



*Delta Electronics (Thailand) Public Company Limited*



ANNUAL REPORT 2009

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# Our Mission

“To provide innovative, clean and efficient energy solutions for a better tomorrow”

## Corporate Culture

Dare to change, and pursue sustainability



### Innovation

Effectively create new concepts and take them to success

### Customer Satisfaction

Anticipate customer needs and exceed expectations

### Quality

Deliver consistently superior performance and pursue every possible improvement

### Teamwork

Fully leverage global value networks and collaborate to achieve mutual goals

### Agility

Identify emerging trends and act quickly to capture new opportunities



Ng, Kong Meng (James)  
Chairman

## Message from the Board of Directors

We are welcoming 2010 with a little more optimism like the rest of the world. 2009 was a year of uncertainties and financial turbulences in the global economies. The overall power supply industry had suffered substantial decline in sales revenues whereas Delta Thailand had maintained a satisfactory gross margin of 26.2% which is better than that of last year. This was based on the consolidated 2009 sales revenue of Baht 26,995 million and reflected a 17.8% decline from 2008. Although the revenue decline was significant, the better than forecasted profit margin and huge reduction in foreign exchange losses from Baht 62.5 million to a mere Baht 6.9 million at the close of 2009 may attest to the fact that our relentless focus on the right products and execution of sound strategies have borne fruits. We were thus on track in minimizing the inevitable external impact the global economies have on us.

The power supply industry's recovery has been consistent since it bottomed out in Q1 2009. Delta Thailand strong financial foundation, forward-looking strategies and decisive execution had also landed us in a better position than many of our competitors. For instance, we had effectively reduced our fixed cost to maintain profitability in 2009 and invested a great deal in Talent Development Program to ensure continuity of strong world class leaderships for the organization. The board strongly believes that only with good leaders can a company seize the right growth opportunities during good times and maintain profitability during bad times.

Our adoption of the ambidextrous organization has also enabled us to sustain and grow established markets while concurrently nurture new businesses including automotive powertrain and thermal solutions, Delta branded solar inverter and Delta branded industrial power supply. This can be seen in the healthy growth trend for our solar inverters in France and Eastern Europe. Two key components contributing to these new businesses are innovation and branding. The considerable marketing and R&D expenses are part of the long term strategy to utilize our varied strengths in the power industry to diversify the businesses into new areas of growth. Momentous revenue growth can thus be expected in the coming years.

Delta Thailand's world class manufacturing presence in Asia and Eastern Europe coupled with its strong R&D capability in Germany,

USA, China and Thailand, will position us well to ride Asia's strong economic recovery and EU's resilient alternative energy market. M&A efforts will continue in 2010 so as to bolster our endeavor to penetrate the global alternative energy market at a time when most major economies are more determined than ever to reduce their reliance on diminishing and expensive conventional energies.

Instead of painting a brash optimistic picture for 2010, the Board of Directors would like to take a cautious view and continue to keep the company on its toes with the ambidextrous organization while being guided by our 3 core values in Innovation, Speed (service and execution) and Greener power solutions. It is also imperative that these directions are in sync with our company's long term strategy and vision in order to achieve sustainable and healthy organic growth for the coming years.

It had been a very difficult and humbling year for all of us. We are therefore much delighted and honored to have you- the customers, vendors, and employees to weather through such challenging times with us. In addition, our accomplishments would not have been possible without the support from the various governments and the shareholders where we have engaged our businesses. We would like to thank you and express our utmost gratitude for your understanding and continuous support over the year.

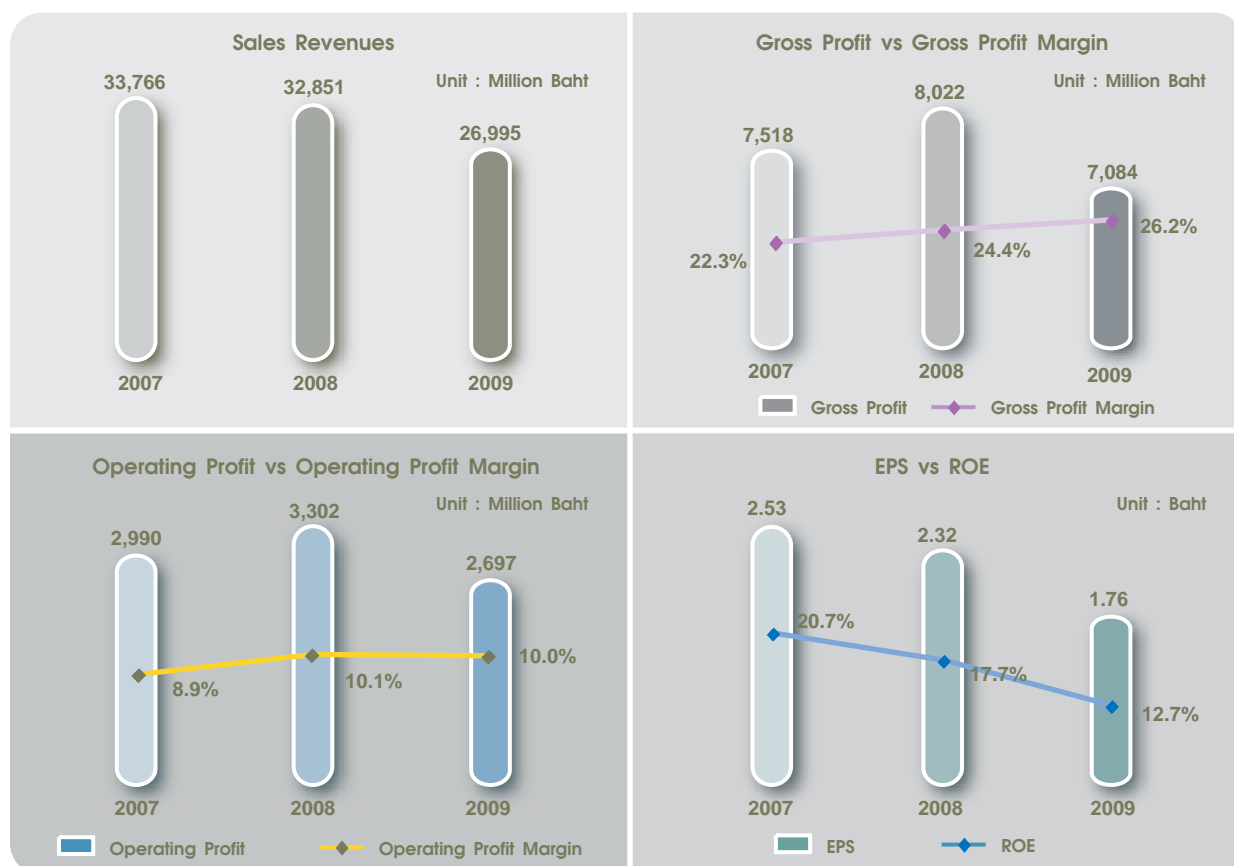


Hsieh, Heng-Hsien (Henry)  
President

# Financial Highlights 2007-2009

Unit : Million Baht	Consolidated			The Company Only		
	2009	2008	2007	2009	2008	2007
Total Assets	27,078	26,881	26,255	22,815	21,311	21,053
Total Liabilities	9,430	10,035	10,379	4,409	4,049	4,885
Paid-Up Capital	1,247	1,247	1,247	1,247	1,247	1,247
Total Shareholders' Equity	17,648	16,846	15,876	18,406	17,262	16,168
Sales Revenues	26,995	32,851	33,766	17,500	21,349	23,568
Total Revenues	27,264	33,296	34,714	17,659	21,878	23,900
Gross Profit	7,084	8,022	7,518	4,864	5,245	5,091
Operating Profit	2,697	3,302	2,990	2,495	2,594	2,211
Net Profit	2,190	2,898	3,155	2,516	3,090	2,377
<b>Unit : (%)</b>						
Gross Profit Margin	26.24	24.42	22.27	27.80	24.57	21.60
Operating Profit Margin	9.99	10.05	8.86	14.25	12.15	9.38
Net Profit Per Revenues	8.03	8.70	9.09	14.25	14.12	9.94
ROE	12.70	17.71	20.72	14.11	18.49	15.05
Return On Assets	8.12	10.91	12.03	11.40	14.59	11.25
<b>Unit : Baht</b>						
EPS	1.76	2.32	2.53	2.02	2.48	1.91
Dividend Per Share	1.50*	1.10	1.60	1.50*	1.10	1.60
Book Value Per Share	14.15	13.51	12.73	14.76	13.84	12.96

\* Pending approval from shareholders' meeting



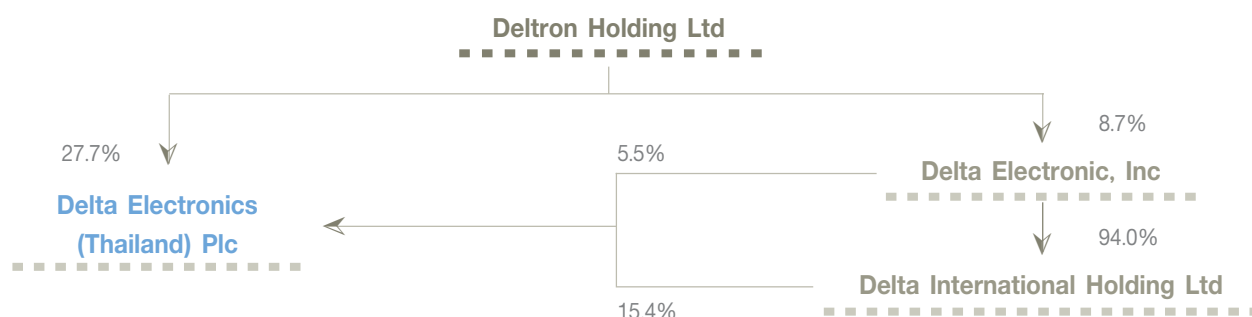
# NATURE OF BUSINESS

The Company is a manufacturer and exporter of power supplies and electronics equipment and parts. At present, The Company has 2 main plants in Thailand located in Bangpoo Industrial Estate, Samutprakarn and Wellgrow Industrial Estate, Chachoengsao and oversea plants in India (located in Rudrapur, New Delhi and Pondicherry) and Slovakia in Dubnica nad Vahom.

The Company are now divided its products into 4 main groups as follows;

1. Power Supply Product Group
  - 1.1 Consumer Electronics Power includes Adaptor and Charger for consumer electronics and industrials, Switching Power Supply for Networking & Boardband and printer.
  - 1.2 IT Power includes power supplies for storage and server.
  - 1.3 DC-DC Converter
2. DES Power Product Group provides Higher end Custom Designed Power Supplies for information technology, telecommunications, industrial application, and etc.
3. Telecom Power Product Group includes Telecom Power Solutions (TPS) and UPS
4. Component Product Group includes Cooling Fan, EMI filter and Solenoid

## Shareholding structure of Delta Electronics (Thailand) (As of 31 December 2009)



According to the above shareholding structure, Deltron Holding Ltd. is the Company's major shareholder. They also have invested in Delta Electronics, Inc (DEI) and Delta International Holding Ltd., both of which are engaged in the manufacturing and sale of electronic components with production bases in Taiwan and China. Although some of the products being manufactured by Delta Electronics Inc are of the same type as the Company's, the clienteles are not the same as the main target markets of the Company. For this reason, the products manufactured by companies under Delta Electronics Inc's group and Delta Thailand do not directly compete with each other.

## REVENUES STRUCTURE

Revenue structure of the Company and its subsidiaries is as follows;

Unit : Million Baht

Product Group	2009		2008		2007	
	Revenue	%	Revenue	%	Revenue	%
<b>Power Supply Product</b>	<b>6,731</b>	<b>24.9%</b>	<b>9,018</b>	<b>27.5%</b>	<b>10,021</b>	<b>29.7%</b>
- Consumer Electronics Power (CEBG)	3,330	12.3%	4,752	14.5%	5,294	15.7%
- IT Power (HPBG)	1,276	4.7%	1,509	4.6%	1,543	4.6%
- DC-DC Power (PSBG)	2,125	7.9%	2,757	8.4%	3,184	9.4%
<b>DES Power</b>	<b>8,082</b>	<b>29.9%</b>	<b>10,574</b>	<b>32.2%</b>	<b>9,041</b>	<b>26.8%</b>
<b>Telecom Power (ESBG)</b>	<b>7,700</b>	<b>28.5%</b>	<b>8,339</b>	<b>25.4%</b>	<b>7,041</b>	<b>20.9%</b>
<b>Component (CPBG)</b>	<b>3,848</b>	<b>14.3%</b>	<b>4,657</b>	<b>14.2%</b>	<b>3,968</b>	<b>11.8%</b>
- EMI filter & Solenoid	1,459	5.4%	1,701	5.2%	1,618	4.8%
- Cooling Fan	2,389	8.8%	2,956	9.0%	2,350	7.0%
<b>Display (VDBG)</b>	<b>-</b>	<b>0.0%</b>	<b>-</b>	<b>0.0%</b>	<b>3,431</b>	<b>10.2%</b>
<b>Others</b>	<b>634</b>	<b>2.3%</b>	<b>263</b>	<b>0.8%</b>	<b>264</b>	<b>0.8%</b>
<b>Total Sales Revenues</b>	<b>26,995</b>	<b>100%</b>	<b>32,851</b>	<b>100.0%</b>	<b>33,766</b>	<b>100.0%</b>

Remark: Please see the section of Management Discussion and Analysis for further explanation.

# PRODUCTION CAPACITY IN 2009

## 1. Power Supply

### 1.1 Consumer Electronics Power

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	7,500 sq.m
No. of operators	:	685
Production line	:	SPS 10 lines (for Boardband 4 lines, Printer 1 line and Industrial electronics 5 lines)
Production capacity:		SPS for Boardband 420,000 units/month SPS for Printer 320,000 units/month SPS for Industrial electronics 870,000 units/month
Actual production	:	80% of production capacity

### 1.2 IT Power

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	2,748 sq.m
No. of operators	:	230
Production line	:	SPS 4 lines (for Storage 3 lines and Server 1 line)
Production capacity:		SPS for Storage 36,000 units/month SPS for Server 12,000 units/month
Actual production	:	80% of production capacity

### 1.3 DC-DC Converter

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	6,800 sq.m
No. of operators	:	300
Production line	:	19 lines
Production capacity:		1,000,000 units/month
Actual production	:	80% of production capacity

## 2 DES Power Product

### 2.1 Thailand Plant

Location	:	Bangpoo Industrial Estate, Samutprakarn
Production area	:	19,500 sq.m
No. of operators	:	1,490
Production line	:	28 lines
Production capacity	:	400,000 units/month
Actual production	:	70% of production capacity

### 4.2 Slovakia Plant

Location	:	Dubnica nad Vahom, Slovak Republic
Production area	:	13,000 sq.m
No. of operators	:	724
Production capacity	:	50,000 units/month and 2,500 complete systems/month
Actual production	:	67% of production capacity



### 3. Telecom Power Product

3.1 Thailand Plant : Production facilities are now shared with those of DES Products Group

3.2 India Plant

Location : Plot No 38, Phase 1, Sector 5, Integrated Industrial Estate,  
Pantnagar (Rudrapur), Udham Singh Nagar, Uttarakhand India -263153

Production area : 13,500 sq.m

No. of operators : 286

Production line : Telecom power systems 10 lines.

Production capacity : 5,500 units/month

Actual production : 47% of production capacity

### 4. Component Product

4.1 Cooling Fan

Location : Wellgrow Industrial Estate, Chachoengsao

Production area : 16,700 sq.m

No. of operators : 1,300

Production line : 30 lines

Production capacity : 3,000,000 units/month

Actual production : 75% of production capacity

4.2 EMI Filter

Location : Wellgrow Industrial Estate, Chachoengsao

Production area : 5,400 sq.m

No. of operators : 560

Production line : 25 lines

Production capacity : 5,000,000 units/month

Actual production : 70% of production capacity

4.3 Solenoid/ Magnetic

Location : Wellgrow Industrial Estate, Chachoengsao

Production area : 5,100 sq.m

No. of operators : 250

Production line : 30 lines

Production capacity : Magnetic 10,000,000 units /month

Solenoid 3,000,000 unit/month

Actual production : 65% of production capacity

# Product Profiles

## 1. Power Supply Product Group

Power supply is an integrated circuit system which provides stable direct current (DC) power supply from alternate current (AC) voltage to electronic equipment and parts in computer, telecommunication equipment and household electrical tools. The main current customers of the power supplies are Cisco, HP, IBM, Xerox, Sun Microsystems, Black & Decker, Motorola, Canon, GE, Avaya, Huawei, and etc.



### 1.1 Consumer Electronic Power Supplies

Consumer electronic power supplies include industrial and consumer electronic chargers, adapters and IT networking power supplies.



### 1.2 IT or High Power-Power Supplies

This group comprises mainly storage, server and other high voltage power supplies.



### 1.3 DC-DC Converter

DC-DC converter is an electronic device mainly used in information technology and telecommunication industries. Its main application is to transform the input DC to different output DC voltages as required by users. Currently the main DC-DC converter produced by the Company is VRM (Voltage Regulated Module) and power module for IT and telecommunication equipment. Its main application is to supply the stable voltage to micro processor that generally generates unstable load (Dynamic load) while being operated.

## 2. DES Power Product Group

Delta Energy Systems (DES) product group is generally composed of custom designed products for information technology, telecommunications, industrial applications, office automation, medical industries, and solar power system. As technology leader, our customized products are packed with innovative technologies.

Owing to our possession of ample power supply design experiences for years, DES offers a complete range of high power density customized power supply for customers including Cisco, Motorola, Nokia, Ericsson, Lucent, HPQ, Phoenix, Hitachi, IBM, Linde, Sun Microsystems, Perkin Elmer, Google and etc.



## 3. Telecom Power Product Group

This group primarily includes Telecom Power Solutions (TPS) and Uninterruptible Power Systems (UPS). TPS are widely used in telecom and data networks providing solutions for indoor applications comprising of small to bulk power systems and customizable outdoor solution ranging from IP43-IP56. TPS product line comprises all the components used in telecommunication power system i.e. AC/DC rectifiers, DC/DC Converters, DC/AC inverters, power system controllers, shelves, indoor and outdoor power system cabinets and etc. Delta UPS includes On-Line topologies ranging from 1-4000KVA providing comprehensive power quality and power management solutions across diverse applications.



## 4. Component Product Group

Products in this group comprises ;



### 4.1 Cooling Fan

Cooling fans are designed to help remove heat from the high speed electronic system. These cooling fans can be categorized into many types such as base fan, blower and fan tray. Each fan design has its own characteristics and application that are derived solely from the customer's specific needs. Most of the cooling fan's customers are the reputable world class producers in the electronic industry, such as Intel, Lucent Technologies, Cisco, HPQ, IBM, Nokia, W.E.T Automotive, Ericsson, Motorola, Visteon, Amerigon.



#### 4.2 EMI Filter

Electromagnetic Interference (EMI) Filter is an electronic component used in electronic and electrical products. The function of EMI filter is to reduce noise and interference which pass through electronics and electrical products. EMI filter has been used in various industries, including home appliances, computer, machine tools, telecommunication system, automation system and air conditioning system. The major customers are Philips, Sony, Apple, Panasonic, Fagor, BSH, Daikin, Otis, Mitsubishi, Hitachi and etc.



#### 4.3 Solenoid Valve

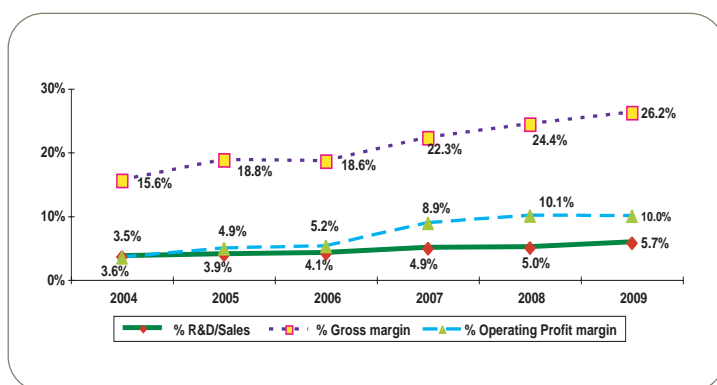
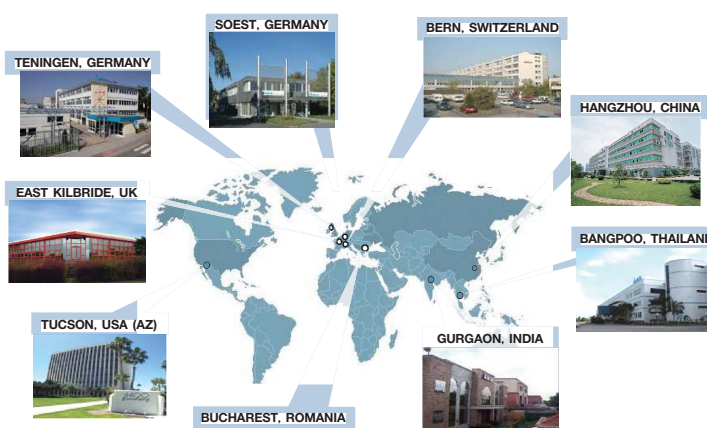
Solenoid valve is one of the electronic components mainly used in electrical automatic controller such as electric valve, electric lock and etc. The solenoid valves are also applied in many industries, thus the customers are varied. Delta Thailand now has a strong capability to produce a wide variety of solenoids to serve customers in various industries.



# Research and Development

Over 600 engineers world-wide are employed in DET R&D centers located in Thailand, Germany, Switzerland, Romania, Scotland(UK), USA, India, and China. An excellent combination of knowledge, technology, and productivity is achieved with frequent staff exchange between centers for training and transfer of technology.

Deliberate R&D effort has been sustained despite the adverse economic environment. Evolution towards higher-end, higher-value products, continued to translate into increased gross-profit margins.



Environment and green design remains a major consideration in DET product design. Continuous improvements in energy efficiency have been achieved in power supplies for computer servers, data-storage systems and telecommunication. Many power supplies now exceed the “Climate Savers Computing Gold Requirements”, and reach the high rating of “Gold” level.

R&D effort has been especially important to support the development of new businesses, expanding the product catalog for photo-voltaic solar power, and design of electrical power converters for automotive.

## Solar Photo-Voltaic Inverters: Product Line Expansion

Delta Thailand started delivery of 5 kW string inverters, and 100 kW central inverter systems.

Energy efficiencies over 95% have been achieved using the new technologies of full digital control and high frequency resonant power converter. Combined with intelligent digital MPP tracking the inverter delivers maximum performance under all operating conditions.

Building on the technology achievements, R&D focus is to continue to expand the product line to cater for more markets, such as transformer-less and three phase inverters.



A-100 kW photovoltaic CI-100 installation was inaugurated at a riding stable in Teningen, Germany

## Automotive: Components for Electrical and Hybrid Vehicles

The growing market of electrical vehicles (pure electrical, hybrid, or pluggable hybrid) has opened opportunities for Delta Thailand to leverage its unique technology know-how and develop several critical components that power the vehicle, with the benefits of energy efficiency, small size, light weight, and reliability.

Below diagram displays the key components produced by Delta Thailand. The car power train requires multiple converters to transfer energy in and out of the battery:

### DC-AC motor drive inverter:

generates three-phase AC voltage to the electric motor to propel the car, and feeds back to the battery the energy recovered during braking.

### AC-DC battery charger:

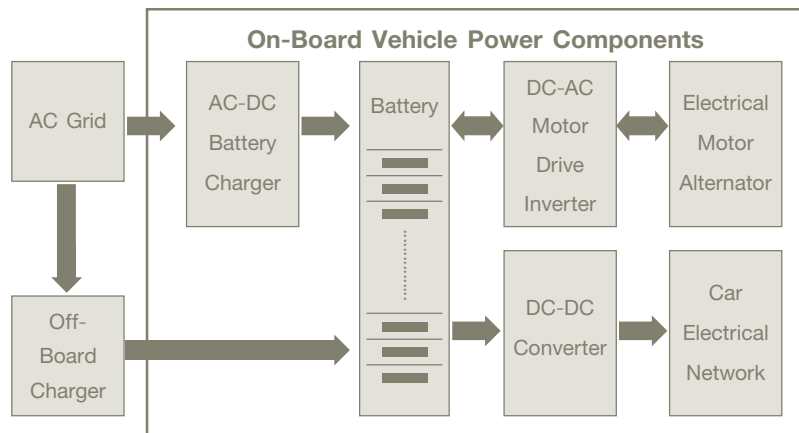
re-charges the battery from the AC utility.

