

Delta Electronics, Inc. (“Company”)
Minutes of 2007 General Shareholders' Meeting
(Translation)

Time: 10:00 AM, June 8, 2007

Place: Hong Yun Hall, 1F, Taoyuan Holiday Hotel
No. 269, Dashing Road, Taoyuan City

Quorum: 1,719,535,377 shares were represented by the shareholders and proxies present, which amounted to 87.31% of the Company's 1,969,445,000 issued and outstanding shares.

Attendance: Mr. James Tsai, CPA, PriceWaterhouseCoopers
Ms. Audrey Tseng, CPA, PriceWaterhouseCoopers
Mr. James Chen, Attorney-at-Law, Lee and Li

Chairman: Bruce CH Cheng, Chairman of the Board of Directors
Recorder: Ms. Jill Lee

Commencement: (The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.)

Salute according to the etiquette

Chairman's speech: (omitted)

1. Report Items

- (1) 2006 Operation Results (See Attachment)
- (2) 2006 Financial Results (See Attachment)
- (3) 2006 Supervisors' Review Opinions on 2006 Financial Results (See Attachment)
- (4) Report on Rules and Procedures of the Meeting of Board of Directors

2. Acknowledgement and Discussion Items

Item 1 Acknowledge the 2006 Financial Results (Proposed by the Board

of Directors)

Explanation: (1) This Company's 2006 Financial Statements including the Business Report and Financial Statements and Consolidated Financial Statements (please refer to the Attachment) have been reviewed by the Company's Supervisors. The Company's Supervisors have found no discrepancies after examination and have made a written report for records.
(2) Please acknowledge.

Resolution: There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

Item 2 Acknowledge the 2006 Earnings Distribution (Proposed by the Board of Directors)

Explanation: (1) The proposal of the Company's 2006 distribution of earnings was made in accordance with the Company Law and the Company's Articles of Incorporation, and an earnings distribution table has been prepared and attached below. This earnings distribution table was approved by the meeting of the Board of Directors held on March 19, 2007.
(2) With regard to shareholders' dividends in 2006, the record date for cash dividends and stock distribution shall be designated after the shareholders' meeting approves the distribution proposal. Each one thousand shares shall receive a distribution of 10 shares of new stock and a cash dividend of NT\$4,500 based on the number of shares held as recorded in the shareholders' register on the record date.
(3) Please acknowledge.

Delta Electronics, Inc.
2006 Earnings Distribution Table

Item	Explanation	(in NT\$) Amount
Undistributed earnings of previous year		1,759,433,086
Earnings in 2006		
Pre-tax earnings in 2006		12,685,875,703
Income tax expense		1,355,034,904
After-tax earnings in 2006		11,330,840,799
Subtract: Legal reserve		1,133,084,080
Long-term investment shareholding change adjustment under the equity method		3,717,351
Earnings available for distribution by the end of 2006 [Note 1]		11,953,472,454
Distribution items:		
Directors' and supervisors' compensation		16,700,000
Employee bonuses--stocks		385,000,000
Employee bonuses--cash		192,500,000
Shareholders bonuses--stocks	NT\$0.1 per share	196,944,500
Shareholders bonuses--cash [Note 2]	NT\$4.5 per share	8,862,502,500
Undistributed earnings by the end of 2006		2,299,825,454

Note 1: Principle of earnings distribution in the Company's 2006 Earnings Distribution Table: Distribution of 2006 distributable earnings first.

Note 2: Distribution of cash dividends will be calculated to New Taiwan Dollar. Fractional amount less than one dollar will be set aside as undistributed earnings.

Resolution: There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

Item 3 Discussion of Amendments to Operating Procedures of Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanation: (1) Amendments to this Company's "Operating Procedures of Acquisition or Disposal of Assets" have been drafted in order to meet the revision of the "Regulations Governing Procedures for Board of Directors Meetings of Public Companies" promulgated by the Financial Supervisory Commission, Execution Yuan and the Company's business need. Please see the comparison table for Operating Procedures of Acquisition or Disposal of Assets before and after revision.

(2) The proposed amendments are submitted for discussion and voting.

Comparison Table of Operating Procedures of Acquisition or Disposal of Assets

Article before revision	Article after revision	Explanation
Article 1 These operating procedures ("Operating Procedures") have been promulgated in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Securities and Futures Commission, Ministry of Finance ("SFC").	Article 1 These operating procedures ("Operating Procedures") have been promulgated in accordance with Article 36-1 of the Securities and Exchange Act and the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the <u>Financial Supervisory Commission ("Competent Authority")</u> .	Amendments have been drafted in order to meet the establishment of the "Financial Supervisory Commission," which has become the competent authority of the "Regulations Governing Procedures for Board of Directors Meetings of Public Companies".
Article 2 After approval by the Board of	Article 2 After approval by the Board of	Amendments to wording

<p>Directors, the Operating Procedures shall be submitted to each Supervisor and for approval by the shareholders' meeting before implementation. The same procedure shall apply to any amendment to the Operating Procedures. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to each Supervisor and for discussion by the shareholders' meeting. If the Company has any independent directors, when the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the meeting minutes of the Board of Directors.</p>	<p>Directors, the Operating Procedures shall be submitted to each Supervisor and for approval by the shareholders' meeting before implementation. The same procedure shall apply to any amendment to the Operating Procedures. If any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to each Supervisor and for discussion by the shareholders' meeting. <u>When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</u></p>	<p>description by referring to the "Securities and Exchange Act."</p>
<p>Article 4 The term "assets" as used in the Operating Procedures includes the following: 1. Securities: including long-term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, domestic beneficiary certificates, foreign mutual funds, deposit receipts, call (put) warrants, beneficiary</p>	<p>Article 4 The term "assets" as used in the Operating Procedures includes the following: 1. Securities: including long-term and short-term investments such as stocks, government bonds, corporate bonds, financial debentures, <u>securities representing interest in a fund</u>, deposit receipts, call (put) warrants, beneficiary</p>	<p>Amendments have been drafted in order to meet the revisions of the "Regulations Governing Procedures for Board of Directors Meetings of Public Companies" and the "Guidelines Governing the Preparation of Financial Reports</p>

<p>certificates and asset-backed securities.</p> <p>2. Real estate and other fixed assets.</p> <p>3. Membership certificates.</p> <p>4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc.</p> <p>5. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables).</p> <p>6. Derivatives.</p> <p>7. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws.</p> <p>8. Other important assets.</p>	<p>certificates and asset-backed securities.</p> <p>2. Real estate and other fixed assets.</p> <p>3. Membership certificates.</p> <p>4. Intangible assets: including patents, copyrights, trademarks, and franchises, etc.</p> <p>5. Claims against financial institutions (including receivables, loans and bills purchase discounts, and overdue receivables).</p> <p>6. Derivatives.</p> <p>7. Assets acquired or disposed through mergers or consolidations, splits, acquisitions, or assignment of shares in accordance with applicable laws.</p> <p>8. Other important assets.</p>	<p>by Securities Issuers."</p>
<p>Article 5</p> <p>The total value of real property or securities purchased by the Company and its subsidiaries ("Subsidiaries") for non-operating use and limit on investment in each specific security are as follows:</p> <p>1. The total value of real property purchased by the Company for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement.</p> <p>The total value of real property purchased by a Subsidiary for non-operating use may not exceed 20% of the Subsidiary's net worth as stated in its latest financial statement; however, if the Subsidiary is</p>	<p>Article 5</p> <p>The total value of real property or securities purchased by the Company and its subsidiaries ("Subsidiaries") for non-operating use and limit on investment in each specific security are as follows:</p> <p>1. The total value of real property purchased by the Company for non-operating use may not exceed 20% of the Company's net worth as stated in its latest financial statement.</p> <p>The total value of real property purchased by a Subsidiary for non-operating use may not exceed 20% of the Subsidiary's net worth as stated in its latest financial statement; if the Subsidiary is a holding</p>	<p>Minor amendment to wording.</p>

