BRIDGE TECHNOLOGY INC
Form 10-K
April 01, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Form 10-K

(Mark One)

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ______________

Commission file number 000-24767

BRIDGE TECHNOLOGY, INC.
(Name of small business issuer as specified in its Charter)

NEVADA	59-3065437
(State or other Jurisdiction of Incorporation or organization)	(IRS Employer Identification No.)

12601 Monarch Street, Garden Grove, CALIFORNIA	92841
(Address of principal executive offices)	(Zip code)

Issuer's telephone number: (714) 891-6508

Issuer's facsimile number: (714) 890-8590

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X]   No [ ]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

State issuer's revenues for its most recent fiscal year. $141,907,379

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days. (See definition of affiliate in Rule 12b-2 of the Exchange Act.) December 31, 2001 $14,400,000

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

State number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.
Common Stock, $0.01 Par Value - 10,863,186 shares as of December 31, 2001

DOCUMENTS INCORPORATED BY REFERENCE

Registrant's Form 10-SB and subsequent amendments 1 and 2 which were initially filed in August 1998 with the Securities and Exchange Commission in connection with the Registrant's Registration Statement is incorporated by reference into Part I, II and III of this report as well as certain exhibits filed with the Registrant's Registration Statement. In addition Form 10KSB for the years ended 12/31/98, filed 3/31/99 and 12/31/99, filed 3/31/00 with the Securities and Exchange Commission is also incorporated by reference into Part I, II and III of this report as well as certain exhibits filed with the Form 10KSB.

TABLE OF CONTENTS

PART I

Item 1. Business.

Item 2. Property.

Item 3. Legal Proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

Item 6. Management's Discussion and Analysis of Results of Operations and Financial Condition.

Item 7. Financial Statements and Supplementary Data.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

PART III

Item 9. Directors and Executive officers of the Registrant.

Item 10. Executive Compensation.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

Item 12. Certain Relationships and Related Transactions.

Item 13. Exhibits and Reports on Form 8-K.

SIGNATURES

ITEM 1. DESCRIPTION OF BUSINESS.

The Bridge Technology vision is to develop state-of-the-art power electronics components and to develop a strong channel distribution system in Asia and the United States. Company uses these components to design leading edge subsystems and products for information technology, medical, gaming and communications industries. To capitalize on the potential of these designs the Company develops, purchases, assembles, integrates, manufactures, tests, packages, markets and sells a broad family of products. Company established operating divisions and subsidiaries under several separate business names, each focused on specific products and sales channels.

Bridge uses in-house development, joint venture, licensing and acquisition of leading edge technologies and companies to deploy them in new products for OEM customers. The Company is creating innovative products demanded by computer and communications equipment Original Equipment Manufacturers (OEMs), value-added resellers and system integrator, and ultimately by the end users. The Company sells these products directly to OEMs and systems integrators, and through selected distributors and manufacturer's representatives. We currently employ 356 full time employees, including senior management and manufacturing personnel and 25 administrative personnel.

Currently the Company has five wholly owned active subsidiaries: PTI Enclosures, Inc. (USA), Bridge R&D, Inc. (USA), Autec Power Systems, Inc. (USA),Classic Trading Inc. and Bridge Technology Ningbo, China. In addition the Company owns a 90% interest in CMS Technology LTD (Hong Kong). Also, the Company owns the following inactive subsidiaries: Newcorp Technology, Inc.

(USA), Astro Bridge Net, Dyna Five International and Pacific Bridge Net.

The Company has two primary groups:
I) POWER ELECTRONICS GROUP: AUTEC (USA), PTI, (USA)
II) CHANNEL DISTRIBUTION GROUP (under Bridge R&D): DataStor, Classic Trading Inc.

Our Company is essentially vertically integrated and horizontally operational.

I. POWER ELECTRONICS GROUP:

Autec Power Systems Inc.

Through an exchange of shares of common stock effective December 1, 1999, the Company acquired 100% of the equity interest in Autec Power Systems Inc. ("Autec"). The exchange was on the basis of one share of the Company's common stock for two shares of Autec common stock outstanding.

Autec designs, develops, engineers and produces high quality power supplies for a diversified list of clientele. Autec also sells a family of proprietary automobile power adapters and selected clear plastic consumer electronics products to its customer. Mr. Winston Gu, Chairman and principal shareholder of Bridge Technology Inc. serves as the Company's Chairman and a member of the Executive Steering Committee.

The Company opened its new 110,000 square feet, Ningbo, China manufacturing operation in July 2001 and commenced hiring and training of manufacturing personnel. Current capacity is 600,000 power supplies per month per single shift with these shifts envisioned in coming years. At present the factory in Ningbo, China is underutilized with two of six assembly lines in operation. Until at full capacity with our products the Company expects to seek contract manufacturing services.

EEMB USA

To reduce expenses the Company integrated the EEMB operation into Autec operations. EEMB China, a People's Republic of China corporation, (EEMB) is a major manufacturer of standard size batteries, high energy battery cells, and special battery packs utilizing most popular battery cell chemistries. The USA battery division objective is to procure, market and sell a family of batteries, principally to U.S. based OEM customers. However, there can be no assurance that EEMB USA will be successful in such efforts. This group also sells a family of proprietary automobile power adapters and selected clear plastic consumer electronics products to its customers.

PTI Enclosures, Inc. (PTI)

PTI Enclosures, Inc. (PTI) is focused on designing, developing, manufacturing, testing and selling custom-designed enclosures, power supplies and complete subsystems for computer peripherals, telecommunications equipment, medical equipment, gaming equipment and other electronics devices. Customers include major computer and computer peripheral manufacturers, telecommunications manufacturers, government entities, manufacturers of gaming devices and medical instrumentation manufacturers who use PTI's capabilities to produce OEM products manufactured to their exact specifications. All OEM based and custom designed products provide high quality at competitive prices. PTI also sells products to sub-system integrators who add the peripherals and software to PTI's enclosures and then sell these complete products to the end users. The enclosures PTI provides encompass hard drive enclosures, tape

enclosures, CD tower enclosures, RAID disk array enclosures, various server enclosures and other enclosures. PTI also aupplies enclosures and power supplies for several special-purpose systems.

Newcorp Technology Ltd. (Japan)

The Company's reduced its interest in Newcorp Technology, Ltd. Japan as of December 31, 2001, selling 85% to Mr. Hideki Watanabe, the President of Newcorp Technology Ltd. Japan and a Director of Bridge Technology Inc.

II. CHANNEL DISTRIBUTION GROUP:

Bridge R&D, Inc.

Bridge division that was reselling ADTX products was sold to ADTX Japan in early 2001. Currently Bridge R&D has two operating units: DataStor Division and Classic Trading Inc.

DataStor

DataStor is a division of Bridge R&D, Inc. It identifies,designs, procures, lightly manufactures, assembles, tests and distributes metal and plastic enclosures, brackets and enhancement kits for a variety of computer platforms. Certain products are produced under specific contracts with several manufacturers. DataStor also sells external peripheral kits consisting of enclosures and power supplies, mounting brackets for various peripherals in PC systms. DataStor supplies various mass storage enabling products, including enclosures for 1 to 7 drives, drive mounting brackets, and fixed and removable mounting bracket kits.

DataStor's customers include INGRAM Micro, NECX and other distributors who further sell to the second tier distributors and systems integrators. Other customers are master resellers who sell to second and third-tier OEMs, Value Added Resellers (VARs) and system integrators. DataStor is dedicated to maintaining its market position as anindustry leader in making cutting edge technology available to customers. DataStor is constantly researching market demand and developing new product lines and solutions.

Classic Trading, Inc.

The primary mission of Classic Trading is to select, evaluate and procure new value added products. This subsidiary plans to introduce several new products in 2002. Classic Trading plans to develop, license or acquire products that it is able to sell through its existing sales organization. Since the Company executed non-disclosure agreements with major high technology companies, the Company is not permitted to disclose the nature of these new technologies and products for potential licensing until respective license agreements are in fact signed. However, there can be no assurance that the company will complete any additional licensing agreements or technology acquisitions.

Competition

Manufacturing and distribution of power supplies, computer peripherals, computer enhancement, communications and other commercial electronics products is fiercely competitive. The Company competes with numerous other companies, including several major manufacturers and distributors. Certain competitors have greater financial and other resources than the Company. Consequently, such entities may begin to develop, manufacture, market and distribute systems

that are substantially similar or superior to our Company's products. There is no assurance that the Company will be able to continue to develop and sell products that afford it significant competitive advantage in the market.

Importance of New Product Development to Growth

The Company's ability to develop and successfully introduce new products will continue to be a significant factor to its growth and remaining competitive. Development of new product lines is costly and risk intensive. New product development often requires long term forecasting of market trends, the development and implementation of new designs, compliance with extensive governmental regulatory requirements and substantial capital commitments.

