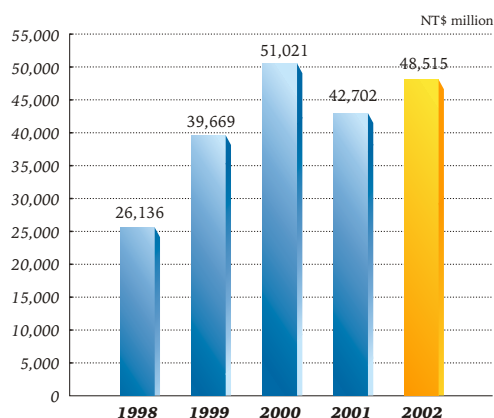


Consolidated Financial Highlights

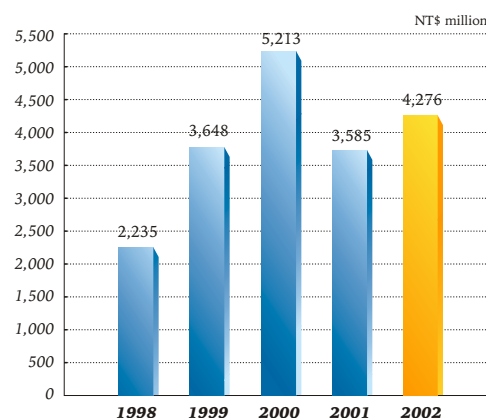
(in NT\$ million, except otherwise indicated)

	2002	2001
Net Sales	48,515	42,702
Gross Profit	9,943	8,369
Gross Margin (%)	20.5%	19.6%
Operating Profit	3,796	2,495
Operating Margin (%)	7.8%	5.8%
Net Income After Tax	4,276	3,585
Net Margin (%)	8.8%	8.4%
EPS (in NT\$)	3.08	3.01
Total Assets	55,049	52,991
Total Shareholders' Equity	30,134	27,563
ROE (%)	14.8%	13.6%

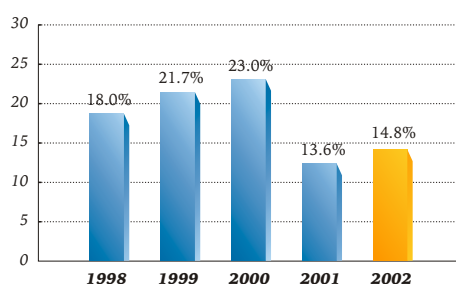
Revenues



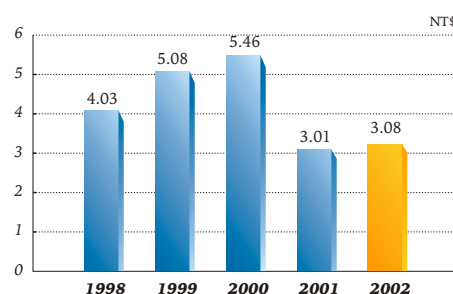
Net Profits



Return on Stockholders' Equity



Earnings Per Share





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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, 2002 and 2001, 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 consolidated financial statements of Delta International Holding Ltd., a consolidated subsidiary, which statements reflect total consolidated assets and consolidated operating revenues of NT\$31,590,545,000 and NT\$36,592,672,000 constituting 60% and 86%, 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, 2002 and 2001, 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, 2002 and 2001 were NT\$5,457,426,000, NT\$2,950,000 and NT\$6,529,606,000, NT\$2,759,000, respectively, and the related investment income was NT\$331,030,000 and NT\$442,006,000 for the years then ended, respectively. Our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements in respect of the above mentioned consolidated subsidiary and the long-term investments, is based solely 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 statements presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the 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, 2002 and 2001, 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.

PricewaterhouseCoopers

January 27, 2003

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, 2002 AND 2001

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2002		2001	
	Amount	%	Amount	%
ASSETS				
Current Assets				
Cash and cash equivalent (Note 4(1))	\$12,845,943	23	\$15,288,538	29
Short-term investments (Note 4(2))	3,599,746	7	4,296,087	8
Notes receivable - net	97,394	-	167,368	-
Accounts receivable, net - third parties (Note 4(3))	10,048,453	18	7,564,174	14
Accounts receivable, net - related parties (Note 5)	954,205	2	983,871	2
Other receivables - third parties (Note 4(15))	685,012	1	400,102	1
Other receivables - related parties	495,914	1	156,448	-
Inventories (Note 4(4))	4,097,939	8	3,146,943	6
Prepaid expenses	200,666	-	10,457	-
Prepayments	107,164	-	89,711	-
Other current assets (Note 4(15))	257,821	1	177,475	1
	<u>33,390,257</u>	<u>61</u>	<u>32,281,174</u>	<u>61</u>
Funds and Long-term Investments				
Long-term investments (Note 4(5))	9,070,425	17	10,631,706	20
Cash surrender value of life insurance	63,861	-	56,706	-
	<u>9,134,286</u>	<u>17</u>	<u>10,688,412</u>	<u>20</u>
Property, Plant and Equipment (Notes 4(6) and 6)				
Cost				
Land	1,275,266	2	1,275,216	3
Buildings	5,343,882	10	3,910,998	7
Machinery and equipment	4,508,302	8	3,825,858	7
Molds	880,333	2	752,853	2
Computer and communication equipment	639,246	1	474,684	1
Test equipment	2,656,259	5	1,938,341	4
Motor vehicles	114,551	-	81,827	-
Furniture and fixtures	1,046,581	2	651,020	-
Leasehold improvements	26,718	-	90,773	-
Land value appraisal increment	168,738	-	202,231	-
Cost and appraisal increment	16,659,876	30	13,203,801	25
Less: Accumulated depreciation	(5,196,540)	(9)	(3,860,220)	(7)
Prepayments for equipment and construction in progress	111,132	-	184,648	-
	<u>11,574,468</u>	<u>21</u>	<u>9,528,229</u>	<u>18</u>
Intangible Assets				
Other intangible assets	225,399	-	137,594	-
Other Assets				
Unrealized loss on market value decline of long-term				
Deposits - out	466,574	1	54,534	-
Deferred charges	258,218	-	300,849	1
	<u>724,792</u>	<u>1</u>	<u>355,383</u>	<u>1</u>
TOTAL ASSETS	<u>\$55,049,202</u>	<u>100</u>	<u>\$ 52,990,792</u>	<u>100</u>

	2002		2001	
	Amount	%	Amount	%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Short-term loans (Note 4(7))	\$ 3,449,492	6	\$ 2,227,296	4
Commercial paper payable (Note 4(8))	2,644,550	5	5,102,555	10
Notes payable	20,961	-	-	-
Accounts payable - third parties	7,961,874	15	6,780,626	13
Accounts payable - related parties (Note 5)	433,450	1	433,925	1
Income tax payable (Note 4(15))	24,426	-	59,327	-
Accrued expenses	2,295,768	4	938,116	2
Other payables	548,972	1	574,448	1
Received in advance	251,684	-	235,443	-
Current portion of long-term loans (Note 4(9))	30,580	-	4,032,011	8
Other current liabilities	198,629	-	49,812	-
	<u>17,860,386</u>	<u>32</u>	<u>20,433,559</u>	<u>39</u>
Long-term Liabilities				
Convertible bonds (Note 4(9))	-	-	30,794	-
Long-term loans	29,290	-	27,404	-
	<u>29,290</u>	<u>-</u>	<u>58,198</u>	<u>-</u>
Reserve				
Reserve for land value incremental tax (Note 4(6))	80,945	-	97,283	-
Other Liabilities				
Reserve for retirement plan (Note 4(10))	503,956	1	448,465	1
Deposits - in	8,833	-	20,770	-
Deferred income tax liabilities (Note 4(15))	3,150,475	6	2,960,196	5
Other liabilities - others	3,281,235	6	1,408,965	3
	<u>6,944,499</u>	<u>13</u>	<u>4,838,396</u>	<u>9</u>
Total Liabilities	<u>24,915,120</u>	<u>45</u>	<u>25,427,436</u>	<u>48</u>
Stockholders' Equity				
Common stock (Notes 1 and 4(11))	13,878,790	25	11,894,600	22
Capital reserve (Note 4(12))				
Premium	6,560,927	12	6,560,927	12
Others	275,613	1	275,613	-
Retained earnings				
Legal reserves (Note 4(13))	2,288,536	4	1,933,743	4
Undistributed earnings (Note 4(14))	4,938,875	9	4,513,860	9
Other adjusted items in stockholders' equity				
investments	(96,227)	-	(67,380)	-
Cumulative translation adjustments	2,287,568	4	2,451,993	5
Total Stockholders' Equity	<u>30,134,082</u>	<u>55</u>	<u>27,563,356</u>	<u>52</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 55,049,202</u>	<u>100</u>	<u>\$ 52,990,792</u>	<u>100</u>

Please refer to the accompanying notes and report of independent accountants dated January 27, 2003.

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT EARNINGS PER SHARE DATA)

	2002		2001	
	Amount	%	Amount	%
Operating revenue (Note 5)				
Sales revenue	\$48,616,947	100	\$43,106,768	101
Sales returns	(375,855)	(1)	(437,126)	(1)
Sales allowances	(264,831)	-	(396,279)	(1)
Net sales revenue	47,976,261	99	42,273,363	99
Services revenue	538,461	1	428,858	1
Total operating revenue	48,514,722	100	42,702,221	100
Operating costs (Note 5)				
Cost of goods sold	(38,571,831)	(79)	(34,332,921)	(80)
Gross profit	9,942,891	21	8,369,300	20
Unrealized intercompany profit	(815)	-	(1,746)	-
Realized intercompany profit	1,066	-	11,561	-
Net gross profit	9,943,142	21	8,379,115	20
Operating expenses				
Selling	(1,935,987)	(4)	(2,044,692)	(5)
Management and administrative	(1,447,191)	(3)	(1,513,833)	(4)
Research and development	(2,764,084)	(6)	(2,325,892)	(5)
Total operating expenses	(6,147,262)	(13)	(5,884,417)	(14)
Operating income	3,795,880	8	2,494,698	6
Non-operating income				
Interest income	227,657	-	507,904	1
Investment income - net (Note 4(5))	377,057	1	437,905	1
Gain on disposal of property, plant and equipment	18,130	-	34,064	-
Gain on disposal of investments	331,017	1	722,129	2
Foreign exchange gain - net	72,638	-	280,563	1
Other income	934,699	2	958,463	2
Total non-operating income	1,961,198	4	2,941,028	7
Non-operating expenses				
Interest expense	(145,167)	-	(162,568)	-
Loss on disposal of property, plant and equipment	(55,081)	-	(146,498)	-
Provision for decline in market value and obsolescence of inventories	(344,906)	(1)	(641,204)	(2)
Other losses	(369,057)	(1)	(229,774)	(1)
Total non-operating expenses	(914,211)	(2)	(1,180,044)	(3)
Income before income tax and minority interest	4,842,867	10	4,255,682	10
Income tax expense (Note 4(15))	(370,257)	(1)	(526,201)	(1)
Income after income tax before minority interest	4,472,610	9	3,729,481	9
Minority interest in consolidated subsidiaries	(196,939)	-	(144,917)	(1)
Net income	\$ 4,275,671	9	\$ 3,584,564	8

Earnings per share (In dollars) (Note 4(16))	Income before		Income before	
	<u>income tax</u>	<u>Net income</u>	<u>income tax</u>	<u>Net income</u>
Primary earnings per share				
Income before minority interest	\$ 3.45	\$ 3.22	\$ 3.05	\$ 2.69
Minority interest in consolidated subsidiaries	(0.14)	(0.14)	(0.11)	(0.11)
Net income	<u>\$ 3.31</u>	<u>\$ 3.08</u>	<u>\$ 2.94</u>	<u>\$ 2.58</u>
Fully diluted earnings per share				
Income before minority interest	\$ 3.45	\$ 3.22	\$ 2.97	\$ 2.63
Minority interest in consolidated subsidiaries	(0.14)	(0.14)	(0.10)	(0.10)
Net income	<u>\$ 3.31</u>	<u>\$ 3.08</u>	<u>\$ 2.87</u>	<u>\$ 2.53</u>

Please refer to the accompanying notes and report of independent accountants dated January 27, 2003.

