

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

## **Review Report of Independent Auditor**

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

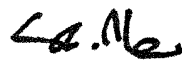
I have reviewed the accompanying consolidated balance sheets of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 30 September 2007, the related consolidated statements of income for the three-month and nine-month periods ended 30 September 2007 and 2006, and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month periods ended 30 September 2007 and 2006, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews. The consolidated interim financial statements of certain overseas subsidiaries and overseas group of subsidiary companies for the three-month and nine-month periods ended 30 September 2007 and 2006 were reviewed by the subsidiaries' auditors, whose reports have been furnished to me. My report on the consolidated financial statements for the three-month and nine-month periods ended 30 September 2007 and 2006, insofar as they relate to the amounts included for these subsidiaries and the group of subsidiary companies, are based solely on the reports of those other auditors. These financial statements reflect total assets as at 30 September 2007 of approximately Baht 4,798 million, total revenues for the three-month and nine-month periods ended 30 September 2007 of approximately Baht 2,748 million and Baht 10,449 million respectively, net income for the three-month and nine-month periods ended 30 September 2007 of approximately Baht 173 million and Baht 516 million respectively (for the three-month and nine-month periods ended 30 September 2006: revenues of approximately Baht 4,787 million and Baht 13,063 million, respectively and net income of approximately Baht 0.5 million and Baht 184 million, respectively).

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

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

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

I have previously audited the consolidated financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the year ended 31 December 2006, in accordance with generally accepted auditing standards and, under my report dated 13 February 2007, expressed an unqualified opinion on those statements, based solely on the reports of other auditors insofar as it related to the overseas subsidiaries and an overseas group of subsidiary companies (the financial statement of the overseas subsidiaries and the overseas group of subsidiary companies which were audited by the subsidiaries' auditors presented total assets and total revenues of approximately Baht 6,711 million and Baht 18,968 million respectively), drawing attention to the Company's receipt of notice of a corporate income tax assessment. The consolidated and separate balance sheets as at 31 December 2006, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of that report, except for the Company's restatement of the separate financial statements for the period of 2006 to reflect the change in accounting policy for recording investments in subsidiary companies from equity method to cost method as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 9 November 2007

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2007	31 December 2006	30 September 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		8,505,893,888	6,798,019,213	5,804,641,544	4,632,876,588
Investments in available-for-sale securities	4	113,084,700	89,372,360	-	-
Trade accounts receivable					
Related parties	3	307,128,173	284,931,092	1,571,991,439	3,088,096,270
Unrelated parties		6,373,234,002	8,019,870,977	3,483,945,292	3,488,946,684
Less : Allowance for doubtful accounts		(58,341,725)	(104,330,083)	(14,658,228)	(16,099,075)
Trade accounts receivable - net	5	6,622,020,450	8,200,471,986	5,041,278,503	6,560,943,879
Short-term loan to and amounts due from related parties	3	1,205,342	22,808,019	-	-
Inventories - net	6	3,460,519,120	4,597,231,295	1,456,731,339	1,882,159,082
Other current assets					
Input tax refundable		184,136,483	245,590,402	61,353,391	50,301,247
Advance payments		80,403,056	48,869,418	4,976,472	30,408,825
Forward contracts receivable		-	4,106,703	-	3,660,000
Prepaid expenses		36,651,832	108,226,752	18,685,587	15,056,449
Prepaid other tax		117,702,379	82,605,827	-	-
Other accounts receivable		32,713,654	25,074,273	-	-
Others		87,120,449	69,216,168	44,066,750	23,903,476
<b>TOTAL CURRENT ASSETS</b>		<b>19,241,451,353</b>	<b>20,291,592,416</b>	<b>12,431,733,586</b>	<b>13,199,309,546</b>
<b>NON - CURRENT ASSETS</b>					
Deposits at bank with restrictions	7	277,545,945	225,766,783	-	-
Investments in subsidiary companies - net	8	-	-	5,450,535,255	4,932,645,255
Investment in associated company	8	471,763,978	421,514,207	-	-
Investments in other parties - net	9	196,707,133	220,053,515	-	-
Property, plant and equipment - net	10	3,719,616,183	3,600,423,845	2,589,537,504	3,053,417,397
Intangible assets					
Consolidation goodwill	11	313,836,924	332,865,887	-	-
Other intangible assets		968,705,798	1,064,472,658	-	-
Other non-current assets		76,213,584	42,122,748	2,060,750	2,034,608
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,024,389,545</b>	<b>5,907,219,643</b>	<b>8,042,133,509</b>	<b>7,988,097,260</b>
<b>TOTAL ASSETS</b>		<b>25,265,840,898</b>	<b>26,198,812,059</b>	<b>20,473,867,095</b>	<b>21,187,406,806</b>

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2007	31 December 2006	30 September 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	12	1,678,411,005	1,840,669,942	-	-
Trade accounts payable					
Related parties	3	236,733,971	171,041,115	31,643,800	68,874,643
Unrelated parties		4,647,127,590	5,981,917,679	3,675,667,937	4,317,583,901
Total trade accounts payable		4,883,861,561	6,152,958,794	3,707,311,737	4,386,458,544
Amounts due to related parties	3	52,905,372	62,922,846	197,505,383	148,946,393
Other current liabilities					
Accrued expenses	13	1,602,507,057	1,328,733,617	788,846,830	732,595,042
Advance received		175,147,029	216,878,348	129,453,260	154,757,827
Forward contracts payable	21.1	47,491,468	-	43,739,798	-
Other accounts payable		198,694,261	223,277,357	141,190,329	203,698,925
VAT payable		36,837,864	76,602,801	-	-
Corporate income tax payable		146,015,709	42,607,439	-	-
Provisions	14	128,370,540	293,924,627	40,028,117	65,064,491
Others		117,624,745	148,500,033	67,833,247	82,683,031
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,067,866,611</b>	<b>10,387,075,804</b>	<b>5,115,908,701</b>	<b>5,774,204,253</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions	14	1,170,019,109	1,196,356,859	-	-
Other non-current liabilities		24,024,496	30,306,884	1,201,000	1,611,000
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,194,043,605</b>	<b>1,226,663,743</b>	<b>1,201,000</b>	<b>1,611,000</b>
<b>TOTAL LIABILITIES</b>		<b>10,261,910,216</b>	<b>11,613,739,547</b>	<b>5,117,109,701</b>	<b>5,775,815,253</b>

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

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2007	31 December 2006	30 September 2007	31 December 2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited) (Restated)
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Registered					
1,259 million ordinary shares of Baht 1 each	15	1,259,000,000	1,259,000,000	1,259,000,000	1,259,000,000
Issued and fully paid					
1,247.36 million ordinary shares of Baht 1 each (2006: 1,246.07 million ordinary shares of Baht 1 each)	15	1,247,355,891	1,246,067,451	1,247,355,891	1,246,067,451
Additional paid-in capital					
Premium on share capital		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Unrealised gain on investments in available-for-sale securities	4	22,775,778	5,344,092	-	-
Translation adjustment		(1,079,696,562)	(887,053,299)	-	-
Retained earnings					
Appropriated - Statutory reserve		125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		13,141,122,622	12,547,711,602	12,491,589,003	12,547,711,602
<b>EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS</b>		<b>14,949,370,229</b>	<b>14,529,882,346</b>	<b>15,356,757,394</b>	<b>15,411,591,553</b>
MINORITY INTEREST - equity attributable to minority shareholders of subsidiaries					
		54,560,453	55,190,166	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>15,003,930,682</b>	<b>14,585,072,512</b>	<b>15,356,757,394</b>	<b>15,411,591,553</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>25,265,840,898</b>	<b>26,198,812,059</b>	<b>20,473,867,095</b>	<b>21,187,406,806</b>
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The accompanying notes are an integral part of the financial statements.