There are a number of manufacturing and design risks inherent in engineering high cost custom built prototypes upon which development and contracting decisions are often made, into commercial products that are able to be manufactured in large quantities at acceptable cost. Also, the computer peripheral industry is characterized by rapid technological change. As technological changes occur in the marketplace, the Company may have to modify its products in order to keep pace with these changes and developments.

The introduction of products embodying new technologies, or the emergence of new industry standards, may cause the existing products, or even the products under development, to become obsolete or unmarketable within a rapid time frame. Any failure by the Company to anticipate or respond in a cost-effective and timely manner, to government requirements, market trends, and customer requirements, or any significant delays in product development or introduction, could have a material adverse effect on the Company's business, results of operations, and financial condition.

Expansion through Internal Growth, Acquisitions and Joint Ventures
----

The Company focuses its resources on growing its business by selling existing products to new customers, by providing additional new products to current customers, and by targeting new market niches for products that the Company can produce or procure within its core capabilities.

From inception of new management in 1997, the Company has experienced rapid growth in revenues and earnings and geographic scope of operations. Any future growth may place a significant strain on management and on the Company's financial resources and information processing systems. In conjunction with the Autec acquisition, Mr. Winston Gu has joined the executive staff as Chairman of the Company, and Mr. James Djen assumed the role of CEO. To be successful the Company has to find and attract additional seasoned talent in this highly competitive area. The failure to recruit additional staff and key personnel, to have sufficient financial resources to respond effectively to difficulties encountered pursuing expansion could have a material adverse effect on the Company's business, operating results and financial condition.

The Company intends to expand its product lines in the domestic and international markets, in part, primarily by internal growth and secondarily through acquisitions. The Company's ability to expand successfully through strategic acquisitions will depend upon the availability of suitable acquisition candidates at the valuation acceptable to the Company and the availability of financing on terms acceptable to the Company. There can be no assurance that the Company will be successful in completing acquisitions.

Such expansions involve numerous risks, including possible adverse short-term effects on the Company's operating results or the market price of the common stock. These acquisitions and joint ventures will be subject to approval or

ratification by the Company's stockholders. The Company uses outside appraisers for all significant acquisition. It is expected that the Directors will require its Officers to obtain valuation opinions or contact letters on all future acquisitions.

In addition, the Company competes for acquisition opportunities with companies which have significantly greater financial and management resources than those of the Company. There can be no assurance that suitable acquisition opportunities will be identified and that any such transactions can be consummated, or that, if acquired, such new businesses can be integrated successfully and profitably into the Company's historic rate of growth will continue and that the Company will continue to successfully expand, or that growth or expansion will result in profitability.

CAUTIONARY STATEMENTS AND RISH FACTORS

Limited Operating History; History of Losses and Accumulated Deficits
----
While the Company has been in existence since 1969, its operations between 1975 and 1997 were limited to the exploration of acquisition opportunities. Bridge Technology Inc. and its subsidiaries have only been in operation since June 1, 1997. At December 31, 2001, the Company's accumulated deficit was $2,429,824. The ability of the Company to obtain and sustain profitability will depend, in part, upon the successful marketing of existing products and the successful and timely introduction of new products. There can be no assurance that the Company will be able to generate and sustain net sales or profitability in the future.

Need for Additional Financing

The Company anticipates that additional capital will be required during the next twelve months by two of its subsidiaries. Autec Power Systems Inc. has been incurring loss in its manufacturing operations since June 2001 which have primarily been financed by credit from a related party supplier, Wantec Systems, which is controlled by the Winston Gu's family. Financing has not been available from Bridge Technology Inc. current operations. Accordingly, our Directors have voted to spin off as dividend to our existing shareholders of all the shares held by Bridge Technology Inc. in order to facilitate outside financing. In addition the new factory in Ningbo, China will be made available for manufacturing Autec power supplies. Factory ownership is expected to remain with Bridge Technology Inc. A registration statement will be filed with the Securities and Exchange Commission in connection with the Autec spin off or any other Bridge Technology Inc. spin off. The Company is also planning continual growth for its CMS Technology Ltd Hong Kong subsidiary both in China and other Asian countries like India, the Philippines Islands and the United States. The company is in discussion with several investment group considering expansion financing with no agreements consummated to date. The Company has a $4,000,000 line of credit for the U.S. market with General Bank. This loan agreement expired on June 30, 2001 with negotiations in progress to extend to June 30, 2002. The Company also has a credit facility directly with IBM for our operations in China. The facility varies during the year and is not available for our U.S. operations. The Company believes that financing may be more readily available directly with its subsidiaries either under the Bridge Technology Inc. corporate structure or as separate trading entities. The Company will discuss all financing possibilities available at its upcoming Shareholders meeting in early May 2002. No assurance can be given at this time that additional financing will be available and if available that the terms will be favorable to the Company or its shareholders. Although our Company management is optimistic, all of us realize that if adequate funds are not available to the Company, then the Company may be required to curtail its growth and even its operations.

Dependence on Key Personnel

The Company's future performance will depend on certain key management personnel. The following Officers are members of the Company's Executive Steering Committee:

Winston Gu, Chairman of the Board of Bridge Technology, Inc.
James Djen, CEO of Bridge Technology, Inc.
John T. Gauthier, CFO of Bridge Technology, Inc.
John Harwer, President of Bridge Technology, Inc.

In addition, the Company's success will dependent upon its ability to recruit and retain additional qualified personnel. Any failure by the Company to retain and attract key personnel could have a material adverse effect on the Company's business, operating results, and financial condition.

Limited Proprietary Protection

The Company's success and ability to compete may depend in part upon its proprietary technology. The Company's proprietary products are not all protected by any patents. Therefore, to date the Company has relied primarily on trademark, trade secrets and Copyright laws to protect its technology. Also, the Company has implemented a policy that most senior and technical employees and third-party developers sign non-disclosure agreements. However, there can be no assurance that such precautions will provide meaningful protection from competition or that competitors will not be able to develop similar or superior technology independently.

Ultimately, the Company may be unable, for financial or other reasons, to enforce its rights under the intellectual property laws. In addition, the laws of certain countries in which the Company's products are or may be distributed may not protect the Company's products and intellectual property rights to the same extent as the laws of the United States.

The Company believes that its products do no infringe upon any valid existing proprietary rights of third parties. In 2001 the Company was sued by a competitor and it won its counter-claim against a competitor of proprietary automobile phone charger products. Although the Company has received no communication from third parties alleging the infringement of proprietary rights of such parties since this lawsuit, there can be no assurance that third party will not assert infringement claims in the future. Any such third party claims, whether or not meritorious, could result in costly litigation or require the Company to enter into royalty or licensing agreements. There can be no assurance that the Company would prevail in any such litigation or that any such licenses would be available on acceptable terms, if at all. If the Company were found to have infringed upon the proprietary rights of third parties, it could be required to pay damages, cease sales of the infringing products and redesign or discontinue such products, any of which alternatives, individually or collectively could have a material adverse effect on the Company's business, operating results and financial condition.

Speculative Nature of Company's Proposed Plan of Operation

The success of the Company's proposed plan of operation will depend to a great extent on it management, present and future, operating within the confines of limited financial resources. Current working capital is expected to be sufficient to sustain the Company's growth in the year 2002. However, without outside financing the Company may have to revise its growth plans and lower its estimates. There is no assurance that outside financing will be available to the Company, and if such financing were available that the terms of such proposed financing would be acceptable to the Company.

Lack of Market Research or Marketing Organization

The Company has determined on its own that a market demand exists for our Company's contemplated business. In the power electronics field the Company has been utilizing two recent research reports; one by CIBC Oppenheimer World Markets, New York, New York and the second by Stevens Inc., Little Rock, AK. The Company does not have a separate marketing organization. Each business unit has its own marketing staff. Present management will market the Company's products and services on a division basis as they are developed.

Lack of Diversification

The Company's proposed growth plans are limited and directly related to financing. The Company's inability to diversify its activities into a number of areas may subject the Company to economic fluctuations within a particular specific field, and therefore increase the risks associated with the Company's operations.

Regulation

The Company is subject to regulation under the Securities Exchange Act of 1934 Management believes that our Company is not be subject to regulation under the Investment Company Act of 1940, as we are not engaged in the business of investing or trading in securities. In the event the Company engages in business combinations which result in our Company holding passive investment interests in a number of entities, the Company could be subject to regulation under the Investment Company Act of 1940. In such event, the Company would be required to register as an investment company and could be expected to incur significant registration and compliance costs. The Company has obtained no formal determination from the Securities and Exchange Commission as to the status of the Company under the Investment Company Act of 1940 and, consequently, any violation of such Act would subject the Company to material adverse consequences.

Product Liability

The Company's power electronics division Autec experienced a product liability claim which was settled. The sale and support of products by the Company may entail the risk of such claims, and there can be no assurance that the Company will not be subject to such claims in the future. A successful product liability claim or claim arising as a result of use of the Company's products brought against the Company, or negative publicity attendant to any such claim, could have a material adverse effect upon the Company's business, operating results and financial condition. The Company does not maintain product liability insurance.