<p>a holding company, the total value of real property purchased by the Subsidiary for non-operating use may not exceed 20% of the Subsidiary's net worth as stated in its latest financial statement.</p> <p>2. Not revised; omitted.</p> <p>3. Not revised; omitted.</p>	<p>company, the total value of real property purchased by the Subsidiary for non-operating use may not exceed 20% of the Subsidiary's net worth as stated in its latest financial statement, <u>either</u>.</p> <p>2. Not revised; omitted.</p> <p>3. Not revised; omitted.</p>	
<p>Article 7</p> <p>When the Company should appoint a professional appraiser, accountant, lawyer, or underwriter to assist in appraisal work and obtain an expert opinion in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the SFC, the professional appraiser and its appraisal personnel, the accountant, lawyer, or underwriter so appointed shall not be a related party to the parties in the proposed transaction.</p>	<p>Article 7</p> <p>When the Company should appoint a professional appraiser, accountant, lawyer, or underwriter to assist in appraisal work and obtain an expert opinion in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by <u>the Competent Authority</u>, the professional appraiser and its appraisal personnel, the accountant, lawyer, or underwriter so appointed shall not be a related party to the parties in the proposed transaction.</p>	<p>Same as the explanation for Article 1.</p>
<p>Article 9</p> <p>If any acquisition or disposal of assets should be approved by the Board of Directors or recognized by the Supervisor, or approved by the shareholders' meeting in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the SFC or other applicable laws, paragraph 1 of Article 6 of the Operating Procedures shall not apply to such acquisition or disposal of assets. In this</p>	<p>Article 9</p> <p>If any acquisition or disposal of assets should be approved by the Board of Directors or recognized by the Supervisor, or approved by the shareholders' meeting in accordance with the "Regulations Governing the Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority or other applicable laws, paragraph 1 of Article 6 of the Operating Procedures shall not apply to such acquisition or disposal of</p>	<p>Same as the explanation for Article 1; amendments to wording description by referring to the "Securities and Exchange Act."</p>

<p>case, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the Board of Directors, recognition by the Supervisor, or approval by the shareholders' meeting. In terms of any acquisition or disposal of assets which should be approved by the Board of Directors, if any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to each Supervisor. If the Company has any independent directors, when the transaction for acquisition or disposal of assets is submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion and shall record each independent director's explicit opinion for assent or dissent in the meeting minutes of the Board of Directors.</p>	<p>assets. In this case, the execution department shall evaluate the terms and conditions of the transaction according to the Company's internal operating procedures in advance and then submit it for approval by the Board of Directors, recognition by the Supervisor, or approval by the shareholders' meeting. In terms of any acquisition or disposal of assets which should be approved by the Board of Directors, if any director expresses an objection and such objection is recorded in the meeting minutes or a written statement is made for such objection, the Company shall submit the objection to each Supervisor. <u>When the Operating Procedures are submitted for discussion in the meeting of Board of Directors, the Board of Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</u></p>	
<p>Article 10 The Company shall comply with the following guidelines with regard to the acquisition or disposal of securities: 1. When acquiring or disposing of securities, the Company shall first obtain the latest audited or</p>	<p>Article 10 When acquiring or disposing of securities, the Company shall first obtain the latest audited or reviewed financial statement of the issue company for reference in appraising the transaction price. <u>If the transaction</u></p>	<p>Amendments have been drafted in order to meet the revisions of the "Regulations Governing Procedures for Board of Directors Meetings of Public</p>

<p>reviewed financial statement of the issue company for reference in appraising the transaction price.</p> <p>2. When acquiring or disposing of securities, if any of the following circumstances occurs, and the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall appoint an accountant to render an opinion on the reasonableness of the transaction price:</p> <p>(1) The securities acquired or disposed of were not traded at a stock exchange or over-the-counter market.</p> <p>(2) acquisition or disposal of privately placed securities.</p>	<p><u>amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall appoint an accountant to render an opinion on the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Competent Authority.</u></p>	<p>Companies" and the "Statements of Financial Accounting Standards No. 34."</p>
<p>Article 11 The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property and other fixed assets: When acquiring or disposing real property or other fixed assets, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, except for transacting with a governmental agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring machinery and equipment for operating use, the Company shall obtain an</p>	<p>Article 11 The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property and other fixed assets: When acquiring or disposing real property or other fixed assets, if the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, except for transacting with a governmental agency, engaging others to build on its own land, engaging others to build on leased land, or acquiring machinery and equipment for operating use, the Company shall obtain an</p>	<p>Amendments have been drafted in order to meet the revisions of the "Regulations Governing Real Estate Appraisal Standards."</p>

<p>appraisal report in advance from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances a specific price or specified price should be used as reference price in determining the transaction price, such transaction shall be submitted for approval by the Board of Directors in advance, and the same procedures shall apply for any future changes to the terms and conditions of such transaction. 2. The rest of the articles have not been revised; omitted. 	<p>appraisal report in advance from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 1. Where due to special circumstances a limited price, specific price or specified price should be used as reference price in determining the transaction price, such transaction shall be submitted for approval by the Board of Directors in advance, and the same procedures shall apply for any future changes to the terms and conditions of such transaction. 2. The rest of the articles have not been revised; omitted. 	
<p>Article 12 Procedures governing acquisition of real property from a related party are as follows:</p> <ol style="list-style-type: none"> 1. Not revised; omitted. 2. Appraisal and operating procedures: The Company may acquire real property from a related party only after submitting the following information to the Board of Directors for approval and to the Supervisors for recognition: <p>(1) to (6) have not been revised; omitted.</p>	<p>Article 12 Procedures governing acquisition of real property from a related party are as follows:</p> <ol style="list-style-type: none"> 1. Not revised; omitted. 2. Appraisal and operating procedures: The Company may acquire real property from a related party only after submitting the following information to the Board of Directors for approval and to the Supervisors for recognition: (1) to (6) have not been revised; omitted. <u>When the items listed in subparagraph 2 of this Article 12 are submitted for discussion in the meeting of Board of Directors, the Board of</u> 	<p>Amendment to 2. have been made by referring to the "Securities and Exchange Act."</p>

<p>3. Assessment of reasonableness of transaction cost: (1) to (4) have not been revised; omitted. (5) When the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the Company shall comply with the following provisions. In addition, if the Company and any public company that invests in the Company using the equity method have allocated a special reserve in accordance with the following provisions, the Company and the public company may not utilize such special reserve until it has recognized loss due to price decline for such real property, or such property has been</p>	<p><u>Directors shall take into full consideration of each independent director's opinion. If an independent director objects or expresses reservation about any matter, it shall be recorded in the meeting minutes of the Board of Directors.</u></p> <p>3. Assessment of reasonableness of transaction cost: (1) to (4) have not been revised; omitted. (5) When the Company acquires real property from a related party and the results of appraisal performed in accordance with the provisions of items (1) and (2), subparagraph 3 of this Article 12 are both lower than the transaction price, the Company shall comply with the following provisions. In addition, if the Company and any public company that invests in the Company using the equity method have allocated a special reserve in accordance with the following provisions, the Company and the public company may not utilize such special reserve until it has recognized loss due to price decline for such real property, or such</p>	<p>Same as the explanation for Article 1.</p>
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<p>disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and approval in connection therewith from the SFC shall have been obtained.</p> <p>a. Not revised; omitted. b. Not revised; omitted. c. Not revised; omitted.</p> <p>(6) Not revised; omitted. (7) Not revised; omitted.</p>	<p>property has been disposed of, or adequate compensation has been made, or the original condition has been restored, or there is other evidence confirming that it is not unreasonable to do so, and approval in connection therewith from <u>the Competent Authority</u> shall have been obtained.</p> <p>a. Not revised; omitted. b. Not revised; omitted. c. Not revised; omitted.</p> <p>(6) Not revised; omitted. (7) Not revised; omitted.</p>	
<p>Article 15 Procedures governing derivatives trading activities are as follows:</p> <ol style="list-style-type: none"> 1. Trading principles and strategies: Not revised; omitted. 2. Operating procedures: Not revised; omitted. 3. Accounting treatment: When a derivative trade is done, no principal will be actually delivered; therefore, there is no need to record the amount of derivatives trade on the Company's balance sheet. Except for the Statements of Financial Accounting Standards No. 14 published by the ARDF ("Accounting Standards No. 14"), which relates to forward F/X transaction, currently there are no specific rules governing the 	<p>Article 15 Procedures governing derivatives trading activities are as follows:</p> <ol style="list-style-type: none"> 1. Trading principles and strategies: Not revised; omitted. 2. Operating procedures: Not revised; omitted. 3. Accounting treatment: <u>Accounting treatment shall be handled in accordance with the ROC Financial and Accounting Standards and other regulations.</u> 	<ol style="list-style-type: none"> 1. Amendments have been drafted in order to meet the revisions of the "Statements of Financial Accounting Standards No. 34" 2. Same as the explanation for Article 1.

