

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2007 AND 2006

## **Report of Independent Auditor**

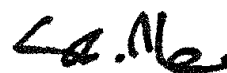
To the Shareholders of Delta Electronics (Thailand) Public Company Limited

I have audited the accompanying consolidated balance sheets of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated financial statements of certain overseas subsidiaries and overseas group of subsidiary companies as at 31 December 2007 and 2006 and for the years then ended were audited by the subsidiaries' auditors, whose reports have been furnished to me. My opinion on the consolidated financial statements, insofar as they relate to the amounts included for these subsidiaries and group of subsidiary companies, are based solely on the reports of those other auditors. These financial statements reflect total assets of those subsidiaries as at 31 December 2007 and 2006 of approximately Baht 5,583 million and Baht 6,711 million respectively, total revenues for the years ended 31 December 2007 and 2006 of approximately Baht 13,339 million and Baht 18,968 million respectively, net income for the year ended 31 December 2007 and 2006 of approximately Baht 633 million and Baht 164 million respectively.

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

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2007 and 2006, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, in 2007, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method. The Company has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change and Note 30.3.1 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.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 15 February 2008

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		9,181,580,042	6,798,019,213	6,542,961,639	4,632,876,588
Investments in available-for-sale securities	7	79,876,068	89,372,360	-	-
Trade accounts receivable					
Related parties	6	302,754,418	284,931,092	1,385,744,065	3,088,096,270
Unrelated parties		6,617,949,480	8,019,870,977	3,689,398,887	3,488,946,684
Less: Allowance for doubtful accounts		(48,537,093)	(104,330,083)	(23,347,363)	(16,099,075)
Trade accounts receivable - net	8	6,872,166,805	8,200,471,986	5,051,795,589	6,560,943,879
Short-term loan to and amounts due from related parties	6	43,045,411	22,808,019	41,678,550	-
Inventories - net	9	3,423,255,044	4,597,231,295	1,335,310,372	1,882,159,082
Other current assets					
Input tax refundable		223,400,029	245,590,402	71,415,008	50,301,247
Advance payments		143,971,955	48,869,418	16,582,703	30,408,825
Forward contracts receivable	31	29,215,226	4,106,703	24,055,600	3,660,000
Prepaid expenses		57,493,043	108,226,752	10,405,403	15,056,449
Prepaid tax		194,677,766	82,605,827	1,814,318	843,195
Other accounts receivable		46,209,310	25,074,273	-	-
Others		45,029,037	69,216,168	10,160,409	23,060,281
<b>TOTAL CURRENT ASSETS</b>		<b>20,339,919,736</b>	<b>20,291,592,416</b>	<b>13,106,179,591</b>	<b>13,199,309,546</b>
<b>NON - CURRENT ASSETS</b>					
Deposits at bank with restrictions	10	265,687,580	225,766,783	-	-
Investments in subsidiary companies - net	11	-	-	5,450,535,255	4,932,645,255
Investment in associated company	12	505,632,220	421,514,207	-	-
Investments in other parties - net	13	185,436,978	220,053,515	-	-
Property, plant and equipment - net	14	3,643,647,017	3,600,423,845	2,494,617,971	3,053,417,397
Intangible assets					
Consolidation goodwill	15	307,490,107	332,865,887	-	-
Other intangible assets	16	940,776,557	1,064,472,658	-	-
Other non-current assets		66,125,629	42,122,748	2,050,903	2,034,608
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,914,796,088</b>	<b>5,907,219,643</b>	<b>7,947,204,129</b>	<b>7,988,097,260</b>
<b>TOTAL ASSETS</b>		<b>26,254,715,824</b>	<b>26,198,812,059</b>	<b>21,053,383,720</b>	<b>21,187,406,806</b>

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans					
from financial institutions	17	1,966,830,061	1,840,669,942	-	-
Trade accounts payable					
Related parties	6	419,492,099	171,041,115	27,493,104	68,874,643
Unrelated parties		4,530,635,189	5,981,917,679	3,644,967,831	4,317,583,901
Total trade accounts payable		4,950,127,288	6,152,958,794	3,672,460,935	4,386,458,544
Amounts due to related parties	6	56,370,040	62,922,846	246,000,896	148,946,393
Other current liabilities					
Accrued expenses	18	1,331,183,360	1,328,733,617	583,934,782	732,595,042
Advance received		161,454,504	216,878,348	119,406,993	154,757,827
Other accounts payable		151,239,308	223,277,357	129,638,100	203,698,925
VAT payable		42,632,252	76,602,801	-	-
Corporate income tax payable		205,032,804	42,607,439	-	-
Provisions	19	198,895,453	293,924,627	35,426,342	65,064,491
Others		119,339,186	148,500,033	54,890,704	82,683,031
TOTAL CURRENT LIABILITIES		9,183,104,256	10,387,075,804	4,841,758,752	5,774,204,253
NON-CURRENT LIABILITIES					
Provisions	19	1,188,946,251	1,196,356,859	42,443,350	-
Other non-current liabilities		7,158,636	30,306,884	1,075,000	1,611,000
TOTAL NON-CURRENT LIABILITIES		1,196,104,887	1,226,663,743	43,518,350	1,611,000
TOTAL LIABILITIES		10,379,209,143	11,613,739,547	4,885,277,102	5,775,815,253

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Registered					
1,259 million ordinary shares of Baht 1 each	20	1,259,000,000	1,259,000,000	1,259,000,000	1,259,000,000
Issued and fully paid					
1,247.38 million ordinary shares of Baht 1 each (2006: 1,246.07 million ordinary shares of Baht 1 each)		1,247,378,396	1,246,067,451	1,247,378,396	1,246,067,451
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 gain (loss) on investments					
in available-for-sale securities		(4,833,983)	5,344,092	-	-
Translation adjustment		(1,121,618,967)	(887,053,299)	-	-
Retained earnings					
Appropriated - Statutory reserve	21	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		14,081,620,220	12,547,711,602	13,302,915,722	12,547,711,602
<b>EQUITY ATTRIBUTABLE</b>					
TO THE COMPANY'S SHAREHOLDERS		15,820,358,166	14,529,882,346	16,168,106,618	15,411,591,553
MINORITY INTEREST - equity attributable to minority shareholders of subsidiary					
		55,148,515	55,190,166	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>15,875,506,681</b>	<b>14,585,072,512</b>	<b>16,168,106,618</b>	<b>15,411,591,553</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>26,254,715,824</b>	<b>26,198,812,059</b>	<b>21,053,383,720</b>	<b>21,187,406,806</b>
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The accompanying notes are an integral part of the financial statements.

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

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2007	2006	2007	2006 (Restated)
<b>REVENUES</b>					
Sales and services income		33,766,024,521	43,554,074,950	23,567,880,908	31,021,747,621
Other income					
Interest income		255,817,556	250,463,224	152,017,561	180,843,268
Dividend income		47,784,110	22,482,426	-	-
Gain on exchange rate	24	274,063,735	-	26,720,164	-
Compensation income from cancellation order		186,487,802	-	-	-
Others		96,331,285	428,127,860	66,718,991	51,555,912
Share of income from investments in associated companies		77,232,357	37,108,946	-	-
<b>TOTAL REVENUES</b>		<b>34,703,741,366</b>	<b>44,292,257,406</b>	<b>23,813,337,624</b>	<b>31,254,146,801</b>
<b>EXPENSES</b>					
Cost of sales and services		26,247,690,894	35,457,445,341	18,477,114,125	24,555,328,896
Selling and administrative expenses		4,662,053,226	5,820,813,057	2,857,624,745	3,613,581,865
Loss on exchange rate	24	-	584,369,633	-	877,092,322
Loss on disposal of property, plant and equipment		61,465,248	13,296,736	56,015,045	10,651,978
Amortisation of intangible assets		82,121,908	103,829,157	-	-
Restructuring expenses		99,819,991	151,913,096	-	-
Loss on impairment of assets		45,871,467	-	45,871,467	-
<b>TOTAL EXPENSES</b>		<b>31,199,022,734</b>	<b>42,131,667,020</b>	<b>21,436,625,382</b>	<b>29,056,655,061</b>
<b>INCOME BEFORE INTEREST EXPENSES AND</b>					
CORPORATE INCOME TAX		3,504,718,632	2,160,590,386	2,376,712,242	2,197,491,740
INTEREST EXPENSES		(173,205,713)	(150,065,587)	-	(14,100,354)
CORPORATE INCOME TAX		(176,301,013)	(48,638,900)	-	-
<b>INCOME AFTER CORPORATE INCOME TAX</b>		<b>3,155,211,906</b>	<b>1,961,885,899</b>	<b>2,376,712,242</b>	<b>2,183,391,386</b>
<b>NET (INCOME) LOSS ATTRIBUTABLE</b>					
TO MINORITY INTEREST		204,834	(175,583)	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>3,155,416,740</b>	<b>1,961,710,316</b>	<b>2,376,712,242</b>	<b>2,183,391,386</b>
<b>EARNINGS PER SHARE</b>					
26					
<b>Basic earnings per share</b>					
Net income		2.53	1.58	1.91	1.76
<b>Diluted earnings per share</b>					
Net income		2.53	1.57	1.91	1.75