DIRECTORS

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

## INCOME STATEMENTS

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2007	2006	2007	2006 (Restated)
<b>REVENUES</b>					
Sales and services income		7,852,874,384	11,539,944,378	5,536,617,582	8,667,954,491
<b>Other income</b>					
Interest income		65,804,952	56,527,670	36,964,281	47,769,405
Dividend income		27,388,503	11,203,328	-	-
Gain on exchange rate		58,238,511	-	-	-
Gain from disposal of investment in associated company		-	1,967,564	-	-
Others		8,376,978	107,685,063	9,005,299	21,419,029
Share of income from investments in associated company		36,039,237	11,765,536	-	-
<b>TOTAL REVENUES</b>		<b>8,048,722,565</b>	<b>11,729,093,539</b>	<b>5,582,587,162</b>	<b>8,737,142,925</b>
<b>EXPENSES</b>					
Cost of sales and services		5,961,762,481	9,552,524,312	4,225,442,552	6,875,583,050
Selling and administrative expenses		1,181,347,997	1,408,623,239	884,990,873	954,767,786
Loss on exchange rate		-	73,038,100	18,079,511	98,973,155
Amortisation of intangible assets		20,448,255	30,001,340	-	-
<b>TOTAL EXPENSES</b>		<b>7,163,558,733</b>	<b>11,064,186,991</b>	<b>5,128,512,936</b>	<b>7,929,323,991</b>
<b>INCOME BEFORE INTEREST EXPENSES AND</b>					
CORPORATE INCOME TAX		885,163,832	664,906,548	454,074,226	807,818,934
INTEREST EXPENSES		(12,868,347)	(19,561,024)	-	-
CORPORATE INCOME TAX		(70,053,938)	(35,039,530)	-	-
<b>INCOME AFTER CORPORATE INCOME TAX</b>		<b>802,241,547</b>	<b>610,305,994</b>	<b>454,074,226</b>	<b>807,818,934</b>
MINORITY INTEREST IN NET (INCOME) LOSS OF SUBSIDIARIES		28,574	(566,443)	-	-
<b>NET INCOME FOR THE PERIOD</b>		<b>802,270,121</b>	<b>609,739,551</b>	<b>454,074,226</b>	<b>807,818,934</b>
<b>EARNINGS PER SHARE</b>					
<i>16</i>					
<b>Basic earnings per share</b>					
Net income		0.64	0.49	0.36	0.65
<b>Diluted earnings per share</b>					
Net income		0.64	0.49	0.36	0.65

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

(UNAUDITED BUT REVIEWED)

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

## INCOME STATEMENTS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
<b>REVENUES</b>					
Sales and services income		25,276,604,557	31,862,150,888	17,723,105,764	23,583,034,079
<b>Other income</b>					
Interest income		187,611,475	193,549,132	115,045,909	137,560,529
Dividend income		27,388,503	11,863,847	-	-
Gain on exchange rate		236,462,283	-	6,146,075	-
Compensation income from cancellation order		187,914,295	-	-	-
Gain from disposal of investment in associated company		-	1,967,564	-	-
Others		42,214,459	237,752,998	21,408,802	42,502,252
Share of income from investments in associated company		62,059,826	25,264,146	-	-
<b>TOTAL REVENUES</b>		<b>26,020,255,398</b>	<b>32,332,548,575</b>	<b>17,865,706,550</b>	<b>23,763,096,860</b>
<b>EXPENSES</b>					
Cost of sales and services		20,004,096,851	25,793,332,092	14,105,552,132	18,706,895,980
Selling and administrative expenses		3,349,357,761	4,209,071,896	2,090,534,654	2,703,556,476
Loss on exchange rate		-	390,884,062	-	639,806,166
Loss from disposal of investment in subsidiary		-	59,684,913	-	-
Loss from disposal of property, plant and equipment		9,804,274	10,721,421	4,699,135	9,081,491
Amortisation of intangible assets		61,736,449	79,629,033	-	-
Loss on impairment of assets	10	99,535,106	-	99,535,106	-
<b>TOTAL EXPENSES</b>		<b>23,524,530,441</b>	<b>30,543,323,417</b>	<b>16,300,321,027</b>	<b>22,059,340,113</b>
<b>INCOME BEFORE INTEREST EXPENSES AND</b>					
CORPORATE INCOME TAX		2,495,724,957	1,789,225,158	1,565,385,523	1,703,756,747
INTEREST EXPENSES		(149,183,777)	(96,408,511)	-	(14,100,354)
CORPORATE INCOME TAX		(131,731,472)	(34,885,744)	-	-
<b>INCOME AFTER CORPORATE INCOME TAX</b>		<b>2,214,809,708</b>	<b>1,657,930,903</b>	<b>1,565,385,523</b>	<b>1,689,656,393</b>
MINORITY INTEREST IN NET (INCOME) LOSS OF SUBSIDIARIES		109,434	(117,560)	-	-
<b>NET INCOME FOR THE PERIOD</b>		<b>2,214,919,142</b>	<b>1,657,813,343</b>	<b>1,565,385,523</b>	<b>1,689,656,393</b>
<b>EARNINGS PER SHARE</b>					
16					
<b>Basic earnings per share</b>					
Net income		1.78	1.34	1.26	1.37
<b>Diluted earnings per share</b>					
Net income		1.78	1.33	1.25	1.36

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit: Baht)

<b>Consolidated financial statements</b>								
	Issued and paid-up share capital	Premium on share capital	Unrealised gain (loss) on investments in available-for-sales securities	Translation adjustments	Retained earnings		Minority	
					Appropriated	Unappropriated	interest-equity	
							attributable to	
							of subsidiaries	Total
<b>Balance as at 1 January 2006 (Audited)</b>	1,188,116,740	1,491,912,500	(13,122,460)	97,195,102	125,900,000	12,072,101,008	58,269,739	15,020,372,629
Unrealised loss on investments in available-for-sales securities	-	-	(3,475,545)	-	-	-	-	(3,475,545)
Translation adjustments	-	-	-	(818,461,629)	-	-	-	(818,461,629)
Unrealised items in income statements	-	-	(3,475,545)	(818,461,629)	-	-	-	(821,937,174)
Net income for the period	-	-	-	-	-	1,657,813,343	-	1,657,813,343
Dividend paid (Note 17)	-	-	-	-	-	(1,486,302,528)	-	(1,486,302,528)
Returned dividend	-	-	-	-	-	202,806	-	202,806
Increased share capital (Note 15)	56,603,453	-	-	-	-	-	-	56,603,453
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(2,120,180)	(2,120,180)
<b>Balance as at 30 September 2006</b>	<b>1,244,720,193</b>	<b>1,491,912,500</b>	<b>(16,598,005)</b>	<b>(721,266,527)</b>	<b>125,900,000</b>	<b>12,243,814,629</b>	<b>56,149,559</b>	<b>14,424,632,349</b>
<b>Balance as at 1 January 2007 (Audited)</b>	1,246,067,451	1,491,912,500	5,344,092	(887,053,299)	125,900,000	12,547,711,602	55,190,166	14,585,072,512
Unrealised gain on investments in available-for-sales securities	-	-	17,431,686	-	-	-	-	17,431,686
Translation adjustments	-	-	-	(192,643,263)	-	-	-	(192,643,263)
Unrealised items in income statements	-	-	17,431,686	(192,643,263)	-	-	-	(175,211,577)
Net income for the period	-	-	-	-	-	2,214,919,142	-	2,214,919,142
Dividend paid (Note 17)	-	-	-	-	-	(1,621,519,968)	-	(1,621,519,968)
Returned dividend	-	-	-	-	-	11,846	-	11,846
Increased share capital (Note 15)	1,288,440	-	-	-	-	-	-	1,288,440
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	(629,713)	(629,713)
<b>Balance as at 30 September 2007</b>	<b>1,247,355,891</b>	<b>1,491,912,500</b>	<b>22,775,778</b>	<b>(1,079,696,562)</b>	<b>125,900,000</b>	<b>13,141,122,622</b>	<b>54,560,453</b>	<b>15,003,930,682</b>