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2001	Common stock
Balance at January 1, 2001		\$ 9,546,154
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		-
Unrealized loss on market value decline of long-term investments on investee companies		-
Cumulative translation adjustments on foreign long-term investments		-
Proportionate share of adjustment to subsidiaries capital reserve		-
Net income for the year		-
Balance at December 31, 2001		<u>11,894,600</u>
	2002	
Balance at January 1, 2002		
Distribution of 2001 earnings:		
Appropriation for legal reserve		-
Directors' and supervisors' remuneration		-
Employees' bonus		200,000
Issuance of stock dividends		1,784,190
Cash dividends		-
Unrealized loss on market value decline of long-term investments on investee companies		-
Cumulative translation adjustments on foreign long-term investments		-
Proportionate share of adjustment to subsidiaries' capital reserve		-
Net income for the year		-
Balance at December 31, 2002		<u>\$ 13,878,790</u>

Capital reserve	Retained Earnings		Unrealized loss on market value decline of long-term investments	Cumulative translation adjustments	Total
	Legal reserve	Undistributed earnings			
\$ 6,833,342	\$ 1,418,937	\$ 5,978,563	(\$ 10,054)	\$ 1,247,583	\$ 25,014,525
-	514,806	(514,806)	-	-	-
-	-	(1,500)	-	-	(1,500)
-	-	(200,561)	-	-	-
-	-	(2,147,885)	-	-	-
-	-	(2,147,885)	-	-	(2,147,885)
3,198	-	(3,198)	-	-	-
-	-	-	(57,326)	-	(57,326)
-	-	-	-	1,204,410	1,204,410
-	-	(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>
-	354,793	(354,793)	-	-	-
-	-	(2,100)	-	-	(2,100)
-	-	(200,000)	-	-	-
-	-	(1,784,190)	-	-	-
-	-	(1,486,825)	-	-	(1,486,825)
-	-	-	(28,847)	-	(28,847)
-	-	-	-	(164,425)	(164,425)
-	-	(22,748)	-	-	(22,748)
-	-	4,275,671	-	-	4,275,671
<u>\$ 6,836,540</u>	<u>\$ 2,288,536</u>	<u>\$ 4,938,875</u>	<u>(\$ 96,227)</u>	<u>\$ 2,287,568</u>	<u>\$ 30,134,082</u>

Please refer to the accompanying notes and report of independent accountants dated January 27, 2002

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2002</u>	<u>2001</u>
<u>Cash flows from operating activities</u>		
Net income	\$ 4,275,671	\$ 3,584,564
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest in net income of consolidated subsidiaries	196,939	144,917
Bad debts expense	-	280,545
Depreciation and amortization	2,064,455	1,517,904
Reversal of allowance for doubtful accounts	(172,331)	-
Investment income and gain on disposal of investments, net	(491,020)	(1,194,602)
Cash dividend received from investee companies accounted for under equity method	660,378	390,453
Loss on disposal of property, plant and equipment, net	36,950	112,434
Loss on inventory market value decline and obsolescence	344,906	641,204
Exchange loss on revaluation of foreign currency denominated convertible bonds	1,111	39,388
Changes in assets and liabilities:		
Decrease (increase) in notes receivable	69,974	(56,696)
(Increase) decrease in accounts receivable - third parties	(2,291,215)	2,308,084
Decrease in accounts receivable - related parties	29,316	1,075,076
Increase in other receivables - third parties	(284,910)	(218,474)
Increase in other receivables - related parties	(339,466)	(91,219)
(Increase) decrease in inventories	(1,293,249)	2,702,584
(Increase) decrease in prepaid expenses	(190,209)	43,759
Increase in prepayments	(17,453)	(683)
(Increase) decrease in other current assets	(80,346)	9,830
Increase in notes payable	20,961	-
Increase (decrease) in accounts payable - third parties	1,181,248	(1,690,901)
Decrease in accounts payable - related parties	(475)	(47,200)
(Decrease) increase in income tax payable	(34,901)	1,996
Increase (decrease) in accrued expenses	1,357,652	(369,922)
Decrease in other payables	(25,476)	(21,088)
Increase (decrease) in received in advance	16,241	(144,285)
Increase (decrease) in other current liabilities	148,817	(19,400)
Increase (decrease) in reserve for retirement plan	55,491	(121,499)
Increase in deferred income tax liabilities	190,279	499,724
Increase (decrease) in other liabilities - others	<u>1,673,873</u>	<u>(78,174)</u>
Net cash provided by operating activities	<u>7,103,211</u>	<u>9,298,319</u>

DELTA ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2002</u>	<u>2001</u>
Cash flows from investing activities		
Decrease (increase) in short-term investments, net	\$ 696,341	(\$ 4,296,087)
Proceeds from disposal of long-term investments	667,834	1,030,001
Increase in long-term investments	(485,862)	(1,402,738)
Proceeds from investee company's capital reduction exercise or liquidation	218,677	71,285
(Increase) decrease in cash surrender value of life insurance	(7,155)	5,993
Proceeds from disposal of property, plant and Equipment	327,381	593,594
Acquisition of property, plant and equipment	(2,049,922)	(2,349,639)
Increase in other intangible assets	-	(243,362)
Increase in deposits-out, net	(412,040)	(21,212)
Increase in deferred charges	(200,765)	(137,348)
Net cash used in investing activities	<u>(1,245,511)</u>	<u>(6,749,513)</u>
Cash flows from financing activities		
Increase in short-term loans, net	1,222,196	1,714,407
(Decrease) increase in commercial paper payable	(2,458,005)	4,612,556
Increase in long-term loans, net	1,886	27,404
Payment for redemption of convertible bonds	(4,033,336)	(2,576,583)
(Decrease) increase in deposits-in, net	(11,937)	15,921
Payment of directors' and supervisors' remuneration	(2,100)	(1,500)
Payment of cash dividends	(1,486,825)	(2,147,885)
Net cash (used in) provided by financing activities	<u>(6,768,121)</u>	<u>1,644,320</u>
Foreign exchange difference	(132,166)	557,950
Long term investments decrease (increase) due to reclassification to (from) consolidated subsidiaries	862,964	(159,462)
Fixed assets (increase) decrease due to reclassification (from) to consolidated subsidiaries	<u>(2,262,972)</u>	<u>288,668</u>
Net (decrease) increase in cash and cash equivalents	(2,442,595)	4,880,282
Cash and cash equivalents at beginning of the year	15,288,538	10,408,256
Cash and cash equivalents at end of the year	<u>\$ 12,845,943</u>	<u>\$ 15,288,538</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	<u>\$ 144,737</u>	<u>\$ 162,223</u>
Income taxes	<u>\$ 16,147</u>	<u>\$ 64,161</u>
Non-cash flows from investing and financing activities:		
Current portion of convertible bonds	<u>\$ 30,580</u>	<u>\$ 4,032,011</u>
Employees' stock bonus	<u>\$ 200,000</u>	<u>\$ 200,561</u>

Please refer to the accompanying notes and report of independent accountants dated January 27, 2003.

DELTA ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

(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. The total outstanding capital was \$13,878,790 as of December 31, 2002. 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 as of December 31,</u>	
			<u>2002</u>	<u>2001</u>
Delta International Holding Ltd. (DIH)	Note	Equity investment in Mainland China, Hong Kong and other areas.	94.00%	94.00%
Delta Networks, Holding Ltd. (DNH)	Note	Equity investment	100%	-

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

3) Changes in consolidated subsidiaries

The changes were as follows:

<u>Name of company</u>	<u>Relationship</u>	<u>Main activities</u>	<u>% of shares held as of December 31,</u>		<u>Note</u>
			<u>2002</u>	<u>2001</u>	
Delta Electronics (Jiang Su) Co.,	Note 1	Manufacturing and sales of power supplies.	51.70%	37.60%	Note 4
Delta Electronics Components (Wu Jiang) Co., Ltd.	Note 1	Manufacturing and sales of related components.	51.70%	37.60%	Note 4
Delta Video Display System (Wu Jiang) Co., Ltd.	Note 1	Manufacturing and sales of color monitors.	51.70%	37.60%	"
Delta Electro-optics (Wu Jiang) Co.,Ltd	Note 1	Manufacturing and sales of related components.	51.70%	37.60%	"
Delta Networks Holding Ltd. (DNH)	Note 2	Equity investment.	100.00%	-	"
Delta Networks (Cayman) Inc. (DNI Cayman)	Note 3	Equity investment.	100.00%	-	"
Delta Networks Inc. (DNI)	Note 3	Development, design, manufacturing and sales of networking system and peripherals.	87.39%	87.39%	Note 5

Note 1: A subsidiary of Delta International Holding Ltd. (DIH), the Company owns total voting rights over 50% indirectly.

Note 2: The Company's total voting rights in the consolidated subsidiaries is over 50%.

Note 3: A subsidiary of DNH, the Company owns total voting right over 50% indirectly.

Note 4: The new consolidated subsidiaries in the consolidated financial statements of 2002.

Note 5: DNI was the Company's subsidiary, which is owned by the Company with 87.39% direct shareholding in 2001. DNI Group was restructured in 2002, as a result the Company established two new subsidiaries-DNH and DNI Cayman (the subsidiary of DNH) and disposed all of its investment in DNI to DNI Cayman. The change only resulting from this restructuring is that the shareholding is now indirect compared to direct previously.

- 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.	100%	Note
Delta Optoelectronics, Inc.	86.11%	"

(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 Holding Ltd., after eliminating all significant intercompany 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.

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 the 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 unrealized loss on market value decline of long-term investments of the investee company accounted for under the equity method resulting from the valuation allowance for unrealized loss under the lower of cost or market value method and is shown under stockholders' equity.
 - 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 years. The excess of investment cost over the underlying equity in net assets of the investee companies at the date of changing to use equity method from cost method is not retroactive and amortized over 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 acts as guarantor for loans made to the investee company. 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 DNI, a subsidiary of DNI (Cayman) 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 2002, depreciation of new assets which are purchased by the Company and DNI is provided on a straight-line method over the estimated useful lives of the assets, with a nominal salvage value of \$1.00 (in dollar).
Depreciation of DIH's subsidiaries are provided on a straight-line method over the estimated useful lives of the assets and on cost less salvage value. The salvage value is calculated at 10% of cost. Salvage values of fixed assets, which are still in use after the end of their estimated useful lives, are not depreciated. Commencing 2002, the salvage value of DIH's subsidiaries in Mainland China is changed from 10% of cost to \$1.00 (in dollar of reporting currency).
Depreciation are provided on a straight-line method over the estimated useful lives of the assets and on cost less salvage value. The salvage value is calculated at 10% of cost.
The estimated useful lives of fixed assets are 2 to 8 years, except for buildings which are 5 to 55 years.
- 3) Renewals and improvements are treated as capital expenditure 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, 2002, 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 relating 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 maintains 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 has been contributions to an independent retirement trust fund since from 1986. As approved by the government, in November 1990, the Company suspended contributions 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, DNH, does not maintain an employee retirement plan. The subsidiary of DNI Cayman, DNI contributes 2% of monthly salaries and wages from 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 plan 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 basic 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 in a significant reduction in the number of employees, the accrued pension shall be revaluated 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) 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.
- 2) 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.

Income tax

- 1) The Company and DNI adopted R.O.C. FAS No.22, "Accounting for Income Tax" and FAS No.12 "Accounting for Income Tax Credit". Income tax credit was recognized in current year.
- 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.

Earnings per share

- 1) In accordance with R.O.C. FAS No. 24 "Earnings Per Common Share" as revised in November 1, 2001, the primary earnings and fully diluted earnings per share are disclosed in income statements. The computation of earnings per share is as follows:

- A. Primary earnings per share: net income is divided by the weighted average number of shares outstanding during the period.
 - B. Fully diluted earnings per share: the computation is the same as primary earnings per share, except for the potentially dilute securities were assumed to have been converted to common stock at the beginning of the period and net income is adjusted by amount associated with the conversion.
- 2) The potentially dilute securities consisted of Euro convertible bonds. The Company adopted the "if converted method" in computing the dilute effect of the Euro convertible bonds.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

3. CHANGES IN ACCOUNTING PRINCIPLES

Effective January 2002, the Company adopted R.O.C. FAS No. 24 "Earnings Per Common Share" to comply with the computation and presentation of the earnings per share requirement and retroactively recomputed the earnings per share for the period ended December 31, 2001. This change in accounting principle had no significant effect on the earnings per share amount for the periods ended December 31, 2002 and 2001.

4. DESCRIPTION OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalent

	December 31,	
	2002	2001
Cash on hand	\$ 5,886	\$ 4,318
Checking and demand deposits	10,710,323	11,243,203
Time deposits	2,129,734	3,830,852
Cash equivalent - commercial paper	-	210,165
	<u>\$ 12,845,943</u>	<u>\$ 15,288,538</u>

2) Short-term investments

	December 31,	
	2002	2001
Beneficiary certificates	\$ 3,599,746	\$ 4,296,087
Market value	<u>\$ 3,602,034</u>	<u>\$ 4,330,333</u>

3) Accounts receivable

	December 31,	
	2002	2001
Accounts receivable	\$ 10,091,155	\$ 7,806,924
Less: Allowance for doubtful accounts	(42,702)	(242,750)
	<u>10,048,453</u>	<u>7,564,174</u>
Overdue receivable (shown as other assets)	302,148	338,792
Less: Allowance for doubtful accounts	(302,148)	(338,792)
	<u>-</u>	<u>-</u>
	<u>\$ 10,048,453</u>	<u>\$ 7,564,174</u>

4) Inventories

	December 31,	
	2002	2001
Raw materials	\$ 1,754,154	\$ 1,731,688
Work in process	516,863	329,576
Finished goods	2,276,350	1,423,812
Inventory in transit	15,757	48,091
	<u>4,563,124</u>	<u>3,533,167</u>
Less: Allowance for decline in market value and inventory obsolescence	(465,185)	(386,224)
	<u>\$ 4,097,939</u>	<u>\$ 3,146,943</u>
Market value	<u>\$ 4,745,174</u>	<u>\$ 3,292,739</u>

