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Message from the Chairman

Dear Shareholders,

Year 2001 was a watershed year for the electronics industry in no uncertain term. After years of consistent double digit growth, Delta Electronics was presented with the difficult situation of a global recession stemming from the collapse of the telecom sector, excess capacity and inventory in the IT industry and the tragic terrorist attacks. However, in addition to preserving the company's profitability during such tough time we were able to increase our long term competitiveness by strengthening our organization, refocusing our efforts and refining our overall strategic directions for the future.

Delta Electronics had consolidated revenues of NTD42.7 billion in year 2001, which met 99% of our revised mid-year budgetary goal. The after tax profit was NTD3.58 billion and 104% of the same budget. We will use a portion of the said profit to further capitalize the company in order to strengthen our balance sheet. Although the revenue and profit numbers were just satisfactory, they were the hard earned results of rigorous examination and consequent adjustment of our product mix in this tough environment. Consequently, after eliminating certain low margin and less promising product lines, as well as realigning our organization tailored to technology, manufacturing and marketing, the company is now positioned to capture future growth opportunities in power supplies, communication, and opto-electronics.

Furthermore, the company continues to develop and refine our strategy for the China market. In light of its growth potential and readily available resources it will certainly play an ever more important role in Delta's future growth. The company continues strengthening our capability in China. The Dongguan facilities are implementing several programs such as increment of office automation, management resource planning and productivity improvement team. The Wujiang facilities have come on line since the latter half of last year. The event has brought about the immediate benefit of answering the demands for the Chinese domestic market. More importantly, the new facilities will play an increasingly vital role for the company for manufacturing, sales & marketing and development of local talents.

Cyntec, a key affiliate with significant Delta investment, became a publicly listed company on the Taiwan Stock Exchange last May. Cyntec introduced current sensing resistors, new resistor networks and capacitor networks, among other new products. Delta Networks, Inc., a subsidiary making products for the communication market, has firmly established itself as a leading manufacturer in the sector by securing business from several key customers. With advent of the Internet there is no doubt it will see continuous growth for years to come. After a mere two years, another subsidiary, Delta Optoelectronics has successfully developed prototypes of polymer LED displays. With further improvement these displays will play an important role in the dynamic display market of the future.

Year 2001 marked the 30th anniversary of Delta Electronics. As we entering our fourth decade of continuous growth we'd like to celebrate such occasion with all our investors, customers, vendors and co-workers. I want to personally thank all of you to have made what Delta is today. With the dedication of all the Delta co-workers we shall successfully conquer all challenges to come.

Sincerely yours,

Chairman & CEO
Delta Electronics, Inc.



Chairman & CEO
Delta Electronics, Inc.



Major Products

Power Management



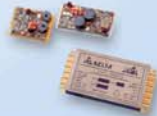
Server/Workstation SPS



Networking SPS



Desktop SPS



DC/DC Converter



Voltage Regulation Module



UPS



Mainstation,
BSC, BTS



Distributed SPS



Adapter



Charger



Ballast

Video Display



Digital Visual System



DLP Rear Projection Monitor



DLP Projector



LCD Monitor



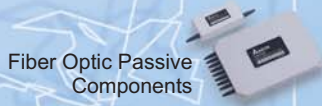
Hi-Resolution
Color Monitor



Components



Fiber Optic Transceiver Module



Fiber Optic Passive Components



EMI Filter



Networking Components



Magnetics



Spindle Motor



Mini Brushless DC Fan



RF/ Microwave Components



Stepping Motor



Thin Film Components

Networking



Wireless LAN



Internet Telephony Gateway (VoIP Gateway)



Stackable Switch



Gigabit Intelligent Switch



16-Port Gigabit Uplink Switch



ADSL Router

Electromechanical



Programmable Logic Controller



AC Motor Drive

System Products



Network Attached Storage

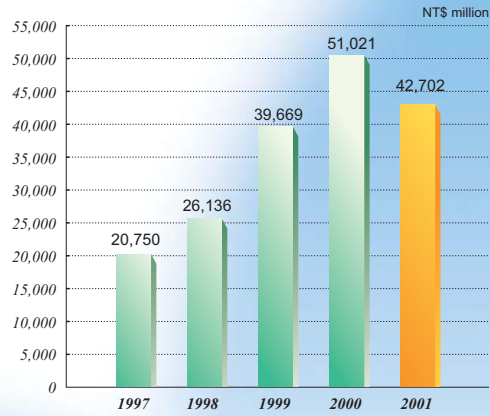


General Purpose Server

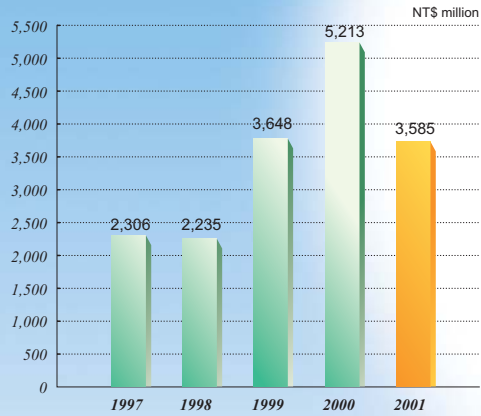


Rack Mount Server

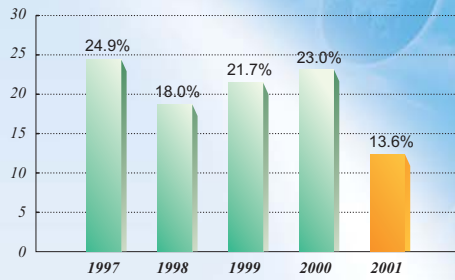
Revenues



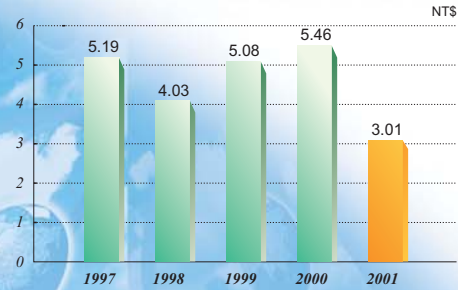
Net Profits



Return on Stockholders' Equity



Earnings Per Share



Financial Report



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Report of Independent Accountants

To Delta Electronics, Inc.

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and its subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the 2001 and 2000 consolidated financial statements of Delta International Holding Ltd., a consolidated subsidiary, which statements reflect total consolidated assets of \$31,590,545,000 and \$29,630,552,000, constituting 60% and 61%, respectively, and consolidated operating revenues of \$36,592,672,000 and \$43,516,595,000, constituting 86% and 85%, respectively, of the related consolidated totals. The consolidated financial statements of this consolidated subsidiary were audited by other auditors whose reports thereon have been furnished to us. In addition, as explained in Note 4(5), the financial statements of certain investee companies for the years ended December 31, 2001 and 2000, accounted for under the equity method, were audited by other auditors whose reports thereon have been furnished to us. The total amount of long-term investments and other liabilities - others in these investee companies at December 31, 2001 and 2000 were \$6,529,606,000, \$2,759,000 and \$5,480,566,000, \$9,541,000, respectively, and the related investment income was \$442,006,000 and \$443,108,000 for the years then ended, respectively. Our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements relative to this consolidated subsidiary and these long-term investments, is based solely on the reports of the other auditors. Information of certain investee companies for the year ended December 31, 2001 disclosed in Note 11 (2) and (3) were based on the reports of the other auditors.

We conducted our audits in accordance with the "Rules Governing Examinations of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis,



evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta Electronics, Inc. and its consolidated subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with the "Rules Governing Preparation of the Financial Statements of Securities Issuers" and generally accepted accounting principles in the Republic of China.

A handwritten signature of the firm's name, 'PriceWaterhouseCoopers', in a cursive script.

February 1, 2002

The accompanying 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 consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of the 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, 2001 AND 2000

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2001		2000	
	Amount	%	Amount	%
ASSETS				
Current Assets				
Cash and cash equivalent (Note 4(1))	\$ 15,288,538	29	\$ 10,408,256	22
Short-term investments (Note 4(2))	4,296,087	8	-	-
Notes receivable - net	167,368	1	110,672	-
Accounts receivable, net - third parties (Note 4(3))	7,585,182	14	9,879,202	20
Accounts receivable, net - related parties (Note 5)	962,863	2	2,035,439	4
Other receivables - third parties	396,387	1	181,628	-
Other receivables - related parties (Note 5)	156,448	-	65,229	-
Inventories (Note 4(4))	3,146,943	6	6,506,596	14
Prepaid expenses	10,457	-	54,216	-
Prepayments	108,252	-	89,028	-
Other current assets (Notes 4(15))	162,649	-	187,305	1
	<u>32,281,174</u>	<u>61</u>	<u>29,517,571</u>	<u>61</u>
Funds and Long-term Investments				
Long-term investments (Note 4(5))	10,631,706	20	9,292,203	19
Cash surrender value of life insurance	56,706	-	62,699	-
Prepayment for long-term investment	-	-	18,641	-
	<u>10,688,412</u>	<u>20</u>	<u>9,373,543</u>	<u>19</u>
Property, Plant and Equipment (Note 4(6) and 6)				
Cost				
Land	1,064,634	2	1,064,634	2
Buildings and equipment	3,910,998	7	2,884,133	6
Machinery and equipment	5,480,856	10	5,089,930	11
Molds	302,324	1	404,457	1
Computer and communication equipment	334,528	1	326,009	1
Test equipment	1,056,162	2	966,345	2
Motor vehicles	81,827	-	72,441	-
Furniture and fixtures	468,886	1	411,964	1
Leasehold improvements	90,773	-	19,070	-
Land value appraisal increment	202,231	-	202,231	-
Cost and appraisal increment	12,993,219	24	11,441,214	24
Less: Accumulated depreciation	(3,860,220)	(7)	(3,059,828)	(6)
Prepayments for equipment and construction in progress	184,647	-	586,206	1
	<u>9,317,646</u>	<u>17</u>	<u>8,967,592</u>	<u>19</u>
Intangible Assets				
Patent (Note5)	-	-	21,252	-
Deferred pension cost (Note 4(10))	-	-	7,956	-
Other intangible assets	348,176	1	133,321	-
	<u>348,176</u>	<u>1</u>	<u>162,529</u>	<u>-</u>
Other Assets				
Deposits - out	54,535	-	33,323	-
Deferred charges	300,849	1	413,216	1
	<u>355,384</u>	<u>1</u>	<u>446,539</u>	<u>1</u>
TOTAL ASSETS	\$ 52,990,792	100	\$ 48,467,774	100

	2001		2000	
	Amount	%	Amount	%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Short-term loans (Notes 4(7) and 6)	\$ 2,227,296	4	\$ 512,888	1
Commercial paper payable (Note 4(8))	5,102,556	10	490,000	1
Accounts payable - third parties	6,780,626	13	8,471,527	17
Accounts payable - related parties (Note 5)	433,925	1	481,125	1
Income tax payable (Note 4(15))	59,327	-	57,331	-
Accrued expenses	938,116	2	1,308,038	3
Other payables	578,342	1	595,536	1
Received in advance	235,443	-	379,728	1
Current portion of long-term loans (Note 4(9))	4,032,011	8	2,768,535	6
Other current liabilities	45,917	-	69,212	-
	<u>20,433,559</u>	<u>39</u>	<u>15,133,920</u>	<u>31</u>
Long-term Liabilities				
Convertible bonds (Note 4(9))	30,794	-	3,831,465	8
Long-term loans	27,404	-	-	-
	<u>58,198</u>	<u>-</u>	<u>3,831,465</u>	<u>8</u>
Reserve				
Reserve for land value incremental tax (Note 4(6))	97,283	-	97,283	-
Other Liabilities				
Reserve for retirement plan (Note 4(10))	448,465	1	577,920	1
Deposits - in	20,770	-	4,849	-
Deferred income tax liabilities (Note 4(15))	2,960,196	5	2,460,472	5
Other liabilities - others	1,408,965	3	1,347,340	3
	<u>4,838,396</u>	<u>9</u>	<u>4,390,581</u>	<u>9</u>
Total Liabilities	<u>25,427,436</u>	<u>48</u>	<u>23,453,249</u>	<u>48</u>
Stockholders' Equity				
Common stock (Notes 1 and 4(11))	11,894,600	22	9,546,154	20
Capital reserve (Note 4(12))				
Premium	6,560,927	12	6,560,927	13
Others	275,613	-	272,415	1
Retained earnings				
Legal reserves (Note 4(13))	1,933,743	4	1,418,937	3
Undistributed earnings (Note 4(14))	4,513,860	9	5,978,563	12
Unrealized loss on market value decline of long-term investment	-	-	-	-
	(67,380)		(10,054)	
Cumulative translation adjustments	2,451,993	5	1,247,583	3
Total Stockholders' Equity	<u>27,563,356</u>	<u>52</u>	<u>25,014,525</u>	<u>52</u>
Commitments and Contingent Liabilities (Notes 5 and 7)				
Subsequent Events (Note 9)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 52,990,792</u>	<u>100</u>	<u>\$ 48,467,774</u>	<u>100</u>

Please refer to the accompanying notes and report of independent accountants dated February 1, 2002

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT EARNINGS PER SHARE DATA)

	2001		2000	
	Amount	%	Amount	%
Operating revenues (Note 5)				
Sales revenue	\$43,106,768	101	\$51,701,632	101
Sales returns	(437,126)	(1)	(531,673)	(1)
Sales allowances	(396,279)	(1)	(428,882)	(1)
Net sales revenue	42,273,363	99	50,741,077	99
Services revenue	428,858	1	279,648	1
Total operating revenues	42,702,221	100	51,020,725	100
Operating costs (Note 5)				
Cost of goods sold	(34,332,921)	(80)	(40,499,038)	(79)
Gross profit	8,369,300	20	10,521,687	21
Unrealized intercompany profit	(1,746)	-	(11,562)	-
Realized intercompany profit	11,561	-	-	-
Net gross profit	8,379,115	20	10,510,125	21
Operating expenses				
Selling	(2,321,750)	(5)	(2,458,683)	(5)
Management and administrative	(1,236,775)	(3)	(1,242,220)	(2)
Research and development	(2,325,892)	(6)	(2,282,179)	(5)
Total operating expenses	(5,884,417)	(14)	(5,983,082)	(12)
Operating income	2,494,698	6	4,527,043	9
Non-operating income				
Interest income	507,904	1	460,994	1
Investment income - net (Note 4(5))	437,905	1	437,225	1
Gain on disposal of property, plant and equipment	34,064	-	20,040	-
Gain on disposal of investments	722,129	2	841,392	1
Foreign exchange gain - net	280,563	1	12,456	-
Other income	961,528	2	509,409	1
Total non-operating income	\$ 2,944,093	7	\$ 2,281,516	4

	2001		2000	
	Amount	%	Amount	%
Non-operating expenses				
Interest expense	(\$ 162,568)	-	(\$ 91,669)	-
Loss on disposal of property, plant and equipment	(146,498)	-	(27,695)	-
Loss on physical count of inventories	(31,262)	-	(34,325)	-
Provision for decline in market value and obsolescence of inventories	(641,204)	(2)	(137,074)	-
Other losses	(201,577)	(1)	(226,691)	(1)
Total non-operating expenses	(1,183,109)	(3)	(517,454)	(1)
Income before income tax and minority interest	4,255,682	10	6,291,105	12
Income tax expense (Note 4(15))	(526,201)	(1)	(785,597)	(1)
Income after income tax before minority interest	3,729,481	9	5,505,508	11
Minority interest in consolidated subsidiaries	(144,917)	(1)	(292,038)	(1)
Net income	<u>\$ 3,584,564</u>	<u>8</u>	<u>\$ 5,213,470</u>	<u>10</u>
Earnings per share (Note 4(16)) (In dollars)				
Income before minority interest	\$ 3.13		\$ 4.63	
Minority interest in consolidated subsidiaries	(0.12)		(0.24)	
Net income	<u>\$ 3.01</u>		<u>\$ 4.39</u>	

Please refer to the accompanying notes and report of independent accountants dated February 1, 2002

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Capital Stock	
	Common stock	New share entitlement certificates
2000		
Balance at January 1, 2000	\$ 7,345,341	\$ 132,230
Distribution of 1999 earnings:		
Appropriation for legal reserve	-	-
Directors' and supervisors' remuneration	-	-
Employees' bonus	174,693	-
Issuance of stock dividends	1,871,062	-
Cash dividends	-	-
Unpaid dividends on unconverted convertible bonds	-	-
Common stock issued for conversion of entitlement certificates	155,058	(155,058)
Convertible bonds converted into new share entitlement certificates	-	22,828
Premium from conversion of convertible bonds	-	-
Unpaid interest payable of convertible bonds	-	-
Transfer of gain on disposal of property, plant and equipment to capital reserve	-	-
Unrealized loss on market value decline of long-term investments from investee co.	-	-
Others	-	-
Cumulative translation adjustments on foreign long-term investments	-	-
Net income for the year	-	-
Balance at December 31, 2000	9,546,154	-
2001		
Distribution of 2000 earnings:		
Appropriation for legal reserve	-	-
Directors' and supervisors' remuneration	-	-
Employees' bonus	200,561	-
Issuance of stock dividends	2,147,885	-
Cash dividends	-	-
Transfer of gain on disposal of property, plant and equipment to capital reserve by the investee companies	-	-
Cumulative translation adjustments on foreign long-term investments	-	-
Unrealized loss on market value decline of long-term investments on investee company	-	-
Proportionate share of adjustment to subsidiaries' capital reserve	-	-
Net income for the year	-	-
Balance at December 31, 2001	\$ 11,894,600	\$ -