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Premium on share capital	Unrealised gain (loss) on investments in		Retained earnings		Minority	Total
			available-for-sale securities	Translation adjustment	Appropriated	Unappropriated	interest-equity attributable to minority shareholders of subsidiary	
<b>Balance as at 31 December 2005</b>	1,188,116,740	1,491,912,500	(13,122,460)	97,195,102	125,900,000	12,072,101,008	58,269,739	15,020,372,629
Unrealised gain on investments in available-for-sale securities	-	-	18,466,552	-	-	-	-	18,466,552
Translation adjustment	-	-	-	(984,248,401)	-	-	-	(984,248,401)
Unrealised items in income statements	-	-	18,466,552	(984,248,401)	-	-	-	(965,781,849)
Net income for the year	-	-	-	-	-	1,961,710,316	-	1,961,710,316
Dividend paid (Note 22)	-	-	-	-	-	(1,486,302,528)	-	(1,486,302,528)
Dividend return	-	-	-	-	-	202,806	-	202,806
Increase share capital (Note 20)	57,950,711	-	-	-	-	-	-	57,950,711
Minority interest - equity attributable to minority shareholders of subsidiary	-	-	-	-	-	-	(3,079,573)	(3,079,573)
<b>Balance as at 31 December 2006</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
<b>Balance as at 31 December 2006</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	-	-	(10,178,075)	-	-	-	-	(10,178,075)
Translation adjustment	-	-	-	(234,565,668)	-	-	-	(234,565,668)
Unrealised items in income statements	-	-	(10,178,075)	(234,565,668)	-	-	-	(244,743,743)
Net income for the year	-	-	-	-	-	3,155,416,740	-	3,155,416,740
Dividend paid (Note 22)	-	-	-	-	-	(1,621,519,968)	-	(1,621,519,968)
Dividend return	-	-	-	-	-	11,846	-	11,846
Increase share capital (Note 20)	1,310,945	-	-	-	-	-	-	1,310,945
Minority interest - equity attributable to minority shareholders of subsidiary	-	-	-	-	-	-	(41,651)	(41,651)
<b>Balance as at 31 December 2007</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

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



DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital	Premium on share capital	Unrealised gain (loss) on investments in		Retained earnings		Total
			available-for-sale securities (Restated)	Translation adjustment (Restated)	Appropriated	Unappropriated (Restated)	
<b>Balance as at 31 December 2005 - as previously reported</b>	1,188,116,740	1,491,912,500	(13,122,460)	97,195,102	125,900,000	12,072,101,008	14,962,102,890
Cummulative effect of the change in accounting policy for investments in subsidiary companies (Note 4)	-	-	13,122,460	(97,195,102)	-	(221,681,070)	(305,753,712)
<b>Balance as at 31 December 2005 - as restated</b>	1,188,116,740	1,491,912,500	-	-	125,900,000	11,850,419,938	14,656,349,178
Net income for the year (restated)	-	-	-	-	-	2,183,391,386	2,183,391,386
Dividend paid (Note 22)	-	-	-	-	-	(1,486,302,528)	(1,486,302,528)
Dividend return	-	-	-	-	-	202,806	202,806
Increase share capital (Note 20)	57,950,711	-	-	-	-	-	57,950,711
<b>Balance as at 31 December 2006 - as restated</b>	1,246,067,451	1,491,912,500	-	-	125,900,000	12,547,711,602	15,411,591,553
<b>Balance as at 31 December 2006 - as previously reported</b>	1,246,067,451	1,491,912,500	5,344,092	(887,053,299)	125,900,000	12,547,711,602	14,529,882,346
Cummulative effect of the change in accounting policy for investments in subsidiary companies (Note 4)	-	-	(5,344,092)	887,053,299	-	-	881,709,207
<b>Balance as at 31 December 2006 - as restated</b>	1,246,067,451	1,491,912,500	-	-	125,900,000	12,547,711,602	15,411,591,553
Net income for the year	-	-	-	-	-	2,376,712,242	2,376,712,242
Dividend paid (Note 22)	-	-	-	-	-	(1,621,519,968)	(1,621,519,968)
Dividend return	-	-	-	-	-	11,846	11,846
Increase share capital (Note 20)	1,310,945	-	-	-	-	-	1,310,945
<b>Balance as at 31 December 2007</b>	1,247,378,396	1,491,912,500	-	-	125,900,000	13,302,915,722	16,168,106,618

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
<b>Cash flows from operating activities:</b>				
Net income	3,155,416,740	1,961,710,316	2,376,712,242	2,183,391,386
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Depreciation	853,899,041	1,043,340,344	695,111,040	824,817,958
Amortisation in premium/discount of forward contracts	5,957,613	2,898,155	5,957,613	8,324
Amortisation of goodwill	25,363,900	29,895,916	-	-
Amortisation of other intangible assets	56,758,008	73,933,241	-	-
Allowance for doubtful accounts (reversal)	(55,792,990)	(258,729,136)	7,248,288	(245,596,161)
Allowance for diminution in value of inventory (reversal)	(101,061,473)	(270,850,689)	15,766,576	(7,248,605)
Accrual of provisions	198,609,765	86,477,290	61,086,358	698,996
Loss from disposal of investments in available-for-sale securities	-	434,157	-	-
Loss from disposal of investment in subsidiary company	-	58,982,158	-	-
Gain from disposal of investment in associated company	-	(1,944,397)	-	-
Loss from disposal of property, plant and equipment	61,465,248	13,296,736	56,015,045	10,651,978
Allowance for impairment loss of assets	45,871,467	-	45,871,467	-
Share of income from investments in associated companies	(77,232,357)	(37,108,946)	-	-
Allowance for diminution in value of investments in other parties	8,271,277	-	-	-
Unrealised (gain) loss on exchange rate (Note 24)	(167,493,651)	515,900,011	(162,562,317)	498,152,342
Net income (loss) attributable to minority interest	(204,834)	175,583	-	-
Income from operating activities before changes in operating assets and liabilities	4,009,827,754	3,218,410,739	3,101,206,312	3,264,876,218
Decrease (increase) in operating assets:				
Trade accounts receivable	1,501,137,864	240,231,174	1,618,939,695	1,155,691,327
Amounts due from related parties	(43,045,411)	38,763,555	(41,678,550)	-
Inventories	1,275,037,724	(97,409,722)	531,082,134	1,257,148
Other current assets	(127,891,619)	(191,828,068)	12,551,239	(30,258,582)
Other non - current assets	(24,002,881)	10,548,600	(16,295)	162,823
Increase (decrease) in operating liabilities:				
Trade accounts payable	(1,232,234,520)	89,300,738	(743,400,623)	(459,015,055)
Amounts due to related parties	(6,232,903)	(12,724,584)	97,374,406	21,391,165
Other current liabilities	(37,961,202)	106,287,240	(298,107,267)	247,757,797
Provisions	(350,844,673)	(409,977,427)	(44,835,268)	(64,145,696)
Other non-current liabilities	(23,148,248)	3,432,008	(536,000)	-
Net cash flows from operating activities	4,940,641,885	2,995,034,253	4,232,579,783	4,137,717,145

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u> (Restated)
<b>Cash flows from investing activities:</b>				
(Increase) decrease in deposits at bank with restrictions	(39,920,797)	28,920,255	-	-
Proceeds from disposal of investments in				
available-for-sale securities	-	9,874,178	-	-
(Increase) decrease in short-term loans to related parties	22,808,019	(8,360,772)	-	-
Net proceeds from disposal of investment				
subsidiary company	-	3,933,778	-	-
Increase in investment in subsidiary company	-	-	(517,890,000)	(2,580,681,180)
Decrease in consolidation goodwill (Note 15)	-	622,173,570	-	-
Increase in other intangible assets	(101,825)	(12,272,867)	-	-
Share dividend received from investment in				
available-for-sale securities	(5,832,663)	(3,029,082)	-	-
Proceeds from return fund of investment in				
subsidiary company	-	-	-	161,226,234
Dividend received from investment in associated company	10,933,365	-	-	-
Proceeds from liquidation of associated company	-	100,176,153	-	-
Net proceeds from return fund of investment in other party	12,355,365	6,066,720	-	-
Acquisition of property, plant and equipment	(1,086,168,181)	(946,268,818)	(292,269,160)	(495,409,979)
Proceeds from disposal of property, plant and equipment	108,781,967	63,557,941	54,071,034	2,603,384
Net cash flows used in investing activities	<u>(977,144,750)</u>	<u>(135,228,944)</u>	<u>(756,088,126)</u>	<u>(2,912,261,541)</u>
<b>Cash flows from financing activities:</b>				
Increase in bank overdrafts and short-term loan				
from financial institutions	126,160,119	1,624,357,579	-	-
Decrease in short-term loan from related parties	-	(34,502,222)	-	-
Repayment in long-term loan from financial institutions	-	(2,136,087,200)	-	-
Dividend paid	(1,621,519,968)	(1,486,302,528)	(1,621,519,968)	(1,486,302,528)
Returned dividend	11,846	202,806	11,846	202,806
Proceeds from increase in share capital	1,310,945	57,950,711	1,310,945	57,950,711
Net cash flows used in financing activities	<u>(1,494,037,058)</u>	<u>(1,974,380,854)</u>	<u>(1,620,197,177)</u>	<u>(1,428,149,011)</u>
<b>Decrease in translation adjustment</b>	<u>(139,720,123)</u>	<u>(759,318,528)</u>	-	-
Net increase (decrease) in cash and cash equivalents	2,329,739,954	126,105,927	1,856,294,480	(202,693,407)
Cash and cash equivalents at beginning of year	6,798,019,213	7,145,819,576	4,632,876,588	5,309,825,378
Cash and cash equivalents at end of year (Note 28)	<u>9,127,759,167</u>	<u>7,271,925,503</u>	<u>6,489,171,068</u>	<u>5,107,131,971</u>
Supplemental cash flows information:				
Cash paid during the year for				
Interest	186,476,625	198,357,565	-	14,100,354
Corporate income tax	161,790,586	119,581,425	971,284	843,425