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 NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit: Baht)

	Separate financial statements						
	Issued and paid-up share capital	Premium on share capital	Unrealised gain (loss)	Translation adjustments	Retained earnings		Total
			on investments in		Appropriated	Unappropriated	
			available-for-sales securities		(Restated)	(Restated)	
			(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
<b>Balance as at 1 January 2006 - as previously reported</b>	1,188,116,740	1,491,912,500	(13,122,460)	97,195,102	125,900,000	12,072,101,008	14,962,102,890
Cummulative effect of the change in accounting policy for investments in subsidiary companies	-	-	13,122,460	(97,195,102)	-	(221,681,070)	(305,753,712)
<b>Balance as at 1 January 2006 - as restated</b>	1,188,116,740	1,491,912,500	-	-	125,900,000	11,850,419,938	14,656,349,178
Net income for the period (restated)	-	-	-	-	-	1,689,656,393	1,689,656,393
Dividend paid (Note 17)	-	-	-	-	-	(1,486,302,528)	(1,486,302,528)
Returned dividend	-	-	-	-	-	202,806	202,806
Increases share capital (Note 15)	56,603,453	-	-	-	-	-	56,603,453
<b>Balance as at 30 September 2006</b>	<u>1,244,720,193</u>	<u>1,491,912,500</u>	<u>-</u>	<u>-</u>	<u>125,900,000</u>	<u>12,053,976,609</u>	<u>14,916,509,302</u>
<b>Balance as at 1 January 2007 - as previously reported</b>	1,246,067,451	1,491,912,500	5,344,092	(887,053,299)	125,900,000	12,547,711,602	14,529,882,346
Cummulative effect of the change in accounting policy for investments in subsidiary companies	-	-	(5,344,092)	887,053,299	-	-	881,709,207
<b>Balance as at 1 January 2007 - as restated</b>	1,246,067,451	1,491,912,500	-	-	125,900,000	12,547,711,602	15,411,591,553
Net income for the period	-	-	-	-	-	1,565,385,523	1,565,385,523
Dividend paid (Note 17)	-	-	-	-	-	(1,621,519,968)	(1,621,519,968)
Returned dividend	-	-	-	-	-	11,846	11,846
Increased share capital (Note 15)	1,288,440	-	-	-	-	-	1,288,440
<b>Balance as at 30 September 2007</b>	<u>1,247,355,891</u>	<u>1,491,912,500</u>	<u>-</u>	<u>-</u>	<u>125,900,000</u>	<u>12,491,589,003</u>	<u>15,356,757,394</u>

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

(UNAUDITED BUT REVIEWED)

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

## STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
<b>Cash flows from operating activities:</b>				
Net income	2,214,919,142	1,657,813,343	1,565,385,523	1,689,656,393
Adjustments to reconcile net income to net cash from (used in) operating activities:				
Depreciation	655,108,148	782,759,670	542,543,146	620,682,308
Amortisation in premium/discount of forward contracts	9,443,814	2,927,031	9,409,097	2,769
Amortisation of goodwill	19,018,427	20,576,395	-	-
Amortisation of other intangible assets	42,718,022	59,052,638	-	-
Allowance for doubtful accounts (reversal)	(45,988,358)	(262,901,792)	(1,440,847)	(249,073,030)
Allowance for diminution in value of inventory (reversal)	(80,354,011)	(434,841,038)	15,696,235	(40,428,593)
Accrual of provisions	43,299,014	49,015,478	19,193,431	29,280,826
Loss from disposal of investments in available-for-sale securities	-	439,330	-	-
Share dividend received from investment in available-for-sale securities	(5,869,579)	(3,065,173)	-	-
Loss from disposal of investment in subsidiary	-	59,684,913	-	-
Gain from disposal of investment in associated company	-	(1,967,564)	-	-
Loss from disposal of property, plant and equipment	9,804,274	10,721,421	4,699,135	9,081,492
Allowance for impairment loss of assets	99,535,106	-	99,535,106	-
Share of income from investment in associated company	(62,059,826)	(25,264,146)	-	-
Allowance for diminution in value of investment in other parties	8,323,626	-	-	-
Unrealised (gain) loss on exchange rate	(136,015,191)	370,024,783	(140,299,376)	351,440,983
Minority interest in net income (loss) of subsidiaries	(109,434)	117,560	-	-
Income from operating activities before changes in				
operating assets and liabilities	2,771,773,174	2,285,092,849	2,114,721,450	2,410,643,148
(Increase) decrease in operating assets:				
Accounts receivable - trade	1,773,635,765	(320,931,541)	1,670,302,094	93,700,983
Amounts due from related parties	(1,205,342)	15,853,824	-	-
Inventories	1,217,066,186	(944,202,473)	409,731,508	(666,933,635)
Other current assets	48,902,255	(182,821,637)	(1,260,151)	(44,976,739)
Other non - current assets	(34,090,836)	8,036,608	(26,142)	74,586
Increase (decrease) in operating liabilities:				
Accounts payable - trade	(1,320,855,866)	1,447,077,947	(730,905,440)	785,289,917
Amounts due to related parties	(9,403,634)	28,006,032	49,172,830	29,188,169
Other current liabilities	238,356,782	205,757,421	(48,281,447)	347,483,557
Provisions	(258,121,132)	(366,081,951)	(41,268,897)	(86,589,462)
Other non-current liabilities	(6,282,388)	2,200,085	(410,000)	-
Net cash flows from operating activities	4,419,774,964	2,177,987,164	3,421,775,805	2,867,880,524

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

(UNAUDITED BUT REVIEWED)