### DC/DC converter:

supplies low voltage 12V to power the car electrical equipment (lighting, air-con, etc)

### Off-board charger:

stationary high-power AC-DC charger for fast battery charge



# INDUSTRY OUTLOOK IN 2010

## Global Switching Power Supply Market

The economical crisis that started in 2008 is expected to still have a negative influence on the global power supply market in 2010. After a tremendous decline of approximately 16% in 2009, IMS Research expected the market to recover slightly in 2010 and to grow stronger in 2011.

The total market for merchant power supplies will be 16.9 billion US\$ in the year 2010, compared to 16.2 billion US\$ in 2009. It is expected that the market will grow to a size of 17.8 billion US\$ in the year 2011. The market is not predicted to recover to the 2008 level until 2013.

Geographically, Asia continues to be the dominant and fastest growing region, followed by Americas and EMEA regions respectively. The 2009-2010 revenue growth in Asia Pacific region will be about 5.2%, followed by Americas at about 4.2% and EMEA region at about 3.7%.

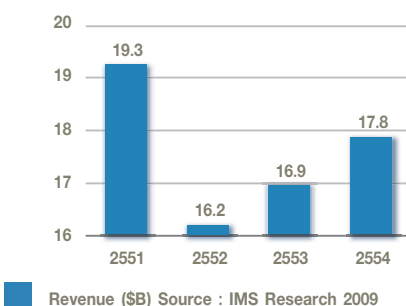
Due to the strong economic downturn in 2009 every sector except lighting will recover only with a slow growth in 2010. The total market CAGR from 2008 to 2013 is just 2.8%.

The market for power supplies in LED Lighting application is still in relative infancy and is expected to have the highest growth rate, although this market size is not projected to exceed \$200 million in 2013.

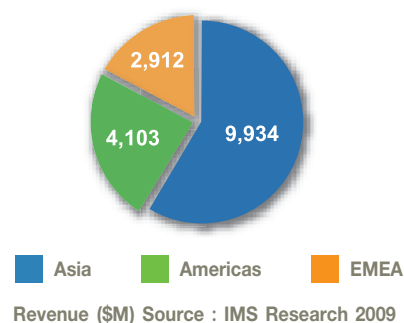
All power supply types are expected to experience a fall in average selling price and price competition will be still high. The high volume power supply market is dominated by low cost Asian suppliers.

In the difficult market situation in 2008 Delta maintained its position as the largest supplier to the global market. Its share has grown 0.5% in 2008 from 2007 to 16.5%. Emerson, the second largest supplier has, according to IMS Research, a market share of 10%.

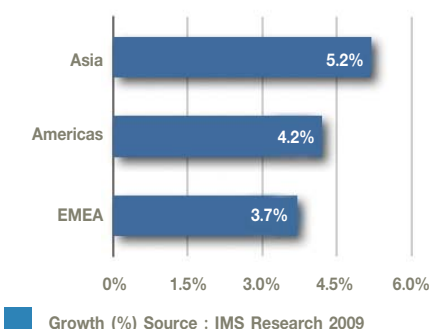
The Worldwide Market for Merchant Power Supplies



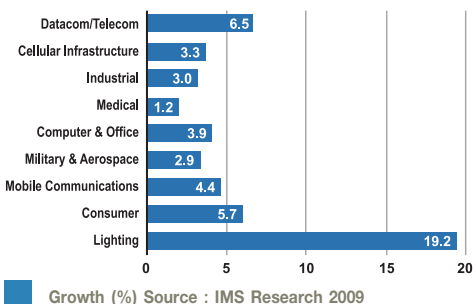
Geographical Split 2010



Geographical Revenue Growth 2009-2010



Expected Power Supply Growth by Sector 2009-2010



# Business Direction in 2010

Delta Thailand has withstood the turbulent year of 2009 and is again confident to have a strong performance in the coming year of 2010. We will continue to strengthen our organization and have our emphasis on Green energy solutions. Our focus is consequently divided into the following four business segments, each categorized by customer buying characteristics.

- 1) Global ODM
- 2) Regional Integration
- 3) Global Branding & Regional Distribution
- 4) Consumer Handheld Devices

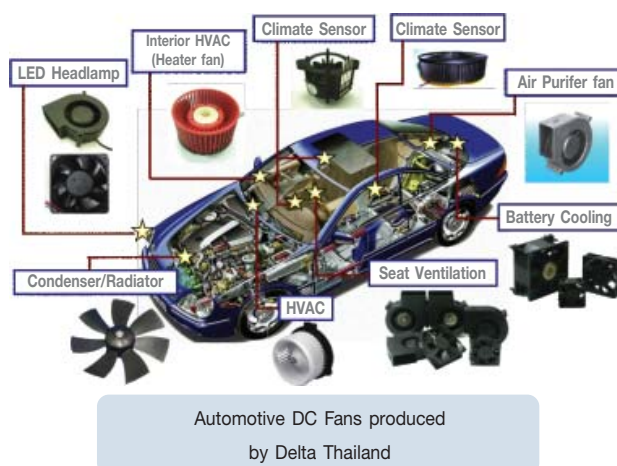
## Segment 1 (Global ODM)

Following good results in our core DMS businesses in the year of 2009, there will again be many major projects in 2010.

When looking at our high end server, storage and networking power supply business, our major customers are IBM, Sun Micro, LSI, Cisco, Google and etc. We are also working with Facebook to power their data centers. We will continue to raise the bar to push for higher efficiency with our products, which will help with our commitment to help the planet in the face of a global effort to reduce greenhouse gas emissions and carbon footprint. And to better satisfy our customers, as well as be better prepared for uncertainties in current conditions, we will also look to have more shipment flexibility. Thirdly, a never-ending point of focus would be to improve upon cost competitiveness so that the greatest value is passed onto our customers. We will maintain the success we have had, and aim to outperform ourselves in areas that need improvement.

On the automotive front, we are working with first tier and second tier players including Lear, Tesla, GM, Daimler and etc. Full product roadmap of AC chargers, DC converters and station chargers will be developed in 2010. We already have cooperation with multiple major automakers and will keep work on having our product development and manufacturing process fully qualified. In 2009, our automotive fan sales have had a very fruitful year due to the revival of the auto market. In 2010, we expect to have multiple new automotive fan projects to be initiated as well.

As for the EMI & solenoid business, we have managed to open project with major white goods makers in 2009 and expect to receive orders in 2010. New hydraulic valves for home appliance and irrigation system integration have also been promising. In consideration of all these good progress, the major task for the EMI business are 2 folds: 1) to enforce strict oversight and make sure all projects reach mass production stage successfully in the 1<sup>st</sup> half of 2010 2) Focus on new business opportunities relating to energy saving home appliances and renewable energy related industries.





## Segment 2 (Regional Integration)

In the past year of 2009, the telecom power systems business was impacted quite severely by the economic downturn, but still managed a healthy result. Our major customers in this segment are Indus Towers, Bharti Infratel, Alcatel Lucent, Ericsson, Nokia Siemens Network and Vodafone. We managed to launch the 95% efficiency, 4000W telecom power rectifier in India. Relatively, our market share in the Telecom power supply segment has continued to grow and we have been building our capability to offer the most complete power solution (site electrical design, power conditioning, power conversion, power storage, and installation / commissioning and maintenance services) to our telecom customers. Building on the past success, the major task in 2010 for the telecom business will be to continue to consolidate our position as a market leader, and at the same time, focus on cost optimizing activities to improve the bottom line. We will increase investment in India to set-up a R&D team in Southern India to expedite and enhance our product development activities. We will also focus on stepping up our market share in the Brazilian and Middle East regions and challenge for the #1 position worldwide.

## Segment 3 (Global Branding & Regional Distribution)

For our new businesses, the key principle would be “shortest time to market with highest quality of complete product line”. The main emphasis is still on our solar inverters and related alternative energy components. We will expedite the process to strengthen the organization in charge of those product lines, both hardware and software wise. These respective markets have proven to have high growth potentials and will ensure our continued profitability into the future.

For solar business, we have shipped the first commercial central inverters to customers in 2009 and improved upon gross profit margin for most of our products. Our goal to open up channels for our solar products was also successful. In 2010, we will launch 15 new Delta branded solar inverters for the European region to fully cover the 2KW to 100KW range, as well as 3 new residential products for US, Korea and Australia.

## Segment 4 (Consumer Handheld)

We are also venturing into new territories to take on new challenges in different business & product segments. An example would be Innergie, a brand we established to focus on consumer lifestyle energy solutions. In 2009, Innergie has begun launching a series of universal notebook

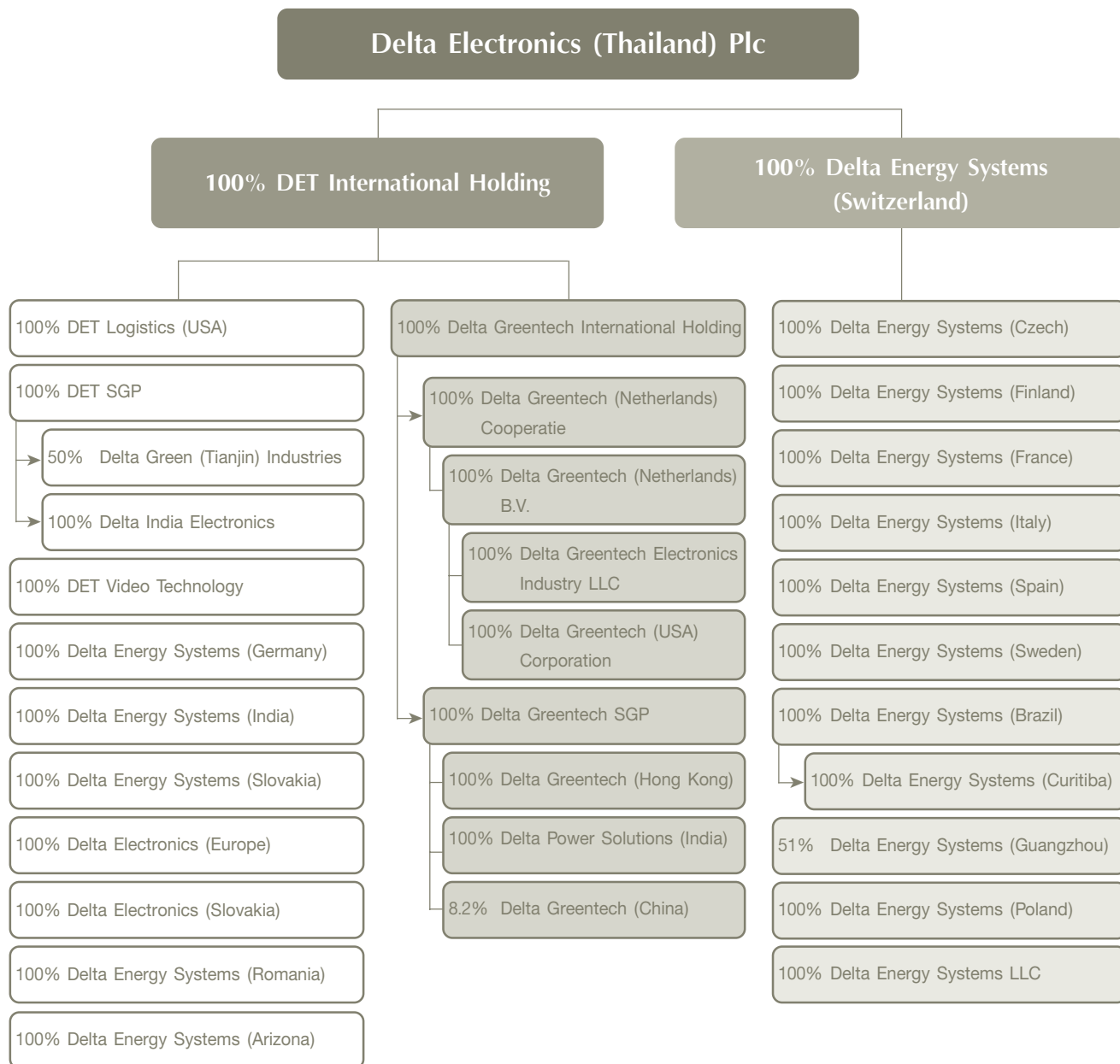
adapters/chargers and will continue to have new products in the year 2010. We have already had success early in the year winning the prestigious iF Product Design Award with three of the newest models. It is imperative for us to take care of these new ventures which are still in their infancy to ensure fruitful returns in the future

We have started 2010 very well with a large amount of inrush orders. Conversely, our challenge would be to manage the material shortage situation that is a common problem across industries. In line with the Delta tradition, we will embrace the challenge and continue to deliver top class quality products that are on spec, on cost and on schedule.



# INVESTMENT STRUCTURE

(as of 15 January 2010)



Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
1. DET International Holding Ltd.	Scotia Centre, 4 <sup>th</sup> Floor, George Town, Grand Cayman, Cayman Islands	Business Investment		Common Stock	USD 200,000,000	USD 194,776,350	100
1.1 DET Logistics (USA) Corporation	4405 Cushing Parkway Fremont, CA 94538 USA. Tel: +1 510 668 5100 Fax: +1 510 668 0680	Logistic Service in USA		Common Stock	USD 1,000,000	USD 500,000	100
1.2 DET Video Technology Ltd.	Portcullis, Trust Net, Chambers, Po.Box 3444 Road Town, Tortola, Bristish Virgin Island Tel: 284 494 5296 Fax: 284 494 5283	Business Investment		Common Stock	USD 100,000	USD 100,000	100
1.3 Delta Energy Systems (Germany) GmbH	Coesterweg 45, D-59494 Soest, Germany Tel: +49 2921 987 0 Fax: +49 2921 987 404	- Marketing & Sales - R&D	- Power Systems - Power Supply - Other electronics products	Common Stock	EUR 2,300,813.45	EUR 2,300,813.45	100
1.4 Delta Energy Systems (India) Pvt. Ltd.	Plot No. 27, Sector - 34, Phase IV, Udyog Vihar, Gurgaon, India 122001 Tel: +91 124 5169040 Fax: +91 124 5036045	- Marketing & Sales - Assembler	Power Systems	Common Stock	INR 44,500,000	INR 40,476,020	100
1.5 Delta Energy Systems (Slovakia) s.r.o.	Botanicka 25/A, SK-841 04, Bratislava Slovakia Tel: +421 2 65411 258 Fax: +421 2 65411 283	Marketing & Sales	Telecom Power Systems	Common Stock	EUR 6,639	EUR 6,639	100

Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
1.6 Delta Electronics Europe Ltd	1 Redwood Court, Peel Park Campus, East Kilbride G74 5PF, UK Tel: +44 1355 588 888 Fax: +44 1355 588 889	- Providing services & supports to customers of Delta Group - R&D	- Power Systems - Power Supply - Other electronics products	Common Stock	GBP 1,000,000	GBP 500,000	100
1.7 Delta Electronics (Slovakia) s.r.o	Priemyselna ulica 4600/1, SK - 018 41 Dubnica nad Vahom, Slovakia Tel: +421 42 466 1111 Fax: +421 42 466 1130	- Manufacturing	Custom Design / OEM Power Systems	Common Stock	EUR 24,980,947	EUR 24,980,947	100
1.8 Delta Energy Systems (Romania) S.R.L.	Str.Negru Voda Nr. 2, Bl. C4 Sc.A, Suite 14-15. Sect 3,RO-70462 Bucharest, Romania Tel: +40 1 321 3653 Fax: +40 1 322 1644	R&D	Board Mounted Power	Common Stock	RON 395,200	RON 395,200	100
1.9 Delta Energy Systems (Arizona) Inc.	c/4400 E. Broadway. Suite 803, Tucson, Arizona, USA 85711 Tel: +1 520 326 8401 Fax: +1 520 326 8366	R&D	Power Systems	Common Stock	USD 200,000	USD 200,000	100
1.10 DET SGP Pte Ltd.	1 Kaki Bukit Road, 1 #03-29, Enterprise One, Singapore 415934 Tel: +65 6747 5155 Fax: +65 6744 9228	Business Investment, Trading, Marketing, After-Sales-Services, Business Management and Consultancy Service		Common Stock	USD 21,937,460	USD 21,937,460	100
1.10.1 Delta Green (Tianjin) Industries Co., Ltd.	168, No.15 Coastal Way, Tianjin Port Free Trade Zone, Tianjin P.R. China. Tel: 8622 2576 0371 Fax: 8622 2576 0380	Manufacturing	radio frequency components	Common Stock	USD 20,000,000	USD 20,000,000	50
1.10.2 Delta India Electronics Pvt. Ltd.	Plot No. 34, Phase IV, Udyog Vihar, Gurgaon, India 122016 Tel: +91 124 2399040 Fax: +91 124 6349114	- Marketing & Sales - Manufacturing	Electronic products except TPS/UPS	Common Stock	INR 520,000,000	INR 520,000,000	100



Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
<b>1.11 Delta Greentech International Holding Ltd.</b>	<b>Scotia Centre, 4/F, P.O. Box 2804, George Town, Grand Cayman KY1-1112, Cayman Islands</b>	<b>Business Investment aim for Telecom Power Business</b>		<b>Common Stock</b>	<b>USD 100,000,000</b>	<b>USD 45,920,670</b>	<b>100</b>
1.11.1 Delta Greentech (Netherlands) Cooperaties UA	Zandsteen 15, 2132MZ Hoofddorp, Netherlands	Business Investment aim for Telecom Power Business		Common Stock	EUR 4,927,869	EUR 4,927,869	100
1.11.1.1 Delta Greentech (Netherlands) B.V.	Zandsteen 15, 2132MZ Hoofddorp, Netherlands	Business Investment aim for Telecom Power Business		Common Stock	EUR 4,917,869	EUR 4,917,869	100
1.11.1.1.1 Delta Greentech Electronics Industry LLC	Akaretler, Besiktas/Istanbul at Süleyman Seba Caddesi No: 48 BJK Plaza B Blok Kat:12, Turkey	- Trading - Assembler	- Telecom Power Systems - UPS	Common Stock	TRY 700,000	TRY 700,000	100
1.11.1.1.2 Delta Greentech (USA) Corporation	701 Brazos Street, Suite 1050 Austin TX 78701, USA	- Marketing & Sales - Assembler	- Telecom Power Systems - UPS	Common Stock	USD 6,000,000	USD 6,000,000	100
1.11.2 Delta Greentech SGP Pte Ltd.	No 1 Kaki Bukit Road, 1 #03-29, Enterprise One, Singapore 415934 Tel: +65 6747 5155 Fax: +65 6744 9228	Business Investment		Common Stock	USD 39,275,670	USD 39,275,670	100
1.11.2.1 Delta Greentech (Hong Kong) Ltd.	21 <sup>st</sup> Floor, Prosperity Center, 25 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong	Trading	- Telecom Power Systems - Other electronics products	Common Stock	HKD 775,000	-	100
1.11.2.2 Delta Power Solutions (India) Pvt. Ltd.	Plot No.28, Sector 34, EHTP, Gurgaon, India 122001 Tel: +91 124 2399040 Fax: +91 124 6349114	- Marketing & Sales - Assembler	- Telecom Power Systems - UPS	Common Stock	INR 1,220,000,000	INR 1,220,000,000	100
1.11.2.3 Delta Greentech (China) Co.,Ltd.	No 238 Minxia Road, Pudong District Shanghai, China Tel: +86 21 58635678 Fax: +86 21 38983692	Trading	- Telecom Power Systems - Display - Automotive	Common Stock	RMB 568,000,000	RMB 568,000,000	8.2

Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
<b>2. Delta Energy Systems (Switzerland) AG</b>	<b>Freiburgstrasse 251, CH-3018 Bern-BUMpliz, Switzerland</b> <b>Tel: +41 31 998 5311</b> <b>Fax: +41 31 998 5485</b>	- Marketing & Sales - R&D - Business Investment	Power Module	Common Stock	CHF 20,000,000	CHF 20,000,000	100
2.1 Delta Energy Systems (Czech Republic), spol. s r.o.	Litevská 1174/8, 100 00 Praha 10, Czech Republic Tel: +420 272 019 330 Fax: +420 271 751 799	- Marketing & Sales - R&D - Assembler - Custom Design / OEM	- Power Systems - Board Mounted Power - Other electronics products	Common Stock	CZK 8,000,000	CZK 8,000,000	100
2.2 Delta Energy Systems (Finland) Oy	Juvan Teollisuuskatu 15, PL63 FI-02921 Espoo, Finland Tel: +358 9 8496 60 Fax: +358 9 8496 6100	- Marketing & Sales - Assembler	Power Systems	Common Stock	EUR 285,919.47	EUR 134,550.34	100
2.3 Delta Energy Systems (France) S.A.	Actipark - Bois Chaland2, 15, rue des Pyrénées - BâtC, 91090 LISSES, France Tel: +33 1 69 77 82 60 Fax: +33 1 64 97 05 77	Marketing & Sales	Power Systems	Common Stock	EUR 1,605,000	EUR 1,605,000	100
2.4 Delta Energy Systems (Italy) s.r.l.	Via I Maggio 6, IT-40011 Anzola dell'Emilia, Italy (BO) Tel: +39 051 733 045 Fax: +39 051 731 838	- Marketing & Sales - Assembler	Power Systems	Common Stock	EUR 100,000	EUR 100,000	100
2.5 Delta Energy Systems (Spain) S.L.	Calle Luis I n° 60, Nave 1a, P.I. de Vallecas, E-28031 Madrid, Spain Tel: +34 91 223 7420 Fax: +34 91 332 9038	- Marketing & Sales - R&D - Assembler - Custom Design / OEM	- Power Systems - Board Mounted Power - Other electronics products	Common Stock	EUR 200,000	EUR 200,000	100
2.6 Delta Energy Systems (Sweden) AB	Annavägen 3, P.O.Box 3096, S-350 33 Växjö, Sweden Tel: +46 470 70 68 00 Fax: +46 470 70 68 90	- Marketing & Sales - R&D - Assembler - Custom Design / OEM	- Power Systems - Board Mounted Power - Other electronics products	Common Stock	SEK 2,010,000	SEK 2,010,000	100

Company	Location	Type of Business	Type of product	Type of Stock	Registered Capital	Paid up Capital	% Holding
2.7 Delta Energy Systems (Brazil) S/A	Rua Jardim Ivone, 17 - Conj. 13 e 14 Paraiso, CEP 04105-020, Sao Paulo -SP- Brazil Tel: +55 11 3568 3850 Fax: +55 11 3568 3865	- Marketing & Sales - Assembler - OEM	- Power Systems - UPS	Common Stock	BRL 6,545,368.23	BRL 6,545,368.23	100
2.7.1 Delta Energy Systems (Curitiba)	Rua Almirante Alexandrino, 1130-Bairro Afonso Pena CEP 83040-420, Sao Jose dos Pinhais - PR, Brazil Tel: +55 41 2141 6363 Fax: +55 41 2141 6300	Providing Engineering Service to DES Brazil		Common Stock	BRL 1,000	BRL 1,000	100
2.8 Delta Energy Systems (Guangzhou) Ltd.	139 Zhongshan Da Dao, Tianhe District, Guangzhou, China 510630 Tel: +86 20 8568 6003 Fax: +86 20 8568 6301	- Marketing & Sales - Assembler - Custom Design / OEM	Power System	Common Stock	USD 6,000,000	USD 3,212,435	51
2.9 Delta Energy Systems (Poland) Sp. z o.o	Poleczki 23, Street 02-822 Warsaw, Poland Tel: +48 22 335 2600 Fax: +48 22 335 2601	- Marketing & Sales - Assembler	Power System	Common Stock	PLN 500,000	PLN 500,000	100
2.10 Delta Energy Systems LLC	Vereyskaya Plaza II, Office 401, Vereyskaya Ulitsa 29, K.134 B 121357 Moscow, Russia Tel: +7 495 644 3240 Fax: +7 495 644 3241	Marketing & Sales	Power System	Common Stock	RUR 30,000	RUR 30,000	100

Currency Exchange Rates (Average): (30 Dec 09)

1 BRL = 0.57065 USD	1 CHF = 0.97087 USD	1 CZK = 0.05605 USD	1 EUR = 1.46000 USD	1 GBP = 1.63000 USD
1 HKD = 0.12903 USD	1 INR = 0.02149 USD	1 PLN = 0.35211 USD	1 RON = 0.34602 USD	1 RMB = 0.14641 USD
1 RUR = 0.03333 USD	1 SEK = 0.14021 USD	1 TRY = 0.66225 USD		

# Risk Factors

It is apparent that business operation nowadays is facing increased complexity and fluctuation. It is rather a challenge for every business to establish appropriate risk management plan to help reduce adverse effects, given the fact that type of risks and size of impacts are varied among industries. Delta (Thailand) anticipates and evaluates its own seven possible major risks and sets out plans and procedures to help mitigate potential impact on the Company and its subsidiaries as follows:

## 1. Foreign Exchange

The Company engages in export business with significant activities in the imports of raw materials. Fluctuation of currency therefore plays a crucial role on operating results. The effect would be even greater on consolidated results as its subsidiaries, particularly those in the emerging countries such as India, Brazil, Russia, have currencies of high volatile nature. Negative impact on operating results could happen, should there be no appropriate measure to manage foreign currency risks.