5) Long-term investments

A. List of long-term investments:

	December 31, 2002		
Investee company	Shares	Book value	%
<u>Equity method by the Company</u>			
Delta Electronics (Thailand) Public Co., Ltd. (DET) (Notes 1)	69,128,140	\$ 1,190,514	5.82
Cyntec Co., Ltd.	42,700,839	768,930	37.66
Union Optronics Corp. (Union)	24,030,920	341,111	32.92
Grand Advance Technology Ltd.	19,600,000	214,925	39.20
Delta Optoelectronics, Inc.	38,750,073	123,694	86.11
Volink Integrated System, Inc. (Vblink)	10,000,000	45,893	100.00
Yuasa Delta Technology Inc. (YDT)	-	-	-
Vivitek Co., Ltd.	-	-	-
		<u>2,685,067</u>	
<u>Equity method by DIH</u>			
Delta Electronics (Jiang Su) Co., Ltd.	-	-	-
Delta Electronics Components (Wu Jiang) Co., Ltd.	-	-	-
Delta Electro-optics (Wu Jiang) Ltd.	-	-	-
DAC Holding Ltd.	6,370,000	174,308	49.00
YDI International Holding Ltd.	7,351,693	144,775	33.59
Delcom Electronics Company Ltd.	20,000,000	80,740	25.00
		<u>399,823</u>	
Others		<u>27,204</u>	
<u>Cost method by the Company</u>			
D-Link Co., Ltd	10,899,341	433,275	2.11
Macronix International Co., Ltd	81,335,400	298,419	2.20
WK Technology Fund	11,097,850	118,782	4.56
Delta American Ltd.	2,100,000	103,065	(Note 3)
Loyalty Founder Enterprises Co., Ltd.	12,908,890	95,413	9.92
Acute Applied Technology Inc.	-	-	-
WK Technology Fund IV	8,253,840	82,204	3.13
WK Technology Fund V	7,000,000	70,000	3.89
Prominent Communications, Inc.	1,571,428	64,425	(Note 3)
Analog and Power Electronics Corp. (Note 3)	7,677,284	62,813	16.54
Betacera Inc.	5,691,643	59,358	18.99
Sheng Hua Venture Capital Corp.	5,000,000	50,000	2.50
Wistron Nexus Inc.	2,000,000	50,000	0.25
		<u>1,487,754</u>	
<u>Cost method by DIH</u>			
Delta Electronics (Thailand) Public Co., Ltd. (Note 1)	180,984,450	3,776,950	15.23
Deltron-Cimic Electric and Electronics Co., Ltd	-	106,529	10.38
SynQor, LLC	-	-	-
Amibcom, Inc.	2,000,000	104,250	(Note 3)
Netgear Inc.	525,779	104,250	(Note 3)
Lightech Fiberoptics, Inc.	720,000	93,825	(Note 3)
		<u>4,185,804</u>	
Others		<u>386,314</u>	
Total		9,171,966	
Less: Allowance for loss on market value decline of long-term investments		(101,541)	
		<u>\$ 9,070,425</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 the cost method in 2001 although 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.

December 31, 2001

Market value	Highest % during year 2002	Shares	Book value	%	Market value
\$ 1,566,071	5.82	69,128,140	\$ 972,711	5.82	\$ 1,494,643
1,323,513	38.40	37,131,165	700,779	38.40	1,701,127
223,761	32.92	24,030,920	366,362	32.92	242,835
211,647	39.20	19,600,000	244,181	39.20	237,615
123,682	86.11	28,899,000	185,933	85.25	185,933
45,890	100.00	9,999,994	67,725	99.99	67,725
-	-	43,668,801	172,533	33.59	172,533
-	-	21,101,385	83,017	75.36	83,017
<u>3,494,564</u>			<u>2,793,241</u>		<u>4,185,428</u>
-	-	-	403,028	40.00	403,028
-	-	-	247,998	40.00	247,998
-	-	-	199,412	40.00	199,412
174,308	49.00	6,370,000	191,371	49.00	191,371
144,775	33.59	-	-	-	-
80,740	25.00	20,000,000	96,146	25.00	96,146
<u>399,823</u>			<u>1,137,955</u>		<u>1,137,955</u>
<u>27,204</u>			<u>88,849</u>		<u>88,849</u>
339,405	2.23	9,908,492	433,275	2.23	510,892
976,757	2.66	73,941,273	298,419	2.20	1,922,473
160,168	4.56	11,097,850	118,782	4.56	182,107
103,065	(Note 3)	2,100,000	103,065	(Note3)	103,064
184,468	11.50	12,697,676	101,360	11.50	234,272
-	-	9,000,000	89,294	9.00	63,162
94,998	3.13	8,253,840	82,204	3.13	107,061
69,463	5.83	7,000,000	70,000	5.83	79,412
64,425	(Note 3)	1,526,667	61,799	(Note3)	61,799
355,765	18.60	8,372,034	70,210	18.60	167,441
73,819	19.05	5,036,852	59,358	19.05	64,212
43,861	2.50	5,000,000	50,000	2.50	48,566
38,839	0.25	-	-	-	-
<u>2,505,033</u>			<u>1,537,766</u>		<u>3,544,461</u>
4,099,952	15.23	16,453,132	4,271,180	15.23	3,913,125
106,529	12.70	-	107,273	12.70	107,273
-	-	-	104,978	(Note 4)	104,978
104,250	(Note 3)	2,000,000	104,978	(Note 3)	104,978
104,250	(Note 3)	236,593	104,978	(Note 3)	104,978
93,825	(Note 3)	720,000	94,480	(Note 3)	94,480
<u>4,508,806</u>			<u>4,787,867</u>		<u>4,429,812</u>
<u>286,559</u>			<u>358,675</u>		<u>225,781</u>
<u>\$ 11,221,989</u>			10,704,353		<u>\$ 13,612,286</u>
			(72,647)		
			<u>\$10,631,706</u>		

(Note 3): Preferred stock.

(Note 4): Convertible bonds.

- B. Except for DIH, DNH 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. The investee company, Vivitek Co., Ltd. (Vivitek,) was liquidated in November 2002. The investment income recognized by the Company based on the liquidated financial statements was \$134,971. According to the distribution statements of liquidation, \$217,987 should be remitted to the Company. As of December 31, 2002 the Company has received \$217,807.
- E. The financial statements of DET, Union, Delta Electronics Europe Ltd. (DEU) and Volink in 2002 and the financial statements of DET, DEU and Volink in 2001 were audited by other auditors. In 2002 and 2001, the net investment income recognized by the company under the equity method was \$361,069 and \$433,244, respectively.
- F. DNI Group and YDT Group was restructured in 2002. The Company disposed all of its investments in DNI and YDT to Delta Networks, Inc. Cayman (DNI Cayman, the subsidiary of DNH) and YDT International Holding Ltd. (YDT Holding, DIH's investee company under equity method), respectively. The change only resulting from this restructuring is that the shareholding is now indirect compared to direct previously.
- G. The 2002 financial statements of Delcom Electronics Company Ltd. and Netpower Technologies Inc., the investee companies of DIH under the equity method was audited by other auditors. In 2002, the investment loss recognized by DIH was \$24,791. The 2001 consolidated financial statements of DIH, which were audited by other auditors, included investment loss amounting to \$3,777 which was recognized based on the investee companies(audited financial statements.
- H. In 2002 and 2001, the investment (loss) gain in Addtron Technology Co., Ltd. (AT), an investee company of DNI, amounted to (\$5,248) and \$12,539, respectively, which were recognized based on the investee company's financial statements, which were audited by other auditors.
- I. In 2002 and 2001, the Company and its consolidated subsidiaries received cash dividends from investee companies accounted for under the cost method amounting to \$77,908 and \$115,196, respectively.

6) Property, plant and equipment

Item	Original Cost	Appraisal cost increment	Total	Accumulated depreciation	Net book value
<u>December 31, 2002</u>					
Land	\$ 1,275,266	\$ 168,738	\$ 1,444,004	\$ -	\$ 1,444,004
Buildings	5,343,882	-	5,343,882	(658,816)	4,685,066
Machinery and equipment	4,508,302	-	4,508,302	(1,676,939)	2,831,363
Molds	880,333	-	880,333	(515,418)	364,915
Computer and communication equipment	639,246	-	639,246	(370,220)	269,026
Test equipment	2,656,259	-	2,656,259	(1,503,203)	1,153,056
Motor vehicles	114,551	-	114,551	(58,245)	56,306
Furniture and fixtures	1,046,581	-	1,046,581	(399,523)	647,058
Leasehold improvements	26,718	-	26,718	(14,176)	12,542
Prepayments for equipment and construction in progress	111,132	-	111,132	-	111,132
	<u>\$ 16,602,270</u>	<u>\$ 168,738</u>	<u>\$ 16,771,008</u>	<u>(\$ 5,196,540)</u>	<u>\$11,574,468</u>
<u>December 31, 2001</u>					
Land	\$ 1,275,216	\$ 202,231	\$ 1,477,447	\$ -	\$ 1,477,447
Buildings	3,910,998	-	3,910,998	(494,267)	3,416,731
Machinery and equipment	3,825,858	-	3,825,858	(1,225,750)	2,600,108
Molds	752,853	-	752,853	(338,357)	414,496
Computer and communication equipment	474,684	-	474,684	(298,742)	175,942
Test equipment	1,938,341	-	1,938,341	(1,081,154)	857,187
Motor vehicles	81,827	-	81,827	(46,573)	35,254
Furniture and fixtures	651,020	-	651,020	(364,179)	286,841
Leasehold improvements	90,773	-	90,773	(11,198)	79,575
Prepayments for equipment and construction in progress	184,648	-	184,648	-	184,648
	<u>\$ 13,186,218</u>	<u>\$ 202,231</u>	<u>\$ 13,388,449</u>	<u>(\$ 3,860,220)</u>	<u>\$ 9,528,229</u>

A. As of December 31, 2002, the accumulated balance in the appraisal increment of land amounted to \$168,738.

As of December 31, 2002, the reserve for land value incremental tax amounted to \$80,945 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 2002, the depreciation of DIH's subsidiaries in Mainland China is provided on straight-line method over the estimated useful lives of the assets, with a nominal value of \$1.00 (in dollar of reporting currency) as salvage value. As a result of the change in accounting estimate, depreciation expense for the year ended December 31, 2002 increased by \$242,558.

7) Short-term loans

	December 31,	
	2002	2001
Unsecured bank loans	\$ 3,001,351	\$ 2,145,083
Secured bank loans	448,141	82,213
	<u>\$ 3,449,492</u>	<u>\$ 2,227,296</u>
Credit lines	\$ 13,127,011	\$ 9,239,295
Interest rates per annum	0.8%~3.54%	2.95%~6.24%

	December 31,	
	2002	2001
8) Commercial paper payable		
Commercial paper payable	\$ 2,650,000	\$ 5,133,000
Less: Unamortized discounts	(5,450)	(30,445)
	<u>\$ 2,644,550</u>	<u>\$ 5,102,555</u>
Interest rates	<u>1.67%~3.20%</u>	<u>1.86%~4.85%</u>

9) Convertible bonds

A. As of December 31, 2002, and 2001, the details of the third foreign currency Euro convertible bonds (ECB III) were as follows:

	December 31,	
	2002	2001
Issued amount	\$ 6,142,400	\$ 6,142,400
Redeemed amount in advance	(6,115,373)	(2,576,583)
Ending balance	27,027	3,565,817
Add: Foreign currency revaluation	3,553	496,988
Book value	<u>\$ 30,580</u>	<u>\$ 4,062,805</u>
Amount redeemed (in thousands of US dollars)	<u>\$ 199,120</u>	<u>\$ 83,895</u>
Current portion - for redemption next year	<u>\$ 30,580</u>	<u>\$ 4,032,011</u>
Non-current portion	<u>\$ -</u>	<u>\$ 30,794</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, 2002 for ECB III was \$182 (in dollars) and \$98.3 (in dollars), respectively.

10) Reserve for retirement plan

A. The Company and DNI, each have an employee retirement plan covering all regular employees. Under the plan, the pension benefits payable to employees are determined as follows:

- a. 2 months of average salary will be paid for each year of service for the first fifteen years.
- b. 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.
- c. There is a limitation of 45 months of average salary.
- d. 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, 2002 and 2001, the balance of the pension fund which is deposited with the Central Trust of

China by the Company and DNI, was \$309,043 and \$261,201, respectively.

C. Based on the measurement dates at December 31, 2002 and 2001, the related assumptions used to calculate the net periodic pension cost and the reconciliation of the funding status to accrued pension liability of the Company and DNI as of December 31, 2002 and 2001 were as follows:

	December 31,	
	2002	2001
Vested benefit obligation	(\$ 60,753)	(\$ 41,118)
Non-vested benefit obligation	(424,445)	(356,025)
Accumulated benefit obligation	(485,198)	(397,143)
Additional benefits based on future salary increases	(367,072)	(307,771)
Projected benefit obligation	(852,270)	(704,914)
Fair value of plan assets	309,043	261,201
Funded status	(543,227)	(443,713)
Unrecognized transition obligation	103,430	112,832
Unrecognized net pension loss	59,274	27,437
Accrued pension	(\$ 380,523)	(\$ 303,444)

The related assumptions were as follows:

	2002	2001
Discount rate	4.00%	4.25%
Expected return rate on plan assets	3.25%	4.00%
The average rate of salary increase	4.00%	4.00%

D. In 2002 and 2001, the details related to net pension cost were as follows:

	2002	2001
Service cost	\$ 96,111	\$ 120,122
Interest cost	33,525	49,488
Expected return on plan assets	(9,889)	(14,354)
Amortization of unrecognized transition obligation	9,403	11,965
Unrecognized pension loss (gain)	1,740	(327)
Curtailement gain	-	(302,983)
Net pension cost	130,890	(\$ 136,089)

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

F. As of December 31, 2002 and 2001, the total balance of the reserve for retirement plan of DIH's subsidiaries located in Mainland China was \$123,433 and \$145,021 respectively.

11) Common stock

In accordance with the Company's Articles of Incorporation, as amended in the shareholders' meeting on May 16, 2002, the total shares of authorized common stock was 1,680,000,000 shares. As of December 31, 2002, the total shares of issued and outstanding common stock was 1,387,879,000 share with par value of \$10 (in NT dollars).