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

## STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
<b>Cash flows from investing activities:</b>				
(Increase) decrease in deposit at bank with restrictions	(51,779,162)	22,824,604	-	-
Proceeds from disposal of investments in available-for-sale securities	-	10,270,438	-	-
(Increase) decrease in short-term loans to related parties	22,808,019	(31,433,821)	-	-
Net proceeds from disposal of investment in subsidiary	-	3,933,778	-	-
Increase in investments in subsidiaries	-	-	(517,890,000)	(2,580,681,180)
Decrease in consolidation goodwill	-	622,173,570	-	-
Increase in other intangible assets	(99,204)	(13,137,702)	-	-
Proceeds from return fund of investment in subsidiary company	-	-	-	161,226,234
Dividend received from investment in associated company	10,933,365	-	-	-
Proceeds from return fund of investment in associated company	-	100,176,153	-	-
Proceeds from return fund of investment in other parties	3,991,426	710,003	-	-
Acquisition of property, plant and equipment	(1,011,779,217)	(469,613,251)	(221,555,539)	(352,550,719)
Proceeds from disposal of property, plant and equipment	145,092,014	12,378,107	38,658,045	1,854,326
Net cash flows from (used in) investing activities	(880,832,759)	258,281,879	(700,787,494)	(2,770,151,339)
<b>Cash flows from financing activities:</b>				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(162,258,937)	247,184,287	-	-
Decrease in short-term loan from related parties	-	(23,945,224)	-	-
Repayment for long-term loan from financial institutions	-	(2,136,087,200)	-	-
Dividend paid	(1,621,519,968)	(1,486,302,528)	(1,621,519,968)	(1,486,302,528)
Returned dividend	11,846	202,806	11,846	202,806
Cash received from increase share capital	1,288,440	56,603,453	1,288,440	56,603,453
Net cash flows used in financing activities	(1,782,478,619)	(3,342,344,406)	(1,620,219,682)	(1,429,496,269)
<b>Decrease in translation adjustments</b>	(119,608,977)	(650,998,037)	-	-
Net increase (decrease) in cash and cash equivalents	1,636,854,609	(1,557,073,400)	1,100,768,629	(1,331,767,084)
Cash and cash equivalents - beginning of period	6,798,019,213	7,145,819,576	4,632,876,588	5,309,825,378
Cash and cash equivalents - end of period (Note 18)	8,434,873,822	5,588,746,176	5,733,645,217	3,978,058,294
<b>Supplemental cash flows information</b>				
Cash paid during the period for:				
Interest	163,417,701	135,766,753	-	14,100,354
Corporate income tax	96,221,382	90,767,281	437,443	802,117

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

(UNAUDITED BUT REVIEWED)

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED  
AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2007 AND 2006

**1. GENERAL INFORMATION**

**1.1 Corporate information**

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

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

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

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

**1.3 Basis of consolidation**

These consolidated financial statements include the financial statements of Delta Electronics (Thailand) Public Company Limited and its subsidiaries (“the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2006. However, there was the following change in the composition of the Group during the current period.

The meeting of the Board of Directors of the Company held on 9 March 2007 approved resolutions to increase its investment in DET International Holding Limited by approximately of USD 3 million, in order to fund investment in a new subsidiary in India, causing its investment in this subsidiary to increase from USD 121 million to USD 124 million. The Company paid the above amount on 11 April 2007. There is no impact on the composition of the Group.

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As at 9 April 2007, the Company incorporated the new subsidiary in India, “Delta Power Solutions India Private Limited”, with a registered capital of INR 225,000,000 (22,500,000 ordinary shares of INR 10 each). The subsidiary’s shareholders are DET International Holding Limited and DET Video Technology Limited, with shareholdings of 99.99 percent and 0.01 percent, respectively. The subsidiary called up share capital of INR 135,000,000 (13,500,000 ordinary shares of INR 10 each) and received payment in the second quarter of this year.

The meeting of the Board of Directors of the Company held on 8 August 2007 approved resolutions to increase the Company’s investment in DET International Holding Limited by approximately USD 12 million, in order for these funds to be invested in Delta Power Solutions India Private Limited for use in acquisition of plant and equipment, and as working capital. As a result the Company’s investment in DET International Holding Limited increased from USD 124 million to USD 136 million. The Company paid the amount on 30 August 2007. There is no impact on the composition of the Group.

As at 10 September 2007, Delta Power Solutions India Private Limited registered an increase in its share capital from INR 225,000,000 (22,500,000 ordinary shares of INR 10 each) to INR 620,000,000 (62,000,000 ordinary shares of INR 10 each) in line with additional investment made by a shareholders, DET International Holding Limited. The additional share capital was paid up on 4 September 2007. There is no impact on the composition of the Group.

#### **1.4 Adoption of new accounting standards**

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550 and 38/2550 regarding Thai Accounting Standards, and these have been published in the Royal Gazette. The Notifications mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

##### **a) Thai Accounting Standards (revised version) which are effective for the current year**

TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures

(UNAUDITED BUT REVIEWED)

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiary companies in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45, as discussed in Note 2. Thai Accounting Standards No. 46 is not relevant to the business of the Company.

**b) Thai Accounting Standards (revised version) which are not effective for the current year**

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 35	Presentation of Financial Statements
TAS 39	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41	Interim Financial Reporting
TAS 49	Construction Contracts

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

**1.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2006, except for the change in the accounting policy for recording investments in subsidiary companies in the separate financial statements from the equity method to the cost method, as described in Note 2 to the interim financial statements.

**2. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY COMPANIES IN THE SEPARATE FINANCIAL STATEMENTS**

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

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In this regard, the Company has restated the previous period's separate financial statements as though the investments in the subsidiary companies had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the three-month and nine-month periods ended 30 September 2007 by Baht 348 million (Baht 0.28 per share) and Baht 650 million (Baht 0.52 per share), respectively (2006: Loss decreasing by Baht 198 million (Baht 0.16 per share) and Baht 32 million (Baht 0.02 per share), respectively). The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for investments in subsidiary companies" in the separate statements of changes in shareholders' equity.

Such change in accounting policy affects only the accounts related to investments in subsidiary companies in the Company's separate financial statements, with no effect to the consolidated financial statements.

### 3. RELATED PARTY TRANSACTIONS

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policies
	Consolidated financial statements		Separate financial statements		
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,076	2,644	With reference to market prices
Sales of raw materials	-	-	1	11	With reference to market prices
Purchase of raw materials	-	-	20	31	With reference to market prices
Commission paid	-	-	453	273	Contract prices
<b><u>Transactions with related parties</u></b>					
Sales of goods	255	288	252	285	With reference to market prices
Sales of raw materials	10	9	8	9	With reference to market prices
Purchase of goods	59	-	-	-	With reference to market prices
Purchase of raw materials	100	192	16	57	With reference to market prices
Commission paid	77	170	70	170	Contract prices
Commission received	30	-	-	-	Contract prices
Services income	13	18	-	-	Agreed upon basic
Lending (Average balance of loans outstanding during period)	-	46	-	-	Interest at a rate reference to LIBOR + 1%
Borrowing (Average balance of loans outstanding during period)	-	7	-	-	Interest at a rate reference to LIBOR + 1%



## (UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policies
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	4,655	7,636	With reference to market prices
Sales of raw materials	-	-	7	212	With reference to market prices
Purchase of raw materials	-	-	35	104	With reference to market prices
Commission paid	-	-	865	701	Contract prices
Services income	-	-	8	-	Agreed upon basis
<b><u>Transactions with related parties</u></b>					
Sales of goods	813	880	804	872	With reference to market prices
Sales of raw materials	30	54	28	50	With reference to market prices
Purchase of goods	59	-	-	-	With reference to market prices
Purchase of raw materials	462	493	73	178	With reference to market prices
Commission paid	228	514	219	514	Contract prices
Commission received	77	-	-	-	Contract prices
Inspection received	-	77	-	-	Contract prices
Services income	41	56	-	-	Agreed upon basis
Sales of investments in subsidiary	-	38	-	-	At net book value
Lending (Average balance of loans outstanding during period)	14	41	-	-	Interest at a rate reference to LIBOR + 1%
Borrowing (Average balance of loans outstanding during period)	-	17	-	-	Interest at a rate reference to LIBOR + 1%