<p>accounting treatment of derivatives trading. Thus, except for forward F/X transaction, which the Company has recorded accounting entries in accordance with the requirements of Accounting Standards No. 14, for other types of derivatives, the Company only records the particulars of each trades and calculates the realized and unrealized profit/loss for preparing a derivative income statement on a monthly basis. The Operating Procedures also contain commonly adopted accounting treatments for each type of derivatives as reference for the Company's promulgation of relevant guidelines in the future.</p>		
<p>4. Internal control system: Not revised; omitted.</p>	<p>4. Internal control system: Not revised; omitted.</p>	
<p>5. Internal audit system: (1) Not revised; omitted. (2) The Company's internal auditor shall file the audit report together with the annual internal audit review report for the preceding year with the SFC by the end of February each year. The Company's internal auditor shall also report any improvements of irregularities during the preceding year to the SFC by the end of May each year.</p>	<p>5. Internal audit system: (1) Not revised; omitted. (2) The Company's internal auditor shall file the audit report together with the annual internal audit review report for the preceding year with <u>the Competent Authority</u> by the end of February each year. The Company's internal auditor shall also report any improvements of irregularities during the preceding year to <u>the Competent</u></p>	

	<u>Authority</u> by the end of May each year.	
<p>Article 16 Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:</p> <ol style="list-style-type: none"> 1. Appraisal and operating procedures: Not revised; omitted. 2. Other matters to be noted: <ol style="list-style-type: none"> (1) Date of shareholders' meeting or meeting of the Board of Directors: Companies participating in a merger or consolidation, split, or acquisition shall convene their board meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by the SFC in advance. Companies participating in an assignment of shares shall convene their board meetings on the same day, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to 	<p>Article 16 Procedures governing mergers or consolidations, splits, acquisitions, or assignment of shares are as follows:</p> <ol style="list-style-type: none"> 1. Appraisal and operating procedures: Not revised; omitted. 2. Other matters to be noted: <ol style="list-style-type: none"> (1) Date of shareholders' meeting or meeting of the Board of Directors: Companies participating in a merger or consolidation, split, or acquisition shall convene their board meetings and shareholders' meetings on the same day to resolve matters relevant to the merger or consolidation, split, or acquisition, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to and approved by <u>the Competent Authority</u> in advance. Companies participating in an assignment of shares shall convene their board meetings on the same day, unless otherwise provided by applicable laws or there are extraordinary conditions which should be reported to 	<ol style="list-style-type: none"> 1. Same as the explanation for Article 1. 2. Amendments are drafted pursuant to the "Securities and Exchange Act" and relevant laws and regulations.

<p>and approved by the SFC in advance.</p>	<p>and approved by <u>the Competent Authority</u> in advance.</p> <p><u>When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall prepare a full written record of the following information and retain it for five years for reference:</u></p> <p>a. <u>Basic identification data for personnel: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved prior to disclosure of the information in the planning or implementation of any merger or consolidation, split, acquisition, or assignment of another company's shares.</u></p> <p>b. <u>Dates of material events: including those for signing of any letter of intent or memorandum of understanding, engaging of a financial or legal advisor, execution of a contract, and</u></p>	
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	<p><u>convening of a board of directors meeting.</u></p> <p>c. <u>Important documents and minutes: including merger or consolidation, split, acquisition, or plan of assignment of share, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</u></p> <p><u>When participating in a merger or consolidation, split, acquisition, or assignment of another company's shares, the Company shall, within two days of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation.</u></p> <p><u>Where any of the companies participating in a merger or consolidation, split, acquisition, or assignment of another</u></p>	
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<p>(2) Commitment to confidentiality obligations in advance: the rest of the articles are not been revised; omitted.</p>	<p><u>company's shares is neither listed in the securities exchange nor trading over-the-counter, the Company shall sign an agreement with such company in order to prepare a full written record of the information of basic identification data for personnel, dates of material events and important documents and minutes and retain it for five years for reference and to report (in the prescribed format and via the Internet-based information system) the aforementioned basic identification data for personnel and dates of material events to the Competent Authority for recordation.</u></p> <p>(2) Commitment to confidentiality obligations in advance: the rest of the articles are not been revised; omitted.</p>	
<p>Article 18 Deadline for public announcement and reporting: When acquiring or disposing of assets, if such acquisition or disposal is one of the items that should be publicly announced and reported, and the transaction amount reaches the requirements for</p>	<p>Article 18 Deadline for public announcement and reporting: When acquiring or disposing of assets, if such acquisition or disposal is one of the items that should be publicly announced and reported, and the transaction amount reaches the requirements for</p>	<p>Same as the explanation for Article 1.</p>

<p>public announcement and reporting, the Company shall make the public announcement and reporting on the website designated by the SFC in the format prescribed by the "Regulations Governing Acquisition or Disposal of Assets by Public Companies" promulgated by SFC within two days of the date of occurrence.</p>	<p>public announcement and reporting, the Company shall make the public announcement and reporting on the website designated by <u>the Competent Authority</u> in the format prescribed by the "Regulations Governing Acquisition or Disposal of Assets by Public Companies" promulgated by <u>the Competent Authority</u> within two days of the date of occurrence.</p>	
<p>Article 19 Procedures governing public announcement and reporting are as follows:</p> <ol style="list-style-type: none"> 1. The Company shall make the public announcement and reporting of relevant information on the website designated by the SFC in accordance with the preceding Article 18. 2. The Company shall post information regarding derivative trading activities of the Company and its subsidiaries that are not domestic public companies during the preceding month on the reporting website designated by the SFC in the required format by the tenth day of each month. 3. Not revised; omitted. 4. Not revised; omitted. 5. After the Company has publicly announced and reported a transaction in 	<p>Article 19 Procedures governing public announcement and reporting are as follows:</p> <ol style="list-style-type: none"> 1. The Company shall make the public announcement and reporting of relevant information on the website designated by <u>the Competent Authority</u> in accordance with the preceding Article 18. 2. The Company shall post information regarding derivative trading activities of the Company and its subsidiaries that are not domestic public companies during the preceding month on the reporting website designated by <u>the Competent Authority</u> in the required format by the tenth day of each month. 3. Not revised; omitted. 4. Not revised; omitted. 5. After the Company has publicly announced and reported a transaction in 	<p>Same as the explanation for Article 1.</p>

<p>accordance with applicable regulations, in case any of the following event occurs, it shall report relevant information on the website designated by the SFC within two days of the date of occurrence:</p> <p>(1) Any amendment, termination or discharge of the contracts originally executed in the transaction.</p> <p>(2) The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.</p>	<p>accordance with applicable regulations, in case any of the following event occurs, it shall report relevant information on the website designated by <u>the Competent Authority</u> within two days of the date of occurrence:</p> <p>(1) Any amendment, termination or discharge of the contracts originally executed in the transaction.</p> <p>(2) The merger or consolidation, split, acquisition, or assignment of shares is not completed by the scheduled completion date set forth in the relevant contract.</p>	
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Resolution: There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

Item 4 Discussion of Issue of New Shares from Retained Earnings and Capital Reserve (Proposed by the Board of Directors)

Explanation: (1) This Company plans to allocate NT\$196,944,500 as the shareholders' stock dividends and allocate NT\$385,000,000 as employee stock bonus from the earnings in 2006 for the issue of new shares in order to augment the Company's operating funds and strengthen its financial structure; besides, to allocate NT\$787,778,000 from the capital reserve to issue new shares, in total to NT\$1,369,722,500. The new stock shall be issued with a par value of NT\$10 per share. The shareholders' rights and obligations of the new shares are the same as those of existing shares. After issuing new shares, the paid-in capital will be NT\$21,064,172,500 divided into 2,106,417,250 shares.

(2) The record date with regard to this issue of new shares shall be determined after being approved by the shareholders' meeting and obtaining the competent authority's approval. Shareholders registered in the shareholders register on the record date shall

be entitled to 10 shares per thousand shares allocated from the earnings and 40 shares per thousand shares allocated from the capital reserve (in total to 50 new shares per thousand shares gratuitously) in proportion to the total shareholdings registered in the shareholders register. For fractional shares, the distribution will be made in the form of cash calculated at par value. Such shares will be purchase by the Employee Welfare Committee of the Company.

(3) This proposal is submitted for discussion and approval.

Resolution: There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

Item 5: Discussion of Amendments to Articles of Incorporation (Proposed by the Board of Directors)

Explanation: (1) The Company plans to revise Articles 18 and 33 of the Articles of Incorporation in conformity with the Company Law and to better meet the Company's business needs. Please see the comparison table of articles of the Company's Articles of Incorporation before and after revision.

(2) The proposed amendments are submitted for discussion and approval.