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 in capital and shall not be used for any other purpose. The capital reserve can be used to offset against accumulated deficit only when legal reserve and special reserve are insufficient. Only capital reserve from paid-in capital in excess of par value and donated surplus can be used to increase capital and the 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 offsetting 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, 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), 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 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 adopted at the shareholders' meeting on May 16, 2002, the Company issued 178,419,000 and 20,000,000 shares of common stock at par value as stock dividends and employees' bonus respectively, by capitalizing retained earnings in the amount of \$1,984,190 and cash dividend in the amount of \$1,486,825. The earnings distribution was approved by SFC with July 2, 2002 as the ex-rights/dividend date.

B. According to the requirement of SFC, the employees' bonus information of the earnings distribution during 2001 are as follows:

- a) The information of employees' bonus and directors' and supervisors' remuneration: Please refer to Note 4 (14) A.
- b) The actual payment of employees' bonus and directors' and supervisors' remuneration in the distribution of 2001 earnings were \$200,000 and \$2,100, respectively. The Company issued 20,000 thousand shares of common stock by declaring employees' bonus, which presented 1.68% of the outstanding common shares on December 31, 2001.
- c) The distribution of 2001 earnings was the same with the resolution of the directors' meeting and the stockholders' meeting. The effect on the 2001 earnings per share (EPS) of the distribution of 2001 earnings in employees' bonus and directors' and supervisors' remuneration was as follows:

	<u>Primary EPS</u>	<u>Fully diluted EPS</u>
Original EPS in 2001 financial Statements	\$ 3.01	\$ 2.94
Effect of employees' bonus and directors' and supervisors' remuneration	(0.17)	(0.17)
Proforma EPS	<u>\$ 2.84</u>	<u>\$ 2.77</u>

As of the reporting date, the distribution of 2002 earnings was not approved by the Company's board of directors. However, the information will be disclosed in the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

C. 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.

D. As of December 31, 2002 and 2001, the information on tax credit of the Company are as follows:

	December 31,	
	2002	2001
Imputation tax credit account balance	\$ 4,106	\$ 10,619
Creditable tax ratio	2002 (Estimated) 0.10%	2001 (Actual) 1.56%

The actual creditable tax ratio will be adjusted based on the imputation tax credit account balance as of ex-rights date. The earnings of 2001 have been distributed, and the 2000 creditable tax ratio was calculated based on the balance of imputation tax credit account on July 2, 2002.

E. As of December 31, 2002 and 2001, the information on undistributed earnings of the Company are as follows:

	December 31,	
	2002	2001
Before January 1, 1998	\$ 685,952	\$ 830,500
On and after January 1, 1998		
- Not yet subjected to the 10% additional tax	4,252,923	3,683,360
	<u>\$ 4,938,875</u>	<u>\$ 4,513,860</u>

15) Income tax

A. As of December 31, 2002 and 2001, deferred income tax assets and liabilities were as follows:

	December 31,	
	2002	2001
A) Total deferred income tax assets	\$ 1,662,296	\$ 1,810,304
B) Allowance for deferred income tax assets	\$ 953,544	\$ 132,041
C) Total deferred income tax liabilities	<u>\$ 3,912,166</u>	<u>\$ 4,504,717</u>

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

	December 31, 2002		December 31, 2001	
	Original		Original	
	amount	Tax effects	amount	Tax effects
Undeposited pension	\$ 380,524	\$ 95,131	\$ 303,053	\$ 75,763
Unrealized foreign exchange loss, net	(456,357)	(114,089)	18,610	4,653
Allowance for decline in market value and inventory obsolescence	113,280	28,320	83,287	20,822
Others, net	86,180	21,546	176,160	44,039
Investment tax credits		1,416,994		1,004,001
Investment income accounted for under the equity method	(14,791,089)	(3,697,772)	(15,374,764)	(3,843,691)
		<u>(\$ 2,249,870)</u>		<u>(\$ 2,694,413)</u>

B. Net deferred income tax assets - current

	December 31,	
	2002	2001
Deferred income tax assets - current	\$ 519,259	\$ 881,435
Allowance for deferred income tax assets - current	(395,158)	(118,446)
Net deferred income tax assets - current	124,101	762,989
Deferred income tax liabilities - current	(177,040)	(629,247)
Net deferred income tax assets - current (shown as other current (liabilities) assets in the balance sheets)	<u>(\$ 52,939)</u>	<u>\$ 133,742</u>

C. Net deferred income tax liabilities - noncurrent

	December 31,	
	2002	2001
Deferred income tax assets - noncurrent	\$ 1,143,037	\$ 928,869
Allowance for deferred income tax assets - noncurrent	(558,386)	(13,595)
Net deferred income tax assets - noncurrent	584,651	915,274
Deferred income tax liabilities - noncurrent	(3,735,126)	(3,875,470)
Net deferred income tax liabilities - noncurrent	<u>(\$ 3,150,475)</u>	<u>(\$ 2,960,196)</u>

D. As of December 31, 2002 and 2001, income tax payable was arrived at as follows:

	2002	2001
Current year's income tax (benefit) expense	(\$ 6,703)	\$ 17,150
Deferred income tax (benefit) expense	(444,543)	400,843
Increase in allowance for deferred income tax assets	<u>821,503</u>	<u>108,208</u>
Income tax expense	370,257	526,201
Effect of deferred income tax	(376,960)	(509,051)
Over provision of income tax in prior years	32,142	48,780
Income subject to separate tax	(184)	(368)
Prepaid income tax	(579)	(7,221)
Others	<u>(1,467)</u>	<u>331</u>
Income tax payable, net	23,209	58,672
Income tax refundable	1,217	655
Income tax payable	<u>\$ 24,426</u>	<u>\$ 59,327</u>

E. As of December 31, 2002, according to "Income Tax Law" and "Statute for Upgrading Industries", the income tax credits are as follow:

The item of income tax credits	Total income tax credits	Unused income tax credits	Year of expiration
R&D expenditure	\$ 1,596,739	\$ 1,308,522	Between 2003 and 2006
Training expenditure	8,753	6,438	Between 2003 and 2006
Procurement of machinery and equipment expenditure	82,421	35,071	Between 2003 and 2005
Investment in important technology based enterprise and venture capital investment enterprise	66,963	66,963	Between 2002 and 2006
		<u>\$ 1,416,994</u>	

The Company and DNI recognized the valuation allowance for deferred income tax assets in the amount of \$930,943 as of December 31, 2002. Due to the uncertainty in the operating results, DNI recognized additional valuation allowance for other deferred income tax assets in the amount of \$22,601.

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, 2002. As of December 31, 2002, the Company has filed an appeal for reassessment to the Tax Authority. The reassessment is still in process by the Tax Authority.

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

16) Earnings per share (EPS)

	For the periods ended December 31, 2002				
	Amount		Weighted average outstanding common shares (in thousands)	Earnings per share (in NT dollars)	
	Income before income tax	Net income		Income before income tax	Net income
Primary EPS					
Net income	\$ 4,595,889	\$ 4,275,671	1,387,879	\$ 3.31	\$ 3.08
Effect of potential common shares with diluting effect: 0% foreign currency Euro convertible bonds	-	-	275		
Fully diluted EPS					
Net income	\$ 4,595,889	\$ 4,275,671	1,388,154	\$ 3.31	\$ 3.08

	For the periods ended December 31, 2001				
	Amount		Weighted average outstanding common shares (in thousands)	Earnings per share (in NT dollars)	
	Income before income tax	Net income		Income before income tax	Net income
Primary EPS					
Net income	\$ 4,073,902	\$ 3,584,564	1,387,862	\$ 2.94	\$ 2.58
Effect of potential common shares with diluting effect: 0% foreign currency Euro convertible bonds	-	-	31,088		
Fully diluted EPS					
Net income	\$ 4,073,902	\$ 3,584,564	1,418,950	\$ 2.87	\$ 2.53

Note: The weighted average outstanding common shares was retroactively adjusted for stock dividends distributed in year 2002 earnings.

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
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. (DECT)	Investee company accounted for under the equity method
YDT International Holding Ltd.	Investee company accounted for under the equity method
Delta Products Corporation (DPC)	Affiliated enterprise
Delta Electronics (Jiang Su) Co., Ltd. (Delta - Jiang Su)	Investee company accounted for under the equity method (Note 1)
Delta Electronics Components (Wu Jiang) Co., Ltd. (Delta - Wu Jiang)	Investee company accounted for under the equity method (Note 1)
Delta-Cimic Electric and Electronics Co., Ltd.	Affiliated enterprise. (Note 2)

(Note 1): Delta-Jiang Su and Delta-Wu Jiang was the investee company of DIH and accounted under the equity method in 2001. Due to the increase in the proportion of shares over 50%, Delta-Jiang Su and Delta-Wu Jiang became DIH's consolidated subsidiaries in 2002.

(Note 2): In accordance with the regulations of SFC, when a party is deemed a related party, the information shall be disclosed in conformity with R.O.C. FAS No. 6, "Disclosure of Related Party Transaction". In 2002, Delta-Cimic became a new related party of DIH, and is disclosed as such in the 2002 financial statements. To present comparable data, certain amounts in 2001, are presented for information purposes only.

2) Significant transactions with related parties

A. Sales

	2002		2001	
	Amount	% of net consolidated operating revenues	Amount	% of net consolidated operating revenues
DPC	\$ 1,019,260	2	2,123,886	5
Delta-Cimic	535,660	1	434,487	1
DET	391,861	1	351,433	1
DEU	76,843	-	88,019	-
Others	45,110	-	213,063	1
	<u>\$ 2,068,734</u>	<u>4</u>	<u>\$ 3,210,888</u>	<u>8</u>

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

B. Service revenue

	2002		2001	
	Amount	% of net consolidated operating revenues	Amount	% of net consolidated operating revenues
DET	\$ 85,642	-	\$ 109,977	-

C. Purchases

	2002		2001	
	Amount	% of net consolidated purchases	Amount	% of net consolidated purchases
DET	\$ 2,219,200	6	\$ 1,612,835	3
DPC	88,117	-	105,516	1
Delta - Jiang Su	-	-	707,472	1
Delta - Wu Jiang	-	-	88,580	-
Others	7,673	-	10,746	-
	\$ 2,314,990	6	\$ 2,525,149	5

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

D. Accounts receivable

	December 31,			
	2002		2001	
	Amount	% of consolidated accounts receivable	Amount	% of consolidated accounts receivable
DET	\$ 496,255	5	\$ 629,291	7
Delta-Cimic	274,448	3	21,007	-
DPC	156,134	1	261,703	3
Others	27,718	-	71,870	1
	954,555	9	983,871	11
Less: Allowance for doubtful accounts	(350)	-	-	-
	\$ 954,205	9	\$ 983,871	11

E. Other receivables

	December 31,	
	2002	2001
DET	\$ 370,342	\$ 87,787
Others	125,572	68,661
	\$ 495,914	\$ 156,448

F. Accounts payable

	December 31,			
	2002		2001	
	Amount	% of consolidated accounts payable	Amount	% of consolidated accounts payable
DET	\$ 398,305	5	\$ 247,943	3
Delta - Jiang Su	-	-	126,888	2
Others	34,145	-	59,094	1
	<u>\$ 433,450</u>	<u>5</u>	<u>\$ 433,925</u>	<u>6</u>

G. Property transactions

- a) Under a contract with Vivitek, the Company would pay royalty to Vivitek based on certain percentage of net revenues on the products of projectors and liquid crystal color shutters through December 31, 2003. The Company has reached an agreement with Vivitek in June 2002 to pay royalty of \$174,000. The royalty was paid in full on June 30, 2002.
- b) YDT was restructured in 2002. The Company disposed all of its investment in YDT to YDT International Holding Ltd. (YDT Holding, DIH's investee company accounted for under the equity method.) There was no gain on disposal of investment.

H. Endorsements and guarantees

As of December 31, 2002 and 2001, the amounts of endorsements and guarantees provided by the Company on behalf of the related parties are listed below:

	December 31,	
	2002	2001
DPC	\$ 347,500	\$ 349,925
DEU	97,303	130,348
	<u>\$ 444,803</u>	<u>\$ 480,273</u>

6. DETAILS OF ASSETS MORTGAGED

No significant assets were mortgaged.

7. COMMITMENTS AND CONTINGENT LIABILITIES

None.

8. MAJOR CATASTROPHE

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

9. SUBSEQUENT EVENTS

None.