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

**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.

**2. BASIS OF PREPARATION**

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the early adoption of Accounting Standard No. 56 “Accounting for Income Tax” which is in line with International Accounting Standard (IAS) No. 12 “Income Taxes” (revised 1996).

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 BASIS OF CONSOLIDATION**

2.2.1 The consolidated financial statements include the financial statements of the Company and the following subsidiary companies (“the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2007	2006	2007	2006	2007	2006
			Percent	Percent	Percent	Percent	Percent	Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	100	34.56	40.46	35.14	45.31
Delta Energy Systems (Switzerland) AG	Trading, research and development of electronic products	Switzerland	100	100	9.09	7.14	12.50	8.13

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2007</u> Percent	<u>2006</u> Percent
<b><u>The subsidiary companies owned by DET International Holding Limited</u></b>				
DET Logistics (USA) Corporation	Trading of electronic products	USA	100	100
DET Video Technology Limited	Trading of electronic products	The British Virgin Islands	100	100
Delta Energy Systems (Slovakia) s.r.o.	Manufacture and trading of electronic products	Slovakia	100	100
Delta Electronics (Slovakia) s.r.o.	Manufacture and trading of electronic products	Slovakia	100	100
Delta Energy Systems (Germany) GmbH.	Research, development and trading of electronic products	Germany	100	100
Delta Energy Systems (India) Private Limited	Manufacture and trading of electronic products	India	100	100
Delta Power Solutions India Private Limited	Manufacture and trading of electronic products	India	100	-
Delta Energy Systems (Romania) S.R.L. (DET International Holding Limited and DET Video Technology Limited having shareholdings of 95 percent and 5 percent respectively)	Research and development of electronic products	Romania	100	100
Delta Energy Systems (Arizona) Inc.	Research and development of electronic products	USA	100	100
Delta Electronics Europe Limited	Trading of electronic products	Scotland	100	100
DET SGP Pte. Ltd.	Holding business and marketing and after sales services	Singapore	100	-
Delta Greentech International Holding Limited	Holding business	The Cayman Islands	100	-
Delta Greentech SGP Pte. Ltd. (owned by Delta Greentech International Holding Limited)	Holding business	Singapore	100	-
<b><u>The subsidiary companies owned by Delta Energy Systems (Switzerland) AG</u></b>				
Delta Energy Systems (Czech republic) spol.s.r.o.	Trading of electronic products	Czech Republic	100	100
Delta Energy Systems (Spain) S.L.	Trading of electronic products	Spain	100	100
Delta Energy Systems (France) S.A.	Trading of electronic products	France	100	100
Delta Energy Systems (Italy) s.r.l.	Trading of electronic products	Italy	100	100
Delta Energy Systems (Sweden) AB.	Trading of electronic products	Sweden	100	100
Delta Energy Systems (Finland) Oy.	Trading of electronic products	Finland	100	100
Delta Energy Systems (Brazil) S.A.	Trading of electronic products	Brazil	100	100
Delta Systems Energia (Curitiba) Limited (owned by Delta Energy Systems (Brazil) S.A.)	Engineering	Brazil	100	100
Delta Energy Systems (Guangzhou) Limited	Trading of electronic products	China	51	51
Delta Energy Systems (USA) Inc.	Liquidation completed	USA	-	100
Delta Energy Systems (Poland) Sp.zo.o	Trading of electronic products	Poland	100	100
Delta Energy Systems LLC.	Trading of electronic products	Russia	100	100

2.2.2 The financial statements of overseas subsidiary companies are translated into Thai Baht at the closing exchange rates as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences have been shown under the caption of "Translation adjustment" in shareholders' equity.

- 2.2.3 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.2.4 Investments in the subsidiary companies as recorded in the Company's books of account are eliminated against the equity of the subsidiary companies. The resultant differences are amortised over a period of 20 years commencing from the date of acquisition of the investment.
- 2.2.5 The meeting of the Company's Board of Directors held on 9 March 2007 approved a resolution to increase its investment in DET International Holding Limited by approximately of USD 3 million, in order to fund investment in a new subsidiary in India, causing its investment in this subsidiary to increase from USD 121 million to USD 124 million. The Company paid the above amount on 11 April 2007. There is no impact on the composition of the Group.
- 2.2.6 As at 9 April 2007, the Company incorporated the new subsidiary in India, "Delta Power Solutions India Private Limited", with a registered capital of INR 225,000,000 (22,500,000 ordinary shares of INR 10 each). The subsidiary's shareholder is DET International Holding Limited, with shareholdings of 100 percent. The subsidiary called up share capital of INR 135,000,000 (13,500,000 ordinary shares of INR 10 each) and received payment in this year.
- 2.2.7 The meeting of the Company's Board of Directors held on 8 August 2007 approved a resolution to increase the Company's investment in DET International Holding Limited by approximately USD 12 million, in order for these 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 124 million to USD 136 million. The Company paid the amount on 30 August 2007. There is no impact on the composition of the Group.
- 2.2.8 As at 10 September 2007, Delta Power Solutions India Private Limited registered an increase in its share capital from INR 225,000,000 (22,500,000 ordinary shares of INR 10 each) to INR 620,000,000 (62,000,000 ordinary shares of INR 10 each) in line with additional investment made by a shareholders, DET International Holding Limited. The additional share capital was paid up on 4 September 2007. There is no impact on the composition of the Group.

2.2.9 The meeting of the Company's Board of Directors held on 9 November 2007 approved resolutions to incorporate 7 subsidiary companies in Thailand and overseas in order to support the expansion of the Company's Power System Business. Each subsidiary company will have a registered capital of USD 100,000. During the current year, the Company incorporated two of the new subsidiary companies, with "Delta Greentech International Holding Limited" being incorporated in the Cayman Islands on 16 November 2007 with DET International Holding Limited having a shareholding of 100 percent, and "Delta Greentech SGP Pte. Ltd." being incorporated in Singapore on 22 November 2007, with Delta Greentech International Holding Limited having a shareholding of 100 percent.

The meeting of the Company's Board of Directors held on the same date approved resolutions to incorporate a new subsidiary company, "DET SGP Pte. Ltd.", in Singapore. This new subsidiary company already incorporated on 12 November 2007, with a registered capital of USD 11,500,000, 100 percent held by DET International Holding Limited, in order to support the restructuring of the shareholding of an associated company, Delta Green (Tianjin) Industries Company Limited. The share capital of this associated company, which was previously held by DET International Holding Limited, is now held by DET SGP Pte. Ltd.

2.3 The separate financial statements, which present investments in subsidiary companies presented under the cost method, have been prepared solely for the benefit of the public.

### **3. ADOPTION OF NEW ACCOUNTING STANDARDS**

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

#### **a) Accounting Standards which are effective for the current year**

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the current year, the Company changed its accounting policy for recording investments in subsidiaries, jointly controlled entities and associates in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44, 45 and 46 as discussed in Note 4.

**b) Accounting Standards which are not 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 will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied, except for the following accounting standards.

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

TAS 43 (revised 2007) does not require the Company to amortise goodwill acquired in a business combination. Such goodwill is instead to be tested for impairment, and measured at cost less 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.

**4. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES IN THE SEPARATE FINANCIAL STATEMENTS**

During the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.



In this regard, the Company has restated the previous period's separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the year ended 31 December 2007 by Baht 779 million (Baht 0.62 per share) and increasing net income in the separate income statements for the year ended 31 December 2006 by Baht 222 million (Baht 0.18 per share). The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for investments in subsidiary companies" in the separate statements of changes in shareholders' equity. Such change in accounting policy affects only the accounts related to investments in subsidiary companies in the Company's separate financial statements, with no effect to the consolidated financial statements.