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

## (UNAUDITED BUT REVIEWED)

The balances of the account as at 30 September 2007 and 31 December 2006 between the Company and these related companies are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
		(Audited)		(Audited)
<b><u>Trade accounts receivable, related parties</u></b>				
<u>Subsidiary companies</u>				
DET Logistics (USA) Corporation	-	-	803,721,378	1,583,311,331
Delta Energy Systems (Switzerland) AG	-	-	183,234,013	100,399,487
Delta Energy Systems (Germany) GmbH.	-	-	11,389,900	9,193,672
Delta Energy Systems (India) Private Ltd.	-	-	282,668,069	65,630,595
Delta Energy Systems (Slovakia) s.r.o.	-	-	1,023	5,516,096
DET Video Technology Limited	-	-	-	1,073,660,278
Others	-	-	12,410,671	2,491,348
	-	-	1,293,425,054	2,840,202,807
<u>Other related parties</u>				
Delta Electronics Inc.	20,439,319	25,772,944	16,375,294	5,821,648
Delta Electronics (Japan) Ltd.	5,411,213	15,253,961	5,411,213	15,253,961
Delta Products Corporation Ltd.	180,234,058	162,103,457	180,221,856	162,029,795
Delta Electronics International Ltd.	41,165,850	11,640,688	27,097,353	11,573,942
Delta Network International Ltd.	16,702,560	10,236,770	16,702,560	10,236,770
Delta Electronics (Jiangsu) Limited	29,423,458	30,420,700	29,421,692	29,063,723
Addtron Technology (Japan) Limited	-	5,765,259	-	5,765,259
Deltronics (Netherland) BV	7,277,983	4,855,898	-	-
Delta Electronics (Hong Kong) Ltd.	1,236,482	6,637,670	-	-
Others	5,237,250	12,243,745	3,336,417	8,148,365
	307,128,173	284,931,092	278,566,385	247,893,463
Total trade accounts receivable, related parties	307,128,173	284,931,092	1,571,991,439	3,088,096,270
<b><u>Short-term loan to and amounts due from related parties</u></b>				
<u>Other related parties</u>				
Deltronics (Netherland) BV	1,205,342	22,058,020	-	-
Others	-	749,999	-	-
Total short-term loan to and amounts due from related parties	1,205,342	22,808,019	-	-
<b><u>Trade accounts payable, related parties</u></b>				
<u>Subsidiary companies</u>				
Delta Energy Systems (Germany) GmbH.	-	-	10,069,334	22,117,114
Delta Energy Systems (Finland) Oy.	-	-	707,631	1,714,374
Others	-	-	1,846,995	902,303
	-	-	12,623,960	24,733,791

## (UNAUDITED BUT REVIEWED)

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
	(Audited)		(Audited)	
<u>Other related parties</u>				
Delta Electronics Inc.	20,907,053	68,649,016	1,455,402	12,102,767
Delta Electronics (Japan) Ltd.	7,657,325	8,027,524	7,657,325	8,027,524
Delta Products Corporation Ltd.	5,432,286	5,298,524	3,534,989	4,905,717
Delta Electronics International Ltd.	193,613,323	26,522,048	5,409,748	17,509,643
Delta Video Technology Ltd.	696,726	60,000,228	-	-
Others	8,427,258	2,543,775	962,376	1,595,201
	<u>236,733,971</u>	<u>171,041,115</u>	<u>19,019,840</u>	<u>44,140,852</u>
Total trade accounts payable, related parties	<u>236,733,971</u>	<u>171,041,115</u>	<u>31,643,800</u>	<u>68,874,643</u>
<b><u>Amounts due to related parties</u></b>				
<u>Subsidiary companies</u>				
DET Logistics (USA) Corporation	-	-	17,432,601	16,064,188
Delta Energy Systems (Germany) GmbH.	-	-	111,775,478	42,287,044
Delta Energy System (Switzerland) AG	-	-	7,085,793	19,881,264
Delta Energy Systems (Arizona) Inc.	-	-	3,460,979	-
Delta Electronics Europe Ltd.	-	-	4,992,464	14,405,246
Delta Energy systems (India) Private Ltd.	-	-	5,749,588	-
Others	-	-	1,240,349	899
	<u>-</u>	<u>-</u>	<u>151,737,252</u>	<u>92,638,641</u>
<u>Other related parties</u>				
Delta Products Corporation Ltd.	26,421,667	47,441,542	26,421,667	47,441,542
Delta Electronics (Japan) Ltd.	8,226,070	8,489,846	8,226,070	8,489,846
Deltronics (Netherland) BV	7,089,101	5,754,631	-	-
Delta Electronics Inc.	9,987,129	25,167	9,987,129	25,403
Others	1,181,405	1,211,660	1,133,265	350,961
	<u>52,905,372</u>	<u>62,922,846</u>	<u>45,768,131</u>	<u>56,307,752</u>
Total amounts due to related parties	<u>52,905,372</u>	<u>62,922,846</u>	<u>197,505,383</u>	<u>148,946,393</u>

**Directors and management's remuneration**

For the nine-month period ended 30 September 2007, the Company paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling approximately of Baht 14 million (30 September 2006: approximately of Baht 11 million).

**Guarantee obligations with related parties**

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

(UNAUDITED BUT REVIEWED)

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

(Unit: Baht)

	30 September 2007		31 December 2006	
	Book value	Fair value	Book value	Fair value
<b>Available-for-sale securities</b>				
a) Cyntec Company Limited	47,363,716	78,843,812	41,581,590	55,610,735
b) Loyalty Founder Enterprise Company Limited	59,083,034	50,378,716	59,083,034	50,397,981
Total	106,446,750	129,222,528	100,664,624	106,008,716
Unrealised gain on investments in available-for-sale securities	22,775,778		5,344,092	
Translation adjustments	(16,137,828)		(16,636,356)	
Net investments in available-for-sale securities	113,084,700		89,372,360	

#### 5. TRADE ACCOUNTS RECEIVABLE

The aging of outstanding balances as at 30 September 2007 and 31 December 2006 is as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2007	31 December 2006	30 September 2007	31 December 2006
<u>Trade accounts receivable, related parties</u>				
Current	292,919,811	235,792,240	1,507,442,108	2,727,803,240
Past due 1 - 3 months	6,691,816	42,589,149	31,530,002	320,110,065
Past due 3 - 6 months	3,263,549	1,135,662	4,957,419	21,487,475
Past due 6 - 12 months	2,033,939	4,717,819	15,498,333	15,571,512
Past due over 12 months	2,219,058	696,222	12,563,577	3,123,978
Total	307,128,173	284,931,092	1,571,991,439	3,088,096,270

(UNAUDITED BUT REVIEWED)

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>30 September 2007</u>	<u>31 December 2006</u>	<u>30 September 2007</u>	<u>31 December 2006</u>
		(Audited)		(Audited)
<u>Trade accounts receivable, unrelated parties</u>				
Current	5,522,536,630	6,879,268,036	2,976,321,277	2,939,664,294
Past due 1 - 3 months	699,049,587	962,929,956	430,211,953	489,150,613
Past due 3 - 6 months	97,797,404	76,391,985	51,719,545	36,358,155
Past due 6 - 12 months	20,655,555	46,134,511	11,721,222	14,659,917
Past due over 12 months	33,194,826	55,146,489	13,971,295	9,113,705
Total	<u>6,373,234,002</u>	<u>8,019,870,977</u>	<u>3,483,945,292</u>	<u>3,488,946,684</u>
Total trade accounts receivable	6,680,362,175	8,304,802,069	5,055,936,731	6,577,042,954
Less: Allowance for doubtful accounts	<u>(58,341,725)</u>	<u>(104,330,083)</u>	<u>(14,658,228)</u>	<u>(16,099,075)</u>
Trade accounts receivable - net	<u>6,622,020,450</u>	<u>8,200,471,986</u>	<u>5,041,278,503</u>	<u>6,560,943,879</u>

## 6. ALLOWANCE FOR DIMINUTION IN VALUE OF INVENTORY

Movement in the allowance for diminution in value of inventory account during the nine-month period ended 30 September 2007 is summarised below.