10. OTHERS

- 1) Certain accounts in the 2001 consolidated financial statements have been reclassified to conform with the presentation adopted for 2002.
- 2) Fair value of non-derivative assets and liabilities

	December 31, 2002		December 31, 2001	
	Book value	Fair value	Book value	Fair value
<u>ASSETS</u>				
Non-derivative assets with fair values equal to book values	\$ 25,657,356	\$ 25,657,356	\$ 24,671,741	\$ 24,671,741
Short-term investments	3,599,746	3,602,034	4,296,087	4,330,333
Long-term investments	9,070,425	11,221,989	10,631,706	13,612,286
<u>LIABILITIES</u>				
Non-derivative liabilities with fair values equal to book values	17,593,886	17,593,886	20,277,084	20,277,084
Reserve for retirement plan	503,956	666,660	448,465	588,734

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, notes payable, accounts payable, income tax payable, accrued expenses, other payables and other current liabilities (excluding deferred income tax liabilities-current) 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, 2002 and 2001. 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 subsidiaries, 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 and payable.
 - b. Accounting policy: See Note 2.
 - c. Credit risk:

The banks, which the Company and its consolidated subsidiaries 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, these will not cause any major loss to the Company and its consolidated subsidiaries.
 - d. Market risk:

The Company and its consolidated subsidiaries, 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 subsidiaries for the years ended December 31, 2002 and 2001 are as follows (unit: thousand of dollars):

Derivative transactions	Par value, contracts amount or nominal principal	Transaction terms	
		Contract dates	Exercise dates
<u>2002</u>			
<u>Derivative transactions of the Company</u>			
Buy option (TWD PUT/USD CALL)	USD 3,000	2002.09.23	2002.10.23
Buy option (USD PUT/TWD CALL)	USD 3,000	2002.01.02	2002.01.25
Sell option (TWD CALL/USD PUT)	USD 38,972	2002.10.17~2002.12.10	2002.10.23~2002.12.30
Sell option (USD CALL/JPY PUT)	USD 3,000	2002.04.03	2002.06.05
Sell option (EUR CALL/USD PUT)	USD 15,120	2002.04.26~2002.12.13	2002.05.29~2003.06.13
Dual currency deposit	USD 1,000	2002.01.17	2002.01.22
	USD 10,000	2002.02.07~2002.11.26	2002.03.04~2002.11.26
Forward foreign currency contracts	USD 11,000	2002.05.17~2002.07.25	2002.05.22~2002.10.29
	USD 10,000	2002.07.29	2002.08.29
	USD 7,000	2002.05.17~2002.09.16	2002.06.05~2002.11.21
	USD 2,000	2002.10.30	2002.11.21
	USD 28,137	2002.08.06~2002.12.16	2002.11.08~2003.03.18
	USD 28,099	2002.08.06~2002.12.16	2002.11.08~2003.03.18
Accumulation Disappearing Option	USD 39,000 (Note 1)	2001.07.02~2002.04.09	2002.12.17~2002.12.23
Interest Rate Swap	NTD 1,000,000 (Note 2)	2001.10.24~2002.06.27	2002.10.28~2004.07.01
Callable Range Accrual Swap	USD 15,000 (Note 3)	2001.10.17~2002.07.19	2003.03.10~2009.07.19
Inflating Reverse strangle	USD 12,000	2002.02.25	2002.03.25~2002.08.23
USD NTD Selling Strategy	USD 30,000 (Note 6)	2002.04.22~2002.06.10	2002.07.30~2003.01.20
Limited Average Strike Forward	USD 20,000 (Note 7)	2002.04.04~2002.06.27	2002.05.29~2002.06.27
Enhanced Premium Range Trade	USD 6,840 (Note 8)	2002.05.29	2002.12.28
Total			

(Note 1): There are a total of 372 fixing dates in the life of this contract. If spot rate is above 35.5 NTD/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 dates.

(Note 2): The Company will pay or receive the difference between the floating and fixed interest rate multiplied by the notional amount.

(Note 3): 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 the bank.

Exercise prices/ Exercise rates	Recognized Gain (or loss)	Related future cash flows	
		Cash inflow	Cash outflow
USD1:NTD34.750	\$ 449	-	-
USD1:NTD35.3	737	-	-
USD1:NTD34.872~34.93	(3,156)	-	-
USD1:JPY134.35	(6,598)	-	-
USD1:EUR0.890	(7,932)	USD 10,670,000	EUR 11,000,000
USD1:JPY132.50/4% LIBOR+ 150 bps~200 bps 3 months	9 686	-	-
USD1:NTD33.352~35.132	3,868	-	-
USD:NTD33.950	1,499	-	-
USD1:JPY120.5~132.5	7,892	-	-
USD:JPY122.71	(188)	-	-
USD:THB42.468~43.197	1,333	USD 27,715	THB 120,000
USD:THB42.518~43.282	-	THB 120,000	USD 27,705
USD34.75~35.5	\$ 28,825	-	-
2.1%~2.7%	(116)	(Note 4)	(Note 4)
4.00%~5.00%	14,115	(Note 4)	(Note 4)
(Note 5)	(9,274)	-	-
(Note 6)	2,713	(Note 4)	(Note 4)
(Note 7)	22,920	-	-
(Note 8)		(Note 4)	(Note 4)
	<u>6,463</u>		
	<u>\$ 64,245</u>		

(Note 4): Due to the uncertainty of the transaction, future cash flow cannot be calculated to a meaningful figure.

(Note 5): The exercise prices varies depending on the spot rate on the exercise date. The spot rate is between JPY127~JPY141.

(Note 6): The notional amount of this trade varies depending on the exchange rate of exercise date and spot rate.

(Note 7): The notional amount of this trade varies depending on the accumulated average rate during the contract period.

(Note 8): The notional amount of this trade varies depending on the spot rate on the exercise date.

Derivative transactions	Par value, contracts amount or nominal principal	Transaction terms	
		Contract dates	Exercise dates
<u>Derivative transactions of the consolidated subsidiary</u>			
1. Delta International Holding Ltd.			
Forward foreign currency contracts	USD 570,655	2002.1.9~2002.12.26	2002.2.27~2003.3.18
	USD 571,207	2002.1.9~2002.12.26	2002.2.27~2003.3.18
Total			
2. Delta Electronics International Ltd. (Subsidiary of DIH)			
Buy option (USD CALL/EUR PUT)	USD 8,800	2002.2.5	2002.2.5
Sell option (USD PUT/EUR CALL)	USD 10,820	2001.4.26~2002.12.16	2002.5.29~2003.6.13
Buy option (USD CALL/JPY PUT)	USD 5,000	2002.1.15~2002.4.3	2002.1.18~2002.6.12
Buy option (USD PUT/JPY CALL)	USD 5,000	2002.11.8	2002.11.19
Sell option (USD PUT/JPY CALL)	USD 16,500	2002.2.7~2002.5.17	2002.8.8~2002.6.12
Dual currency deposit	USD 28,000	2002.2.5~2002.3.15	2002.6.17~2004.8.9
Forward foreign currency contracts	USD 15,273	2002.5.28~2002.9.17	2002.6.14~2002.11.19
	USD 4,068	2002.11.5	2002.11.19
Inflating Reverse Strangle	USD 2,000	2002.2.25	2002.3.25~2002.8.23
USD Buying Strategy	USD (Note 2)	2002.5.28	2002.10.30~2002.12.30
Callable Range Accrual Swap	USD 5,000	2002.7.17	2007.7.19
Callable Range Accrual Notes	USD 15,000 (Note 5)		2002.7.24~2004.11.7
Total			

Note 1: The exercise prices varies depending on the spot rate on the exercise date. The spot rate is between JPY127~JPY141.

Note 2: The notional amount of this trade varies depending on the exchange rate of exercise date and spot rate.

Note 3: The notional amount of this trade varies depend on the spot rate in the exercise date.

Derivative transactions	Par value, contracts amount or nominal principal	Transaction terms	
		Contract dates	Exercise dates
<u>Derivative transactions of the consolidated subsidiary</u>			
3. Delta Networks Inc.			
Buy option (TWD PUT/USD CALL)	USD 6,000	2002.01.07~2002.09.20	2002.05.24~2002.10.25
Sell option (USD CALL/TWD PUT)	USD 4,000	2001.05.23	2002.05.28
Buy option (USD PUT/TWD CALL)	USD 3,000	2002.01.02	2002.01.25
Sell option (TWD CALL/USD PUT)	USD 56,000	2002.10.17~2002.12.13	2002.10.29~2002.12.30
Buy option (USD PUT/JPY CALL)	USD 4,000	2002.12.13	2002.12.26
Sell option (USD PUT/JPY CALL)	USD 23,500	2002.02.07~2002.12.13	2002.06.12~2003.12.17
Sell option (USD CALL/JPY PUT)	USD 5,000	2002.03.27	2002.09.26
Sell option (USD CALL/EUR PUT)	USD 10,315	2002.03.21~2002.12.13	2002.04.26~2003.06.17
Sell option (USD PUT/EUR CALL)	USD 9,790	2002.03.21~2002.12.13	2002.04.26~2003.06.17
Interest Rate Swap	NTD 500,000 (Note 1)	2002.06.26	2002.10.01~2004.07.01
Callable Range Accrual Swap	USD 5,000 (Note 1)	2002.07.17	2002.10.19~2007.07.19
USD NTD Selling Strategy	USD 101,000 (Note 3)	2002.04.22~2002.09.19	2002.10.28~2003.02.26
USD JPY Selling Strategy	USD 6,000 (Note 3)	2002.05.29	2002.10.30~2002.12.30
USD EUR Selling Strategy	USD 4,320 (Note 3)	2002.05.29	2002.12.18
Limited Average Strike Forward	USD 20,000 (Note 4)	2002.04.04~2002.04.09	2002.06.27~2002.12.26
Total			

Note 1: The Company will pay or receive the difference between the floating and fixed interest rate multiplied by the notional amount.

Note 2: Due to the uncertainty of the transaction, future cash flow can not be calculated to a meaningful figure.

Exercise prices/ Exercise rates	Recognized Gain (or loss)	Related future cash flows	
		Cash inflow	Cash inflow
USD1:THB41.787~44.204	\$ -	THB 2,900,000	USD 66,831
USD1:THB41.732~44.140	372	THB 66,864	USD 2,900,000
	<u>\$ 372</u>		
EUR1:USD0.88	\$ 3,456	-	-
EUR1:USD0.89~0.97	(9,009)	USD 5,820	EUR 6,000
USD1:JPY121.76~132.00	347	-	-
USD1:JPY124.00	4,255	-	-
USD1:JPY124.00~135.00	(21,293)	-	-
3-Month	-	USD 28,000	-
LIBOR+40bps~175bps			
USD1:JPY117.44~132.00	5,413	-	-
USD1:JPY121.92	779	-	-
(Note 1)	(7,068)	-	-
(Note 2)	1,590	-	-
(Note 3)	11,716	(Note 4)	(Note 4)
(Note 3)	<u>18,144</u>	(Note 4)	(Note 4)
	<u>\$ 8,330</u>		

Note 4: Due to the uncertainty of the transaction, future cash flows cannot be calculated to a meaningful figure.

Note 5: If LIBOR is between a contract range, the Company will receive the difference between fixed rate and floating rate multiplied by the notional amount from the bank. However, when LIBOR falls outside the contract range, the Company will pay floating rate multiplied by the notional amount to bank.

Exercise prices/ Exercise rates	Recognized Gain (or loss)	Related future cash flows	
		Cash inflow	Cash inflow
USD1:NTD33.51~34.75	\$ 3,622	-	-
USD1:NTD33.51	(3,628)	-	-
USD1:NTD35.3	737	-	-
USD1:NTD34.855~34.93	(4,694)	-	-
USD1:JPY132.8	13,922	-	-
USD1:JPY125~135	(12,405)	USD 10,000	JPY 1,258,000
USD1:JPY132.5	1,488	-	-
USD1:EUR0.880~1.045	7,022	-	-
USD1:EUR0.880~0.97	368	USD 6,790	EUR 7,000
2.1%~2.7%	(359)	(Note 2)	(Note 2)
4.30%	10,245	(Note 2)	(Note 2)
(Note 3)	(1,063)	(Note 2)	(Note 2)
(Note 3)	142	(Note 2)	(Note 2)
(Note 3)	(10,523)	(Note 2)	(Note 2)
(Note 4)	<u>17,667</u>		
	<u>\$ 22,541</u>		

Note 3: The notional amount of this trade varies depend on exchange rate of exercise date and spot rate.

Note 4: The notional amount of this trade varies depend on accumulated average rate during the contract period.

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>				
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	2001.03.21~90.12.19
Sell option (USD CALL/JPY PUT)	USD	39,000	2000.10.19~2001.12.14	2001.02.26~2002.06.03
Dual currency deposit	USD	31,000	2001.05.23~2001.09.21	2001.05.29~2001.12.03
Forward foreign currency contracts	USD	165,000	2000.12.19~2001.12.13	2001.02.19~2002.02.06
Knock-out Option	USD	50,000	2001.08.07	2003.02.26
Variable Quantity Option	USD	40,000	2001.02.02~2001.04.26	2001.10.29~2001.11.28
		(Note 2)		
		6,000	2001.03.30	2001.12.19
		(Note 2)		
Accumulation Disappearing Option	USD	10,000	2001.07.02	2002.12.17
		(Note 3)		
Average Rate Option	USD	20,000	2001.05.16	2001.12.26
		(Note 4)		
Interest Rate Swap	USD	500,000	2001.10.24	2002.10.28
		(Note 5)		
Callable Range Accrual Swap	USD	5,000	2001.10.17	2003.12.20
		(Note 6)		
	USD	5,000	2001.10.12	2003.12.10
		(Note 6)		
Swaption	USD	10,000	2001.10.12	2002.04.18
		(Note 7)		
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 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.

(Note 4): If the rate (average weighted daily spot for each fixing date of the contact) is higher than the contract rate, the Company will receive the difference between average rate and contract rate from bank.

Exercise prices/ Exercise rates	Recognized Gain (or loss)	Related future cash flows	
		Cash inflow	Cash inflow
USD1:MTD32.5~35.00	\$ 37,962	USD 24,000	NTD 833,400
USD1:NTD32.4~37	(73,774)	NTD 1,633,290	USD 46,000
USD1:MTD32.6~35	18,636	NTD 897,060	USD 26,000
USD1:NTD31.9~35	-	USD 5,000	NTD 164,000
USD1:JYP109.45~120	32,218	-	-
USD1:JYP109.45~125	(41,894)	JPY 750,000	USD 6,000
USD1:JPY120~126.2 4.8%~6%	(938)	-	-
USD1:NTD32.338~34.475	-	-	USD 4,000
JPY124	-	(Note 1)	(Note 1)
USD32.38、USD32.84	42,394	-	-
JPY120	(3,383)	-	-
USD35.5	-	(Note 8)	(Note 8)
USD32.84	31,636	-	-
2.40%	-	(Note 8)	(Note 8)
4.00%	-	(Note 8)	(Note 8)
5.00%	-	(Note 8)	(Note 8)
3.50%	-	(Note 8)	(Note 8)
	<u>\$ 42,857</u>		

(Note 5): The Company will pay or receive the difference between the floating and fixed interest rate multiplied by the notional amount.