In 2009, in spite of varieties of fluctuations, the Company managed to reduce foreign exchange losses to Baht 6.9 million from Baht 62.4 million incurred last year. Thanks to the Company's foreign exchange management policy, it allowed the Company to fully hedge the net exposure of each foreign currency in order to mitigate the impact of the currency and interest rate fluctuation. The loss incurred in 2009 was mainly due to hedging costs, particularly for Indian Rupee currency. Weighting the cost against potential risks, the Company adopted all-in costs to secure risk at the level reasonable and acceptable.

## 2. Raw materials and supply chain

The global financial crisis had affected many businesses all over the world including Thailand. Most of these businesses including some of our vendors both in Thailand and overseas had revised their plans by down-sizing and frozen new investments in 2009. However based on recent economic indicators, the global financial and economic crisis seems to have reached its bottom in Q3 2009 and have shown sign of recovery in Q4 2009. This had led to a temporary tightening of supply of certain semiconductors and passive components in the market place. However, the Company so far has not encountered serious supply situation as we have preventive as well as contingency plan in place. Most of our raw materials are procured through multiple sources and in some cases from multiple countries/locations. We also collaborated with our keys suppliers on raw materials planning and forecasting. On top of this we also have Consignment Inventory Program with our oversea suppliers which provided us sufficient buffer inventory to keep our operation running smoothly in case of emergency situation. We also have strong logistic network support in Thailand as well as regionally. We are continuously monitoring the financial economic situation and supply market and will take the necessary actions to alleviate our risks by working closely with both our customers and vendors.

### 3. Accounts receivable collections

2009 was a tough and unpredictable year to manage accounts receivables and arrange for the collection. Even some of our renowned clients, whose operation had long been strong on the back of healthy financial position, faced financial difficulties caused by the recent global financial crisis. However, with a recovery sign in the world economy since the second half of 2009, most businesses have seen improvement compared to 2008 and the beginning of 2009. Believing in continuity of fluctuations and because sales of goods and accounts receivable collection are crucial source of fund, the Company remains prudence in managing account receivables.

To enhance efficiency in sales administration and collection, the Company puts in place the widely accepted SAP's Enterprise Resource Planning System (ERP) as well as employs credit insurance serviced by a world class insurer, not only to help mitigate potential risks but also to closely monitor up-to-date financial position of customers. In addition, the Company works closely with the sales team to regularly appraise financial positions of the major clients before approving them credit sales. Meanwhile, customers' credit positions are examined and followed up more frequently in an attempt to promptly respond to the rapid market change.

So far, there were no amount unpaid or serious overdue reported in the past year. Bearing in mind prolonged economic turbulence; the Company still closely monitors and administers accounts receivable collections. To assure smooth operation and efficiency, the Company is well prepared on both working system and competent personnel.

### 4. Shortage of Manpower

Following the turnaround of the global economy since the second half of 2009 as earlier mentioned, there has been a sudden rise in labor demand and consequently a tendency of temporally labor shortage. Lean Production is therefore implemented to help relieve labor needs as well as reduce production cost. Should need for the labor remains, the Company would recruit personnel directly from the respective regions of the country or their neighborhood to fulfill such increasing demand.

The Company's recent business expansion in various regions worldwide has increased the need for recruitment. To be able to work under multiple cultural environments, the selected persons must have some particular qualifications such as mobility, good attitude, and possess varieties of skills including effective communication, leadership & management. As a number of qualified personnel are required to station locally and such mix personality are hardly found, the Company initiated a "Leadership Talent Development Program" to advance the selected group of middle management to serve current and future needs on human resources. The program arranged and instructed by a world class professional human resource development consultant. The objective of this program is to progress leadership capabilities of the middle managers and supervisors. Not only the program helps improve competency, it also acts a motivation for the staff to advance their career path. In 2009, there were 24 employees from the Company and subsidiaries participated in this pilot class comprising 4 intensive training modules. The Company plans to carry on this program in the coming year.

## **5. Labor relations**

Labor is one of the most important production factors to the Company's operation, despite its small proportion to production cost of merely 5%. Apart from adequacy of workforce, proper labor relations are another key factor facilitating a smooth production. To this respect, the Company gives priority on fair compensation, good working environment and effective communications for better understanding among management and employees. Believing two-way communication is the most effective ways for the management to exchange opinions with its employees, a minimum once a month is scheduled to meet with the Labor Union. The Company's determination to establish good relations with the employee has been awarded "Best Entrepreneur on Labor Relations and Welfare" by the Ministry of Labor for several consecutive years since 2006.

## **6. Investments and financial assistance given to its subsidiaries**

Investments and financial assistances given to the subsidiaries are generally risk inherent transactions. Risk management practices that the Company adopts are direct monitor and control of treasury and some other significant financial administration. The executives of subsidiaries are from time to time gathering at the Company, either for training or meeting. Not only efficiency in administration towards the same business direction can be assured, working morale and cooperation among the group are also built up.

In regard to investment policy, the Company rules to focus mainly in the areas of its core businesses and expertise. (Please see more details in the Company's investment policy).

## **7. Change of business policy by the major shareholders**

Due to the fact that Delta Electronics Inc., (Taiwan), one of the Company's major shareholders, and its subsidiaries in China have similar operations and products to those of the Company. This would adversely affect the Company's operations if the overlapping items are targeted exactly to the same markets. However, the main operation policy is to pull together the advantages of each company in the group to enhance the group and individual companies' competitiveness, rather than creating an unconstructive competition among the group. In fact, internal competition would not only benefit to no one, but also diminish competitive power to the rivals outside the group.

Networking with the major shareholders helps establish a valuable synergy in various areas such as improvement on research potentials and product development, increasing of distribution channels, and better of bargaining power in raw material procurement. Nonetheless, each company in the group still has its own autonomy and its operations are independent from one another. Up to now, even some products are quite similar but targeted at different industries or locations and the Company has gained supports from the major shareholders since its inauguration.



# SHAREHOLDING STRUCTURE

## Registered and paid up share capital (as of 3 March 2010)

Type of Equity	No. of Shares	Par value (Baht)	Total Value (Baht)
1. Registered Share Capital	1,259,000,000	1	1,259,000,000
2. Paid up Capital	1,247,380,634	1	1,247,380,634

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 13 February 2009 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 1.168 ordinary shares at a price of Baht 1 per share, effective from 11 March 2009.

During the current year, no warrants were exercised to purchase new ordinary shares, leaving 3,198 warrants unexercised as at 31 December 2009.

	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 2008	3,198	59,263,894	
Exercised during January 2009	-	-	
Exercised during April 2009	-	-	
Exercised during July 2009	-	-	
Exercised during October 2009	-	-	
Outstanding as at 31 December 2009	3,198	59,263,894	

## Top 10 shareholders (As of March 16, 2009)

No.	Name	Holding	%
1.	Citibank Nominees Singapore Pte Ltd-S.A. PBG Clients SG (For Deltron Holding Ltd.)	345,185,420	27.67
2.	Citibank Nominees Singapore Pte Ltd-S.A. PBG Clients SG	197,840,370	15.86
3.	Citibank Nominees Singapore Pte Ltd-S.A. PBG Clients SG (For Delta International Holding Ltd.)	191,984,450	15.39
4.	Delta Electronics Inc.	69,128,140	5.54
5.	USB AG Singapore, Branch-PB Securities Client Custody	53,172,220	4.26
6.	State Street Bank And Trust Company For London	45,323,106	3.63
7.	Chase Nominees Limited 42	44,657,408	3.58
8.	Thai NDVR Co.,Ltd	34,011,460	2.73
9.	HSBC (Singapore) Nominees Pte Ltd.	31,969,790	2.56
10.	Morgan Stanley & CO. International Plc	19,543,189	1.57

## Dividend Policy

The Company has a policy to pay dividend at least 30% of its net profits. However, the dividend payout ratio would be subject to change depending on the investment plan and/or other capital requirements the Company may have in the future.

The Company's Board of Directors' Meeting No. 2/2010 held on 24 February 2010 approved resolution to pay dividend for the year 2009 at Baht 1.50 per share, representing a payout ratio of 85%. This is subject to the 2010 Annual General Meeting of Shareholders' approval. (The dividend paid in 2008 was Baht 1.10 per share, representing a payout ratio of 47%).

Dividend payment of the subsidiaries will be determined based on the profitability and reinvestment opportunities of each subsidiary. In addition, the related laws, regulations, tax structure and foreign exchange control of the country where the subsidiary is located at will also be taken into consideration for greatest benefits of the Company and shareholders.



## Board of Directors



- 1 Mr.Ng Kong Meng (James)**  
Chairman of the Board
- 2 Mr.Ming-Cheng Wang (Stronger)**  
Vice Chairman of the Board
- 3 Mr.Hsieh, Heng-Hsien (Henry)**  
Director of the Board
- 4 Mr.Chu, Chih-Yuan (Roger)**  
Director of the Board
- 5 Mr.Anusorn Muttaraid**  
Director of the Board

- 6 Ms.Niramol Tantipuntum**  
Director of the Board
- 7 Emeritus Professor Supapun Ruttanaporn**  
Independent Director
- 8 Mr.Supat Limpaporn**  
Independent Director
- 9 Asst.Professor Liu, Heng-Yih**  
Independent Director

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### Mr. Ng Kong Meng (James)

#### Position

- Chairman of the Board  
(authorized director)  
Age 63

#### Education

- M. Sc (Electronic Engineering), University of Southampton, UK
- Bachelor Degree (Electrical Engineering), National Taiwan University Taiwan
- Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2007
- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2009
- Financial Statements Demystified for Directors (FDD), Thai Institute of Directors Association, Year 2009

#### Shareholding in the Company (31 Dec 09)

- 3,400,000 shares (0.27%)

#### Work Experience

Present : Chairman of the Board (1990-present)  
Delta Electronics (Thailand) Plc

2004-2008 : Executive Committee Member,  
Delta Electronics (Thailand) Plc

1990-2006 : President, Delta Electronics (Thailand) Plc

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### Mr. Ming-Cheng Wang (Stronger)

#### Position

- Vice Chairman of the Board  
(authorized director)
- Vice President
- Executive Committee
- Risk Management Committee Vice Chairman  
Age 64

#### Education

- Industrial Engineering (Diploma), National Taipei Institute of Technology, Taiwan

#### Shareholding in the Company (31 Dec 09)

- 3,400,010 shares (0.27%)

#### Work Experience

Present : Vice Chairman of the Board (1990-present)  
: Vice President (1990-present)  
: Executive Committee Member (1999-present)  
: Risk Management Committee Vice Chairman (2009-present)  
Delta Electronics (Thailand) Plc

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## Mr. Hsieh, Heng-Hsien (Henry)

### Position

- Director of the Board  
(authorized director)
  - President & DES President
  - Executive Committee Chairman
  - Risk Management Committee Chairman
- Age 46

### Education

- MBA , Pacific Western University, USA
- Electrical Engineering (Diploma), National Taipei University of Technology, Taiwan
- Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2006

### Shareholding in the Company (31 Dec 09)

- 240,755 shares (0.019%)

### Work Experience

Present : Director of the Board (2006-present)  
: President (2007-present)  
: Executive Committee Chairman (2009-present)  
: Risk Management Committee Chairman (2009-present)  
: President of Delta Energy Systems (DES) group (2004-present)  
Delta Electronics (Thailand) Plc

2004-2008 : Executive Committee Member, Delta Electronics (Thailand) Plc

2004-2006 : CEO, Delta Energy Systems (Switzerland) AG

2003-2006 : Vice President Sale & Marketing, Delta Electronics (Thailand) Plc

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## Mr. Chu, Chih-Yuan (Roger)

### Position

- Director of the Board  
(authorized director)
- Age 63

### Education

- B.A in Economics, Chinese Culture University (Taipei), Taiwan
- Executive Program of Graduate School of Business Administration, Chung Yuan Christian University, Taiwan
- Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2007

### Shareholding in the Company (31 Dec 09)

- 1,400,000 shares (0.11%)

### Work Experience

Present : Director of the Board, Delta Electronics (Thailand) Plc (1988-present)  
: Director, Delta Electronics International Ltd. (Labuan) (2004-present)  
: Supervisor, Delta Electronics (Korea), Inc. (2004-present)  
: Supervisor, Delta Greentech (China) Co.,Ltd. (2002-present)  
: Supervisor, Addtron Technology (Japan) Co.,Ltd (1998-present)  
: Director, Delta Power Sharp Ltd. (1995-present)  
: Supervisor, Delta Electronics (Japan), Inc. (1991-present)  
: Senior Vice President and Corporate CFO, Delta Electronics, Inc.(Taiwan) (1986-present)

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## Mr. Anusorn Muttaraid

### Position

- Director of the Board  
(authorized director)
  - Executive Committee Member
  - Compensation Committee Member
  - Risk Management Committee Member
  - Human Resources & Administration/ Public Relations Director
- Age 56

### Education

- B. Sc, Kasetsart University
- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2004

### Shareholding in the Company (31 Dec 09)

- 1,400,000 shares (0.11%)

### Work Experience

Present : Director of the Board (1994-present)  
: Executive Committee Member (1999-present)  
: Compensation Committee Member (2007-present)  
: Risk Management Committee Member (2009-present)  
: Human Resources & Administration/ Public Relations Director  
Delta Electronics (Thailand) Plc

2009-Present : Chairman of Committee on Indian Affairs, Board of Trade of Thailand

2007-Present : Chairman of Thailand-India Business Council, Board of Trade of Thailand

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## Ms. Niramol Tantipuntum

### Position

- Director of the Board  
(authorized director)
  - Accounting Manager
- Age 53

### Education

- MBA, National Institute of Development Administration
- B.A (Accounting), Ramkhamhaeng, University
- Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2004

### Shareholding in the Company (31 Dec 09)

- 1,400,000 shares (0.11%)

### Work Experience

Present : Director of the Board (1994-present)  
: Accounting Manager (1991-present)  
Delta Electronics (Thailand) Plc

1999-2008 : Executive Committee member, Delta Electronics (Thailand) Plc



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## Emeritus Professor Supapun Ruttanaporn

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### Position

- Independent Director
  - Audit Committee Chairperson
- Age 66

### Education

- M.B.A (Accounting), Michigan State University, USA
- B.A (Accounting) (Hons), Chulalongkorn University
- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2002

### Shareholding in the Company (31 Dec 09)

- None

### Work Experience

Present : Independent Director (2004-present)  
: Chairperson of Audit Committee (2007-present)  
Delta Electronics (Thailand) Plc  
: Audit Committee of Charoen Pokphand Foods Plc (2009-present)  
: Audit Committee of Grow Energy Plc (1999-present)  
: Executive Director, S.S Grain Overseas Company Limited  
: President of Thai Accounting Association  
: Member of Ethics Committee, Federation of Accounting Profession  
: Treasurer of Wat Yannasungvararam Foundation  
: Honorable auditor of Som Dej Pra Thep Rattanasuda Foundation  
: Pension staff of Chulalongkorn University

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## Mr.Supat Limpaporn

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### Position

- Independent Director
  - Audit Committee Member
  - Compensation Committee Chairman
- Age 65

### Education

- M.E Mechanical Engineering, Technical University, Hannover, West Germany
- B.E Mechanical Engineering, Technical University, Hannover, West Germany
- Director Accreditation Program (DAP), Thai Institute of Directors Association, Year 2007
- Director Certification Program (DCP), Thai Institute of Directors Association, Year 2008
- Role of Compensation Committee (RCC), Thai Institute of Directors Association, Year 2008

### Shareholding in the Company (31 Dec 09)

- 140,000 shares (0.011%)

### Work Experience

Present : Independent Director / Audit Committee Member (2007-present)  
: Compensation Committee Chairman (2007-present)  
Delta Electronics (Thailand) Plc  
2005-Present : Performance Agreement Subcommittee, Ministry of Finance  
2006 : Committee on Labour Relations, Ministry of Labour  
2003 : Director General of The Industrial Promotion Department, Ministry of Industry  
2002-2003 : Deputy Secretary General of The Board of Investment

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## Assistant Professor Liu, Heng-Yih

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### Position

- Independent Director
- Audit Committee Member
- Compensation Committee Member

Age 45

### Education

- Ph.D., International Business and Strategy Graduate Institute of International Business, National Taiwan University, Taiwan
- M.B.A University of Nottingham, UK
- B.E. Mechanical Engineering, National Cheng Kung University, Taiwan

### Shareholding in the Company (31 Dec 09)

- None

### Work Experience

Present : Independent Director /Audit Committee Member (2009-present)  
: Compensation Committee Member (2009-present)  
Delta Electronics (Thailand) Plc

2008-Present : Independent supervisor, Wha Yu industrial Co., Ltd. Taiwan

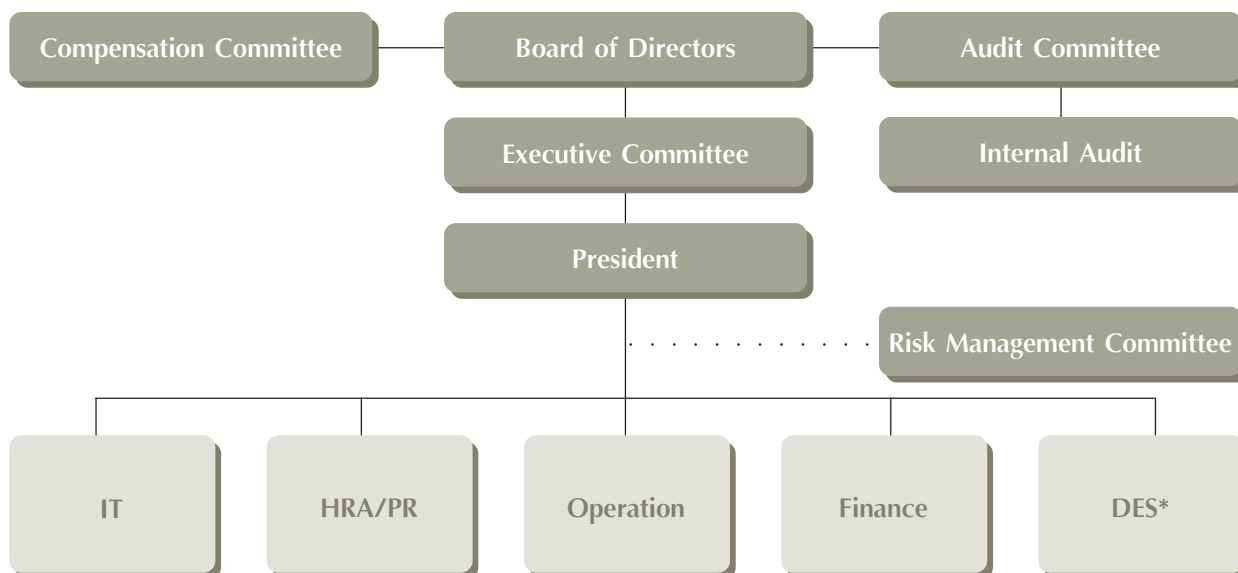
2004-Present : Assistant Professor of Strategy and International Business at the Department of International Business in Yuan Ze University, Taiwan

# Management Team

<p><b>Mr. Hsieh, Heng-Hsien (Henry)</b></p> <ul style="list-style-type: none"> <li>President &amp; DES President</li> </ul> <p>(For further details, please refer to his profile in the Board of Directors)</p>	<p><b>Ms. Saowanee Kosutarak</b></p> <p><b>Position</b></p> <ul style="list-style-type: none"> <li>Chief Information Officer (CIO)</li> </ul> <p><b>Age</b> 47 Years</p> <p><b>Work Experience</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>CIO, Delta Electronics (Thailand) Plc (2004-present)</li> <li>Risk Management Committee Member (2009-present)</li> </ul> <p>Delta Electronics (Thailand) Plc</p> <p><b>1997-2004</b></p> <p>IT Senior Manager, Delta Electronics (Thailand) Plc</p> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>MBA, City University, USA</li> <li>B. Sc, Kasetsart University</li> </ul> <p><b>Shareholding in the Company (31 Dec 09)</b></p> <ul style="list-style-type: none"> <li>None</li> </ul>
<p><b>Mr. Wang, Ming-Cheng (Stronger)</b></p> <ul style="list-style-type: none"> <li>Vice President</li> </ul> <p>(For further details, please refer to his profile in the Board of Directors)</p>	<p><b>Mr. Boonsin Surawatsatien</b></p> <p><b>Position</b></p> <ul style="list-style-type: none"> <li>Internal Audit Senior Manager</li> </ul> <p><b>Age</b> 48 Years</p> <p><b>Work Experience</b></p> <p><b>Present</b></p> <p>Internal Audit Senior Manager (2005-present)</p> <p>Delta Electronics (Thailand) Plc</p> <p><b>2548</b></p> <p>Internal Audit Vice President, Glow Energy Plc</p> <p><b>2547</b></p> <p>Senior Manager Internal Audit, Aviva Insurance (Thai) Co.,Ltd.</p> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>M. Sc (Accounting) , Thammasart University</li> <li>B.A. (Accounting), Chulalongkorn University</li> <li>Audit Committee Program (ACP), Thai Institute of Directors Association, Year 2009</li> <li>Company Secretary Program (CSP), Thai Institute of Directors Association, Year 2008</li> <li>Certified Internal Auditor (CIA), The Institute of Internal Auditors of Thailand</li> <li>Certified Public Accountant</li> </ul> <p><b>Shareholding in the Company (31 Dec 09)</b></p> <ul style="list-style-type: none"> <li>None</li> </ul>
<p><b>Mr. Anusorn Muttaraid</b></p> <ul style="list-style-type: none"> <li>Human Resources &amp; Administration/ Public Relations Director</li> </ul> <p>(For further details, please refer to his profile in the Board of Directors)</p>	
<p><b>Mr. Yu, Po-Wen (Beau)</b></p> <p><b>Position</b></p> <ul style="list-style-type: none"> <li>Chief Financial Officer (CFO)</li> </ul> <p><b>Age</b> 49 Years</p> <p><b>Work Experience</b></p> <p><b>Present</b></p> <ul style="list-style-type: none"> <li>Executive Committee Member (1999-present)</li> <li>Risk Management Committee Member (2009-present)</li> <li>Chief Financial Officer (CFO) (1991-present)</li> </ul> <p>Delta Electronics (Thailand) Plc</p> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>M.B.A, University of South Australia</li> <li>B.A (Accounting), Chinese Culture University (Taipei)</li> </ul> <p><b>Shareholding in the Company (31 Dec 09)</b></p> <ul style="list-style-type: none"> <li>10 shares (0.0000008% of paid up capital)</li> </ul>	

# MANAGERIAL STRUCTURE

Organization Chart



Remark : \* Delta Energy Systems Group

The Company's managerial structure consists of 5 committees including board of directors, executive committee, audit committee, compensation committee and risk management committee with details as described below.

## BOARD OF DIRECTORS

The Company's board of directors is now composed of 9 members, 6 executive directors and 3 non-executive directors (all are independent directors). As reported in the Ministry of Commerce's certification dated 3 March 2010, list of the members of the board of director is shown below.