## **5. SIGNIFICANT ACCOUNTING POLICIES**

### **5.1 Revenue Recognition**

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

### **5.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **5.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

#### **5.4 Inventories**

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of standard cost (which approximates actual cost) and net realisable value and are charged to production costs whenever consumed.

#### **5.5 Investments**

- a) Investments in available-for-sale securities are stated at fair value. The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- b) Investments in associated companies are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiary companies are accounted for in the separated financial statements using the cost method.
- d) Investments in the ordinary and preference shares of other companies, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).

#### **5.6 Property, plant and equipment/Depreciation**

Land is stated at cost, plant and equipment are stated at cost less accumulated depreciation and less allowance for loss on impairment of property, plant and equipment (if any). Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Building	20 - 50	years
Land improvement	10 - 20	years
Machinery and equipment	5 - 20	years
Molds and toolings	2 - 5	years
Installation	5 - 20	years
Furniture, fixtures and office equipment	3 - 20	years
Computer	3	years
Motor vehicles	5	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

### **5.7 Intangible assets/Amortisation**

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

### **5.8 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

### **5.9 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Gains and losses on exchange rate are included in determining income.

### **5.10 Impairment of assets**

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

### **5.11 Employee benefits**

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

The Company and its subsidiaries recognise pension plan benefits as liabilities in their financial statements in accordance with the bases and conditions stipulated in the regulations of these companies.

## **5.12 Provisions**

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

## **5.13 Corporate income tax**

### **Current tax**

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

Overseas subsidiary companies calculate corporate income tax in accordance with tax rates mandated under the tax law of those countries.

### **Deferred tax**

Deferred income tax is calculated based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, by using the enacted tax rate at the balance sheet date.

The Company and its subsidiaries recognise deferred tax liabilities for taxable temporary differences and recognise deferred tax assets for deductible temporary differences and tax losses carried forward. The Company and its subsidiaries recognise deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each balance sheet date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

## **5.14 Derivatives**

### ***Forward exchange contracts***

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet date. Gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

### ***Interest rate swap contracts***

The net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts is recognised as income or expenses on an accrual basis.

### 5.15 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

## 6. RELATED PARTY TRANSACTIONS

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing policy
	2007	2006	2007	2006	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	5,628	10,338	With reference to market price
Purchase of raw materials	-	-	44	113	With reference to market price
Commission paid	-	-	451	903	Contract price
Marketing fee	-	-	116	-	Contract price
Design and engineering fee	-	-	652	-	Contract price
<b><u>Transactions with associated company</u></b>					
Sales of goods	4	8	4	8	With reference to market price
<b><u>Transactions with related parties</u></b>					
Sales of goods and raw materials	1,104	1,187	1,093	1,175	With reference to market price
Purchase of goods and raw materials	248	529	89	220	With reference to market price
Commission paid	252	647	252	625	Contract price
Commission received	83	14	-	-	Contract price
Inspection received	-	76	-	-	Contract price
Services income	53	88	-	-	Agreed upon basis
Sales of investment in subsidiary company	-	38	-	-	Contract price
Lending (Average balance of loans outstanding during year)	11	44	-	-	Interest at a rate reference to LIBOR+1%
Borrowing (Average balance of loans outstanding during year)	-	13	-	-	Interest at a rate reference to LIBOR+1%

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 the rates not more than 3 percent of the purchasing price. These agreements are not for an identified period but are cancellable.

The balances of the accounts as at 31 December 2007 and 2006 between the Company and these related companies are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b><u>Trade accounts receivable, related parties</u></b>				
<b><u>Subsidiary companies</u></b>				
DET Logistics (USA) Corporation	-	-	798,224,811	1,583,311,331
Delta Energy Systems (Switzerland) AG	-	-	101,810,397	100,399,487
Delta Energy Systems (Germany) GmbH.	-	-	10,310,170	9,193,672
Delta Energy Systems (India) Private Limited	-	-	181,517,913	65,630,595
Delta Energy Systems (Brazil) S.A.	-	-	-	2,323,077
Delta Energy Systems (Slovakia) s.r.o.	-	-	-	5,516,096
Delta Electronics (Slovakia) s.r.o.	-	-	8,485,617	-
DET Video Technology Limited	-	-	-	1,073,660,278
Delta Power Solutions India Private Limited	-	-	13,046,379	-
Others	-	-	763,180	168,271
	-	-	1,114,158,467	2,840,202,807
<b><u>Associated company</u></b>				
Delta Green (Tianjin) Industries Company Limited	1,969,289	3,681,620	1,969,289	3,681,620
	1,969,289	3,681,620	1,969,289	3,681,620
<b><u>Other related parties</u></b>				
Delta Electronics Inc.	28,664,499	25,772,944	12,463,872	5,821,648
Delta Electronics (Japan) Inc.	3,964,661	15,253,961	3,964,661	15,253,961
Delta Products Corporation Limited	169,956,913	162,103,457	169,609,470	162,029,795
Delta Electronics International Limited	35,296,230	11,640,688	31,963,517	11,573,942
Delta Network International Limited	14,890,412	10,236,770	14,890,412	10,236,770
Delta Electronics (Jiangsu) Limited	35,125,096	30,420,700	35,005,740	29,063,723
Addtron Technology (Japan) Limited	-	5,765,259	-	5,765,259
Deltronics (Netherland) BV	6,504,336	4,855,898	-	-
Delta Electronics (Hong Kong) Limited	4,310,422	6,637,670	-	-
Others	2,072,560	8,562,125	1,718,637	4,466,745
	300,785,129	281,249,472	269,616,309	244,211,843
Total trade accounts receivable, related parties	302,754,418	284,931,092	1,385,744,065	3,088,096,270
<b><u>Short-term loans to and amounts due from related parties</u></b>				
Delta Products Corporation Limited	41,678,550	-	41,678,550	-
Deltronics (Netherland) BV	1,366,861	22,058,020	-	-
Others	-	749,999	-	-
Total short-term loans to and amounts due from related parties	43,045,411	22,808,019	41,678,550	-

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<b><u>Trade accounts payable, related parties</u></b>				
<b><u>Subsidiary companies</u></b>				
Delta Energy Systems (Germany) GmbH.	-	-	7,783,469	22,117,114
Delta Electronics (Slovakia) s.r.o.	-	-	2,544,791	-
Delta Energy Systems (Slovakia) s.r.o.	-	-	-	821,201
Others	-	-	83,224	1,795,476
	-	-	10,411,484	24,733,791
<b><u>Other related parties</u></b>				
Delta Electronics Inc.	17,459,732	68,649,016	1,150,352	12,102,767
Delta Electronics (Japan) Inc.	4,659,640	8,027,524	4,659,640	8,027,524
Delta Products Corporation Limited	4,755,000	5,298,524	2,865,864	4,905,717
Delta Electronics International Limited	384,639,985	26,522,048	6,552,157	17,509,643
Delta Video Technology Limited	145,413	60,000,228	-	-
Others	7,832,329	2,543,775	1,853,607	1,595,201
	419,492,099	171,041,115	17,081,620	44,140,852
Total trade accounts payable, related parties	419,492,099	171,041,115	27,493,104	68,874,643
<b><u>Amounts due to related parties</u></b>				
<b><u>Subsidiary companies</u></b>				
DET Logistics (USA) Corporation	-	-	13,487,254	16,064,188
Delta Energy Systems (Germany) GmbH.	-	-	150,068,564	42,287,044
Delta Energy Systems (Switzerland) AG	-	-	6,660,043	19,881,264
Delta Energy System (India) Private Limited	-	-	7,093,488	-
Delta Energy Systems (Arizona) Inc.	-	-	16,011,916	-
Delta Electronics Europe Limited	-	-	4,916,866	14,405,246
Others	-	-	884,841	899
	-	-	199,122,972	92,638,641
<b><u>Other related parties</u></b>				
Delta Electronics Inc.	14,069,966	25,403	8,688,135	25,403
Delta Electronics (Japan) Inc.	7,921,134	8,489,846	7,921,134	8,489,846
Delta Electronics (Scotland) Limited	-	860,699	-	-
Delta Products Corporation Limited	28,254,922	47,441,542	28,254,922	47,441,542
Others	6,124,018	6,105,356	2,013,733	350,961
	56,370,040	62,922,846	46,877,924	56,307,752
Total amounts due to related parties	56,370,040	62,922,846	246,000,896	148,946,393

**Directors and management's remuneration**

In 2007 the Company paid salaries, bonuses, meeting allowances and gratuities to its directors and management totaling approximately Baht 15 million (2006: approximately Baht 16 million).

**Guarantee obligations with related parties**

The Company has outstanding guarantee obligations with its related parties, as described in Note 30.2.2 to the financial statements.