Capital reserve	Retained Earnings		Unrealized loss on market value decline of long-term investments	Cumulative translation adjustments	Total
	Legal reserve	Undistributed earnings			
\$ 6,681,324	\$ 1,062,112	\$ 4,733,442	\$ -	\$ 301,995	\$ 20,256,444
-	356,825	(356,825)	-	-	-
-	-	(1,200)	-	-	(1,200)
-	-	(174,693)	-	-	-
-	-	(1,871,062)	-	-	-
-	-	(1,499,866)	-	-	(1,499,866)
-	-	703	-	-	703
-	-	-	-	-	-
-	-	-	-	-	22,828
135,206	-	-	-	-	135,206
193	-	-	-	-	193
14,503	-	(14,503)	-	-	-
-	-	-	(10,054)	-	(10,054)
2,116	-	(50,903)	-	-	(48,787)
-	-	-	-	945,588	945,588
-	-	5,213,470	-	-	5,213,470
<u>6,833,342</u>	<u>1,418,937</u>	<u>5,978,563</u>	<u>(10,054)</u>	<u>1,247,583</u>	<u>25,014,525</u>
-	514,806	(514,806)	-	-	-
-	-	(1,500)	-	-	(1,500)
-	-	(200,561)	-	-	-
-	-	(2,147,885)	-	-	-
-	-	(2,147,885)	-	-	(2,147,885)
3,198	-	(3,198)	-	-	-
-	-	-	-	1,204,410	1,204,410
-	-	-	(57,326)	-	(57,326)
-	-	(33,432)	-	-	(33,432)
-	-	3,584,564	-	-	3,584,564
<u>\$ 6,836,540</u>	<u>\$ 1,933,743</u>	<u>\$ 4,513,860</u>	<u>(\$ 67,380)</u>	<u>\$ 2,451,993</u>	<u>\$ 27,563,356</u>

Please refer to the accompanying notes and report of independent accountants dated February 1, 2002

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities		
Net income	\$ 3,584,564	\$ 5,213,470
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest in net income of consolidated subsidiaries	144,917	292,038
Bad debts expense	280,545	258,917
Depreciation and amortization	1,517,904	1,239,458
Loss on disposal of property, plant and equipment, net	112,434	7,655
Investment income and gain on disposal of investments	(1,194,602)	(1,159,724)
Loss on inventory market value decline and obsolescence	641,204	137,074
Gain on convertible bonds redemption	-	(4,322)
Exchange loss on revaluation of foreign currency denominated convertible bonds	39,388	453,898
Provision for interest payable on bonds redemption	-	2,332
Accrued interest on convertible bonds transferred to capital reserve	-	193
Changes in assets and liabilities:		
(Increase) decrease in notes receivable	(56,696)	142,439
Decrease (increase) in accounts receivable - third parties	2,308,084	(1,723,834)
Decrease (increase) in accounts receivable - related parties	1,075,076	(291,423)
(Increase) decrease in other receivables - third parties	(214,759)	72,739
(Increase) decrease in other receivables - related parties	(91,219)	63,667
Decrease (increase) in inventories	2,702,584	(1,773,982)
Decrease (increase) in prepaid expenses	43,759	(37,552)
Increase in prepayments	(19,224)	(59,034)
Decrease in other current assets	24,656	414,923
(Decrease) increase in accounts payable - third parties	(1,690,901)	941,314
(Decrease) increase in accounts payable - related parties	(47,200)	108,089
Increase in income tax payable	1,996	28,195
(Decrease) increase in accrued expenses	(369,922)	32,962
(Decrease) increase in other payables	(17,194)	296,106
(Decrease) increase in received in advance	(144,285)	194,459
Decrease in other current liabilities	(23,295)	(77,301)
(Decrease) increase in reserve for retirement plan	(121,499)	177,655
Increase in deferred income tax liabilities	499,724	322,107
(Decrease) increase in other liabilities - others	(78,174)	153,415
Net cash provided by operating activities	<u>\$ 8,907,865</u>	<u>\$ 5,425,933</u>

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2001	2000
<u>Cash flows from investing activities</u>		
Increase in short-term investments, net	(\$ 4,296,087)	\$ -
Proceeds from disposal of long-term investments	1,030,001	2,840,015
Cash dividends received from investee companies	390,453	182,723
Increase in long-term investments	(1,490,915)	(4,634,637)
Increase in prepayment for long-term investment	-	(18,641)
Decrease (increase) in cash surrender value of life insurance	5,993	(6,635)
Proceeds from disposal of property, plant and equipment	882,262	164,063
Acquisition of property, plant and equipment	(2,349,639)	(2,108,554)
Increase in intangible assets	(243,362)	(42,503)
Increase in deposits-out, net	(21,212)	(1,673)
Increase in deferred charges	(137,348)	(297,704)
Net cash used in investing activities	(6,229,854)	(3,923,546)
<u>Cash flows from financing activities</u>		
Increase (decrease) in short-term loans, net	1,714,408	(221,626)
Increase in commercial paper payable	4,612,556	490,000
Issuance of convertible bonds	-	6,142,400
Increase (decrease) in long-term loans, net	27,404	(4,636)
Payment for redemption of convertible bonds	(2,576,583)	(15,420)
Increase in deposits-in, net	15,921	3,337
Payment of directors' and supervisors' remuneration	(1,500)	(1,200)
Payment of cash dividends	(2,147,885)	(1,499,163)
Net cash provided by financing activities	1,644,321	4,893,692
Foreign exchange difference	557,950	562,334
Net increase in cash and cash equivalents	4,880,282	6,958,413
Cash and cash equivalent at beginning of year	10,408,256	3,449,843
Cash and cash equivalent at end of year	<u>\$ 15,288,538</u>	<u>\$ 10,408,256</u>
<u>Supplemental disclosures of cash flow information</u>		
Cash paid during the year for:		
Interest	\$ 162,223	\$ 67,843
Income taxes	\$ 64,161	\$ 61,780
Non-cash flows from investing and financing activities:		
Current portion of convertible bonds	\$ 4,032,011	\$ 2,768,535
Convertible bonds converted to common stock (including related premium)	\$ -	\$ 158,034
Employees' stock bonus	\$ 200,561	\$ 174,693

Please refer to the accompanying notes and report of independent accountants dated February 1, 2002

DELTA ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS INDICATED OTHERWISE)

1. HISTORY AND ORGANIZATION

1) Delta Electronics, Inc.

The Company was incorporated in April 1971 under the provisions of the Company Law of the Republic of China (R.O.C.) as a company limited by shares. As of December 31, 2001, the Company's total authorized, issued and outstanding capital were \$14,000,000 and \$11,894,600, respectively. The main activities of the Company are installation of electronic control systems and developing, designing, manufacturing and selling of communication products and components, computer information system and power supply.

2) Consolidated subsidiaries

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held</u> <u>as of December 31,</u>	
			<u>2001</u>	<u>2000</u>
Delta International Holding Ltd. (DIH)	Note	Direct investment in Mainland China , Hong Kong and other areas.	94.00%	94.00%
Delta Networks, Inc. (DNI)	Note	Developing, designing, manufacturing and selling of computer networks and accessories.	87.39%	87.39%

Note: The Company's total voting rights in the consolidated subsidiaries is over 50%

3) Changes of the consolidated subsidiaries

There was no change in the consolidated subsidiaries in 2001 and 2000.

4) Subsidiaries in which the Company's voting rights exceeded 50% but were not included in the preparation of consolidated financial statements are as follows:

<u>Name of company</u>	<u>% of shares held</u>	<u>Remarks</u>
Volink Integrated System, Inc.	99.99%	Note
Delta Optoelectronics, Inc.	85.25%	"
Vivitek Co. Ltd.	75.36%	"

(Note): 1. Total assets or operating income are less than 10% of the Company's respective non-consolidated total assets and operating income.

2. Total combined assets or operating income of all such non-consolidated subsidiaries constitute less than 30% of the Company's non-consolidated total assets or operating income.

5) Difference in accounting period of the Company and the subsidiaries: None.

6) Difference in the accounting policies of the Company and the subsidiaries: No significant differences.

7) Special operating risk of foreign subsidiaries: No significant special operating risks which have impact on the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

- 1) The consolidated financial statements include the accounts of the Company and the consolidated financial statements of Delta International Holding Ltd. and Delta Networks, Inc., after eliminating all significant inter company accounts and transactions.
- 2) For long-term investments in which the Company owns more than 50% of the voting rights of the subsidiary, consolidated financial statements are prepared; however, if the total assets and the operating income of the subsidiary are less than 10% of the respective non-consolidated total assets and operating income of the Company, and such subsidiary also does not meet other consolidation criteria issued by the R.O.C. Securities and Futures Commission (SFC), the subsidiary's financial statements are not consolidated and instead are accounted for using the equity method.

Translation of financial statements of foreign subsidiaries

Assets and liabilities of the foreign subsidiaries are translated into New Taiwan dollars using the exchange rate at the balance sheet date; equity accounts are translated at historical rates, except for beginning retained earnings which are transferred from prior year's ending retained earnings, and profit and loss accounts which are translated using weighted average rate. Exchange differences are recorded as translation adjustments and are included as a component of the stockholders' equity.

Translation of foreign currency transactions

The accounts of the Company and its subsidiaries are maintained in their functional currencies. Receivables, other monetary assets and liabilities denominated in foreign currencies are translated into their functional currencies at the rates of exchange prevailing at the balance sheet date. Transactions denominated in foreign currency, except forward exchange contracts, are translated into their functional currencies at the exchange rates prevailing at the transaction dates. Foreign currency gains or losses are included in current net income.

Forward currency option contracts

Premiums and discounts on option contracts are recorded at cost. Premiums and discounts and unrealized gains and losses on option contracts entered into for hedging purposes are deferred and amortized over the contract period on a straight line basis.

Forward exchange contracts

Forward exchange contracts entered into for hedging purposes are recorded using the spot rate on the contract date. Discounts or premiums on forward contracts are amortized over the periods of the contract. Gains or losses on forward contracts are determined by the difference between the spot rate at the balance sheet date and the spot rate at the date of inception of the contract. Exchange gains or losses are included in current net income.

Cross currency swap contracts

Cross currency swap contracts entered into for hedging purposes are recorded using the contract rate on the contract date and recorded as accrued receivable and accrued payable, respectively. Interest receivable and interest payable are accrued in accordance with the contract rate. Gains or losses on cross currency swap contracts are determined by the difference between the spot rate at the balance sheet date and the spot rate at the date of inception of the contract. Exchange gains or losses are included in current net income.

Short-term investments

Short-term investments are recorded at cost. Cost is calculated by the weighted-average method and is stated at the lower of cost or market value.

Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on an evaluation of the collectibility of ending balances of notes receivable, accounts receivable and other receivables.

Inventories

Inventories are stated at the lower of cost or market value; cost is determined by the standard cost. Variances from standard cost are allocated to ending inventories and cost of goods sold at the end of each period. When comparing with market value, current replacement price is used for materials. Net realizable value is used as market value for work in process and finished goods. Provision is made for obsolete inventories at balance sheet date.

Funds and long-term investments

1) Long-term investments

- A. Long-term investments in which the Company owns less than 20% of the voting rights of the investee company and has no significant influence on the investee company's operational decisions are accounted for by the lower of cost or market value method if the investee company is listed, and by the cost method if the investee company is not listed. Valuation allowance for unrealized loss under the lower of cost or market value method is shown under stockholders' equity. When it becomes evidently clear that there has been a permanent impairment in value and the chance of recovery is minimal, loss is recognized in the current year's net income.
If the Company owns at least 20% of the voting rights of the investee company, the investment is accounted for by the equity method, unless there is evidence that the Company cannot exercise significant influence over the investee company. The unrealized gains or losses arising from transactions between the Company and investee companies are eliminated in preparing the consolidated financial statements.
- B. Foreign investments in which the Company owns less than 20% of the voting rights of the investee company are accounted for by the cost method. The original cost is accounted for based on actual remittance amount. Investments in foreign currency are translated into New Taiwan dollars at the rates of exchange prevailing at the balance sheet date; unrealized exchange loss (and subsequent recoveries to the extent they do not exceed original cost) is treated as translation adjustment of long-term investments under stockholders' equity.
Under equity method, the foreign investee's financial statements are translated into New Taiwan dollars and the underlying equity in net assets is recognized by the Company based on the proportionate share of the foreign investee. Exchange gains or losses resulting from the translation process is included in a cumulative translation adjustment account in the stockholders' equity.
- C. The capital reserve and long-term investment amounts are adjusted by the variance between the investment cost and the net asset of the investee company due to the disproportionate acquisition of shares in connection with the capital increase by the investee company accounted for under equity method. If the capital reserve arising from long-term investment is not sufficient, then retained earnings is debited.
- D. The Company recognizes its proportionate share in the changes to the capital reserve and retained earnings of the investee company accounted for under the equity method resulting from the gain on disposal of property, plant and equipment, net of applicable income tax, from retained earnings and the utilization of capital reserve to offset against prior year's losses. In addition, any other changes to the investee company's capital reserve will be adjusted by the Company to its long-term investment account and capital reserve based on its ownership percentage.
- E. Under the equity method, the excess of investment cost over the underlying equity in net assets of the investee companies at the date of investment is amortized over 5 to 20 years.
- F. The use of the equity method is discontinued if losses on investment reduce the balance of the investment to a minimum balance of zero, unless the Company has sufficient evidence to indicate that the investee company's losses are temporary or where the Company has a commitment to provide financial support to the investee company or

for investee company's loans. The credit balances of the individual investments are reported in the balance sheet as other liabilities.

2) Cash surrender value of life insurance.

The cash surrender value of life insurance is recorded as an asset and classified as long-term investment. The increase in cash surrender value during the period is accounted for as an adjustment to insurance premiums paid.

Property, plant and equipment

1) With the exception of land, which is carried at appraised value, property, plant and equipment are carried at cost.

2) Depreciation of the Company and the subsidiary, DNI, are provided on a straight-line method over the estimated useful lives of the assets plus one year as salvage value except for leasehold improvements which is based on the period of the contract. Salvage values of fixed assets, which are still in use after the end of their estimated useful lives, are depreciated over the new estimated remaining useful lives of the assets.

Commencing 2001, depreciation of new assets purchased is provided on straight-line method over the estimated useful lives of the assets, with a nominal salvage value of \$1.00 (in dollar).

Depreciation of DIH and its subsidiaries are provided on a straight-line method over the estimated useful lives of the assets, cost less salvage value. The salvage value is calculated at 10% of cost.

The estimated useful lives of fixed assets are 2 to 20 years, except for buildings and equipment which are 3 to 55 years.

3) Renewals and improvements are treated as capital expenditures and are depreciated accordingly. Maintenance and repairs are charged to expense as incurred. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current non-operating results. Prior to January 1, 2001, gains on disposal of property, plant and equipment, net of applicable income tax, of the Company is transferred to capital reserve in the current year.

Other intangible assets

Land use rights are recorded at actual cost and amortized over the lease term.

Deferred charges

Deferred charges are recorded at actual cost and amortized over the estimated useful lives based on the straight-line method, except for the issuance costs for convertible bonds which are amortized over the outstanding period of the bonds. The unamortized bonds issuance costs related to the bonds converted or redeemed before the maturity date are transferred to expense at the date of redemption or conversion.

Retirement plan

1) The Company and the subsidiary, DNI, each maintain a defined benefit employee retirement plan (the Plan) covering all regular employees. Benefits under the Plan are generally determined based upon years of credited service, age at retirement and average compensation. The Company contributes the pension fund to an independent retirement trust fund commencing in 1986. As approved by the government, in November 1990, the Company suspended contributing to the independent retirement trust fund. The Company resumed contributing to the fund at a fixed rate equal to 2% of monthly salaries and wages since July 1999. The subsidiary, DNI, contributes 2% of monthly salaries and wages since January, 1999. The subsidiary, DIH, does not maintain an employee retirement plan. The DIH's subsidiaries located in Mainland China each maintain a defined benefit employee retirement covering all employees. Under the plan, the employees of the DIH's subsidiaries contribute to a separate fund an amount based on a certain percentage of the monthly salary of employees, and the DIH's subsidiaries also provide the same amount as pension reserve.

The trust fund assets and the contribution from employees are not reflected in the Company's consolidated financial statements.

- 2) Pension cost, which includes service cost, interest cost, expected return on plan assets and amortization of net obligation at transition, is recognized based on an actuarial valuation. The pension fund is managed by an independently administered pension fund association.
- 3) When an early retirement program is adopted resulting to a significant reduction in the number of employees, the accrued pension shall be reevaluated and the effect of the curtailment calculated. The curtailment gains/losses are recorded as net pension cost of current year.
- 4) Except for the subsidiaries in Mainland China, the other foreign subsidiaries do not maintain any pension plan.

