

Delta Electronics (Thailand) Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2010 and 2009

## **Report of Independent Auditor**

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

I have audited the accompanying consolidated balance sheet of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 31 December 2010, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same period. 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 audit. The financial statements of certain overseas subsidiaries as at 31 December 2010 and for the year then ended were audited by the subsidiaries' auditors, whose reports have been furnished to me. My opinion on the consolidated financial statements for the year ended 31 December 2010, insofar as they relate to the amounts included for these subsidiaries, is based solely on the reports of those other auditors. The financial statements of those subsidiaries reflect their total assets as at 31 December 2010 of approximately Baht 5,357 million, total revenues and net loss for the year then ended of approximately Baht 12,035 million, and approximately Baht 209 million, respectively. The consolidated financial statements and the separate financial statements of Delta Electronics (Thailand) Public Company Limited as at 31 December 2009 and for the year then ended, as presented herein for comparative purposes, were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 23 February 2010, expressed an unqualified opinion on those financial statements, and drew attention to the Company's receipt of notice of a corporate income tax assessment from the Revenue Department.

I conducted my audit 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 audit and the reports of the other auditors referred to in the aforementioned paragraph provide a reasonable basis for my opinion.

In my opinion, based on my audit 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 2010, and the results of their operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to 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 through 2000.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited  
Bangkok: 14 February 2011

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

**Balance sheets**

**As at 31 December 2010 and 2009**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	9,206,798,949	10,552,858,435	5,566,187,454	7,545,051,143
Investments in available-for-sale securities	8	-	178,516,270	-	-
Trade accounts receivable					
Related parties	6	249,819,804	266,562,291	1,716,837,378	1,646,325,622
Unrelated parties		5,991,273,350	5,274,245,565	2,842,581,234	2,099,680,859
Less: Allowance for doubtful accounts		(78,348,656)	(55,541,098)	(9,356,915)	(7,710,377)
Trade accounts receivable - net	9	6,162,744,498	5,485,266,758	4,550,061,697	3,738,296,104
Inventories - net	10	6,341,460,096	3,829,213,794	3,526,880,735	1,905,651,539
Other current assets					
Input tax refundable		339,350,480	276,004,959	54,167,682	51,411,720
Forward contracts receivable	31	10,536,916	11,678,483	983,500	3,499,050
Prepaid expenses		31,677,594	50,219,724	6,195,690	9,240,963
Prepaid tax		317,025,858	294,736,006	-	-
Other accounts receivable		186,962,729	48,191,951	-	-
Others		217,396,559	68,487,563	21,768,874	7,064,070
<b>Total current assets</b>		<b>22,813,953,679</b>	<b>20,795,173,943</b>	<b>13,726,245,632</b>	<b>13,260,214,589</b>
<b>Non-current assets</b>					
Deposits at bank with restrictions	11	210,192,801	209,427,887	-	-
Investments in subsidiary companies - net	12	-	-	8,469,208,396	7,480,389,427
Investment in associated company	13	544,770,800	591,494,276	-	-
Other long-term Investments - net	14	408,449,899	495,970,767	-	-
Property, plant and equipment - net	15	4,260,286,831	3,644,142,844	2,518,634,849	2,072,375,735
Intangible assets - net	16	691,791,798	820,691,801	-	-
Deferred tax assets	17	230,148,872	82,128,338	-	-
Other non-current assets					
Consolidation goodwill		306,757,971	306,757,971	-	-
Deposit for purchase of land and advance payment for construction	18	100,258,186	109,479,977	-	-
Others		43,897,482	29,690,551	1,775,869	1,775,869
<b>Total non-current assets</b>		<b>6,796,554,640</b>	<b>6,289,784,412</b>	<b>10,989,619,114</b>	<b>9,554,541,031</b>
<b>Total assets</b>		<b>29,610,508,319</b>	<b>27,084,958,355</b>	<b>24,715,864,746</b>	<b>22,814,755,620</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 2010 and 2009**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	19	1,144,753,044	1,318,607,054	-	-
Trade accounts payable					
Related parties	6	935,548,798	421,610,599	97,988,747	95,843,576
Unrelated parties		4,428,953,138	4,223,536,964	3,330,234,527	3,288,504,587
Total trade accounts payable		5,364,501,936	4,645,147,563	3,428,223,274	3,384,348,163
Amounts due to related parties	6	69,323,741	142,942,626	193,536,691	227,961,664
Short-term provisions	20	156,626,571	114,460,921	5,845,545	4,428,913
Other current liabilities					
Accrued expenses		1,423,880,592	1,070,959,018	677,296,149	345,809,346
Advance received		126,902,363	180,005,727	80,417,825	116,851,764
Other accounts payable		374,438,818	266,982,794	258,241,120	154,533,231
Value added tax payable		71,913,554	103,301,479	-	-
Income tax payable		199,847,365	193,035,749	-	-
Others		251,247,104	182,753,530	147,613,224	91,280,057
<b>Total current liabilities</b>		<b>9,183,435,088</b>	<b>8,218,196,461</b>	<b>4,791,173,828</b>	<b>4,325,213,138</b>
<b>Non-current liabilities</b>					
Long-term provisions	20	1,090,908,632	1,196,398,948	91,820,965	82,340,577
Other non-current liabilities		38,657,385	22,141,754	1,050,000	1,035,000
<b>Total non-current liabilities</b>		<b>1,129,566,017</b>	<b>1,218,540,702</b>	<b>92,870,965</b>	<b>83,375,577</b>
<b>Total liabilities</b>		<b>10,313,001,105</b>	<b>9,436,737,163</b>	<b>4,884,044,793</b>	<b>4,408,588,715</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 2010 and 2009**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,259 million ordinary shares of Baht 1 each		<u>1,259,000,000</u>	<u>1,259,000,000</u>	<u>1,259,000,000</u>	<u>1,259,000,000</u>
Issued and fully paid-up					
1,247 million ordinary shares of Baht 1 each	21	1,247,381,614	1,247,380,634	1,247,381,614	1,247,380,634
Share premium		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Unrealised gain on changes in value of					
available-for-sale securities	8	-	105,636,106	-	-
Translation adjustment		(1,736,897,562)	(1,183,016,585)	-	-
Retained earnings					
Appropriated - Statutory reserve	22	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		<u>18,082,070,611</u>	<u>15,800,567,230</u>	<u>16,966,625,839</u>	<u>15,540,973,771</u>
Equity attributable					
to the Company's shareholders		19,210,367,163	17,588,379,885	19,831,819,953	18,406,166,905
Minority interest - equity attributable to minority					
shareholders of subsidiaries		<u>87,140,051</u>	<u>59,841,307</u>	-	-
<b>Total shareholders' equity</b>		<u>19,297,507,214</u>	<u>17,648,221,192</u>	<u>19,831,819,953</u>	<u>18,406,166,905</u>
<b>Total liabilities and shareholders' equity</b>		<u>29,610,508,319</u>	<u>27,084,958,355</u>	<u>24,715,864,746</u>	<u>22,814,755,620</u>
		-	-	-	-