(Note 6): 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 7): If the 2-year swap rate is above the contract rate, the Company will enter into the interest rate swap contract.

(Note 8): 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>			
Foreign Cross Currency Swap	USD 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	2001.10.16	2002.04.16
	(Note 1)		
Callable Range Accrual Swap	USD 5,000	2001.12.07	2002.03.07~92.12.07
	(Note 2)		
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.

f. The premiums of both options are to be offset and the net premium revenue were US\$539.5 thousand and US\$126.2 thousand of the Company and its consolidated subsidiaries for the years ended December 31, 2002 and 2001, respectively.

g. The interest income (expense) of the cross currency swap contracts were \$0, (\$1,038) and \$31,033, (\$15,510) of the Company and its consolidated subsidiaries for the years ended December 31, 2002 and 2001, respectively.

h. Fair value and book value

	December 31,			
	2002		2001	
	Book value	Fair value	Book value	Fair value
Foreign currency option contracts	\$ -	\$ 396,757	\$ -	(\$ 13,221)
Forward foreign currency contract	\$ -		\$ 137,900	
Fx receivable	-		137,900	
Fx payable	-	\$ -	\$ -	\$ 2,030

B. Additional disclosure

Pursuant to the terms of the contracts, the premiums are delivered or paid on the trade date. The Company provided time deposit amounting to US\$1,000 thousand as mortgage in 2002.

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	(12,199)	NTD 762,500	USD 22,000
USD1:NTD32.338~35.00	(34,409)	NTD 939,140	USD 26,400
USD1:JPY101.00~121.94	1,884	-	-
USD1:NTD32.71~37.02	-	(Note 3)	(Note 3)
USD1:JPY109.25~122.87	-	(Note 3)	(Note 3)
USD1:NTD32.61~34.623	-	(Note 3)	(Note 3)
3.50%	-	(Note 3)	(Note 3)
0%~4.2%	-	(Note 3)	(Note 3)
	(\$ 18,079)		

4) Elimination of intercompany transactions:

Name	Abbreviated name
Delta International Holding Ltd. and its subsidiaries (Note 1)	DIH
Delta Networks Holding Ltd. and its subsidiaries (Note 2)	DNH
Delta Network Inc. and its subsidiaries (Note 3)	DNI (Note 4)

(Note 1): The significant intercompany transactions between the Company and the consolidated subsidiaries of DIH mainly included:

1. Delta Electronics International Ltd.
2. Delta Electronics (Japan) Inc.
3. Delta Logistics (USA) Corp.
4. Delta Electronics Component (Thailand) Co., Ltd.
5. DNI Logistics (USA) Corp.
6. DNT Holding Ltd.
7. Delta Networks International Ltd.
8. Delta Electronics (Dong Guan) Co., Ltd.
9. Delta Electronics Industrial (Dong Guan) Co., Ltd.
10. Delta Electronics Components (Dong Guan) Co., Ltd.
11. Delta Electronics Power (Dong Guan) Co., Ltd.
12. Delta Electronics Components (Wu Jiang) Co., Ltd.
13. Delta Electronics (Wu Jiang) Co., Ltd.
14. Delta Electro- optics (Wu Jiang) Co., Ltd.
15. Delta Video Display System (Wu Jiang) Co., Ltd.

(Note 2): The significant intercompany transaction between the Company and the consolidated subsidiary of DNH was Delta Networks Inc.

(Note 3): The consolidated subsidiary was Delta Networks International Limited.

(Note 4): Delta Networks Inc. (DNI) was a subsidiary owns by the Company directly in 2001. In 2002, DNI was restructured, the Company disposed all of its investment in DNI to DNI Cayman (the subsidiary of DNH). DNI was indirectly owns by the Company after restructuring.

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

The details are as follows:

Transactions	2002	
	The Company	DIH
1. Elimination of long-term investments		
(1) Long-term investments, stockholder's equity and minority interest	(\$ 25,614,059)	\$ 24,813,598
(2) Elimination of investment income or loss recognized (including unrealized gain or loss from upstream and sidestream transactions)	(3,468,998)	3,998,019
(3) Elimination of realized gain or loss from downstream transactions	29,150	(29,150)
(4) Elimination of realized gain or loss from upstream transactions	(43,183)	33,920
(5) Elimination of realized gain or loss from sidestream transactions	(66,183)	66,183
2. Elimination of intercompany receivable (AR) and payable (AP) accounts		
(1) A/R and A/P of downstream transactions	(1,734,435)	1,721,500
(2) A/R and A/P of upstream transactions	9,556,302	(9,555,114)
(3) A/R and A/P of sidestream transactions	-	134,840
3. Elimination of profit and loss accounts		
(1) Sale and purchase transactions		
A. Downstream transactions		
a. Elimination of sales and purchase transactions	3,821,697	(3,816,510)
b. Elimination of unrealized gain of beginning inventories	(680)	680
c. Elimination of unrealized gain of ending inventories	680	(680)
B. Upstream transactions		
Elimination of sales and purchases	(24,467,711)	24,467,490
C. Sidestream transactions		
Elimination of sales and purchases	-	394,381
(2) Services revenue, selling expenses, management and administrative expenses	3,070,114	(3,240,315)
4. Elimination of minority interest	(158,798)	237,215
5. Elimination of other transactions		
(1) Leased asset transferred to property, plant and equipment	1,021,149	-
(2) Deposits-in and deposits-out	4,400	-
(3) Rental revenue and rental expense	47,487	-

<u>DNI</u>	<u>2001</u>		
	<u>The Company</u>	<u>DIH</u>	<u>DNI</u>
\$ 800,461	(\$ 22,148,042)	\$ 20,970,436	\$ 1,177,606
(529,021)	(1,947,197)	1,632,632	314,565
-	30,073	(30,073)	-
9,263	(72,705)	72,705	-
-	(69,493)	69,493	-
12,935	(1,130,889)	1,130,889	-
(1,188)	149,210	(149,210)	-
(134,840)	-	1,427,276	(1,427,276)
(5,187)	2,029,442	(1,951,905)	(77,537)
-	(407)	407	-
-	680	(680)	-
22	(16,717,713)	16,717,325	388
(394,381)	-	3,891,665	(3,891,665)
170,201	3,274,404	(3,443,322)	168,918
(78,417)	(142,945)	97,563	45,382
(1,021,149)	1,232,738	-	(1,232,738)
(4,400)	4,400	-	(4,400)
(47,487)	25,544	-	(25,544)

11. DISCLOSURE INFORMATION OF INVESTEE COMPANY

(1) Related information of significant transactions

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

B. Guarantee information:

<u>Name of the company providing guarantee</u>		<u>Parties being guaranteed</u>		<u>The limit of guarantee for such party (Note 3)</u>
		<u>Name</u>	<u>Relationship with the Company (Note 2)</u>	
<u>Number (Note 1)</u>	<u>Name</u>	<u>Name</u>		
0	Delta Electronics, Inc.	Delta Electronics Europe Ltd.	1	\$ 347,500
0	"	Delta Products Corp.	1	347,500 (Note 3)

(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, 2002, the maximum amount of guarantee that the Company can provide was \$24,050,343.

C. Marketable securities held by the Company at December 31, 2002: Long-term investments please refer to note 4(5) and short-term investments are as follows:

<u>Name of investor</u>	<u>Name and kind of marketable securities</u>		<u>The relationship of the issuers with the Company</u>	<u>General ledger accounts</u>
	<u>Kind of marketable securities</u>	<u>Name of marketable securities</u>		
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	NITC Bond Fund	None	"

D. Marketable securities acquired or sold during 2002 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, 2002</u>	
					<u>Number of shares</u>	<u>Amount</u>
Delta Electronics, Inc.	UBS Taiwan Bond Fund	Short-term investments	-	-	74,698,305	\$ 1,013,400
"	Wanpao Securities Investment Trust Fund	"	-	-	-	-
"	Capital Safe Income Fund	"	-	-	41,484,377	553,800

<u>The highest outstanding guarantee amount in 2002</u>	<u>The outstanding guarantee amount at 12/31/2002</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>
\$ 122,289	\$ 97,303	-	0.32%	(Note 4)
348,100	347,500	-	1.16%	(Note 4)

December 31, 2002

<u>Number of shares (In thousand)</u>	<u>Book value</u>	<u>Percentage ownership</u>	<u>Market value</u>	<u>Note</u>
76,822	\$ 1,079,707	-	\$ 1,080,052	-
94,762	1,119,401	-	1,119,865	-
7,327	1,134,477	-	1,135,502	-

<u>Addition</u>		<u>Disposal</u>				<u>December 31, 2002</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>
469,057,425	\$ 6,526,317	(466,933,448)	\$ 6,489,747	(\$6,460,010)	\$ 29,737	76,822,282	\$ 1,079,707
21,492,825	305,000	(21,412,825)	305,177	(305,000)	177	-	-
133,728,969	1,819,500	(175,213,346)	2,389,783	(2,373,300)	16,483	-	-

D. Marketable securities acquired or sold during 2002 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, 2002</u>	
					<u>Number of shares</u>	<u>Amount</u>
Delta Electronics, Inc.	Core Pacific Well Pool Bond Fund	Short-term investments	-	-	78,918,690	\$ 903,400
"	HSBC NTD Money Management Fund	"	-	-	-	-
"	NITC Bond Fund	"	-	-	3,003,970	451,826
"	Dresdner Taiwan DAM Fund	"	-	-	-	-
"	Capital Investment Cash Reserves Fund	"	-	-	-	-
"	Prudential Financial Bond Fund	"	-	-	-	-
"	Acute Applied Technologies, Inc.	Long-term investments	(Note 1)	-	9,000,000	89,294
"	Delta Optoelectronics Inc.	"	Delta Optoelectronics Inc.	A subsidiary of the Company	28,899,000	185,933
"	Yuasa Delta Technology Inc.	"	YDT International Holding Ltd.	DIH's investee company accounted for under the equity method	43,668,801	172,533
"	Delta Networks Holding Ltd.	"	-	A subsidiary of the Company	-	-

(Note 1): Transaction Parties included Investel Inc. and WK Technology Fund.

(Note 2): Including the proportionate share of adjustment to subsidiaries capital reserve.

(Note 3): Including investment loss.

(Note 4): Including the cumulative translation adjustments on this investment. The cumulative translation adjustments were cleared when they were sold.

(Note 5): Including investment income accounted for under the equity method and the cumulative translation adjustments on foreign long-term investment.

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 Other receivables
"	DEI Logistics (USA) Corp.	A subsidiary of DIH	Accounts receivable Other receivables
"	Delta Electronics (Thailand) Public Co., Ltd.	Investee company accounted for under equity method	Accounts receivable Other receivables
Delta Electronics, Inc.	Delta Products Corporation	Affiliated enterprise	Accounts receivable Other receivables

(Note): The amounts collected as of January 27, 2003.

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

Addition		Disposal				December 31, 2002	
Number of shares	Amount	Number of shares	Amount	Cost	Disposal gain (or loss)	Number of shares	Amount
532,915,532	\$ 6,232,076	(517,072,558)	\$ 6,040,452	(\$ 6,016,075)	\$ 24,377	94,761,664	\$ 1,119,401
10,865,235	150,000	(10,865,235)	150,093	(150,000)	93	-	-
36,204,226	5,556,071	(31,881,003)	4,883,754	(4,873,420)	10,334	7,327,193	1,134,477
84,711,738	906,270	(84,711,738)	907,000	(906,270)	730	-	-
74,233,748	801,625	(74,233,748)	804,738	(801,625)	3,113	-	-
313,871,044	4,260,420	(313,871,044)	4,272,375	(4,260,420)	11,955	-	-
3,240,000	42,120	(12,240,000)	305,082	(131,414)	173,668	-	-
9,851,073	138,637	-	-	(200,876)	-	38,750,073	123,694
-	(2,099)	(43,668,801)	170,668	(170,434)	234	-	-
	(Note 4)			(Note 4)			
25,000,000	870,975	-	-	(70,514)	-	25,000,000	800,461
				(Note 5)			

from related parties	Turnover rate	Overdue receivable		Subsequent collections (Note)	Allowance for doubtful accounts provided
		Amount	Action adopted for overdue accounts		
\$ 191,016	13.44	\$ -	-	\$ -	\$ -
4,130	-	-	-	-	-
1,323,143	3.47	545	Continued collection expected in 2003	415	-
89	-	-	-	-	-
447,918	0.49	391,528	Continued collection expected in 2003	12	-
140,610	-	-	-	-	-
149,408	3.49	255	Continued collection expected in 2003	-	-
7,958	-	-	-	-	-

(2) Disclosure information of investee company

Information relating to investee companies and the marketable securities of Volink Integrated System, Inc. was based on the reports of other auditors. Investment income or loss was translated at the average exchange rate in 2002 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, 2002	Balance as of December 31, 2001
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	\$ 100,000
"	Delta Networks Holding Ltd.	Scotia Center, 4th Floor P.O. Box 2804 George Town, Grand Cayman,	Equity investment in Cayman Islands Mainland China, Hong Kong, etc.	870,975	-
"	Delta International Holding Ltd.	Scotia Center, 4th Floor P.O. Box 2804 George Town, Grand Cayman, Cayman Islands	Development, design, manufacturing and sales of networking system and peripherals	4,425,537	4,425,537
"	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	525,812	378,525
"	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
"	Cyntec Co., Ltd.	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	455,814
"	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	366,362
"	Delta Electronics (Thailand) Public Co., Ltd.	Bangpoo Industrial Estate KM. 37, Sukhumvit Road Samutprakarn 10280, Thailand	Manufacturing and sales of electronic products	114,615	114,615
"	Delta Networks, Inc.	252, Shan-Ying Rd. Gueishan, Tao-Yan Taiwan	Development, design, manufacturing and sales of networking system and peripherals.	-	607,000

Held as of December 31, 2002					
Number of shares	Percentage ownership	Book value	Income (or loss) of the investee company	Investment income (or loss) recognized by the Company	Note
10,000,000	100.00	\$ 45,893	(\$ 21,902)	(\$ 21,902)	-
25,000,000	100.00	800,461	(55,355)	(55,355)	-
51,700,000	94.00	24,813,598	4,291,047	3,998,019	The investment income is net of the elimination of intercompany transactions.
38,750,073	86.11	123,694	(235,467)	(200,877)	The weighted average shareholding ratio was 85.31%.
120,000	40.00	(2,950)	188	75	The credit balance was reclassified to other liabilities - others.
19,600,000	39.20	214,925	(66,245)	(29,255)	The investment loss included the amortization of the excess of investment cost over the net assets of the investee company.
42,700,839	37.66	264,186	99,427		The weighted average shareholding ratio was 38.01%, and the investment income included the adjustment of the directors' and supervisors' remuneration.
24,030,920	32.92	341,111	(57,942)	(25,251)	The investment loss included the amortization of the excess of investment cost over the net assets of the investee.
69,128,140	5.82	1,190,514	2,658,408	408,147	The weighted average shareholding ratio was 20.14% and the investment income included the amortization of the excess of investment cost over the net assets.
-	-	-	(631,755)	(473,666)	The weighted average shareholding ratio was 20.14% and the investment income included the amortization of the excess of investment cost over the net assets.