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

(Unit: Baht)

	2007		2006	
	Cost/		Cost/	
	Book value	Fair value	Book value	Fair value
<b>Available-for-sale securities</b>				
a) Cyntec Company Limited	47,363,716	65,406,489	41,581,590	55,610,735
b) Loyalty Founder Enterprise Company Limited	59,083,034	36,206,278	59,083,034	50,397,981
Total	106,446,750	101,612,767	100,664,624	106,008,716
Unrealised gain (loss) on investments in available-for-sale securities	(4,833,983)		5,344,092	
Translation adjustment	(21,736,699)		(16,636,356)	
Net investments in available-for-sale securities	79,876,068		89,372,360	

## 8. TRADE ACCOUNTS RECEIVABLE

The outstanding balances of trade accounts as at 31 December 2007 and 2006 are aged as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Trade accounts receivable, related parties</u>				
Current	290,407,384	235,792,240	1,341,804,144	2,727,803,240
Past due 1 - 3 months	7,586,991	42,589,149	22,788,847	320,110,065
Past due 3 - 6 months	1,732,265	1,135,662	2,546,746	21,487,475
Past due 6 - 12 months	1,106,167	4,717,819	6,296,756	15,571,512
Past due over 12 months	1,921,611	696,222	12,307,572	3,123,978
Total	302,754,418	284,931,092	1,385,744,065	3,088,096,270
<u>Trade accounts receivable, unrelated parties</u>				
Current	5,712,049,652	6,879,268,036	3,170,381,594	2,939,664,294
Past due 1 - 3 months	765,272,546	962,929,956	413,185,513	489,150,613
Past due 3 - 6 months	93,162,982	76,391,985	73,186,036	36,358,155
Past due 6 - 12 months	29,447,288	46,134,511	26,194,303	14,659,917
Past due over 12 months	18,017,012	55,146,489	6,451,441	9,113,705
Total	6,617,949,480	8,019,870,977	3,689,398,887	3,488,946,684
Total trade accounts receivable	6,920,703,898	8,304,802,069	5,075,142,952	6,577,042,954
Less: Allowance for doubtful accounts	(48,537,093)	(104,330,083)	(23,347,363)	(16,099,075)
Trade accounts receivable - net	6,872,166,805	8,200,471,986	5,051,795,589	6,560,943,879



## 9. INVENTORIES

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Finished goods	1,114,238,902	1,507,699,388	370,427,782	455,867,849
Work in process	420,718,259	413,181,303	268,984,291	218,869,957
Raw materials	2,144,376,112	2,547,110,717	886,136,622	1,264,156,771
Goods intransit	416,205,438	902,585,027	66,213,945	183,950,197
Total	<u>4,095,538,711</u>	<u>5,370,576,435</u>	<u>1,591,762,640</u>	<u>2,122,844,774</u>
Less: Allowance for diminution in value of inventory	<u>(672,283,667)</u>	<u>(773,345,140)</u>	<u>(256,452,268)</u>	<u>(240,685,692)</u>
Inventories - net	<u><u>3,423,255,044</u></u>	<u><u>4,597,231,295</u></u>	<u><u>1,335,310,372</u></u>	<u><u>1,882,159,082</u></u>

## 10. DEPOSITS AT BANK WITH RESTRICTIONS

The balance as at 31 December 2007 mainly represented bank deposits of approximately RMB 26 million (2006: approximately RMB 26 million) of a subsidiary in the Republic of China which are subject to restrictions under the laws of the Republic of China, and bank deposits of approximately EUR 1.6 million (2006: approximately EUR 1.8 million) of a subsidiary in Germany which are subject to pension fund restrictions.

## 11. INVESTMENTS IN SUBSIDIARY COMPANIES

(Unit: Baht)

Company's name	Separate financial statements						
	Foreign currency	Issued and paid up capital		Shareholding percentage		Cost	
		2007	2006	2007	2006	2007	2006
				%	%		(Restated)
<b>Subsidiary companies</b>							
DET International Holding Limited	USD	135,675,626	120,675,626	100	100	5,231,621,326	4,713,731,326
Delta Energy Systems (Switzerland) AG	CHF	20,000,000	20,000,000	100	100	2,414,917,694	2,414,917,694
<b>Subtotal</b>						7,646,539,020	7,128,649,020
Less: Loss on impairment of investments in subsidiary companies						(2,196,003,765)	(2,196,003,765)
<b>Net investments in subsidiary companies</b>						<u>5,450,535,255</u>	<u>4,932,645,255</u>

No dividend was received from the subsidiary companies for the year ended 31 December 2007 and 2006.

Assets, liabilities and the operating results of the subsidiaries of the Company, DET SGP Pte. Ltd., Delta Greentech International Holding Limited, Delta Greentech SGP Pte. Ltd., Delta Energy Systems (Romania) S.R.L., and Delta Energy Systems (Arizona) Inc., 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 audited by their auditors. However, the figures for the assets, liabilities and the operating results of those subsidiaries are immaterial to the consolidated financial statements.

## 12. INVESTMENT IN ASSOCIATED COMPANY

### 12.1 Details of investments in associated companies:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements								
			Shareholding percentage		Cost		Carrying amounts based on equity method		Share of income from investments in associates during the year		
			2007	2006	2007	2006	2007	2006	2007	2006	
			%	%							
<b><u>Associated companies</u></b>											
Huada Holding Company Limited (Liquidated in 2006)	Holding business	The Cayman Islands	-	-	-	-	-	-	-	-	3,559,041
Delta Green (Tianjin) Industries Company Limited (As at 31 December 2007, owned by DET SGP PTe. Ltd. and as at 31 Decembr 2006, owned by DET International Holding Limited)	Manufacturing and trading of electronic products	China	50	50	394,383,470	394,383,470	529,568,950	463,805,170	77,232,357	33,549,905	
Translation adjustment					-	-	(23,936,730)	(42,290,963)	-	-	
<b>Total investment accounted for under equity method - associated company</b>					<u>394,383,470</u>	<u>394,383,470</u>	<u>505,632,220</u>	<u>421,514,207</u>	<u>77,232,357</u>	<u>37,108,946</u>	

During 2007, DET International Holding Limited received dividend amounting to USD 0.3 million from Delta Green (Tianjin) Industries Company Limited (2006: Nil).

### 12.2 Summarised financial information of associated company:

(Unit: Million RMB)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the		Net income for the	
	as at 31 December		as at 31 December		as at 31 December		year ended 31 December		year ended 31 December	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Delta Green (Tianjin) Industries Company Limited	185	166	268	242	47	49	287	181	33	14

Share of income/loss from investments 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.

### 13. INVESTMENTS IN OTHER PARTIES

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

(Unit: Baht)

	Shareholding		Consolidated financial statements	
	percentage		2007	2006
	2007	2006		
	%	%		
IP Fund One, L.P.				
(owned by DET International Holding Limited)	3.84	3.84	334,542,018	346,897,384
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			385,124,021	397,479,387
Less: Allowance for diminution in value of investments in other parties			(143,107,900)	(135,027,026)
Translation adjustment			(56,579,143)	(42,398,846)
<b>Investments in other parties - net</b>			<b>185,436,978</b>	<b>220,053,515</b>

#### 14. PROPERTY, PLANT AND EQUIPMENT - NET

(Unit: Baht)

		Consolidated financial statements								
		Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
<b>Cost:</b>										
31 December 2006		313,407,545	1,232,248,965	5,266,822,890	1,056,801,591	945,977,236	298,825,975	781,980,138	349,620,402	10,245,684,742
Purchase/transfer in		147,816,457	620,973,673	342,536,537	90,495,834	33,355,847	59,365,162	74,021,812	351,412,904	1,719,978,226
Disposal/write-off/transfer out		-	-	(608,524,402)	(349,810,251)	(85,189,075)	(363,953,562)	(109,652,756)	(360,539,925)	(1,877,669,971)
Translation adjustment		56,038	1,961,158	59,135,285	2,993,348	7,228,916	21,336,923	13,358,790	9,800,978	115,871,436
31 December 2007		461,280,040	1,855,183,796	5,059,970,310	800,480,522	901,372,924	15,574,498	759,707,984	350,294,359	10,203,864,433
<b>Accumulated depreciation:</b>										
31 December 2006		-	240,976,896	3,959,870,252	911,623,011	560,644,677	-	685,240,869	286,905,192	6,645,260,897
Depreciation for the year		-	34,000,317	539,829,097	105,589,087	67,308,826	-	75,590,163	31,581,551	853,899,041
Depreciation - disposal/write-off		-	-	(524,747,527)	(316,190,804)	(83,432,667)	-	(95,689,503)	(52,070,610)	(1,072,131,111)
Translation adjustment		-	1,138,944	54,719,474	2,954,194	6,547,670	-	13,463,999	8,492,841	87,317,122
31 December 2007		-	276,116,156	4,029,671,296	703,975,488	551,068,506	-	678,605,528	274,908,974	6,514,345,949
<b>Allowance for impairment loss:</b>										
31 December 2006		-	-	-	-	-	-	-	-	-
Increasing during the year		-	38,756,892	41,571,199	27,270,340	6,315,780	-	2,948,381	1,216,281	118,078,873
Decreasing during the year		-	-	(41,571,199)	(27,270,340)	(176,838)	-	(2,912,533)	(276,496)	(72,207,406)
31 December 2007		-	38,75,892	-	-	6,138,942	-	35,848	939,785	45,871,467
<b>Net book value:</b>										
As at 31 December 2006		313,407,545	991,272,069	1,306,952,638	145,178,580	385,332,559	298,825,975	96,739,269	62,715,210	3,600,423,845
As at 31 December 2007		461,280,040	1,540,310,747	1,030,299,014	96,505,034	344,165,476	15,574,498	81,066,608	74,445,600	3,643,647,017
<b>Depreciation charge (included in income statement):</b>										
Year 2006 (Baht 843 million include in manufacturing cost, and the balance in selling and administrative expenses)										1,043,340,344
Year 2007 (Baht 685 million include in manufacturing cost, and the balance in selling and administrative expenses)										853,899,041