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 2010 and 2009**

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>					
Sales and service income		35,729,982,540	26,994,868,646	24,205,078,421	17,500,081,132
Other income					
Interest income		59,475,554	71,377,411	46,491,818	52,128,501
Dividend income		28,405,112	37,736,225	-	-
Gain on exchange	25	84,987,428	-	-	41,229,768
Gain on sales of investments in available-for-sale securities	8	99,892,326	-	-	-
Others		205,469,335	159,873,028	75,422,770	69,113,956
<b>Total revenues</b>		<u>36,208,212,295</u>	<u>27,263,855,310</u>	<u>24,326,993,009</u>	<u>17,662,553,357</u>
<b>Expenses</b>					
Cost of sales and services		26,198,506,540	19,910,375,802	18,030,079,409	12,635,813,531
Selling expenses		2,183,247,602	1,919,467,687	1,530,271,264	1,309,547,949
Administrative expenses		1,293,792,153	922,395,763	705,189,869	534,732,915
Research and development expenses		1,751,838,531	1,545,477,791	618,012,064	525,359,285
Management benefit expenses	6	292,120,622	246,587,824	69,839,460	17,120,090
Loss on exchange	25	-	6,881,011	2,211,954	-
Other expenses		324,746,282	430,689,205	74,665,970	124,012,361
<b>Total expenses</b>		<u>32,044,251,730</u>	<u>24,981,875,083</u>	<u>21,030,269,990</u>	<u>15,146,586,131</u>
<b>Income before share of income from investment in associated company, finance cost and corporate income tax</b>					
		4,163,960,565	2,281,980,227	3,296,723,019	2,515,967,226
Share of income from investment in associated company	13	10,847,625	32,976,466	-	-
<b>Income before finance cost and corporate income tax</b>		<u>4,174,808,190</u>	<u>2,314,956,693</u>	<u>3,296,723,019</u>	<u>2,515,967,226</u>
Finance cost		(61,072,637)	(59,943,471)	-	-
<b>Income before corporate income tax</b>		<u>4,113,735,553</u>	<u>2,255,013,222</u>	<u>3,296,723,019</u>	<u>2,515,967,226</u>
Corporate income tax	17	66,595,984	(65,213,554)	-	-
<b>Net income for the year</b>		<u>4,180,331,537</u>	<u>2,189,799,668</u>	<u>3,296,723,019</u>	<u>2,515,967,226</u>
<b>Net income attributable to:</b>					
Equity holders of the parent		4,152,574,332	2,189,382,502	<u>3,296,723,019</u>	<u>2,515,967,226</u>
Minority interests of the subsidiaries		27,757,205	417,166		
		<u>4,180,331,537</u>	<u>2,189,799,668</u>		
<b>Earnings per share</b>					
27					
<b>Basic earnings per share</b>					
Net income attributable to equity holders of the parent		<u>3.33</u>	<u>1.76</u>	<u>2.64</u>	<u>2.02</u>
<b>Diluted earnings per share</b>					
Net income attributable to equity holders of the parent		<u>3.33</u>	<u>1.76</u>	<u>2.64</u>	<u>2.02</u>

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 2010 and 2009

(Unit: Baht)

	Consolidated financial statements								
	Issued and fully paid-up share capital		Unrealised gain (loss) on changes in value of available-for-sale securities		Retained earnings		Total equity attributable to the parent's shareholders	Minority interest-equity attributable to minority shareholders of subsidiaries	Total
	Share capital	Share premium		Translation adjustment	Appropriated	Unappropriated			
<b>Balance as at 31 December 2008</b>	1,247,380,634	1,491,912,500	(19,729,022)	(1,044,166,184)	125,900,000	14,983,303,425	16,784,601,353	61,331,575	16,845,932,928
<b>Income and expenses recognised directly in equity:</b>									
<b>Investments in available-for-sale securities</b>									
Income recognised in shareholders' equity	-	-	125,365,128	-	-	-	125,365,128	-	125,365,128
<b>Translation adjustment</b>	-	-	-	(138,850,401)	-	-	(138,850,401)	(1,907,434)	(140,757,835)
<b>Net income and expenses recognised directly in equity</b>	-	-	125,365,128	(138,850,401)	-	-	(13,485,273)	(1,907,434)	(15,392,707)
Net income for the year	-	-	-	-	-	2,189,382,502	2,189,382,502	417,166	2,189,799,668
<b>Total income and expenses for the year</b>	-	-	125,365,128	(138,850,401)	-	2,189,382,502	2,175,897,229	(1,490,268)	2,174,406,961
Dividend paid (Note 23)	-	-	-	-	-	(1,372,118,697)	(1,372,118,697)	-	(1,372,118,697)
<b>Balance as at 31 December 2009</b>	<u>1,247,380,634</u>	<u>1,491,912,500</u>	<u>105,636,106</u>	<u>(1,183,016,585)</u>	<u>125,900,000</u>	<u>15,800,567,230</u>	<u>17,588,379,885</u>	<u>59,841,307</u>	<u>17,648,221,192</u>

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 2010 and 2009

(Unit: Baht)

	Consolidated financial statements								
	Issued and		Unrealised gain (loss) on		Retained earnings		Total	Minority	Total
	fully paid-up		changes in value of				equity attributable to	interest-equity	
	share capital	Share premium	available-for-sale	Translation	Appropriated	Unappropriated	the parent's	attributable to	
		securities	adjustment			shareholders	of subsidiaries		
<b>Balance as at 31 December 2009</b>	1,247,380,634	1,491,912,500	105,636,106	(1,183,016,585)	125,900,000	15,800,567,230	17,588,379,885	59,841,307	17,648,221,192
<b>Income and expenses recognised directly in equity:</b>									
Transferred to income statements due to sales of									
investments in available-for-sale securities	-	-	(105,636,106)	-	-	-	(105,636,106)	-	(105,636,106)
Translation adjustment	-	-	-	(553,880,977)	-	-	(553,880,977)	(458,461)	(554,339,438)
<b>Net expenses recognised directly in equity</b>	-	-	(105,636,106)	(553,880,977)	-	-	(659,517,083)	(458,461)	(659,975,544)
Net income for the year	-	-	-	-	-	4,152,574,332	4,152,574,332	27,757,205	4,180,331,537
<b>Total income and expenses for the year</b>	-	-	(105,636,106)	(553,880,977)	-	4,152,574,332	3,493,057,249	27,298,744	3,520,355,993
Dividend paid (Note 23)	-	-	-	-	-	(1,871,070,951)	(1,871,070,951)	-	(1,871,070,951)
Share capital issued (Note 21)	980	-	-	-	-	-	980	-	980
<b>Balance as at 31 December 2010</b>	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>-</u>	<u>(1,736,897,562)</u>	<u>125,900,000</u>	<u>18,082,070,611</u>	<u>19,210,367,163</u>	<u>87,140,051</u>	<u>19,297,507,214</u>

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 2010 and 2009**

(Unit: Baht)

	<b>Separate financial statements</b>				
	Issued and fully paid-up share capital	Share premium	<u>Retained earnings</u>		<u>Total</u>
			<u>Appropriated</u>	<u>Unappropriated</u>	
<b>Balance as at 31 December 2008</b>	1,247,380,634	1,491,912,500	125,900,000	14,397,125,242	17,262,318,376
Net income for the year	-	-	-	2,515,967,226	2,515,967,226
<b>Total income for the year</b>	-	-	-	2,515,967,226	2,515,967,226
Dividend paid (Note 23)	-	-	-	(1,372,118,697)	(1,372,118,697)
<b>Balance as at 31 December 2009</b>	<u>1,247,380,634</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>15,540,973,771</u>	<u>18,406,166,905</u>
					-
<b>Balance as at 31 December 2009</b>	1,247,380,634	1,491,912,500	125,900,000	15,540,973,771	18,406,166,905
Net income for the year	-	-	-	3,296,723,019	3,296,723,019
<b>Total income for the year</b>	-	-	-	3,296,723,019	3,296,723,019
Dividend paid (Note 23)	-	-	-	(1,871,070,951)	(1,871,070,951)
Share capital issued (Note 21)	980	-	-	-	980
<b>Balance as at 31 December 2010</b>	<u>1,247,381,614</u>	<u>1,491,912,500</u>	<u>125,900,000</u>	<u>16,966,625,839</u>	<u>19,831,819,953</u>

