,000,000	100	100	2,414,917,694	2,414,917,694
Total						8,131,189,020	7,646,539,020
Less: Allowance for impairment of investments in subsidiary companies						(2,196,003,765)	(2,196,003,765)
<b>Investments in subsidiary companies - net</b>						<u>5,935,185,255</u>	<u>5,450,535,255</u>

No dividend was received from the above subsidiary companies for the six-month period ended 30 June 2008.

Assets, liabilities and the operating results of the subsidiaries of the Company, DET Video Technology Limited, Delta Electronics Europe Limited, DET SGP Pte. Ltd., Delta Energy Systems (Romania) S.R.L., Delta Energy Systems (Arizona) Inc., Delta Greentech International Holding Limited, Delta Greentech (Netherlands) Cooperatie U.A., Dellta Greentech (Netherlands) B.V., Delta Greentech Electronics Industry LLC and Delta Greentech SGP Pte. Ltd., which are included in the Company's consolidated financial statements based on figures prepared by the managements of those subsidiaries which have not yet been reviewed by their auditors. However, the figures for the assets, liabilities and the operating results of those subsidiaries are immaterial to the consolidated financial statements.

(Unaudited but reviewed)

## 8. Investment in associated company

(Unit: Baht)

Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		Share of income from investment in associates for the six-month periods ended	
			30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	30 June 2007
			%	%		(Audited)		(Audited)		
<b>Investment in associated company</b>										
Delta Green (Tianjin) Industries Company Limited (Owned by DET SGP Pte. Ltd.)	Manufacturing and trading of electronic products	China	50	50	394,383,470	394,383,470	567,496,917	529,568,950	36,920,725	26,020,589
Translation adjustments					-	-	(27,113,341)	(23,936,730)	-	-
<b>Total investment in associated company</b>					<u>394,383,470</u>	<u>394,383,470</u>	<u>540,383,576</u>	<u>505,632,220</u>	<u>36,920,725</u>	<u>26,020,589</u>

Share of income from investment in associated company accounted for under equity method is based on the financial statements as prepared by the management of such associated company which have not yet been reviewed by its auditor.

(Unaudited but reviewed)

## 9. Investments in other parties

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

	Shareholding percentage		Consolidated financial statements	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
	%	%		(Audited)
IP Fund One, L.P. (owned by DET International Holding Limited)	3.84	3.84	329,107,518	334,542,018
Ezonics Corporation Company Limited (owned by DET International Holding Limited)	16.49	16.49	50,582,003	50,582,003
Total investments in other parties			379,689,521	385,124,021
Less: Allowance for diminution in value of investments in other parties			(143,107,900)	(143,107,900)
Translation adjustments			(57,865,279)	(56,579,143)
<b>Investments in other parties - net</b>			<b>178,716,342</b>	<b>185,436,978</b>

## 10. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2008 are summarized below.

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2008</b>	3,698,669,206	2,494,617,971
Acquisitions during period - cost	408,598,234	127,262,299
Disposals during period - net book value at disposal date	(6,617,461)	(3,804,488)
Depreciation for period	(372,918,063)	(290,405,667)
Translation adjustments	139,204,091	-
<b>Net book value as at 30 June 2008</b>	<b>3,866,936,007</b>	<b>2,327,670,115</b>



(Unaudited but reviewed)

## 11. Other intangible assets

(Unit: Baht)

	Consolidated financial statements		
	Patent rights	Others	Total
<b>Net book value as at 1 January 2008</b>	939,157,240	2,351,453	941,508,693
Amortisation for period	(26,490,870)	(142,377)	(26,633,247)
Translation adjustments	(7,468,891)	199,408	(7,269,483)
<b>Net book value as at 30 June 2008</b>	<b>905,197,479</b>	<b>2,408,484</b>	<b>907,605,963</b>

<b>Remaining useful lives</b>	<u>16 years 5 months</u>	<u>1 year 1 month</u>
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## 12. Bank overdrafts and short-term loans from financial institutions

(Unit: Baht)

	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	30 June	31 December	30 June	31 December
	2008	2007	2008	2007
Bank overdrafts	9.75 - 11.00	9.75 - 11.00	119,586,627	310,164,216
Short-term loans from financial institutions	5.07 - 12.00	5.05 - 9.50	1,930,955,295	1,656,665,845
Total			<u>2,050,541,922</u>	<u>1,966,830,061</u>

Bank overdrafts and short-term loans from financial institutions of the subsidiaries are guaranteed by the Company.