	(Unit: Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2007	(773,345,140)	(240,685,692)
Add: Allowance increase during the period	-	(15,696,235)
Less: Reversal of allowance during the period	<u>80,354,011</u>	<u>-</u>
Balance as at 30 September 2007	<u>(692,991,129)</u>	<u>(256,381,927)</u>

## 7. DEPOSITS AT BANK WITH RESTRICTIONS

The balance as at 30 September 2007 mainly represented bank deposits of approximately CNY 20.7 million and USD 0.6 million of a subsidiary in the Republic of China which are subject to restrictions under the laws of the Republic of China and bank deposits of approximately EUR 1.6 million of a subsidiary in Germany which are subject to pension fund restrictions.

(UNAUDITED BUT REVIEWED)

**8. INVESTMENTS IN SUBSIDIARY COMPANIES AND INVESTMENTS IN ASSOCIATED COMPANY**

These represent investments in ordinary shares in the following subsidiary and associated companies

(Unit: Baht)

Company's name	Separate financial statements						
	Issued and paid up capital			Shareholding percentage		Cost	
	Foreign currency	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
				%	%		(Audited) (Restated)
<b>Subsidiary companies</b>							
DET International Holding Limited	USD	135,675,626	120,675,626	100	100	5,231,621,326	4,713,731,326
Delta Energy Systems (Switzerland) AG	CHF	20,000,000	20,000,000	100	100	2,414,917,694	2,414,917,694
Total						7,646,539,020	7,128,649,020
Allowance for diminution in value of investment in subsidiary companies						(2,196,003,765)	(2,196,003,765)
<b>Total investments in subsidiary companies - net</b>						<u>5,450,535,255</u>	<u>4,932,645,255</u>

(Unit: Baht)

Company's name	Consolidated financial statements								
	Issued and paid up capital			Shareholding percentage		Cost		Carrying amounts based on equity method	
	Foreign currency	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006	30 September 2007	31 December 2006
				%	%			(Audited)	(Audited)
<b>Associated company</b>									
(owned by DET International Holding Limited)									
Delta Green (Tianjin) Industries Company Limited	USD	20,000,000	20,000,000	50	50	394,383,470	394,383,470	535,866,712	463,805,170
Translation adjustment						-	-	(64,102,734)	(42,290,963)
<b>Total investments in associated company</b>						<u>394,383,470</u>	<u>394,383,470</u>	<u>471,763,978</u>	<u>421,514,207</u>

(UNAUDITED BUT REVIEWED)

Assets, liabilities and the operating results of the subsidiaries of the Company, DET Video Technology Limited, Delta Energy Systems (Romania) S.R.L., Delta Energy Systems (Arizona) Inc. and Delta Power Solutions India Private Limited, which are included in the Company's consolidated financial statements based on figures prepared by the managements of those subsidiaries which have not yet been reviewed by their auditors. However, the figures for the assets, liabilities and the operating results of those subsidiaries are immaterial to the consolidated financial statements.

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

## 9. INVESTMENTS IN OTHER PARTIES

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

	The Company's interest		Consolidated financial statements	
	in equity capital			
	<u>30 September 2007</u>	<u>31 December 2006</u>	<u>30 September 2007</u>	<u>31 December 2006</u>
	%	%	(Audited)	
IP Fund One, L.P. (owned by DET International Holding Limited)	3.84	3.84	342,905,968	346,897,384
Ezonics Corporation Company Limited (owned by DET International Holding Limited)	16.49	16.49	50,582,003	50,582,003
Total investment in other parties			393,487,971	397,479,387
Less: Allowance for diminution in value of investment in other parties			(143,226,634)	(135,027,026)
Translation adjustments			(53,554,204)	(42,398,846)
<b>Investments in other parties - net</b>			<u>196,707,133</u>	<u>220,053,515</u>

(Unit: Baht)

(UNAUDITED BUT REVIEWED)

## 10. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2007 are summarized below.

	(Unit: Baht)	
	<u>Consolidated</u>	<u>Separate</u>
	<u>financial statements</u>	<u>financial statements</u>
<b>Net book value as at 1 January 2007</b>	3,600,423,845	3,053,417,397
Acquisitions during period - cost	1,011,779,217	221,555,539
Disposals during period - net book value at disposal date	(154,896,288)	(43,357,180)
Depreciation for period	(655,108,148)	(542,543,146)
Allowance for loss on impairment of assets	(99,535,106)	(99,535,106)
Translation adjustments	16,952,663	-
<b>Net book value as at 30 September 2007</b>	<u>3,719,616,183</u>	<u>2,589,537,504</u>

The Company recorded allowance for loss on impairment of assets amounting to approximately Baht 99.5 million for plant and equipment related to video display production, since the Company has decided to reduce its production volume of video display in line with its long term business strategy of not manufacturing products which generate low profit margins. Production of video displays generated net sales for the nine-month period ended 30 September 2007 amounting to approximately of Baht 1,881 million and had a profit margin of approximately 8 percent (for the nine-month period ended 30 September 2006: sales of approximately Baht 6,131 million and gross profit margin at approximately of 12 percent).

## 11. CONSOLIDATION GOODWILL

	(Unit: Baht)
	<u>Consolidation goodwill</u>
<b>Balance as at 31 December 2005</b>	1,055,292,092
Decrease during year	(692,314,569)
Amortisation	(29,895,916)
Translation adjustment	(215,720)
<b>Balance as at 31 December 2006</b>	<u>332,865,887</u>
Amortisation	(19,018,427)
Translation adjustment	(10,536)
<b>Balance as at 30 September 2007</b>	<u>313,836,924</u>
Remaining useful life	<u>15 years 9 months</u>



(UNAUDITED BUT REVIEWED)

Baht 19 million of amortisation has been included in the income statements for the nine-month period ended 30 September 2007.

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

- A. During the year 2006 an adjustment entry was made in relation to past acquisitions, requiring consolidation goodwill arising from the acquisition of 4 subsidiary companies to be adjusted. The 4 subsidiary companies comprise of Delta Energy Systems (Germany) GmbH., Delta Energy Systems (Arizona) Inc., Delta Energy Systems (Guangzhou) Ltd. and Delta Energy Systems (Czech Republic), spol.s.r.o.. As a result, consolidation goodwill decreased by approximately Baht 461 million.
- B. During the year 2006 the Company received a cash refund of approximately CHF 5.1 million, or approximately Baht 161 million, from the seller of the Company's investment in Delta Energy Systems (Switzerland) AG Group, based on the conditions stipulated in the Share Purchase Agreement related to the acquisition. The effect to consolidation goodwill was approximately Baht 161 million.
- C. During the year 2006 DET International Holding Limited sold all of the ordinary shares comprising its investment in Newton Power Limited to a related company, Delta International Holding Limited. The effect to consolidation goodwill was approximately Baht 70 million.