Name	Position	Appointment Date
1. Mr. Ng Kong Meng	Chairman of the Board	Year 1990
2. Mr. Ming-Cheng Wang	Vice Chairman	Year 1990
3. Mr. Hsieh, Heng-Hsien	Director and President	Year 2006
4. Mr. Chu, Chih-Yuan	Director	Year 1988
5. Mr. Anusorn Muttaraid	Director	Year 1994
6. Ms. Niramol Tantipuntum	Director	Year 1994
7. Emeritus Professor Supapun Ruttanaporn	Independent Director	Year 2004
8. Mr. Supat Limpaporn	Independent Director	Year 2007
9. Assistant Professor Liu, Heng-Yih*	Independent Director	Year 2009

Ms. Duangrat Lertvorasirikul and Ms.Wilailak Funghanakun are Company Secretary and Secretary to the Board of Directors

Remark: \* Being appointed the Company's independent director in place of Prof. Lee, Ji-Ren by the 2009 Annual General Meeting of Shareholders held on April 3, 2009

**Authorized Directors:**

The following 6 directors are authorized to act on behalf of the Company under following conditions (1) Either Mr. Ng Kong Meng or Mr. Ming-Cheng Wang or Mr. Hsieh, Heng-Hsien, jointly sign totaling two persons with the Company's seal being affixed, or (2) Mr. Ng Kong Meng or Mr. Ming-Cheng Wang or Mr. Hsieh, Heng-Hsien, signs name together with Mr. Anusorn Muttaraid or Ms. Niramol Tantipuntum or Mr. Chu, Chih-Yuan, totaling two persons with the Company's seal being affixed.

**Scope of Responsibilities of the Board of Directors:**

1. To manage the business of the Company faithfully and prudently and comply with the laws and the Company's objectives, Articles of Association as well as the resolution of the shareholders' meeting, for the benefits of the Company.
2. To determine policies, business strategy, business plan and budget of the Company, and to supervise that the administration and management including to follow up the result of the operation performed by the executive committee in order to ensure its proper compliance with the plan, policies and budget.
3. To review the Company's internal control systems and risk management to be correctly and efficiently conducted.
4. To ensure that the Company complies with the Securities and Exchange Act and other securities and exchange laws e.g. SEC rules and regulations and the SET regulations, for instance, regulations concerning the entry into connected transactions and regulations concerning the substantial acquisition of assets, including any law governing the Company's business.
5. To arrange for the preparation and submission of the audited balance sheet and profit and loss statement at the end of each accounting period to the shareholders' meeting for its consideration and approval.
6. To monitor on the adequacy and timely of the Company's disclosure of information.
7. To authorise any other person to perform any action on behalf of the board of directors under the supervision of the board of directors, or granting the power-of-attorney to such person to perform any action as the board of directors may think fit; provided, however, that the board of directors has the sole discretion to revoke or modify such power-of-attorney as the board of directors may think fit.

For this purpose, no authorization will be enable the grantee under the power-of-attorney to consider and approve the transaction which may cause a conflict of interest between himself or any related person or interested person as the one party and the Company as the other party, unless it is granted following the approved policies and criteria previously set out by the board of directors.

**Qualifications of Director**

1. A director shall have qualifications and shall not have prohibited characteristics as specified in the law on public limited companies, as well as shall not have characteristics indicating a lack of appropriateness in respect of trustworthiness in managing business whose shares are held by public shareholders as specified in the notification of SEC.
2. Professional ethics and excellent career profile.
3. Knowledge or experience in business administration, especially in electronics, telecommunications, finance and accounting or any other areas, as the board deems appropriate.
4. Able to participating in all board's meetings and shareholders' meetings (except in case of emergency).
5. Other qualifications that the board may later consider appropriate or are required by law.

### Qualifications of Independent Director

Qualifications of independent director (ID) have been defined based on the requirement of Office of Securities and Exchange Commission as follows:

1. Not holding shares exceeding 1% of the total shares with voting rights of the company, its parent company, its subsidiary, its associated company, or potential conflicting person provided that any shares held by his or her Related Person must be taken into account.
2. Not being nor having been an executive director, employee, officer, monthly paid advisor or controlling person of the company, or its parent company, its subsidiary, its associated company, its parallel subsidiary company or potential conflicting person with the company except that he/she has no such characteristic for at least two years before becoming an independent director.
3. Not being a person related by blood or by registration under laws as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling person, or such other person who will be nominated to take up the position of executive or controlling person of the company or its subsidiary.
4. Not having nor having had any business relationship with the company, its parent company, its subsidiary, its associated company or potential conflicting person as might interfere with his/her use of independent discretion, including not being nor having been a major shareholder, a director who is not an independent director, or an executive of a person who has a business relationship with the company, its parent company, its subsidiary, its associated company or potential conflicting person except that he/she has no such characteristic for at least two years before becoming independent director. Details of business relations are summarized as follows:
  - 4.1 Professional advisor
    - 4.1.1 Not being an auditor for any cases
    - 4.1.2 Not being the advisors (such as legal advisor, financial advisor, appraiser or others) with value of transactions of greater than 2 million Baht per year
  - 4.2 Other business relationship
    - 4.2.1 Scope of business covers normal business transaction, rental or lease of immovable property transaction, asset or service transaction, and financial assistance transaction.
    - 4.2.2 Not having business relationship with the value of transactions of 20 million Baht or more or 3% or more of its net tangible assets, whichever is lower (including transactions undertaken with the same person in 6 months).
    - 4.2.3 For existing independent director, any case deemed to be necessary and appropriate and not be a regular case, the board of directors with the unanimous resolution may except the transaction which exceeding the above value. In such case, the business transaction is required to be disclosed in the registration statement, Form 56-1, and annual report. If the independent director will be re-appointed for another term, such relationship or transaction must also be disclosed in the notice of meetings.
5. Being a director whom is not appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's major shareholders.
6. Not having any other characteristics which make it incapable of expressing an independent opinion with regard to the company's operations.
7. An independent director who satisfies qualification specified in 1 to 6 above may be empowered by the board to make decision in normal business operation provided that the decision process is in form of collective decision.

### Selection of Directors and Independent Directors

The board is responsible for the search, selection and nomination of the qualified candidate to be director or member of any committee of the Company as currently the nominating committee has yet been appointed for



such assignment. However, to promote the good governance the Company has invited the small shareholders to nominate the candidates to be directors of the Company. The candidate is required to have some basic qualifications as shown in the Company's website. [http://www.deltathailand.com/shareholder\\_\\_main.php](http://www.deltathailand.com/shareholder__main.php). The board will consider and approve selecting the candidate by the majority votes of the board meeting. After selected, the board shall nominate such candidate to the shareholders' meeting for approval.

### Appointment of Directors

Based on the Article of Association of the Company, an appointment of director is made through a majority vote of shareholders meeting. One share shall count for one vote and each shareholder shall exercise all the votes he has to appoint the nominated person or nominated persons to be director on a person-by-person basis or en bloc basis, provided that he cannot divide his vote to any person to any or in the basis extent vote for nominated persons but the votes are indivisible. The person obtaining the most votes in descending order shall be elected as directors equal to the number of directors required. In the event that persons receiving votes in respective orders receive equal votes and the number of position exceed the positions required, the chairman of the meeting shall have a casting votes.

### Directorship of the Board of Directors and Executives in other Companies

To ensure the director's efficient performance and in compliance with Corporate Governance Principles, the board of directors requires that each director may retain the office of director in, apart from the Company, other five listed companies as a maximum. Moreover, before participating as board director of any other company (except subsidiary company), the directors, president and/or the other top executives must first seek approval from the board of directors.

## EXECUTIVE COMMITTEE

The executive committee of the Company consists of 7 members as follows;

Name	Position
1. Mr. Hsieh, Heng-Hsien	Executive Committee Chairman
2. Mr. Ming-Cheng Wang	Executive Committee Member
3. Mr. Anusorn Muttaraid	Executive Committee Member
4. Mr. Yu, Po-Wen	Executive Committee Member
5. Mr. Vichai Saksuriya	Executive Committee Member
6. Ms. Mana Tangchatsiri	Executive Committee Member
7. Mr. Sim, Kuik-Keong	Executive Committee Member

### Scope of Responsibilities of Executive Committee:

- To operate and manage the business of the Company in compliance with Company's objectives, Memorandum of Association, policies, regulations, notifications, orders as well as the resolution of the board of directors and/or shareholders' meeting.
- To establish policies, business plan, directions, strategies, budget and the main organization structure and authority of each department within the Company including the organization chart in order to propose to the board of directors for its consideration and approval as well as to monitor and follow up the result of the operation of the Company to be in accordance with the policies.
- To be eligible to do the following transactions with banks and to report these transactions to the board of directors in the following board meeting after execution of those transactions.
  - Open or close bank accounts,
  - Enter into any contract which is in the Company's normal course of business and/or any other transactions with banks or other financial institution for a total combined amount of not exceeding

USD 50 million or equivalent in any other currencies per bank, in case there is a need to use any assets of the Company as collateral to support the banking facilities, approval of the board of director must be obtained.

- (c) Issue corporate guarantee to support banking facilities granted to Subsidiaries for a total amount of not exceeding USD 50 million or equivalent in any other currencies per company.
- (d) Renew banking facilities without any limit.
- 4. To be eligible to approve the investment in subsidiary companies for the amount of not exceeding USD 5 million or equivalent in any other currencies per company per calendar year and in the aggregate amount, after combining all investments, of not more than USD 20 million or equivalent in any other currencies within a calendar year. Such investment transactions are required to report to the board of directors in the following board meeting
- 5. To be eligible to appoint, promote, transfer or discharge directors and/or executives of the subsidiary companies.
- 6. To authorize any one or more persons to perform any action under the supervision of the Executive Committee, or granting the power-of-attorney to such person (s) to perform any action within the specified time as the executive committee may think fit; provided, however, that the executive committee has the sole discretion to revoke or modify such designated person or power-of-attorney as the executive committee may think fit.

For this purpose, no authorization will be enable a member of the executive committee under the power-of-attorney and/or his sub power-of-attorney to approve the transaction which may cause a conflict of interest between such attorney or any related person (as defined in the SEC Notification) as the one party and the Company or its subsidiary as the other party, unless it is granted in accordance with the Company's normal course of business as clearly identified.

- 7. To perform any other duties assigned by the board of directors.

## AUDIT COMMITTEE

The audit committee of the Company consists of 3 members and all the members are independent directors. Term of office shall follow the annual director election and qualifications and responsibilities of the Committee as prescribed by the SET. List of the members of the audit committee is shown below.

Name	Position
1. Emeritus Professor Supapun Ruttanaporn (This director is knowledgeable and experienced in accounting)	Audit Committee Chairperson
2. Mr. Supat Limpaporn	Audit Committee member
3. Assistance Professor Liu, Heng-Yih*	Audit Committee member

Remark: \* Being appointed Audit Committee member by the Board of Directors' Meeting on April 3, 2009

### Qualifications of Audit Committee:

- 1. All members must be independent director.
- 2. Not being a director who is authorised by the board of directors to make decisions relating to the operations of the company, its parent company, its subsidiary, its associated company, its parallel subsidiary company or potential conflicting person.
- 3. Not being a director of a parent company, subsidiary or parallel subsidiary company which is a listed company.
- 4. Having duties and responsibilities according to the SET's rules.

5. Having sufficient knowledge and experience to perform his/her duties as a member of the audit committee provided that at least one member of the audit committee must have sufficient knowledge and experience to review the reliability of the financial statements.
6. Being appointed by the Board or shareholders meeting.

#### **Scope of Responsibilities of Audit Committee:**

1. To review the company's financial reporting process to ensure that it is accurate and adequate;
2. To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the company's compliance with the law on securities and exchange, the Exchange's regulations and the laws relating to the company's business;
4. To consider the capability and the independence of an external auditor and propose to be appointed as the Company's auditor including the audit fee, as well as to attend a non-management meeting with the auditor at least once a year;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the company;
6. To report the governance activities of the Audit Committee in the company annual report, which must be signed by the chairman of the Audit Committee. The report have to consist of at least the following information:
  - (a) An opinion on the accuracy, completeness and reliability of the company financial reports,
  - (b) An opinion on the adequacy of the company internal control system,
  - (c) An opinion on the compliance with related laws i.e. the Securities and Exchange Act, the SET regulations, or the laws relating to the business of the company,
  - (d) An opinion on the suitability of the external auditor,
  - (e) An opinion on the transactions that may lead to conflicts of interest,
  - (f) The number of Audit Committee meetings, and the attendance of such meetings by each committee member,
  - (g) An opinion or comment the Audit Committee receives when performing its duties as specified in the audit committee charter.
  - (h) Other transactions the Audit Committee opines that should be known to the shareholders and general investors, under the scope of duties and responsibilities assigned by the company board of directors.
7. To do any other matters assigned by the board of directors of which the Audit Committee agrees.

#### **COMPENSATION COMMITTEE**

The Compensation Committee consists of 3 members, 2 independent directors and 1 executive director in charge of human resources function. Term of office shall follow the annual director election. List of the members of the compensation committee is shown below.

Name	Position
1. Mr. Supat Limpaporn	Compensation Committee Chairman (Independent Director)
2. Assistant Professor Liu, Heng-Yih*	Compensation Committee Member (Independent Director)
3. Mr. Anusorn Muttaraid	Compensation Committee Member (Human Resources & Administration Director)

Remark: \* Being appointed Compensation Committee Member by the Board of Directors' Meeting on April 3, 2009

**Scope of Responsibilities of Compensation Committee:**

1. Appraise the performances of the president annually.
2. Determine the remuneration of the directors of the company and members of sub-committee, which would include monthly remuneration, meeting allowance, annual bonus and other benefits in terms of both financial and/or non financial, with fair and reasonable principles and package structure and submit it to the board of directors and shareholders for approval.
3. Determine the remuneration of the Company's president which would include salary, annual bonus and/or other benefits in terms of both financial and/or non financial, with fair and reasonable principles and package structure and submit it to the board of directors for approval.
4. Review the remuneration of directors, committee and president based on their performances, the company's performances and best practice in the market and/or among the listed companies in Thailand's stock exchange.
5. Perform any other duties assigned by the board. To perform the assigned job, the compensation committee may seek advice or opinion from the relevant independent professionals as necessary and appropriate. Compensation committee may also need to attend training or seminar with the purpose to enhance knowledge and capability in performing their job at the expense of the Company.

**RISK MANAGEMENT COMMITTEE**

Risk management committee has been appointed by the Board of Directors' meeting on 7 May 2009. Committee's members are listed below. ;

Name	Position
1. Mr. Hsieh, Heng-Hsien	Risk Management Committee Chairman
2. Mr. Ming-Cheng Wang	Risk Management Committee Vice Chairman
3. Mr. Anusorn Muttaraid	Risk Management Committee
4. Mr. Lin, Nan-Hong	Risk Management Committee
5. Mr. Yu, Po-Wen	Risk Management Committee
6. Mr. Vichai Saksuriya	Risk Management Committee
7. Mr. Mana Tangchatsiri	Risk Management Committee
8. Mr. Sim, Kuik-Keong	Risk Management Committee
9. Ms. Saowanee Kosutarak	Risk Management Committee
10. Mr. Chiang, Chia-Chih	Risk Management Committee
11. Mr. Tang Peng Seng	Risk Management Committee
12. Mr. Didier Chaumet	Risk Management Committee
13. Mr. See Kai Mun	Risk Management Committee
14. Mr. Chong Kai Kok	Risk Management Committee
Mr. Tam, Chung-I (Johnny Tam) is Risk Management Manager	

**Scope of Responsibilities of the Risk Management Committee:**

1. Establish risk management procedures.
2. Implement risk management, to delegate the risk management to their respective managers.
3. Develop and review strategic risk management plans

4. Quarterly and/or annually and/or any time that is necessary report to the Board or to the Audit Committee as assigned by the Board.
5. Monitor and continuously improve risk management.
6. The committee may seek advice from relevant professional consultant in some cases

## MANAGEMENT TEAM

The management team of the Company consists of 6 members as follows.

Name	Position
1. Mr. Hsieh, Heng-Hsien	President and DES* President
2. Mr. Ming-Cheng Wang	Vice President
3. Mr. Anusorn Muttaraid	Human Resources & Administration / Public Relations Director
4. Mr. Yu, Po-Wen	Chief Financial Officer
5. Ms. Saowanee Kosutarak	Chief Information Officer
6. Mr. Boonsin Surawatsatoin	Internal Audit Senior Manager

Remark: \* DES means Delta Energy Systems group of companies which are subsidiary companies mainly located in Europe.

### Scope of Responsibilities of the President:

1. To manage, control and responsible for the operation of the Company in accordance with the directions set out in the Company's budget as approved by the board of directors and/or the executive committee of the Company including taking care, advising and improving the operation continuously.
2. To propose policies, strategy of the Company and of the business unit of the Company to the board of directors for acknowledgement and approval and to be responsible for applying such strategy with its operation.
3. To be jointly responsible with the executive committee for preparation of the annual budget and the operational plan of the Company, reviewing the annual budget quarterly and proposing the amended budget to the board of directors.
4. To report the operational result to the board of directors quarterly.
5. To have the authorization to approve the payment in accordance with the Approval Authorization Instruction of the Company, which had already been copied to all directors for consideration. However, with respect to the matters other than the normal course of business, the president shall have the authorization to approve such payment only upon receipt of the board's approval
6. To be eligible in appointing and managing any working groups or any persons for benefit of the Company and efficient management, transparency, or empowering to any person or assigning any person to do any specific tasks in such authorization complies must be within the scope of the power-of-attorney and/or regulations, notifications or orders as determined or approved by the Board of Directors and/or the Company.

For this purpose, no authorization will be enable the president to approve the transaction which may cause a conflict of interest between himself/his assignee and any related person (as defined in the SEC Notification) as the one party and the Company or its subsidiary as the other party, unless it is granted in accordance with the Company's normal course of business as clearly identified.

7. To do any acts as assigned by the board of directors.

## Meeting Attendance of directors in 2009

Unit : Meetings

Name	Board of Directors	Audit Committee	Compensation Committee	AGM
<b>No. of total meetings held</b>	<b>6</b>	<b>8</b>	<b>4</b>	<b>1</b>
1. Mr. Ng Kong Meng	6/6	N/A	N/A	1/1
2. Mr. Ming-Cheng Wang	6/6	N/A	N/A	1/1
3. Mr. Hsieh, Heng-Hsien	6/6	N/A	N/A	1/1
4. Mr. Chu, Chih-Yuan	6/6	N/A	N/A	1/1
5. Mr. Anusorn Muttaraid	6/6	N/A	4/4	1/1
6. Ms. Niramol Tantipuntum	6/6	N/A	N/A	1/1
7. Emeritus Prof. Supapun Ruttanaporn	6/6	8/8	N/A	1/1
8. Mr. Supat Limpaporn	6/6	8/8	4/4	1/1
9. Asist.Prof. Liu, Heng-Yih *	4/4	4/5	3/3	1/1

Remark \* Asst.Prof. Liu, Heng-Yih has been appointed by AGM on April 3, 2009. After such appointment, he had attended board meetings 4 meetings, audit committee meeting 4 meetings (and 1 teleconference) and compensation committee meeting 3 meetings

## Remuneration of Directors and Management

The consideration will be based upon the scope of responsibilities and performance of each individual director or management, the Company's overall performance as well as market conditions.

### 1. Remuneration

#### 1.1 Remuneration of Directors

The remuneration of 9 directors including annual remuneration and meeting attendance fee is listed below.

Unit : Baht

Name of Director	Remuneration		Meeting fee <sup>1)</sup>		Total Amount	
	2009	2008	2009	2008	2009	2008
Mr. Ng Kong Meng	1,500,000	1,500,000	70,000	70,000	1,570,000	1,570,000
Mr. Ming-Cheng Wang	480,000	480,000	-	-	-	480,000
Mr. Hsieh, Heng-Hsien	480,000	480,000	-	-	-	480,000
Mr. Chu, Chih-Yuan	480,000	480,000	-	-	-	480,000
Mr. Anusorn Muttaraid	480,000	480,000	-	-	-	480,000
Ms. Niramol Tantipuntum	480,000	480,000	-	-	-	480,000
Emeritus Prof. Supapun Ruttanaporn	1,100,000	1,100,000	150,000	140,000	1,250,000	1,240,000
Mr. Supat Limpaporn	1,100,000	1,141,667	190,000	170,000	1,290,000	1,311,667
Assist.Prof. Liu, Heng-Yih	1,000,000	-	120,000	-	1,120,000	-
Prof. Lee, Ji-Ren <sup>2)</sup>	-	1,000,000	50,000	120,000	50,000	1,120,000
<b>Total</b>	<b>7,100,000</b>	<b>7,141,667</b>	<b>580,000</b>	<b>500,000</b>	<b>7,680,000</b>	<b>7,641,667</b>

Remarks: 1) Meeting attendance fee is for Chairman of the Board and Independent Director for their participation in every committee meeting and shareholders' meeting.

2) Prof. Lee had resigned since April 2009 and the above meeting fee was paid during the period of Jan - Apr 2009.



## 1.2 Remuneration of the Management

Remuneration of the 6 members of the management team including salary and bonus in 2009 amounted to 7,680,090 baht as compared to that of last year (2008) of 7,774,314 baht

## 2. Other remuneration - None -

Securities holding report of the Company's directors.

Name of Director	DELTA Shares*			DELTA-W2 Warrants*		
	2009 31 Dec 09	2008 31 Dec 08	Inc (Dec)	2009 31 Dec 09	2008 31 Dec 08	Inc (Dec)
Mr. Ng Kong Meng	3,400,000	4,000,000	(600,000)	-	-	-
Mr. Ming-Cheng Wang	3,400,010	4,000,010	(600,000)	-	-	-
Mr. Hsieh, Heng-Hsien	240,755	240,755	-	-	-	-
Mr. Chu, Chih-Yuan	1,400,000	2,000,000	(600,000)	-	-	-
Mr. Anusorn Muttaraid	1,400,000	2,000,000	(600,000)	-	-	-
Ms. Niramol Tantipuntum	1,400,000	2,000,000	(600,000)	-	-	-
Emeritus Prof.Supapun Ruttanaporn	-	-	-	-	-	-
Mr. Supat Limpaporn	140,000	140,000	-	-	-	-
Asst.Prof. Liu, Heng-Yih	-	-	-	-	-	-

Remark: \*No. of shares and warrants included those held by spouse and minor children

# CORPORATE GOVERNANCE REPORT

The Board of Directors realized the importance of operating its business under good corporate governance in order to ensure sustainable growth and development. The corporate governance policy has been put in place and regularly reviewed since 2007. The most updated policies were revised on November 10, 2008 to comply with the new amended Securities and Exchange Act (No. 4) B.E. 2551 and is currently published on the Company's website, externally for public access on [www.deltathailand.com](http://www.deltathailand.com) as well as internally on intranet for employee's access. Despite various reviews, the 5 major categories follows remain.

- Rights of Shareholders
- Equitable Treatment to Shareholders
- Role of Stakeholders
- Disclosure and Transparency
- Responsibilities of the Board

(For further details of the Company's Corporate Governance Policies, please visit the Company's website: [www.deltathailand.com](http://www.deltathailand.com))

With determination to act as guided by the policy, the Company has been rated **"Excellent"** for the high standard of Annual General Meeting (AGM) conducted in the year 2009 from the Thai Investors Association. The Company is 1 of the 41 top-ranking companies (out of total 497 listed companies) who obtained a full score of 100 and achieved the "Excellent" level of rating for 3 consecutive years. In addition, in 2009 we also earned the "Very Good" scoring on the Corporate Governance Rating surveyed by Thai Institute of Directors Association (IOD) with supports from The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). The implementation on the good corporate governance activities during the year 2009 can be summarized as follows.

*"The Company recognizes the importance of the basic rights of the shareholders and treats them equitably"*

## Rights of Shareholders

The Company generally holds an annual general meeting of shareholders (AGM) once a year within four months after each fiscal year end. In 2009, the Company held the AGM on April 3, 2009. The Company provided shuttle services at an easily accessible location and near BTS Station for shareholders who wished to attend the Meeting.

Record date has been applied to determine the shareholders who entitled to attend the 2009 Annual General Meeting of Shareholders. The Company entrusted Thailand Securities Depository Co., Ltd. (TSD) who acts as its registrar to send out invitation for the meeting in both Thai and English together with other supporting information and documents to all shareholders 14 days prior to the AGM date. At the same time, it announced the call for the AGM meeting on a Thai daily newspaper for three consecutive days and at least three days before the meeting date. All those documents were also made available to the shareholders on the Company's website for 30 days in advance. These were identical to what the Company mailed to the shareholders to ensure that the shareholders would have adequate time to review the agenda. The meeting invitation had expressly indicated the matters to be tabled at the meeting, whether for acknowledgement, approval or consideration. In addition, it enclosed the Board's opinions and supported document to ensure that shareholders have sufficient



2009 Annual General Meeting  
April 3, 2009

information to consider all issues. To be well prepared for the meeting day, the Company provided a list of necessary evidences must be presented to identify themselves and a proxy form (as outlined by the Ministry of Commerce) to facilitate the shareholders who cannot attend the meeting and wish to give proxy to others. On meeting date, attendance registration commenced approximately 1 hour before the meeting started. Shareholders who came late were allowed to vote for the remaining agenda. Barcode system had been employed to facilitate the attendance registration and vote count. Duty stamps were available to shareholders without charges.