A. Information of investee company (Continued):

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2002	Balance as of December 31, 2001
Delta Electronics, Inc.	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
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	44,966	44,966
"	Delta Electronics Agent Ltd.	P.O. Box 438, Road Town, Tortola, British Virgin Island	Operations management and engineering services	348	348
"	Delta Electronics International Ltd.	"	Manufacturing and sales of electronic products	31,275	31,275
"	Delta Electronics Trading Ltd.	P.O. Box 438, Road Town, Tortola, British Virgin Island	Electronics product sales	348	348
"	Delta Power Sharp Ltd.	21F, Prosperity Centre, No. 25 Chong Yip St., Kwun Tong, Kowloon, Hong Kong	Operations management and engineering services	44,940	44,940
"	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	1,174,917	1,081,265
"	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	687,643	572,900
"	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	1,024,399	959,872
"	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	517,017	451,494

<u>Held as of December 31, 2002</u>				Investment income	
<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>\$</u>	<u>the investee company</u>	<u>by the Company</u>	
-	-	\$ -	\$ 179,093	134,971	-
10,000,000	100.00	46,194	(496)	(Note 1)	-
10,000	100.00	908	238	"	-
900,000	100.00	13,782,810	6,262,441	"	-
10,000	100.00	6,678	(87)	"	-
10,000,000	100.00	60,822	(3,861)	"	-
-	100.00	1,404,749	(90,563)	"	-
-	100.00	659,530	8,205	"	-
-	100.00	828,594	491,662	"	-
-	100.00	672,015	174,349	"	-

A. Information of investee company (Continued):

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2002	Balance as of December 31, 2001
Delta International Holding Ltd.	DEI Logistics (USA) Corp.	4405 Cushing Parkway, Fremont, CA 94538, U.S.A.	Warehousing and logistics services	\$ 17,375	\$ 17,375
"	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	61,732	61,732
"	Deltec Co., Ltd.	14F, No.266, Wen Hua Avenue II, Sec.1 Linkou	Import/export of computer and electrical equipment	5,000	5,000
"	DNT Holding Ltd.	Scotia Center, 4th Floor P.O.Box 2804 George Town, Grand Cayman, Cayman Islandst	Taipei and its components Equity investmen	274,645	36,488
"	Delta Electronics Components (Thailand) Co., Ltd.	699 Moo 4 Bangpoo Industrial Est., Sukkumvit Rd., Parksar, Mung Samutprakam 10280, Thailand	Manufacturing and sales of electronic components	74,856	74,856
"	Pyramis Corporation	2271 West 205th Street Suite 103, Torrance, CA 90521, USA	Electronic products sales	83,400	83,400
"	Delta. Video Display System (Wu Jiang) Co., Ltd.	No. 18 Jiangxing East Road Yun Dong Derelement Zone Song Ling Town Wujirang City, Jiang Su Province, P.R.C.	Manufacturing and sales of color monitor (17" and below), ballast for discharge and fluorescent lighting	248,463	23,167
"	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)	764,500	403,100

<u>Held as of December 31, 2002</u>			<u>Income (or loss) of the investee company</u>	<u>Investment income (or loss) recognized by the Company</u>	<u>Note</u>
<u>Number of shares</u>	<u>Percentage ownership</u>	<u>Book value</u>			
500,000	100.00	\$ 21,068	\$ 1,101	"	-
3,800	100.00	66,384	1,608	"	-
500,000	99.99	6,196	191	"	-
7,903,444	94.00	320,655	641,186	"	-
8,999,988	89.99	270,805	(3,905)	"	-
6,000,000	66.67	58,953	(27,593)	"	-
-	55.00	264,931	30,037	"	-
-	55.00	739,296	(43,298)	"	-

A. Information of investee company (Continued):

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2002	Balance as of December 31, 2001
Delta International Holding Ltd.	Delta Electronics Components (Wu Jiang) Co., Ltd.	No. 6 Wutong New Road Wujiang Economic Development Zone, Song Ling Town Wujiang City, Jiang Su Province, P.R.C	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)	\$ 764,500	\$ 264,100
"	Delta Electro-optics (Wu Jiang) Co., Ltd.	No. 18 Jiangxing East Road Yun Dong Derelement Zone Song Ling Town Wujirang 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)	477,813	199,233
"	DAC Holding Ltd.	Scotia Center, 4th Floor P.O. Box 2804 George town, Grand Cayman, Cayman Islands	Equity investment	221,358	221,358
"	DAT Holding Ltd.	1209 Orange St., in the City of Wilmington, Country of New Castle, Delaware 19801, U.S.A.	Equity investment	209,642	209,642
"	YDT International Holding Ltd.	Scotia Center, 4th Floor P.O. Box 2804 George town, Grand Cayman, Cayman Islands	Equity investment	170,060	-
"	Netpower Technologies, Inc.	1100 Jupiter road, Suite 130 Plano, TX 75074, U.S.A.	Produce DC/DC/Power / Module, product design, sample production , and marketing & sales	62,548	62,548
"	Delcom Electronic Co. Ltd.	908 Moo 4, Tambon Prakasa, Amphur Muang Samutprakarn, Samutprakarn Province 10280, Thailand	Manufacturing and sales of electronic components	95,913	95,913

<u>Held as of December 31, 2002</u>				Investment income	
<u>Number of shares</u>	<u>Percentage ownership</u>	<u>Book value</u>	<u>Income (or loss) of the investee company</u>	<u>(or loss) recognized by the Company</u>	<u>Note</u>
-	55.00	\$ 716,529	(\$ 61,041)	(Note 1)	-
-	55.00	488,463	23,964	"	-
6,370,000	49.00	174,308	(8,984)	"	-
6,032,850	37.00	4,986	(2,445)	"	-
7,351,693	33.59	144,755	(72,355)	"	-
3,912,924	27.89	22,218	(39,584)	"	-
20,000,000	25.00	80,740	1,755	"	-

A. Information of investee company (Continued):

Name of investor	Name of investee company	Address	Main activities	Original investment	
				Balance as of December 31, 2002	Balance as of December 31, 2001
Delta Networks Holding Ltd.	Delta Networks Inc.	Scotia Center, 4th Floor P.O. Box 2804 George Iown, Grand Gayman, Cayman Islands.	Equity Investment	\$ 834,000	\$ -
Delta Networks (Cayman) Inc.	Delta Networks Inc.	252, Shan-Ying Road, Gueishan, Tao-Yan Taiwan	Development design manufacturing and sales of networking system and peripherals.	55,114	-
Delta Electronics (Japan) Ltd.	Addtron Technology (Japan) Co., Ltd.	2-1-4 Shibadaimon, Minato-Ku Tokyo 105-0012, Japan	Electronic products sales	9,536	9,536
DNT Holding Ltd.	DNI Logistics (USA) Corp.	4425 Cushing Parkway, Fremont, CA 94538, USA	Warehousing and logistics service	17,375	17,375
"	Delta Networks International Ltd.	21th Floors of Prosperity Centre, No.25 Chang Yip Street, Kowloon HongKong	Trading and import/export of networking system	600,864	-
Volink integrated system, Inc.	Volink Holding Ltd.	Offshore Chambers, P.O. Box 217, Asia, Samoa	Equity investment	6,311	3,623
Volink Holding Ltd.	Volink Integrated systems (Dong Guan)Co., Ltd.	Dongguan Guangdong P.R.C	Software development, design and sales, other value added work on software; software maintenance, technical service, system integration and consulting service	6,255	-

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

(Note 2): Investment income/loss recognized by Delta Networks Holding Ltd.

(Note 3): Investment income/loss recognized by Delta Networks (Cayman) Inc.

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

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

(Note 6): Investment income/loss recognized by Volink Integrated System, Inc.

(Note 7): Investment income/loss recognized by Volink Holding Ltd.

<u>Held as of December 31, 2002</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>	
24,000,000	100.00	\$ 765,702	(\$ 55,364)	(Note 2)	-	
8,739,151	87.39	-	(631,775)	(Note 3)	-	
720	100.00	9,800	28	(Note 4)	-	
500,000	100.00	19,009	1,870	(Note 5)	-	
10,000	100.00	263,224	667,621	(Note 5)	-	
185,000	100.00	3,973	(2,457)	(Note 6)	-	
-	100.00	3,856	(2,386)	(Note 7)	-	

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

C. Guarantee information: None.

D. Marketable securities held by the company at December 31, 2002:

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.
"	"	DNT Holding Ltd.
"	"	Delta Electronics Components (Thailand) Co., Ltd.
"	"	Pyramis Corporation
"	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	DAC Holding Ltd.
"	"	DAT Holding Ltd.
"	"	YDT International Holding Ltd.
"	"	Delcom Electronics Co., Ltd.
"	Preferred stock	Netpower Technologies, Inc.
"	Common stock	Delta Electronics (Thailand) Public Co., Ltd.
"	"	Deltron-Cimic Electric and Electronics Co., Ltd.
"	"	NY3D Inc.
"	"	Asante Technologies, Inc.
"	"	MRV Communications Inc.
"	Preferred stock	Ambicom, Inc.
"	"	Quintum Technologies, Inc.
"	"	Ezonics Corporation
"	"	Lightech Fiberoptics, Inc.
"	"	Netgear Inc.
"	Convertible bond	VPT, Inc.
"	Certificate of amount contributed	Mizubo Capital Co., Ltd.
"	Common stock	MHCC IT Fund 2000
Volink Integrated System, Inc (Volink)	Common stock	Volink Holding Ltd.
"	Beneficiary certificates	UBS Taiwan Bond Fund.
Delta Networks Holding Ltd.(DNH)	Common stock	Delta Networks Inc.

The relationship of the issuers with the Company	General ledger account	December 31, 2002			
		Number of shares	Book value	Percentage	Market value
A subsidiary of DIH	Long-term investments	10,000,000	\$ 46,194	100.00	\$ 46,194
"	"	10,000	908	100.00	908
"	"	900,000	13,782,810	100.00	13,782,810
"	"	10,000	6,678	100.00	6,678
"	"	10,000,000	60,822	100.00	60,822
"	"	500,000	21,068	100.00	21,068
"	"	3,800	66,384	100.00	66,384
"	"	-	1,404,749	100.00	1,404,749
"	"	-	659,530	100.00	659,530
"	"	-	828,594	100.00	828,594
"	"	-	672,015	100.00	672,015
"	"	500,000	6,196	99.99	6,196
"	"	7,903,444	320,655	94.00	320,655
"	"	8,999,988	270,805	89.99	270,805
"	"	6,000,000	58,953	66.67	58,953
"	"	-	739,296	55.00	739,296
"	"	-	716,529	55.00	716,529
"	"	-	488,463	55.00	488,463
"	"	-	264,931	55.00	264,931
"	"	6,370,000	174,308	49.00	174,308
"	"	6,032,850	4,986	37.00	4,986
"	"	7,351,693	144,775	33.59	144,775
"	"	20,000,000	80,740	25.00	80,740
"	"	3,912,924	22,218	27.89	22,218
"	"	180,984,450	4,772,640	15.23	4,109,487
Affiliated enterprise	"	34,036,000	106,529	10.38	106,529
-	"	333,333	8,688	4.96	8,688
-	"	333,333	681	3.33	2,125
-	"	219,899	9,308	0.26	9,308
-	"	2,000,000	104,250	-	104,250
-	"	400,000	34,750	-	34,750
-	"	1,000,000	42,857	-	42,857
-	"	720,000	93,825	-	93,825
-	"	525,779	104,250	-	104,250
-	"	-	26,063	-	26,063
-	"	-	30,917	-	30,917
-	"	185,000	3,973	100.00	3,973
-	Short-term investment	1,306,096	18,171	-	18,362
-	Long term investment	24,000,000	765,702	100.00	765,702

E. Marketable securities acquired or sold during the first half year of 2002 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, 2002</u>	
					<u>Number of shares</u>	<u>Amount</u>
Delta International Holding Ltd.	DNT Holding Ltd.	Long-term investments	DNT Holding Ltd.	A subsidiary of the Company	1,050,000	\$ 36,261
"	Delta Electronics Components Co., Ltd.	"	Delta Electronics Components Co., Ltd.	"	-	246,279
"	Delta Electronics (Jiang Su) Co., Ltd.	"	Delta Electronics (Jiang Su) Co., Ltd.	"	-	400,235
"	Delta Video Display System (Wu Jiang) Co., Ltd.	"	Delta Video Display System (Wu Jiang) Co., Ltd.	"	-	23,164
"	Delta Electro-optics (Wu Jiang) Ltd.	"	Delta Electro-optics (Wu Jiang) Ltd.	"	-	198,030
"	Delta Electronics Industrial (Dong Guan) Co., Ltd.	"	Delta Electronics Industrial (Dong Guan) Co., Ltd.	"	-	443,291
"	YDT International Holding Ltd. (YDT Holding)	"	(Note 3)	YDT Holding Investee company accounted for under equity method	-	-
Delta Networks Holding Ltd.	Delta Networks Inc.	Long-term investments	Delta Networks Inc.	A subsidiary of the Company	-	-

(Note 1): Including investment income accounted for under the equity method and the cumulative translation adjustments on foreign long-term investment.