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 2010 and 2009**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities:</b>				
Net income before tax	4,113,735,553	2,255,013,222	3,296,723,019	2,515,967,226
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation (Note 15)	654,869,614	681,646,533	409,979,873	468,205,829
Amortisation in premium/discount of forward contracts	(2,001,563)	2,587,349	(579,805)	(631,900)
Amortisation of intangible assets	52,760,900	57,540,483	-	-
Recorded allowance for doubtful accounts (reversal)	22,807,558	(7,245,519)	1,646,538	(1,531,390)
Recorded allowance for diminution in value of inventory (reversal)	91,252,297	(24,239,665)	115,281,210	7,894,805
Recorded the increase in provisions	202,258,785	80,556,542	14,616,521	16,727,339
Gain from disposal of investments				
in available-for-sale securities	(99,892,326)	-	-	-
Share dividend received from investments				
in available-for-sale securities	-	(2,541,110)	-	-
Share of income from investments				
in associated company (Note 13)	(10,847,625)	(32,976,466)	-	-
Loss on diminution in value of other long-term investments	-	102,995,880	-	-
(Gain) loss from disposal of property, plant and equipment	8,207,421	610,410	(2,093,270)	344,685
Unrealised gain on exchange (Note 25)	(26,201,794)	(58,309,127)	(137,319,571)	(65,473,282)
Interest income	(59,475,554)	(71,377,411)	(46,491,818)	(52,128,501)
Interest expenses	61,072,637	59,943,471	-	-
Income from operating activities before changes in operating assets and liabilities	5,008,545,903	3,044,204,592	3,651,762,697	2,889,374,811
Decrease (increase) in operating assets:				
Trade accounts receivable	(700,756,662)	519,834,238	(806,276,527)	86,051,279
Amounts due from related parties	(86,289)	12,968,265	-	-
Inventories	(2,603,498,599)	452,902,293	(1,736,510,406)	56,578,497
Other current assets	(322,414,300)	46,562,929	(13,704,560)	58,084,522
Other non-current assets	(21,504,990)	(105,232,346)	-	(10,400)
Increase (decrease) in operating liabilities:				
Trade accounts payable	706,334,443	288,646,753	33,397,010	353,197,413
Amounts due to related parties	(72,395,616)	92,485,755	(42,134,418)	51,103,496
Other current liabilities	443,789,074	147,086,880	463,368,445	(32,855,544)
Provisions	(80,061,345)	(110,480,384)	(2,040,829)	(848,129)
Other non-current liabilities	23,568,839	5,923,050	15,000	(10,000)
Cash flow from operating activities	2,381,520,458	4,394,902,025	1,547,876,412	3,460,665,945
Cash received from interest income	49,099,740	69,125,205	46,286,416	51,595,635
Cash paid for interest expenses	(56,303,163)	(83,344,386)	-	-
Cash paid for corporate income tax	(96,190,755)	(102,043,257)	(449,217)	(561,101)
<b>Net cash flows from operating activities</b>	<b>2,278,126,280</b>	<b>4,278,639,587</b>	<b>1,593,713,611</b>	<b>3,511,700,479</b>

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 2010 and 2009**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Cash flows from investing activities:</b>				
Proceed from disposal in investments				
in available-for-sale securities	177,229,952	-	-	-
(Increase) decrease in deposits at bank with restrictions	(764,914)	26,380,246	-	-
Increase in investments in subsidiary companies	-	-	(988,818,969)	(995,012,696)
Decrease in other long-term investments	41,197,144	17,138,303	-	-
Acquisition of property, plant and equipment	(1,474,558,559)	(514,767,094)	(857,531,506)	(237,699,939)
Proceeds from disposal of property,				
plant and equipment	7,217,214	13,150,359	3,385,789	1,969,669
Increase in intangible assets	(348,133)	(1,645,795)	-	-
<b>Net cash flows used in investing activities</b>	<b>(1,250,027,296)</b>	<b>(459,743,981)</b>	<b>(1,842,964,686)</b>	<b>(1,230,742,966)</b>
<b>Cash flows from financing activities:</b>				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(173,854,010)	(1,005,493,685)	-	-
Dividend paid (Note 23)	(1,871,070,951)	(1,372,118,697)	(1,871,070,951)	(1,372,118,697)
Proceeds from increase of share capital	980	-	980	-
<b>Net cash flows used in financing activities</b>	<b>(2,044,923,981)</b>	<b>(2,377,612,382)</b>	<b>(1,871,069,971)</b>	<b>(1,372,118,697)</b>
<b>Decrease in translation adjustment</b>	<b>(359,365,055)</b>	<b>(39,547,496)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>				
<b>and cash equivalents</b>	<b>(1,376,190,052)</b>	<b>1,401,735,728</b>	<b>(2,120,321,046)</b>	<b>908,838,816</b>
Unrealised gain on exchange				
for cash and cash equivalents	30,130,566	19,731,358	141,457,357	84,733,909
<b>Cash and cash equivalents at beginning of year</b>	<b>10,552,858,435</b>	<b>9,131,391,349</b>	<b>7,545,051,143</b>	<b>6,551,478,418</b>
<b>Cash and cash equivalents at end of year</b>	<b>9,206,798,949</b>	<b>10,552,858,435</b>	<b>5,566,187,454</b>	<b>7,545,051,143</b>
	-	-	-	-

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 2010 and 2009**

**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. The registered office of the Company is at 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 TAS No. 12 “Income Taxes”.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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 (“the Company”) and the following subsidiary companies (“the subsidiaries”):

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	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			Percent	Percent	Percent	Percent	Percent	Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	100	40.93	38.55	42.69	42.20
Delta Energy Systems (Switzerland) AG	Holding business, manufacture, trading, research and development of electronic products	Switzerland	100	100	8.07	8.89	10.49	13.68

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	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			Percent	Percent	Percent	Percent	Percent	Percent
Delta Green Industrial (Thailand) Company Limited	Manufacture and distribution of electronic products	Thailand	100	-	0.20	-	-	-

The subsidiaries which the Company owns through DET International Holding Limited are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2010</u>	<u>2009</u>
			Percent	Percent
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 Renewable Energy Systems (Switzerland) AG (owned by Delta Energy Systems (Germany) GmbH.)	Engineering and Marketing	Switzerland	100	-
Delta Energy Systems (India) Private Limited	Manufacture and trading of electronic products	India	100	100
Delta Energy Systems (Romania) S.R.L.	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	100
Delta India Electronics Private Limited (owned by DET SGP Pte. Ltd.)	Manufacture and trading of electronic products	India	100	100
Delta Greentech International Holding Limited	Holding business	The Cayman Islands	100	100
Delta Greentech SGP Pte. Ltd. (owned by Delta Greentech International Holding Limited)	Holding business	Singapore	100	100
Delta Greentech (Hong Kong) Limited. (owned by Delta Greentech SGP Pte. Ltd.)	Trading of electronic products	Hong Kong	100	100
Delta Power Solutions (India) Private Limited (owned by Delta Greentech SGP Pte. Ltd.)	Manufacture and trading of electronic products	India	100	100
Delta Greentech (Netherlands) Cooperatie U.A. (owned by Delta Greentech International Holding Limited)	Holding business	The Netherlands	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2010	2009
			Percent	Percent
Delta Greentech (Netherlands) BV. (owned by Delta Greentech (Netherlands) Cooperatie U.A.)	Holding business	The Netherlands	100	100
Delta Greentech Electronics Industry LLC. (owned by Delta Greentech (Netherlands) BV.)	Manufacture, marketing and distribution of electronic products	Turkey	100	100
Delta Greentech (USA) Corporation (owned by Delta Greentech (Netherlands) BV.)	Manufacture and trading of electronic products	USA	100	100
Delta Greentech (Brazil) S.A. (formerly known as Delta Energy Systems (Brazil) S.A.) (owned by Delta Greentech (Netherlands) BV.)	Manufacture and trading of electronic products	Brazil	100	100
Delta Greentech (Curitiba) Limited (formerly known as Delta Energy Systems (Curitiba) Limited) (owned by Delta Greentech (Brazil) S.A.)	Engineering	Brazil	100	100

The subsidiaries which the Company owns through Delta Energy Systems (Switzerland) AG are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2010	2009
			Percent	Percent
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.	Manufacture and trading of electronic products	Finland	100	100
Delta Energy Systems (Guangzhou) Limited	Trading of electronic products	The People's Republic of China	51	51
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 Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

2.2.3 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- 2.2.4 The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in shareholders' equity.
- 2.2.5 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.2.6 Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- 2.3 The separate financial statements, which present investments in subsidiary companies under the cost method, have been prepared solely for the benefit of the public.

### **3. Adoption of new accounting standards**

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements  
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans



TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Company's management believes that TAS 11 (revised 2009), TAS 17 (revised 2009), TAS 20 (revised 2009), TAS 29, TAS 31 (revised 2009), TAS 40 (revised 2009), TFRS 5 (revised 2009), TFRS 6 and TFRIC 15 are not relevant to the business of the Company and its subsidiaries. As for the accounting standards announced by the Federation of Accounting Professions other than the earlier mentioned, the Company's management expects that they will not have any significant impact on the financial statements for the year in which they are initially applied.