#### 14. PROPERTY, PLANT AND EQUIPMENT - NET (Continued)

(Unit: Baht)

	Separate financial statements								Total
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	
<b>Cost:</b>									
31 December 2006	312,646,818	1,205,626,049	4,086,332,244	996,449,394	806,107,794	3,696,503	282,928,523	101,346,846	7,795,134,171
Purchase/transfer in	-	-	164,339,036	82,517,299	14,752,112	13,458,813	20,767,082	319,252,296	615,086,638
Disposal/write-off/transfer out	-	-	(481,973,254)	(318,025,974)	(21,074,069)	(14,921,682)	(35,564,838)	(320,252,637)	(1,191,812,454)
31 December 2007	312,646,818	1,205,626,049	3,768,698,026	760,940,719	799,785,837	2,233,634	268,130,767	100,346,505	7,218,408,355
<b>Accumulated depreciation:</b>									
31 December 2006	-	232,915,845	2,909,002,681	859,140,843	440,531,893	-	222,619,783	77,505,729	4,741,716,774
Depreciation for the year	-	24,073,270	462,559,762	99,981,132	59,406,446	-	40,000,533	9,089,897	695,111,040
Depreciation - disposal/write-off	-	-	(407,136,968)	(287,967,733)	(18,875,812)	-	(32,171,298)	(12,757,086)	(758,908,897)
31 December 2007	-	256,989,115	2,964,425,475	671,154,242	481,062,527	-	230,449,018	73,838,540	4,677,918,917
<b>Allowance for impairment loss:</b>									
31 December 2006	-	-	-	-	-	-	-	-	-
Increasing during the year	-	38,756,892	41,571,199	27,270,340	6,315,780	-	2,948,381	1,216,281	118,078,873
Decreasing during the year	-	-	(41,571,199)	(27,270,340)	(176,838)	-	(2,912,533)	(276,496)	(72,207,406)
31 December 2007	-	38,756,892	-	-	6,138,942	-	35,848	939,785	45,871,467
<b>Net book value:</b>									
As at 31 December 2006	312,646,818	972,710,204	1,177,329,563	137,308,551	365,575,901	3,696,503	60,308,740	23,841,117	3,053,417,397
As at 31 December 2007	312,646,818	909,880,042	804,272,551	89,786,477	312,584,368	2,233,634	37,645,901	25,568,180	2,494,617,971
<b>Depreciation charge (included in income statement):</b>									
Year 2006 (Baht 713 million include in manufacturing cost, and the balance in selling and administrative expenses)									824,817,958
Year 2007 (Baht 604 million include in manufacturing cost, and the balance in selling and administrative expenses)									695,111,040

As at 31 December 2007, certain machinery and equipment items of the Company had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 2,497 million (2006: Baht 2,113 million).

During the year 2007, the Company recorded allowance for loss on impairment of assets amounting to approximately Baht 118 million, for plant and equipment related to video display production, since the Company had decided to reduce its production volume of video display in line with its long-term business strategy of not manufacturing products which generated low profit margins. Production of video displays generated net sales for the year ended 31 December 2007 amounting to approximately of Baht 1,885 million and had a profit margin of approximately 10.24 percent (for the year ended 31 December 2006: sales of approximately baht 8,078 million and gross profit margin at approximately of 13.62 percent).

However, the Company reversed its allowance for loss on impairment of assets by approximately Baht 72 million since some machinery and equipment for which allowance for loss on impairment had previously been set aside was disposed of during the year.

## 15. CONSOLIDATION GOODWILL

	(Unit: Baht)	
	Consolidation goodwill	
	<u>2007</u>	<u>2006</u>
<b>Balance - beginning of year</b>	332,865,887	1,055,292,092
Decrease during year	-	(692,314,569)
Amortisation	(25,363,900)	(29,895,916)
Translation adjustment	(11,880)	(215,720)
<b>Balance - end of year</b>	<u>307,490,107</u>	<u>332,865,887</u>
<b>Remaining useful lives</b>	<u>15 years 6 months</u>	<u>16 years 6 months</u>

Baht 25 million of amortisation has been included in the income statements for the year ended 31 December 2007 (2006: Baht 30 million).

Consolidation goodwill decreased by approximately Baht 692 million during 2006 because of the following:

- A. During the year 2006 an adjustment entry was made in relation to past acquisitions, requiring consolidation goodwill arising from the acquisition of 4 subsidiary companies to be adjusted. The 4 subsidiary companies comprise of Delta Energy Systems (Germany) GmbH., Delta Energy Systems (Arizona) Inc., Delta Energy Systems (Guangzhou) Limited and Delta Energy Systems (Czech Republic) spol.s.r.o.. As a result, consolidation goodwill decreased by approximately Baht 461 million.

- B) During the year 2006 the Company received a cash refund of approximately CHF 5.1 million, or approximately Baht 161 million, from the seller of the Company's investment in Delta Energy Systems (Switzerland) AG Group, based on the conditions stipulated in the Share Purchase Agreement related to the acquisition. The effect to consolidation goodwill was approximately Baht 161 million.
- C) During the year 2006 DET International Holding Limited sold all of the ordinary shares comprising its investment in Newton Power Limited to a related company, Delta International Holding Limited. The effect to consolidation goodwill was approximately Baht 70 million.

During 2007, the Company estimated impairment of its consolidation goodwill by hiring an independent appraiser to value consolidation goodwill, based on projected cash flows prepared in accordance with assumptions and operation plans developed by the Company's management. Based on the report of the independent appraiser, the fair value was greater than the net book value of consolidation goodwill.

## 16. OTHER INTANGIBLE ASSETS

	(Unit: Baht)					
	Patent rights		Others		Total	
	2007	2006	2007	2006	2007	2006
<b>Balance - beginning of year</b>	1,062,987,491	1,277,221,989	1,485,167	915,926	1,064,472,658	1,278,137,915
Increase during year	101,825	-	-	12,272,867	101,825	12,272,867
Amortisation	(56,739,396)	(62,241,075)	(18,612)	(11,692,166)	(56,758,008)	(73,933,241)
Translation adjustment	(67,192,680)	(151,993,423)	152,762	(11,460)	(67,039,918)	(152,004,883)
<b>Balance - end of year</b>	<u>939,157,240</u>	<u>1,062,987,491</u>	<u>1,619,317</u>	<u>1,485,167</u>	<u>940,776,557</u>	<u>1,064,472,658</u>
<b>Remaining useful lives</b>	<u>16 years 11 months</u>	<u>17 years 11 months</u>	<u>1 year 4 months</u>	<u>2 years 4 months</u>		

Baht 57 million of the current year's amortisation (2006: Baht 74 million) has been included in the income statements for the year. During 2007, the Company estimated impairment of a subsidiary's patent rights by hiring an independent appraiser to value patent rights, based on projected cash flows prepared in accordance with assumptions and operation plans developed by the Company's management. Based on the report of the independent appraiser, the fair value was greater than the net book value of those patent rights.



## 17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

		(Unit: Baht)	
	Interest rate	Consolidated financial statements	
	(percent per annum)	2007	2006
Bank overdrafts	9.75 - 11.00	310,164,216	191,251,081
Short-term loans from financial institutions	5.05 - 9.50	1,656,665,845	1,649,418,861
Total		<u>1,966,830,061</u>	<u>1,840,669,942</u>

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

## 18. ACCRUED EXPENSES

The balances as at 31 December 2007 mainly represent accrued expenses and provisions, totaling approximately Baht 1,116 million relating to employee costs, product sales of the Company and its subsidiaries and claims (the Company only: Baht 483 million). The management of the Company and its subsidiaries believe that actual expenditures will be close to the amounts estimated and accrued in the records of the Company and its subsidiaries.