Comparison Table of Articles of the Articles of Incorporation

Article before revision	Article after revision	Explanation
<p>Article 18 The Company shall have at least five but no more than nine directors and two or three supervisors to be elected at the shareholders' meeting by the shareholders from any person with legal capacity in accordance with the Company Law. The term of office for directors and supervisors shall be three years. All of the directors and supervisors are eligible for re-election.</p>	<p>Article 18 The Company shall have at least five but no more than nine directors and two or three supervisors to be elected at the shareholders' meeting by the shareholders from any person with legal capacity in accordance with the Company Law. The term of office for directors and supervisors shall be three years. All of the directors and supervisors are eligible for re-election.</p>	<p>Remuneration for directors and supervisors is determined by the shareholders' meeting pursuant to the Company Law.</p>

<p>The aggregate number of the registered shares held by all directors and supervisors shall be subject to the regulations, if any stipulated by the competent securities authority.</p> <p>Remuneration for directors and supervisors shall be determined pursuant to the extent that they participate in the Company's operations and their contribution to the Company and the Board of Directors are authorized to set up a remuneration standard conforming to the industry standard.</p> <p>The Company may purchase liability insurance for its directors and supervisors.</p>	<p>The aggregate number of the registered shares held by all directors and supervisors shall be subject to the regulations, if any stipulated by the competent securities authority.</p> <p><u>Remuneration for directors and supervisors shall be determined by the shareholders' meeting.</u></p> <p>The Company may purchase liability insurance for its directors and supervisors.</p>	
<p>Article 33 These Articles of Incorporation were enacted on July 28, 1975. (the 1st through 38th revision dates have been omitted for simplicity) The 39th amendment is made on May 18, 2006.</p>	<p>Article 33 These Articles of Incorporation were enacted on July 28, 1975. (the 1st through 39th revision dates have been omitted for simplicity) <u>The 40th amendment is made on June 8, 2007.</u></p>	<p>Addition of the 40th revision date.</p>

Resolution: There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

Item 6: : Discussion of Releasing the Directors Elected from Non-Competition Restrictions (Proposed by the Board of Directors)

Explanation: (1) According to Article 209 of the Company Law, a director who conducts business within the business scope of the Company for himself or others shall explain in the shareholders' meeting

the essential contents of such conduct and obtain the shareholders' approval.

- (2) The Company's directors holding concurrent positions and conducting an act subscribed in Article 209 of the Company Law submit for the shareholders' meeting to remove the non-competition restrictions on additional positions of the directors, provided that such act will not detriment the Company's benefit. Please see the details disclosed at the place of the shareholders' meeting.
- (3) The proposals are submitted for discussion and voting.

List of Directors' holding of important positions in other companies (additional)

Names	Position in other companies
Bruce CH Cheng	WK Technology Fund VII.....Director
Yancey Hai	Delta Networks, Inc.....Director
Mark Ko	Nulight Technology Corporation.....Director
	Delta Electronics (Wuhu) Ltd. ....Chairman
Raymond R Y Hsu	Delta Electronics (Wuhu) Ltd.....Director
Fred Chai Yan Lee	Cyntec Co., Ltd.....Director
Ping Cheng	Delta Electronics (Dongguan) Co.,Ltd.....President
	Delta Electronics Components (Dongguan) Co.,Ltd.....President
	Delta Electronics Industrial (Dongguan) Co.,Ltd.....President
	Delta Electronics Power (Dongguan) Co.,Ltd.....President
	Delta Electronics (Jiangsu) Ltd.....President
	Delta Electronics Components (Wujiang) Ltd.....President
	Delta Electro-optics (Wujiang) Ltd.....President
	Delta Video Display System (Wujiang) Ltd.....President
	Delta Electronics (Wuhu) Ltd.....Director/President
Sam Liang	Delta Electronics Industrial (Dongguan) Co., Ltd.....Chairman
	Delta Networks Inc. (Shanghai).....Chairman
	Delta Networks Inc. (Wujiang).....Chairman

Resolution: There is no objection from any shareholders after solicitation by the Chairman and the resolution is passed.

3. Provisional Motions: None.

4. Meeting Adjourned

Chairman: Bruce CH Cheng
Recorder: Ms. Jill Lee



Business Report

Dear Shareholders:

Delta Electronics had outstanding performance in 2006. Not only did we reach record highs in sales revenues, profits and market value, we also experienced success in every business unit, and continued to lead in power supplies and electrical components. In addition, we earned support from our customers in solar cells, and CCFLs for TFT-LCD monitors, and continue to develop and increase sales in networking products. Below is a summary of Delta's operations in 2006.

Delta's consolidated sales revenues totaled NT\$105.2 billion, an increase of 30% compared to 2005. Compared to 2005, gross profit totaled NT\$22.5 billion with an increase of 40%; net profit totaled NT\$12.4 billion with an increase of 67%; and net income after tax totaled NT\$11.3 billion with an increase of 50%. Earnings per Share (EPS) for 2006 totaled NT\$5.76. Delta is proactive in yearly budget allocation and our achievements in 2006 have exceeded the internal budget objectives of our major financial indices. I would like to express my deep appreciation to our management team and employees for their hard work and contributions.

In the power supply business, Delta has continued its leading position in switching power supplies and we are the world's number one in market shares for servers, workstations, PCs, laptops, and game consoles. We continue researching and developing products with new functions and designs and we are enthusiastic in meeting market trends and the demands of customers in the rapidly changing electrical product markets. In addition, we have established closer cooperative relationships with our customers, as we grow with them and strengthen Delta's competitive edge in the global power supply markets. As for electrical components, in addition to maintaining high growth in every category, Delta has actively developed high value-added products to face keen market competition. Our DC brushless fans & blowers was number one in global market share in 2006, which is a

DELTA ELECTRONICS, INC.

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 - Chungli Plant : 3 Tung Yuan Road, Chungli Industrial Zone, Chungli, Taoyuan Shien 320, Taiwan, R.O.C. Tel: 886-3-4526107 Fax : 886-3-4527314
 - Taoyuan Plant : 31-1 Shien Pan Road, Kwei San Industrial Zone, Taoyuan Shien 333, Taiwan, R.O.C. Tel : 886-3-3626301 Fax : 886-3-3627267
 - Tainan Plant : 15-4 Nan Hsing Road, Yung Kang, Tainan Hsien 710, Taiwan, R.O.C. Tel : 886-6-2735411 Fax : 886-6-2735416
- Internet: <http://www.deltaca.com>



good example of Delta's competitiveness in electrical components. As for the industrial automation business, Delta's own-design servo motor made its appearance in 2006, receiving high recognition from the market upon its launch. Delta's industrial automation products such as converters and human machine interfaces (HMI) have received certificates from major European and Japanese companies. This is helping to build a base for future business. For the Visual Display business, we have made tremendous progress in developing high quality projection technology, which we believe will contribute significantly in the future. Delta's networking business also has an outstanding performance last year. Delta Networks Inc. (DNI) has obtained orders from global key networking players. DNI continues to enhance its competitiveness and is recognized for its quality and service. DNI experienced high growth in both sales revenues and profits. We anticipate that DNI will maintain high growth rates in the coming years and will become an important source of Delta's profits.

Environmental protection and energy saving have long been an important part of Delta's corporate mission, carried out in both product development and daily operations. An example is Delta's Tainan plant, which was awarded a gold-rated green building certificate by the Ministry of the Interior in 2006, and has become the most recognized green factory in Taiwan. Delta's subsidiaries are also dedicated to enhancing the efficiency of power management products and developing products with environmental protection and energy saving features. DelSolar has expertise in the research and development and manufacturing of solar cells, and is proceeding well, with revenues and profits growing rapidly. Faced by a shortage of raw materials, DelSolar has maintained stable operations and is headed for its planned objectives. We believe that as soon as the raw material market becomes stable, DelSolar will produce outstanding results. Cyntec has not only continued to develop high-efficiency energy-saving electrical components for home appliance markets, it has also concentrated on developing micro and IC technologies. Building a foundation for many years, Cyntec had excellent performance in portable IT product markets in 2006, and has earned the trust of customers and established a stable foundation for future development. In recent years, people have

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become aware of environmental protection and energy saving. In addition to paying attention to the issues of energy consumption and pollution prevention, the issue of how to reduce carbon-dioxide has become an urgent issue. We are happy to see that many corporations and the general public have started join us with their resources and energy. We believe that our joint efforts can expedite the realization and development of the green business concept, embody corporate social responsibility, and result in a clean living environment for generations to come.

Technologies that Delta has accumulated for the past 35 years are the foundation for our future growth. Looking to the future, in addition to our existing product fields, Delta will concentrate on the development of green energy, while promoting green facilities. We will invest more in research and development and deepen our knowledge in materials to strengthen Delta's core competencies and create a stable operational environment.

Technology is Delta's foundation. The endeavors of our employees and recognition from our customers are what drive Delta forward. Delta received a best supplier award from Fujitsu Siemens and attained recognition from SONY and Microsoft. In addition to the continuing trust and cooperation of our long term customers, employees are Delta's most important asset. We have carried out a series of systematic development plans for our global management teams, and we are seeding teams for our future businesses. This will align the training and growth of chosen employees with the direction of corporate development, and meet the needs of high-level management teams in the future. Our aim is to cultivate a pool of the most suitable talents for international technology and management.