Limitation of Liability and Indemnification

The Company's Amended and Restated Certificate of Incorporation limits, to the maximum extent permitted by the Nevada General Corporation Law ("Nevada Law"), the personal liability of directors for monetary damages for breach of their fiduciary duties as a director, and provides that the Company shall indemnify its officers and directors and may indemnify its employees and other agents to the fullest extent permitted by law.

The Company has purchased director's and officer's liability insurance which expires in June 2002. There is no assurance that the policy can or will be renewed. Nevada Law provides that a corporation may indemnify a director,

officer, employee or agent made, or threatened to be, a party to an action by reason of the fact that he was a director, officer, employee or agent of the corporation or, was serving at the request of the corporation, against expenses actually and reasonably incurred in connection with such action if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect of any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful.

Nevada Law does not permit a corporation to eliminate a director's duty of care, and the provisions of the Company's Amended and Restated Certificate of Incorporation have no effect on the availability of equitable remedies, such as injunction or rescission, for a director's breach of the duty of care. INSOFAR AS INDEMNIFICATION FOR LIABILITIES ARISING UNDER THE SECURITIES ACT OF 1933 MAY BE PERMITTED TO DIRECTORS, OFFICERS OR PERSONS CONTROLLING THE COMPANY PURSUANT TO THE FOREGOING PROVISION, OR OTHERWISE, THE COMPANY HAS BEEN INFORMED THAT IN THE OPINION OF THE SECURITIES AND EXCHANGE COMMISSION SUCH INDEMNIFICATION IS AGAINST THE PUBLIC POLICY AS EXPRESSED IN THE ACT AND IS THEREFORE UNENFORCEABLE.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company's corporate offices, and the offices of PTI Enclosures, Bridge R&D, DataStor Division and Classic Trading Inc. are located in sublet facilities at 12601 Monarch Street, Garden Grove, CA 92841. This facility has approximately 50,000 square feet and it houses corporate offices, manufacturing and warehouse operations. The lease is for 5 years at an average annual rent of $150,156 per year.

The Company's subsidiary Autec leases a 30,000 square feet facility in Simi Valley, California. The lease is for 8 years at an average annual rent $198,000 per year.

The Company's Bridge Technology Ningbo leases 110,000 square feet facility. The lease is for 5 years at $144,000 per year.

The Company has not filed any patent applications. The Company's policy is that when the need arises it will file patent applications on a worldwide basis to protect technology, inventions and improvements that are considered important to the development of its business. The Company will, as a matter of policy, seek patent protection in each of the three major geographic markets: United States, Europe and the Pacific Rim. The Company also relies on trade secrets, know-how, continuing technological innovations and licensing opportunities to develop and maintain its competitive position.

Manufacturing

The Company received and maintains the ISO 9002 certification to qualify as an approved vendor for major computer and computer peripheral manufacturers. The Company also uses off-shore vendors to procure certain sub-assemblies, from which the Company then assembles the final products. Before shipment the products are inspected and tested to maintain the high quality and low return levels demanded by the Company's customers.

ITEM 3. LEGAL PROCEEDINGS.

In February 2001, the Company confirmed, through a news release, that it unilaterally severed the relationship with Worldwide Wireless Networks, Inc. (WWN). During the second quarter of 2001, the Company entered into a verbal

settlement with WWN to cancel all agreements, including the exchange of shares of common stock, between the two companies. In May 2001, this settlement agreement was reduced to writing by Worldwide Wireless Networks, Inc. and signed by our Company's President, John Harwer. As of June 30, 2001, Worldwide Wireless Networks, Inc. has not signed, nor complied with the settlement agreement.

During 2001, a complaint was filed against the Company for fees alleged to be due on an acquisition which was not consummated. The complaint seeks for damage of approximately $2 million where as the Company believes that the complaint is without merit and will be resolved in favor of the Company. The Company tendered this case to its insurance carrier for settlement and did not accrue any liabilities for this matter.

During 2001, a complaint was filed against the Company for an alleged transfer of assets, technology, trade secrets, confidential information, business opportunities from Allied Web, a corporation owned by the Company's President, which filed for liquidation under federal bankruptcy laws on April 6, 2000. The Company purchased from Allied Web certain assets including used computers, inventories, and used furniture and fixtures for approximately $191,640 based on the book value of these assets acquired from Allied Web in June 1997. Other than this transaction, the Company did not have any transaction with Allied Web afterwards. The Company considers that this action has no merit and will vigorously defend itself. At December 31, 2001, management of the Company was unable to assess the possibility of incurring future liability and estimate the reasonable amount of contingent liability. Therefore, the Company did not record any accrued liability for this matter.

During 2001, a complaint was filed against the Company for fees allegedly owned by the Company. The Company intends to vigorously defend this claim because the amount was deemed excessive comparing to the quality of services rendered. The estimated liability including interest, costs and statutory attorney's fees was approximately $100,000. The Company has recorded liabilities for this amount in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies" (SFAB No. 5").

A former shareholder of Autec Power Systems has filed in 2001 a complaint against the controlling shareholder of Autec, Mr. Winston Gu and Bridge Technology, Inc. alleging that he/they did not receive sufficient exchange of shares in this acquisition by Bridge Technology, Inc. While an attempt to settle this complaint have been made, the parties have not reached a settlement. The Company believes that the complaint is without merit as to Bridge Technology, Inc. and will be resolved between the parties. At December 31, 2001, management of the Company was unable to asses the possibility of incurring future liability and estimate the reasonable amount of contingent liability. Therefore, the Company did not record any accrued liability for this matter.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

In November 1999 the shareholder voted to increase the authorized shares of the Company from 10,000 to 100,000 shares. There were no matters submitted to a vote of shareholders in the calendar year 2001.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock is traded in the NASDAQ Small Cap Market System under the symbol BRDG. The following table sets forth the range of high and low closing prices in the NASDAQ Small Cap Market System for the Common Stock for the periods indicated, as reported by the National Quotation Bureau Incorporated. Prices represent actual reported sale prices.

Fiscal Years Ended December 31,

	Price High	Price Low
2001		
First Quarter	$ 3.38	$ 1.94
Second Quarter	$ 2.20	$ 1.50
Third Quarter	$ 2.20	$ 1.15
Fourth Quarter	$ 1.72	$ 0.92
2000		
First Quarter	$14.625	$9.75
Second Quarter	$ 9.25	$4.875
Third Quarter	$ 8.88	$5.50
Fourth Quarter	$ 7.50	$1.53125

Our Company had approximately 2,800 shareholders of record on March 31, 2002.

Dividend Policy and Restrictions on Dividend Payments

The Company intends to continue its policy of retaining all earnings for reinvestment in the business operations of the Company. However, the Board has authorized a stock dividend of the shares of two subsidiaries subject to legal approval, tax review, consent of General Bank and the Shareholders. This action will be presented to the Shareholders at the annual meeting in early May 2002.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION AND FINANCIAL CONDITION.

Overview

The Company designs, manufactures and sells state of the art power electronics components and computer peripheral components and enclosures. In addition the Company has established a strong channel distribution system in China presently dedicated to IBM products. The Company expects to expand this distribution system throughout Asia and the Philippines Islands and the United States.

Critical Accounting Policies

Our consolidated financial statements have prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to use estimations and assumptions and make judgements that affect the reported amounts of assets, liabilities, revenues and expenses. We based our estimations on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the result of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Our critical accounting policies are as follows:

Rebates and Credits Receivable

CMS Technology Co. Ltd. ("CMS"), one of our subsidiaries, is an authorized distributor of IBM products in the territory including China, Vietnam, Philippines and Hong Kong. As a common practice in the computer parts distribution business, IBM periodically updates its price list for all its products and provides certain incentive programs to attract its authorized distributors to sell more of its products. As a result of changes in price list (usually decreases in prices), CMS is entitled to receive certain rebates and credits for the inventory held and sold by the Company within the specified period of time as defined by IBM through submitting the necessary applications forms. In general, once applications were approved by IBM these rebates and credits approved by IBM will be deducted from CMS's accounts payable to IBM and decrease the cost of goods sold correspondingly. However, at the end of reporting period, CMS has to estimate the relevant rebates and credit receivable based on the quantity of inventory in hands and anticipated approval for rebates and credits receivable from IBM, therefore, the actual results could differ from our estimated amount.

Impairment of Long-Lived Assets

In assessing the recoverability of long-lived assets, including goodwill and other intangibles, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, we may be required to record impairment charges for these assets not previously recorded.

