

24 February 2005

To: The President  
The Stock Exchange of Thailand

Re: Explanation for Year-on-Year decrease in net profit by more than 20% for the year 2004 and 2003 comparison

Delta Electronics (Thailand) Public Co.,Ltd., would like to declare for the decrease of its consolidated net profit for the year ended 2004 by Baht 668 million, or 35% , from Baht 1,896 million in 2003 to Baht 1,228 million in the year 2004, as followed :

1. Reduction of Operating profit by Baht 886 million from Baht 2,312 million 2003 to Baht 1,426 million in 2004: Though 2004 sales amounted Baht 7,238 million was higher than that of 2003 due to the full year consolidation of the company's new subsidiary , Delta Energy Systems group of companies ( "DES" ), in Europe this year whilst the company consolidation for the year 2003 included only 6 months performance of DES. But, this subsidiary operation was still under transition which incurred several extra-ordinary charges such as restructuring charge, inventory adjustments, etc. Most of these extra-ordinary items were recorded under SG&A reflected in higher percentage of SG&A to sales from 10.3% to 12.4% in 2003 and 2004 respectively resulted in Baht 1,780 million increase in SG&A expense in 2004.
2. Operating profit distortion from increase in SG&A expenses by Baht 1,780 million: Assuming normalized SG&A expense of Delta group consolidated including DES operation at 10% to consolidated sales , normal SG&A for 2004 should have been Baht 4,820 million or an increase of Baht 611 million from Baht 4,208 million in 2003. However, another Baht 1,036 million extra SG&A charges in 2004 were from "DES" provisions and project expenses amounted Baht 312 million, and from Delta Thailand amounted Baht 724 million .

Yours sincerely,

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Vice Chairman /Director