As Delta pursues business development, we are also dedicated to corporate social responsibility and providing the most value to shareholders, employees and society as a whole. Delta was named The Most Admired company in the Electronics industry by CommonWealth magazine for 5 consecutive years, and received Corporate Social Responsibility awards from GlobalViews magazine for 2 consecutive years. Delta was

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also rated A-class in information disclosure by the Taiwan Securities and Exchange Corporation in 2006. In addition to enhancing the public's understanding of Delta by delivering precise, real time information, we hope this will inspire Delta to become an even better corporation and enhance our positive influence on society.

I wish to take this opportunity to thank our employees for their contributions to the corporation and helping Delta achieve its objectives. I also highly appreciate the continuing support of Delta's board members, shareholders, customers and suppliers, which allow us to maintain our healthy growth. This year we will adhere to our steadfast belief in sustainable operation and try our best to meet everyone's expectations. We sincerely hope our shareholders will continue to support and encourage Delta and together we can make each year better than the last.

Sincerely yours,


BRUCE CH Cheng
Chairman

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REPORT OF INDEPENDENT ACCOUNTANTS

To Delta Electronics, Inc.

We have audited, in accordance with the “Rules Governing the Audit of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China, the non-consolidated balance sheets of Delta Electronics, Inc. (“the Company”) as of December 31, 2006 and 2005, and the related non-consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended appearing in the shareholders' meeting agenda and annual report. In our report dated March 1, 2007, in which we indicated that: (a) the financial statements and the related information of certain investees accounted for under the equity method were audited by other auditors and (b) effective January 1, 2006, the Company adopted R.O.C. Statements of Financial Accounting Standards No. 34, “Financial Instruments: Recognition and Measurement” and No. 36, “Financial Instruments: Disclosure and Presentation” and newly amended Statement of Financial Accounting Standards No. 5, “Long-term Investment under the Equity Method”, we expressed a modified unqualified opinion on those non-consolidated financial statements.

The condensed non-consolidated financial statements presented in the shareholders' meeting agenda and annual report are fairly stated, in all material respects, in relation to the non-consolidated financial statements from which they have been derived.



PricewaterhouseCoopers

March 1, 2007

The accompanying condensed non-consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such condensed non-consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying condensed non-consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

DELTA ELECTRONICS, INC.
BALANCE SHEETS
DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,634,603	\$ 5,768,692
Financial assets at fair value through profit or loss - current	3,757	4,108
Notes receivable, net	88,994	107,011
Accounts receivable	7,351,203	14,138,459
Accounts receivable, net - related parties	321,619	3,717,100
Other receivables	115,925	327,396
Other receivables - related parties	1,015,350	1,901,977
Other financial assets - current	21,139	21,123
Inventories	700,962	2,180,897
Deferred income tax assets - current	167,778	305,955
Other current assets - other	99,511	48,703
Total current assets	<u>17,520,841</u>	<u>28,521,421</u>
Funds and Investments		
Available-for-sale financial assets - non-current	1,199,158	795,666
Financial assets carried at cost - non-current	543,969	578,391
Investments in bonds without active markets - non-current	7,169,800	7,227,000
Long-term equity investments accounted for under the equity method	35,099,378	24,057,137
Cash surrender value of life insurance	82,365	77,699
Total funds and investments	<u>44,094,670</u>	<u>32,735,893</u>
Property, Plant and Equipment, Net		
Cost		
Land	816,068	796,297
Buildings	2,422,918	2,214,748
Machinery and equipment	1,453,429	1,080,955
Molding equipment	310,751	307,998
Computer and communication equipment	359,667	357,580
Testing equipment	1,378,136	1,249,314
Transportation equipment	18,871	18,626
Office equipment	132,880	124,658
Revaluation increments	230,228	168,738
Cost and revaluation increments	<u>7,122,948</u>	<u>6,318,914</u>
Less: Accumulated depreciation	(2,959,570)	(2,523,749)
Construction in progress and prepayments for equipment	185,136	383,835
Total property, plant and equipment, net	<u>4,348,514</u>	<u>4,179,000</u>
Other Assets		
Assets leased to others	597,889	671,243
Refundable deposits	5,904	10,556
Deferred expenses	179,463	169,476
Total other assets	<u>783,256</u>	<u>851,275</u>
TOTAL ASSETS	<u>\$ 66,747,281</u>	<u>\$ 66,287,589</u>

(Continued)

DELTA ELECTRONICS, INC.
BALANCE SHEETS (CONTINUED)
DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Financial liabilities at fair value through profit or loss - current	\$ 1,517	\$ 632
Accounts payable	622,573	591,364
Accounts payable - related parties	9,925,645	17,184,249
Income tax payable	232,697	36,699
Accrued expenses	1,032,320	970,751
Other payables - related parties	485,587	127,450
Other payables	245,039	320,881
Receipts in advance	266,569	351,073
Long-term liabilities - current portion	-	440,847
Other current liabilities	79,492	39,652
Total current liabilities	<u>12,891,439</u>	<u>20,063,598</u>
Reserves		
Land value incremental reserve	53,085	44,837
Other Liabilities		
Accrued pension liabilities	653,984	597,274
Guarantee deposits received	5,912	5,912
Deferred income tax liabilities - non-current	3,173,802	2,176,417
Other liabilities - other	149,141	-
Total other liabilities	<u>3,982,839</u>	<u>2,779,603</u>
Total liabilities	<u>16,927,363</u>	<u>22,888,038</u>
Stockholders' Equity		
Capital		
Common stock	19,694,450	18,303,815
Capital Reserves		
Capital reserve from conversion of convertible bonds	11,470,341	11,140,668
Capital reserve - other	145,055	160,898
Retained Earnings		
Legal reserve	4,659,105	3,903,811
Special reserve	-	447,112
Undistributed earnings	13,086,557	8,895,809
Other Adjustments to Stockholders' Equity		
Unrealized gain or loss on financial instruments	280,829	(3,252)
Asset revaluations	204,064	150,823
Cumulative translation adjustments	279,517	399,867
Total stockholders' equity	<u>49,819,918</u>	<u>43,399,551</u>
Commitments And Contingent Liabilities		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 66,747,281</u>	<u>\$ 66,287,589</u>

DELTA ELECTRONICS, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	2006		2005	
Operating Revenues				
Sales	\$ 59,271,837	\$	61,052,652	
Sales returns	(183,813)	(	260,151)
Sales discounts	(144,292)	(	162,351)
Net Sales	58,943,732		60,630,150	
Service income	1,306,483		3,728,784	
Net Operating Revenues	60,250,215		64,358,934	
Operating Costs				
Cost of goods sold	(54,316,852)	(	56,993,891)
Gross profit	5,933,363		7,365,043	
Realized gain from intercompany transactions	-		2,875	
Gross profit, net	5,933,363		7,367,918	
Operating Expenses				
Sales and marketing expenses	(609,895)	(	544,682)
General and administrative expenses	(1,093,201)	(	1,023,373)
Research and development expenses	(2,880,029)	(	2,434,027)
Total Operating Expenses	(4,583,125)	(	4,002,082)
Operating income	1,350,238		3,365,836	
Non-operating Income and Gains				
Interest income	198,447		256,153	
Gain on valuation of financial assets	3,757		4,108	
Investment income accounted for under the equity method	11,010,092		4,293,737	
Dividend income	27,542		49,472	
Gain on disposal of property, plant and equipment	3,922		-	
Gain on disposal of investments	-		124,754	
Rental income	36,376		37,152	
Other non-operating income	290,473		404,831	
Non-operating Income and Gains	11,570,609		5,170,207	
Non-operating Expenses and Losses				
Interest expense	(4,386)	(	102,262)
Loss on valuation of financial liabilities	(1,517)	(	632)
Other investment loss	-	(	326,031)
Loss on disposal of property, plant and equipment	(722)	(	2,081)
Foreign exchange loss	(165,149)	(	484,687)
Provision for loss on inventory obsolescence and market price declines	(7,039)	(-	
Other non-operating losses	(56,158)	(	94,985)
Non-operating Expenses and Losses	(234,971)	(	1,010,678)
Income from continuing operations before income tax	12,685,876		7,525,365	
Income tax (expense) benefit	(1,355,035)		27,575	
Net income	\$ 11,330,841	\$	7,552,940	
	Before Tax	After Tax	Before Tax	After Tax
Earnings Per Share (in Dollars)				
Basic Earnings Per Share				
Net income	\$ 6.44	\$ 5.76	\$ 3.97	\$ 3.98
Diluted Earnings Per Share				
Net income	\$ 6.44	\$ 5.76	\$ 3.95	\$ 3.96