Accounting for Income Taxes

Significant management judgement is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded. As of December 31, 2001, we have recorded a full valuation allowance of approximately $1.4 million against our deferred tax assets balance in the U.S. due to uncertainties related to our deferred tax assets as a result of our history of losses in the U.S. The valuation is based on our estimates of taxable income in the U.S. operation and the period over which our deferred tax assets will be recoverable. In the event that actual results differ from these estimates or we adjust these estimates in the future periods, we may need to change the valuation allowance, which could impact our financial position and results of operations.

Results of Continuing Operations

The following tables set forth, for the periods indicated, the percentage which certain items in the consolidated statements of income bear to revenues from continuing operations, and the percentage change from period to period of these items:

	Years Ended December 31,		
	2001	2000	1999
	(dollars in thousands)		
Revenues................	$ 141,907	$ 120,919	$ 34,272
Cost of sales	134,513	108,834	27,962
Gross Profit............	7,394	12,085	6,310
Percentage	5.2%	10%	18%
Operating expenses......	9,709	9,766	5,355

Operating income (loss).	$ (2,315)	$ 2,319	$ 955
Net income (loss) from continuing operations.	$ (2,315)	$ 1,099	$ 660

Percentage of Revenues

	Years Ended December 31,		
	2001	2000	1999
Revenues	100.0 %	100.0 %	100.0 %
Gross profit................	5.2	10.0	18.4
Operating income	(1.7)	1.9	2.8
Interest, net...............	0.5	0.3	0.2
Income tax expense	0.2	0.5	1.1
Net income (loss)...........	(1.9)	0.9	1.9

Percentage Increase (Decrease)

	Years Ended December 31,	
	2000-2001	2000-1999
Revenues	17.4 %	252.8 %
Gross profit....................	(38.8)	91.5
Operating income	(201.0)	142.6
Interest, net...................	84.0	668.6
Income tax expense	(55.0)	73.8
Net income	(348.8)	66.4

Safe Harbor Statement

Statements which are not historical facts, including statements about our Company's confidence and strategies and its expectations about new and existing products, technologies and opportunities, market and industry segment growth, demand and acceptance of new and existing products are forward looking statements that involve risks and uncertainties. These include, but are not limited to, product demand and market acceptance risks, the impact of competitive products and pricing, the results of financing efforts, the loss of any significant customers of any business, the effect of our Company's accounting policies, the effects of economic conditions and trade, legal, social, and economic risks, such as import, licensing, and, trade restrictions; the results of our Company's business plan and the impact on our Company of its relationship with its lenders.

Results of Operations for Years ended December 31, 2000 and 2001

Net Sales increased 17.4% from $120.9 million in 2000 to $141.9 million in 2001. Products and services mix in 2001 has not changed substantially in comparison to those in the prior year.

Gross Profit decreased 38.8% from $12.1 million in 2000 to $7.4 million in 2001 principally as a result of Autec sales volume decline. Facing the competitive environment and declining prices, gross profit as a percentage of net sales decrease from 10% in 2000 to 5.2% in 2001. The gross margin in CMS was relative low comparing to the gross margins in other subsidiaries.

Research and development expenses increased by approximately 71.9% from

$689,000 in 2000 compared to $1,184,687 in 2001. The increase was attributed to on-going product development and enhancement of existing technologies.

Selling and administrative expenses decreased approximately 6.1% from $9.1 million in 2000 to $8.5 million in 2001. The decrease in selling, general and administrative expenses was attributed mainly to the reduction of business activities in the United States.

Net income decreased approximately 348.8% from $1.1 million in 2000 to a loss of $2.7 million in 2001. The decrease in net income was attributed to the severe decline in revenues and net income of Autec in 2001

Results of Operations for Years ended December 31, 1999 and 2000

Net Sales increased 253% from $34.3 million in 1999 to $120.0 million in 2000. Products and services mix in 2000 has changed substantially in comparison to those in the prior year, due mainly to the revenue of approximately $70 million generated by CMS, which is an authorized IBM products distributor in Asia.

Gross Profit increased 92 % from $6.3 million in 1999 to $12.1 million in 2000 principally as a result of augmented sales volume. Facing the competitive environment and declining prices, gross profit as a percentage of net sales decrease from 14.6% in 1999 to 10% in 2000. The gross margin in CMS was relative low comparing to the gross margins in other subsidiaries.

Research and development expenses increased by approximately 103% from $339,000 in 1999 compared to $689,000 in 2000. The increase margin was attributed to on-going product development and enhancement of existing technologies.

Selling and administrative expenses increased approximately 81% from $5.1 million in 1999 to $9.1 million in 2000. The increase in selling, general and administrative expenses was attributed mainly to the expansion of business activities in Asia and the United States.

Net income increased approximately 66% from $661,000 in 1999 to $1.1 million in 2000. The increase in net income was attributed to the net income generated by Autec and CMS in 2000.

Liquidity and Capital Resources

Since current management acquired control of our Company in early 1997, our Company has financed its operations with internal generated cash and with the private placement of its securities and with subordinated loans from principals of the Company.

Comparison between 2000 and 2001

The Company's capital requirements have been, and will continue to be, significant. At December 31, 2001, the company had a working capital surplus of $3,509,012 and cash and cash equivalents of $2,413,295 compared to a working capital surplus of $6,932,287 and cash and cash equivalents of $4,870,836 at December 31, 2000. Since inception, our Company has satisfied its working capital requirements through revenues generated from operations, the issuance of equity securities, loans from banking institutions and subordinated loans for principals of the Company.

Net cash used in operating activities in the twelve months ended December 31, 2001 was approximately $4.3 million, as compared to net cash provided of approximately $4.5 million in the twelve months ended December 31, 2000.

Net cash used in investing activities in the twelve months ended December 31, 2001 was approximately $1.558 million as compared to $4.978 million in the twelve months ended December 31, 2000.

Net cash provided by financing activities in the twelve months ended December 31,2001 was approximately $3.356 million as compared to $11.409 million provided by financing activities in the twelve months ended December 31, 2000.

We believe that our Company can accommodate the funds needed from the growth of business with internally generated cash flow and increased credit facilities from banking institutions, in addition to a private placement of equity subject to improved market conditions. However, the Company may seek financing directly for separate subsidiary entities.

Contractual Obligations	Payments Due in Periods				
	Total	Less than 1 year	1-3 Years	4-5 Years	After 5 Years
Note payable to IBM	5,000,000	5,000,000	-	-	-
Note payable to General Bank	4,000,000	4,000,000			
Shareholder loans	2,130,000	2,130,000	-	-	-
Related party loans	989,979	75,118	165,042	186,957	562,862
Long-term bank loans	375,201	46,901	99,613	107,894	120,793
Operating lease	8,346,681	660,332	1,367,320	1,270,378	5,048,651
Total contractual cash Obligations	20,841,861	11,912,351	1,631,975	1,565,229	5,732,306

Comparison between 1999 and 2000

The Company's capital requirements have been, and will continue to be, significant. At December 31, 2000, the company had a working capital surplus of $6,932,287 and cash and cash equivalents of $4,870,836 compared to a working capital surplus of $5,353,306 and cash and cash equivalents of $2,900,029 at December 31, 1999. Since inception, our Company has satisfied its working capital requirements through revenues generated from operations, the issuance of equity securities, loans from banking institutions and principals of the Company.

Net cash used in operating activities in the twelve months ended December 31, 2000 was approximately $4.5 million, as compared to net cash provided of $681,000 in the twelve months ended December 31, 1999. The difference was mainly due to the cash decrease in accounts receivable and inventory and cash increase in accounts payable.

Net cash used in investing activities in the twelve months ended December 31, 2000 was approximately $5.0 million, as compared to $662,000 in twelve months ended December 31, 1999. The main reason for the increase in cash used in investing activities was the net cash of $5.3 million used for acquiring 60% equity interest in CMS.

Net cash provided by financing activities in the twelve months ended December 31, 2000 was approximately $11.4 million as compared to $791,000 provided by financing activities in the twelve months ended December 31, 1999. The main factor for the increase in cash provided by financing activities was the net increase of $5.8 million from lines of credit obtained in the United States and in Hong Kong and the cash of $4.2 million injected as capital by the ex-shareholders in CMS before the acquisition took place.

We believe that our Company can accommodate the fund needs from the growth of business with internally generated cash flow and increased credit facilities from one or more banking institutions. However, there can be no assurances that an additional credit will be obtained. The absence of an increased credit line in sure to stymie our Company's growth plans.

Effects of Fluctuation in Foreign Exchange Rates

The Company continues to buy products and services from foreign suppliers. The Company contracts for such products and services in U.S. dollars, thus eliminating the possible effect of currency fluctuations. However, there is continuous risk in market demand fluctuations with CMS Technology's operations in China. To date the risk has been minimal.

Fluctuation in Quarterly Results

Quarterly results may be adversely affected in the future by a variety of factors, including the possible costs of obtaining capital, as well as the initial costs associated with the release of new products and promotions taking place within the quarter. The Company plans to continue to fund research and development and its expanded patent work with cash generated from internal operations. To the extent that such expenses precede, or are not subsequently followed by, increased revenues, the Company's business, operating results and financial condition will be adversely affected.