Convertible bonds

- 1) The excess of estimated redemption price over the par value is recognized as interest expense at the effective interest rate and a liability is recorded as "Interest Payable on Redemption". If there are two or more redemption prices, the highest redemption price is used. Variance between book value as of redemption day and actual redemption price is recognized as current year's interest expense.
- 2) When a bondholder exercises his/her conversion rights, the book value of bonds is credited to common stock at an amount equal to the par value of the stock and the excess is credited to capital reserve; no gain or loss is recognized on bond conversion.
- 3) The related issuance costs for convertible bonds are recorded as deferred charges, and are amortized over the life of the bonds. The unamortized bonds issuance costs related to the bonds converted or redeemed before the maturity date are transferred to expense upon conversion or redemption.
- 4) For convertible bonds with redemption rights, the right of redemption lapses if the investor fails to exercise his/her redemption right, and the balance of Interest Payable on Redemption is amortized over the period from the date following the redemption period to maturity date using the effective interest rate.
- 5) The difference between the payment of redemption on convertible bonds and book value at the redemption date is recognized as current redemption gain or loss and is reported as extraordinary item if the amount is material.
- 6) When the investors subsequent to balance sheet date notify the Company to redeem the bonds, the Company reclassifies the redeemable amount of convertible bonds to current portion of long-term loans.

Income tax

- 1) The Company and the subsidiary, DNI adopted R.O.C. FAS No.22, "Accounting for Income Tax". Income tax expense includes deferred income tax resulting from items reported in different periods for tax and financial reporting purposes. Deferred income tax assets or liabilities are further classified into current and noncurrent items based on the classifications of the related assets or liabilities or on the expected reversal date of the temporary differences and are presented on the consolidated financial statements as net balance. Valuation allowance for deferred income tax assets is recognized if it is more likely than not that the tax benefits will not be realized.
- 2) The income tax of the foreign subsidiary and its subsidiaries are calculated based on the local tax laws and regulations in the country they operate.
- 3) Over or under provision of prior years' income tax liabilities is included in the current year's income tax expense.

Revenue, costs and expenses recognition

Revenue is recognized when the earning process is completed and realized or realizable. Costs and expenses are recorded as incurred. Research and development costs are expensed as incurred, except for costs of machinery used in R & D which are capitalized.

Accounting estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those assumptions and estimates.

3. CHANGES IN ACCOUNTING PRINCIPLES

None.

4. DESCRIPTION OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalent

	December 31,	
	2001	2000
Cash on hand	\$ 4,318	\$ 3,537
Checking and demand deposits	11,243,203	1,438,476
Time deposits	3,830,852	3,239,772
Cash equivalent commercial paper	210,165	5,726,471
	<u>\$ 15,288,538</u>	<u>\$ 10,408,256</u>

2) Short-term investments

	December 31,	
	2001	2000
Beneficiary certificates	\$ 4,296,087	\$ -
Market value	<u>\$ 4,330,333</u>	<u>\$ -</u>

3) Accounts receivable

	December 31,	
	2001	2000
Accounts receivable	\$ 7,827,932	\$ 9,940,677
Less: Allowance for doubtful accounts	(242,750)	(61,475)
	<u>7,585,182</u>	<u>9,879,202</u>
Overdue receivable (shown as other assets)	338,792	312,444
Less: Allowance for doubtful accounts	(338,792)	(312,444)
	<u>-</u>	<u>-</u>
	<u>\$ 7,585,182</u>	<u>\$ 9,879,202</u>

4) Inventories

	December 31,	
	2001	2000
Raw materials	\$ 1,731,688	\$ 3,738,255
Work in process	329,576	621,232
Finished goods	1,092,443	1,890,615
Inventory in transit	379,460	520,007
	<u>3,533,167</u>	<u>6,770,109</u>
Less: Allowance for decline in market value and inventory obsolescence	(386,224)	(263,513)
	<u>\$ 3,146,943</u>	<u>\$ 6,506,596</u>
Market value	<u>\$ 3,292,739</u>	<u>\$ 6,582,362</u>

5) Long-term investments

A. List of long-term investments:

December 31, 2001			
Investee company	Shares	Book value	%
<u>Equity method by the Company</u>			
Delta Electronics (Thailand) Public Co., Ltd. (DET) (Notes 1 and 5)	69,128,140	\$ 972,711	5.82
Cyntec Co., Ltd.	37,131,165	700,779	38.40
Grand Advance Technology Ltd.	19,600,000	244,181	39.20
Delta Optoelectronics, Inc.	28,899,000	185,933	85.25
Yuasa Delta Technology Inc.	43,668,801	172,533	33.59
Vivitek Co., Ltd.	21,101,385	83,017	75.36
Volink Integrated System, Inc. (Volink)	9,999,994	67,725	99.99
		<u>2,426,879</u>	
<u>Equity method by DIH</u>			
Delta Electronics (Jiang Su) Co., Ltd.	-	403,028	40.00
Delta Electronics Components (Wu Jiang) Co., Ltd.	-	247,998	40.00
Delta Electro-optics (Wu Jiang) Ltd.	-	199,412	40.00
DAC Holding Ltd.	6,370,000	191,371	49.00
Delcom Electronics Company Ltd.	20,000,000	96,146	25.00
		<u>1,137,955</u>	
<u>Others</u>			
		<u>88,849</u>	
D-Link Co., Ltd	9,908,492	433,275	2.23
Union Optronics Corp. (Note 2)	24,030,920	366,362	32.92
Macronix International Co., Ltd.	73,941,273	298,419	2.20
WK Technology Fund	11,097,850	118,782	4.56
Delta American Ltd.	2,100,000	103,065	(Note 4)
Loyalty Founder Enterprises Co., Ltd.	12,697,676	101,360	11.50
Acute Applied Technology Inc.	9,000,000	89,294	9.00
WK Technology Fund IV	8,253,840	82,204	3.13
Analog and Power Electronics Corp. (Note 3)	8,372,034	70,210	18.60
WK Technology Fund V	7,000,000	70,000	5.83
Prominent Communications, Inc.	1,526,667	61,799	(Note 4)
Betacera Inc.	5,036,852	59,358	19.05
Sheng Hua Venture Capital Corp.	5,000,000	50,000	2.50
		<u>1,904,128</u>	
<u>Cost method by DIH</u>			
Delta Electronics (Thailand) Public Co., Ltd. (Note 1)	180,984,450	4,271,180	15.23
Deltron-Cimic Electric and Electronics Co., Ltd	-	107,273	12.70
SynQor, LLC	-	104,978	(Note 6)
Ambicom, Inc.	2,000,000	104,978	(Note 4)
Netgear Inc.	236,593	104,978	(Note 4)
Lightech Fiberoptics, Inc.	720,000	94,480	(Note 4)
		<u>4,787,867</u>	
<u>Others</u>			
		<u>358,675</u>	
Total		10,704,353	
Less: Allowance for loss on market value decline of long-term investments		(72,647)	
		<u>\$10,631,706</u>	

(Note 1) : The combined percentage of DET's common share held by DEI and DIH was more than 20%, accordingly the investment was accounted for under the equity method.

(Note 2) : The investment was accounted for under cost method in 2001 even if the Company's shareholding ratio increased to more than 20% at the end of December 2001 because the effect on investment gains/losses in 2001 was considered not significant.

(Note 3) : The investment was accounted for under the cost method in 2001 because the Company's the shareholding ratio decreased to less than 20% in January 2001.

		December 31, 2000			
Market value	Highest % during year 2001	Shares	Book value	%	Market value
\$ 1,494,643	5.98	6,284,377	\$ 564,740	5.98	\$ 932,815
1,701,127	45.84	37,590,579	770,346	45.84	770,346
237,615	39.20	19,600,000	305,114	39.20	295,261
185,933	85.25	10,992,000	38,430	84.55	38,430
172,533	33.59	43,668,801	222,618	33.59	223,551
83,017	75.36	21,101,385	65,960	75.36	81,975
67,725	99.99	4,999,994	42,604	99.99	42,599
<u>3,942,593</u>			<u>2,009,812</u>		<u>2,384,977</u>
403,028	40.00	-	210,342	40.00	210,342
247,998	40.00	-	57,369	40.00	57,369
199,412	40.00	-	-	-	-
191,371	51.00	-	-	-	-
96,146	25.00	20,000,000	89,892	25.00	89,892
<u>1,137,955</u>			<u>357,603</u>		<u>357,603</u>
88,849			259,149		260,418
510,892	2.27	8,616,080	433,275	2.27	330,780
242,835	32.92	8,673,750	100,683	11.88	93,459
1,922,473	2.66	65,938,903	345,959	2.66	3,009,913
182,107	5.60	6,725,500	76,332	5.60	139,885
103,064	(Note 4)	300,000	8,229	(Note 4)	8,229
234,272	12.26	11,122,397	106,542	12.26	181,406
63,162	13.04	9,000,000	89,294	13.04	79,655
107,061	5.88	7,050,000	70,500	5.88	114,390
167,441	22.15	7,974,720	55,342	22.15	74,114
79,412	5.83	7,000,000	70,000	5.83	93,218
61,799	(Note 4)	1,526,667	61,799	(Note 4)	61,799
64,212	19.05	5,036,852	59,358	19.05	60,308
48,566	2.50	5,000,000	50,000	2.50	47,869
<u>3,787,296</u>			<u>1,527,313</u>		<u>4,295,025</u>
3,913,125	15.66	16,453,132	4,293,503	15.66	2,442,204
107,273	12.70	-	101,164	12.70	101,164
104,978	(Note 6)	-	99,000	(Note 6)	99,000
104,978	(Note 4)	2,000,000	99,000	(Note 4)	99,000
104,978	(Note 4)	236,593	99,000	(Note 4)	99,000
94,480	(Note 4)	-	-	-	-
<u>4,429,812</u>			<u>4,691,667</u>		<u>2,840,368</u>
225,781			458,163		537,266
<u>\$ 13,612,286</u>			9,303,707		<u>\$ 10,675,657</u>
			(11,504)		
			<u>\$ 9,292,203</u>		

(Note 4) : Preferred stock.

(Note 5) : Based on the resolution of DET's stockholders' meeting, par value was adjusted from THB10 to THB1, and accordingly, the number of shares increased ten times in 2001.

(Note 6) : Convertible bonds.

- B. Except for DIH and DNI, which were included in the consolidation, the other majority-owned investments are accounted for under equity method because they do not meet the criteria for consolidation as described in Note 2.
- C. In 2001, the Company disposed a portion and all of its investments in ELTA Technology Co., Ltd. (ELTA) and E.COM Community Networks Ltd. (E.COM), respectively. In 2001, the investment loss in the investments in ELTA and E.COM, which were accounted under equity method prior to the disposal of the investments as discussed above, amounted to \$15,388, which was recognized based on the unaudited financial statements of these investee companies.
- D. In 2001 and 2000, total net investment loss recognized by the Company under equity method was \$103,909 and \$39,627, respectively, based on the audited financial statements of the investee companies. Of the total net investment income recognized in 2001, \$433,244 was recognized based on the financial statements of DET, Delta Electronics Europe Ltd. (DEU), Volink, and in 2000, \$484,360 was based on the financial statements of DET, DEU, Volink, ELTA and E.COM, which were audited by other auditors.
- E. As the Company has committed to provide endorsements and guarantees to DEU, the Company continues to account for its investment in DEU under equity method and recognized investment loss in excess of the original investment cost by \$2,759 as of December 31, 2001. This negative balance was reclassified and presented in other liabilities - others.
- F. The consolidated financial statements of DIH, which were audited by other auditor, included investment loss for 2001 and 2000 amounting to \$3,777 and \$11,829, respectively, was recognized based on the investee companies' audited financial statements.
- G. In 2001 and 2000, the investment gain (loss) in Addtron Technology Co., Ltd. (AT), an investee company of DNI, amounting to \$12,539 and (\$29,423), respectively, were recognized based on the investee company's financial statements, which were audited by other auditors. As DNI committed to provide endorsements and guarantees to AT in 2000, DNI continued to account for its investment in AT under equity method and recognized investment loss in excess of the original investment cost by \$9,541 as of December 31, 2000. This negative balance was reclassified and presented in other liabilities - others.
- H. In 2001 and 2000, the Company and its consolidated subsidiaries received cash dividends from investee companies accounted for under cost method amounting to \$115,196 and \$85,688, respectively.

6) Property, plant and equipment

Item	Original Cost	Appraisal costincrement	Total	Accumulated depreciation	Net book value
<u>December 31, 2001</u>					
Land	\$ 1,064,634	\$ 202,231	\$ 1,266,865	\$ -	\$ 1,266,865
Buildings and equipment	3,910,998	-	3,910,998	(494,267)	3,416,731
Machinery and equipment	5,480,856	-	5,480,856	(2,070,383)	3,410,473
Molds	302,324	-	302,324	(170,121)	132,203
Computer and communication equipment	334,528	-	334,528	(223,257)	111,271
Test equipment	1,056,162	-	1,056,162	(614,827)	441,335
Motor vehicles	81,827	-	81,827	(46,573)	35,254
Furniture and fixtures	468,886	-	468,886	(229,594)	239,292
Leasehold improvements	90,773	-	90,773	(11,198)	79,575
Prepayments for equipment and construction in progress	184,647	-	184,647	-	184,647
	<u>\$ 12,975,635</u>	<u>\$ 202,231</u>	<u>\$ 3,177,866</u>	<u>(\$ 3,860,220)</u>	<u>\$ 9,317,646</u>
<u>December 31, 2000</u>					
Land	\$ 1,064,634	\$ 202,231	\$ 1,266,865	\$ -	\$ 1,266,865
Buildings and equipment	2,884,133	-	2,884,133	(394,217)	2,489,916
Machinery and equipment	5,089,930	-	5,089,930	(1,548,069)	3,541,861
Molds	404,457	-	404,457	(211,352)	193,105
Computer and communication equipment	326,009	-	326,009	(173,431)	152,578
Test equipment	966,345	-	966,345	(512,307)	454,038
Motor vehicles	72,441	-	72,441	(39,609)	32,832
Furniture and fixtures	411,964	-	411,964	(172,439)	239,525
Leasehold improvements	19,070	-	19,070	(8,404)	10,666
Prepayments for equipment and construction in progress	586,206	-	586,206	-	586,206
	<u>\$ 11,825,189</u>	<u>\$ 202,231</u>	<u>\$ 12,027,420</u>	<u>(\$ 3,059,828)</u>	<u>\$ 8,967,592</u>

A. As of December 31, 2001, the accumulated balance in the appraisal increment of land amounted to \$202,231.

As of December 31, 2001, the reserve for land value incremental tax amounted to \$97,283 and the capital reserve resulting from the appreciation on revaluation of land amounted to \$114,714.

B. To simplify the accounting procedures of depreciation, commencing 2001, the depreciation of new assets purchased is provided on straight-line method over the estimated useful lives of the assets, with a nominal value of \$1.00 (in dollar) as salvage value. As the result of the change in accounting estimate, depreciation expense for the year ended December 31, 2001 increased by \$ 74,050.

7) Short-term loans

	December 31,	
	2001	2000
Unsecured bank loans	\$ 2,145,083	\$ 421,192
Secured bank loans	82,213	91,696
	<u>\$ 2,227,296</u>	<u>\$ 512,888</u>
Credit lines	<u>\$ 9,239,295</u>	<u>\$ 7,623,000</u>
Interest rates per annum	<u>2.95%~6.24%</u>	<u>0.75%~5.8%</u>

8) Commercial paper payable

	December 31,	
	2001	2000
Commercial paper payable	\$ 5,133,000	\$ 490,000
Less: Unamortized discounts	(30,444)	-
	<u>\$ 5,102,556</u>	<u>\$ 490,000</u>
Interest rates	<u>1.86%~4.85%</u>	<u>5.17%-5.42%</u>

9) Convertible bonds

A. The first and second foreign currency Euro convertible bonds were redeemed or converted in the second quarter and third quarter in 2000, respectively. As of December 31, 2001, and 2000, the details of the third foreign currency Euro convertible bonds (ECB III) were as follows:

	December 31,	
	2001	2000
Issued amount	\$ 6,142,400	\$ 6,142,400
Redeemed amount in advance	(2,576,583)	-
Ending balance	3,565,817	6,142,400
Add: Foreign currency revaluation	496,988	457,600
Book value	4,062,805	6,600,000
Current portion – for redemption next year	(4,032,011)	(2,768,535)
Non-current portion	<u>\$ 30,794</u>	<u>\$ 3,831,465</u>

B. The issuance of ECB III was approved by SFC on January 29, 2000. The issuance and condition of ECB III are summarized as follows:

	Descriptions
(A) Trustee	The Bank of New York
(B) Amount of issuance (Thousand dollars)	US \$200,000
(C) Nominal interest rate (net of tax)	0%
(D) Period of issuance	5 years (Feb. 15, 2000~Feb. 15, 2005)
(E) Area of issuance	Luxembourg
(F) Period of conversion	Mar. 15, 2000~Jan.15, 2005
(G) Date of exercise of redemption and redemption price	At Feb.15, 2001, 2002, 2003 and 2004 based on face value (the investor should notify the Company not more than 60 nor less than 30 days prior to redemption date)

- C. In accordance with the terms and conditions of the bonds, the initial conversion price will be adjusted for increase in common shares outstanding. The conversion price at issuance date and as of December 31, 2001 for ECB III was \$182 (in dollars) and \$114.7 (in dollars), respectively.
- D. The Company redeemed the first foreign currency Euro convertible bonds amounting to US\$500 thousand dollars in May, 2000. Related redemption gain was \$4,322.