There were 8 directors out of 9 attended the meeting, the Chairman of the Board, Chairman of all sub-committees, President and other key management members such as Chief Financial Officer (CFO) and the external auditor in order to listen to the shareholders' opinions or suggestions and also answered any questions they might had. Before the meeting started, the Company notified number of shareholders who attend meeting in person and proxy, and clarified voting procedure and vote count method. With regard to the voting criteria, each share is eligible for one vote and an ordinary resolution requires the majority votes (except the voting on a special resolution, the meeting must comply with the Company's Articles of Association). Votes are not allowed to shareholders who have interests related to any particular agenda. For the election of directors, individual votes are required. At the time of voting, in order to expedite the process, only the ballots voted for objections and abstentions were collected and deducted from total votes which attended the meeting and eligible to vote and kept for later inspection. There was no any objection or request for re-inspection from shareholders on such arrangement. The meeting proceeded according to the agenda and had no additional item without prior notification to shareholders. The preliminary voting results were reported openly at the meeting. A representative from Allen & Overy (Thailand) Co Ltd was appointed to help inspect the vote count. During the meeting, shareholders were allowed to voice their opinions and raise questions in appropriate time. In fact, shareholders may submit their questions by e-mail to [info@deltathailand.com](mailto:info@deltathailand.com), mail or fax to the Company before the meeting date. However, in the meeting, the Board will only attend the questions that related to the Company's operations or considered to create material impact on the operating results.

Minutes of meeting recorded in writing every resolution, showing the number of approval, objection and abstention votes for each agenda. Questions, response, and opinions arose during the meeting were fully documented in order to examine afterwards. Report of the meeting had been disclosed on the website of the SET as well as and the Company's within 14 days after the meeting date (Please find further details in the 2009 Minutes of Annual General Meeting posted on the Company's website [www.deltathailand.com/shareshow.php?idnews=30](http://www.deltathailand.com/shareshow.php?idnews=30))

A plant tour was organized after the annual general shareholders' meeting. Company's staff showed the shareholders production processes, and also answers various questions for shareholders to better understand the Company's business operations.



### Equitable Treatment to Shareholders

If the shareholder is unable to attend the meeting, the shareholder may give a proxy to a person or to the Company's nominated independent directors to attend the meeting and vote on his/her behalf by completing and sending to the Company a proxy form enclosed with the invitation for the meeting or by downloading the proxy form from the Company's website.

In addition, the Company opened for the shareholders to propose additional agenda and an advance nominate candidate to be director of the Company through Company's website during 15 October - 31 December 2008 but none had exercised the rights. For 2010 annual general meeting of shareholders, the Company also provided this opportunity to shareholders during the period of 22 October - 31 December 2009.

*"The Company has a policy of encouraging the equitable treatment to shareholders"*

### Prevention on Usage of Inside Information

Under the Company's policy, the inside information is restricted to the executives from the middle to the top levels within the relevant departments or plants. Use of inside information for personal benefits and lead to damage is deemed serious wrongful. In practice, the Company ruled out that its directors and executives must declare securities holding under their names, their spouses and minor children to the Office of the Securities and Exchange Commission (SEC) to comply by the law. The same information is also required to submit to the Company's Board on a quarterly basis. Since listing on the SET, there is no circumstance related to usage of inside information which leads to significant change of the Company's stock price.

### Prevention on Conflict of Interest

In general practice, decision making of the directors and executives must come out in a way to enrich the Company's ultimate benefit. In case of having conflict of interest, the directors or the executives shall submit the issue to the Board or the shareholders' meeting for their consideration on necessity to execute such transaction and potential impact on the Company if the matter is approved. At the time of voting on the issue, the person who has conflict of interest is not allowed to vote. According to the recent Securities and Exchange Act, the directors and executives of the Company have filed their and their related persons' report on their interest with the Company with an extra copy to the Chairman and Audit Committee Chairperson

of the Company through the company's secretary. The first interest report was submitted on September 9, 2009. And such report is required to update annually and submit to the Company by end of January every year. In addition, the Company also deals with related party transaction as regulated by the Capital Market Supervisory Board and also disclosed inter-transaction with its subsidiaries in the Company's financial statements and in the annual information disclosure form (Form 56-1)

### **Code of Conduct**

In order to ensure that the Company performs its business with integrity, transparency and responsible to all interested parties, the Company compiles a Code of Conduct Manual to guide the Board, executives, and employee to act on the same standard. The manual has been published in the Company's intranet and the Company's website ([www.deltathailand.com/code.html](http://www.deltathailand.com/code.html)) with the aim to build up the common understanding and awareness along with being able to reach the same ethical standard of all employees. The Code of Conduct covers the following issues.

1. Compliance with laws and Company's regulations
2. The integrity of records
3. Protection of Company's assets
4. Gifts and entertainment
5. Conflict of Interest
6. Protection of Company's intellectual property rights
7. Prohibit on usage of inside information

### **Role of Stakeholders**

The Company gives priority towards lawful rights and agreement to all stakeholders, which are shareholders, customers, employees, business partners, creditors and the society. Mail and e-mail are two established channels to accept suggestion or complaints from stakeholders.

Once arrived, the Company's Secretary will pass them to the executive committee, the audit committee, or the Board of Directors to examine and classify the message as follows.

- 1) Complaints raised by shareholders will be submitted to the Audit Committee or the Board or addressed directly to the audit committee chairperson at the address of the Company specified above
- 2) Complaints raised by customers, suppliers, employees or the public will be submitted to the executives to find out solution and report to the Board for acknowledgement.
- 3) Complaints raised by creditors will be submitted to the executive committee or executive may consider passing on the issue to the Board for further consideration.

The Company's stance with regard to this can be described as follows:

### **Shareholders:**

The Company aims to bring a long-term sustainable growth to its business, thereby enhancing the Company's value and ultimately providing favorable returns to its shareholders. Since listing, the Company has been operated profitably and paid dividend consistently at a satisfactory rate. In fact, from 2006 to 2009, dividend payout ranged between 47-85% of respective annual net profits, to which implied annual dividend yield of approximate 7-11%.

*“The Company recognizes the rights and the important role of all stakeholders”*



### Customers:

The Company is committed to the customer satisfaction by always providing them with high quality products with reliable services and consistently maintaining good relationship. The recent evidence is two award winnings in 2009, one by the subsidiary in India who received the “Best Telecom Equipment Manufacturer” award from Bharat Sanchar Nigam Ltd. (BSNL), the world’s 7<sup>th</sup> largest telecommunications company and another by the Company who received the “2009 Supplier of Excellence Award in Productivity” from Black & Decker, the leading global manufacturer and marketer of power tools.



“Best Telecom  
Equipment  
Manufacturer”  
from (BSNL)

“2009 Supplier  
of Excellence Award in  
Productivity”  
from Black & Decker

### Employees:

The Company believes that human resources is the most valuable asset and consequently promotes and supports programs that benefit employees both in form of education and for better quality of life. Key activities in the past year included scholarship awarded to employees and their children who achieved good education results and breastfeeding corner within working place which initiated by the HRH Princess Srirasmi, Royal Consort of His Royal Highness Crown Prince Maha Vajiralongkorn.

To continually progress competency and enhance skill of employees, in 2009, the Company provided training programs both domestically and abroad as follows:



Delta Thailand, as 1 of 17 companies out of total 132 companies nationwide participating in this project, had received plaque of honour from Her Royal Highness Princess Srirasmi Royal Consort to HisRoyal Highness Crown Prince Maha Vajiralongkorn, on 25 June 2009.



LTD Training on Module 2  
India, March 2009

### Leadership Talent Development Program (LTD)

A “Leadership Talent Development Program (LTD)” was initiated to develop leadership skill to a selected group of management in order to serve the needs of human resources for business expansion in various regions around the globe. This project consists of 4 continuous training courses. The first was conducted in December 2008 in Thailand and the last three completed in 2009 were arranged at the office of subsidiaries in India, Slovakia and Germany. This very first LTD project had totaled 24 participants who entirely completed the training and earned certificates. The second similar project is planned to commence in 2010.





LTD Training on Module 3 in Slovakia July 2009



Graduation day for the first LTD program after completed 4 training modules, Soest, Germany, September 2009

### **Middle Management Program (MMP)**

This program was scheduled to train and develop skill on human resource management for middle management staff. Providing knowledge and understanding the chief role is expected to help reduce conflict within the organization. This year, there were 55 participants in total for 2 training sessions, 15-16 and 22-23 August 2009, held at Delta Villa Training Center, Bangpakong, Chachoengsao province.



MMP training at Delta Villa Training Center, Bangpakong, Thailand, August 2009

### **Employee's Conceptual Development Program**

"The Seven Habits of Highly Effective People" was used as a ground for this training for 63 middle-level management, comprised 4 courses, conducted at the training center of Dhonburi Rajabhat University, Samutprakarn.



Mr. Ming-Cheng Wang, Vice President giving an opening speech for 7 Habits Training



7 Habits Training, at Dhonburi Rajabhat University, Samutprakarn

## Employee's Welfare Related Activities

Spread out of the H1N1 around the world gives rise to the Company to put strict measures in order to prevent spread in the plant and among the employees. The Company installs temperature detector at its entrance and campaigns for more understanding and prevention on the flu.

As to welfare activities, the Company helps employees who affect by the fall of world economy by negotiate with the Government Housing Bank to extend their debt repayments. The Company also, talked to the Government Saving Bank to provide its employees low interest loans to help support daily living. Varieties of vocational trainings have been arranged to help employee to earn extra income on their spare time. Last year, there were trainings on producing perfume and Crochet doll.

The Company unceasingly gives precedence to promote labour relations among employees and managements as well as provides proper welfare to all employees. This has been acknowledged by receiving "Labour Relations and Welfare Award" from the Department of Labour Protection and Welfare, the Ministry of Labour, for 4 consecutive years. In addition, the Company was given "Thai Labour Standard Certificate - TLS 8001-2003 Certificate at Completion Level in the year 2009" granted by the Minister of Labour.

In 2009, the Company and its subsidiaries had a total number of employees of 9,693 and the total remuneration including salary, bonus and provident fund paid to employees was Baht 4,721 million. In Thailand, there were 7,980 employees with Baht 1,763 million paid for remuneration including salary, bonus and provident fund. Employees in Thailand are divided into 2 main groups as follows.

### 1. Production lines

Business Group	No. of Employees (31 Dec 09)
Power Supply Product Group	3,374
DES and Telecom Power Product Group	1,260
Component Product Group	2,796
2. Administration and others	550

## Business Partners:

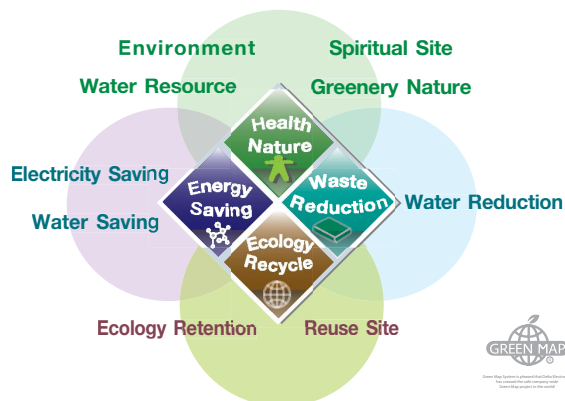
The Company at all times maintains good relationship with its business partners, not only perform to fulfill the agreement but also cooperate to work closely to improve the quality of raw materials and products to meet demand of both parties.

## Creditors:

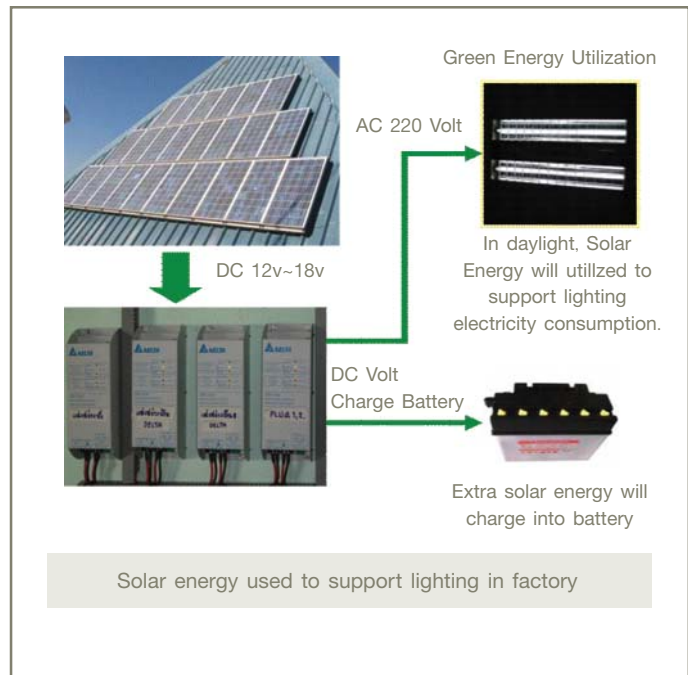
The Company strictly abides by its obligations and repays to all creditors as promised.

## Social & Environmental Responsibility:

The Company realizes that the healthy environment is crucial to the well-being of society and the whole world in the long run. The Company, therefore, firmly carries on the mission "To provide innovative, clean and efficient energy solutions for a better tomorrow". All business operations, from production activities to product development and new technology are performed towards the Mission.



In 2009, the Company further operates business to comply with the Green Map project in order to conserve energy and preserve good environment for the long-term living. At the same time, the Company campaigns for employee to see importance of environment and impact of global warming nowadays and encourages them to help protect environment and reduce use of energy. This project covers activities in all business operation from production to administration and other supporting units. In addition, the Company establishes the Environmental Management System (EMS) and Occupational Health and Safety (OH&S), not only to conserve environment and save energy but also to ensure healthy and safe working environment to employees.

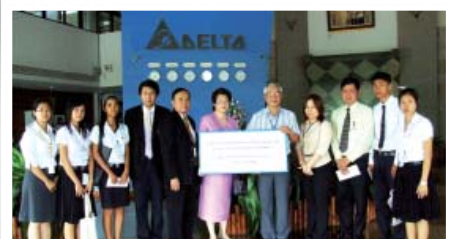


In 2009, the Company participated in the energy conservation program arranged by the Department of Alternative Energy Development and Efficiency, Ministry of Energy and was ranked the 2<sup>nd</sup> best in saving energy out of 32 participated factories in Bangkok and vicinity.

The Company sets out policy on social responsibility and consistently provides support and engages in various public activities to help the society. Every three months throughout the year, Delta's staff donates blood to Thai Red Cross. Every year, the Company donates money, things, computer equipment, necessary utensils to school and government units. It also provides fund to support research of university students such as Kasetsart University in order to enrich knowledge, competency and skills, which believed to be beneficial to the country (Please see details of the Social & Environment Policy in company website: [www.deltathailand.com/thai/social\\_\\_main.php](http://www.deltathailand.com/thai/social__main.php))



Donation of stationary and clothes to Prakitlechasak School, Nan Province, Thailand.



Scholarships awarded to students of Rajaput Thonburi University



Donation of server to Naval Electronics Department



*“The Board of Directors has the policy to accurately, adequately and timely disclose the important information”*

## Disclosure and Transparency

The Company has the policy to accurately, adequately and timely disclose the important information so as to allow stakeholders to know about operations, financial position and other information such as Financial Statement, Annual Report and Form 56-1, in both Thai and English.

Information is available on websites of relevant authorities such as the Stock Exchange of Thailand (SET) and the Securities Exchange Commission (SEC) as well as on the Company’s website [www.deltathailand.com](http://www.deltathailand.com). In addition, interest persons may telephone or email to request for information at [info@deltathailand.com](mailto:info@deltathailand.com). The Company also has investor relations unit to provide information to shareholders, investors, securities analysts, and others and they can be reached at [investor@deltathailand.com](mailto:investor@deltathailand.com).



Quarterly analyst and press conferences conducted by the top management



In 2009, the Company organized press conference quarterly to clarify its operating results to stock analysts, reporters and general investors and for those people to meet with its executives in a bid to nurture confidence of all stakeholders.

## Responsibilities of the Board

### Structure of the Board

The Board of Directors comprises nine directors, six of whom are executive directors and the other three are independent directors. The given one-third independent directors is believed to help balance the board. Qualifications of independent director has been set to meet the criteria ruled by the SEC.

Currently, Chairman of the Board and the president are held by two individuals with clearly separated responsibilities. Moreover, roles between the Board and management are also distinctively defined so as to ensure transparency in administrative work. (Details of the Board about structure, names, and scope of duties can be found in the section of Managerial Structure).

*“The Board of Directors must perform its duties faithfully and prudently to maximize benefits of the Company”*

### Director's Term of office

At the annual general meeting of shareholders, one-third of the directors must vacate from office. If the number of directors is not a multiple of three, the number of directors closest to one-third must vacate from office. A director who vacates from office by rotation is eligible for re-election. At the 2009 Annual General Meeting of Shareholders, the first two retired directors, Mr. Ng Kong Meng and Mr. Hsieh, Heng-Hsien were re-appointed while the last retired, Prof. Lee, Ji-Ren who expressed his intention to leave was replaced by Assistant Prof. Liu, Heng-Yih.

### Sub-Committee

The Board of Directors appointed sub-committees to help study, scrutinize, and to give opinion on various matters. At present, there are four sub-committees, which are executive committee, audit committee and compensation committee and risk management committee.

Following function units have been established to support the committees.

- Company secretary

The Board of Directors appointed Ms. Duangrat Lertvorasirikul and Ms. Wilailak Funghanakun the Company Secretary. Their main responsibilities are: to prepare meetings, inform and advise on relevant law and regulations, take care of the Board's activities, and coordinate to ensure that the Board's resolutions are put into practice. All are to facilitate efficiency of the Board's administration in order to comply with good corporate governance principle and other responsibilities as required by law.

- Internal Audit

The Internal audit department has been established for over 10 years with the main objective to support the Audit Committee who oversees internal audit tasks. They will help assess adequacy and efficiency of internal control as well as risk management. The Internal Audit reports directly to and works as assigned by the Audit Committee

### The Board's Meeting

The Company schedules the board meeting at least four times a year or on a quarterly basis and an extraordinary meeting may be arranged should there be issue to consider. The regular meeting date will be set in advance for the entire year. At least seven days prior to the meeting date, the Company will send out invitation letter with agenda to all directors. In case of emergency, invitation letter may be less than seven days. Each director is free to propose agenda. Company secretary has duties to arrange the meeting, take care and give suggestion to ensure that the meeting is in compliance with all relevant laws and regulations, minutes of meeting has been put in written, and those endorsed by the Board are kept as evidence at the Company's office.

The independent directors may hold a meeting without attendance of management as it sees appropriate. Normally, meeting of the Audit Committee is held without executive participation. The Company's external auditor generally attends the Audit Committee meeting on a quarterly basis when reviewing financial statements. In some circumstances, the Audit Committee may request particular executive to clarify issue as it sees fit.

## **Guidelines for Determination of Director and Top Executive Remuneration**

The Compensation Committee is responsible to determine remuneration of directors and top executive. However, those remunerations after determined by the Compensation Committee are required to propose to the board of directors for approval and the director remuneration is required to seek for further approval from the shareholders' meeting. Follows are some key guidelines;

1. Guidelines for Determination of Director Remuneration
  - 1.1 Remuneration package needs to be able to attract and retain competence director. Major factors to determine director remuneration include
    - Scope of works and responsibilities
    - Current market rate
    - The Company's overall performances
    - Others specified by the compensation committee or the Board
  - 1.2 Remuneration may be entirely fixed or partially fixed with some variable amount such as meeting allowance or other incentives.
2. Guidelines for Determination of Top Executive Remuneration
  - 2.1 Remuneration package needs to be able to attract, retain, and motivate the executive to work at their best.
  - 2.2 The compensation committee must define Key Performance Indicators (KPI) to help assess performance of the top executive and propose to the Board for approval before end of each fiscal year.
  - 2.3 Consideration to adjust remuneration or annual salary will depend upon KPI achievement and other accomplishments.
  - 2.4 Determination of remuneration should take into account the current market rate. Market survey or advice from human resource professional may be used in consideration and at the expense of the Company.

(Please find details of the remuneration of directors and top executive in the section of Managerial Structure).

## **Performance Assessment of the President**

The compensation committee is responsible to determine remuneration and Key Performance Indicators (KPI) of the President and proposes them to the Board for their approval. The KPI must be reviewed annually and performance assessment must be reported to the Board on a quarterly basis.

## **Risk Management**

The Board of Directors appointed Risk Management Committee (Please find details of the Risk Management Committee in the section of Managerial Structure) and approved risk management policy on May 7, 2009.

In 2009, the Risk Management Committee held 3 meetings to review the existing Emergency Preparedness Plan and Recovery & Contingency Procedures to ensure appropriateness to the current situation that natural disasters and epidemics have occurred more often and severely. In addition, it summarized the following key operational risks and gave guidance to manage those risks.

- Foreign Exchange Risk
- Customer Credit Risk
- Raw Material Risk
- Manpower
- Labor Relations

(Please find further details in the section of Risk Factors)

### **Training for the Board and Management**

The Company has a policy to encourage directors, executives and the company's secretary to continuously train on good corporate governance, both organized by internal or external institutions such as the SET, the SEC and the Thai Institute of Directors Association (IOD). In 2009, Mr. Ng Kong Meng, the Chairman of the Board attended the Director Certification Program (DCP) and Financial Statements Demystified for Directors, conducted by the Thai Institute of Directors (IOD). The Leadership Talent Development Project above-mentioned is also part of the management training program that consequently build up a new management generation. In 2009, the Company appointed Asst. Prof. Liu, Heng-Yih an independent director. The Company informed him responsibilities and qualifications of independent director, audit committee together with other relevant laws and regulations, explained business operation of the Company and its subsidiaries, and provided necessary documents for his further study on the Company

### **Audit Fee**

The Company paid the audit fee for the year 2009 to its auditor for a total amount of Baht 5,000,000 including all actual out of pocket expenses. (Audit fee in 2008 amounted to Baht 4,879,645 including all actual out of pocket expenses).

The Company and some of its subsidiaries hire the same international audit firm but different branch offices in various countries as all of the Company's subsidiaries are abroad. Other subsidiaries (most of which are in Europe) use the services provided by Pricewaterhouse Coopers (PWC) and the rest of them employ other audit firms to provide them with the audit services. Select criteria of its auditor principally are based upon the service quality and charge rate of the auditor. Nevertheless, the Company as the parent company has a policy to encourage its subsidiaries to use the services from the same accounting firm.



# RELATED PARTIES TRANSACTIONS

The Company and its subsidiaries have engaged into business transactions with their related companies in Delta group. The major transactions and reasons for having such related party transactions can be summarized as follows.

## 1. Sales of goods/raw materials

In order to manage trade constraints in certain countries for either the Company or its customers e.g. local content requirements, Delta group has established its trade network in local area for better service to customers as well as to enhance its business opportunities in those countries. The transactions are made based on certain trade agreement or with reference to market price, which includes related operating fee.

Sales of raw material are normally due to the urgent need of some raw materials from the related companies and the selling prices are based on the market price or cost of the materials sold.

## 2. Purchase of goods/raw materials

Currently Delta Thailand has also expanded its trade network through its subsidiaries which are located in the major regions e.g. Europe and India. To offer a full range of products, those subsidiaries may have to purchase some products from related companies to serve their clients. However, the transactions are made based on certain trade agreement which may also include their operating costs, or with reference to market price.

Companies in Delta group have set up material network in order to create bargaining power for better price and availability. For certain suppliers, the Company has to facilitate export facility to them via Delta group network. Price of raw material and handling fee will be charged to the Company in such incidence. The fees are charged based on transaction size (e.g. sales or purchase amount) and under general business terms and conditions.

## 3. Commissions

Since various services are generally required to serve the global clients, the Company needs to offer such services to customers in the area where they are located in. This makes Delta group to establish business network which enables the Company to have customer relations offices worldwide to provide effective marketing and after sales services to its clients at the competitive costs. Commissions are generally charged based on transaction size (e.g. sales or purchase amount) and under general business terms and conditions.