New Accounting Standards Not Yet Adopted

In June 2001, the Financial Accounting Standards Board finalized FASB Statements No. 141, "Business Combinations" ("SFAS No. 141"), and No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142")

SFAS No. 141 requires the use of the purchase method of accounting and profits the use of the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001. SFAS No. 141 also requires that the Company recognize acquired intangible assets apart from goodwill if the acquired intangible assets meet certain criteria. SFAS No. 141 applies to all business combinations initiated after June 30, 2001 and for purchase business combinations completed on or after July 1, 2001. It also requires, upon adoption of SFAS No. 142, companies to reclassify the carrying amounts of intangible assets and goodwill based on the criteria in SFAS No. 141. The Company does not expect that the adoption of SFAS No. 141 will have a material impact on its consolidated financial statements.

SFAS No. 142 requires, among other things, that companies no longer amortize goodwill, but instead test goodwill for impairment at least annually. In addition, SFAS No. 142 requires that the Company identify reporting units for the purpose of assessing potential future impairments of goodwill, reassess the useful lives of other existing recognized intangible assets, and cease amortization of intangible assets with an indefinite useful life. An intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS No. 142. SFAS No. 142 is required to be applied in fiscal years beginning after December 15, 2002 to

all goodwill and other intangible assets recognized at that date, regardless of when those assets were initially recognized. SFAS No. 142 requires companies to reassess the useful of other intangible assets within the first interim quarter after adoption of SFAS No. 142. The Company does not expect that the adoption of SFAS No. 142 will have a material effect on the consolidated financial statements.

In June 2001, Financial Accounting Standard Board issued Statement of Financial Accounting Standards, No. 143, "Accounting for Asset Retirement Obligations," ("SFAS No. 143"). FAS No. 143 is effective for fiscal years beginning after June 15, 2002. SFAS No. 143 requires that any legal obligation related to the retirement of long-lived assets be quantified and recorded as a liability with the associated asset retirement cost capitalized on the balance sheet in the period it is incurred when a reasonable estimate of the fair value of the liability can be made.

In August 2001, Financial Accounting Standard Board issued Statement of Financial Accounting Standards, No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS No. 144"). SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 provides a single, comprehensive accounting model for impairment and disposal of long-lived assets and discontinued operations.

The Company expects that SFAS No. 143 and SFAS No. 144 will be adopted on their effective dates and that the adoption will not result in any material effects on its financial statements.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK.

Bridge Technology, Inc. develops products in the United States and Japan and sells primarily in North America, Asia and Europe. As a result, financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. Since our Company's products are generally initially priced in U.S. Dollars and translated to local currency amounts, a strengthening of the dollar could make our Company's products less competitive in foreign markets.

SELECTED FINANCIAL DATA

The historical operating results data, per share data and balance sheet data set forth below are derived from the historical financial statements of our Company, which have been restated to reflect the Autec Power Systems, Inc., and PTI Enclosures, Inc. acquisitions and the related accounting treatment (See note 1 of notes to consolidated financial statements). The balance sheet data includes the accounts of PTI Enclosures, Inc. as of December 31, 2000, and 2001; Autec Power Systems, Inc. as of December 31, 2000 and 2001; and CMS Technology Limited, Hong Kong as of December 31, 2000 and 2001. Operating results and per share data for the years ended December 31, 1999, 2000, and 2001 include the results for PTI Enclosures, Inc. and Autec Power Systems, Inc., and December 31, 2000 and 2001 includes the operating results of CMS Technology Limited, Hong Kong.

Selected Financial Data
(Figures in thousands, except per share amounts)

Years Ended December 31,

	2001	2000	1999
Revenues:			
Manufacturing	$ 37,983	$ 28,137	$ 22,188
Channel Distribution	103,924	92,782	12,084
	141,907	120,919	34,272
Cost of Sales:			
Manufacturing	34,803	20,441	17,957
Channel Distribution	99,710	88,393	10,005
	134,513	108,834	27,962
Gross profit	7,395	12,085	6,310
Selling, general and administrative costs	8,525	9,077	5,016
R & D expense	1,185	689	339
Operating income (loss)	(2,315)	2,319	956
Interest income, net	(720)	(391)	69
Minority interest in earning	(154)	(233)	11
Income before income taxes .	(2,289)	1,731	1,024
Income tax expense	292	632	363
Net income (loss) from Continuing operations.....	(2,581)	1,099	660
Preferred stock dividend ...	0	-	-
Net Income (Loss)....... $	(2,735)	1,099	660
Earnings per share:			
Basic	$ (0.25)	$ 0.10	$ 0.07
Diluted	$ (0.25)	$ 0.10	$ 0.06
Basic weighted average Number of common shares outstanding ..	10,863,186	11,254,022	10,581,406
Dividends declared per share	None	None	None

Selected Financial Data
(in thousands)

	December 31,		
	2001	2000	2001
Working capital	$ 3,509	$ 6,932	$ 5,353
Total assets	40,621	44,722	13,283
Borrowings under bank line			

of credit.................	9,000	6,000	98
Long-term debt, including current maturities....	328	777	878
Stockholder's equity........	7,285	9,497	5,766

ITEM 7. FINANCIAL STATEMENTS.

Bridge Technology, Inc. and Subsidiaries

Consolidated Financial Statements

For the Years Ended December 31, 1999, 2000 and 2001

Bridge Technology, Inc. and Subsidiaries
Index to Consolidated Financial Statements

Independent Auditors' Report F-2

Consolidated Financial Statements
- Balance Sheets F-3
- Statements of Operations and Comprehensive Income (Loss) F-4
- Statements of Shareholders' Equity F-5
- Statements of Cash Flows F-6
- Summary of Accounting Policies F-9
- Notes to Financial Statements F-15
- Schedule II F-30

Independent Auditors' Report

The Shareholders of
Bridge Technology, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Bridge Technology, Inc. (a Nevada corporation) and subsidiaries as of December 31, 2000 and 20010, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. We have also audited the schedules listed in the accompanying index. These consolidated financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedules based on our audits.

We conducted our audits in accordance with auditing standards generally

accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bridge Technology, Inc. and subsidiaries as of December 31, 2000 and 2001 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the schedules present fairly, in all material respects, the information set forth therein.

Los Angeles, California
March 22, 2002

F-2

BRIDGE TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2000	2001
Assets (Note 4)		
Current assets:		
Cash	$ 4,870,836	$ 2,413,295
Accounts receivable less allowance for doubtful accounts of $465,656 and $308,106 (Note 11)	17,666,626	11,035,057
Advances to employees	42,898	6,065
Other receivables	1,057,217	61,669
Inventory (Note 1)	16,991,615	21,692,543
Due from related party (Note 8)	21,932	362,143
Other current assets	219,192	125,127
Total current assets	40,870,316	35,695,899
Property and equipment, net (Note 2)	716,384	2,681,018
Goodwill, net of amortization of $598,210 and $1,242,917 (Note 6)	2,586,324	1,949,417
Purchased intangibles (Note 9)	190,000	-
Deferred income tax (Note 3)	63,201	-
Investments	229,862	198,717

Other assets	66,834	96,213
Total assets	$ 44,722,921	$ 40,621,264
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank overdraft	$ -	$ 36,152
Notes payable (Note 4)	6,000,000	9,000,000
Current portion of long term debt (Note 5)	155,980	46,901
Accounts payable, net of accrued rebates and credits of $0 and $860,580	23,180,434	17,696,216
Accrued taxes payable	537,401	6,400
Deferred income tax (Note 3)	26,425	4,097
Accrued liabilities	1,148,870	2,277,142
Shareholder loan, including interest (Note 8)	2,888,919	2,130,000
Due to related party (Note 8)	-	989,979
Total current liabilities	33,938,029	32,186,887
Long term debt, less current portion (Note 5)	621,023	328,300
Total liabilities	34,559,052	32,515,187
Minority interest	667,224	821,264
Commitments and Contingencies (Note 7)		
Shareholders' equity (Notes 9 and 10):		
Common stock; par value $0.01 per share, authorized 100,000,000 shares, 10,863,186 shares and 10,798,186 shares outstanding at December 31, 2000 and 2001	108,632	108,632
Additional paid-in capital	9,308,139	9,581,489
Related party receivable (Note 8)	(225,000)	-
Treasury stock, 1,000 shares and 66,000 shares at cost (Note 8)	(2,000)	(2,000)
Retained earnings (accumulated deficit)	354,745	(2,380,289)
Accumulated other comprehensive loss	(47,871)	(23,019)
Total shareholders' equity	9,496,645	7,284,813
Total liabilities and shareholders' equity	$ 44,722,921	$ 40,621,264

See accompanying summary of accounting policies and notes to consolidated financial statements.