10) Reserve for retirement plan

- A. The Company and the consolidated subsidiary, DNI, each have an employee retirement plan covering all regular employees. Under the plan, the pension benefits payable to employees are determined as follows:
- 2 months of average salary will be paid for each year of service for the first fifteen years.
 - For service period over 15 years, one month of average salary will be paid for each additional year of service starting from the 16th year.
 - There is a limitation of 45 months of average salary.
 - A half year of service is credited for the service period shorter than a half year. For the service period of 6 months and over, a whole year of service is credited.
- B. As of December 31, 2001 and 2000, the balance of the pension fund which is deposited with the Central Trust of China by the Company and the consolidated subsidiary, DNI, was \$261,201 and \$249,634, respectively.
- C. Based on the measurement dates at December 31, 2001 and 2000, the related assumptions used to calculate the net periodic pension cost and the reconciliation of the funding status to accrued pension liability as of December 31, 2001 and 2000 were as follows:

	December 31,	
	2001	2000
Vested benefit obligation	(\$ 41,118)	(\$ 42,274)
Non-vested benefit obligation	(356,025)	(345,750)
Accumulated benefit obligation	(397,143)	(388,024)
Additional benefits based on future salary increases	(307,771)	(472,648)
Projected benefit obligation	(704,914)	(860,672)
Fair value of plan assets	261,201	249,634
Funded status	(443,713)	(611,038)
Unrecognized transition obligation	112,832	155,549
Unrecognized net pension loss (gain)	27,437	(22,107)
Additional liabilities	-	(7,956)
Accrued pension	(\$ 303,444)	(\$ 485,552)

The related assumptions were as follows:

	2001	2000
Discount rate	4.25%	5.75%
Expected return rate on plan assets	4.00%	5.75%
The average rate of salary increase	4.00%	5.50%~6.00%

D. In 2001 and 2000, the details related to net pension cost were as follows:

	<u>2001</u>	<u>2000</u>
Service cost	\$ 124,136	\$ 102,755
Interest cost	47,748	44,483
Expected return on plan assets	(14,439)	(13,095)
Amortization of unrecognized transition obligation	11,965	11,965
Unrecognized pension gain	-	(327)
Curtailement gain	(302,983)	-
Net pension cost	<u>(\$ 133,573)</u>	<u>\$ 145,781</u>

E. In 2001, the Company adopted an early termination benefit program and around 1,000 employees availed of the program. The total pension paid under the program was \$387,288. Curtailment gain recorded was \$302,983.

F. As of December 31, 2001 and 2000, the total balance of the reserve for retirement plan of DIH's subsidiaries located in Mainland China was \$145,021 and \$92,368, respectively.

11) Common stock

As of December 31, 1999, the issued and outstanding capital of the Company was \$7,345,341. Based on the resolution adopted at the stockholders' meeting on May 18, 2000, the Company issued 204,575,448 shares of common stock as stock dividends and employees' bonus by capitalizing retained earnings in the amount of \$2,045,755 in 2000. In 2000, 155,058 (15,505,838 shares) of the new share entitlement certificates were converted into common shares. As of December 31, 2000, the issued and outstanding capital of the Company was \$9,546,154. Based on the resolution adopted at the stockholders' meeting on May 16, 2001, the Company issued 234,844,570 shares of common stock as stock dividends and employees' bonus by capitalizing retained earnings in the amount of \$2,348,446 in 2001. As of December 31, 2001, the issued and outstanding common stock was \$11,894,600.

12) Capital reserve

The R.O.C. Company Law requires that the capital reserve shall be exclusively used to offset against accumulated deficit or increase capital and shall not be used for any other purposes. The capital reserve can be used to offset against accumulated deficit only when legal reserve and special reserve are not sufficient. Only capital reserve from paid-in capital in excess of par value and donation can be used to increase capital and total amount shall be limited to 10% of outstanding capital each year.

13) Legal reserve

The R.O.C. Company Law requires that the Company shall set aside 10% of its net income as legal reserve after offset against prior years' losses until the legal reserve equals the Company's capital. The legal reserve can be used only to offset against an accumulated deficit or increase capital. The legal reserve can be used to increase capital only when the reserve exceeds 50% of the Company's capital, and should be limited to 50% of the excess portion of the reserve.

14) Undistributed earnings

A. Based on the Company's Articles of Incorporation, as amended in the stockholders' meeting on May 18, 2000, the current year's earnings, if any, shall be distributed in the following order:

- a) Payment of all taxes and dues.
- b) Offset against prior years' operating losses, if any.
- c) Set aside 10% of the remaining amount as legal reserve.
- d) Set aside a certain amount as special reserve, if necessary.

e) The amount of distributable earnings after deducting items (a), (b), (c) and (d) and, plus beginning undistributed earnings (the earnings), shall be distributed in the following percentage according to the resolution of the meeting of stockholders:

- (i) Directors' and supervisors' remuneration: up to 1% of the earnings.
- (ii) Employees' bonus: at least 3% of the earnings.
- (iii) Stockholders' bonus: balance of the earnings after deducting (i) and (ii).

According to the Company's Articles of Incorporation as amended in the stockholders' meeting on May 16, 2001, at least 50% of the distributable retained earnings shall be distributed as stockholders' bonus, of which at least 5% is payable by cash.

According to the resolution of the stockholders' meeting on May 16, 2001, the stock dividend and cash dividend distributed to stockholders were \$2,147,885 and \$2,147,885, respectively, and employees' stock bonus was \$200,561. The earnings distribution was approved by SFC, and the Company set the date of ex-right /dividend as July 9, 2001

B. The Taiwan imputation tax system requires that any undistributed current earnings, on tax basis, be subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional tax on undistributed earnings paid by the company may be used as tax credit by the stockholders, including foreign stockholders, against the withholding tax on dividends. In addition, the domestic stockholders can claim a proportionate share in the company's corporate income tax as tax credit against their individual income tax liability.

C. As of December 31, 2001 and 2000, the information on tax credit of the Company are as follows:

	December 31,	
	2001	2000
Imputation tax credit account balance	\$ 10,619	\$ 12,134
	<u>2001(Estimated)</u>	<u>2000 (Actual)</u>
Creditable tax ratio	1.82%	0.51%

The actual creditable tax ratio will be adjusted based on the imputation tax credit account balance as of exright date. The earnings of 2000 had been distributed, and the 2000 creditable tax ratio was calculated based on the balance of imputation tax credit account on July 7, 2001.

D. As of December 31, 2001 and 2000, the information on undistributed earnings of the Company are as follows:

	December 31,	
	2001	2000
Before January 1, 1998	\$ 830,500	\$ 830,500
On and after January 1, 1998		
- Not yet subjected to the 10% addition tax	3,683,360	5,148,063
	<u>\$ 4,513,860</u>	<u>\$ 5,978,563</u>

15) Income tax

A. As of December 31, 2001 and 2000, deferred income tax assets and liabilities were as follows:

	December 31,	
	2001	2000
A) Total deferred income tax assets	\$ 1,810,304	\$ 1,102,510
B) Allowance for deferred income tax assets	\$ 132,041	\$ 23,833
C) Total deferred income tax liabilities	<u>\$ 4,504,717</u>	<u>\$ 3,396,080</u>

D) The components of deferred income tax assets and liabilities are as follows:

	December 31, 2001		December 31, 2000	
	Original amount	Tax effects	Original amount	Tax effects
Undeposited pension	\$ 303,053	\$ 75,763	\$ 457,086	\$ 114,271
Unrealized foreign exchange loss, net	18,610	4,653	517,776	129,443
Allowance for decline in market value and inventory obsolescence	83,287	20,822	32,867	8,217
Others, net	176,160	44,039	30,412	7,604
Investment tax credits		1,004,001		768,714
Investment income accounted for under the equity method	(15,374,764)	(3,843,691)	(13,287,276)	(3,321,819)
		<u>(\$2,694,413)</u>		<u>(\$2,293,570)</u>

B. Net deferred income tax assets - current

	December 31,	
	2001	2000
Deferred income tax assets - current	\$ 881,435	\$ 196,720
Allowance for deferred income tax assets - current	(118,446)	(10,238)
Net deferred income tax assets - current	762,989	186,482
Deferred income tax liabilities - current	(629,247)	(43,413)
Net deferred income tax assets - current (shown as other current assets in the balance sheet)	<u>\$ 133,742</u>	<u>\$ 143,069</u>

C. Net deferred income tax liabilities - noncurrent

	December 31,	
	2001	2000
Deferred income tax assets - noncurrent	\$ 928,869	\$ 905,790
Allowance for deferred income tax assets - noncurrent	(13,595)	(13,595)
Net deferred income tax assets - noncurrent	915,274	892,195
Deferred income tax liabilities - noncurrent	(3,875,470)	(3,352,667)
Net deferred income tax liabilities - noncurrent	<u>(\$2,960,196)</u>	<u>(\$2,460,472)</u>

D. As of December 31, 2001 and 2000, income tax payable was arrived at as follows:

	2001	2000
Current year's income tax expense	\$ 526,201	\$ 785,597
Effect of deferred income tax	(509,051)	(696,085)
Over provision of income tax in prior years	48,780	6,196
Less: Income subject to separate tax	(368)	(3,354)
Prepaid income tax and tax withheld	(7,221)	(35,509)
Others	331	486
Income tax payable, net	58,672	57,331
Income tax refundable - DNI	655	-
Income tax payable	<u>\$ 59,327</u>	<u>\$ 57,331</u>

E. As of December 31, 2001, the unused investment tax credits for the procurement of machinery and equipment, R & D and training expenditures of the Company and the consolidated subsidiary, DNI, amounted to \$1,004,001. The tax credits will expire in 2005.

F. The Company's income tax returns have been assessed and approved by the Tax Authority for the years up to 1999. The income tax returns of 1997 was assessed for additional income tax payable amounting to \$69,415, which was not accrued as of December 31, 2001. As of December 31, 2001, the Company has filed an appeal for reassessment to the Tax Authority. The reassessment is still in process by the Tax Authority. Management believes that should the outcome of the appeal be unfavorable to the Company, the additional assessment will not have an adverse effect to the Company's financial position, results of operations and cash flows.

The income tax return of DNI, the consolidated subsidiary, has been assessed and approved by the Tax Authority up to 1998.

16) Earnings per share

	<u>2001</u>	<u>2000</u>
Net income (A)	<u>\$ 3,584,564</u>	<u>\$ 5,213,470</u>
Outstanding common shares at beginning of the year	954,615,430	747,757,150
Weighted average outstanding common shares from new share entitlement certificates converted during the year	-	1,815,691
Issuance of stock dividends from distribution of earnings	<u>234,844,570</u>	<u>204,575,448</u>
Weighted average outstanding common shares at end of the year (B)	1,189,460,000	954,148,289
Retroactively adjusted stock dividends from distribution of year 2000 earnings	-	<u>234,720,479</u>
Retroactively adjusted weighted average outstanding common shares (C)	<u>1,189,460,000</u>	<u>1,188,868,768</u>
Earnings per share (A/B) (In New Taiwan dollars)	<u>\$ 3.01</u>	<u>\$ 5.46</u>
Retroactively adjusted earnings per share (A/C) (In New Taiwan dollars)		<u>\$ 4.39</u>

5. RELATED PARTY TRANSACTIONS

1) Names and relationship of related parties

Names of related parties	Relationship with the Company
Vivitek Co., Ltd. (Vivitek)	A subsidiary of the company
Volink Integrated System, Inc.	A subsidiary of the company
Delta Optoelectronics, Inc	A subsidiary of the company
Cyntec Co., Ltd.	Investee company accounted for under the equity method
Yuasa Delta Technology Inc.	Investee company accounted for under the equity method
Grand Advance Technology Ltd.	Investee company accounted for under the equity method
Delta Electronics (Jiang Su) Co., Ltd. (Delta - Jiang Su)	Investee company accounted for under the equity method
Delta Electronics Components(Wu Jiang) Co., Ltd. (Delta - Wu Jiang)	Investee company accounted for under the equity method
Green Energy (Tianjin) Technology Ltd.	Investee company accounted for under the equity method
Addtron Technology Co., Ltd. (AT)	Investee company accounted for under the equity method
Newton Power Ltd.	Investee company accounted for under the equity method
Delta Electronics Europe Ltd. (DEU)	Investee company accounted for under the equity method
Delta Electronics (Thailand) Public Co., Ltd. (DET)	Investee company accounted for under the equity method
Delta Electronics Components (Thailand) Co., Ltd.	Investee company accounted for under the equity method
Delta Products Corporation (DPC)	Affiliated enterprise

2) Significant transactions with related parties

A. Sales

	2001		2000	
	Amount	% of net consolidated operating revenues	Amount	% of net consolidated operating revenues
DPC	\$2,123,886	5	\$4,109,429	8
DET	351,433	1	254,760	1
AT	96,320	1	168,646	-
DEU	88,019	-	1,246,244	2
Others	116,743	-	416,272	1
	<u>\$2,776,401</u>	<u>7</u>	<u>\$6,195,351</u>	<u>12</u>

Sales to related parties are made at the same terms and conditions as those to third parties.

B. Service revenue

	2001		2000	
	Amount	% of net consolidated operating revenues	Amount	% of net consolidated operating revenues
DET	\$ 109,977	-	\$ 117,679	-

C. Purchases

	2001		2000	
	Amount	% of net consolidated purchases	Amount	% of net consolidated purchases
DET	\$1,612,835	3	\$ 596,834	2
Delta - Jiang Su	707,472	1	-	-
DPC	105,516	1	221,439	1
Delta - Wu Jiang	88,580	-	-	-
Others	10,746	-	843,993	2
	<u>\$ 2,525,149</u>	<u>5</u>	<u>\$ 1,662,266</u>	<u>5</u>

Purchases from related parties are made at the same terms and conditions as those to third parties.

D. Accounts receivable

	December 31,			
	2001		2000	
	Amount	% of net consolidated operating revenues	Amount	% of net consolidated operating revenues
DET	\$ 629,291	7	\$ 326,969	3
DPC	261,703	3	1,081,515	9
Others	71,869	1	629,455	5
	962,863	11	2,037,939	17
Less: Allowance for doubtful accounts	-	-	(2,500)	-
	<u>\$ 962,863</u>	<u>11</u>	<u>\$2,035,439</u>	<u>17</u>

E. Other receivables

	December 31,	
	2001	2000
DET	\$ 87,787	\$ 43,786
Others	68,661	21,443
	<u>\$ 156,448</u>	<u>\$ 65,229</u>

F. Accounts payable

	December 31,			
	2001		2000	
	Amount	% of net consolidated operating payable	Amount	% of net consolidated operating payable
DET	\$ 247,943	3	\$ 120,427	1
Delta - Jiang Su	126,888	2	174,046	2
Others	59,094	1	186,652	2
	<u>\$ 433,925</u>	<u>6</u>	<u>\$ 481,125</u>	<u>5</u>

G. Property transactions

The Company acquired the patent and the development of projector and liquid crystal color shutter owned by Vivitek. The contract price was \$42,503, and the unpaid amount was \$0 and \$40,731 as of December 31, 2001 and 2000, respectively.

H. Endorsements and guarantees

As of December 31, 2001 and 2000, the amounts of endorsements and guarantees provided by the Company and the consolidated subsidiary, DNI, on behalf of related parties are listed below:

	December 31,	
	2001	2000
DPC	\$ 349,925	\$ 330,000
DEU	130,348	24,645
AT	-	16,500
	<u>\$ 480,273</u>	<u>\$ 371,145</u>

6. DETAILS OF ASSETS MORTGAGED

As of December 31, 2001 and 2000, the amounts of assets mortgaged provided by the consolidated subsidiary, DIH, are listed below:

Asset items	December 31,		Mortgaged purpose
	2001	2000	
Land	\$ 16,230	\$ -	Short-term loans
Buildings	42,320	-	Short-term loans
Other intangible assets(Land use rights)	150,093	133,322	Short-term loans
	<u>\$ 280,643</u>	<u>\$ 133,322</u>	

7. COMMITMENTS AND CONTINGENT LIABILITIES

- 1) As of December 31, 2001, the Company signed contracts for the construction of water, electricity and air conditioner equipment amounting to \$135,906.
- 2) As of December 31, 2001, the outstanding contract for the minimum rent of the office, building, warehouse and dormitory of the Company and the consolidated subsidiaries, DIH and DNI were \$49,925. The details are as follows:

2002	\$ 27,587
After 2002	22,338
	<u>\$ 49,925</u>

8. MAJOR CATASTROPHE

No significant event has transpired which impacted the Company's and the consolidated subsidiary's operations.

9. SUBSEQUENT EVENTS

- 1) According to the terms and condition of ECB III, investors may exercise the redemption at redemption date (February 15) and should notify the Company not more than 60 nor less than 30 days prior to the redemption date. As of January 15, 2002, investors holding bonds amounting to US\$115,225 thousand have notified the Company of their intention to redeem the bonds. Accordingly, the Company reclassified the above amount from convertible bonds to current portion of long-term loans.
- 2) On December 10, 2001, the consolidated subsidiary, DNI, applied to the R.O.C. SFC to cancel its status as a public company. On January 4, 2002, the application was approved by SFC.

10. OTHERS

- 1) Certain accounts in the 2000 consolidated financial statements have been reclassified to conform with the presentation adopted for 2001.