## **4. Significant accounting policies**

### **4.1 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.

### **4.2 Cash and cash equivalents**

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

### **4.3 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 debt aging.

### **4.4 Inventories**

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Actual 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.

#### 4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. The fair value 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 gain or loss from disposal of securities are then included in determining income.
- b) Investment in associated company is 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 net of allowance for loss on impairment (if any).
- 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).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or loss in the income statement.

#### 4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (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	1 - 10 years
Machinery and equipment	5 - 20 years
Molds and toolings	2 - 10 years
Installation	1 - 20 years
Furniture, fixtures and office equipment	5 - 10 years
Computer	2 - 5 years
Motor vehicles	3 - 5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

#### **4.7 Intangible assets**

Intangible assets are initially recognised at cost. Following initial recognition, they are carried at cost less accumulated amortisation and impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the useful economic life and tested for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

The useful life of patents is approximately 20 years.

#### **4.8 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.9 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 and directors with authority in the planning and direction of the Company's operations.

#### **4.10 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

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

#### **4.11 Impairment of assets**

Every year, the Company and its subsidiaries performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in the income statement.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.12 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 post-retirement benefits as liabilities in their financial statements in accordance with the bases and conditions stipulated in the regulations of these companies.

#### **4.13 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.

#### **4.14 Research and development expenses**

The Company and its subsidiaries record research and development costs as expenses when incur.

#### **4.15 Corporate income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred Tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities at the balance sheet date and their tax bases. The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward 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 utilised.

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 asset to be utilised.

#### **4.16 Derivatives**

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

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at 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.

## **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimates. The significant judgments and estimates are as follows:

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, debt collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Impairment of equity investments**

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

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

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company’s and its subsidiaries’ plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment whenever events indicate that an asset may be impaired and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Goodwill and intangible assets**

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilized. Significant management judgment is required to determine

the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimate future profits.

### Post-retirement benefits

Post-retirement benefit costs are based on actuarial calculations. Inherent within these calculations are assumptions as to salary increases and discount rate, among others.

### Litigation

The subsidiary of the Company has contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded in the financial statements.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing policy
	financial statements		financial statements		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	7,438	5,592	With reference to market price
Purchase of raw materials	-	-	232	125	With reference to market price
Commission paid	-	-	135	145	Contract price
Marketing fee	-	-	204	243	Contract price
Design and engineering fee	-	-	673	638	Contract price
<b><u>Transactions with associated company</u></b>					
Sales of goods	-	5	-	5	With reference to market price
<b><u>Transactions with related parties</u></b>					
Sales of goods and raw materials	1,124	807	1,095	795	With reference to market price
Purchase of goods and raw materials	1,390	1,088	272	100	With reference to market price
Commission paid	236	277	236	277	Contract price
Commission received	18	50	-	-	Contract price
Services income	12	19	-	-	Agreed upon basis



The balances of the accounts as at 31 December 2010 and 2009 between the Company and these related companies are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
(Unit: Baht)				
<b><u>Trade accounts receivable, related parties</u></b>				
<u>Subsidiary companies</u>				
DET Logistics (USA) Corporation	-	-	999,722,347	915,336,255
Delta Power Solutions (India) Private Limited	-	-	173,423,335	316,489,660
Delta Energy Systems (Switzerland) AG	-	-	150,592,003	133,886,972
Delta Electronics (Slovakia) s.r.o.	-	-	121,284,025	20,463,399
Delta Energy Systems (Germany) GmbH.	-	-	33,071,997	10,248,824
Delta Greentech (Brazil) S.A.	-	-	12,947,472	789,302
Delta Energy Systems (India) Private Limited	-	-	16,680	3,709,269
Others	-	-	4,886,638	1,305,430
	-	-	<u>1,495,944,497</u>	<u>1,402,229,111</u>
<u>Associated company</u>				
Delta Green (Tianjin) Industries Company Limited	725,642	3,575,225	725,642	3,575,225
	<u>725,642</u>	<u>3,575,225</u>	<u>725,642</u>	<u>3,575,225</u>
<u>Other related parties</u>				
Delta Products Corporation Limited	124,399,715	140,896,068	115,217,339	140,893,947
Delta Electronics International Limited	28,990,031	55,273,360	28,255,879	53,746,164
Delta Network International Limited	24,795,241	23,744,555	24,742,003	20,572,755
DelSolar Company Limited	14,474,138	393,813	13,367,807	-
Delta Electronics Inc.	12,941,056	14,670,776	4,896,609	7,738,787
Delta Networks Inc.	11,025,242	5,939,536	11,025,242	5,939,536
Delta Electronics (Jiangsu) Limited	10,582,795	2,289,631	9,107,362	2,264,225
Delta Electronics (Japan), Inc.	7,902,353	2,289,509	7,902,353	2,289,509
Delta Greentech (China) Company Limited	1,678,016	6,041,438	1,678,016	6,041,438
Others	12,305,575	11,448,380	3,974,629	1,034,925
	<u>249,094,162</u>	<u>262,987,066</u>	<u>220,167,239</u>	<u>240,521,286</u>
Total trade accounts receivable, related parties	<u>249,819,804</u>	<u>266,562,291</u>	<u>1,716,837,378</u>	<u>1,646,325,622</u>

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b><u>Trade accounts payable, related parties</u></b>				
<u>Subsidiary companies</u>				
Delta Power Solutions (India) Private Limited	-	-	38,024,000	23,214,340
Delta India Electronics Private Limited	-	-	10,663,480	3,136,716
Delta Energy Systems (Germany) GmbH.	-	-	9,415,584	5,156,484
Delta Electronics (Slovakia) s.r.o.	-	-	3,586,303	5,876,982
Others	-	-	289,766	207,563
	-	-	61,979,133	37,592,085
<u>Other related parties</u>				
DelSolar Company Limited	519,187,295	-	-	-
Delta Electronics International Limited	255,698,670	304,715,444	16,637,319	42,021,920
Delta Electronics Inc.	66,612,175	43,061,174	5,193,922	6,707,115
Delta Electronics (Shanghai) Limited	52,908,231	26,048,332	-	-
Delta Electronics (Dongguan) Company Limited	12,200,829	-	-	-
Cyntec Company Limited	6,497,669	-	6,497,669	-
Delta Electronics (Japan), Inc	6,492,129	6,203,685	5,890,837	5,205,194
Delta Products Corporation Limited	5,311,642	7,472,587	1,789,867	4,298,011
Delta Greentech (China) Company Limited	1,797,553	12,745,290	-	-
Deltronics (Netherlands) BV	1,083,647	20,352,674	-	-
Others	7,758,958	1,011,413	-	19,251
	935,548,798	421,610,599	36,009,614	58,251,491
Total trade accounts payable, related parties	935,548,798	421,610,599	97,988,747	95,843,576

**Amounts due to related parties**Subsidiary companies

Delta Energy Systems (Germany) GmbH.	-	-	128,453,830	87,498,576
Delta Electronics Europe Limited	-	-	3,372,917	25,868
Delta Electronics (Slovakia) s.r.o	-	-	3,085,277	26,345
DET Logistics (USA) Corporation	-	-	3,048,784	10,024,485
Delta Power Solutions (India) Private Limited	-	-	620,228	2,101,454
Delta Energy Systems (Switzerland) AG	-	-	84,615	12,352,723
Others	-	-	1,058,673	2,241,591
	-	-	139,724,324	114,271,042

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Other related parties</u>				
Delta Electronics Inc.	30,407,971	81,107,756	30,407,971	80,873,844
Delta Products Corporation Limited	21,923,306	21,346,160	16,781,401	21,346,160
Deltronics (Netherlands) BV	7,663,577	23,551,395	3,177,425	2,283,240
Delta Electronics (Japan), Inc	1,896,804	3,216,921	1,896,804	3,216,921
Delta Electronics International Limited	1,358,233	9,385,165	1,358,233	5,341,140
Others	6,073,850	4,335,229	190,533	629,317
	<u>69,323,741</u>	<u>142,942,626</u>	<u>53,812,367</u>	<u>113,690,622</u>
Total amounts due to related parties	<u>69,323,741</u>	<u>142,942,626</u>	<u>193,536,691</u>	<u>227,961,664</u>

### **Directors and management's remuneration**

In 2010, the Company and its subsidiaries had expenses related to the salaries, bonuses and meeting allowances to their directors and management totaling Baht 292 million (Separate financial statements: Baht 70 million) (2009: Baht 247 million, Separate financial statements: Baht 17 million).