BRIDGE TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

	Year ended December 31,		
	1999	2000	2001
Net sales (Note 11)	$ 34,272,187	$120,918,774	$ 141,907,379
Cost of sales	27,961,504	108,833,687	134,512,806
Gross profit	6,310,683	12,085,087	7,394,573
Research and development expenses	339,380	689,056	1,184,687
Selling, general and administrative expenses	5,015,522	9,077,087	8,525,135
Income (loss) from operations	955,781	2,318,944	(2,315,249)
Other income (expense):			
Interest, net	68,724	(390,757)	(719,756)
Other	(11,949)	35,958	319,360
Gain on sale of investments (Note 8)	-	-	879,035
Write-off of impaired impaired intangibles (Note 9)	-	-	(190,000)
Write-ff of investment in a related party (Note 8)	-	-	(262,550)
Income (loss) before income taxes	1,012,556	1,964,145	(2,289,160)
Income taxes (Note 3)	363,283	631,557	291,848
Net income (loss)	649,273	1,332,588	(2,581,008)
Minority interest in net loss (income) of subsidiaries	11,448	(233,428)	(154,026)
Net income (loss) applicable to common shares	$ 660,721	$ 1,099,160	$ (2,735,034)
Basic weighted average number of common stock outstanding	9,800,665	10,703,929	10,863,186
Basic income (loss) per share	$ 0.07	$ 0.10	$ (0.25)
Diluted weighted average number of common stock outstanding	10,581,406	11,254,022	10,863,186
Diluted income (loss) per share	$ 0.06	$ 0.10	$ (0.25)

Comprehensive loss and its components consist of the following:

Net income (loss)	$ 660,721	$ 1,099,160	$ 2,735,034)
Foreign currency translation adjustments	(26,197)	(16,338)	24,852
Comprehensive income (loss)	$ 634,524)	$ 1,115,498	$ 2,710,182)

See accompanying summary of accounting policies and notes to consolidated financial statements.

BRIDGE TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1999, 2000 AND 2001
(SEE NOTES 9 AND 10)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	STOCK SUBSCRIPTION SHARE RECEIVABLE	TEASURY STOCK	ACCUMULA OTHER COMPREHE LOSS
	SHARES	AMOUNT					
BALANCE, January 1, 1999	8,897,186	$ 88,972	$ 5,110,968	$(1,405,136)	$ 25,000	$ -	$ (38
Stock issued for stock subscribed in prior year	50,000	500	24,500	-	(25,000)	-	
Forgiveness of loan payable to share-holder in PTI	-	-	100,000	-	-	-	
Warrants exercised	75,000	750	74,250	-	-	-	
Stock repurchase Autec	-	-	-	-	-	(2,000)	
Issuance of common stock	600,000	6,000	444,000	-	-	-	
Issuance of common stock	700,000	7,000	693,000	-	-	-	
Issuance of common stock	120,000	1,200	238,800	-	-	-	
Non-employee compensation due warrants issued	-	-	34,500	-	-	-	
Warrants issued for public relation-ship service	-	-	1,834	-	-	-	
Notes receivable from shareholder	-	-	-	-	(250,000)	-	
Net Income	-	-	-	660,721	-	-	
Translation adjustment	-	-	-	-	-	-	(26
Balance, December 31, 1999	10,442,186	104,422	6,721,852	(744,415)	(250,000)	(2,000)	(64

Warrants issued for public relationship service	-	-	3,666	-	-	-	
Warrants exercised	10,000	100	34,900	-	-	-	
Warrants exercised	1,000	10	1,740	-	-	-	
Issurance of common stock	40,000	400	189,600	-	-	-	
Issurance of common stock (Note 6)	360,000	3,600	2,336,400	-	-	-	
Warrants exercised	10,000	100	17,400	-	-	-	
Non-employee compensation due to warrants issued	-	-	2,581	-	-	-	
Repayments of shareholder notes receivable	-	-	-	-	25,000	-	
Net income	-	-	-	1,099,160	-	-	
Translation adjustment	-	-	-	-	-	-	16
Balance, December 31, 2000	10,863,186	108,632	9,308,139	354,745	(225,000)	(2,000)	(47
Disposal of investment in Newcorp Japan (Note 8)	-	-	273,350	-	-	-	
Write off of receivable	-	-	-	-	225,000	-	
Net loss	-	-	-	(2,735,034)	-	-	
Translation adjustment	-	-	-	-	-	-	24
Balance, December 31, 2001	10,863,186	$ 108,632	$ 9,581,489	$(2,380,289)	$ -	$ (2,000)	$ (23

See accompanying summary of accounting policies and notes to consolidated financial statements.

BRIDGE TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Years ended December 31,		
	1999	2000	2001
Cash flows from operating activities			
Net (loss) income	$ 660,721	$1,099,160	$(2,735,034)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	162,825	857,904	800,161
Provision for doubtful accounts	6,413	382,693	106,584
Provision for slow moving inventory	(40,764)	451,403	180,270
(Gain)/loss on disposal of fixed assets	-	(1,016)	-
Loss on write-off of related party loan			

Receivable	-	-	262,550
Write-off of intangible	-	50,000	190,000
Stock issued in exchange for services	36,334	6,247	-
Gain on sale of investment	-	-	(879,035)
Deferred taxes	-	(69,026)	40,713
Minority interest	38,522	233,428	154,026
Changes in operating assets and liabilities, net of business acquired			
Trade receivables	91,794	(7,961,928)	6,524,985
Inventory	(179,371)	(3,311,272)	(4,881,198)
Other receivables	25,940	(952,672)	957,998
Advances to employees	26,300	(41,698)	36,833
Prepaid and other assets	156,982	(108,908)	94,065
Other assets	171,709	(922)	(29,379)
Accounts payable	(129,265)	4,668,423	(5,484,218)
Accrued liabilities	(571,434)	(98,573)	934,191
Income taxes payable	229,859	229,597	(530,841)
Interest payable	-	88,919	(23,290)
Net cash provided by (used in) operating activities	686,565	(4,478,241)	(4,280,619)
Cash flows from investing activities			
Proceeds from sale of investment	-	-	910,180
Purchase of property, plant and equipment	(421,866)	(135,620)	(2,127,888)
Purchased Intangibles	(200,000)	-	-
Proceeds from disposal of fixed assets	-	34,891	-
Due from related party	(5,304)	6,175	(340,211)
Investment in affiliate	(39,998)	(39,866)	-
Acquisition of CMS, net of cash acquired	-	(5,293,164)	-
Repayment from (advance to) shareholder	-	449,872	-
Net cash used in investing activities	(661,864)	(4,983,887)	(1,557.919)

BRIDGE TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Years ended December 31,		
	1999	2000	2001
Cash flows from financing activities			
Bank overdraft	-	-	36,152
Proceeds from loans payable	102,768	130,680	-
Repayments on loans payable	(474,664)	(81,320)	-
Proceeds from issuance of common stock	1,390,000	-	-
Proceeds from related party loan (Note 8)	-	-	1,000,000
Repayment on related party payable (Note 8)	-	-	(10,021)
Proceeds from line of credit	-	5,761,322	3,000,000

Proceeds from shareholder loans (Note 8)	-	16,691,766	30,000
Repayments on shareholder loans (Note 8)	-	(15,489,413)	(700,000)
Related party receivable (Note 8)	(250,000)	25,000	-
Proceeds from exercise of warrants	-	54,250	-
Stock subscription collected	25,000	75,000	-
Stock subscription collected in CMS	-	4,241,645	-
Stock repurchase	(2,000)	-	-
Net cash provided by financing activities	791,104	11,408,930	3,356,131
Effect of exchange rate changes on cash	(26,199)	17,830	24,866
Net increase (decrease) in cash and cash equivalents	784,302	1,970,807	(2,457,541)
Cash and cash equivalents, beginning of year	2,115,727	2,900,029	4,870,836
Cash and cash equivalents, end of year	$2,900,029	$4,870,836	$2,413,295
Cash paid during the year for:			
Interest	$ 44,216	$ 393,303	$ 841,863
Income taxes	51,376	401,960	822,849

See accompanying summary of accounting policies and notes to consolidated financial statements.

BRIDGE TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Supplemental disclosure of non-cash activities:

PTI issued 11,856 shares of common stock in December 1998 in exchange for consulting services provided by one of the Company's minority shareholders at $0.50 per share.

PTI issued 50,000 shares of common stock in December 1998 in exchange for 100% of the outstanding shares of Classic Trading, Inc. at $0.50 per share.

In 1998 PTI sold 50,000 shares of common stock at $0.50 per share and recorded a stock subscription receivable of $25,000.

During the year ended December 31, 1998, Autec sold certain fixed assets with a cost of $34,500 and accumulated depreciation of $20,700 to a vendor in exchange for a credit of $27,815. Autec recognized a gain of $14,015 for this transaction.

In December 1998, the Company issued 1,926,696 shares of common stock in exchange for 100% of the outstanding shares of PTI Enclosures, Inc. See Basis of presentation for details.