2) Fair value of non-derivative assets and liabilities

	December 31, 2001		December 31, 2000	
	Book value	Fair value	Book value	Fair value
<u>ASSETS</u>				
Non-derivative assets with fair values equal to book values	\$24,668,027	\$24,668,027	\$22,776,448	\$22,776,448
Short-term investments	4,296,087	4,330,333	-	-
Long-term investments and prepayment for long-term investment	10,631,706	13,612,286	9,310,844	10,694,298
<u>LIABILITIES</u>				
Non-derivative liabilities with fair values equal to book values	20,277,084	20,277,084	18,590,506	18,590,506
Reserve for retirement plan	448,465	588,734	577,920	703,406

The related assumptions on the fair value of non-derivative assets and liabilities are as follows:

A. Non-derivative assets and liabilities with fair values equal to book values.

- a. The carrying amounts of short-term non-derivative assets and liabilities including cash and cash equivalents, notes receivable and accounts receivable, other receivables, short-term loans, commercial paper payable, accounts payable, income tax payable, accrued expenses, other payables and other current liabilities are their fair values because of their short-term maturities.
- b. The fair value of cash surrender value of life insurance is based on the book value at balance sheet date.
- c. The fair values of deposits-out and deposits-in are based on book value, which are close to present value.
- d. The fair value of convertible bonds, including current portion of long-term loans, is based on book value at balance sheet date. According to the terms and condition of ECB III, the interest rate is zero, and the redemption price is equal to the face value. The discounted value was not easily determinable and the foreign amount was translated into New Taiwan dollars using the exchange rate at the balance sheet date.
- e. The fair value of long-term loans is based on book value because there is no significant difference in the discounted value of future cash flows and the carrying amount of long-term loans.

B. The fair values of short-term investments are based on the market values at the balance sheet date.

C. The fair values of long-term investments are based on their market values at the balance sheet date or the underlying equity in net assets if market value is not available.

D. The fair value of reserve for retirement plan is the funded status based on the retirement actuarial report as of December 31, 2001 and 2000. The reserve for retirement plan, which was not based on an actuarial report, is based on book value.

3) Information on derivative transactions

A. General information disclosure:

a. The Company and its consolidated subsidiary, DNI, entered into certain foreign currency option contracts, premium currency deposit, forward foreign currency contracts and cross currency swap contracts to hedge foreign exchange risks in foreign currency denominated accounts receivable.

b. Accounting policy: See Note 2.

c. Credit risk:

The banks, which the Company and its consolidated subsidiary, DNI, deal with, are all in good credit standing and, therefore, the possibility is low for the banks not to comply with the terms of the contracts. In the event that the banks fail to comply with the contracts, it will not cause any major loss to the Company and its consolidated subsidiary, DNI.

d. Market risk:

The Company and its consolidated subsidiary, DNI, entered into these contracts in order to hedge foreign exchange losses. Due to the nature, there is no material market risk.

e. The information on derivative transactions of the Company and its consolidated subsidiary, DNI, for the years ended December 31, 2001 and 2000 are as follows (unit: thousand of dollars):

Derivative transactions	Par value, contracts amount or nominal principal		Transaction terms	
			Contract dates	Exercise dates
<u>2001</u>				
<u>Derivative transactions of the Company</u>				
Cross currency swap contracts	NTD	659,300	2000.11.27~2000.12.05	2001.01.27~2001.05.05
	USD	20,000		
Buy option (TWD PUT/USD CALL)	USD	136,850	2001.01.10~2001.12.28	2001.04.18~2002.05.27
Sell option (USD CALL/TWD PUT)	USD	334,350	2000.10.18~2001.11.22	2001.02.19~2002.11.22
Buy option (USD PUT/TWD CALL)	USD	173,000	2000.12.20~2001.11.22	2001.01.05~2002.02.21
Sell option (TWD CALL/USD PUT)	USD	69,500	2001.02.05~2001.12.19	2001.06.06~2002.02.10
Buy option (JPY PUT/USD CALL)	USD	20,000	2001.03.14~2001.12.14	2001.03.21~2001.12.19
Sell option (USD CALL/JPY PUT)	USD	39,000	2000.10.19~2001.12.04	2001.02.26~2002.06.03
Sell option (USD PUT/JPY CALL)	USD	61,000	2000.10.19~2001.12.19	2001.02.26~2002.06.18
Dual currency deposit	JPY	625,000	2001.03.30~2001.07.27	2001.04.11~2001.08.10
	USD	31,000	2001.05.23~2001.09.21	2001.05.29~2001.12.03
Forward foreign currency contracts	USD	3,000	2001.04.18~2001.07.03	2001.06.14~2001.07.16
	USD	165,000	2000.12.19~2001.12.13	2001.02.19~2002.02.06
	USD	36,000	2001.05.24~2001.09.28	2001.06.12~2001.12.20
Knock-out Option	USD	50,000	2001.08.07	2003.02.06
Variable Quantity Option	USD	40,000	2001.02.02~2001.04.26	2001.10.29~2001.11.28
	USD	(Note 2) 6,000	2001.03.30	2001.12.19
Accumulation Disappearing Option	USD	(Note 2) 40,000	2001.08.29	2001.12.12
	USD	(Note 3) 10,000	2001.07.02	2002.12.17
Average Rate Option	USD	(Note 4) 20,000	2001.05.16	2001.12.26
Interest Rate Swap	NTD	(Note 5) 500,000	2001.10.24	2002.10.28
Callable Range Accrual Swap	USD	(Note 6) 5,000	2001.10.17	2003.12.20
	USD	(Note 7) 5,000	2001.10.12	2003.12.10
Swaption	USD	(Note 7) 10,000	2001.10.12	2002.04.18
		(Note 8)		
Total				

(Note 1): The trade will terminate if the spot rate reaches the knock-out level during each knock-out period of the trade. The trade is fully terminated before the expiration date due to the spot rate has hit the knock-out level. Thus, future cash flow is zero.

(Note 2): The notional amount of this trade varies depend on future exchange rate. The base amount is multiplied by an index. If future spot rate is lower than the minimum rate, the index is 100%. On the other hand, if future spot rate is above the maximum rate, the index is 0~50%.

(Note 3): There are a total of 160 fixing dates in the life of this contract. If spot rate is below 34NTD/USD on each fixing date, the notional amount shall be reduced by USD250 thousand. The remaining notional amount will be settled based on the exercise rates on the exercise date.

(Note 4): There are a total of 372 fixing dates in the life of this contract. If spot rate is above 35.5NTD/USD on each fixing date, the notional amount shall be reduced by USD26.9 thousand. The remaining notional amount will be settled based on the exercise rates on the exercise date.

Exercise prices/ Exercise rates	Recognized Gain (or loss)	Related future cash flows	
		Cash inflow	Cash outflow
NTD:5.45% ~ 9.65%	\$ -	-	-
USD:LIBOR of a month			
USD1:NTD32.5~35.00	37,962	USD 24,000	NTD 833,400
USD1:NTD32.4~37	(73,774)	NTD 1,633,290	USD 46,000
USD1:NTD32.6~35	18,636	NTD 897,060	USD 26,000
USD1:NTD31.9~35	-	USD 5,000	NTD 164,000
USD1:JPY109.45~120	32,218	-	-
USD1:JPY109.45~125	(41,894)	JPY 750,000	USD 6,000
USD1:JPY102.2~128.5	-	-	-
USD1:JPY118~122.25			
3%~4.3%	-	-	-
USD1:JPY120~126.2	(938)	-	-
4.8%~6%			
USD1:JYP122.1~123.69	-	-	-
USD:NTD32.338~34.475	-	-	USD 4,000
USD1:NTD33.378~34.641	-	-	-
JPY124	-	(Note 1)	(Note 1)
USD32.38 \ USD32.84	42,394	-	-
JPY120	(3,383)	-	-
USD34.7	-	-	-
USD35.5	-	(Note 9)	(Note 9)
USD32.84	31,636	-	-
2.40%	-	(Note 9)	(Note 9)
4.00%	-	(Note 9)	(Note 9)
5.00%	-	(Note 9)	(Note 9)
3.50%	-	(Note 9)	(Note 9)
	<u>\$ 42,857</u>		

(Note 5): If the rate (average weighted daily spot for each fixing date of the contract) is higher than the contract rate, the Company will receive the difference between average rate and contract rate from bank.

(Note 6): The Company will pay or receive the difference between the floating and fixed interest rate multiplied by the notional amount.

(Note 7): If LIBOR is between contract range, the Company will receive the difference between fixed rate and floating rate multiplied by the notional amount from bank. However, when LIBOR falls outside the contract range, the Company will pay floating rate multiplied by the notional amount to bank.

(Note 8): If the 2-year swap rate is above the contract rate, the Company will enter into the interest rate swap contract.

(Note 9): Due to the uncertainty of the transaction, future cash flow can not be calculated to a meaningful figure.

Derivative transactions	Par value, contracts amount or nominal principal		Transaction terms	
			Contract dates	Exercise dates
<u>Derivative transactions of the consolidated subsidiary, DNI</u>				
Cross currency swap contracts	NTD	330,050	2000.11.24~2000.12.01	2001.01.05~2001.05.08
	USD	10,000		
Buy option (USD PUT/TWD CALL) (USD PUT/JPY CALL)	USD	138,750	2000.11.16~2001.12.28	2001.01.22~2002.03.31
Sell option (USD CALL/TWD PUT) (USD PUT/JPY CALL)	USD	170,150	2000.11.13~2001.12.21	2001.01.31~2002.11.22
Forward foreign currency contracts	USD	43,000	2000.12.29~2001.09.28	2001.04.13~2001.12.20
Swaption	USD	5,000 (Note 1)	2001.10.16	2002.04.16
Callable Range Accrual Swap	USD	5,000 (Note 2)	2001.12.07	2002.03.07~2003.12.07
Total				

(Note 1) If the 2-year swap rate is above the contract rate, DNI will enter into the interest rate swap contract.

(Note 2) If LIBOR is between contract range, DNI will receive the difference between the fixed rate and floating rate multiplied by the notional amount from bank. However, when LIBOR falls outside the contract range, DNI will pay the floating rate multiplied by the notional amount to bank.

(Note 3) Due to the uncertainty of the transaction, future cash flow can not be calculated to a meaningful figure.

Derivative transactions	Par value, contracts amount or nominal principal		Transaction terms	
			Contract dates	Exercise dates
2000				
<u>Derivative transactions of the Company</u>				
Cross currency swap contracts	NTD	2,844,485	1999.02.13~2000.02.25	1999.01.13~2001.05.05
	USD	90,000		
Buy option (USD PUT/TWD CALL)	USD	59,000	2000.03.17~2000.12.21	2000.04.21~2001.06.22
Sell option (USD CALL/TWD PUT)	USD	91,000	2000.03.17~2000.12.21	2000.08.15~2001.06.22
Buy option (TWD PUT/USD CALL)	USD	54,000	2000.07.18~2000.10.19	2000.08.18~2001.04.19
Sell option (TWD CALL/USD PUT)	USD	14,000	2000.07.18~2000.07.28	2000.12.20~2000.12.29
Sell option (JPY PUT/USD CALL)	USD	45,000	2000.08.11~2000.12.27	2000.09.05~2001.04.19
Buy option (USD CALL/TWD PUT)	USD	14,000	2000.11.22~2000.12.08	2000.12.19~2000.12.22
Sell option (USD PUT/JPY CALL)	USD	35,000	2000.09.06~2000.12.27	2000.11.27~2001.04.19
Foreign currency deposit contracts	USD	26,000	2000.03.20~2000.09.08	2000.04.24~2000.12.08
Forward foreign currency contracts	USD	15,000	2000.12.19~2000.12.21	2001.02.19~2001.06.22
Total				
<u>Derivative transactions of the consolidated subsidiary, DNI</u>				
Buy option (USD PUT/TWD CALL)	USD	47,000	2000.02.18~2000.12.29	2000.03.22~2001.06.26
Sell option (USD CALL/TWD PUT)	USD	163,150	2000.02.18~2000.12.29	2001.03.22~2002.06.26
Total				

Exercise prices/ Exercise rates	Recognized Gain (or loss)	Related future cash flows	
		Cash inflow	Cash inflow
NTD:5.55% ~ 9.65%	(\$ 3,355)	-	-
USD:LIBOR of a month			
USD1:NTD 32.338~35.00	(12,199)	NTD 762,500	USD 22,000
USD1:JPY 101.00~121.94			
USD:NTD 32.71~37.02	(34,409)	NTD 939,140	USD 26,400
USD1:JPY 109.25~122.87			
USD1:NTD 32.61~34.62	31,884	-	-
3.50%	-	(Note 3)	(Note 3)
0%~4.2%	-	(Note 3)	(Note 3)
	<u>(\$ 18,079)</u>		

Exercise prices/ Exercise rates	Recognized Gain (or loss)	Related future cash flows	
		Cash inflow	Cash inflow
Rate of 30 days commercial paper minus 0.38%~0.4%	\$ 112,230	USD 20,000	NTD 659,300
USD1:NTD30.75~34.174	1,140	NTD 507,390	USD 15,000
USD1:NTD31.01~34.174	(5,082)	NTD 1,318,990	USD 40,000
USD1:NTD30.71~32.5	26,679	USD 6,000	TWD 195,000
USD1:NTD30.52~30.56	(610)	-	-
USD1:JPY110~112.8	-	JPY 1,548,600	USD 14,000
USD1:JPY111.5~112.3	-	-	-
USD1:JPY100~110.8	-	JPY 1,449,800	USD 14,000
USD1:JPY108~110.5	309	-	-
USD1:NTD33.064~33.089	-	NTD 165,445	-
	<u>\$ 33,666</u>		
USD1:NTD30.80~33.048	(\$ 2,100)	NTD 659,834	USD 24,000
USD1:JPY100.0~105.5		JPY 432,000	
USD1:NTD30.80~35.00	(17,411)	NTD 939,140	USD 26,000
USD1:JPY101.1~112.6		JPY 872,600	
	<u>(\$ 19,511)</u>		

- f. The premiums of both options are to be offset and the net premium revenues were US\$126.2 thousand and US\$51.9 thousand for the years ended December 31, 2001 and 2000, respectively.
- g. The interest income (expense) of the cross currency swap contracts were \$31,033, (\$15,510) and \$39,265, (\$55,550) for the years ended December 31, 2001 and 2000, respectively.
- h. Fair value and book value

	December 31,			
	2001		2000	
	Book value	Fair value	Book value	Fair value
Foreign currency option contracts	\$ -	(\$ 13,221)	\$ -	(\$ 34,694)
Forward foreign currency contract	\$ -	\$ 2,030	\$ -	\$ 2,017

Significant intercompany transactions between the Company, DIH and DNI are eliminated when preparing consolidated financial statements.

The details are as follows:

Transactions	2001	
	The Company	DIH
1. Elimination of long-term investments		
(1) Long-term investments, stockholders' equity and minority interest	(\$ 22,148,042)	\$ 20,970,436
(2) Elimination of investment income or loss recognized (including unrealized gain or loss from upstream and sidestream transactions)	(1,947,197)	1,632,632
(3) Elimination of realized gain or loss from upstream transactions	(72,705)	72,705
(4) Elimination of realized gain or loss from sidestream transactions	(69,493)	69,493
2. Elimination of intercompany receivable (AR) and payable (AP) accounts		
(1) A/R and A/P of downstream transactions	(1,130,889)	1,130,889
(2) A/R and A/P of upstream transactions	(149,210)	149,210
(3) A/R and A/P of sidestream transactions	-	1,427,276
3. Elimination of profit and loss accounts		
(1) Sale and purchase transactions		
A. Downstream transactions		
a. Elimination of sales and purchase transactions	(2,029,442)	1,951,905
b. Elimination of unrealized gain of beginning inventories	407	(407)
c. Elimination of unrealized gain of ending inventories	680	(680)
B. Upstream transactions		
Elimination of sales and purchases	(16,717,713)	16,717,325
C. Sidestream transactions		
Elimination of sales and purchases	-	3,891,665
(2) Services revenue, sales expenses, management and administrative expenses	3,274,404	(3,443,322)
(3) Elimination of disposal of long-term investments		
A. Downstream transactions	(30,073)	30,073
B. Upstream transactions	-	-
4. Elimination of minority interest	(142,945)	97,563
5. Elimination of other transactions		
(1) Leased asset transferred to property, plant and equipment	(837,975)	-
(2) Depreciation expenses of leased assets	-	-
(3) Deposits-in and deposits-out	(4,400)	-
(4) Elimination of rental revenue	(25,545)	-

B. Additional disclosure

Pursuant to the terms of the contracts, the premiums are delivered or paid on the trade date. The consolidated subsidiary, DNI, provided time deposit amounting to US\$120 thousand as mortgage in 2000.

4) Elimination of intercompany transactions:

Name	Abbreviated name
Delta International Holding Ltd. and its subsidiaries (Note 1)	DIH
Delta Networks, Inc. and its subsidiary (Note 2)	DNI
Note 1: The consolidated subsidiaries include Delta Electronics International Ltd., Delta Electronics Component (Thailand) Co., Ltd., DEI Logistics (USA) Corp., Delta Power Sharp Ltd., Delta Electronics (Japan) Inc. and DNI Logistics (USA) Corp., etc.	
Note 2: The consolidated subsidiary is Delta Networks International Ltd.	