## **7. Cash and cash equivalents**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	Cash	2,209,174	2,948,549	590,228
Bank deposits	<u>9,204,589,775</u>	<u>10,549,909,886</u>	<u>5,565,597,226</u>	<u>7,544,506,932</u>
Total	<u>9,206,798,949</u>	<u>10,552,858,435</u>	<u>5,566,187,454</u>	<u>7,545,051,143</u>

As at 31 December 2010, bank deposits in saving accounts carried interests between 0.01 and 1.40 percent per annum (2009: between 0.01 and 4.76 percent per annum).

## 8. Investments in available-for-sale securities

The available-for-sale securities were owned by a subsidiary, DET International Holding Limited are as follow:

Company's name	(Unit: Baht)	
	2010	2009
Cyntec Company Limited	-	86,276,438
Unrealised gain on changes in value of investments in available-for-sales securities	-	105,636,106
Translation adjustment	-	(13,396,274)
<b>Total investments in available-for-sale securities</b>	<b>-</b>	<b>178,516,270</b>

During year 2010, DET International Holding Limited sold all of its investments in available-for-sales securities through the Stock Exchange of Taiwan. The subsidiary had gain on sales of these investments in available-for-sale securities approximately of Baht 100 million and presented this amount separately in the income statement.

## 9. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Trade accounts receivable, related parties</u>				
Current	246,517,051	262,431,211	1,713,001,610	1,601,319,064
Past due 1 - 3 months	3,302,753	2,322,074	3,835,768	43,197,552
Past due over 12 months	-	1,809,006	-	1,809,006
<b>Total</b>	<b>249,819,804</b>	<b>266,562,291</b>	<b>1,716,837,378</b>	<b>1,646,325,622</b>
<u>Trade accounts receivable, unrelated parties</u>				
Current	5,381,715,075	4,704,388,703	2,562,700,575	1,980,150,872
Past due 1 - 3 months	564,921,078	498,685,866	279,880,659	119,529,987
Past due 3 - 6 months	19,989,763	65,064,733	-	-
Past due 6 - 12 months	18,081,315	5,830,222	-	-
Past due over 12 months	6,566,119	276,041	-	-
<b>Total</b>	<b>5,991,273,350</b>	<b>5,274,245,565</b>	<b>2,842,581,234</b>	<b>2,099,680,859</b>
Total trade accounts receivable	6,241,093,154	5,540,807,856	4,559,418,612	3,746,006,481
Less: Allowance for doubtful accounts	(78,348,656)	(55,541,098)	(9,356,915)	(7,710,377)
<b>Trade accounts receivable - net</b>	<b>6,162,744,498</b>	<b>5,485,266,758</b>	<b>4,550,061,697</b>	<b>3,738,296,104</b>

## 10. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance for diminution in value of inventory		Inventories-net	
	2010	2009	2010	2009	2010	2009
Finished goods	2,794,992,482	1,450,575,940	(245,430,652)	(182,612,636)	2,549,561,830	1,267,963,304
Work in process	480,764,206	374,761,523	(1,306,870)	(3,342,556)	479,457,336	371,418,967
Raw materials	3,264,934,735	2,162,926,729	(554,826,321)	(524,356,354)	2,710,108,414	1,638,570,375
Goods in transit	602,332,516	551,261,148	-	-	602,332,516	551,261,148
<b>Total</b>	<b>7,143,023,939</b>	<b>4,539,525,340</b>	<b>(801,563,843)</b>	<b>(710,311,546)</b>	<b>6,341,460,096</b>	<b>3,829,213,794</b>

(Unit: Baht)

	Separate financial statements					
	Cost		Allowance for diminution in value of inventory		Inventories-net	
	2010	2009	2010	2009	2010	2009
Finished goods	1,539,693,616	747,822,258	(86,982,175)	(57,737,319)	1,452,711,441	690,084,939
Work in process	376,864,686	259,061,610	-	-	376,864,686	259,061,610
Raw materials	1,849,903,939	1,085,335,115	(308,062,957)	(222,026,603)	1,541,840,982	863,308,512
Goods in transit	155,463,626	93,196,478	-	-	155,463,626	93,196,478
<b>Total</b>	<b>3,921,925,867</b>	<b>2,185,415,461</b>	<b>(395,045,132)</b>	<b>(279,763,922)</b>	<b>3,526,880,735</b>	<b>1,905,651,539</b>

## 11. Deposits at bank with restrictions

The balance as at 31 December 2010 mainly represented bank deposits of approximately RMB 26 million (31 December 2009: approximately RMB 26 million) of a subsidiary in the People's Republic of China. During year 2010, the government unit of the People's Republic of China approved its liquidation of this subsidiary. However this subsidiary is currently in its liquidation process. The management of the subsidiary believed that the deposits at bank with restrictions will be able to normally be withdrawn within 1 year and bank deposits of approximately EUR 1.9 million (31 December 2009: approximately EUR 1.2 million) of a subsidiary in the Federal Republic of Germany which are subject to pension fund restrictions.

## 12. Investments in subsidiary companies

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Baht)

Company's name	Foreign currency	Paid-up capital		Shareholding percentage		Cost	
		2010	2009	2010	2009	2010	2009
				%	%		
DET International Holding Limited	USD	223,513,330	194,776,350	100	100	8,190,294,476	7,261,475,498
Delta Energy Systems (Switzerland) AG	CHF	20,000,000	20,000,000	100	100	2,414,917,694	2,414,917,694
Delta Green Industrial (Thailand) Company Limited	THB	60,000,000	-	100	-	59,999,991	-
<b>Subtotal</b>						10,665,212,161	9,676,393,192
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>8,469,208,396</u>	<u>7,480,389,427</u>

Delta Green Industrial (Thailand) Company Limited was incorporated as a company limited on 5 November 2010. This company's registered capital totals Baht 200 million, of which Baht 60 million has already been called up. The Company is the parent company of this subsidiary holding 100 percent interest in its shares.

No dividend was received from the above subsidiary companies for the year ended 31 December 2010 and 2009.

### 13. Investment in associated company

#### 13.1 Details of investments in associated company:

(Unit: Baht)

Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		Share of income from investment in associate during the year	
			2010	2009	2010	2009	2010	2009	2010	2009
			%	%						
Delta Green (Tianjin) Industries Company Limited (owned by DET SGP Pte. Ltd.)	Manufacturing and trading of electronic products	The People's Republic of China	50	50	394,383,470	394,383,470	635,085,280	624,034,559	10,847,625	32,976,466
Translation adjustment					-	-	(90,314,480)	(32,540,283)	-	-
<b>Total investment in associated company</b>					<u>394,383,470</u>	<u>394,383,470</u>	<u>544,770,800</u>	<u>591,494,276</u>	<u>10,847,625</u>	<u>32,976,466</u>

#### 13.2 Summarised financial information of associated company:

Financial information of the associated company is summarised below.

(Unit: Million RMB)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the year ended		Net income for the year ended	
	as at 31 December		as at 31 December		as at 31 December		31 December		31 December	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Delta Green (Tianjin) Industries Company Limited	185	185	300	290	35	30	201	179	5	13

## 14. Other long-term investments

(Unit: Baht)

Company's name	Shareholding percentage		Consolidated financial statements	
	2010	2009	2010	2009
	%	%		
IP Fund One, L.P. (owned by DET International Holding Limited)	3.84	3.84	258,127,847	299,324,991
Ezonics Corporation Company Limited (owned by DET International Holding Limited)	-	16.49	-	50,582,003
Delta Greentech (China) Company Limited (owned by Delta Greentech SGP Pte. Ltd.)	8.21	8.21	456,586,926	456,586,926
Total other long-term investments			714,714,773	806,493,920
Less: Allowance for diminution in value of investments in other long-term investments			(191,577,647)	(243,786,250)
Translation adjustment			(114,687,227)	(66,736,903)
<b>Other long-term investments - net</b>			<u>408,449,899</u>	<u>495,970,767</u>

The Meeting of the Company's Board of Directors held on 5 November 2010 approved the resolution to write off the investment in Ezonics Corporation Company Limited because this company has filed for bankruptcy. The Company already set up full allowance for diminution in value of this investment.