In 1999, the Company cancelled a note of $100,000 payable to a shareholder in accordance with the terms contained in the promissory note. The term states that if the Company became a public reporting company before December 1, 2000, the shareholder would forgive this note of $100,000 payable to him.

Accordingly, the Company recognized the forgiveness of note of $100,000 payable to the shareholder as a part of additional paid in capital.

In October 1999, the Company granted 310,000 stock warrants to key employees, officers and directors. Accordingly, a non-employee director compensation cost of $34,500 was recognized and included in general and administrative expenses for 1999.

In May 2000, the Company acquired five patents, including design and tooling from an unrelated entry for $190,000, in exchange for 40,000 shares of common stock at market price of $4.75 per share.

In May 2000, the Company exercised an option to acquire the remaining 30% interest in CMS Technology Limited (CMS) in exchange for 360,000 shares of the Company's common stock at a market price of $6.50 per share.

See accompanying summary of accounting policies and notes to consolidated financial statements.

F-8

BRIDGE TECHNOLOGY, INC. AND SUBSIDIARIES
SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

Bridge Technology, Inc. (the Company) was incorporated under the laws of the State of Nevada on April 15, 1969. Starting from April 1997, the Company registered to do business in the State of California and is primarily engaged in development and distribution of various hardware, software, and peripheral products used in computer systems and sales to value added resellers and system integrators.

As of December 31, 2001, the Company has the following subsidiaries:

	Ownership	
Bridge R&D, Inc.	100%	Established on June 1, 1997
Newcorp Technology Limited (in Japan)	100%	Merged on November 1, 1997
PTI Enclosures, Inc.	100%	Merged on December 14, 1998
Newcorp Technologies, Inc. (USA)	100%	Established on March 23, 1999
Pacific Bridge Net, Inc.	80%	Established on August 16, 1999
Autec Power System, Inc.	100%	Merged on December 1, 1999
CMS Technology Ltd.	90%	Acquired on January 3, 2000 (60%) Acquired on May 15, 2000 (30%)

On August 16, 1999, the Company formed a subsidiary, Pacific Bridge Net ("PBN") incorporated in the State of Nevada with a strategic alliance partner, Worldwide Wireless Networks, Inc. ("WWWN"). The initial capital of $250,000 was contributed 80% by the Company and 20% by WWWN. PBN acquired know how and technology from WWWN for $50,000, including specifications to design, patent, manufacture, and sell for certain wireless infrastructure equipment. During the last quarter of 2000, WWWN was unable to deliver the technology and in February 2001, the strategic relationship with WWWN was terminated by a mutual agreement.

During 2000, the Company acquired 90% equity interest in CMS Technology Limited (CMS), a company incorporated under the laws of the Hong Kong Special Administrative Region, through two transactions which were accounted for under the purchase method of accounting. (Note 6)

On May 28, 2001, the Company established a wholly owned subsidiary, Bridge Technology Ningbo Co. Ltd. ("Ningbo"), in the City of Ningbo, Zhejiang Province of China. Ningbo facility is used to conduct assembly work for power supplies which will be sold to customers in the U.S. and other countries in Asia. As of December 31, 2001, the Company invested approximately $2.18 million in Ningbo.

Basis of Accounting

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements are presented in U.S. dollars.

Revenue Recognition

The Company recognizes revenue when the risk of loss for the product sold passes to the customer and any right of return can be quantified, which is generally when goods are shipped.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Concentration of Credit Risk

During the normal course of business, the Company extends unsecured credit to its customers who are located in various geographical areas. Typically credit terms require payment made within 30 days of the sale. The Company regularly evaluates and monitors the creditworthiness of each customer on a case by case basis. The Company provides an allowance for doubtful accounts based on its continuing evaluation of its customers' credit risk. The Company does not require collateral from its customers. The Company maintains its cash accounts at credit worthy financial institutions.

Inventories

Inventories consist principally of microcomputer component parts and are stated at the lower of cost (first-in, first-out) or market.

Foreign Currency Translation and Transactions

The financial position and results of operations of the Company's foreign subsidiaries are determined using local currency as the functional currency. Assets and liabilities of the subsidiaries are translated at the prevailing exchange rate in effect at each year end. Contributed capital accounts are translated using the historical rate of exchange when capital is injected. Income statement accounts are translated at the average rate of exchange during the year. Translation adjustments arising from the use of different exchange rates from period to period are included in the cumulative translation adjustment account in shareholders' equity. Gains and losses resulting from foreign currency transactions are included in operations.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation and amortization are computed primarily utilizing the straight-line method over the estimated useful lives of the assets as follows:

	Estimated Useful Life (in Years)
Computer equipment	4-5
Furniture, fixtures and equipment	4-7
Vehicles	5-6
Leasehold improvements	4-20

Maintenance, repairs and minor renewals are charged directly to expense as incurred. Additions and betterments to property and equipment are capitalized. When assets are disposed of, the related cost and accumulated depreciation thereon are removed from the accounts and any resulting gain or loss is included in statement of operations.

Accounting for the Impairment of Long-lived Assets and for the Long-lived Assets to be Disposed Of

Statement of the Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for the Long-Lived Assets to be Disposed Of" (SFAS No. 121) establishes guidelines regarding when impairment losses on long-lived assets, which include plant and equipment, and certain identifiable intangible assets, should be recognized and how impairment losses should be measured. The Company reviews such assets for possible impairment whenever circumstances indicate that the carrying amount may not be recoverable. To the extent the carrying value of the asset exceeds its fair value, which is determined using discounted cash flows, a write down to fair value is made.

Investments

The Company has made investments in other entities (which are privately hold companies) in various industries for which its investment represents less than 20% of the voting stock of the investee and for which the Company does not otherwise exert significant influence. The Company accounts for these investments under the cost method and periodically reviews its investments to determine that the cost does not exceed the fair value of the investment.

Research and Development Expense

Research and development expenses are expensed when incurred. The Company incurred research and development expense of $339,380, $689,056 and $1,184,687 in 1999, 2000 and 2001.

Fair Value of Financial Instruments

The carrying amount of cash, trade accounts receivable, notes receivable, trade accounts payable and accrued liabilities are reasonable estimates of their fair value because of the short maturity of these items. The carrying amounts of the Company's lines of credit and notes payable approximate fair value because the interest rates on these instruments are subject to change with market interest rate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues

and expenses during the reporting period. Among the more significant estimates included in these financial statements are the estimated accounts receivable allowance for doubtful accounts, reserve for obsolete inventory, and the deferred income tax asset allowance. Actual results could differ from those estimates.

Income Taxes

The Company accounts for income taxes using the liability method, which requires an entity to recognize deferred tax liabilities and assets. Deferred income taxes are recognized based on the differences between the tax bases of assets and liabilities and their reported amounts in the financial statements which will result in taxable or deductible amounts in future years. Further, the effects of enacted tax laws or rate changes are included as part of deferred tax expenses or benefits in the period that covers the enactment date. A valuation allowance is recognized if it is more likely than not that some portion, or all of, a deferred tax asset will not be realized.

Earnings (Loss) Per Share

The Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" (SFAS No. 128). The statement replaces the calculation of primary and fully diluted earnings (loss) per share with basic and diluted earnings (loss) per share. Basic earnings (loss) per share includes no dilution and is computed by dividing income (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution of securities that could share in the earnings of an entity, similar to fully diluted earnings (loss) per share.

For the year ended December 31, 2001, potential dilutive securities representing 1,729,000 outstanding warrants and options are not included since their effect would be anti-dilutive.

Stock-based Compensation

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), establishes a fair value method of accounting for stock-based compensation plans and for transactions in which a company acquires goods or services from employees and non-employees in exchange for equity instruments. SFAS No. 123 also gives the option, for employees only, to account for stock-based compensation, utilizing the intrinsic method, in accordance with Accounting Principles Board Opinion No. 25 (APB No. 25), "Accounting for Stock issued to Employees". The Company has chosen to account for stock-based compensation for employees utilizing the intrinsic value method prescribed in APB No. 25 and not the fair value method established by SFAS No. 123.

As required by SFAS No. 123, the Company has disclosed in Note 10 the pro forma effect of stock-based employee compensation at the grant date based on the fair value method. The fair value of the stock-based award is determined using a pricing model at grant date or other measurement date.

Comprehensive Income (Loss)

The Company adopted Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income," (SFAS No. 130) issued by the FASB is effective for financial statements with fiscal years beginning after December 15, 1997. SFAS No. 130 establishes standards for reporting and presentation of comprehensive income (loss) and its components in a full set of general-purpose financial statements. The Company has chosen to report comprehensive income (loss) in the statements of operations. Comprehensive income (loss) is

comprised of net income and all changes to shareholders' equity except those due to investments by owners and distributions to owners.

FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities"

Statement of Financial Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") requires companies to recognize all derivatives contracts as either assets or liabilities in the balance sheet and to measure them at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change.