DNI	2000		
	The Company	DIH	DNI
\$ 1,177,606	(\$ 15,188,369)	\$ 14,456,223	\$ 732,146
314,565	(4,071,555)	3,846,865	224,690
-	(46,739)	46,739	-
-	-	-	-
-	(1,024,816)	1,004,626	20,190
-	(6,142,517)	6,141,076	1,441
(1,427,276)	-	993,778	(993,778)
77,537	(1,310,292)	1,288,794	21,498
-	(2,601)	2,601	-
-	(407)	407	-
388	(18,155,924)	18,154,391	1,533
(3,891,665)	-	3,455,072	(3,455,072)
168,918	2,840,940	(3,128,317)	287,377
-	(216,779)	216,779	-
-	(220,087)	220,087	-
45,382	(277,513)	250,224	27,289
837,975	(86,199)	-	86,199
-	(1,010)	-	1,010
4,400	(2,700)	-	2,700
25,545	(16,231)	-	16,231

11. DISCLOSURE INFORMATION OF INVESTEE COMPANY

(1) Related information of significant transactions

A. Financing activities to any company or person: None.

B. Guarantee information:

Name of the company providing guarantee Number (Note 1)	Name	Parties being guaranteed		The limit of guarantee for such party (Note 3)
		Name	Relationship with the Company (Note 2)	
0	Delta Electronics, Inc.	Delta Electronics Europe Ltd.	1	\$ 349,925
0	"	Delta Products Corp.	1	349,925
0	"	Delta Electronics (Japan) Inc.	3	533,500

(Note 1): Number 0 represents the Company.

(Note 2): Number 1 means the Company has business transactions with the party.

Number 3 means the Company and its subsidiaries directly own over 50% of the shares.

(Note 3): The limit was determined by the Board of Directors.

(Note 4): In accordance with the guarantee procedure of the Company, the Company's guarantee to others should not be in excess of 80% of the Company's net assets. As of December 31, 2001, the maximum amount of guarantee that the Company can provide was \$22,050,684.

C. Marketable securities held by the Company at December 31, 2001: Long-term investments please refer to note 4(5) and short-term investments are as follows:

Name of investor	Name and kind of marketable securities		The relationship of the issuers with the Company	General ledger accounts
	Kind of marketable securities	Name of marketable securities		
Delta Electronics, Inc.	Beneficiary certificates	UBS Taiwan Bond Fund	None	Short-term investments
Delta Electronics, Inc.	Beneficiary certificates	Core Pacific Well Pool Bond Fund	None	"
Delta Electronics, Inc.	Beneficiary certificates	Capital Safe Income Fund	None	"
Delta Electronics, Inc.	Beneficiary certificates	NITC Bond Fund	None	"

D. Marketable securities acquired or sold during 2001 in excess of \$100,000 or over 20% of capital:

Acquirer / seller	Name of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2001	
					Number of shares	Amount
Delta Electronics, Inc.	UBS Taiwan Bond Fund	Short-term investments	-	-	-	\$ -
"	Wanpao Securities Investment Trust Fund	"	-	-	-	-
"	Capital Safe Income Fund	"	-	-	-	-

<u>The highest outstanding guarantee amount in 2001</u>	<u>The outstanding guarantee amount at 12/31/2001</u>	<u>The amount of guarantee with collateral placed</u>	<u>The ratio of accumulated guarantee amount to net value of the Company</u>	<u>The ceiling of the outstanding guarantee to the respective party</u>
\$ 173,750	\$ 130,348	-	0.47%	(Note 4)
349,925	349,925	-	1.27%	(Note 4)
226,629	26,675	-	0.10%	(Note 4)

December 31, 2001

<u>Number of shares (In thousand)</u>	<u>Book value</u>	<u>Percentage ownership</u>	<u>Market value</u>	<u>Note</u>
74,698	\$ 1,013,400	-	\$ 1,023,061	-
78,919	903,400	-	907,967	-
41,484	553,800	-	557,845	-
3,004	451,826	-	453,293	-

<u>Addition</u>		<u>Disposal</u>				<u>December 31, 2001</u>	
<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Sales amount</u>	<u>Cost</u>	<u>Disposal gain (or loss)</u>	<u>Number of shares</u>	<u>Amount</u>
165,637,859	\$ 2,235,400	(90,939,554)	\$ 1,226,612	(\$ 1,222,000)	\$ 4,612	74,698,305	\$ 1,013,400
110,066,523	1,496,100	(110,066,523)	1,508,740	(1,496,100)	12,640	-	-
175,900,422	2,329,200	(134,416,045)	1,778,503	(1,775,400)	3,103	41,484,377	553,800

D. Marketable securities acquired or sold during 2001 in excess of \$100,000 or over 20% of capital (Continued) :

<u>Acquirer / seller</u>	<u>Name of marketable security</u>	<u>General ledger accounts</u>	<u>Name of transaction parties</u>	<u>Relationship</u>	<u>January 1, 2001</u>	
					<u>Number of shares</u>	<u>Amount</u>
Delta Electronics, Inc.	Core Pacific Well Pool Bond Fund	Short-term investments	-	-	-	\$ -
"	Sheng Hua 1699 Bond Fund	"	-	-	-	-
"	NITC Bond Fund	"	-	-	-	-
"	Dresdner Taiwan DAM Fund	"	-	-	-	-
"	Commonstock	Long-term investments	Delta Optoelectronics Inc.	A subsidiary of the Company	10,992,000	38,430
"	"	"	Cyntec Co., Ltd.	Investee company accounted for under the equity method	37,590,579	770,346
"	"	"	Macronix International Co., Ltd	-	65,938,903	345,959
"	"	"	Union Optronics Corp.	-	8,673,750	100,683

(Note 1): Including investment income/loss accounted for under the equity method, the proportionate share of the adjustment on the disposal of investee shares and reduction in the carrying value of long-term investment for cash dividends received, etc.

(Note 2): Stock dividend received.

E. Acquired real estate in excess of \$100,000 or over 20% of capital: None.

F. Disposal of real estate in excess of \$100,000 or over 20% of capital: None.

G. Related party purchases or sales transactions in excess of \$100,000 or over 20% of capital: Please refer to Note 5 (2) A and C.

H. Receivable from related parties in excess of \$100,000 or over 20% of capital:

<u>Name of creditor</u>	<u>Transaction parties</u>	<u>Relationship</u>	<u>Balance of receivable</u>
Delta Electronics, Inc.	Delta International Holding Ltd. (DIH)	A subsidiary of the Company	Accounts receivable
"	DEI Logistic (USA) Corp.	A subsidiary of DIH	Other receivables
"	Delta Electronics (Thailand) Public Co., Ltd.	Investee company accounted for under equity method	Accounts receivable
			Other receivables

(Note): Representing the amounts collected as of February 2, 2002.

I. Information on derivative transactions: Please refer to Note 10 (3).

Addition		Disposal				December 31, 2001	
Number of shares	Amount	Number of shares	Amount	Cost	Disposal gain (or loss)	Number of shares	Amount
143,949,955	\$ 1,636,300	(65,031,265)	\$ 734,728	(\$ 732,900)	\$ 1,828	78,918,690	\$ 903,400
36,405,574	403,000	(36,405,574)	403,380	(403,000)	380	-	-
9,348,086	1,402,600	(6,344,116)	954,270	(950,774)	3,496	3,003,970	451,826
12,096,477	128,000	(12,096,477)	128,531	(128,000)	531	-	-
17,907,000	147,503 (Note 1)	-	-	-	-	28,899,000	185,933
5,638,586 (Note 2)	37,638 (Note 1)	(6,098,000)	328,304	(107,205)	221,099	37,131,165	700,779
17,063,370 (Note 2)	-	(9,061,000)	453,231	(47,540)	405,691	73,941,273	298,419
15,357,170	265,679	-	-	-	-	24,030,920	366,362

from related parties	Turnover rate	Overdue receivable		Subsequent collections (Note)	Allowance for doubtful accounts provided
		Amount	Action adopted for overdue accounts		
\$ 265,683	11.88	\$ -	-	\$ -	\$ -
-	-	-	-	-	-
697,756	2.87	71	Collection expected in the first quarter of 2002.	197,976	-
359	-	-	Continued collection expected in 2002	-	-
353,473	0.64	328,580	-	4,984	-
87,787	-	-	-	-	-

(2) Disclosure information of investee company

Information relating to investee companies of Delta International Holding Ltd. and the marketable securities of Volink Integrated System, Inc. were based on the reports of other auditors. Investment income or loss was translated at the average exchange rate in 2001 while others were translated at the rate of exchange prevailing at the balance sheet date.

A. Information of investee company:

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2001	Balance as of December 31, 2000
Delta Electronics, Inc.	Volink Integrated System, Inc.	3F 101 Feenliu Road, Neihu Taipei, Taiwan	Software, information management, application service provider, enterprise resource management, management consulting, equipment leasing, etc.	\$ 100,000	\$ 50,000
"	Delta International Holding Ltd.	Scotia Center, 4th Floor P.O. Box 2804 George Town, Grand Cayman, Cayman Islands	Equity investment in Mainland China, Hong Kong, etc.	4,425,537	4,425,537
"	Delta Networks, Inc.	252, Shan-Ying Rd., Gueishan, Tao-Yan, Taiwan	Development, design, manufacturing and sales of networking system and peripherals	607,000	607,000
"	Delta Optoelectronics, Inc.	4F, No.2, R&D Rd. II, Science-Based Industrial Park, Hsinchu, Taiwan	Development, design, manufacturing and sales of displays with polymer light emission display (PLED) and carbon nano-tube electronic emitter (CNT) technologies	378,525	109,920
"	Vivitek Co., Ltd.	14F, No.266, Wen Hua Avenue II, Sec.I Linkou Taipei, Taiwan	Development, design, manufacturing and sales of optoelectronics displays & components	241,556	241,556
"	Cyntec Co., Ltd.	4F, No.2, R&D Rd. II, Science-Based Industrial Park, Hsinchu, Taiwan	Research, development, manufacturing and sales of various thin film components, such as thermal printer head, temperature sensor and its application modules, chip resistors and hybrid circuits	455,814	530,671
"	Delta Electronics Europe Ltd.	2 Young Place, Kelvin Industrial Estate, East Kilbride, Glasgow G75 0TD, UK	Development, manufacturing, marketing and sales, and technical service of electronic/electrical components and products	4,951	4,951
"	Grand Advance Technology Ltd.	No.11, Hsin-Hua Rd, Tao-Yuan, Taiwan	Manufacturing and sales of CD, CDR, VCD and DVD	400,000	400,000

<u>Held as of December 31, 2001</u>						
<u>Number of shares</u>	<u>Percentage ownership</u>	<u>Book value</u>	<u>Income (or loss) of the investee company</u>	<u>Investment income (or loss) recognized by the Company</u>	<u>Note</u>	
9,999,994	99.99	\$ 67,725	(\$ 24,930)	(\$ 24,927)	The weighted average shareholding ratio was 99.99%	
51,700,000	94.00	20,970,435	1,928,984	1,817,673	The investment income is net of the elimination of intercompany transactions.	
70,699,992	87.39	1,177,606	370,546	314,565	The investment income is net of the elimination of intercompany transactions.	
28,899,000	85.25	185,933	(140,853)	(119,669)	The weighted average shareholding ratio was 84.96%.	
21,101,385	75.36	83,017	1,382	17,057	The investment income is net of the elimination of intercompany transactions.	
37,131,165	38.40	700,779	273,880	111,864	The weighted average shareholding ratio was 41.27%, and the investment income included the adjustment of the directors' and supervisors' remuneration.	
120,000	40.00	(2,759)	(16,221)	(6,500)	The credit balance was reclassified in other liabilities - others.	
19,600,000	39.20	244,181	(147,057)	(60,934)	The investment loss included the amortization of the excess of investment cost over the assets of the investee company.	

A. Information of investee company (Continued) :

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2001	Balance as of December 31, 2000
Delta Electronics Inc.	Yuasa Delta Technology Inc.	No. 22, Park Avenue II, Science-Based Industrial Park, Hsinchu, Taiwan	Research, development, manufacturing and sales of rechargeable NiMH battery and the import/export business of the related products	\$ 509,208	\$ 509,208
"	Delta Electronics (Thailand) Public Co., Ltd.	Bangpoo Industrial Estate KM. 37, Sukhumvit Road Samutprakarn 10280, Thailand	Manufacturing and sales of electronic products	114,615	110,071
"	Union Optronics Corp.	156 Kao-shy Rd. Yang-Mei, Tao-Yuan, Taiwan	Development, design, manufacturing and sales of optoelectronics semiconductors and semiconductor components	366,362	100,683
"	Elta Technology Co., Ltd.	8F, No.2, Jen-Ai Rd. Sec. 2, Taipei, Taiwan	Internet Content Provider (ICP) and related services	17,415	45,000
"	E.COM Community Networks Ltd.	1F, No, 33, Lane 21, Min-Chuan East Rd. Sec. 6, Taipei Taiwan	Installation services of community broadband network infrastructure	-	60,000
Delta International Holding Ltd.	Delta Electronics (H.K.) Ltd	21F, Prosperity Centre, No.25 Chong Yip St., Kwun Tong, Kowloon, Hong Kong	Operations management and engineering services	45,280	45,280
"	Delta Electronics Agent Ltd.	P.O. Box 3151, Road Town, Tortola, British Virgin Islands	Operations management and engineering services	350	350
"	Delta Electronics International Ltd.	P.O. Box 3151, Road Town, Tortola, British Virgin Islands	Manufacturing and sales of electronic products	31,493	31,493
"	Delta Electronics Ltd. Trading Ltd.	P.O. Box 3151, Road Town, Tortola, British Virgin Islands	Electronics product sales	350	350
"	Delta Power Sharp Ltd.	21F, Prosperity Centre, No. 25 Chong Yip St., Kwun Tong, Kowloon, Hong Kong	Operations management and engineering services	45,254	45,254

Held as of December 31, 2001				Investment income		
Number of shares	Percentage ownership	Book value	Income (or loss) of the investee company	(or loss) recognized by the Company		Note
43,668,801	33.59	\$ 172,533	(\$ 155,483)	(\$ 52,227)	-	
69,128,140	5.82	972,711	2,938,135	464,671		The weighted average shareholding ratio was 20.24% and the investment income included the amortization of the excess of investment cost over the net assets.
24,030,920	32.92	366,362	(48,719)	-		The investment was accounted for under cost method in 2001 even if the Company increased its shareholding ratio to more than 20% at the end of December 2001, because effect on investment gains/losses in 2001 was considered not significant.
1,548,000	16.29	8,814	(9,599)	(1,041)		The investments loss was recognized based on equity method prior to disposal in 2001.
-	-	-	(32,406)	(14,347)		The investments loss was recognized based on equity method before disposal.
10,000,000	100.00	123,290	(154)	(Note 1)	-	
10,000	100.00	674	89	"	-	
900,000	100.00	11,737,280	5,120,988	"	-	
10,000	100.00	6,813	675	"	-	
10,000,000	100.00	31,735	(4,269)	"	-	

A. Information of investee company (Continued) :

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2001	Balance as of December 31, 2000
Delta International Holding Ltd.	Delta Electronics (Dong Guan) Co., Ltd.	Xinan District Shijie Town, Dongguan, Guangdong, P.R.C.	Manufacturing and sales of transformers (capacity not exceeding 1000 VA), switching power supplies, adapters, and color monitors, inductors under 100VA (coil only), resistors for applications under 2w (except chip resistors, resistor array), electronic thermometers of accuracy less than 0.1%, cashier, CD-ROMs, barebones, UPS and its modules, telecom power system and its modules	\$ 1,088,811	\$ 867,272
"	Delta Electronics Industrial (Dong Guan) Co., Ltd.	Xinan District Shijie Town, Dongguan, Guangdong, P.R.C.	Manufacturing and sales of electronic ballast for energy saving lighting and interface cards	576,898	372,510
"	Delta Electronics Components (Dong Guan) Co., Ltd.	Xinan District Shijie Town, Dongguan, Guangdong, P.R.C.	Manufacturing and sales of transformers (capacity not exceeding 1000 VA), interface cards, diode, resistors, battery and its parts	966,571	664,907
"	Delta Electronics Power (Dong Guan) Co., Ltd.	Xinan District Shijie Town, Dongguan, Guangdong, P.R.C.	Manufacturing and sales of other power supplies, switching power supplies, adapters, inductors under 100VA (coil only), barebones, DC/DC converters, UPS and its modules, telecom power system and its modules	454,645	286,611
"	DEI Logistics (USA) Corp.	4405 Cushing Parkway, Fremont, CA 94538, U.S.A.	Warehousing and logistics services	17,496	17,496
"	Deltec Co., Ltd.	14F, No.266, Wen Hua Avenue II, Sec.1 Linkou Taipei	Import/export of computer and electrical equipment and its components	5,000	5,000
"	Delta Electronics (Japan) Inc.	2-1-14 Shiba Daimon, Minato-Ku, Tokyo, 105-0012, Japan	Trading and import-export of the related equipment, components and materials telecom system, computer system and instruments	62,162	-
"	Delta Electronics Components (Thailand) Co., Ltd.	699 Moo 4 Bangpoo Industrial Est., Sukhumvit Rd., Parksar, Mung Samutprakam 10280, Thailand	Manufacturing and sales of electronic components	75,378	75,378