## 15. 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 2009	446,835,808	2,188,655,375	5,391,838,028	893,531,817	908,449,944	21,528,599	825,974,308	451,163,269	11,127,977,148
Purchase/transfer in	-	301,051,091	844,590,527	86,161,130	41,570,875	17,083,482	85,851,742	99,412,570	1,475,721,417
Disposal/write-off/transfer out	-	-	(160,345,486)	(2,248,761)	(14,266,357)	(1,162,858)	(182,723,674)	(55,835,135)	(416,582,271)
Translation adjustment	(15,755,308)	(135,483,020)	(195,804,712)	(4,313,234)	(12,498,946)	(4,032,055)	(42,839,026)	(36,737,246)	(447,463,547)
31 December 2010	431,080,500	2,354,223,446	5,880,278,357	973,130,952	923,255,516	33,417,168	686,263,350	458,003,458	11,739,652,747
<b>Accumulated depreciation:</b>									
31 December 2009	-	362,739,311	4,607,042,345	838,839,834	632,849,715	-	716,916,214	279,575,418	7,437,962,837
Depreciation for the year	-	49,794,467	375,704,055	61,447,308	49,560,360	-	78,546,909	39,816,515	654,869,614
Depreciation - disposal/write-off	-	-	(156,494,787)	(2,248,749)	(12,435,530)	-	(181,955,925)	(47,173,691)	(400,308,682)
Translation adjustment	-	(10,460,957)	(164,677,102)	(4,654,275)	(9,941,402)	-	(45,096,453)	(24,199,131)	(259,029,320)
31 December 2010	-	402,072,821	4,661,574,511	893,384,118	660,033,143	-	568,410,745	248,019,111	7,433,494,449
<b>Allowance for impairment loss:</b>									
31 December 2009	-	38,756,892	-	-	6,138,942	-	35,848	939,785	45,871,467
31 December 2010	-	38,756,892	-	-	6,138,942	-	35,848	939,785	45,871,467
<b>Net book value:</b>									
As at 31 December 2009	446,835,808	1,787,159,172	784,795,683	54,691,983	269,461,287	21,528,599	109,022,246	170,648,066	3,644,142,844
As at 31 December 2010	431,080,500	1,913,393,733	1,218,703,846	79,746,834	257,083,431	33,417,168	117,816,757	209,044,562	4,260,286,831
<b>Depreciation charge (included in income statement):</b>									
Year 2009 (Baht 518 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									681,646,533
Year 2010 (Baht 469 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									654,869,614

## 15. Property, plant and equipment - net (continued)

(Unit: Baht)

### Separate financial statements

	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
<b>Cost:</b>									
31 December 2009	312,646,818	1,226,651,726	4,009,752,960	856,621,678	803,027,557	3,519,420	285,181,783	103,265,668	7,600,667,610
Purchase/transfer in	-	20,316,390	667,378,459	79,853,459	35,596,011	20,458,608	25,683,573	8,245,006	857,531,506
Disposal/write-off/transfer out	-	-	(120,114,901)	(809,566)	(3,533,307)	-	(12,260,428)	(1,581,304)	(138,299,506)
31 December 2010	312,646,818	1,246,968,116	4,557,016,518	935,665,571	835,090,261	23,978,028	298,604,928	109,929,370	8,319,899,610
<b>Accumulated depreciation:</b>									
31 December 2009	-	298,109,948	3,514,089,189	807,228,009	550,744,896	-	231,011,648	81,236,718	5,482,420,408
Depreciation for the year	-	21,962,044	253,542,577	56,696,432	39,718,396	-	32,196,842	5,863,582	409,979,873
Depreciation – disposal/write-off	-	-	(119,125,477)	(809,554)	(3,533,296)	-	(12,008,567)	(1,530,093)	(137,006,987)
31 December 2010	-	320,071,992	3,648,506,289	863,114,887	586,929,996	-	251,199,923	85,570,207	5,755,393,294
<b>Allowance for impairment loss:</b>									
31 December 2009	-	38,756,892	-	-	6,138,942	-	35,848	939,785	45,871,467
31 December 2010	-	38,756,892	-	-	6,138,942	-	35,848	939,785	45,871,467
<b>Net book value:</b>									
As at 31 December 2009	312,646,818	889,784,886	495,663,771	49,393,669	246,143,719	3,519,420	54,134,287	21,089,165	2,072,375,735
As at 31 December 2010	312,646,818	888,139,232	908,510,229	72,550,684	242,021,323	23,978,028	47,369,157	23,419,378	2,518,634,849
<b>Depreciation charge (included in income statement):</b>									
Year 2009 (Baht 399 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									468,205,829
Year 2010 (Baht 339 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)									409,979,873

As at 31 December 2010, certain machinery and equipment items of the Company and its subsidiaries had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 5,783 million (2009: Baht 5,016 million).

The outstanding balance of allowance for loss on impairment of assets, amounting to approximately Baht 46 million, was made against plant and equipment relevant to video display production, since the Company has decided to reduce its production video displays in line with its long-term business strategy of not manufacturing products that generate low profit margins. In the current year, the Company had no sales of this product.

## 16. Intangible assets

(Unit: Baht)

	Consolidated financial statement		
	Patent rights	Others	Total
<b>Cost:</b>			
<b>31 December 2009</b>	1,095,485,725	2,577,536	1,098,063,261
Increase during year	182,659	165,474	348,133
Translation adjustment	(105,655,048)	(172,918)	(105,827,966)
<b>31 December 2010</b>	<u>990,013,336</u>	<u>2,570,092</u>	<u>992,583,428</u>
<b>Accumulated amortisation:</b>			
<b>31 December 2009</b>	276,849,299	522,161	277,371,460
Amortisation for the year	52,083,717	677,183	52,760,900
Translation adjustment	(29,285,471)	(55,259)	(29,340,730)
<b>31 December 2010</b>	<u>299,647,545</u>	<u>1,144,085</u>	<u>300,791,630</u>
<b>Net book value:</b>			
As at 31 December 2009	<u>818,636,426</u>	<u>2,055,375</u>	<u>820,691,801</u>
As at 31 December 2010	<u>690,365,791</u>	<u>1,426,007</u>	<u>691,791,798</u>

## 17. Income tax

Corporate income tax for the year 2010 and 2009 consist of the followings:

	(Unit: Baht)	
	For the years ended 31 December	
	<u>2010</u>	<u>2009</u>
Current income tax	(76,227,236)	(73,647,532)
Increase in deferred tax assets	148,020,534	12,686,698
Increase in deferred tax liabilities	(17,399,426)	(4,710,439)
Translation adjustment	12,202,112	457,719
Corporate income tax in income statements	<u>66,595,984</u>	<u>(65,213,554)</u>

Reconciliation between tax expenses and the product of accounting income multiplied by the applicable tax rate for the year ended 31 December 2010 and 2009 was as follows:

	(Unit: Baht)	
	<u>2010</u>	<u>2009</u>
Income before tax	<u>4,113,735,553</u>	<u>2,255,013,222</u>
Income tax at Thai corporate income tax rate of 30%	(1,234,120,666)	(676,503,967)
Tax effect of intercompany transactions	26,708,443	56,587,676
Utilisation of previously unrecognised tax losses	28,666,834	7,206,498
Tax savings from investment promotion	1,001,725,595	698,477,529
Difference in tax rates of subsidiaries in overseas countries	137,973,339	(125,795,180)
Tax effect of loss for the current year of overseas subsidiaries	(101,645,018)	(22,289,715)
Increase in deferred tax assets	148,020,534	12,686,698
Increase in deferred tax liabilities	(17,399,426)	(4,710,439)
Tax effect of non-deductible expenses	72,728,203	(19,045,403)
Translation adjustment	12,202,112	457,719
Others	(8,263,966)	7,715,030
Corporate income tax in income statements	<u>66,595,984</u>	<u>(65,213,554)</u>