## 19. PROVISIONS

These comprise the following:

(Unit: Baht)

	Consolidated financial statements				Separate financial statements			
	Pension	Restructuring	Warranty	Other	Total	Pension	Warranty	Total
		costs		provisions				
<b>Balance as at 31 December 2006</b>	920,648,930	175,102,905	233,177,119	161,352,532	1,490,281,486	-	65,064,491	65,064,491
Add: Recognition during year	105,121,143	111,224,761	236,982,452	26,329,064	479,657,420	42,443,350	53,700,324	96,143,674
Less: Decrease during year	(55,349,083)	(126,402,955)	(56,739,511)	(112,353,124)	(350,844,673)	-	(44,835,268)	(44,835,268)
Less: Reversal during year	(643,199)	(62,903,432)	(195,499,439)	(22,001,585)	(281,047,655)	-	(35,057,316)	(35,057,316)
Translation adjustment/ unrealized gain on exchange rate	34,546,477	7,142,706	3,429,187	4,676,756	49,795,126	-	(3,445,889)	(3,445,889)
<b>Balance as at 31 December 2007</b>	<u>1,004,324,268</u>	<u>104,163,985</u>	<u>221,349,808</u>	<u>58,003,643</u>	<u>1,387,841,704</u>	<u>42,443,350</u>	<u>35,426,342</u>	<u>77,869,692</u>
Current liabilities	3,885,786	172,651,193	76,443,790	40,943,858	293,924,627	-	65,064,491	65,064,491
Non-current liabilities	916,763,144	2,451,712	156,733,329	120,408,674	1,196,356,859	-	-	-
<b>Balance as at 31 December 2006</b>	<u>920,648,930</u>	<u>175,102,905</u>	<u>233,177,119</u>	<u>161,352,532</u>	<u>1,490,281,486</u>	<u>-</u>	<u>65,064,491</u>	<u>65,064,491</u>
Current liabilities	4,937,722	96,863,688	46,800,854	50,293,189	198,895,453	-	35,426,342	35,426,342
Non-current liabilities	999,386,546	7,300,297	174,548,954	7,710,454	1,188,946,251	42,443,350	-	42,443,350
<b>Balance as at 31 December 2007</b>	<u>1,004,324,268</u>	<u>104,163,985</u>	<u>221,349,808</u>	<u>58,003,643</u>	<u>1,387,841,704</u>	<u>42,443,350</u>	<u>35,426,342</u>	<u>77,869,692</u>

## 20. 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 13 February 2007 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 1.082 ordinary shares at a price of Baht 1 per share, effective from 6 March 2007.

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

	Number of warrants (Unit)	Increase in paid up share capital from warrant exercise (Baht)	Date of registration of additional shares from warrant exercise with the Ministry of Commerce
Outstanding as at 31 December 2006	1,274,250	57,950,711	
Exercised during January 2007	(1,217,850)	1,255,601	7 February 2007
Exercised during April 2007	(700)	757	14 May 2007
Exercised during July 2007	(29,652)	32,082	6 August 2007
Exercised during October 2007	(20,800)	22,505	6 November 2007
Outstanding as at 31 December 2007	<u>5,248</u>	<u>59,261,656</u>	

As of 31 December 2007 the issued and paid-up share capital of the Company had increased by Baht 1,310,945 as a result of the exercise of the above warrants, to Baht 1,247,378,396 (1,247,378,396 ordinary shares of Baht 1 each).

## 21. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 22. DIVIDEND PAYMENT

Dividends declared in 2007 and 2006 consisted of the following:

<u>Dividends</u>	<u>Approved by</u>	<u>Total Dividends</u>	(Unit: Baht) <u>Dividend per share</u>
Final dividend for year 2006	Annual General Meeting of the shareholders on 29 March 2007	<u>1,621,519,968</u>	<u>1.30</u>
Final dividend for year 2005	Annual General Meeting of the shareholders on 30 March 2006	<u>1,486,302,528</u>	<u>1.20</u>

## 23. EMPLOYEES AND RELATED COSTS

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Number of employees at the end of year (persons)	11,677	12,585	9,317	11,413
Employee costs for the year (million Baht)	4,562	4,378	1,984	2,003

## 24. GAIN (LOSS) ON EXCHANGE RATE

	(Unit: Baht)			
	For the year ended 31 December			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Realised gain (loss) on exchange rate	106,570,084	(68,469,622)	(135,842,153)	(378,939,980)
Unrealised gain (loss) on exchange rate	<u>167,493,651</u>	<u>(515,900,011)</u>	<u>162,562,317</u>	<u>(498,152,342)</u>
Gain (loss) on exchange rate	<u>274,063,735</u>	<u>(584,369,633)</u>	<u>26,720,164</u>	<u>(877,092,322)</u>

## 25. PROMOTIONAL PRIVILEGES

The Company has been granted promotional privileges by the Board of Investment under the Investment Promotion Act B.E. 2520 subject to certain significant conditions. Significant privileges of the Company are as follows:

Details								
1. Certificate No.	1404(1)/2544	1523/2543	7030(1)/Aor. Yor./2544	7008(2)/Yor./ 2545	1776(4)/2547	1777(4)/2547	1571(2)/2549	1710(2)/2549
2. Promotional privileges for	Manufacturing of DC FAN	Manufacturing of EMI FILTER	Manufacturing of DC FAN	Manufacturing of EMI FILTER	Manufacturing of monitors and televisions	Manufacturing of electro -magnetic products	Manufacturing of monitors and televisions	Manufacturing of electro - magnetic products
3. The significant privileges are								
3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	7 years	7 years	7 years	7 years	7 years	7 years	5 years	5 years
3.2 Exemption from import duty on machinery as approved by the board.	Granted	Granted	Granted	Granted	Granted	Granted	Granted	Granted
3.3 Exemption from import duty on raw materials and significant supplies used in export production.	Granted	Granted	Granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted
3.4 Allowance to additionally deduct 5% of any increment in export income over the preceding year for a p of ten years, providing that the export income of that year is not lower than the average export earnings of the three preceding years, except during the first two years.	Non - granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted	Non - granted
4. Date of first earning operating income	Applying for to commence operation approval	7 January 2004	7 February 2002	17 July 2002	23 May 2005	Applying for to commence operation approval	Waiting for approval to commence operation	Waiting for approval to commence operation

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Separate financial statements</u>						
Sales and services income						
Domestic sales	709,295,353	851,747,734	-	-	709,295,353	851,747,734
Export sales	22,727,637,567	29,741,964,282	123,771,342	424,533,666	22,851,408,909	30,166,497,948
Services income	-	-	7,176,646	3,501,939	7,176,646	3,501,939
Total	<u>23,436,932,920</u>	<u>30,593,712,016</u>	<u>130,947,988</u>	<u>428,035,605</u>	<u>23,567,880,908</u>	<u>31,021,747,621</u>

## 26. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date that the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share is presented below:

	Consolidated financial statements					
	For the year ended 31 December					
	Net income		Weighted average number of ordinary shares		Earnings per share	
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
(Baht)	(Baht)	(shares)	(shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Net income	3,155,416,740	1,961,710,316	1,247,234,129	1,238,470,106	2.53	1.58
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	147,281	8,550,287		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>3,155,416,740</u>	<u>1,961,710,316</u>	<u>1,247,381,410</u>	<u>1,247,020,393</u>	2.53	1.57

Separate financial statements						
For the year ended 31 December						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2007</u> (Baht)	<u>2006</u> (Baht) (Restated)	<u>2007</u> (shares)	<u>2006</u> (shares)	<u>2007</u> (Baht)	<u>2006</u> (Baht) (Restated)
<b>Basic earnings per share</b>						
Net income	2,376,712,242	2,183,391,386	1,247,234,129	1,238,470,106	1.91	1.76
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	147,281	8,550,287		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>2,376,712,242</u>	<u>2,183,391,386</u>	<u>1,247,381,410</u>	<u>1,247,020,393</u>	1.91	1.75

## 27. FINANCIAL INFORMATION BY SEGMENT

The businesses of the Company and its subsidiaries mainly involve the single industry segment of the manufacture, distribution and servicing of electronic products and are carried on both in Thailand and overseas. Financial information of the Company and its subsidiaries by geographical segment, as at 31 December 2007 and 2006, and for the years then ended, is as follows:

	(Unit: Million Baht)													
	Consolidated													
	Thailand		Asia		America		Europe		Total		Eliminated		financial statements	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue from external customers	17,933	20,684	2,538	1,778	6,846	14,412	6,449	6,680	33,766	43,554	-	-	33,766	43,554
Inter-segment revenues	5,635	10,337	5	1	994	5,851	5,691	5,266	12,325	21,455	(12,325)	(21,455)	-	-
Total revenues	<u>23,568</u>	<u>31,021</u>	<u>2,543</u>	<u>1,779</u>	<u>7,840</u>	<u>20,263</u>	<u>12,140</u>	<u>11,946</u>	<u>46,091</u>	<u>65,009</u>	<u>(12,325)</u>	<u>(21,455)</u>	<u>33,766</u>	<u>43,554</u>
Segment income(loss)	2,407	1,976	396	38	98	(48)	(35)	(365)	2,866	1,601			3,044	1,540
Unallocated income and expenses:														
Other income													394	699
Compensation income from cancellation order													186	-
Share of income from investments in associated companies													77	37
Amortisation of intangible assets													(82)	(104)
Gain from disposal of investment in associated company													-	2
Loss from diminution value of investment in other parties													(8)	-
Loss on impairment of assets													(46)	-
Loss on disposal of property, plant and equipment													(61)	(13)
Interest expenses													(173)	(150)
Corporate income tax													(176)	(49)
Net income													<u>3,155</u>	<u>1,962</u>

	(Unit: Million Baht)													
	Consolidated													
	Thailand		Asia		America		Europe		Total		Eliminated		financial statements	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Property, plant and equipment - net	2,495	3,053	165	47	11	13	987	487	3,658	3,600	(14)	-	3,644	3,600
Other assets													22,611	22,599
Total assets													<u>26,255</u>	<u>26,199</u>

Transfer prices between business segments are as set out in Note 6 to the financial statements.