<u>Held as of December 31, 2001</u>				<u>Investment income</u>	
<u>Number</u>	<u>Percentage</u>	<u>Book value</u>	<u>Income (or loss) of</u>	<u>(or loss) recognized</u>	<u>Note</u>
<u>of shares</u>	<u>ownership</u>		<u>the investee company</u>	<u>by the Company</u>	
				<u>(Note 1)</u>	
-	100.00	\$1,341,384	(\$ 17,150)	-	-
-	100.00	446,384	70,507	"	-
-	100.00	253,918	(272,036)	"	-
-	100.00	394,460	151,235	"	-
500,000	100.00	20,100	1,778	"	-
500,000	99.99	6,046	165	"	-
3,800	100.00	53,418	1,916	"	-
8,999,988	89.99	271,293	89,060	"	-

A. Information of investee company (Continued) :

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2001	Balance as of December 31, 2000
Delta International Holding Ltd.	DNT Holding Ltd.	Scotia Center, 4th Floor P.O.Box 2804 George Town, Grand Cayman, Cayman Islands	Equity investment	\$ 36,742	\$ -
"	Pyramis Corporation	2271 West 205th Street, Suite 103, Torrance, CA 90521, USA	Electronic products sales	83,982	-
"	DAC Holding Ltd.	Scotia Center, 4th Floor P.O. Box 2804 George Town, Grand Cayman, Cayman Islands	Equity investment	222,902	318,432
"	Delta Video Display System (Wu Jiang) Co., Ltd.	No. 18 Jiangxing East Road Yun Dong Development Zone Song Ling Town Wujiang City, Jiang Su Province, P.R.C.	Manufacturing and sales of color monitor (17" and below), ballast for discharge and fluorescent lighting	23,328	-
"	Delta Electronics (Jiang Su) Co., Ltd.	No. 6 Wutong New Road Wujiang Economic Development Zone, Song Ling Town Wujiang City, Jiang Su Province, P.R.C.	Manufacturing, sales and management of computer enclosures, interface cards, ballast for discharge and fluorescent lighting, transformer under 1KVA, switching power supplies (except high power density, high frequency power supplies), uninterruptible power supplies (UPS) (except high power density, high frequency power supplies), other power supplies (except high power density, high frequency power supplies), coils inductors, base boards for UPS, storage batteries and related components, color monitors, resistors for applications under 20W, electronic thermometers of accuracy less than 0.1%, motors under 37.5W (except precision miniature motors)	405,913	223,952
"	Delta Electronics Components (Wu Jiang) Co., Ltd.	"	Manufacturing and sales of transformer under 1KVA, inductors, interface cards, resistors for applications under 20W, other storage batteries and related components, motors under 37.5w (except precision miniature motors), electronic control devices for machinery (voltage under 1000V and excluding numeric control)	265,943	69,985

Held as of December 31, 2001

<u>Number of shares</u>	<u>Percentage ownership</u>	<u>Book value</u>	<u>Income (or loss) of the investee company</u>	<u>Investment income (or loss) recognized by the Company</u>	<u>Note</u>
1,050,000	70.00	\$ 36,514	(\$ 315)	(Note 1)	-
6,000,000	66.67	77,991	(8,688)	"	-
6,370,000	49.00	191,371	36,755	"	-
-	40.00	23,326	(7)	"	-
-	40.00	403,028	(4,775)	"	-
-	40.00	247,998	(21,251)	"	-

A. Information of investee company (Continued) :

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2001	Balance as of December 31, 2000
Delta International Holding Ltd.	Delta Eelectro-optics (Wu Jiang) Co., Ltd.	No. 18 Jiangxing East Road Yun Dong Development Zone Song Ling Town Wujiang City, Jiang Su Province, P.R.C.	Manufacturing and sales of electronic equipment enclosures, transformers, magnetic components, electronic control devices for machinery (voltage under 1000 V and excluding numeric control), boards, panel, consoles and other bases for electronic control devices, camera components, hard disk drives (excluding micro disk drives and optical disk drives)	\$ 200,624	\$ -
"	DAT Holding Ltd.	1209 Orange St., In the City of Wilmington, Country of New Castle, Delaware 19801, U.S.A	Equity investment	211,105	284,839
"	Delcom Electronics Co., Ltd.	908, Moo 4, Tambon Prakasa, Amphur Muang Samutprakan, Province 10280, Thailand	Manufacturing and sales of electronic products	96,582	96,582
"	Netpower Technologies, Inc.	4005 Bullock Drive, Plano, Texas 75023, U.S.A,	Produce DC/DC/Power /Module product design, sample production , and marketing & sales	62,985	62,985
Delta Networks,	Delta Networks International Ltd.	21F, Prosperity Centre, No. 25 Inc. Chong Yip St., Kwun Tong, Kowloon, Hong Kong	Trading and import/export of the networking system	323	323
"	Addtron Technology Co., Ltd.	4425 Cushing Parkway, Fremont, CA 94538, U.S.A.	Trading and import/export of the networking system	22,132	22,132
DAC Holding Ltd.	Delta Electronics Mexico, S.A. De C.V.	Uno Poniente 19955 Ciudad Industrial Nueva Tijuana, CP22500, Tijuana, Baja California, Mexico	Manufacturing and sales of electronic products	209,955	209,955
"	Delta Video Technology Ltd.	P.O. Box 3151, Road Town Tortola, British Virgin Islands	Electronic products sales	227,451	227,451
Delta Electronics (Japan) Ltd.	Addtron Technology (Japan) Co., Ltd.	2-1-4 Shibadaimon, Minato-Ku Tokyo 105-0012, Japan	Electronic products sales	9,603	9,603
DNT Holding Ltd.	DNI Logistics (USA) Corp.	4425 Cushing Parkway, Fremont, CA 94538, USA	Warehousing and logistics service	17,496	-

(Note 1): Investment income/loss recognized by Delta International Holding Ltd.

(Note 2): Investment income/loss recognized by Delta Networks, Inc.

(Note 3): Investment income/loss recognized by DAC Holding Ltd.

(Note 4): Investment income/loss recognized by Delta Electronics (Japan) Ltd.

(Note 5): Investment income/loss recognized by DNT Holding Ltd.

<u>Held as of December 31, 2001</u>					
<u>Number of shares</u>	<u>Percentage ownership</u>	<u>Book value</u>	<u>Income (or loss) of the investee company</u>	<u>Investment income (or loss) recognized by the Company</u>	<u>Note</u>
-	40.00	\$ 199,412	(\$ 2,928)	(Note 1)	-
6,032,850	37.00	5,936	(414)	"	-
20,000,000	25.00	96,146	3,193	"	-
3,912,924	21.60	47,919	(51,663)	"	-
10,000	100.00	605,057	405,297	(Note 2)	-
700,000	70.00	2,854	27,261	"	-
1,073,670	100.00	221,473	8,928	(Note 3)	-
6,500,000	100.00	152,004	28,001	"	-
720	100.00	9,603	15	(Note 4)	-
500,000	100.00	17,248	(240)	(Note 5)	-

B. Financing activities to any company or person: None.

C. Guarantee information: None.

D. Marketable securities held by the company at December 31, 2001:

Name and kind of marketable securities		
Name of investor	Kind of marketable securities	Name of marketable securities
Delta International Holding Ltd. (DIH)	Common stock	Delta Electronics (H.K.) Ltd.
"	"	Delta Electronics Agent Ltd.
"	"	Delta Electronics International Ltd.
"	"	Delta Electronics Trading Ltd.
"	"	Delta Power Sharp Ltd.
"	"	DEI Logistics (USA) Corp.
"	"	Delta Electronics (Japan) Inc.
"	Certificate of amount contributed	Delta Electronics (Dong Guan) Co., Ltd.
"	"	Delta Electronics Industrial (Dong Guan) Co., Ltd.
"	"	Delta Electronics Components (Dong Guan) Co., Ltd.
"	"	Delta Electronics Power (Dong Guan) Co., Ltd.
"	Common stock	Deltec Co., Ltd.
"	"	Delta Electronics Components (Thailand) Co., Ltd.
"	"	DNT Holding Ltd.
"	"	Pyramis Corporation
"	"	DAC Holding Ltd.
"	Certificate of amount contributed	Delta Electronics (Jiang Su) Co., Ltd.
"	"	Delta Electronics Components (Wu Jiang) Co., Ltd.
"	"	Delta Electro-optics (Wu Jiang) Ltd.
"	"	Delta Video Display System (Wu Jiang) Co., Ltd.
"	Common stock	DAT Holding Ltd.
"	"	Delcom Electronics Co., Ltd.
"	Preferred stock	Netpower Technologies, Inc.
"	Common stock	Delta Electronics (Thailand) Public Co., Ltd.
"	Certificate of amount contributed	Deltron-Cimic Electric and Electronics Co., Ltd.
"	Common stock	Asante Technologies, Inc.
"	"	MRV Communications Inc.
"	Preferred stock	Ambicom, Inc.
"	"	Quintum Technologies, Inc.
"	"	Ezonics Corporation
"	"	NY3D Inc.

The relationship of the issuers with the Company	General ledger account	December 31, 2001			
		Number of shares	Book value	Percentage	Market value
A subsidiary of DIH	Long-term investments	10,000,000	\$ 123,290	100.00	\$ 123,290
"	"	10,000	674	100.00	674
"	"	900,000	11,737,280	100.00	11,737,280
"	"	10,000	6,813	100.00	6,813
"	"	10,000,000	31,735	100.00	31,735
"	"	500,000	20,100	100.00	20,100
"	"	3,800	53,418	100.00	53,418
"	"	-	1,341,384	100.00	1,341,384
"	"	-	446,384	100.00	446,384
"	"	-	253,918	100.00	253,918
"	"	-	394,460	100.00	394,460
"	"	500,000	6,046	99.99	6,046
"	"	8,999,988	271,293	89.99	271,293
"	"	1,050,000	36,514	70.00	36,514
"	"	6,000,000	77,991	66.67	77,991
Investee company of DIH accounted for under equity method	"	6,370,000	191,371	49.00	191,371
"	"	-	403,028	40.00	403,028
"	"	-	247,998	40.00	247,998
"	"	-	199,412	40.00	199,412
"	"	-	23,326	40.00	23,326
"	"	6,032,850	5,936	37.00	5,936
"	"	20,000,000	96,146	25.00	96,146
"	"	3,912,924	47,919	21.60	47,919
Investee company accounted for under the equity method of the Company	"	180,984,450	4,805,946	15.23	3,933,352
-	"	-	107,273	12.70	107,273
-	"	333,333	34,993	3.36	3,733
-	"	224,099	63,315	0.29	35,837
-	"	2,000,000	104,978	-	104,978
-	"	400,000	34,993	-	34,993
-	"	1,000,000	43,156	-	43,156
-	"	333,333	8,748	-	8,748

D. Marketable securities held by the company at December 31, 2001 (Continued) :

Name and kind of marketable securities		
Name of investor	Kind of marketable securities	Name of marketable securities
Delta International Holding Ltd. (DIH)	Preferred stock	Lightech Fiberoptics, Inc.
"	"	Netgear Inc.
"	Convertible bond	VT, Inc.
"	"	SynQor, LLC
"	Certificate of amount contributed	Fuji Capital Corp. IT Fund 2000
Delta Networks, Inc. (DNI)	Common stock	Delta Networks International Ltd.
"	"	Addtron Technology Co., Ltd.
"	"	Asante Technologies Inc.
"	Preferred stock	Quintum Technologies Inc.
"	Beneficiary certificates	Bao-Yuan Securities Investment Trust Fund
"	"	UBS Taiwan Bond Fund
"	"	Capital Investment Cash Reserves
"	"	NITC Bond Fund
"	"	High Yield Fund
"	"	Shinkong Chi-Shin Fund
"	"	Yuan Ta Duo Li 2
"	"	Core Pacific Well Pool Bond Fund
"	"	Core Pacific Aggressive Fund
Vivitek Co., Ltd.	"	Core Pacific Well Pool Bond Fund
Delta Optoelectronics, Inc.	"	Wanpao Securities Investment Trust Fund
Volink Integrated System, Inc.	"	UBS Taiwan Bond Fund

The relationship of the issuers with the Company	General ledger account	December 31, 2001			
		Number of shares	Book value	Percentage	Market value
-	Long-term investments	720,000	\$ 94,480	-	\$ 94,480
-	"	236,593	104,978	-	104,978
-	"	-	17,496	-	17,496
-	"	-	104,978	-	104,978
-	"	-	31,830	-	31,830
A subsidiary of DNI	"	10,000	605,507	100.00	605,507
"	"	700,000	2,854	70.00	(17,452)
-	"	166,667	15,384	1.67	1,750
-	"	400,000	30,898	-	30,898
-	Short-term investments	20,628,267	226,585	-	230,277
-	"	19,288,311	260,155	-	264,171
-	"	16,521,858	175,100	-	175,993
-	"	457,773	67,947	-	69,077
-	"	7,270,220	109,216	-	110,528
-	"	5,234,192	68,000	-	68,834
-	"	20,466,671	272,790	-	274,519
-	"	4,278,873	49,041	-	49,229
-	"	9,999,969	141,600	-	142,312
-	"	9,665,804	108,762	-	111,206
-	"	296,077	4,018	-	4,104
-	"	3,786,950	51,299	-	51,866

E. Marketable securities acquired or sold during the first half year of 2001 in excess of \$100,000 or over 20% of capital:

<u>Acquirer / seller</u>	<u>Name of marketable security</u>	<u>General ledger accounts</u>	<u>Name of transaction parties</u>	<u>Relationship</u>	<u>January 1, 2001</u>	
					<u>Number of shares</u>	<u>Amount</u>
Delta Networks, Inc.	Wanpao Securities Investment Trust Fund	Short-term investments	-	-	-	-
"	IIT Hing-Yield Fund	"	-	-	-	-
"	IIT Increment Fund	"	-	-	-	-
"	Capital Safe Income Fund	"	-	-	-	-
"	Yuan Ta Wantai Fund	"	-	-	-	-
"	Bao-Yuan Securities Investment Trust Fund	"	-	-	-	-
"	UBS Taiwan Bond Fund	"	-	-	-	-
"	Capital Investment Cash Reserves	"	-	-	-	-
"	NITC Bond Fund	"	-	-	-	-
"	High Yield Fund	"	-	-	-	-
"	Yuan Ta Duo Li 2	"	-	-	-	-
"	Core Pacific Well Pool Bond Fund	"	-	-	-	-
"	Core Pacific Aggressive Fund	"	-	-	-	-
Delta Optoelectronics, Inc.	Core Pacific Well Pool Fund	"	-	-	-	-
Vivtek Co., Ltd.	"	"	-	-	-	-

F. Acquired real estate in excess of \$100,000 or over 20% of capital: None.

G. Disposal of real estate in excess of \$100,000 or over 20% of capital: None.

Addition		Disposal				December 31, 2001	
Number of Shares	Amount	Number of shares	Sales amount	Cost	Disposal gain (or loss)	Number of shares	Amount
29,037,901	\$ 397,133	(29,037,901)	\$ 400,046	(\$ 397,133)	\$ 2,913	-	\$ -
9,695,614	126,000	(9,695,614)	126,533	(126,000)	533	-	-
37,755,585	514,000	(37,755,585)	515,471	(514,000)	1,471	-	-
17,802,336	233,100	(17,802,336)	234,072	(233,100)	972	-	-
23,401,304	294,500	(23,401,304)	294,954	(294,500)	454	-	-
50,800,243	558,000	(30,171,976)	344,900	(331,415)	3,485	20,628,267	226,585
25,439,028	343,000	(6,150,717)	83,060	(82,845)	215	19,288,311	260,155
23,856,829	251,200	(7,334,971)	76,390	(76,100)	290	16,521,858	175,100
1,224,160	181,700	(766,387)	114,041	(113,753)	288	457,773	67,947
9,825,366	147,600	(2,555,146)	38,600	(38,384)	216	7,270,220	109,216
22,508,159	300,000	(2,041,488)	27,300	(27,210)	90	20,466,671	272,790
11,717,778	134,300	(7,438,905)	85,500	(85,259)	241	4,278,873	49,041
9,999,969	141,600	-	-	-	-	9,999,969	141,600
16,649,157	187,000	(16,649,157)	188,965	(187,000)	1,965	-	-
9,731,528	109,500	(65,724)	968	(738)	230	9,665,804	108,762

H. Related party purchases or sales transactions in excess of \$100,000 or over 20% of capital:

Name of purchaser or seller	Name of the counterparty	Relationship	Transaction terms		
			Purchases (sales)	Amount	% of total purchases (sales)
Delta Networks, Inc. (DNI)	Delta Networks International Ltd.	A subsidiary of DNI	Purchases	\$ 3,915,603	72.48
"	Delta Products Corp.	Affiliated enterprise	Sales	301,881	4.68
"	Delta Electronics International Ltd.	Affiliated enterprise	Sales	210,535	3.27
"	DNI Logistics (USA) Corporation	Affiliated enterprise	Sales	163,917	2.54

I. Receivable from related parties in excess of \$100,000 or over 20% of capital:

Name of creditor	Name of the counterparty	Relationship	Balance of receivable from related parties	
Delta Networks, Inc	Delta Networks International Ltd.	A subsidiary of DNI	Accounts receivable	\$ 228,761

(Note): There was no collection as of January 22, 2002.