(Note 2): Including investment loss accounted for under the equity method.

(Note 3): Transaction parties included Yuasa Delta Technology Inc. and YDT International Holding Ltd.

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

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

H. Related party purchases or sales transactions in excess of \$100,000 or over 20% of Capital: None.

I. Receivable from related parties in excess of \$100,000 or over 20% Capital: None.

J. Information on derivative transactions:

Delta International Holding Ltd. (DIH):

1) General information disclosure (unit in thousand):

(a) Purpose:

DIH entered into certain forward foreign currency contracts to hedge foreign exchange risk in foreign currency denominated accounts receivable.

(b) Accounting policies:

See Note 2.

(c) Credit risk:

The banks, which DIH 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

(d) As of December 31, 2002, the outstanding forward foreign currency purchase and sales (THB/USD) contracts was THB 2,900,000. The cash inflow and

(e) In 2002, total gains on the forward foreign currency contracts was \$372.

2) Additional disclosure Pursuant to the terms of the contracts, DIH does not provide any mortgage assets.

Addition		Disposal				December 31, 2002	
Number of Shares	Amount	Number of shares	Sales amount	Cost	Disposal gain (or loss)	Number of shares	Amount
6,853,444	\$ 284,394 (Note 1)	-	\$ -	\$ -	\$ -	7,903,444	\$ 320,655
-	500,400	-	-	(30,150) (Note 2)	-	-	716,529
-	361,400	-	-	(22,339) (Note 2)	-	-	739,296
-	241,767 (Note 1)	-	-	-	-	-	264,931
-	290,433 (Note 1)	-	-	-	-	-	488,463
-	216,239 (Note 1)	-	-	-	-	-	659,530
7,351,693	144,775 (Note 1)	-	-	-	-	7,351,693	144,775
24,000,000	765,702 (Note 1)	-	-	-	-	24,000,000	765,702

the contracts. In the event that the banks do fail to comply with the contracts, it will not cause any major loss to DIH. and outflow was THB 2,900,000/US\$66,831 and US\$66,864/THB2,900,000, respectively.

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

A. Basic information

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, 2002
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	NT\$ 1,174,917 (Equivalent to US\$ 33,810) (RMB279,832)	Invested by Delta International Holding Ltd.	NT\$ 1,097,240 (Equivalent to US\$ 31,575)
Deltron-Cimic Electric and Electronics Co.,	Manufacturing and sales of electronic ballasts for energy saving Ltd. 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)	NT\$ 1,376,587 (Equivalent to US\$ 39,614) (RMB328,000)	"	NT\$ 104,322 (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	NT\$ 687,643 (Equivalent to US\$ 19,788) (RMB163,998)	"	NT\$ 539,617 (Equivalent to US\$15,528)
Delta Electronics Components (Dong Guan) Co., Ltd.	Manufacturing and sales of transformers (capacity not exceeding 1000 VA), interface cards, battery and other related products	NT\$ 1,024,399 (Equivalent to US\$ 29,479) (RMB244,260)	"	NT\$ 903,821 (Equivalent to US\$26,010)
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	NT\$ 517,017 (Equivalent to US\$14,878) (RMB123,414)	"	NT\$ 424,404 (Equivalent to US\$12,213)
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)	NT\$ 1,390,000 (Equivalent to US\$ 40,000) (RMB331,200)	"	NT\$ 287,452 (Equivalent to US\$ 8,272)
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)	NT\$ 1,390,000 (Equivalent to US\$ 40,000) (RMB331,200)	"	NT\$ 378,914 (Equivalent to US\$10,904)
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)	NT\$ 873,000 (Equivalent to US\$ 25,000) (RMB207,000)	"	NT\$ 187,279 (Equivalent to US\$ 5,389)
Delta Video Display System (Wu Jiang) Co., Ltd.	Manufacturing and sales of color monitor (17" and below), ballast for discharge and fluorescent lighting	NT\$ 453,960 (Equivalent to US\$ 13,000) (RMB107,640)	"	NT\$ 21,776 (Equivalent to US\$ 627)

Remitted or collected this period		Accumulated remittance as of December 31, 2002	Ownership held by the Company (Direct and indirect)	Investment income (or loss) recognized by the Company during the year	Ending balance of investment	The investment income (or loss) remitted back as of December 31, 2002
Remitted out	Collected					
NT\$ 88,033 (Equivalent to US\$ 2,533)	-	NT\$ 1,185,273 (Equivalent to US\$ 34,108)	94.00%	(\$ 85,129)	\$ 1,320,464	-
-	-	NT\$ 104,322 (Equivalent to US\$ 3,002)	9.76%	-	100,137	-
NT\$ 107,859 (Equivalent to US\$ 3,104)	-	NT\$ 647,476 (Equivalent to US\$ 18,632)	94.00%	7,713	619,958	-
NT\$ 60,655 (Equivalent to US\$ 1,745)	-	NT\$ 964,476 (Equivalent to US\$ 27,755)	94.00%	462,162	778,878	-
NT\$ 61,591 (Equivalent to US\$ 1,772)	-	NT\$ 485,995 (Equivalent to US\$ 13,985)	94.00%	163,888	631,694	-
NT\$ 431,178 (Equivalent to US\$ 12,408)	-	NT\$ 718,630 (Equivalent to US\$ 20,680)	51.7%	(26,137)	673,537	-
NT\$ 339,716 (Equivalent to US\$ 9,776)	-	NT\$ 718,630 (Equivalent to US\$ 20,680)	51.7%	(22,341)	694,938	-
RMB\$261,864 (Equivalent to US\$ 7,536)	-	NT\$449,143 (Equivalent to US\$12,925)	51.7%	10,576	459,155	-
RMB\$211,778 (Equivalent to US\$6,094)	-	NT\$233,554 (Equivalent to US\$6,271)	51.7%	15,439	249,035	-

Accumulated amount remitted out of Taiwan to Mainland China	Investment amount approved by the Investment Commission	Ceiling of investment amount of the Company
NT\$ 5,507,499 (US\$ 158,488)	NT\$ 6,063,909 (US\$ 174,501)	NT\$ 7,526,816

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 2002 were as follows:

A) Purchase amount and percentage and related accounts payable at December 31, 2002:

Name of the counterparty	Relationship with DEIL	Transaction terms		
		Purchases (sales)	Amount	% of total Purchases (sales)
Delta Electronics (Dong Guan) Co., Ltd.	Affiliated enterprise	Purchases	\$ 5,485,169	10.30
Delta Electronics Components (Dong Guan) Co., Ltd.	"	"	3,355,646	6.30
Delta Electronics Power (Dong Guan) Co., Ltd.	"	"	11,774,568	22.12
Delta Electronics Industrial (Dong Guan) Co., Ltd.	"	"	5,935,990	11.15
Delta Electronics (Jiang Su) Co., Ltd.	"	"	2,271,971	4.27
Delta Electronics Components (Wu Jiang) Co., Ltd.	"	"	352,059	0.60
Delta Electro-optics (Wu Jiang) Ltd.	"	"	137,751	0.26
Delta Video Display System (Wu Jiang) Co., Ltd.	"	"	582,212	1.09

B) Sales amount, percentage and related accounts receivable at December 31, 2002 :

Name of the counterparty	Relationship with DEIL	Transaction terms		
		Purchases (sales)	Amount	% of total Purchases (sales)
Delta Electronics (Dong Guan) Co., Ltd.	Affiliated enterprise	Sales	\$ 6,061,998	10.00
Delta Electronics Industrial (Dong Guan) Co., Ltd.	"	"	5,352,006	8.83
Delta Electronics Power (Dong Guan) Co., Ltd.	"	"	9,187,367	15.15
Delta Electronics Components (Dong Guan) Co., Ltd.	"	"	2,402,003	3.96

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

Credit terms	Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)	
	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)
By the term of contracts	-	-	\$ -	-
"	-	-	(1,603,248)	(20.44)
"	-	-	-	-
"	-	-	-	-
"	-	-	(708,045)	(9.02)
"	-	-	(124,965)	(1.59)
"	-	-	(44,497)	(0.56)
"	-	-	(142,527)	(1.82)

Credit terms	Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)	
	Unit price	Credit period	Balance	% of total accounts or notes receivable (payable)
By the term of Contracts	-	-	\$ 905,672	6.96
"	-	-	559,668	4.30
"	-	-	664,318	5.10
"	-	-	-	-

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 2002 and 2001.

B. Financial information by geographic area

Geographic area information in 2002 and 2001 were as follows:

	2002				Consolidated
	Asia	Others	Domestic	Elimination	
Operating revenues from unaffiliated customers	\$ 18,286,222	\$ 3,821,485	\$ 26,407,015	\$ -	\$ 48,514,722
Operating revenues from the Company and its consolidated subsidiaries	24,625,446	-	7,298,658	(31,924,104)	-
Total operating revenues	<u>\$ 42,911,668</u>	<u>\$ 3,821,485</u>	<u>\$ 33,705,673</u>	<u>(\$ 31,924,104)</u>	<u>\$ 48,514,722</u>
Segment profits	<u>\$ 7,931,504</u>	<u>\$ 9,918</u>	<u>\$ 367,439</u>	<u>(\$ 3,065,790)</u>	\$ 5,243,071
Investment income under equity method					299,148
General expense					(554,185)
Interest expense					(145,167)
Net income before income tax and minority interest					<u>\$ 4,842,867</u>
Identifiable assets	<u>\$ 34,698,448</u>	<u>\$ 1,375,484</u>	<u>\$ 21,540,151</u>	<u>(\$ 11,635,306)</u>	\$ 45,978,777
Long-term investments					9,070,425
General assets					-
Total assets					<u>\$ 55,049,202</u>
Depreciation expense	<u>\$ 1,276,079</u>	<u>\$ 2,604</u>	<u>\$ 508,052</u>	<u>\$ -</u>	<u>\$ 1,786,735</u>
Capital expenditures	<u>\$ 4,342,354</u>	<u>\$ 20,244</u>	<u>\$ 355,621</u>		<u>\$ 4,718,219</u>

2001				
<u>Asia</u>	<u>Others</u>	<u>Domestic</u>	<u>Elimination</u>	<u>Consolidated</u>
\$ 9,048,971	\$ 7,279,829	\$ 26,373,421	\$ -	\$ 42,702,221
<u>20,263,872</u>	<u>-</u>	<u>5,818,270</u>	<u>(26,082,142)</u>	<u>-</u>
<u>\$ 29,312,843</u>	<u>\$ 7,279,829</u>	<u>\$ 32,191,691</u>	<u>(\$ 26,082,142)</u>	<u>\$ 42,702,221</u>
<u>\$ 5,041,514</u>	<u>\$ 821,532</u>	<u>\$ 1,204,115</u>	<u>(\$ 3,223,371)</u>	<u>\$ 3,843,790</u>
				322,709
				251,751
			(162,568)	<u>\$ 4,255,682</u>
<u>\$ 25,391,645</u>	<u>\$ 2,767</u>	<u>\$ 24,151,242</u>	<u>(\$ 7,186,568)</u>	<u>\$ 42,359,086</u>
			10,631,706	
			-	
			\$ 52,990,792	
<u>\$ 613,149</u>	<u>\$ 97,644</u>	<u>\$ 432,426</u>	<u>\$ -</u>	<u>\$ 1,143,219</u>
<u>\$ 984,502</u>	<u>\$ 131,460</u>	<u>\$ 1,233,677</u>	<u>\$ -</u>	<u>\$ 2,349,639</u>

C. Information about export sales

The export sales of the Company and its consolidated subsidiaries in 2002 and 2001 were as follows:

<u>Destination</u>	<u>2002</u>	<u>2001</u>
U.S.A.	\$ 15,870,703	\$ 14,998,686
Southeast Asia	11,034,475	9,470,791
Europe	4,128,910	4,214,006
Northeast Asia	3,430,370	2,962,543
Americas	292,572	222,344
Others	612,219	486,032
	<u>\$ 35,369,249</u>	<u>\$ 32,354,402</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 2002 and 2001.

Corporate Information

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Fax: 886-2-87972120

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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Taipei, Taiwan, R.O.C.
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