As at 31 December 2010 and 2009, the components of deferred tax assets and deferred tax liabilities were summarised as follows:

	(Unit: Baht)	
	<u>2010</u>	<u>2009</u>
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	3,525,513	4,082,681
Allowance for stock obsolescence	44,369,412	42,033,366
Effect on elimination of intercompany transactions	3,220,178	16,041,369
Provision for tax savings from promotion	146,720,056	-
Difference depreciation for tax purpose	11,435,098	8,528,594
Others	20,878,615	11,442,328
<b>Total</b>	<u>230,148,872</u>	<u>82,128,338</u>
<b>Deferred tax liabilities</b>		
Difference depreciation for tax purpose	19,339,703	-
Others	5,112,931	7,053,208
<b>Total</b>	<u>24,452,634</u>	<u>7,053,208</u>
<b>Net</b>	<u>205,696,238</u>	<u>75,075,130</u>

As at 31 December 2010, the Company and its subsidiary have unused tax losses of approximately Baht 32 million and EUR 63 million. Deferred tax assets have not been recognised in respect of such tax losses because the management determined that there is uncertainty as to whether adequate sufficient taxable profits will be available to utilize the deferred tax asset.

#### **18. Deposit for purchase of land and advance payment for construction**

The balance as at 31 December 2010 represented the deposit for purchase of land of a subsidiary, namely Delta India Electronics Pvt. Ltd., of approximately INR 150 million or approximately Baht 100 million for its purchase of land in India for office building construction (31 December 2009: Deposit for purchase of land of approximately INR 12 million or approximately Baht 8 million and advance payment for construction of the office building of approximately INR 141 million or approximately Baht 101 million).

#### **19. Bank overdrafts and short-term loans from financial institutions**

	(Unit: Baht)			
	Interest rate		Consolidated	
	(percent per annum)		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bank overdrafts	14.50 - 16.50	10.00 - 11.50	2,137,871	9,820,579
Short-term loans from financial institutions	1.67 - 14.00	1.21 - 7.75	1,142,615,173	1,308,786,475
<b>Total</b>			<u>1,144,753,044</u>	<u>1,318,607,054</u>

## 20. Provisions

These comprise the following:

(Unit: Baht)

	Consolidated financial statements					Separate financial statements		
	Post-retirement	Restructuring		Other	Total	Post-retirement	Warranty	Total
	benefit costs	costs	Warranty	provisions		benefit costs		
<b>Balance as at 31 December 2009</b>	996,126,449	48,093,617	178,530,777	88,109,026	1,310,859,869	64,821,413	21,948,077	86,769,490
Add: Recognition during year	71,820,612	-	137,213,660	84,846,641	293,880,913	13,199,889	21,854,690	35,054,579
Less: Decrease during year	(52,654,855)	(9,367,468)	(3,549,177)	(14,489,845)	(80,061,345)	(1,976,608)	(64,221)	(2,040,829)
Less: Reversal during year	(8,139,400)	(24,342,884)	(50,123,295)	(9,016,549)	(91,622,128)	-	(20,438,058)	(20,438,058)
Translation adjustment/ unrealized gain on exchange rate	(137,449,570)	(5,862,833)	(24,395,680)	(17,814,023)	(185,522,106)	-	(1,678,672)	(1,678,672)
<b>Balance as at 31 December 2010</b>	<u>869,703,236</u>	<u>8,520,432</u>	<u>237,676,285</u>	<u>131,635,250</u>	<u>1,247,535,203</u>	<u>76,044,694</u>	<u>21,621,816</u>	<u>97,666,510</u>
Short-term provisions	6,344,628	20,215,642	6,892,998	81,007,653	114,460,921	-	4,428,913	4,428,913
Long-term provisions	989,781,821	27,877,975	171,637,779	7,101,373	1,196,398,948	64,821,413	17,519,164	82,340,577
<b>Balance as at 31 December 2009</b>	<u>996,126,449</u>	<u>48,093,617</u>	<u>178,530,777</u>	<u>88,109,026</u>	<u>1,310,859,869</u>	<u>64,821,413</u>	<u>21,948,077</u>	<u>86,769,490</u>
Short-term provisions	4,474,419	5,938,794	24,604,576	121,608,782	156,626,571	-	5,845,545	5,845,545
Long-term provisions	865,228,817	2,581,638	213,071,709	10,026,468	1,090,908,632	76,044,694	15,776,271	91,820,965
<b>Balance as at 31 December 2010</b>	<u>869,703,236</u>	<u>8,520,432</u>	<u>237,676,285</u>	<u>131,635,250</u>	<u>1,247,535,203</u>	<u>76,044,694</u>	<u>21,621,816</u>	<u>97,666,510</u>

## 21. 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 of the Board of Directors of the Company held on 24 February 2010 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 1.231 ordinary shares at a price of Baht 1 per share, effective from 10 March 2010.

During December 2010, 799 warrants were exercised to purchase 980 new ordinary shares, the Company registered this capital increase with the Ministry of Commerce on 22 December 2010.

The final date for the exercise of the Company's warrants was 17 December 2010, after which the remaining 2,399 warrants can no longer be exercised.

## 22. 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.

## 23. Dividends

Dividends declared in 2010 and 2009 consisted of the followings:

(Unit: Baht)			
<u>Dividend</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
Final dividend for year 2009	Annual General Meeting of the shareholders on 5 April 2010	<u>1,871,070,951</u>	<u>1.50</u>
Final dividend for year 2008	Annual General Meeting of the shareholders on 3 April 2009	<u>1,372,118,697</u>	<u>1.10</u>

## 24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Salaries, wages and other employee benefits	5,793	4,721	2,764	1,763
Raw materials used and purchase of finished goods	18,624	15,934	15,484	10,069
Changes in inventories of finished goods and work in progress	(1,450)	275	(910)	170
Depreciation	655	682	410	468
Commission expenses	343	301	435	379
Marketing fee	-	-	204	243
Design and engineering fee	-	-	673	638
Amortisation of intangible assets	53	58	-	-
Restructuring expenses	-	45	-	-
Loss on diminution in value of other long-term investments	-	103	-	-
Loss on exchange	-	7	2	-

## 25. Gain (loss) on exchange

(Unit: Baht)

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Realised gain (loss) on exchange	58,785,634	(65,190,138)	(139,531,525)	(24,243,514)
Unrealised gain on exchange	26,201,794	58,309,127	137,319,571	65,473,282
Gain (loss) on exchange	<u>84,987,428</u>	<u>(6,881,011)</u>	<u>(2,211,954)</u>	<u>41,229,768</u>



## 26. Promotional privileges

The Company has been granted promotional privileges by the Board of Investment subject to certain significant conditions. Significant privileges of the Company are as follows:

Details									
1. Certificate No.	1404(1)/2544	1523/2543	1571(2)/2549	1710(2)/2549	1541(2)/2552	1494(2)/2552	2113(2)/2553	2061(1)/2553	2062(1)/2553
2. Promotional privileges for	Manufacturing of DC FAN	Manufacturing of EMI FILTER	Manufacturing of monitors and televisions	Manufacturing of SPS and electro-magnetic products	Manufacturing of electro-magnetic products	Manufacturing of DC FAN	Manufacturing of monitors	Manufacturing of telecommunication and electronics products for vehicle	Manufacturing of telecommunication
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	5 years	5 years	7 years	7 years	5 years	8 years	8 years
3.2 Exemption from import duty on machinery as approved by the board.	Granted	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	Non – granted	Non – granted	Granted	Granted	Non – granted	Non – granted	Granted
3.4 Allowance to additionally deduct 5% of any increment in export income over the preceding year for 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	Non – granted
4. Date of first earning operating income	2 June 2006	7 January 2003	Waiting for approval to commence operation	27 January 2009	4 January 2010	Waiting for approval to commence operation	Waiting for approval to commence operation	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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Separate financial statements</u>						
Sales						
Domestic sales	341,266,896	275,473,490	-	-	341,266,896	275,473,490
Export sales	<u>23,723,525,926</u>	<u>17,144,981,902</u>	<u>140,285,599</u>	<u>79,625,740</u>	<u>23,863,811,525</u>	<u>17,224,607,642</u>
Total	<u>24,064,792,822</u>	<u>17,420,455,392</u>	<u>140,285,599</u>	<u>79,625,740</u>	<u>24,205,078,421</u>	<u>17,500,081,132</u>