## 13. Accrued expenses

The balance as at 30 June 2008 mainly represented accrued expenses and provisions, totaling approximately Baht 1,242 million related to employee costs, product sales of the Company and its subsidiaries and claims (Separate financial statements: Baht 595 million). The management of the Company and its subsidiaries believe that actual expenditures will be close to the amount estimated and accrued in the records of the Company and its subsidiaries.

(Unaudited but reviewed)

## 14. Provisions

These comprise the following:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Pension	Restructuring costs	Warranty	Other provisions	Total	Pension	Warranty	Total
<b>Balance as at 31 December 2007</b>	1,004	104	222	58	1,388	42	35	77
Add: Recognition during period	51	2	82	37	172	3	13	16
Less: Decrease during period	(49)	(38)	(15)	(9)	(111)	-	(7)	(7)
Less: Reversal during period	(2)	(10)	(89)	(23)	(124)	-	(11)	(11)
Translation adjustments / unrealized gain on exchange rate	79	8	21	6	114	-	-	-
<b>Balance as at 30 June 2008</b>	<b>1,083</b>	<b>66</b>	<b>221</b>	<b>69</b>	<b>1,439</b>	<b>45</b>	<b>30</b>	<b>75</b>
Current liabilities	5	97	47	50	199	-	35	35
Non-current liabilities	999	7	175	8	1,189	42	-	42
<b>Balance as at 31 December 2007</b>	<b>1,004</b>	<b>104</b>	<b>222</b>	<b>58</b>	<b>1,388</b>	<b>42</b>	<b>35</b>	<b>77</b>
Current liabilities	24	58	37	17	136	-	30	30
Non-current liabilities	1,059	8	184	52	1,303	45	-	45
<b>Balance as at 30 June 2008</b>	<b>1,083</b>	<b>66</b>	<b>221</b>	<b>69</b>	<b>1,439</b>	<b>45</b>	<b>30</b>	<b>75</b>

**15. Share capital / warrants**

The Annual General Meeting of the 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 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 and listed its warrants on the Stock Exchange of Thailand on 28 December 2005.

The Meeting of the Board of Directors of the Company held on 15 February 2008 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 1.123 ordinary shares at a price of Baht 1 per share, effective from 11 March 2008.

During the current period, warrants were exercised to purchase new ordinary shares as follows:

	Number of warrants	Increase in paid up share capital from warrant exercise	Date of registration of additional shares from warrant exercise with the Ministry of Commerce
	(Unit)	(Baht)	
Outstanding as at 31 December 2007	5,248	59,261,656	
Exercised during January 2008	(1,550)	1,677	13 February 2008
Exercised during April 2008	(500)	561	13 May 2008
Outstanding as at 30 June 2008	<u>3,198</u>	<u>59,263,894</u>	

As of 30 June 2008 the issued and paid-up share capital of the Company had increased by Baht 2,238 as a result of the exercise of the above warrants, to Baht 1,247,380,634 (1,247,380,634 ordinary shares of Baht 1 each).

(Unaudited but reviewed)

**16. Reconciliation of diluted earnings per share**

Consolidated financial statements						
For the three-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent						
621,522,362	603,962,426	1,247,380,449	1,247,323,559	0.50	0.48	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants						
-	-	3,599	57,253			
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>621,522,362</u>	<u>603,962,426</u>	<u>1,247,384,048</u>	<u>1,247,380,812</u>	<u>0.50</u>	<u>0.48</u>	

Consolidated financial statements						
For the six-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent						
1,422,092,903	1,412,649,021	1,247,379,975	1,247,108,259	1.14	1.13	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants						
-	-	4,067	270,616			
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>1,422,092,903</u>	<u>1,412,649,021</u>	<u>1,247,384,042</u>	<u>1,247,378,875</u>	<u>1.14</u>	<u>1.13</u>	

(Unaudited but reviewed)

Separate financial statements						
For the three-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent						
571,640,571	446,235,099	1,247,380,449	1,247,323,559	0.46	0.36	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants						
-	-	3,599	57,253			
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>571,640,571</u>	<u>446,235,099</u>	<u>1,247,384,048</u>	<u>1,247,380,812</u>	<u>0.46</u>	<u>0.36</u>	