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

Bank overdrafts and short-term loans from financial institutions as at 30 September 2007 and 31 December 2006 consist of

	Interest rate (percent per annum)	Consolidated financial statements	
		30 September 2007	31 December 2006
Bank overdrafts	9.50 - 11.00%	55,992,107	191,251,081
Short-term loans from financial institutions	4.32 - 9.75%	1,622,418,898	1,649,418,861
Total		1,678,411,005	1,840,669,942

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

(UNAUDITED BUT REVIEWED)

### 13. ACCRUED EXPENSES

The balance as at 30 September 2007 mainly represented accrued expenses and provisions, totaling approximately Baht 1,275 million related to employee costs, product sales of the Company and its subsidiaries and claims (Separate financial statement: Baht 701 million). The management of the Company and its subsidiaries believes that actual expenditures will be close to the amount estimated and accrued in the records of the Company and its subsidiaries.

### 14. PROVISIONS

The outstanding balances as at 30 September 2007 and 31 December 2006 are as follows:

	Consolidated financial statements					Separate financial statements
	Pension	Restructuring costs	Warranty	Other provisions	Total	Warranty
<b>Balance as at 31 December 2006 (Audited)</b>	921	175	233	161	1,490	65
Add: Arising during period	45	27	55	11	138	48
Less: Decrease during period	(40)	(98)	(49)	(72)	(259)	(41)
Less: Reversal during period	-	(31)	(29)	(34)	(94)	(29)
Translation adjustments/ unrealized gain on exchange rate	19	3	-	1	23	(3)
<b>Balance as at 30 September 2007</b>	<b>945</b>	<b>76</b>	<b>210</b>	<b>67</b>	<b>1,298</b>	<b>40</b>
Current liabilities	4	74	41	9	128	40
Non-current liabilities	941	2	169	58	1,170	-
<b>Balance as at 30 September 2007</b>	<b>945</b>	<b>76</b>	<b>210</b>	<b>67</b>	<b>1,298</b>	<b>40</b>
Current liabilities	4	173	76	41	294	65
Non-current liabilities	917	2	157	120	1,196	-
<b>Balance as at 31 December 2006 (Audited)</b>	<b>921</b>	<b>175</b>	<b>233</b>	<b>161</b>	<b>1,490</b>	<b>65</b>

(UNAUDITED BUT REVIEWED)

## 15. SHARE CAPITAL / WARRANTS

The Annual General Meeting of the shareholders held on 30 March 2005 approved a resolution to issue up to 59,000,000 warrants for offer to executive directors and other employees of the Company. The warrants can be exercised to subscribe to newly issued ordinary shares in a ratio of 1 warrant per 1 ordinary share, at an exercise price of Baht 1 each. They are a one-time issue and have a life of 5 years, with the exercise period commencing on the last business day of January 2006. The meeting also approved a resolution to increase the Company's registered share capital by 59,000,000 shares to support the exercise of the warrants, resulting in an increase in the number of ordinary shares comprising the registered share capital from 1,200,000,000 shares to 1,259,000,000 shares. The Company registered the increase in its registered share capital with the Ministry of Commerce on 7 April 2005 and listed its warrants on the stock Exchange of Thailand on 28 December 2005.

The Meeting of the Board of Directors of the Company held on 13 February 2007 approved resolutions to pay a dividend to shareholders. As a result the Company adjusted the exercise ratio of the warrants in the manner stated in the prospectus, such that 1 warrant can be exercised to purchase 1.082 ordinary shares at a price of Baht 1 per share, effective from 6 March 2007.

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

	Number of warrants	Increase in paid up share capital from warrant exercise	Date of registration of additional shares from warrant exercise with the Ministry of Commerce
	(Unit)	(Baht)	
Outstanding as at 31 December 2006	1,274,250	57,950,711	
Exercised during January 2007	(1,217,850)	1,255,601	7 February 2007
Exercised during April 2007	(700)	757	14 May 2007
Exercised during July 2007	(29,652)	32,082	6 August 2007
Outstanding as at 30 September 2007	<u>26,048</u>	<u>59,239,151</u>	

As of 30 September 2007 the issued and paid-up share capital of the Company has increased by Baht 1,288,440 as a result of the exercise of the above warrants, to Baht 1,247,355,891 (1,247,355,891 ordinary shares of Baht 1 each).



## (UNAUDITED BUT REVIEWED)

Separate financial statements						
For the three-month periods ended 30 September						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
(Restated)				(Restated)		
<b>Basic earnings per share</b>						
Net income	454,074,226	807,818,934	1,247,345,081	1,243,058,925	0.36	0.65
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	37,191	3,689,500		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>454,074,226</u>	<u>807,818,934</u>	<u>1,247,382,272</u>	<u>1,246,748,425</u>	<u>0.36</u>	<u>0.65</u>

Separate financial statements						
For the nine-month periods ended 30 September						
Net income		Weighted average number of ordinary shares		Earnings per share		
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
(Restated)				(Restated)		
<b>Basic earnings per share</b>						
Net income	1,565,385,523	1,689,656,393	1,247,188,067	1,236,038,139	1.26	1.37
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	-	-	192,467	10,639,526		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>1,565,385,523</u>	<u>1,689,656,393</u>	<u>1,247,380,534</u>	<u>1,246,677,665</u>	<u>1.25</u>	<u>1.36</u>

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## 17. DIVIDENDS

Dividends declared in 2007 and 2006 consisted of the followings:

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

## 18. CASH FLOWS STATEMENTS

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

	(Unit: Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	30 September		30 September	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	8,505,893,888	5,203,400,862	5,804,641,544	3,592,363,520
Unrealised (gain) loss on exchange rate	<u>(71,020,066)</u>	<u>385,345,314</u>	<u>(70,996,327)</u>	<u>385,694,774</u>
Cash and cash equivalents in the statements of cash flows	<u>8,434,873,822</u>	<u>5,588,746,176</u>	<u>5,733,645,217</u>	<u>3,978,058,294</u>

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## 19. FINANCIAL INFORMATION BY SEGMENT

The businesses of the Company and its subsidiaries mainly involve the single industry segment of the manufacture, distribution and service of electronic products and are mainly carried on both in Thailand and overseas. The financial information of the Company and its subsidiaries by geographical segment, for the three-month and nine-month periods ended 30 September 2007 and 2006 is as follow:

(Unit: Million Baht)

Consolidated financial statements														
For the three-month periods ended 30 September														
	Thailand		Asia		America		Europe		Total		Eliminated		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue from external customers	4,460	6,012	751	429	941	3,654	1,701	1,445	7,853	11,540	-	-	7,853	11,540
Inter-segment revenues	1,076	2,655	-	-	1	1,926	1,638	1,333	2,715	5,914	(2,715)	(5,914)	-	-
Total revenues	<u>5,536</u>	<u>8,667</u>	<u>751</u>	<u>429</u>	<u>942</u>	<u>5,580</u>	<u>3,339</u>	<u>2,778</u>	<u>10,568</u>	<u>17,454</u>	<u>(2,715)</u>	<u>(5,914)</u>	<u>7,853</u>	<u>11,540</u>
Segment operation income (loss)	485	773	142	12	22	60	174	(209)	823	636			788	506
Unallocated income (expenses):														
Other income													101	175
Share of income from investment in associated company													36	12
Amortisation in premium/discount of forward contracts													(9)	-
Amortisation of intangible assets													(21)	(30)
Gain from disposal in investment in associated company													-	2
Loss on disposal of property, plant and equipment													(10)	-
Interest expenses													(13)	(20)
Corporate income tax													(70)	(35)
Net income													<u>802</u>	<u>610</u>