## 27. 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.

Calculation of basic earnings per share and diluted earnings per share is presented below:

	Consolidated financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(Baht)	(Baht)	(shares)	(shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	4,152,574,332	2,189,382,502	1,247,380,671	1,247,380,634	3.33	1.76
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	3,752	3,486		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>4,152,574,332</u>	<u>2,189,382,502</u>	<u>1,247,384,423</u>	<u>1,247,384,120</u>	3.33	1.76

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	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(Baht)	(Baht)	(shares)	(shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	3,296,723,019	2,515,967,226	1,247,380,671	1,247,380,634	2.64	2.02
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	3,752	3,486		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>3,296,723,019</u>	<u>2,515,967,226</u>	<u>1,247,384,423</u>	<u>1,247,384,120</u>	2.64	2.02

## 28. 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 mainly carried on both in Thailand and overseas. The financial information of the Company and its subsidiaries by geographical segment for the years ended 31 December 2010 and 2009 is as follows:

	(Unit: Million Baht)												Consolidated	
	Thailand		Asia		America		Europe		Total		Eliminated		financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers	16,767	11,908	3,471	3,787	6,690	5,409	8,802	5,891	35,730	26,995	-	-	35,730	26,995
Inter-segment revenues	7,438	5,592	250	214	63	69	4,733	4,520	12,484	10,395	(12,484)	(10,395)	-	-
Total revenues	24,205	17,500	3,721	4,001	6,753	5,478	13,535	10,411	48,214	37,390	(12,484)	(10,395)	35,730	26,995
Segment income (loss)	3,376	2,366	(102)	(113)	(1)	56	494	(214)	3,767	2,095			3,844	2,174
Unallocated income (expenses):														
Other income													253	229
Compensation income from cancellation order													-	2
Share of income from investment in associated company													11	33
Dividend income													28	38
Loss on disposal of property, plant and equipment													(8)	(1)
Gain from disposal of investment in available-for-sale securities													100	-
Amortisation of intangible assets													(53)	(58)
Loss on diminution in value of other long-term investment													-	(103)
Finance cost													(61)	(60)
Corporate income tax													67	(65)
Minority interest of the subsidiary													(28)	-
Net income for the year - Attributable to equity holders of the parent													4,153	2,189

	(Unit: Million Baht)												Consolidated	
	Thailand		Asia		America		Europe		Total		Eliminated		financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Property, plant and equipment - net	2,519	2,072	780	518	43	35	913	1,017	4,255	3,642	5	2	4,260	3,644
Unallocated assets													25,350	23,441
Total assets													29,610	27,085

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

## **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 TMB 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 2010, the Company contributed Baht 25,427,988 (2009: Baht 15,827,339) to the fund.

## **30. Commitments and contingent liabilities**

### **30.1 Capital commitments and operating lease commitments**

30.1.1 As at 31 December 2010, the Company and its subsidiaries had significant capital commitments amounting to INR 3.8 million in respect of the building construction and amounting to Baht 258 million, INR 21.6 million and EUR 0.4 million in respect of the purchase of machinery and equipment.

30.1.2 As at 31 December 2010, the subsidiaries had significant operating lease commitments amounting to CHF 1.2 million, GBP 0.2 million, EUR 4.8 million and INR 74 million.

### **30.2 Guarantee obligations**

As at 31 December 2010, the Company and its subsidiaries had the following outstanding significant letters of guarantee required in the ordinary course of their businesses:

30.2.1 Outstanding letters of guarantee totaling approximately Baht 763 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).

30.2.2 Outstanding letters of guarantee for totals of approximately INR 241.5 million, EUR 0.5 million and USD 1.9 million have been issued by banks to meet requirements of its subsidiaries.

### **30.3 Tax assessment**

30.3.1 In 2006, the Company received a corporate income tax assessment letter from the Revenue Department covering the years 1997 through 2000, assessing tax amounting to approximately Baht 740 million (including penalties and surcharges). The Company has submitted a letter appealing the assessment. 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 Corporate income tax assessment of approximately INR 72 million were made against an overseas subsidiary, covering the years 2004 - 2006 and 2007 - 2008 and sales tax and excise duties assessment of approximately INR 50 million, covering the years 2005 - 2007. 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. The subsidiary therefore has not recorded provision for this tax assessment.

### **30.4 Litigation**

As at 31 December 2010, two lawsuits had been filed against an overseas subsidiary, claiming a total of INR 6 million. The case is currently being heard by the Court. However, the management of the Company and the subsidiary believe that no significant damage will be suffered by the Company and the 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. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, 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 is described below.

### **Credit Risk**

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable 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 and other receivable as stated in the balance sheets.

### **Interest rate risk**

The Company and its subsidiaries are exposed to interest rate risk relating primarily to their cash at banks, 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 2010 classified by type of interest rates are summarised 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						Interest rate (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
	(Million Baht)						
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	8,867	340	9,207	0.01 - 1.40
Trade accounts receivable	-	-	-	-	6,163	6,163	-
Other accounts receivable	-	-	-	-	187	187	-
Deposits at bank with restrictions	86	-	-	124	-	210	1.95 - 6.50
<b>Total</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>8,991</b>	<b>6,690</b>	<b>15,767</b>	
<b>Financial liabilities</b>							
Bank overdraft and short term							
loans from financial institutions	891	-	-	254	-	1,145	1.67 - 16.68
Trade accounts payable	-	-	-	-	5,365	5,365	-
Amount due to related parties	-	-	-	-	69	69	-
Other accounts payable	-	-	-	-	374	374	-
<b>Total</b>	<b>891</b>	<b>-</b>	<b>-</b>	<b>254</b>	<b>5,808</b>	<b>6,953</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	-	-	-	5,565	1	5,566	0.02 - 1.40
Trade accounts receivable	-	-	-	-	4,550	4,550	-
<b>Total</b>	-	-	-	5,565	4,551	10,116	
<b>Financial liabilities</b>							
Trade accounts payable	-	-	-	-	3,428	3,428	-
Amount due to related parties	-	-	-	-	194	194	-
Other accounts payable	-	-	-	-	258	258	-
<b>Total</b>	-	-	-	-	3,880	3,880	

**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 2010, outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate as at 31 December 2010 (Baht per 1 foreign currency unit)
Brazil real	15	9	18.0865
US dollar	130	85	30.1513
Euro	32	8	39.9394
Japanese yen	70	163	0.3705
Czech koruna	27	1	1.5749
Russian ruble	68	19	0.9897
Polish zloty	12	4	10.0451
Swedish krona	10	1	4.4361

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 2010, the outstanding derivatives are as follows:

### Forward contracts

	Amount			Forward rate		Maturity date
<b>Forward contracts to "Sell"</b>						
USD/THB	USD	103	million	29.5700 - 30.2450	THB/USD	January - March 2011
USD/CHF	USD	3	million	0.9625 - 0.9840	CHF/USD	January 2011
EUR/USD	EUR	8	million	1.3168 - 1.3409	USD/EUR	January 2011
EUR/CHF	EUR	6	million	1.2704 - 1.3070	CHF/EUR	January 2011
PLN/CHF	PLN	6	million	3.1003 - 3.1965	PLN/CHF	January 2011
EUR/TRY	EUR	0.8	million	2.0260	TRY/EUR	January 2011
<b>Forward contracts to "Buy"</b>						
EUR/USD	EUR	0.4	million	1.3136	USD/EUR	January 2011
USD/RUB	USD	4	million	30.9404 - 31.3700	RUB/USD	January 2011
USD/INR	USD	6	million	45.0300 - 45.6900	INR/USD	January - February 2011

### 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. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 0.53:1 (2009: 0.53:1) and the Company's was 0.25:1 (2009: 0.24:1).

### 33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 14 February 2011.