DELTA ELECTRONICS, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Retained Earnings				Unrealized gain or loss on financial instruments	Asset revaluations	Cumulative translation adjustments	Total	
	Common stock	Capital Reserves	Legal reserve	Special reserve					Undistributed earnings
<u>2005</u>									
Balance at January 1, 2005	\$ 15,859,720	\$ 6,738,315	\$ 3,237,641	\$ -	\$ 7,620,513	(\$ 2,967)	\$ 114,715	(\$ 444,144)	\$ 33,123,793
Distribution of 2004 earnings:									
Appropriation for legal reserve	-	-	666,170	-	(666,170)	-	-	-	-
Appropriation for special reserve	-	-	-	447,112	(447,112)	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(16,700)	-	-	(16,700)	-
Employees' bonus	320,775	-	-	-	(320,775)	-	-	-	-
Issuance of stock dividends	803,693	-	-	-	(803,693)	-	-	-	-
Cash dividends	-	-	-	-	(4,018,467)	-	-	(4,018,467)	-
Convertible bonds converted into common stock	1,319,627	4,563,251	-	-	-	-	-	-	5,882,878
Proportional adjustments for change in ownership percentage of long-term investments	-	-	-	-	(4,727)	-	-	(4,727)	-
Proportional adjustments for investee companies' unrealized loss on financial instruments	-	-	-	-	-	(285)	-	(285)	-
Adjustments for land value incremental reserve	-	-	-	-	-	-	36,108	-	36,108
Changes in cumulative translation adjustments	-	-	-	-	-	-	-	844,011	844,011
Net income for 2005	-	-	-	-	7,552,940	-	-	-	7,552,940
Balance at December 31, 2005	<u>\$ 18,303,815</u>	<u>\$ 11,301,566</u>	<u>\$ 3,903,811</u>	<u>\$ 447,112</u>	<u>\$ 8,895,809</u>	<u>(\$ 3,252)</u>	<u>\$ 150,823</u>	<u>\$ 399,867</u>	<u>\$ 43,399,551</u>
<u>2006</u>									
Balance at January 1, 2006	\$ 18,303,815	\$ 11,301,566	\$ 3,903,811	\$ 447,112	\$ 8,895,809	(\$ 3,252)	\$ 150,823	\$ 399,867	\$ 43,399,551
Distribution of 2005 earnings:									
Reversal of special reserve	-	-	-	(447,112)	447,112	-	-	-	-
Appropriation of legal reserve	-	-	755,294	-	(755,294)	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(16,700)	-	-	(16,700)	-
Employees' bonus	370,015	-	-	-	(370,015)	-	-	-	-
Issuance of stock dividends	920,211	-	-	-	(920,211)	-	-	-	-
Cash dividends	-	-	-	-	(5,521,267)	-	-	(5,521,267)	-
Convertible bonds converted into common stock	100,409	329,672	-	-	-	-	-	-	430,081
Change in ownership percentage of long-term equity investments accounted for under the equity method	-	(15,842)	-	-	(3,718)	-	-	(19,560)	-
Proportional adjustments for investee companies' unrealized loss on financial instruments	-	-	-	-	-	(119,411)	-	(119,411)	-
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	403,492	-	-	403,492
Land value appraisal increments	-	-	-	-	-	-	53,241	-	53,241
Changes in cumulative translation adjustments	-	-	-	-	-	-	-	(120,350)	(120,350)
Net income for 2006	-	-	-	-	11,330,841	-	-	-	11,330,841
Balance at December 31, 2006	<u>\$ 19,694,450</u>	<u>\$ 11,615,396</u>	<u>\$ 4,659,105</u>	<u>\$ -</u>	<u>\$ 13,086,557</u>	<u>\$ 280,829</u>	<u>\$ 204,064</u>	<u>\$ 279,517</u>	<u>\$ 49,819,918</u>

DELTA ELECTRONICS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006		2005
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net income	\$ 11,330,841	\$	7,552,940
Adjustments to reconcile net income to net cash provided by operating activities :			
Changes in unrealized gain on valuation of financial assets	351	(	4,108)
Changes in unrealized loss on valuation of financial liabilities	885		632
Reversal of allowance for doubtful accounts	(7,176)	(	5,219)
Loss on (reversal of) inventory obsolescence and market price declines	7,039	(	45,520)
Foreign exchange loss (gain) on investments in bonds without active markets	57,200	(	266,045)
Cash dividends received from investee companies accounted for under the equity method	1,084,301		8,986,835
Investment income recognized under the equity method, net of other investment loss	(11,010,092)	(	3,967,706)
Gain on disposal of financial assets not for trading purposes	-	(	104,080)
Depreciation (including assets leased to others) and amortization	628,019		559,572
(Gain) loss on disposal of property, plant and equipment, net	(3,200)		2,081
Exchange gain on revaluation of foreign currency denominated convertible bonds	(10,766)	(	14,204)
Amortization of long-term deferred income	(10,509)		-
Changes in assets and liabilities :			
Notes receivable, net	18,017	(	72,501)
Accounts receivable	6,794,432	(	5,249,591)
Accounts receivable, net - related parties	3,395,481	(	1,407,473)
Other receivables	211,471	(	139,103)
Other receivables - related parties	(79,723)		204,194
Inventories	1,472,896	(	762,140)
Other current assets - other	(50,808)		28,576
Accounts payable	31,209		76,914
Accounts payable - related parties	(7,258,604)		4,974,260
Income tax payable	195,998		36,699
Accrued expenses	61,569		149,280
Other payables - related parties	358,137		127,450
Other payables	(75,842)		54,136
Receipts in advance	(84,504)		69,805
Other current liabilities - other	39,840		31,985
Deferred income tax	1,135,562	(	92,456)
Accrued pension liabilities	56,710		100,085
Other liabilities - others	-	(	2,875)
Net cash provided by operating activities	<u>8,288,734</u>		<u>10,822,423</u>

(Continued)

DELTA ELECTRONICS, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease in financial assets at fair value through profit or loss - current	\$ -	\$ 80,603
(Increase) decrease in other financial assets - current	(16)	687
Proceeds from disposal of available-for-sale financial assets and remittance of capital reduction of financial assets carried at cost	197,151	376,023
Increase in investments in bonds without active markets - non-current	-	(1,080,730)
Increase in long-term equity investments accounted for under the equity method	(412,500)	(4,496,581)
Increase in cash surrender value of life insurance	(4,666)	(5,268)
Acquisition of property, plant and equipment and deferred expenses	(680,615)	(1,229,001)
Proceeds from disposal of property, plant and equipment	11,138	28,887
Decrease (increase) in refundable deposits	<u>4,652</u>	<u>(2,091)</u>
Net cash used in investing activities	<u>(884,856)</u>	<u>(6,327,471)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in short-term loans	-	(158,925)
Payment of directors' and supervisors' remuneration	(16,700)	(16,700)
Payment of cash dividends	<u>(5,521,267)</u>	<u>(4,018,467)</u>
Net cash used in financing activities	<u>(5,537,967)</u>	<u>(4,194,092)</u>
Increase in cash and cash equivalents	1,865,911	300,860
Cash and cash equivalents at beginning of year	<u>5,768,692</u>	<u>5,467,832</u>
Cash and cash equivalents at end of year	<u>\$ 7,634,603</u>	<u>\$ 5,768,692</u>
<u>Supplemental disclosures of cash flow information</u>		
Cash paid during the year for interest	<u>\$ 4,386</u>	<u>\$ 102,262</u>
Cash paid during the year for income taxes	<u>\$ 23,443</u>	<u>\$ 28,182</u>
Non-cash flows from investing and financing activities:		
Employees' stock bonus	<u>\$ 370,015</u>	<u>\$ 320,775</u>
Convertible bonds (par value) converted into common stock	<u>\$ 430,081</u>	<u>\$ 5,882,878</u>

REPORT OF INDEPENDENT ACCOUNTANTS

To Delta Electronics, Inc.

We have audited, in accordance with the “Rules Governing the Audit of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China, the consolidated balance sheets of Delta Electronics, Inc. (“the Company”) and its subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended appearing in the shareholders' meeting agenda and annual report. In our report dated March 1, 2007, in which we indicated that: (a) the financial statements and the related information of certain subsidiaries and certain investees accounted for under the equity method were audited by other auditors, and (b) effective January 1, 2006, the Company and its subsidiaries adopted R.O.C. Statements of Financial Accounting Standards No. 34, “Financial Instruments: Recognition and Measurement” and No. 36, “Financial Instruments: Disclosure and Presentation” and newly amended Statement of Financial Accounting Standards No. 5, “Long-term Investment under the Equity Method”, we expressed a modified unqualified opinion on those consolidated financial statements.