## 4. Service fee

Currently the operations of the Company's subsidiaries, Delta Energy Systems (DES) group, have covered almost throughout Europe region. Some related companies, therefore, occasionally request for supports from DES group to provide some services such as reworking, tooling service and others. Service fees are generally based on the estimated man hour used for each service.

### Procedures for related party transactions

Procedures for related party transactions are principally based on the notification of the Capital Market Supervisory Board re Connected Transactions. According to the said notification, business transactions are generally classified into 6 major categories:

1. Normal business transactions
2. Supporting normal business transactions
3. Rent or lease of immovable property ( $\leq$  3 years)
4. Sale/purchase of asset or service
5. Offer or receipt of financial assistance
6. Transactions other than 1-5

### Procedures for each business category are established and summarized as follows;

1. In case of normal business and supporting normal business transactions, the Board of Directors has approved in principle that such transactions can be done under normal/general business terms and conditions which the Company and/or its subsidiaries performs with other general parties without any control or influences from the related parties.
2. In case of other business categories, the related party transactions shall be classified by its transaction size and are required to follow below procedures.
  - Small sized transaction, being the transaction with the size of not more than THB 1 million or 0.03% of net tangible assets (NTA), whichever is higher, requires the management's approval.
  - Medium sized transaction, being the transaction with the size of greater than THB 1 million but less than THB 20 million, or greater than 0.03% but less than 3% of NTA, whichever is higher (except Item 5: Financial assistance that its size is less than THB 100 million or 3% of NTA, whichever is lower), requires board of directors' approval and information disclosure.
  - Large sized transaction, being the transaction with the size of THB 20 million and higher or 3% of NTA and higher, whichever is higher (except Item 5: Financial assistance that its size is equal to THB 100 million and higher or 3% of NTA or higher, whichever is lower), requires board of directors' approval, shareholders' approval and information disclosure.

For other details and definitions, the Company will perform according to the relevant notification as mentioned above.

In addition, the Audit Committee generally reviews and discusses about the related party transactions with the Company's external auditor in order to help protect conflicts of interest and see if the related party transactions are adequately and properly disclosed.

### Policy for the related party transactions

The Company and its subsidiaries still need to do the business with the related parties in the future as it is considered normal course of business. Moreover, supports from the group's network help strengthen the Company's business and improve its competitiveness in the world market and will utmost benefit the Company. The Company shall comply with rules, regulations and notifications of the Capital Market Supervisory Board and other relevant authorities re Connected Transactions and also adequately disclose the transaction in the Company's quarterly and annual financial statements.

# The Audit Committee Report

The Audit Committee consists of three independent directors: Emeritus Professor Supapun Ruttanaporn, Khun Supat Limpaporn, and Professor Lee, Ji-Ren during January 1<sup>st</sup>, 2009 - May 7th, 2009. Then, Assistant Professor Liu, Heng-Yin has replaced Professor Lee, Ji-Ren since then and Internal Audit Department Manager is a secretary.

The Audit Committee carried out its duties as specified by the Audit Committee Charter and as assigned by the Board of Directors. During the fiscal year ending 31 December 2009, the Audit Committee held 8 meetings, of which Emeritus Professor Supapun Ruttanaporn and Khun Supat Limpaporn attended all the meetings, while Professor Lee, Ji-Ren attended 2 meetings in Bangkok and 1 meeting via tele-conference. For Assistant Professor Liu, Heng-Yih, he attended 4 meeting and 1 meeting via tele-conference. The main activities of year 2009 can be concluded as follows:

1. Reviewed the quarterly and year-end financial statements with the external auditor to ensure that the financial statements and disclosures were accurate, appropriate, and reliable, and then submitted them to the Board of Directors.
2. Reviewed and evaluated the performance of Internal Audit Department from the audit plans, audit practices, audit reports and the follow - ups. The Audit Committee also made suggestions on how to improve efficiency of the internal audit. The Audit Committee did not receive any significant failure reports regarding to the company internal control.
3. Reviewed that the Company complied to the related laws and regulations. The Audit Committee is of the opinion that the Company maintains proper procedures to ensure that the operations comply with laws and regulations relating to the business of the Company.
4. Reviewed the related transactions and the conflict of interest transactions together with the external auditors that these transactions are reasonable and fully disclosed.
5. Considered the capability and the independence of the external auditor. The Audit Committee proposed to reappoint Ernst & Young Office Limited as the Company auditor for the accounting period ended 31 December 2009 by Mr. Supachai Phanyawattano, CPA. No. 3930, or Miss Thipawan Nananuwat, CPA. No. 3459, or Miss Siraporn Ouuanunkun, CPA. No. 3844 from Ernst & Young Office Limited with the audit fee of Baht 4,200,000 plus some out-of pocket expenses.
6. In 2009 the Company's Board of Directors approved Risk Management policy and set up a Risk Management committee. The committee is responsible for taking care and managing the risks.



The Audit Committee has highly concerned about the Company's Risk. Therefore, the Audit Committee has a request to Internal Audit Department to review the Risk Management policy in order to ensure that the Company regularly performs and complies with the policy.

7. In addition, the Audit Committee also believes that the customers' satisfactions are important. The Audit Committee has a request to Internal Audit Department to review Electronic Industry Code of Conduct (EICC) to guarantee that the Company complies with EICC, for instance, labor laws and regulations, occupation safety and health, environment protection, and ethic.
8. The Audit Committee put emphasis on energy saving and global warming. The Audit Committee urged the Company to perform their activities by concerning about the environment and the communities.

The Audit Committee realized that the Board of Directors and the management team have put their full efforts to manoeuvre the Company through the economic crisis period. Once the economic is back to normal, the management team will be able to operate and manage the Company for better benefits of the investors and other stakeholders.



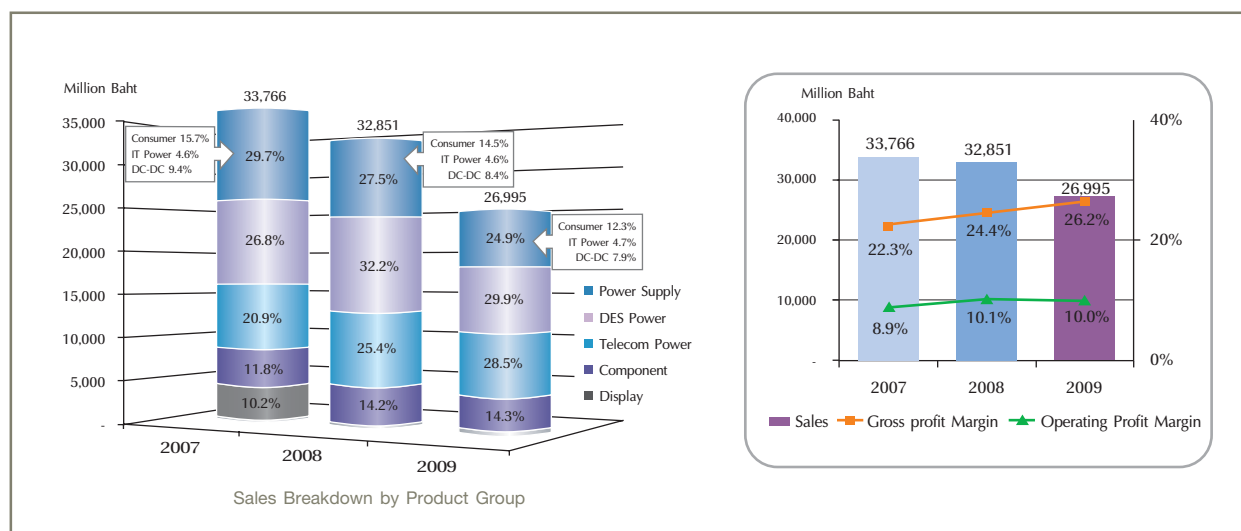
Emeritus Professor Supapun Ruttanaporn  
Audit Committee Chairperson

# Management Discussion & Analysis

Financial Highlights (based on consolidated financial statements)		2007	2008	2009
Total Assets	Baht Million	26,255	26,881	27,078
Total Liabilities	Baht Million	10,379	10,035	9,430
Total Shareholders' Equity	Baht Million	15,876	16,846	17,648
Registered Capital	Baht Million	1,259	1,259	1,259
Paid-up Capital	Baht Million	1,247	1,247	1,247
<b>Financial Ratios</b>				
<b>Liquidity Ratios</b>				
Current ratio	Times	2.21	2.30	2.54
Quick ratio	Times	1.76	1.73	1.97
Cash ratio	Times	0.50	0.31	0.50
Receivables turnover	Times	4.48	5.11	4.71
Collection period - average	Days	80	70	76
Inventory turnover	Times	6.55	6.47	4.92
Inventory turnover period - average	Days	55	56	73
Payable turnover	Times	4.73	5.33	4.42
Payable turnover period - average	Days	76	68	81
Cash Conversion Cycle (CCC)	Days	59	59	68
<b>Profitability Ratios</b>				
Sales	Baht Million	33,766	32,851	26,995
Gross profit	Baht Million	7,518	8,022	7,084
Gross profit margin	(%)	22.27%	24.42%	26.24%
Sales and Admin expenses (incl. R&D)	Baht Million	4,528	4,720	4,387
Sales and Admin expenses (incl. R&D) / Sales	(%)	13.41%	14.37%	16.25%
Operating profit margin (incl. R&D)	(%)	8.86%	10.05%	9.99%
Others income / Total revenues	(%)	2.73%	1.33%	0.99%
Net profit	Baht Million	3,155	2,898	2,190
Net profit margin	(%)	9.34%	8.82%	8.11%
Net profit/Total revenues	(%)	9.09%	8.70%	8.03%
Return on Equity	(%)	20.72%	17.71%	12.70%
<b>Efficiency Ratios</b>				
Return on Assets	(%)	12.03%	10.91%	8.12%
Return on Fixed Assets	(%)	110.69%	97.33%	76.43%
Total assets turnover	Times	1.32	1.25	1.01
<b>Financial Policy Ratios</b>				
Debt to Equity ratio	Times	0.65	0.60	0.53
Interest coverage ratio	Times	28.33	25.06	52.96
Dividend payout ratio	(%)	63.25%	47.35%	85.44%*

\* Pending approval from the 2010 Annual General Meeting of Shareholders

## 2009 Operating Results



### Sales

Global economic slowdown since end of 2008 throughout the entire 2009 year brought an adverse effect to the telecommunication and information technology (IT) industries which are core business of the Company. Inevitably, consolidated sales in 2009 declined by 17.8% to Baht 26,995 million from Baht 32,851 million in the previous year and 20.1% from Baht 33,766 million in 2007. The most affected product group was PSBG product group, including Consumer Electronic Power Supply, IT Power Supply, and DC-DC converter, down 25.4% from 2008 and 32.8% from 2007. DES product group, including Custom Designed Power Supplies for Telecom, IT, Networking, Industrial applications, Office automation, and Medical equipment, contracted 23.6% from 2008 and 10.6% from 2007. CPBG product group, including DC fan, Solenoids, and EMI Filter, dropped 17.4% from 2008 and 3% from 2007. A fall of DC fan was partly due to the unpleasant performance of automobile industry, which is now one of the major business sectors we have recently focused in.

### Expenses

Cost of goods sold/sales ratio in 2009 lowered to 73.8% from 75.6% in 2008 and 77.7% in 2007, thanks to efficient production administration and cost control of the key product groups such as DES, PSBG, and some of the products in CPBG group. Combined with better selling price of some products, gross profit margin gradually increased during 2007 to 2009 from 22.3% to 24.4% and 26.2%, respectively.

Selling and administrative expenses excluding research and development expense (R&D) in 2009 declined 7.9% to Baht 2,842 million, from Baht 3,087 million in 2008 and 3.7% from Baht 2,952 million in 2007. Due to a new product, solar inverter, launch that required loads of R&D spending, R&D expense in 2009 amounted Baht 1,545 million, insignificantly reduced 5.4%, from 2008 and 2.0% from 2007. However, the significant drop in sales as above-mentioned commanded an increase of SG&A/sales ratio (including R&D) in 2009 to 16.3%, from 2008's 14.4% and 2007's 13.4%.

## **Profits**

In 2009, following the unfavorable economic atmosphere, the Company had put its emphasis in maintaining its profitability or managing to stabilize the profit margin rather than stimulating its sales growth. As a result, operating profit margin in 2009 could be sustained at 9.99%, which is close to 2008's 10.05% and better than 2007's 8.9 %. Even the Company made several efforts to trim down the overall expenses, it was unable to compensate for such significant drop in sales. This is because some of the expenses, in their nature, are fixed or semi-fixed such as management and administrative related expenses and some of them needed to be sustained, like R&D or some marketing expenses, in order to support the growth when the market is recovered.

With the adoption of the prudent foreign exchange management policy, the Company managed to fully hedge the net exposure of each currency and finally could reduce its foreign exchange loss from Baht 62.5 million previously to Baht 6.9 million in 2009 despite performing under various uncertainties. However, with the decline in the interest rate in the financial market, interest income slumped to only Baht 71 million from 2008's Baht 210 million and 2007's Baht 256 million. In all, net profit in 2009 significantly decreased by 24.43% to Baht 2,190 million from Baht 2,898 million in 2008 and Baht 3,155 million in 2007. EPS dropped accordingly to Baht 1.76 from 2008's Baht 2.32 and 2007's Baht 2.53.

## **Financial Positions**

As illustrated in the Company's consolidated financial statements for 2007-2009 ending December 31, total assets and shareholders' equity have shown a steady growth with the overall healthier financial structure and high liquidity even the business had been operated under the undesirable conditions.

## **Assets**

### **Cash and Current Assets**

Current Assets as of 31 December 2009 accounted as high as 77% of total assets and in line with that of 2008. The key current assets items remained cash and cash equivalent, account receivables, and inventory which represented 39%, 20%, and 14% of total assets respectively. In the meantime, decline of sales activities lowered account receivables and inventory and on the contrary, increased cash and cash equivalent from Baht 9,131 million in prior year to Baht 10,553 million.

Although account receivables dropped to Baht 5,485 million in 2009, from Baht 5,982 million in 2008, average collection period increased to 76 days from 2008's 70 days. However, it was still better than 2007 of 80 days. However, closely monitored debt collection has helped reduce the collection period from the significantly high 79 days, in the first quarter 2009 due to the poor economic conditions during the first half of the year down to only 62 days in the fourth quarter after the market has recovered. Average inventory turnover period in 2009, owing to the same reason, increased to 73 days from 2008's 56 days and after the more active sales activities in the fourth quarter, it noticeably improved to 60 days from 79 days in the first quarter. Average payable turnover period hiked to 81 days in 2009 from 68 days in 2008 due to the rebounded market in the fourth quarter of the year and Cash Conversion Cycle (CCC) increased to 68 days in 2009 from 59 days from the previous year. Nonetheless, the Cash Conversion Cycle impressively lowered to only 53 days in the fourth quarter of 2009 due to the satisfactorily improved in the turnover of accounts receivable and inventory as mentioned earlier.



### **Non-Current Assets**

As of 31 December 2009, non-current assets of consolidated balance sheet stood at Baht 6,173 million or represented 23% of total assets and were in line with the previous year. The core items remained property, plant and equipment whose net book value slightly dropped year on year by 6% to Baht 3,644 million. Investment in other companies significantly declined by 23% to Baht 496 million from 2008's Baht 642 million, mainly due to provision made for impairment of investment in IP Fund One L.P whose investment mainly focuses in new technology or innovation businesses and its investment value was severely affected by the global recession. In addition, value of intangible assets (patent) reduced to Baht 821 million from prior year of Baht 916 million in relation to its annual amortization. Meanwhile, other assets which is goodwill arisen from the DES acquisition worth Baht 307 million was stable. This said patent and goodwill occurred since 2003 when the Company acquired the business of Ascom Energy Systems.

### **Liabilities**

Total liabilities of the Company as of 31 December 2009 fell slightly by 6% to Baht 9,430 million from the prior year of Baht 10,035 million. The major decline occurred in bank overdraft and short term borrowings from financial institutions.

### **Current liabilities and liquidity**

As of end of 2009, current liabilities stood at Baht 8,219 million, representing a high proportion, 87%, of total liabilities and down 6% from the previous year. Such decline was attributed by the decrease in bank overdraft and short-term borrowings from financial institutions as its subsidiary in Slovakia had paid off its debts with cash call from capital increase to strengthen financial structure as well as reduced interest burden. As a result, balance for the borrowing account had remarkably lowered by 44% from the prior year. However, following the hike of sales turnover during the fourth quarter of 2009, account payables instead, slightly rose by 6% and lengthened its payable turnover as earlier mentioned. Lower current liabilities helped strengthen liquidity ratio to 2.54 times, from 2008's 2.30 times, and larger quick ratio to 1.97 times from 2008's 1.73 times.

### **Shareholders' Equity**

The Company's shareholder's equity as of 2009 year end stood at Baht 17,648 million, up slightly by 5% from last year because of the net profit generated during the year. However, return on shareholders' equity decreased substantially to 12.7% from 17.7% in the previous year and 20.7% in 2007 due to contraction of net profits. Nevertheless, Debt to Equity ratio continued improving to 0.53 times, from 0.60 times in 2008 and 0.65 times in 2007 as a reflection of lower total liabilities and enlarged shareholders' equity. Such ratio signifies healthy capital structure and justifies low financial risk.

# Responsibility of the Board of Directors to the Financial Statements

The Board of Directors of Delta Electronics Public Company Limited is responsible for the financial statements of the Company and its subsidiaries which have been prepared in accordance with Thailand's generally accepted accounting standards. The appropriate accounting policies are applied consistently with adequate disclosure of material information in the notes to the financial statements.

The Board of Directors has assigned the Audit Committee which is composed of all independent directors to review the quality of financial statements and the effectiveness of the internal control system to ensure that accounting records are booked properly and accurately in order to safeguard the Company's assets. The opinions of the Audit Committee have been reported in the annual report. Furthermore, the Company's external auditor has also provided their opinions on the financial statements of the Company and its subsidiaries in the auditor's report which has also been disclosed in the annual report.



Ng Kong Meng (James)  
Chairman of the Board

# Report and consolidated financial statements

Report of Independent Auditor

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

I have audited the accompanying consolidated balance sheets of Delta Electronics (Thailand) Public Company Limited and its subsidiaries as at 31 December 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Delta Electronics (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. The financial statements of certain overseas subsidiaries as at 31 December 2009 and 2008 and for the years then ended were audited by the subsidiaries' auditors, whose reports have been furnished to me. My opinion on the consolidated financial statements for the years ended 31 December 2009 and 2008, 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 2009 and 2008 of approximately Baht 5,793 million and Baht 5,906 million, respectively, total revenues for the years ended 31 December 2009 and 2008 of approximately Baht 11,810 million and Baht 11,816 million, respectively, and net loss for the years ended 31 December 2009 and 2008 of approximately Baht 22 million and Baht 250 million, respectively.

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

In my opinion, based on my audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics (Thailand) Public Company Limited and its subsidiaries and of Delta Electronics (Thailand) Public Company Limited as at 31 December 2009 and 2008, and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 28.3.1 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.



Narong Puntawong

Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited  
Bangkok: 23 February 2010

# Balance sheets

Delta Electronics (Thailand) Public Company Limited and its subsidiaries  
As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		10,552,858,435	9,131,391,349	7,545,051,143	6,551,478,418
Investments in available-for-sale securities	7	178,516,270	52,462,379	–	–
Trade accounts receivable					
Related parties	6	266,562,291	281,715,072	1,646,325,622	1,413,589,819
Unrelated parties		5,274,245,565	5,777,550,472	2,099,680,859	2,492,028,654
Less: Allowance for doubtful accounts		(55,541,098)	(77,241,495)	(7,710,377)	(23,696,645)
Trade accounts receivable – net	8	5,485,266,758	5,982,024,049	3,738,296,104	3,881,921,828
Amounts due from related parties	6	–	4,227,360	–	–
Inventories – net	9	3,829,213,794	4,257,876,422	1,905,651,539	1,970,124,841
Other current assets					
Input tax refundable		276,004,959	202,506,000	51,411,720	51,549,589
Advance payments		114,344,157	72,113,265	1,294,996	28,444,212
Forward contracts receivable	29	11,678,483	57,981,085	3,499,050	–
Prepaid expenses		50,219,724	64,934,724	9,240,963	18,567,966
Prepaid tax		294,736,006	257,365,180	–	–
Other accounts receivable		48,191,951	79,130,414	–	13,319,090
Others		63,623,383	60,016,264	5,769,074	3,633,375
<b>Total current assets</b>		<b>20,904,653,920</b>	<b>20,222,028,491</b>	<b>13,260,214,589</b>	<b>12,519,039,319</b>
<b>Non-current assets</b>					
Deposits at bank with restrictions	10	209,427,887	235,808,133	–	–
Investments in subsidiary companies – net	11	–	–	7,480,389,427	6,485,376,731
Investment in associated company	12	591,494,276	587,422,891	–	–
Other long-term investments – net	13	495,970,767	642,158,992	–	–
Property, plant and equipment – net	14	3,644,142,844	3,869,630,706	2,072,375,735	2,305,195,979
Intangible assets – net	15	820,691,801	916,067,142	–	–
Deferred tax assets	16	75,075,130	67,098,871	–	–
Other non-current assets					
Consolidation goodwill		306,757,971	306,757,971	–	–
Others		29,690,551	33,849,130	1,775,869	1,765,469
<b>Total non-current assets</b>		<b>6,173,251,227</b>	<b>6,658,793,836</b>	<b>9,554,541,031</b>	<b>8,792,338,179</b>
<b>Total assets</b>		<b>27,077,905,147</b>	<b>26,880,822,327</b>	<b>22,814,755,620</b>	<b>21,311,377,498</b>

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

## Balance sheets (continued)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries  
As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	17	1,318,607,054	2,338,848,575	–	–
Trade accounts payable					
Related parties	6	421,610,599	440,675,318	95,843,576	104,060,983
Unrelated parties		4,223,536,964	3,924,385,283	3,288,504,587	2,948,103,942
Total trade accounts payable		4,645,147,563	4,365,060,601	3,384,348,163	3,052,164,925
Amounts due to related parties	6	142,942,626	60,289,857	227,961,664	186,691,154
Short-term provisions	18	114,460,921	131,702,450	4,428,913	4,407,084
Other current liabilities					
Accrued expenses		1,070,959,018	1,162,211,054	345,809,346	392,601,606
Advance received		180,005,727	128,523,910	116,851,764	78,718,970
Other accounts payable		266,982,794	186,186,853	154,533,231	129,730,195
Value added tax payable		103,301,479	29,696,443	–	–
Income tax payable		193,035,749	185,180,388	–	–
Others		182,753,530	187,903,529	91,280,057	136,399,793
<b>Total current liabilities</b>		<b>8,218,196,461</b>	<b>8,775,603,660</b>	<b>4,325,213,138</b>	<b>3,980,713,727</b>
<b>Non-current liabilities</b>					
Long-term provisions	18	1,196,398,948	1,250,120,243	82,340,577	67,300,395
Other non-current liabilities		15,088,546	9,165,496	1,035,000	1,045,000
<b>Total non-current liabilities</b>		<b>1,211,487,494</b>	<b>1,259,285,739</b>	<b>83,375,577</b>	<b>68,345,395</b>
<b>Total liabilities</b>		<b>9,429,683,955</b>	<b>10,034,889,399</b>	<b>4,408,588,715</b>	<b>4,049,059,122</b>

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

## Balance sheets (continued)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

As at 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,259 million ordinary shares of					
Baht 1 each		1,259,000,000	1,259,000,000	1,259,000,000	1,259,000,000
Issued and fully paid-up					
1,247.38 million ordinary shares of					
Baht 1 each	19	1,247,380,634	1,247,380,634	1,247,380,634	1,247,380,634
Share premium		1,491,912,500	1,491,912,500	1,491,912,500	1,491,912,500
Unrealised gain (loss) on changes in value of					
available-for-sale securities	7	105,636,106	(19,729,022)	–	–
Translation adjustment		(1,183,016,585)	(1,044,166,184)	–	–
Retained earnings					
Appropriated – Statutory reserve	20	125,900,000	125,900,000	125,900,000	125,900,000
Unappropriated		15,800,567,230	14,983,303,425	15,540,973,771	14,397,125,242
Equity attributable					
to the Company's shareholders		17,588,379,885	16,784,601,353	18,406,166,905	17,262,318,376
Minority interest – equity attributable					
to minority shareholders of subsidiaries		59,841,307	61,331,575	–	–
<b>Total shareholders' equity</b>		<b>17,648,221,192</b>	<b>16,845,932,928</b>	<b>18,406,166,905</b>	<b>17,262,318,376</b>
<b>Total liabilities and shareholders' equity</b>		<b>27,077,905,147</b>	<b>26,880,822,327</b>	<b>22,814,755,620</b>	<b>21,311,377,498</b>