J. Information on derivative transactions:

Delta Networks, Inc. (DNI):

1) General information disclosure:

(a) Purpose:

DNI entered into certain foreign currency option contracts to hedge foreign exchange risk in foreign currency denominated accounts receivable.

(b) Accounting policies:

See Note 2.

(c) Credit risk:

The banks, which DNI deals with, are all in good credit standing, and therefore, the possibility is low for the banks not to comply with the terms of the contracts. In the event that the banks fail to comply with the contracts, it will not cause any major loss to DNI.

(d) Market risk:

DNI entered into these contracts in order to hedge foreign exchange losses. Due to the nature, there is no material market risk.

(e) Terms:

The premium of both options are to be offset and the net premium revenue was US\$128.9 thousand for the year ended December 31, 2001.

(f) The interest income and interest expense of the cross currency swap contracts was \$10,275 and \$5,318, respectively, for the year ended December 31, 2001.

<u>Credit terms</u>	<u>Description of and reasons for difference in transaction terms compared to non-related party transactions</u>		<u>Accounts or Notes receivable (payable)</u>	
	<u>Unit price</u>	<u>Credit period</u>	<u>Balance</u>	<u>% of total accounts or note receivable (payable)</u>
75 days credit from the first day of the month following the month of purchase completion.	-	-	(\$1,463,197)	(79.37)
75 days credit from the first day of the month following the month of sales completion.	-	-	59,327	4.18
75 days credit from the first day of the month following the month of sales completion.	-	-	48,378	3.41
75 days credit from the first day of the month following the month of sales completion.	-	-	87,819	6.19

<u>Turnover rate</u>	<u>Overdue receivable</u>		<u>Subsequent collection (Note)</u>	<u>Allowance for doubtful accounts provided</u>
	<u>Amount</u>	<u>Action adopted for overdue accounts</u>		
1.93	\$ -	-	\$ -	\$ -

(g) The information on derivative transactions of DNI for the years ended December 31, 2001 are as follows:

Derivative transactions	Par value, contracts amount or nominal principal		Transaction terms	
			Contract dates	Exercise dates
Cross currency swap contracts	NTD	330,050	2000.11.24~2000.12.01	2001.01.05~2001.05.08
	USD	10,000		
Buy option (USD PUT/TWD CALL) (USD PUT/JPY CALL)	USD	138,750	2000.11.16~2001.12.28	2001.01.22~2002.03.31
Sell option (USD CALL/TWD PUT) (USD CALL/JPY PUT)	USD	170,150	2000.11.13~2001.12.21	2001.01.31~2002.11.22
Forward foreign currency contracts	USD	43,000	2000.12.29~2001.09.28	2001.04.13~2001.12.20
Swaption	USD	5,000 (Note 1)	2001.10.16	2002.04.16
Callable range accrual swap	USD	5,000 (Note 2)	2001.12.07	2002.03.07~2003.12.07

(Note 1) If the 2-year swap rate is above the contract rate, DNI will enter into the interest rate swap contract.

(Note 2) If LIBOR is between contract range, DNI will receive the difference between the fixed rate and floating rate multiplied by the notional amount from bank. However, when LIBOR falls outside the contract range, DNI will pay the floating rate multiplied by the notional amount to bank.

(Note 3) Due to the uncertainty of the transaction, future cash flow can not be calculated to a meaningful figure.

2) Additional disclosure:

Pursuant to the terms of the contracts, the premiums are delivered or paid on the trade date. DNI does not provide any assets as collateral.

Exercise prices/ Exercise rates	Recognized Gain (or loss)	Related future cash flows	
		Cash inflow	Cash outflow
NTD:5.55% ~ 9.65%	(\$ 3,355)	-	-
USD:LIBOR of a month			
USD1:NTD 32.338~35.00	(12,199)	NTD 762,500	USD 22,000
USD1:JPY 101.00~121.94			
USD1:NTD 32.71~37.02	(34,409)	NTD 939,140	USD 26,400
USD1:JPY 109.25~122.87			
USD1:NTD 32.61~34.62	31,884	-	-
3.50%	-	(Note 3)	
0%~4.2%	-	(Note 3)	-

(3) Disclosure of information on indirect investments in Mainland China (Units: In thousands)

A. Basic information

Information of Delta International Holding Ltd. was based on the reports of other auditors. Investment Income or loss recognized are translated at the rate of annual average, others are translated at the rate of exchange prevailing at the balance sheet date.

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2001
Delta Electronics (Dong Guan) Co., Ltd.	Manufacturing and sales of transformers (capacity not exceeding 1000 VA), switching power supplies, adapters, and color monitors, inductors under 100VA (coil only), resistors for applications under 2w (except chip resistors, resistor array), electronic thermometers of accuracy less than 0.1%, cashier, CD-ROMs, barebones, UPS and its modules, telecom power system and its modules.	RMB 257,526 (Equivalent to US\$ 31,116)	Invested by Delta International Holding Ltd.	NT\$ 896,651 (Equivalent to US\$ 25,624)
Deltron-Cimic Electric and Electronics Co., Ltd.	Manufacturing and sales of electronic ballasts for energy saving lighting, color monitors (size: 17" and below), CD-ROMs, inductors under 100 VA (coil only), spare parts for products listed under code 8504, other DC-DC converters, uninterruptible power systems, and transformers (capacity not exceeding 1000 VA)	RMB 200,000 (Equivalent to US\$ 24,120) (Note1)	"	NT\$ 105,050 (Equivalent to US\$ 3,002)
Delta Electronics Industrial (Dong Guan) Co., Ltd.	Manufacturing and sales of electronic ballast for energy saving lighting and interface cards	RMB 136,617 (Equivalent to US\$ 16,486)	"	NT\$ 351,258 (Equivalent to US\$ 10,038)
Delta Electronics Components (Dong Guan) Co., Ltd.	Manufacturing and sales of transformers (capacity not exceeding 1000 VA), interface cards, battery and other related products	RMB 228,892 (Equivalent to US\$ 27,622)	"	NT\$ 626,564 (Equivalent to US\$ 17,906)
Delta Electronics Power (Dong Guan) Co., Ltd.	Manufacturing and sales of other power supplies, switching power supplies, adapters, inductors under 100VA (coil only), barebones, DC/DC converters, UPS and its modules , telecom power system and its modules	RMB 107,808 (Equivalent to US\$12,993)	"	NT\$ 269,414 (Equivalent to US\$ 7,699)
Delta Electronics Components (Wu Jiang) Co., Ltd.	Manufacturing and sales of transformer under 1KVA, inductors, interface cards, resistors for applications under 20W, other storage batteries and related components, motors under 37.5w (except precision miniature motors), electronic control devices for machinery (voltage under 1000V and excluding numeric control)	RMB 157,320 (Equivalent to US\$ 19,000)	"	NT\$ 65,786 (Equivalent to US\$ 1,880)
Delta Electronics (Jiang Su) Co., Ltd.	Manufacturing, sales and management of computer enclosures, interface cards, ballast for discharge and fluorescent lighting, transformer under 1KVA, switching power supplies (except high power density, high frequency power supplies), uninterruptible power supplies (UPS) (except high power density, high frequency power supplies), other power supplies (except high power density, high frequency power supplies), coils inductors, base boards for UPS, storage batteries and related components, color monitors, resistors for applications under 20W, electronic thermometers of accuracy less than 0.1%, motors under 37.5W (except precision miniature motors)	RMB 240,120 (Equivalent to US\$ 29,000)	"	NT\$ 210,515 (Equivalent to US\$ 6,016)
Delta Electro- optics (Wu Jiang) Ltd.	Manufacturing and sales of electronic equipment enclosures transformers, magnetic components, electronic control devices for machinery (voltage under 1000 V and excluding numeric control), boards, panel, consoles and other bases for electronic control devices, camera components, hard disk drives (excluding micro disk drives and optical disk drives).	RMB 118,680 (Equivalent to US\$ 14,333)	"	-
Delta Video Display System (Wu Jiang) Co., Ltd.	Manufacturing and sales of color monitor (17" and below), ballast for discharge and fluorescent lighting	RMB 13,800 (Equivalent to US\$ 1,667)	"	-

<u>Remitted or collected this period</u>		<u>Accumulated remittance as of December 31, 2001</u>	<u>Ownership held by the Company (Direct and indirect)</u>	<u>Investment income(or loss) recognized by the Company during the year</u>	<u>Ending balance of investment</u>	<u>The investment income(or loss) remitted back as of December 31, 2001</u>
<u>Remitted out</u>	<u>Collected</u>					
NT\$ 208,247 (Equivalent to US\$ 5,951)	-	NT\$1,104,898 (Equivalent to US\$ 31,575)	94.00%	(\$ 16,121)	\$ 1,260,901	-
-	-	NT\$ 105,050 (Equivalent to US\$ 3,002)	11.94%	-	100,837	-
NT\$ 192,124 (Equivalent to US\$ 5,490)	-	NT\$ 543,382 (Equivalent to US\$ 15,528)	94.00%	66,277	419,601	-
NT\$ 283,564 (Equivalent to US\$ 8,104)	-	NT\$ 910,128 (Equivalent to US\$ 26,010)	94.00%	(255,714)	238,683	-
NT\$ 157,952 (Equivalent to US\$ 4,514)	-	NT\$ 427,366 (Equivalent to US\$ 12,213)	94.00%	142,161	370,792	-
NT\$ 223,672 (Equivalent to US\$ 6,392)	-	NT\$ 289,458 (Equivalent to US\$ 8,272)	37.60%	(7,990)	233,118	-
NT\$ 171,043 (Equivalent to US\$ 4,888)	-	NT\$ 381,558 (Equivalent to US\$ 10,904)	37.60%	(1,796)	378,846	-
NT\$ 188,586 (Equivalent to US\$ 5,389)	-	NT\$ 188,586 (Equivalent to US\$ 5,389)	37.60%	(1,101)	187,447	-
NT\$ 21,929 (Equivalent to US\$ 627)	-	NT\$ 21,929 (Equivalent to US\$ 627)	37.60%	(3)	21,296	-

Accumulated amount remitted out of Taiwan to Mainland China	Investment amount approved by the Investment Commission	Ceiling of investment amount of the Company in Mainland China (Note 2)	
NT\$ 3,972,355 (US\$ 113,520)	NT\$ 4,833,183 (US\$ 138,121)	Capital * 20%	Stockholders' equity * 20%
		NT\$ 2,378,920	NT\$ 5,512,671

(Note1) Total capital in USD as of December 31, 2001 was accounted for based on the actual remittance from investors. For those investors who remitted in RMB, their remittances were converted into USD at the exchange rate of US\$1:RMB\$8.28.

(Note2) According to the formula provided in the new article issued by the Investment Commission, the ceiling of investment amount shall be \$ 7,012,671.

B. The significant direct or indirect transactions of the Company with the investee companies in Mainland China.

The significant purchases, sales, accounts payable and accounts receivable of the Company indirectly conducted through the DIH's subsidiary, Delta Electronics International Ltd. (DEIL) for 2001 were as follows:

A) Purchase amount, percentage and related accounts payable at December 31, 2001:

Name of the counterparty	Relationship with DEIL	Transaction terms		
		Purchases (sales) Purchases	Amount	% of total Purchases (sales)
Delta Electronics (Dong Guan) Co., Ltd.	Affiliated enterprise		\$ 3,244,592	74.05
Delta Electronics Industrial (Dong Guan) Co., Ltd.	"	"	5,599,388	99.97
Delta Electronics Power (Dong Guan) Co., Ltd.	"	"	13,072,307	99.45
Delta Electronics Components (Dong Guan) Co., Ltd.	"	"	2,665,158	84.17

B) Sales amount, percentage and related accounts receivable at December 31, 2001 :

Name of the counterparty	Relationship with DEIL	Transaction terms		
		Purchases (sales) Sales	Amount	% of total Purchases (sales)
Delta Electronics (Dong Guan) Co., Ltd.	Affiliated enterprise		\$ 3,360,703	17.45
Delta Electronics Industrial (Dong Guan) Co., Ltd.	"	"	3,985,812	20.70
Delta Electronics Power (Dong Guan) Co., Ltd.	"	"	9,524,769	49.46
Delta Electronics Components (Dong Guan) Co., Ltd.	"	"	2,385,813	12.39

Except for the above transactions, there were no other significant transactions between the Company, directly or indirectly, and the companies in Mainland China.

<u>Credit terms</u>	<u>Description of and reasons for difference in transaction terms compared to non-related party transactions</u>		<u>Accounts or notes receivable (payable)</u>	
	<u>Unit price</u>	<u>Credit period</u>	<u>Balance</u>	<u>% of total accounts or notes receivable (payable)</u>
By the term of contracts	-	-	(\$ 5,218,254)	(22.47)
"	-	-	(522,237)	(3.07)
"	-	-	(4,433,984)	(0.56)
"	-	-	(620,687)	(5.67)

<u>Credit terms</u>	<u>Description of and reasons for difference in transaction terms compared to non-related party transactions</u>		<u>Accounts or notes receivable (payable)</u>	
	<u>Unit price</u>	<u>Credit period</u>	<u>Balance</u>	<u>% of total accounts or notes receivable (payable)</u>
By the term of contracts	-	-	\$ -	-
"	-	-	-	-
"	-	-	-	-
"	-	-	-	-

12. SEGMENT FINANCIAL INFORMATION

A. Financial information by industry

The Company and its consolidated subsidiaries operate in one single industry - the electronics industry. Accordingly, no different industry information is presented in 2001 and 2000.

B. Financial information by geographic area

Geographic area information in 2001 and 2000 were as follows:

	2001				Consolidated
	Asia	Others	Domestic	Elimination	
Operating revenues from unaffiliated customers	\$ 9,048,971	\$ 7,279,829	\$ 26,373,421	\$ -	\$ 42,702,221
Operating revenues from the Company and its consolidated subsidiaries	20,263,872	-	5,818,270	(26,082,142)	-
Total operating revenues	\$ 29,312,843	\$ 7,279,829	\$ 32,191,691	(\$ 26,082,142)	\$ 42,702,221
Segment profits	\$ 5,041,514	\$ 821,532	\$ 1,204,115	(\$ 3,223,371)	\$ 3,843,790
Investment income under equity method					322,709
General income					251,751
Interest expense					(162,568)
Net income before income tax and minority interest					\$ 4,255,682
Identifiable assets	\$ 25,391,645	\$ 2,767	\$ 24,151,242	(\$ 7,186,568)	\$ 42,359,086
Long-term investments (including prepayment for long-term investments)					10,631,706
General assets					-
Total assets					\$ 52,990,792
Depreciation expense	\$ 613,149	\$ 97,644	\$ 432,426	\$ -	\$ 1,143,219
Capital expenditures	\$ 984,502	\$ 131,460	\$ 1,233,677		\$ 2,349,639

2000				
<u>Asia</u>	<u>Others</u>	<u>Domestic</u>	<u>Elimination</u>	<u>Consolidated</u>
\$18,767,717	\$ 3,452,756	\$28,800,252	\$ -	\$ 51,020,725
<u>21,293,814</u>	<u>-</u>	<u>4,755,791</u>	<u>(26,049,605)</u>	<u>-</u>
<u>\$40,061,531</u>	<u>\$ 3,452,756</u>	<u>\$33,556,043</u>	<u>(\$26,049,605)</u>	<u>\$ 51,020,725</u>
<u>\$ 7,269,189</u>	<u>\$ 277,749</u>	<u>\$ 1,144,416</u>	<u>(\$ 2,922,091)</u>	<u>\$ 5,769,263</u>
				403,481
				210,030
				(91,669)
				<u>\$ 6,291,105</u>
<u>\$22,556,421</u>	<u>\$ 1,439,463</u>	<u>\$23,468,375</u>	<u>(\$ 8,307,329)</u>	<u>\$ 39,156,930</u>
				9,310,844
				-
				<u>\$ 48,467,774</u>
<u>\$ 524,780</u>	<u>\$ 40,479</u>	<u>\$ 432,425</u>	<u>\$ 1,010</u>	<u>\$ 998,694</u>
<u>\$ 1,032,163</u>	<u>\$ 40,544</u>	<u>\$ 1,035,847</u>		<u>\$ 2,108,554</u>

C. Information about export sales

The export sales of the Company and its consolidated subsidiaries in 2001 and 2000 were as follows:

<u>Destination</u>	<u>2001</u>	<u>2000</u>
U.S.A.	\$ 14,089,457	\$ 19,116,359
Southeast Asia	5,028,608	8,971,498
Europe	7,207,897	6,910,050
Northeast Asia	2,866,386	2,435,673
Americas	177,381	841,815
Others	356,933	578,223
	<u>\$ 29,726,662</u>	<u>\$ 38,853,618</u>

D. Major customer information

The Company and its consolidated subsidiaries had no sales to any single customer in excess of 10% of net consolidated operating revenues in 2001 and 2000.

Corporate Information



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Stock Listing

The common stock of Delta Electronics, Inc.
is traded on the Taiwan Stock Exchange.
(TSE Code: 2308)

Transfer Agent and Registrar

For questions about transfer procedures or
other stock account matters, please contact:
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6/F, 97 Tun Hua S. Road, Sec. 2
Taipei, Taiwan, R.O.C.
Tel: 886-2-23253800
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