The condensed consolidated financial statements presented in the shareholders' meeting agenda and annual report are fairly stated, in all material respects, in relation to the consolidated financial statements from which they have been derived.



PricewaterhouseCoopers

March 1, 2007

The accompanying condensed consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such condensed consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying condensed consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

DELTA ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 24,926,394	\$ 23,779,563
Financial assets at fair value through profit or loss - current	162,014	169,629
Available-for-sale financial assets - current	6,969	-
Derivative financial assets for hedging - current	58,732	-
Notes receivable, net	358,668	172,041
Accounts receivable	22,011,500	19,589,237
Accounts receivable, net - related parties	1,006,638	1,131,164
Other receivables	582,600	650,747
Other financial assets - current	21,139	1,361,928
Inventories	7,926,468	6,888,311
Prepayments	563,508	323,836
Deferred income tax assets - current	228,859	309,661
Other current assets - other	29,976	63,093
Total current assets	<u>57,883,465</u>	<u>54,439,210</u>
Funds and Investments		
Available-for-sale financial assets - non-current	1,347,002	655,333
Financial assets carried at cost - non-current	918,719	974,658
Investments in bonds without active markets - non-current	7,169,800	7,227,000
Long-term equity investments accounted for under the equity method	5,512,690	5,272,920
Cash surrender value of life insurance	82,365	77,699
Total funds and investments	<u>15,030,576</u>	<u>14,207,610</u>
Property, Plant and Equipment, Net		
Cost		
Land	1,283,862	1,288,490
Buildings	7,251,406	5,777,152
Machinery and equipment	8,834,238	6,923,148
Molding equipment	1,277,722	1,178,400
Computer and communication equipment	859,242	811,450
Testing equipment	4,629,395	3,921,042
Transportation equipment	139,342	132,312
Office equipment	1,244,710	1,166,608
Leasehold improvements	143,250	74,158
Other equipment	7,995	-
Revaluation increments	230,228	168,738
Cost and revaluation increments	25,901,390	21,441,498
Less: Accumulated depreciation	(11,978,384)	(9,995,872)
Construction in progress and prepayments for equipment	1,510,786	1,098,556
Total property, plant and equipment, net	<u>15,433,792</u>	<u>12,544,182</u>
Intangible assets		
Deferred pension costs	-	6,261
Other intangible assets - other	340,390	226,459
Total intangible assets	<u>340,390</u>	<u>232,720</u>
Other Assets		
Idle assets	1,851	-
Refundable deposits	46,269	43,866
Deferred expenses	299,167	313,765
Other assets - other	74,105	63,149
Total other assets	<u>421,392</u>	<u>420,780</u>
TOTAL ASSETS	<u>\$ 89,109,615</u>	<u>\$ 81,844,502</u>

(Continued)

DELTA ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	\$ 3,425,004	\$ 7,891,215
Financial liabilities at fair value through profit or loss - current	21,382	632
Derivative financial liabilities for hedging - current	115,791	-
Notes payable	-	64
Accounts payable	19,351,458	17,330,667
Accounts payable - related parties	318,100	441,256
Income tax payable	376,805	79,525
Accrued expenses	2,470,408	2,273,584
Other payables	2,673,661	2,195,019
Receipts in advance	351,872	484,148
Long-term liabilities - current portion	-	440,847
Other current liabilities	424,251	152,078
Total current liabilities	<u>29,528,732</u>	<u>31,289,035</u>
Reserve		
Land value incremental reserve	53,085	44,837
Other Liabilities		
Accrued pension liabilities	1,102,112	953,051
Guarantee deposits received	71,903	65,377
Deferred income tax liabilities - non-current	3,123,808	2,175,492
Other liabilities - other	165,264	42,922
Total other liabilities	<u>4,463,087</u>	<u>3,236,842</u>
Total liabilities	<u>34,044,904</u>	<u>34,570,714</u>
Stockholders' Equity		
Capital		
Common stock	19,694,450	18,303,815
Capital Reserves		
Capital reserve from conversion of convertible bonds	11,470,341	11,140,668
Capital reserve - other	145,055	160,898
Retained Earnings		
Legal reserve	4,659,105	3,903,811
Special reserve	-	447,112
Undistributed earnings	13,086,557	8,895,809
Other Adjustments to Stockholders' Equity		
Unrealized gain or loss on financial instruments	280,829	(3,252)
Asset revaluations	204,064	150,823
Cumulative translation adjustments	279,517	399,867
	<u>49,819,918</u>	<u>43,399,551</u>
Minority interest	5,244,793	3,874,237
TOTAL STOCKHOLDERS' EQUITY	<u>55,064,711</u>	<u>47,273,788</u>
Commitments And Contingent Liabilities		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 89,109,615</u>	<u>\$ 81,844,502</u>

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	2006		2005	
Operating Revenues				
Sales	\$ 105,459,095	\$	81,120,153	
Sales returns	(645,140)	(	526,624)
Sales discounts	(215,869)	(	179,313)
Net Sales	104,598,086		80,414,216	
Service income	617,951		411,304	
Net Operating Revenues	105,216,037		80,825,520	
Operating Costs				
Cost of goods sold	(82,709,130)	(	64,757,079)
Gross profit	22,506,907		16,068,441	
Realized loss from intercompany transactions	-	(	11)
Gross profit, net	22,506,907		16,068,430	
Operating Expenses				
Sales and marketing expenses	(3,098,961)	(	2,735,229)
General and administrative expenses	(2,319,384)	(	2,048,375)
Research and development expenses	(4,657,680)	(	3,844,519)
Total Operating Expenses	(10,076,025)	(	8,628,123)
Operating income	12,430,882		7,440,307	
Non-operating Income and Gains				
Interest income	697,258		530,184	
Gain on valuation of financial assets	3,697		4,108	
Investment income accounted for under the equity method	466,613		152,691	
Dividend income	44,463		60,471	
Gain on disposal of property, plant and equipment	9,552		-	
Gain on disposal of investments	15,529		342,299	
Foreign exchange gain, net	116,514		78,256	
Other non-operating income	1,093,542		877,524	
Non-operating Income and Gains	2,447,168		2,045,533	
Non-operating Expenses and Losses				
Interest expense	(175,249)	(	276,012)
Loss on valuation of financial liabilities	(21,382)	(	632)
Other investment loss	-	(	328,211)
Loss on disposal of property, plant and equipment	(168,927)	(	14,304)
Provision for loss on inventory obsolescence and market price declines	(302,355)	(	74,978)
Impairment loss	(29,685)	(-	
Other non-operating losses	(264,836)	(	435,241)
Non-operating Expenses and Losses	(962,434)	(	1,129,378)
Income from continuing operations before income tax	13,915,616		8,356,462	
Income tax expense	(1,633,002)	(	148,863)
Income from continuing operations	12,282,614		8,207,599	
Cumulative effect of changes in accounting principles	27,822		-	
Consolidated net income	\$ 12,310,436	\$	8,207,599	
Attributable to:				
Equity holders of the Company	\$ 11,330,841	\$	7,552,940	
Minority interest	979,595		654,659	
	\$ 12,310,436	\$	8,207,599	
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Earnings Per Share (in Dollars)				
Basic Earnings Per Share				
Net income from continuing operations	\$ 7.07	\$ 6.25	\$ 4.41	\$ 4.33
Cumulative effect of changes in accounting principles	0.01	0.01	-	-
Minority interest income	(0.50)	(0.50)	(0.35)	(0.35)
Net income	\$ 6.58	\$ 5.76	\$ 4.06	\$ 3.98
Diluted earnings per share				
Net income from continuing operations	\$ 7.07	\$ 6.25	\$ 4.38	\$ 4.30
Cumulative effect of changes in accounting principles	0.01	0.01	-	-
Minority interest income	(0.50)	(0.50)	(0.34)	(0.34)
Net income	\$ 6.58	\$ 5.76	\$ 4.04	\$ 3.96