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

# Income statements

Delta Electronics (Thailand) Public Company Limited and its subsidiaries  
For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Revenues</b>					
Sales and service income		26,994,868,646	32,851,352,965	17,500,081,132	21,349,481,803
Other income					
Interest income		71,377,411	210,373,341	52,128,501	146,608,775
Dividend income		37,736,225	44,021,696	–	–
Gain on exchange	23	–	–	41,229,768	276,106,013
Others		159,873,028	189,993,826	65,823,458	105,806,826
<b>Total revenues</b>		<b>27,263,855,310</b>	<b>33,295,741,828</b>	<b>17,659,262,859</b>	<b>21,878,003,417</b>
<b>Expenses</b>					
Cost of sales and services		19,910,375,802	24,829,580,242	12,635,813,531	16,104,518,041
Selling expenses		1,919,467,687	2,086,913,288	1,309,547,949	1,633,607,165
Administrative expenses		922,395,763	999,849,257	534,732,915	522,050,291
Research and development expenses		1,545,477,791	1,632,896,806	525,359,285	495,615,382
Management benefit expenses		246,587,824	231,399,036	17,120,090	14,445,961
Loss on exchange	23	6,881,011	62,475,555	–	–
Other expenses		430,689,205	458,912,045	120,721,863	17,761,934
<b>Total expenses</b>		<b>24,981,875,083</b>	<b>30,302,026,229</b>	<b>15,143,295,633</b>	<b>18,787,998,774</b>
<b>Income before share of income from investment in associated company, finance cost and corporate income tax</b>		<b>2,281,980,227</b>	<b>2,993,715,599</b>	<b>2,515,967,226</b>	<b>3,090,004,643</b>
Share of income from investment in associated company		32,976,466	61,270,158	–	–
<b>Income before finance cost and corporate income tax</b>		<b>2,314,956,693</b>	<b>3,054,985,757</b>	<b>2,515,967,226</b>	<b>3,090,004,643</b>
Finance cost		(59,943,471)	(132,108,126)	–	–
<b>Income before corporate income tax</b>		<b>2,255,013,222</b>	<b>2,922,877,631</b>	<b>2,515,967,226</b>	<b>3,090,004,643</b>
Corporate income tax	16	(65,213,554)	(25,039,491)	–	–
<b>Net income for the year</b>		<b>2,189,799,668</b>	<b>2,897,838,140</b>	<b>2,515,967,226</b>	<b>3,090,004,643</b>
<b>Net income attributable to:</b>					
Equity holders of the parent		2,189,382,502	2,897,478,328	2,515,967,226	3,090,004,643
Minority interests of the subsidiaries		417,166	359,812	–	–
		<u>2,189,799,668</u>	<u>2,897,838,140</u>		
<b>Earnings per share</b>	25				
Basic earnings per share					
Net income attributable to equity holders of the parent		1.76	2.32	2.02	2.48
Diluted earnings per share					
Net income attributable to equity holders of the parent		1.76	2.32	2.02	2.48

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



# Statements of changes in shareholders' equity

Delta Electronics (Thailand) Public Company Limited and its subsidiaries

For the years ended 31 December 2009 and 2008

(Unit: Baht)

Consolidated financial statements									
Issued and fully paid-up share capital	Share premium	Unrealised gain (loss) on changes in value of available-for- sale securities	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest-equity attributable to minority shareholders of subsidiaries	Total	
				Appropriated	Unappropriated				
<b>Balance as at 31 December 2007</b>	1,247,378,396	1,491,912,500	(4,833,983)	(1,121,618,967)	125,900,000	14,081,620,220	15,820,358,166	55,148,515	15,875,506,681
<b>Income and expenses recognised directly in equity:</b>									
Unrealised loss on changes in value of available-for-sale securities	-	-	(14,895,039)	-	-	-	(14,895,039)	-	(14,895,039)
Translation adjustment	-	-	-	77,452,783	-	-	77,452,783	5,823,248	83,276,031
<b>Net income and expenses recognised directly in equity</b>	-	-	(14,895,039)	77,452,783	-	-	62,557,744	5,823,248	68,380,992
Net income for the year	-	-	-	-	-	2,897,478,328	2,897,478,328	359,812	2,897,838,140
<b>Total income and expenses for the year</b>	-	-	(14,895,039)	77,452,783	-	2,897,478,328	2,960,036,072	6,183,060	2,966,219,132
Dividend paid (Note 21)	-	-	-	-	-	(1,995,795,123)	(1,995,795,123)	-	(1,995,795,123)
Share capital issued	2,238	-	-	-	-	-	2,238	-	2,238
<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

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

# Statements of changes in shareholders' equity (continued)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries  
For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements								
	Issued and fully paid-up share capital	Share premium	Unrealised gain (loss) on changes in value of available-for- sale securities	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders	Minority interest-equity attributable to minority shareholders of subsidiaries	Total
					Appropriated	Unappropriated			
Balance as at 31 December 2008	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
Income and expenses recognised directly in equity:									
Unrealised gain on changes in value of available-for-sale securities	-	-	125,365,128	-	-	-	125,365,128	-	125,365,128
Translation adjustment	-	-	-	(138,850,401)	-	-	(138,850,401)	(1,907,434)	(140,757,835)
Net income and expenses recognised directly in equity	-	-	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
Total income and expenses for the year	-	-	125,365,128	(138,850,401)	-	2,189,382,502	2,175,897,229	(1,490,268)	2,174,406,961
Dividend paid (Note 21)	-	-	-	-	-	(1,372,118,697)	(1,372,118,697)	-	(1,372,118,697)
Balance as at 31 December 2009	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

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

# Statements of changes in shareholders' equity (continued)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries  
For the years ended 31 December 2009 and 2008

(Unit: Baht)

## Balance as at 31 December 2007

Net income for the year

## Total income and expenses for the year

Dividend paid (Note 21)

Share capital issued

## Balance as at 31 December 2008

## Balance as at 31 December 2008

Net income for the year

## Total income and expenses for the year

Dividend paid (Note 21)

## Balance as at 31 December 2009

Separate financial statements				
Issued and fully paid-up share capital	Share premium	Retained earnings		Total
		Appropriated	Unappropriated	
1,247,378,396	1,491,912,500	125,900,000	13,302,915,722	16,168,106,618
-	-	-	3,090,004,643	3,090,004,643
-	-	-	3,090,004,643	3,090,004,643
-	-	-	(1,995,795,123)	(1,995,795,123)
2,238	-	-	-	2,238
1,247,380,634	1,491,912,500	125,900,000	14,397,125,242	17,262,318,376
1,247,380,634	1,491,912,500	125,900,000	14,397,125,242	17,262,318,376
-	-	-	2,515,967,226	2,515,967,226
-	-	-	2,515,967,226	2,515,967,226
-	-	-	(1,372,118,697)	(1,372,118,697)
1,247,380,634	1,491,912,500	125,900,000	15,540,973,771	18,406,166,905

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

# Cash flow statements

Delta Electronics (Thailand) Public Company Limited and its subsidiaries  
For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Cash flows from operating activities:</b>				
Net income before tax	2,255,013,222	2,922,877,631	2,515,967,226	3,090,004,643
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation	681,646,533	758,458,103	468,205,829	569,588,439
Amortisation in premium/discount of forward contracts	2,587,349	(8,112,255)	(631,900)	(5,965,937)
Amortisation of intangible assets	57,540,483	55,707,726	–	–
Allowance for doubtful accounts (reversal)	(7,245,519)	28,704,402	(1,531,390)	349,282
Allowance for diminution in value of inventory (reversal)	(24,239,665)	62,267,544	7,894,805	15,416,849
Increase in provisions	80,556,542	144,506,023	16,727,339	6,979,927
Loss from disposal of investments in available-for-sale securities	–	31,811,267	–	–
Share dividend received from investments in available-for-sale securities	(2,541,110)	(1,929,070)	–	–
(Gain) loss from disposal of property, plant and equipment	610,410	(2,189,111)	344,685	(1,708,580)
Share of income from investments in associated company	(32,976,466)	(61,270,158)	–	–
Loss on diminution in value of other long-term investments	102,995,880	–	–	–
Unrealised gain on exchange (Note 23)	(33,701,845)	(168,148,811)	(65,473,282)	(134,109,322)
Interest income	(71,377,411)	(210,373,341)	(52,128,501)	(146,608,775)
Interest expenses	59,943,471	132,108,126	–	–
Income from operating activities before changes in operating assets and liabilities	3,068,811,874	3,684,418,076	2,889,374,811	3,393,946,526
Decrease (increase) in operating assets:				
Trade accounts receivable	444,896,976	937,547,224	86,051,279	1,245,633,349
Amounts due from related parties	4,227,360	38,818,051	–	41,678,550
Inventories	452,902,293	(896,888,922)	56,578,497	(650,231,318)
Other current assets	(51,722,781)	(5,725,262)	58,084,522	(17,213,459)
Other non-current assets	(8,092,209)	34,595,456	(10,400)	285,434
Increase (decrease) in operating liabilities:				
Trade accounts payable	301,101,137	(617,250,457)	353,197,413	(652,479,780)
Amounts due to related parties	92,485,755	2,379,833	51,103,496	(60,849,726)
Other current liabilities	143,685,248	(160,984,157)	(32,855,544)	(170,313,110)
Provisions	(110,480,384)	(180,165,242)	(848,129)	(13,665,255)
Other non-current liabilities	6,737,433	2,170,903	(10,000)	(30,000)
Cash flow from operating activities	4,344,552,702	2,838,915,503	3,460,665,945	3,116,761,211
Cash received from interest income	69,125,205	215,900,695	51,595,635	149,512,671
Cash paid for interest expenses	(83,344,386)	(121,913,724)	–	–
Cash paid for corporate income tax	(102,043,257)	(145,049,333)	(561,101)	(422,555)
<b>Net cash flows from operating activities</b>	<b>4,228,290,264</b>	<b>2,787,853,141</b>	<b>3,511,700,479</b>	<b>3,265,851,327</b>

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

# Cash flow statements (continued)

Delta Electronics (Thailand) Public Company Limited and its subsidiaries  
For the years ended 31 December 2009 and 2008

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Cash flows from investing activities:</b>				
Proceed from disposal in investments				
in available-for-sale securities	-	15,424,972	-	-
Increase in investments in available-for-sale securities	-	(34,459,945)	-	-
Decrease in deposits at bank with restrictions	26,380,246	29,879,447	-	-
Increase in investments in subsidiary company	-	-	(995,012,696)	(1,034,841,476)
(Incease) Decrease in other long-term investments	17,138,303	(438,508,203)	-	-
Acquisition of property, plant and equipment	(514,767,094)	(933,025,453)	(237,699,939)	(395,754,942)
Proceeds from disposal of property, plant and equipment	13,150,359	23,301,474	1,969,669	17,297,075
Increase in intangible assets	(1,645,795)	(361,462)	-	-
<b>Net cash flows used in investing activities</b>	<b>(459,743,981)</b>	<b>(1,337,749,170)</b>	<b>(1,230,742,966)</b>	<b>(1,413,299,343)</b>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in bank overdrafts and short-term loan from financial institutions	(1,020,241,521)	372,018,514	-	-
Dividend paid (Note 21)	(1,372,118,697)	(1,995,795,123)	(1,372,118,697)	(1,995,795,123)
Proceeds from increase of share capital	-	2,238	-	2,238
<b>Net cash flows used in financing activities</b>	<b>(2,392,360,218)</b>	<b>(1,623,774,371)</b>	<b>(1,372,118,697)</b>	<b>(1,995,792,885)</b>
<b>Decrease in translation adjustment</b>	<b>(39,547,496)</b>	<b>(28,653,417)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash     and cash equivalents</b>	<b>1,336,638,569</b>	<b>(202,323,817)</b>	<b>908,838,816</b>	<b>(143,240,901)</b>
Unrealised gain on exchange for cash and cash equivalents	84,828,517	152,135,124	84,733,909	151,757,680
<b>Cash and cash equivalents at beginning of year</b>	<b>9,131,391,349</b>	<b>9,181,580,042</b>	<b>6,551,478,418</b>	<b>6,542,961,639</b>
<b>Cash and cash equivalents at end 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>

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

# Notes to consolidated financial statements

Delta Electronics (Thailand) Public Company Limited and its subsidiaries  
For the years ended 31 December 2009 and 2008

## 1. Corporate information

Delta Electronics (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Deltron Holding Limited, which is incorporated in the Channel Islands. The Company is principally engaged in the manufacture and distribution of electronic products and has a registered address 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 that International Accounting Standard (IAS) No. 12 Income Taxes has been adopted since no related Thai Accounting Standard has yet been announced.

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		Revenues as a percentage to the consolidated total revenues for the year ended	
					as at 31 December		31 December	
			2009	2008	2009	2008	2009	2008
			Percent	Percent	Percent	Percent	Percent	Percent
DET International Holding Limited	Holding business	The Cayman Islands	100	100	38.55	40.39	42.20	33.88
Delta Energy Systems (Switzerland) AG	Holding business, manufacture, trading, research and development of electronic products	Switzerland	100	100	8.89	6.71	13.68	12.31

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	
			2009	2008
			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 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 Electronis 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 Ptd. 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
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	-



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	
			2009	2008
			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 (Brazil) S.A.	Manufacture and trading of electronic products	Brazil	100	100
Delta Systems Energia (Curitiba) Limited (owned by Delta Energy Systems (Brazil) S.A.)	Engineering	Brazil	100	100
Delta Energy Systems (Guangzhou) Limited	Trading of electronic products	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 for the same reporting period as the parent company, using consistent significant accounting policies.

2.2.4 The financial statements of overseas subsidiary companies are translated into Thai Baht at the closing exchange rates as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences 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 presented under the cost method, have been prepared solely for the benefit of the public.

### 3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding

International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

**3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year**

Framework for the Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and  
Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards and guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for leasehold right are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control do not have any significant impact on the financial statements for the current year.

**3.2 Accounting standards which are not effective for the current year**

		<u>Effective date</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	Investment Property	1 January 2011

The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year 2011 in which it is 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.
- 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).

#### 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	10 – 20	years
Machinery and equipment	5 – 10	years
Molds and toolings	2 – 5	years
Installation	5 – 20	years
Furniture, fixtures and office equipment	5	years
Computer	3	years
Motor vehicles	5	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

#### **4.7 Intangible assets**

Intangible assets are initially recognised at cost. Following initial recognition, they are carried at cost less accumulated amortisation and accumulated 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 measured at cost, which is the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised as income in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. 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, individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, directors and key management personnel 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 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 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.

#### **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 Corporate income tax**

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

Tax currently payable is based on the taxable income for the year, using the tax rate enacted at the balance sheet date. Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Tax rates enacted, or substantially enacted, by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

#### **4.15 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. 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 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		
	2009	2008	2009	2008	
<b>Transactions with subsidiary companies</b>					
(eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	5,592	3,618	With reference to market price
Purchase of raw materials	-	-	125	49	With reference to market price
Commission paid	-	-	145	147	Contract price
Marketing fee	-	-	243	233	Contract price
Design and engineering fee	-	-	638	875	Contract price
<b>Transactions with associated company</b>					
Sales of goods	5	5	5	5	With reference to market price
<b>Transactions with related parties</b>					
Sales of goods and raw materials	807	930	795	927	With reference to market price
Purchase of goods and raw materials	1,088	1,740	100	97	With reference to market price
Commission paid	277	255	277	238	Contract price
Commission received	50	54	-	-	Contract price
Services income	19	31	-	-	Agreed upon basis

The balances of the accounts as at 31 December 2009 and 2008 between the Company and these related companies are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Trade accounts receivable, related parties</b>				
<u>Subsidiary companies</u>				
DET Logistics (USA) Corporation	-	-	915,336,255	891,876,682
Delta Power Solutions (India) Private Limited	-	-	316,489,660	118,211,438
Delta Energy Systems (Switzerland) AG	-	-	133,886,972	94,957,734
Delta Energy Systems (India) Private Limited	-	-	3,709,269	27,543,419
Delta Electronics (Slovakia) s.r.o.	-	-	20,463,399	47,276,655
Delta Energy Systems (Germany) GmbH.	-	-	10,248,824	5,499,610
Others	-	-	2,094,732	8,347,193
	-	-	1,402,229,111	1,193,712,731
<u>Associated company</u>				
Delta Green (Tianjin) Industries Company Limited	3,575,225	31,325,922	3,575,225	31,168,724
	3,575,225	31,325,922	3,575,225	31,168,724
<u>Other related parties</u>				
Delta Products Corporation Limited	140,896,068	127,995,555	140,893,947	126,386,256
Delta Electronics International Limited	55,273,360	31,167,091	53,746,164	32,640,237
Delta Network International Limited	23,744,555	18,506,750	20,572,755	17,959,883
Delta Electronics Inc.	14,670,776	54,513,246	7,738,787	6,042,154
Delta Electronics (Jiangsu) Limited	2,289,631	1,475,773	2,264,225	1,471,003
Deltronics (Netherlands) BV	9,122,377	8,141,929	454,280	-
Delta Networks Inc.	5,939,536	542,564	5,939,536	542,564
Delta Greentech (China) Company Limited	6,041,438	157,199	6,041,438	-



(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Others	5,009,325	7,889,043	2,870,154	3,666,267
Total trade accounts receivable, related parties	262,987,066	250,389,150	240,521,286	188,708,364
	266,562,291	281,715,072	1,646,325,622	1,413,589,819
<b><u>Amounts due from related parties</u></b>				
Delta Electronics Inc.	-	4,227,360	-	-
Total amounts due from related parties	-	4,227,360	-	-
Trade accounts payable, related parties				
<b><u>Subsidiary companies</u></b>				
Delta Power Solutions (India) Private Limited	-	-	23,214,340	21,254,657
Delta Energy Systems (Germany) GmbH.	-	-	5,156,484	4,022,285
Delta Electronics (Slovakia) s.r.o.	-	-	5,876,982	730,257
Delta India Electronics Private Limited	-	-	3,136,716	-
Others	-	-	207,563	1,971,721
	-	-	37,592,085	27,978,920
<b><u>Other related parties</u></b>				
Delta Electronics International Limited	304,655,636	324,286,751	42,021,920	59,001,110
Delta Electronics International Limited (Macao)	59,808	48,002,134	-	-
Delta Electronics (Shanghai) Limited	26,048,332	6,896,777	-	-
Delta Electronics Inc.	43,061,174	22,916,215	6,707,115	3,992,464
Delta Product Corporation Limited	7,472,587	7,030,951	4,298,011	2,023,738
Delta Networks Inc.	28,831	7,155,090	-	-
Deltronics (Netherlands) BV.	20,352,674	161,208	-	-
Delta Greentech (China) Company Limited	12,745,290	-	-	-
Others	7,186,267	24,226,192	5,224,445	11,064,751
	421,610,599	440,675,318	58,251,491	76,082,063
Total trade accounts payable, related parties	421,610,599	440,675,318	95,843,576	104,060,983
<b><u>Amounts due to related parties</u></b>				
<b><u>Subsidiary companies</u></b>				
Delta Energy Systems (Germany) GmbH.	-	-	87,498,576	124,184,985
DET Logistics (USA) Corporation	-	-	10,024,485	3,677,115
Delta Energy Systems (India) Private Limited	-	-	-	6,051,836
Delta Electronics Europe Limited	-	-	25,868	3,926,366
Delta Energy Systems (Switzerland) AG	-	-	12,352,723	216,028
Others	-	-	4,369,390	6,530,044
	-	-	114,271,042	144,586,374
<b><u>Other related parties</u></b>				
Delta Electronics Inc.	81,107,756	19,660,973	80,873,844	11,633,616
Delta Products Corporation Limited	21,346,160	21,243,557	21,346,160	21,243,557
Delta Electronics International Limited	9,385,165	4,366,205	5,341,140	4,366,205
Deltronics (Netherlands) BV	23,551,395	8,994,038	2,283,240	1,386,184
Delta Electronics (Japan) Inc.	3,216,921	2,644,936	3,216,921	2,644,936
Others	4,335,229	3,380,148	629,317	830,282
	142,942,626	60,289,857	113,690,622	42,104,780
Total amounts due to related parties	142,942,626	60,289,857	227,961,664	186,691,154

### Directors and management's remuneration

In 2009 the Company and its subsidiaries had expenses related to the salaries, bonuses and meeting allowances to their directors and management totaling Baht 247 million (Separate financial statements: Baht 17 million) (2008: Baht 231 million, Separate financial statements: Baht 14 million).

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 28.2.2 to the financial statements.

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

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

(Unit: Baht)

Company's name	2009	2008
Cyntec Company Limited	86,276,438	83,792,507
Revaluation surplus (deficit) on changes in value of investments in available-for-sales securities	105,636,106	(19,729,022)
Translation adjustment	(13,396,274)	(11,601,106)
Total investments in available-for-sale securities	178,516,270	52,462,379

## 8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<u>Trade accounts receivable, related parties</u>				
Current	262,431,211	279,134,918	1,601,319,064	1,058,116,202
Past due 1 - 3 months	2,322,074	20,828	43,197,552	335,756,844
Past due 3 - 6 months	-	-	-	8,501,814
Past due 6 - 12 months	-	-	-	6,206,219
Past due over 12 months	1,809,006	2,559,326	1,809,006	5,008,740
Total	266,562,291	281,715,072	1,646,325,622	1,413,589,819
<u>Trade accounts receivable, unrelated parties</u>				
Current	4,704,388,703	4,541,185,920	1,980,150,872	1,996,621,709
Past due 1 - 3 months	498,685,866	1,085,506,243	119,529,987	447,770,621
Past due 3 - 6 months	65,064,733	100,754,434	-	6,870,908
Past due 6 - 12 months	5,830,222	23,799,950	-	18,502,046
Past due over 12 months	276,041	26,303,925	-	22,263,370
Total	5,274,245,565	5,777,550,472	2,099,680,859	2,492,028,654
Total trade accounts receivable	5,540,807,856	6,059,265,544	3,746,006,481	3,905,618,473
Less: Allowance for doubtful accounts	(55,541,098)	(77,241,495)	(7,710,377)	(23,696,645)
Trade accounts receivable - net	5,485,266,758	5,982,024,049	3,738,296,104	3,881,921,828

## 9. Inventories

(Unit: Baht)

	Consolidated financial statements							
	Allowance for diminution in value of inventory							
	Reduction cost to net							
	Cost		realisable value		stock obsolescence		Inventories-net	
	2009	2008	2009	2008	2009	2008	2009	2008
Finished goods	1,450,575,940	1,685,445,992	(477,927)	(63,178,365)	(182,134,709)	(130,603,674)	1,267,963,304	1,491,663,953
Work in process	374,761,523	414,474,814	(2,546,618)	(4,611,113)	(795,938)	-	371,418,967	409,863,701
Raw materials	2,162,926,729	2,308,317,814	(3,775,625)	(41,347,877)	(520,580,729)	(494,810,182)	1,638,570,375	1,772,159,755
Goods in transit	551,261,148	584,189,013	-	-	-	-	551,261,148	584,189,013
Total	4,539,525,340	4,992,427,633	(6,800,170)	(109,137,355)	(703,511,376)	(625,413,856)	3,829,213,794	4,257,876,422

(Unit: Baht)

	Separate financial statements					
	Allowance for stock					
	obsolescence					
	Cost		Inventories-net			
	2009	2008	2009	2008	2009	2008
Finished goods	747,822,258	968,782,067	(57,737,319)	(56,085,109)	690,084,939	912,696,958
Work in process	259,061,610	207,888,923	-	-	259,061,610	207,888,923
Raw materials	1,085,335,115	983,920,291	(222,026,603)	(215,784,008)	863,308,512	768,136,283
Goods in transit	93,196,478	81,402,677	-	-	93,196,478	81,402,677
Total	2,185,415,461	2,241,993,958	(279,763,922)	(271,869,117)	1,905,651,539	1,970,124,841

## 10. Deposits at bank with restrictions

The balance as at 31 December 2009 mainly represented bank deposits of approximately RMB 26 million (2008: approximately RMB 26 million) of a subsidiary in the Republic of China which are subject to restrictions under the laws of the People's Republic of China, and bank deposits of approximately EUR 1.2 million (2008: approximately EUR 1.3 million) of a subsidiary in Germany which are subject to pension fund restrictions.