## 28. CASH FLOW STATEMENTS

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

(Unit: Baht)

	Consolidation financial statements		Separate financial statements	
	2007	2006	2007	2006
Cash and cash equivalents	9,181,580,042	6,798,019,213	6,542,961,639	4,632,876,588
Unrealised (gain) loss on exchange rate	(53,820,875)	473,906,290	(53,790,571)	474,255,383
Cash and cash equivalents in the statements of cash flows	<u>9,127,759,167</u>	<u>7,271,925,503</u>	<u>6,489,171,068</u>	<u>5,107,131,971</u>

## 29. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly, at rates of 5 percent of basic salary. The fund, which is managed by Thai Military Bank Public Company Limited, will be paid to employees upon termination or when employees are promoted to a manager post, in accordance with the fund rules. During the year 2007, the Company has contributed Baht 21,337,704 (2006: Baht 24,463,259) to the fund.

## 30. COMMITMENTS AND CONTINGENT LIABILITIES

### 30.1 Capital commitments and operating lease commitments

30.1.1 As at 31 December 2007, the Company and its subsidiaries had capital commitments amounting to Baht 74 million, INR 179 million, and EUR 0.2 million in respect of the purchase of machinery and equipment.

30.1.2 As at 31 December 2007, the subsidiaries had operating lease commitments amounting to CHF 1 million, GBP 0.3 million, EUR 8 million and INR 115 million.

### 30.2 Letters of guarantee

As at 31 December 2007 the Company and its subsidiary companies had the following outstanding letters of guarantee required in the ordinary course of their businesses:

30.2.1 Outstanding letters of guarantee totalling approximately Baht 776 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 30.3.1 to the financial statements), and outstanding letters of guarantee for totals of approximately INR 261 million, EUR 0.4 million, USD 0.4 million, and SKK 20 million have been issued by banks to meet requirements of the subsidiary companies.

30.2.2 Outstanding letters of guarantee totalling approximately SKK 450 million and USD 58 million issued by the Company to meet requirements of its subsidiary companies.

30.2.3 Outstanding letters of guarantee issued by the subsidiary companies to meet requirements of other subsidiaries in the Group for total of approximately EUR 0.3 million

### **30.3 Tax assessment**

30.3.1 During the year 2006, the Company received a corporate income tax assessment letter from the 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.

30.3.2 During the year 2006, an overseas subsidiary was subject 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 EURO 3.57 million. However, the Company has not recorded a provision since there is still uncertainty as to such assessment of duty.

30.3.3 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.

### **30.4 Litigation**

As at 31 December 2007, a lawsuit had been filed against an overseas subsidiary company, claiming a total of INR 2 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.

## **31. FINANCIAL INSTRUMENTS**

### **31.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, other accounts receivable, investments, short-term loans, accounts payable and other accounts payable. The financial risks associated with these financial instruments and how they are managed are described below.

#### ***Credit Risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable, loans and other accounts receivable as stated in the balance sheet.

#### ***Interest rate risk***

The Company and its subsidiaries are exposed to interest rate risk relating primarily to their cash at banks, lending, bank overdrafts, and short-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2007 classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over		Floating	Non-interest		
	1 year	1-5 years	5 years	Interest rate	bearing		
(Million baht)							
<b>Financial Assets</b>							
Cash and cash equivalents	182	-	-	8,825	175	9,182	0 - 4.76
Trade accounts receivable	-	-	-	-	6,872	6,872	-
Amounts due from related parties	-	-	-	-	43	43	-
Other accounts receivable	-	-	-	-	46	46	-
Deposits at bank with restrictions	27	1	-	238	-	266	0 - 4.76
<b>Total</b>	<b>209</b>	<b>1</b>	<b>-</b>	<b>9,063</b>	<b>7,136</b>	<b>16,409</b>	
<b>Financial liabilities</b>							
Bank overdraft and short term							
loans from financial institutions	-	-	-	1,967	-	1,967	5.05 - 11
Trade accounts payable	-	-	-	-	4,950	4,950	-
Amount due to related parties	-	-	-	-	56	56	-
Other accounts payable	-	-	-	-	151	151	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,967</b>	<b>5,157</b>	<b>7,124</b>	

Separate financial statements

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	Over		Floating	Non-interest		
	1 year	1-5 years	5 years	Interest rate	bearing		
(Million baht)							
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	6,543	-	6,543	0.02 - 4.5
Trade accounts receivable	-	-	-	-	5,052	5,052	-
Amount due from related parties	-	-	-	-	42	42	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,543</b>	<b>5,094</b>	<b>11,637</b>	
<b>Financial liabilities</b>							
Trade accounts payable	-	-	-	-	3,672	3,672	-
Amount due to related parties	-	-	-	-	246	246	-
Other accounts payable	-	-	-	-	130	130	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,048</b>	<b>4,048</b>	

A subsidiary of the Company entered into an interest rate swap contract with an overseas financial institution on a principal balance of USD 28 million, maturing in December 2007, from 25 September 2005 the subsidiary is required to pay interest to the financial institution every quarter, at a rate of 3.25 percent per annum if the 3-month LIBOR is less than 4 percent per annum or at a rate of 2.50 percent per annum if the 3-month LIBOR is more than 4 percent per annum. The financial institution is in turn required to pay interest to the subsidiary at a rate referenced to the 3-month LIBOR.

However, on 5 July 2007 the subsidiary terminated this agreement and paid termination fees of approximately USD 2.4 million to that financial institution as a result.

***Foreign currency risk***

The Company and its subsidiaries have significant foreign currency risk in respect of the purchase and sales transactions, lending and borrowing, and investments in foreign companies. As at 31 December 2007, outstanding 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>	<u>Average Exchange Rate as at 31 December 2007</u>
	(Million)	(Million)	(Baht per foreign currency)
US dollar	158	61	33.7673
Japanese yen	53	302	0.2974
EURO	23	8	49.3305
New Taiwan dollar	94	-	1.0367
Czech koruna	44	1	1.8305
Chinese yuan	26	-	4.6190

The Company and its subsidiaries manage their exposure to foreign currency risk by using derivatives where considered appropriate (except for the foreign currency risk arising from investments in foreign countries, which the Company and its subsidiaries consider to have an insignificant effect to the financial statements). As at 31 December 2007, the outstanding derivatives are as follows:

1. Forward contracts

	Amount		Forward rate		Maturity date
<b>Forward contracts to “Sell”</b>					
USD/THB	USD	124 million	33.5320 - 34.1200	THB/USD	January - March 2008
EUR/USD	EUR	3 million	1.4418 - 1.4700	USD/EUR	January - February 2008
EUR/CHF	EUR	2 million	1.6609	CHF/EUR	January 2008
USD/CHF	USD	1 million	1.1550	CHF/USD	January 2008
<b>Forward contracts to “Buy”</b>					
SKK/EUR	SKK	1 million	33.6000	SKK/EUR	January 2008
USD/INR	USD	2 million	39.5000 - 39.7000	INR/USD	January 2008

2. Option contracts

A subsidiary of the Company has entered into a buy/sell “Call/Put special-condition option” agreement with an overseas financial institution. The amount of foreign currency to be bought or sold under this contract depend on conditions stipulated in the contracts, with the maximum amount being EUR 2 million at the contractual exchange rate of 1.4720 USD/EUR. This agreement will mature within February 2008.

### 31.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries’ financial instruments are short-term in nature or bear floating interest rates, their fair values are not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm’s length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### **32. SUBSEQUENT EVENTS**

During January 2008, 1,550 warrants were exercised to purchase 1,677 new ordinary shares, leaving 3,698 warrants unexercised.

### **33. RECLASSIFICATION**

In addition to the change in accounting policy as mentioned in Note 4, which affects the previously reported net income and shareholder's equity, certain other amounts in the financial statements for the year ended 31 December 2006 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

### **34. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Company's Board of Directors on 15 February 2008.