Separate financial statements						
For the six-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent						
1,359,813,122	1,111,311,297	1,247,379,975	1,247,108,259	1.09	0.89	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants						
-	-	4,067	270,616			
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
<u>1,359,813,122</u>	<u>1,111,311,297</u>	<u>1,247,384,042</u>	<u>1,247,378,875</u>	<u>1.09</u>	<u>0.89</u>	

(Unaudited but reviewed)

## 17. Dividends

Dividends declared in 2008 and 2007 consisted of the followings:

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per shares</u>
Final dividend for year 2007	Annual General Meeting of the shareholders on 3 April 2008	1,995,795,123	1.60
Final dividend for year 2006	Annual General Meeting of the shareholders on 29 March 2007	1,621,519,968	1.30

## 18. Cash flows statements

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

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>30 June</u>		<u>30 June</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	8,239,810,606	7,178,914,998	5,654,145,044	4,953,039,465
Unrealised gain on exchange rate	(135,635,709)	(40,863,440)	(135,099,535)	(40,855,027)
Cash and cash equivalents in the statements of cash flows	<u>8,104,174,897</u>	<u>7,138,051,558</u>	<u>5,519,045,509</u>	<u>4,912,184,438</u>

(Unaudited but reviewed)

## 19. 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. The financial information of the Company and its subsidiaries by geographical segment, for the three-month and six-month periods ended 30 June 2008 and 2007 are as follow:

(Unit : Million Baht)

	Consolidated financial statements													
	For the three-month periods ended 30 June													
	Thailand		Asia		America		Europe		Total		Eliminated		Total	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	
Revenue from external customers	4,486	4,144	1,186	674	996	2,187	1,674	1,439	8,342	8,444	-	-	8,342	8,444
Inter-segment revenues	776	1,294	3	-	18	113	1,506	1,254	2,303	2,661	(2,303)	(2,661)	-	-
Total revenues	<u>5,262</u>	<u>5,438</u>	<u>1,189</u>	<u>674</u>	<u>1,014</u>	<u>2,300</u>	<u>3,180</u>	<u>2,693</u>	<u>10,645</u>	<u>11,105</u>	<u>(2,303)</u>	<u>(2,661)</u>	<u>8,342</u>	<u>8,444</u>
Segment operation income (loss)	439	365	100	130	18	153	(29)	(73)	528	575			559	671
Unallocated income (expenses):														
Other income													130	69
Share of income from investment in associated company													32	15
Amortisation of intangible assets													(14)	(21)
Loss on diminution in value of investment in other company													-	(8)
Gain (loss) on disposal of property, plant and equipment													(2)	4
Interest expenses													(35)	(80)
Corporate income tax													(48)	(46)
Net income for the period													<u>622</u>	<u>604</u>

(Unaudited but reviewed)

(Unit : Million Baht)

Consolidated financial statements														
For the six-month periods ended 30 June														
	Thailand		Asia		America		Europe		Total		Eliminated		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external customers	8,830	8,594	1,995	1,038	1,968	4,941	3,177	2,851	15,970	17,424	-	-	15,970	17,424
Inter-segment revenues	1,573	3,593	6	-	35	974	2,810	2,376	4,424	6,943	(4,424)	(6,943)	-	-
Total revenues	10,403	12,187	2,001	1,038	2,003	5,915	5,987	5,227	20,394	24,367	(4,424)	(6,943)	15,970	17,424
Segment operating income (loss)	1,247	1,099	81	164	32	112	(129)	(255)	1,231	1,120			1,305	1,290
Unallocated income (expenses):														
Compensation income from cancellation order													-	188
Other income													227	156
Share of income from investment in associated company													37	26
Amortisation of intangible assets													(27)	(41)
Loss on diminution in value of investment in other company													-	(8)
Loss on disposal of property, plant and equipment													(3)	-
Interest expenses													(63)	(136)
Corporate income tax													(54)	(62)
Net income for the period													1,422	1,413

Transfer prices between business segments are as set out in Note 2 to the financial statements.