## 11. 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	
		2009	2008	2009	2008	2009	2008
				%	%		
DET International Holding Limited	USD	194,776,350	166,595,350	100	100	7,261,475,498	6,266,462,802
Delta Energy Systems (Switzerland) AG	CHF	20,000,000	20,000,000	100	100	2,414,917,694	2,414,917,694
Subtotal						9,676,393,192	8,681,380,496
Less: Loss on impairment of investments in subsidiary companies						(2,196,003,765)	(2,196,003,765)
<b>Net investments in subsidiary companies</b>						<b>7,480,389,427</b>	<b>6,485,376,731</b>

No dividend was received from the subsidiary companies for the year ended 31 December 2009 and 2008.

## 12. Investment in associated company

### 12.1 Details of investments in associated company:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements							
			Shareholding percentage		Cost		Carrying amounts based on equity method		Share of income from investment in associate during the year	
			2009	2008	2009	2008	2009	2008	2009	2008
			%	%						
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	624,034,559	591,321,462	32,976,466	61,270,158
Translation adjustment					-	-	(32,540,283)	(3,898,571)	-	-
<b>Total investment in associated company</b>					<b>394,383,470</b>	<b>394,383,470</b>	<b>591,494,276</b>	<b>587,422,891</b>	<b>32,976,466</b>	<b>61,270,158</b>

### 12.2 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		Net income for the year	
	as at 31 December		as at 31 December		as at 31 December		ended 31 December		ended 31 December	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Delta Green (Tianjin) Industries Company Limited	185	185	290	273	30	25	179	249	13	27

### 13. Other long-term investments

(Unit: Baht)

Company's name	Shareholding percentage		Consolidated financial statements	
	2009	2008	2009	2008
	%	%		
IP Fund One, L.P. (owned by DET International Holding Limited)	3.84	3.84	299,324,991	316,463,295
Ezonics Corporation Company Limited (owned by DET International Holding Limited)	16.49	16.49	50,582,003	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			806,493,920	823,632,224
Less: Allowance for diminution in value of investments in other long-term investments			(243,786,250)	(143,107,900)
Translation adjustment			(66,736,903)	(38,365,332)
<b>Other long-term investments - net</b>			<b>495,970,767</b>	<b>642,158,992</b>

## 14. Property, plant and equipment - net

(Unit: Baht)

	Consolidated financial statements								
	Land	Building	Machinery and equipment	Mold	Installation	Construction in progress	Computer	Others	Total
<b>Cost:</b>									
31 December 2008	384,628,961	2,168,740,930	5,336,339,062	867,575,248	893,201,192	26,850,365	812,724,796	476,858,584	10,966,919,138
Purchase/transfer in	65,075,085	50,959,711	257,656,885	51,595,611	22,167,620	68,310,105	77,041,533	111,600,764	704,407,314
Disposal/write-off/transfer out	–	–	(155,153,397)	(24,723,169)	(4,160,194)	(73,039,688)	(50,364,695)	(135,715,714)	(443,156,857)
Translation adjustment	(2,868,238)	(31,045,266)	(47,004,522)	(915,873)	(2,758,674)	(592,183)	(13,427,326)	(1,580,365)	(100,192,447)
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
<b>Accumulated depreciation:</b>									
31 December 2008	–	319,150,711	4,394,669,332	791,150,236	585,132,533	–	703,875,688	257,438,465	7,051,416,965
Depreciation for the year	–	45,011,706	401,969,474	71,537,754	53,757,309	–	71,667,370	37,702,920	681,646,533
Depreciation – disposal/write-off	–	–	(152,271,649)	(22,792,913)	(3,718,238)	–	(46,777,577)	(14,196,582)	(239,756,959)
Translation adjustment	–	(1,423,106)	(37,324,812)	(1,055,243)	(2,321,889)	–	(11,849,267)	(1,369,385)	(55,343,702)
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
<b>Allowance for impairment loss:</b>									
31 December 2008	–	38,756,892	–	–	6,138,942	–	35,848	939,785	45,871,467
31 December 2009	–	38,756,892	–	–	6,138,942	–	35,848	939,785	45,871,467
<b>Net book value:</b>									
As at 31 December 2008	384,628,961	1,810,833,327	941,669,730	76,425,012	301,929,717	26,850,365	108,813,260	218,480,334	3,869,630,706
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

### Depreciation charge (included in income statement):

Year 2008 (Baht 580 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)	758,458,103
Year 2009 (Baht 518 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)	681,646,533

## 14. 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 2008	312,646,818	1,205,626,049	3,910,774,541	817,451,990	789,389,577	6,455,893	264,345,174	149,238,278	7,455,928,320
Purchase/transfer in	–	21,025,677	159,275,643	48,479,834	14,794,445	51,319,814	38,507,415	75,153,930	408,556,758
Disposal/write-off/transfer out	–	–	(60,297,224)	(9,310,146)	(1,156,465)	(54,256,287)	(17,670,806)	(121,126,540)	(263,817,468)
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
<b>Accumulated depreciation:</b>									
31 December 2008	–	276,391,770	3,276,133,168	747,660,184	506,365,791	–	219,420,698	78,889,263	5,104,860,874
Depreciation for the year	–	21,718,178	297,903,630	66,947,715	45,470,039	–	29,245,177	6,921,090	468,205,829
Depreciation – disposal/write-off	–	–	(59,947,609)	(7,379,890)	(1,090,934)	–	(17,654,227)	(4,573,635)	(90,646,295)
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
<b>Allowance for impairment loss:</b>									
31 December 2008	–	38,756,892	–	–	6,138,942	–	35,848	939,785	45,871,467
31 December 2009	–	38,756,892	–	–	6,138,942	–	35,848	939,785	45,871,467
<b>Net book value:</b>									
As at 31 December 2008	312,646,818	890,477,387	634,641,373	69,791,806	276,884,844	6,455,893	44,888,628	69,409,230	2,305,195,979
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

### Depreciation charge (included in income statement):

Year 2008 (Baht 494 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)

569,588,439

Year 2009 (Baht 399 million include in manufacturing cost, and the balance in selling, administrative and research and development expenses)

468,205,829



As at 31 December 2009, certain machinery and equipment items of the Company had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 3,908 million (2008: Baht 2,990 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.

## 15. Intangible assets

(Unit: Baht)

	Patent rights		Others		Total	
	2009	2008	2009	2008	2009	2008
<b>Balance – beginning of year</b>	<b>914,512,987</b>	<b>939,157,240</b>	<b>1,554,155</b>	<b>2,351,453</b>	<b>916,067,142</b>	<b>941,508,693</b>
Increase during year	134,039	192,456	1,511,756	169,006	1,645,795	361,462
Amortisation	(56,361,976)	(54,947,772)	(1,178,507)	(759,954)	(57,540,483)	(55,707,726)
Translation adjustment	(39,648,624)	30,111,063	167,971	(206,350)	(39,480,653)	29,904,713
<b>Balance – end of year</b>	<b>818,636,426</b>	<b>914,512,987</b>	<b>2,055,375</b>	<b>1,554,155</b>	<b>820,691,801</b>	<b>916,067,142</b>
<b>Remaining useful lives</b>	<b>14 years</b>	<b>15 years</b>				
	<b>11 months</b>	<b>11 months</b>				

## 16. Income tax

The income tax expenses for the year 2009 and 2008 consist of the followings:

(Unit: Baht)

	For the years ended 31 December	
	2009	2008
Current income tax	73,647,532	59,943,395
Increase in deferred tax assets	(7,976,259)	(27,678,878)
Translation adjustment	(457,719)	(7,225,026)
Income tax expenses in income statements	65,213,554	25,039,491

Reconciliation between tax expense and the product of accounting income multiplied by the applicable tax rate for the year ended 31 December 2009 and 2008 was as follows:

(Unit: Baht)

	2009	2008
Income before tax	2,255,013,222	2,922,877,631
Income tax at Thai corporate income tax rate of 30%	676,503,967	876,863,289
Tax effect of intercompany transactions	(56,587,676)	(14,987,459)
Utilisation of previously unrecognised tax losses	(7,206,498)	(21,056,938)
Tax savings from investment promotion	(698,477,529)	(910,160,986)
Difference in tax rates of subsidiaries in overseas countries	125,795,180	100,205,443
Tax effect of loss for the current year of overseas subsidiaries	22,289,715	447,927
Increase in deferred tax assets	(7,976,259)	(27,678,878)
Tax effect of non-deductible expenses	19,045,403	22,180,548
Translation adjustment	(457,719)	(7,225,025)
Others	(7,715,030)	6,451,571
Income tax expenses in income statements	65,213,554	25,039,491

As at 31 December 2009 and 2008, the components of deferred tax assets and deferred tax liabilities were summarised as follows:

(Unit: Baht)

	2009	2008
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	4,082,681	6,689,140
Allowance for stock obsolescence	42,033,366	46,819,570
Effect on elimination of intercompany transactions	16,041,369	4,186,319
Others	19,970,922	11,746,610
Total	82,128,338	69,441,639
<b>Deferred tax liabilities</b>		
Others	7,053,208	2,342,768
Total	7,053,208	2,342,768
<b>Net</b>	<b>75,075,130</b>	<b>67,098,871</b>

As at 31 December 2009, the Company and its subsidiary have unused tax losses of approximately Baht 34 million and EUR 65 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.

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

(Unit: Baht)

	Interest rate (percent per annum)		Consolidated financial statements	
	2009	2008	2009	2008
Bank overdrafts	10.00 – 11.50	10.00 – 11.50	9,820,579	110,216,197
Short-term loans from financial institutions	1.21 – 7.75	4.02 – 13.50	1,308,786,475	2,228,632,378
Total			1,318,607,054	2,338,848,575

Bank overdrafts and short-term loans from financial institutions of the subsidiaries are guaranteed by the Company, as described in Note 28.2.2 to the financial statements.

## 18. Provisions

These comprise the following:

(Unit: Baht)

	Consolidated financial statements					Separate financial statements		
	Post-retirement benefit costs	Restructuring costs	Warranty	Other provisions	Total	Post-retirement benefit costs	Warranty	Total
<b>Balance as at 31 December 2008</b>	<b>1,055,907,026</b>	<b>60,726,128</b>	<b>204,335,496</b>	<b>60,854,043</b>	<b>1,381,822,693</b>	<b>48,115,903</b>	<b>23,591,576</b>	<b>71,707,479</b>
Add: Recognition during year	97,462,206	12,393,268	56,146,722	146,911,293	312,913,489	19,784,548	15,355,229	35,139,777
Less: Decrease during year	(57,228,363)	(15,580,615)	(2,217,428)	(35,453,978)	(110,480,384)	–	(848,129)	(848,129)
Less: Reversal during year	(69,171,641)	(7,831,656)	(73,217,964)	(82,135,686)	(232,356,947)	(3,079,038)	(15,333,400)	(18,412,438)
Translation adjustment/ unrealized gain on exchange rate	(30,842,779)	(1,613,508)	(6,516,049)	(2,066,646)	(41,038,982)	–	(817,199)	(817,199)
<b>Balance as at 31 December 2009</b>	<b>996,126,449</b>	<b>48,093,617</b>	<b>178,530,777</b>	<b>88,109,026</b>	<b>1,310,859,869</b>	<b>64,821,413</b>	<b>21,948,077</b>	<b>86,769,490</b>
Short-term provisions	54,975,903	27,848,595	8,960,503	39,917,449	131,702,450	–	4,407,084	4,407,084
Long-term provisions	1,000,931,123	32,877,533	195,374,993	20,936,594	1,250,120,243	48,115,903	19,184,492	67,300,395
<b>Balance as at 31 December 2008</b>	<b>1,055,907,026</b>	<b>60,726,128</b>	<b>204,335,496</b>	<b>60,854,043</b>	<b>1,381,822,693</b>	<b>48,115,903</b>	<b>23,591,576</b>	<b>71,707,479</b>
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>	<b>996,126,449</b>	<b>48,093,617</b>	<b>178,530,777</b>	<b>88,109,026</b>	<b>1,310,859,869</b>	<b>64,821,413</b>	<b>21,948,077</b>	<b>86,769,490</b>

## 19. 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 13 February 2009 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 1.168 ordinary shares at a price of Baht 1 per share, effective from 11 March 2009.

During the current year, no warrants were exercised to purchase new ordinary shares, leaving 3,198 warrants unexercised as at 31 December 2009.

## 20. 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.

## 21. Dividend payment

Dividends declared in 2009 and 2008 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 2008	Annual General Meeting of the shareholders on 3 April 2009	1,372,118,697	1.10
Final dividend for year 2007	Annual General Meeting of the shareholders on 3 April 2008	1,995,795,123	1.60

## 22. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Salaries, wages and other employee benefits	4,720,504,484	4,860,084,908	1,763,425,077	1,960,044,467
Raw materials used and purchase of finished goods	15,933,836,948	21,789,057,814	10,069,420,250	13,755,105,008
Changes in inventories of finished goods and work in progress	274,583,343	(564,963,645)	169,787,122	(537,258,917)
Depreciation	681,646,533	758,458,103	468,205,829	569,588,439
Commission expenses	709,953,506	666,483,540	464,858,046	504,837,589
Marketing fee	–	–	243,373,767	233,009,567
Design and engineering fee	–	–	637,844,300	875,437,900
Loss on exchange	6,881,011	62,475,555	–	–
Amortisation of intangible assets	57,540,483	55,707,726	–	–
Loss from disposal of available-for-sale securities	–	31,811,267	–	–
Restructuring expenses	44,863,760	35,863,868	–	–
Loss on diminution in value of other long-term investments	102,995,880	–	–	–

## 23. Gain (loss) on exchange

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Realised gain (loss) on exchange	(40,582,856)	(230,624,366)	(24,243,514)	141,996,691
Unrealised gain on exchange	33,701,845	168,148,811	65,473,282	134,109,322
Gain (loss) on exchange	(6,881,011)	(62,475,555)	41,229,768	276,106,013

## 24. 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	7030(1)/Aor. Yor/2544	7008(2)/ Yor/2545	1776(4)/2547	1777(4)/2547	1571(2)/2549	1710(2)/2549	1541(2)/2552	1494(2)/2552
2. Promotional privileges for	Manufacturing of DC FAN	Manufacturing of EMI FILTER	Manufacturing of DC FAN	Manufacturing of EMI FILTER	Manufacturing of monitors and televisions	Manufacturing of electro - magnetic products	Manufacturing monitors and of televisions	Manufacturing of electro - magnetic products	Manufacturing of electro - magnetic	Manufacturing of DC FAN
3. The significant privileges are										
3.1 Exemption from corporate income tax for net income from the promoted operations and exemption from income tax on dividends paid from the income of the operations throughout the period in which the corporate income tax is exempted.	7 years	7 years	7 years	7 years	7 years	7 years	5 years	5 years	7 years	7 years
3.2 Exemption from import duty on machinery as approved by the board.	Granted	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	Granted	Granted	Non - granted	Non - granted	Non - granted	Non - granted	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	Non - granted
4. Date of first earning operating income	12 December 2006	7 January 2004	7 February 2002	17 July 2002	23 May 2005	Applying for to commence operation approval	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation	Waiting for approval to commence operation

The Company's operating revenues, divided between promoted and non-promoted operations, are summarised below.

(Unit: Baht)

	Promoted operations		Non-promoted operations		Total	
	2009	2008	2009	2008	2009	2008
Separate financial statements						
Sales						
Domestic sales	275,473,490	460,207,020	–	–	275,473,490	460,207,020
Export sales	17,144,981,902	20,762,785,914	79,625,740	126,488,869	17,224,607,642	20,889,274,783
Total	17,420,455,392	21,222,992,934	79,625,740	126,488,869	17,500,081,132	21,349,481,803

## 25. 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	
	2009	2008	2009	2008	2009	2008
	(Baht)	(Baht)	(shares)	(shares)	(Baht)	(Baht)
Basic earnings per share						
Net income attributable to holders of the parent	2,189,382,502	2,897,478,328	1,247,380,634	1,247,380,306	1.76	2.32
Effect of dilutive potential ordinary shares						
Warrants	–	–	3,486	3,727		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	2,189,382,502	2,897,478,328	1,247,384,120	1,247,384,033	1.76	2.32



Separate financial statements						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2009	2008	2009	2008	2009	2008
	(Baht)	(Baht)	(shares)	(shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Net income attributable to equity holders of the parent	2,515,967,226	3,090,004,643	1,247,380,634	1,247,380,306	2.02	2.48
<b>Effect of dilutive potential ordinary shares</b>						
Warrants	–	–	3,486	3,727		
<b>Diluted earnings per share</b>						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	2,515,967,226	3,090,004,643	1,247,384,120	1,247,384,033	2.02	2.48

## 26. 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 2009 and 2008 is as follows:

(Unit: Million Baht)

	Thailand		Asia		America		Europe		Total		Eliminated		Consolidated financial statements	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue from external customers	11,908	17,731	3,787	4,091	5,409	4,362	5,891	6,666	26,995	32,850	-	-	26,995	32,850
Inter-segment revenues	5,592	3,618	214	66	69	68	4,520	5,775	10,395	9,527	(10,395)	(9,527)	-	-
Total revenues	17,500	21,349	4,001	4,157	5,478	4,430	10,411	12,441	37,390	42,377	(10,395)	(9,527)	26,995	32,850
Segment income (loss)	2,366	2,810	(113)	2	56	(39)	(214)	(218)	2,095	2,555			2,174	2,642
Unallocated income and expenses:														
Other income													267	437
Compensation income from cancellation order													2	-
Share of income from investment in associated company													33	61
Gain (loss) on disposal of property, plant and equipment													(1)	2
Loss from disposal of investment in available-for-sale securities													-	(32)
Amortisation of intangible assets													(58)	(56)
Loss on diminution in value of other long-term investment													(103)	-
Finance cost													(60)	(132)
Corporate income tax													(65)	(25)
Net income													2,189	2,897
Property, plant and equipment - net	2,072	2,305	518	451	35	14	1,017	1,110	3,642	3,880	2	(11)	3,644	3,869
Unallocated assets													23,446	23,011
Total assets													27,090	26,880

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

## 27. 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 2009, the Company contributed Baht 15,827,339 (2008: Baht 18,472,805) to the fund.

## 28. Commitments and contingent liabilities

### 28.1 Capital commitments and operating lease commitments

28.1.1 As at 31 December 2009, the Company and its subsidiaries had significant capital commitments amounting to Baht 75 million, EUR 0.2 million and INR 198 million in respect of the purchase of machinery and equipment.

28.1.2 As at 31 December 2009, the subsidiaries had significant operating lease commitments amounting to CHF 1 million, GBP 0.2 million, EUR 5 million and INR 104 million.

### 28.2 Guarantee obligations

As at 31 December 2009, the Company and its subsidiary companies had the following outstanding significant letters of guarantee required in the ordinary course of their businesses:

28.2.1 Outstanding letters of guarantee totaling approximately Baht 759 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 28.3.1 to the financial statements), and outstanding letters of guarantee for totals of approximately INR 254 million, EUR 0.5 million and USD 0.6 million have been issued by banks to meet requirements of the subsidiary companies.

28.2.2 Outstanding letters of guarantee totaling approximately EUR 15 million and USD 79 million issued by the Company to meet requirements of its subsidiary companies.

### 28.3 Tax assessment

28.3.1 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.

28.3.2 Corporate income tax assessment of approximately INR 70 million was made against an overseas subsidiary, covering the years 2004–2006 and sales tax assessment of approximately INR 26 million, covering the years 2005 – 2006. 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.

### 28.4 Litigation

As at 31 December 2009, 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 its subsidiary and no provision for the contingent liability has therefore been set aside in the accounts.

## 29. Financial instruments

### 29.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "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 2009 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						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
				(Million baht)			
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	9,929	624	10,553	0 - 4.763
Trade accounts receivable	-	-	-	-	5,541	5,541	-
Other accounts receivable	-	-	-	-	48	48	-
Deposits at bank with restrictions	71	-	-	138	-	209	0.1 - 4.763
Total	71	-	-	10,067	6,213	16,351	
<b>Financial liabilities</b>							
Bank overdraft and short term loans from financial institutions	1,133	-	-	186	-	1,319	1.21 - 11.50
Trade accounts payable	-	-	-	-	4,645	4,645	-
Amount due to related parties	-	-	-	-	143	143	-
Other accounts payable	-	-	-	-	267	267	-
Total	1,133	-	-	186	5,055	6,374	

	Separate financial statements						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within		Over				
	1 year	1-5 years	5 years				
	(Million baht)						
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	7,544	1	7,545	0 – 0.75
Trade accounts receivable	-	-	-	-	3,746	3,746	-
Total	-	-	-	7,544	3,747	11,291	
<b>Financial liabilities</b>							
Trade accounts payable	-	-	-	-	3,384	3,384	-
Amount due to related parties	-	-	-	-	228	228	-
Other accounts payable	-	-	-	-	155	155	-
Total	-	-	-	-	3,767	3,767	

#### 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 2009, 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 2009 (Baht per 1 foreign currency)
Brazil real	16	6	19.1406
US dollar	108	71	33.3688
Euro	21	5	47.7934
New Taiwan dollar	178	0.2	1.0309
Japanese yen	28	93	0.3623
Czech Koruna	32	0.1	1.8147
Russian ruble	24	21	1.12165

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 2009, the outstanding derivatives are as follows:

#### **Forward contracts**

	<u>Amount</u>	<u>Forward rate</u>	<u>Maturity date</u>	
Forward contracts to “Sell”				
USD/THB	USD 67 million	33.1700 – 33.7350	THB/USD	January 2010 – March 2010
USD/CHF	USD 6 million	1.0000 – 1.0477	CHF/USD	January 2010
EUR/USD	EUR 10 million	1.4284 – 1.4702	USD/EUR	January 2010
EUR/CHF	EUR 11 million	1.4910 – 1.5135	CHF/EUR	January 2010
PLN/CHF	PLN 5 million	2.7505 – 2.8270	PLN/CHF	January 2010
Forward contracts to “Buy”				
USD/BRL	USD 2 million	1.8022	BRL/USD	January 2010
USD/RUB	USD 1 million	30.6646	RUB/USD	January 2010
USD/INR	USD 9 million	46.4550 – 47.3800	INR/USD	January 2010 – March 2010
USD/TRY	USD 1 million	1.5350	TRY/USD	January 2010

#### **29.2 Fair values of financial instruments**

Since the majority of the Company's 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.

### **30. Capital management**

The primary objective of the Company's 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 2009, the Group's debt-to-equity ratio was 0.53:1 (2008: 0.59:1) and the Company's was 0.24:1 (2008: 0.23:1).

### **31. Approval of financial statements**

These financial statements were authorized for issue by the Company's Board of Directors on 23 February 2010.

## COMPANY GENERAL INFORMATION

<b>Name</b>	Delta Electronics (Thailand) Public Company Limited
<b>Company Registration Number</b>	0107537002559
<b>Contact Address</b>	909 Soi 9, Moo 4, Bangpoo Industrial Estate, Tambon Prakasa. Amphur Muangsamutprakarn, Samutprakarn Province 10280 Thailand Tel : (662) 709-2800 Fax : (662) 709-3790
<b>Home Page</b>	www.deltathailand.com
<b>Nature of Business</b>	Manufacturing and exporting of power supplies and electronic components
<b>Registered Share Capital</b>	1,259,000,000 ordinary shares at par value of Baht 1
<b>Paid up Capital</b>	1,247,380,634 ordinary shares at par value of Baht 1 (As of 3 March 2010)
<b>Reference</b>	<ol style="list-style-type: none"> <li>1. Auditor Ernst &amp; Young Office Limited 33<sup>rd</sup> Floor, Lake Rajada Office Complex. 193/136-137, Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel : (662) 264-0777, (662) 661-9190 Fax : (662) 264-0789, (662) 661-9192</li> <li>2. Share Registrar Thailand Securities Depository Co.,Ltd. The Stock Exchange of Thailand Building. 62 Ratchadapisek Road. Klongtoey, Bangkok 10110 Thailand Tel : (662) 229-2800 Fax : (662) 359-1259</li> <li>3. Legal Advisor Allen &amp; Overy (Thailand) Co.,Ltd. 22<sup>nd</sup> Floor, Sindhorn Tower III, 130-132 Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand Tel : (662) 263-7600 Fax : (662) 263-7699</li> </ol>