(UNAUDITED BUT REVIEWED)

(Unit: Million Baht)

Consolidated financial statements														
For the nine-month periods ended 30 September														
	Thailand		Asia		America		Europe		Total		Eliminated		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue from external customers	13,054	15,802	1,789	1,314	5,882	9,706	4,552	5,040	25,277	31,862	-	-	25,277	31,862
Inter-segment revenues	4,669	7,848	-	-	975	3,656	4,014	4,043	9,658	15,547	(9,658)	(15,547)	-	-
Total revenues	17,723	23,650	1,789	1,314	6,857	13,362	8,566	9,083	34,935	47,409	(9,658)	(15,547)	25,277	31,862
Segment operating income (loss)	1,584	1,868	306	25	134	22	(81)	(360)	1,943	1,555			2,078	1,472
Unallocated income (expenses):														
Compensation income from cancellation order													188	-
Other income													257	443
Share of income from investment in associated company													62	25
Amortisation in premium/discount of forward contracts													(9)	(3)
Amortisation of intangible assets													(62)	(79)
Loss on diminution in value of investment in other company													(8)	-
Gain on disposal of investment in associated company													-	2
Loss from disposal of investment in subsidiary													-	(60)
Loss on disposal of property, plant and equipment													(10)	(11)
Interest expenses													(149)	(96)
Corporate income tax													(132)	(35)
Net income													2,215	1,658

Transfer prices between business segments are as set out in Note 3 to the financial statements.



## **20. COMMITMENTS AND CONTINGENT LIABILITIES**

### **20.1 Capital commitments**

As at 30 September 2007, the Company and its subsidiaries had capital commitments amounting to Baht 72 million and INR 217 million for the purchase of machineries and equipments and had operating lease commitments amounting to CHF 1 million, EUR 8 million and INR 518 million.

### **20.2 Letters of guarantee**

As at 30 September 2007 the Company and its subsidiary companies have the following outstanding significant letters of guarantee required in the ordinary course of their business:

20.2.1 Outstanding letters of guarantee for totals of approximately Baht 774 million have been issued by banks to meet requirements of the Company (including a letter of guarantee for approximately Baht 740 million issued by a bank to meet obligations of the Company to the Revenue Department in relation to the tax assessment mentioned in note 20.3.1 to the financial statement), and outstanding letters of guarantee for totals of approximately INR 231 million, SKK 20 million, USD 0.4 million and EUR 0.4 million have been issued by banks to meet requirements of the subsidiary companies.

20.2.2 Outstanding letters of guarantee for totals of approximately SKK 450 million, INR 55 million and USD 58 million issued by the Company to meet requirements of its subsidiary companies.

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

### **20.3 Tax assessment**

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

20.3.2 During the year 2006, an overseas subsidiary is currently being subjected to a duty inspection by the Customs Department in relation to an export permit. The legal counselor of the subsidiary estimated the maximum assessment at not more than EUR 2.2 million. However, the Company has not recorded a provision since there is still uncertainty as to such assessment of duty.

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

#### **20.4 Litigation**

As at 30 September 2007, a lawsuit had been filed against an overseas subsidiary company, claiming a total of INR 2 million. The case is currently being heard by the Court. However, the management of the Company and the subsidiary believe that no significant damage will be suffered by the Company and its subsidiary and no provision for the contingent liability has therefore been set aside in such accounts.

### **21. FINANCIAL DERIVATIVES**

#### **Forward contracts / Option contracts**

As at 30 September 2007, outstanding significant balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

<u>Foreign currency</u>	<u>Financial assets</u>	<u>Financial liabilities</u>
	(Million)	(Million)
Brazil real	18	4
Chinese yuan	26	-
Czech koruna	465	5
US dollar	182	63
EURO	17	5
New Taiwan dollar	94	-
Sweden kronor	110	20
Japanese yen	34	286
Slovak koruna	327	-
Swiss franc	5	-
Ruble	71	-

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As at 30 September 2007, the outstanding derivatives for managing the exposure to foreign currency risk are as follows:

### 21.1 Forward contracts

	Amount		Forward rate		Maturity date	
Forward contracts to "Sell"						
USD/THB	USD	128 million	33.2750 - 34.2730	THB/USD	October - December 2007	
EUR/USD	EUR	2 million	1.3799	USD/EUR	December 2007	
Forward contracts to "Buy"						
SKK/EUR	SKK	67 million	33.5000	SKK/EUR	November 2007	
USD/INR	USD	2 million	40.6000	INR/USD	October 2007	

### 21.2 Special condition option agreements

A subsidiary of the Company has entered into the various special condition option agreements with the overseas financial institutions, as follows:

- a. A subsidiary company has entered into a buy/sell "Call/Put special-condition option" agreement with an overseas financial institution. If one of the conditions as stipulated in the agreement is met, the subsidiary company and the overseas financial institution have to perform in accordance with the agreement. The types of performance obligations agreed are as follow:
  - The subsidiary has an option to sell EUR 2 million to the overseas financial institution at the contractual exchange rate of 1.376 USD/EUR, or
  - The overseas financial institution has the option to buy EUR 2 million from the subsidiary at the contractual exchange rate of 1.376 USD/EUR, or
  - Both parties can early terminate the contract before the termination date of 9 October 2007.
- b. A subsidiary company has entered into a buy/sell "Call/Put special-condition option" agreement with an overseas financial institution. If one of the conditions as stipulated in the agreement is met, the subsidiary company and the overseas financial institution have to perform in accordance with the agreement. The types of performance obligations agreed are as follow:
  - The subsidiary has an option to sell EUR 2 million to the overseas financial institution at the contractual exchange rate of 1.368 USD/EUR, or
  - The overseas financial institution has the an option to buy EUR 4 million from the subsidiary at the contractual exchange rate of 1.368 USD/EUR, or

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- Both parties can early terminate the contract before the termination date of 3 October 2007.
- c. The subsidiary has entered into a buy/sell “Call/Put special-condition option” agreement with an overseas financial institution. The amount of foreign currency to be bought or sold under this contract depend on conditions stipulated in the contracts, with the maximum amount being USD 3 million at the contractual exchange rate of 40.38 INR/USD. This agreement will mature in November 2007.
- d. The subsidiary has entered into a buy/sell “Call/Put special-condition option” agreement with an overseas financial institution. The amount of foreign currency to be bought or sold under this contract depend on conditions stipulated in the contracts, with the maximum amount being EUR 3 million at the contractual exchange rate of 33.75 SKK/EUR. This agreement will mature in October 2007.

## **22. SUBSEQUENT EVENTS**

- 22.1 During October 2007, 20,800 warrants were exercised to purchase 22,505 new ordinary shares and leaving 5,248 warrants unexercised.
- 22.2 The meeting of the Board of Directors of the Company held on 9 November 2007 approved resolutions to:-
  - a. Restructure and expand the operations of the power system business.
  - b. Restructure the shareholding of Delta Green (Tianjin) Industries Company Limited.

## **23. RECLASSIFICATION**

In addition to the change in accounting policy as mentioned in Note 2, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the prior period have been reclassified to conform to the current period's classifications, but with no effect to previously reported net income or shareholders' equity other than from the change in accounting policy.

## **24. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2007.