## **20. Commitments and contingent liabilities**

### **20.1 Capital commitments and operating lease commitments**

20.1.1 As at 30 June 2008, the Company and its subsidiaries had capital commitments amounting to Baht 153 million, INR 63 million, and EUR 0.5 million in respect of the purchase of machinery and equipment.

20.1.2 As at 30 June 2008, the subsidiaries had operating lease commitments amounting to CHF 0.8 million, GBP 0.3 million, EUR 6 million and INR 162 million.

### **20.2 Letters of guarantee**

As at 30 June 2008 the Company and its subsidiary companies had the following outstanding significant letters of guarantee required in the ordinary course of their business:

20.2.1 Outstanding letters of guarantee totalling approximately Baht 772 million have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 740 million issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in note 20.3.1 to the financial statement), and outstanding letters of guarantee for totals of approximately INR 281 million, SKK 13 million, USD 0.4 million and EUR 0.4 million have been issued by banks to meet requirements of the subsidiary companies.

20.2.2 Outstanding letters of guarantee totalling approximately SKK 450 million, INR 500 million and USD 53 million issued by the Company to meet requirements of its subsidiary companies.

### **20.3 Tax assessment**

20.3.1 During the year of 2006, the Company received a corporate income tax assessment letter from Revenue Department covering the years 1997-2000, assessing tax amounting to approximately Baht 740 million (including penalties and surcharges). The Company has submitted a letter appealing the assessment. In view of the independent legal counselor of the Company believes that no significant losses will be incurred by the Company. The Company therefore has not recorded provision for this tax assessment.

20.3.2 During the year 2006, an overseas subsidiary was subjected to a duty inspection by the Customs Department in relation to an export permit. The legal counselor of the subsidiary estimated the maximum assessment at not more than EUR 3.57 million. However, the Company has not recorded a provision since there is still uncertainty as to such assessment of duty.

20.3.3 During the year 2006, corporate income tax assessment of approximately INR 27.6 million was made against an overseas subsidiary in relation to transfer pricing, covering the years 2004 - 2005. The subsidiary has submitted a letter appealing the assessment and the management of the Company and the subsidiary believe that no significant losses will be incurred.

#### 20.4 Litigation

As at 30 June 2008, a lawsuit had been filed against an overseas subsidiary company, claiming a total of INR 6 million. The case is currently being heard by the Court. However, the management of the Company and the subsidiary believe that no significant damage will be suffered by the Company and its subsidiary and no provision for the contingent liability has therefore been set aside in such accounts.

#### 21. Financial derivatives

As at 30 June 2008, outstanding significant balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

<u>Foreign currency</u>	<u>Financial assets</u>	<u>Financial liabilities</u>
	(Million)	(Million)
Brazil real	11	4
US dollar	174	90
Euro	20	6
New Taiwan dollar	99	-
Japanese yen	84	197

As at 30 June 2008, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

**21.1 Forward contracts**

	Amount			Forward rate		Maturity date
<b>Forward contracts to "Sell"</b>						
USD/THB	USD	105	million	31.4640 - 33.7000	THB/USD	July - December 2008
USD/CHF	USD	8	million	1.0337 - 1.0422	CHF/USD	July 2008
EUR/USD	EUR	13	million	1.5390 - 1.5769	USD/EUR	July - August 2008
EUR/CHF	EUR	13	million	1.6052 - 1.6180	CHF/EUR	July 2008
<b>Forward contracts to "Buy"</b>						
SKK/EUR	SKK	182	million	30.2220 - 30.3620	SKK/EUR	July - August 2008
USD/INR	USD	9	million	42.6400 - 43.1400	INR/USD	July 2008

**21.2 Option agreements**

A subsidiary of the Company has entered into various buy/sell "Put special-condition foreign exchange option" agreements with an overseas financial institution. The triggering of these contracts and the amounts of foreign currency to be sold under these contracts depend on conditions stipulated in the contracts, with the maximum amount of foreign exchange being EUR 1 million at the contractual exchange rate of 1.5000 USE/EUR and USD 8 million at the contractual exchange rate of 32.90 Baht/USD. The agreements mature in October 2008.

**22. Reclassification**

Certain amounts in the financial statements for the year ended 31 December 2007 and for the three-month and six-month period ended 30 June 2007 have been reclassified to conform to the current period's classifications, with no effect on previously reported net income or shareholders' equity.

**23. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 August 2008.