

May 11, 2006

To: The President

The Stock Exchange of Thailand

Re: Explanation on the operating results in Q1-06

Delta Electronics (Thailand) Public Co.,Ltd., would like to inform on the Company and its subsidiaries operating results in the first quarter of 2006 as follows.

1. Sales revenue in Q1-06 decreased by 7.3% from Baht 10,165 million in Q1-05 to Baht 9,420 million. This was mainly because of the reduction in sales of PSBG1 product group (mainly switching power supply and adapter) of approximately 36% and display product group (VDBG) around 23% in the same period of last year. The major items decreased in the VDBG product group were CRT and LCD monitors. However, the LCD TV sales were substantially increased about 200% from Q1-05 to partly replace the decrease in the sales of monitors in Q1-06.
2. Gross profit margin has significantly been improved from 16.6% in Q1-05 to 20.8% in Q1-06. The gross profit as a result, increased from Baht 1,690 million in Q1-05 to Baht 1,960 million. The improvement in the gross profit margin was due to the significant increase in sales of the two product groups including CPBG (mainly DC fan and EMI filter) of about 62% and PSBG2 (mainly power supply for networking and DC-DC converter) of about 22% over its sales in Q1-05. EMI filter provided a major contribution in the sales of CPBG product group with an increase in its sales revenue of about 59% from Q1-05. With the satisfactory profit margin, these two product groups, therefore, contributed more operating profit to the Company as compared to those of the other product groups in this quarter.
3. Selling and admin expenses (SG&A) in Q1-06 slightly reduced from 14.6% of sales in Q1-05 to 14.5%. Due to a significantly improved gross margin with the almost unchanged SG&A, the operating profit margin, was satisfactorily improved from 2.0% in Q1-05 to 6.3% in Q1-06.

4. The net profit of the Company and its subsidiaries in Q1-06, in spite of having incurred a loss on exchange rate of approximate Baht 276 million, has increased from Baht 184 million in Q1-05 to Baht 452 million in Q1-06, representing an increase of 146% over the same period of last year.

Yours sincerely,

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Mr. Wang, Ming-Cheng /Miss Niramol Tantipuntum  
Vice Chairman / Director