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Retained Earnings				Undistributed earnings	Unrealized gain or loss on financial instruments	Asset revaluations	Cumulative translation adjustments	Minority interest	Total
	Common stock	Capital Reserves	Legal reserve	Special reserve						
<u>2005</u>										
Balance at January 1, 2005	\$ 15,859,720	\$ 6,738,315	\$ 3,237,641	\$ -	\$ 7,620,513	(\$ 2,967)	\$ 114,715	(\$ 444,144)	\$ 2,771,756	\$ 35,895,549
Distribution of 2004 earnings:										
Appropriation for legal reserve	-	-	666,170	-	(666,170)	-	-	-	-	-
Appropriation for special reserve	-	-	-	447,112	(447,112)	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(16,700)	-	-	-	-	(16,700)
Employees' bonus	320,775	-	-	-	(320,775)	-	-	-	-	-
Issuance of stock dividends	803,693	-	-	-	(803,693)	-	-	-	-	-
Cash dividends	-	-	-	-	(4,018,467)	-	-	-	-	(4,018,467)
Convertible bonds converted into common stock	1,319,627	4,563,251	-	-	-	-	-	-	-	5,882,878
Proportional adjustments for change in ownership percentage of long-term investments	-	-	-	-	(4,727)	-	-	-	-	(4,727)
Proportional adjustments for investee companies' unrealized loss on financial instruments	-	-	-	-	-	(285)	-	-	-	(285)
Adjustment for land value incremental reserve	-	-	-	-	-	-	36,108	-	-	36,108
Changes in cumulative translation adjustments	-	-	-	-	-	-	-	844,011	-	844,011
Changes in minority interest	-	-	-	-	-	-	-	-	447,822	447,822
Consolidated net income for 2005	-	-	-	-	7,552,940	-	-	-	654,659	8,207,599
Balance at December 31, 2005	<u>\$ 18,303,815</u>	<u>\$ 11,301,566</u>	<u>\$ 3,903,811</u>	<u>\$ 447,112</u>	<u>\$ 8,895,809</u>	<u>(\$ 3,252)</u>	<u>\$ 150,823</u>	<u>\$ 399,867</u>	<u>\$ 3,874,237</u>	<u>\$ 47,273,788</u>
<u>2006</u>										
Balance at January 1, 2006	\$ 18,303,815	\$ 11,301,566	\$ 3,903,811	\$ 447,112	\$ 8,895,809	(\$ 3,252)	\$ 150,823	\$ 399,867	\$ 3,874,237	\$ 47,273,788
Distribution of 2005 earnings:										
Reversal of special reserve	-	-	-	(447,112)	447,112	-	-	-	-	-
Appropriation of legal reserve	-	-	755,294	-	(755,294)	-	-	-	-	-
Directors' and supervisors' remuneration	-	-	-	-	(16,700)	-	-	-	-	(16,700)
Employees' bonus	370,015	-	-	-	(370,015)	-	-	-	-	-
Issuance of stock dividends	920,211	-	-	-	(920,211)	-	-	-	-	-
Cash dividends	-	-	-	-	(5,521,267)	-	-	-	-	(5,521,267)
Convertible bonds converted into common stock	100,409	329,672	-	-	-	-	-	-	-	430,081
Change in ownership percentage of long-term equity investments accounted for under the equity method	-	(15,842)	-	-	(3,718)	-	-	-	-	(19,560)
Proportional adjustments for investee companies' unrealized loss on financial instruments	-	-	-	-	-	(119,411)	-	-	-	(119,411)
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	403,492	-	-	-	403,492
Land value appraisal increments	-	-	-	-	-	-	53,241	-	-	53,241
Changes in cumulative translation adjustments	-	-	-	-	-	-	-	(120,350)	-	(120,350)
Changes in minority interest	-	-	-	-	-	-	-	-	390,961	390,961
Consolidated net income for 2006	-	-	-	-	11,330,841	-	-	-	979,595	12,310,436
Balance at December 31, 2006	<u>\$ 19,694,450</u>	<u>\$ 11,615,396</u>	<u>\$ 4,659,105</u>	<u>\$ -</u>	<u>\$ 13,086,557</u>	<u>\$ 280,829</u>	<u>\$ 204,064</u>	<u>\$ 279,517</u>	<u>\$ 5,244,793</u>	<u>\$ 55,064,711</u>

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Consolidated net income	\$ 12,310,436	\$ 8,207,599
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in unrealized gain on valuation of financial assets	411	-
Changes in unrealized loss on valuation of financial liabilities	20,750	632
Provision for (reversal of) allowance for doubtful accounts	2,114	(21,787)
Loss on inventory obsolescence and market price declines	302,355	74,978
Impairment loss on financial assets carried at cost - non-current	18,242	-
Foreign exchange loss (gain) on investments in bonds without active markets	57,200	(266,045)
Gain on disposal of financial assets not for trading purposes	(14,536)	(329,006)
Investment (income) loss recognized under the equity method, net of other investment loss	(466,613)	175,520
Cash dividends received from investee companies accounted for under the equity method	301,924	204,026
Depreciation and amortization	2,805,251	2,598,361
Loss on disposal of property, plant and equipment, net	159,375	14,304
Impairment loss on idle assets	11,443	-
Exchange gain on revaluation of foreign currency denominated convertible bonds	(10,766)	(14,204)
Amortization of long-term deferred income	(10,509)	-
Changes in assets and liabilities:		
Notes and accounts receivable, net	(2,612,668)	(7,002,926)
Accounts receivable, net - related parties	124,526	(200,432)
Other receivables	80,817	(98,440)
Inventories	(1,340,512)	(2,048,764)
Prepayments	(239,672)	(179,304)
Other current assets - other	33,117	90,271
Notes and accounts payable	2,020,727	5,815,061
Accounts payable - related parties	(123,156)	133,856
Income tax payable	297,280	45,323
Accrued expenses, other payables and receipts in advance	543,190	1,317,744
Other current liabilities - other	272,173	77,841
Deferred income tax	1,029,118	(97,959)
Accrued pension liabilities	155,322	175,162
Other liabilities - others	12,249	42,922
Net cash provided by operating activities	<u>15,739,588</u>	<u>8,714,733</u>

(Continued)

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2006	2005
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Decrease in financial assets at fair value through profit or loss - current	\$ 7,204	\$ 2,216,350
Increase in available-for-sale financial assets - current and non-current	(327,732)	-
Decrease (increase) in other financial assets - current	1,340,789	(1,320,945)
Increase in investments in bonds without active markets - non-current	-	(1,080,730)
Proceeds from disposal of available-for-sale financial assets and remittance of capital reduction of financial assets carried at cost	133,693	821,710
Increase in long-term investments	(189,356)	(267,400)
Increase in cash surrender value of life insurance	(4,666)	(5,268)
Acquisition of property, plant and equipment and deferred expenses	(5,983,152)	(4,729,828)
Increase in other intangible assets	-	(1,000)
Proceeds from disposal of property, plant and equipment	94,617	46,417
Increase in refundable deposits	(2,403)	(3,459)
Increase in other assets - other	(10,956)	(63,149)
Net cash used in investing activities	(4,941,962)	(4,387,302)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
(Decrease) increase in short-term loans	(4,466,211)	3,808,857
Decrease in notes and bills payable	-	(155,000)
Increase in guarantee deposits received	6,526	59,129
Payment of directors' and supervisors' remuneration	(16,700)	(16,700)
Payment of cash dividends	(5,521,267)	(4,018,467)
Increase in minority interest	390,961	447,822
Net cash (used in) provided by financing activities	(9,606,691)	125,641
Foreign exchange difference	(44,104)	344,546
Effect of changes in consolidated subsidiaries	-	1,083,059
Increase in cash and cash equivalents	1,146,831	5,880,677
Cash and cash equivalents at beginning of year	23,779,563	17,898,886
Cash and cash equivalents at end of year	\$ 24,926,394	\$ 23,779,563
<u>Supplemental disclosures of cash flow information</u>		
Cash paid during the year for interest	\$ 211,775	\$ 168,613
Cash paid during the year for income taxes	\$ 232,802	\$ 208,339
<u>Non-cash flows from investing and financing activities:</u>		
Employees' stock bonus	\$ 370,015	\$ 320,775
Convertible bonds (par value) converted to common stock	\$ 430,081	\$ 5,882,878

2006 Supervisors' Report

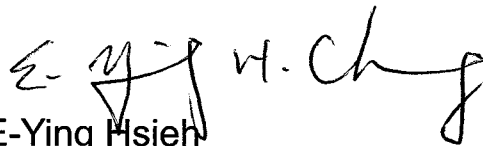
The Board of Directors has prepared and submitted to the undersigned, the supervisors of Delta Electronics, Inc. (the "Company"), the 2006 Business Report, financial statements, consolidated financial statements and proposal for distribution of earnings of the Company. The above Business Report, financial statements, consolidated financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the undersigned. In accordance with Article 219 of the Company Law, we hereby submit this report.

To the 2007 General Shareholders' Meeting of Delta Electronics, Inc.

Supervisor Chung-Hsing Huang



Supervisor E-Ying Hsieh



March 21, 2007