Historically, the Company has not entered into derivatives contracts either to hedge existing risks or for speculative purposes. Accordingly, the adoption of the new standard on January 1, 2001 did not have a material affect on the financial statements.

New Accounting Standards Not Adopted Yet

In June 2001, the Financial Accounting Standards Board finalized FASB Statements No. 141, "Business Combinations" ("SFAS No. 141"), and No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142").

SFAS No. 141 requires the use of the purchase method of accounting and prohibits the use of the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001. SFAS No. 141 also requires that the Company recognize acquired intangible assets apart from goodwill if the acquired intangible assets meet certain criteria. SFAS No. 141 applies to all business combinations initiated after June 30, 2001 and for purchase business combinations completed on or after July 1, 2001. It also requires, upon adoption of SFAS No. 142, companies to reclassify the carrying amounts of intangible assets and goodwill based on the criteria in SFAS No. 141. The Company does not expect that the adoption of SFAS No. 141 will have a material impact on its consolidated financial statements.

SFAS No. 142 requires, among other things, that companies no longer amortize goodwill, but instead test goodwill for impairment at least annually. In addition, SFAS No. 142 requires that the Company identify reporting units for the purposes of assessing potential future impairments of goodwill, reassess the useful lives of other existing recognized intangible assets, and cease amortization of intangible assets with an indefinite useful life. An intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS No. 142. SFAS No. 142 is required to be applied in fiscal years beginning after December 15, 2001 to all goodwill and other intangible assets recognized at that date, regardless of when those assets were initially recognized. SFAS No. 142 requires companies to reassess the useful lives of other intangible assets within the first interim quarter after adoption of SFAS No. 142. The Company does not expect that the adoption of SFAS No. 142 will have a material effect on the consolidated financial statements.

In June 2001, Financial Accounting Standard Board issued Statement of Financial Accounting Standards, No. 143, "Accounting for Asset Retirement Obligations," ("SFAS No. 143"). FAS No. 143 is effective for fiscal years beginning after June 15, 2002. SFAS No. 143 requires that any legal obligation related to the retirement of long-lived assets be quantified and

recorded as a liability with the associated asset retirement cost capitalized on the balance sheet in the period it is incurred when a reasonable estimate of the fair value of the liability can be made.

In August 2001, Financial Accounting Standard Board issued Statement of Financial Accounting Standards, No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS No. 144"). SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. SFAS No. 144 provides a single, comprehensive accounting model for impairment and disposal of long-lived assets and discontinued operations.

The Company expects that SFAS No. 143 and SFAS No. 144 will be adopted on their effective dates and that the adoption will not result in any material effects on its financial statements.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform with the 2001 presentation.

Note 1. Inventory

Inventory consists of:

	December 31,	
	2000	2001
Service parts	$ 1,505,715	$ 1,633,919
Work in progress	558,406	329,730
Finish goods	15,546,998	20,528,669
Allowance for slow moving items	(619,504)	(799,774)
	$ 16,991,615	$ 21,692,543

Note 2. Property, Plant and Equipment

Property, plant and equipment consists of:

	December 31,	
	2000	2001
Furniture, fixtures and equipment	$ 730,967	$ 3,076,718
Vehicles	100,748	35,053
Computer equipment	179,961	18,421
Leasehold improvements	567,700	569,421
	1,579,376	3,862,612
Accumulated depreciation and amortization	(862,992)	(1,181,594)
Property, plant and equipment, net	$ 716,384	$ 2,681,018

Note 3. Income Taxes

The income tax provision is as follows:

	Years ended December 31,		
	1999	2000	2001
Current			

Domestic			
Federal	$ 362,671	$ 294,677	$ -
State	-	103,889	6,400
Foreign			
Japan	612	592	443
Hong Kong	-	308,974	307,298
Total current	363,283	708,132	314,141
Deferred			
Domestic			
Federal	-	-	-
State	-	-	-
Foreign			
Japan	-	-	-
Hong Kong	-	(76,575)	(22,293)
Total deferred	-	(76,575)	(22,293)
Total	$ 363,283	$ 631,557	$ 291,848

Note 3. Income Taxes (Continued)

The difference between the effective income tax rate and the expected federal statutory rate is as follows:

	Years ended December 31,		
	1999	2000	2001
Federal statutory rate	34.0%	34.0%	(34.0)%
State taxes, net of federal benefit	6.0	6.0	(6.0)
Subsidiary income not offset by NOL	-	-	
Changes in valuation allowance	(2.2)	(5.2)	49.1
Impact from permanent differences	(2.0)	15.0	11.3
Foreign subsidiaries rate reduction	-	(16.2)	(6.3)
Other	-	2.9	(1.3)
Effective income tax rate	36.0 %	36.5 %	12.8%

Net deferred tax assets consist of the following:

	December 31,	
	2000	2001
Domestic (U.S.)		
Accrued bonus	$ 14,000	$ -
Audit service accrual	14,000	-
State taxes	37,421	2,176
Accumulated depreciation	65,175	91,843
Provision for bad debts	122,663	131,993
Accrued vacation	49,091	58,121
Inventory provision	23,020	40,933
Uniform capitalization - section 263A	-	71,360
Net operating loss carryforward	5,539	1,058,496
Valuation allowance	(33,909)	(1,454,922)

Net deferred tax assets	-	-
Foreign (Japan)		
Deferred tax assets:		
Net operating loss carryforward	157,191	-
Valuation allowance	(93,990)	-
	63,201	-
Foreign (Hong Kong)		
Accrued rebates	(137,693)	-
Provision for bad debts	24,964	-
Reserve for obsolete inventory	89,913	-
Depreciation and amortization	(3,609)	(4,097)
	(26,425)	(4,097)
Net deferred tax assets	$ 36,776	$ (4,097)

Note 3. Income Taxes (Continued)

A valuation allowance has been provided at December 31, 2000 and 2001 for that portion of the net deferred tax asset which management cannot determine, with reasonable certainty, that the benefit will be realized.

Note 4. Notes Payable

Note Payable to A Bank in the U.S.

In 2000, the Company obtained a revolving line of credit, as amended, from a commercial bank with an aggregate amount of principal not to exceed $4,000,000. Advances bear interest at the bank's index rate, as defined in the credit agreement. Repayment is in the form of a promissory note, which stipulates that all outstanding interest and principal are payable on or before June 30, 2001. The revolving line of credit is subject to certain restrictive covenants and is collateralized by substantially all of the Company's assets located in the U.S. As of December 31, 2001, the Company was not in compliance with the current ratio covenant, for which a waiver has not been obtained. At December 31, 2000 and 2001, the outstanding note payable was $4 million with interest at rate of 9.5% and 5.25%, respectively. The Company was in default per the terms of loan agreement and is negotiating with the bank to obtain an extension and new borrowing terms in 2002. There is no assurance that a new loan agreement will be worked out.

Note Payable to IBM

In 2000, CMS, a subsidiary of the Company located in Hong Kong, obtained a revolving loan facility from its main vendor, IBM, for the purpose of financing its purchases of goods from IBM. The facility was available to the Company for one year through September 26, 2001. The facility loan was secured by ways of first fixed charge against all the Company's receivable and credit balances placed with financial institutions together with first floating charge against certain assets, undertakings and rights as prescribed under the debenture agreement.

In 2001, the revolving loan facility from IBM was extended and will expire on October 31, 2002. The Company has provided a corporate guarantee as an additional facility condition under a supplementary agreement signed on January 16, 2002. The facility can be further extended subject to mutual agreement.

Applicable interest rate per annum was determined to be 2% over the prime lending rate in respect of US dollar loans from time to time quoted by the Hong Kong and Shanghai Banking Corporation in Hong Kong but no less than 9%.

As of December 31, 2000 and 2001, the note payable balance was $2 million and $5 million, respectively, bearing interest at a rate of 9.5% and 11.5% per annum, respectively.

Note 5. Long Term Debt

	December 31, 2000	December 31, 2001
Note payable with a foreign (Japan) bank, monthly payment of $1,625 including interest of 2.075%, due November 2003. Guaranteed by government Guarantee Association	$ 132,815	$ -
Note payable with a foreign (Japan) bank, monthly payment of $6,824 including interest of 2.375%, due May 2004. Guaranteed by government Guarantee Association	220,990	-
Loan payable for the purchase of a vehicle, monthly payment of $501 including interest at 10.25%, collateralized by the related asset, due June 18, 2001	2,921	-
Note payable to the Small Business Administration, collateralized by substantially all of the assets of Autec and personally guaranteed by four of the Company's shareholders, payable in monthly installments of $2,950, which includes interest at 4% per annum	254,801	229,125
Note payable to a U.S. Bank, collateralized by substantially all of the assets of Autec and personally guaranteed by four of the Company's shareholders, payable in monthly installments of $2,138, which includes interest at 4% per annum	165,476	146,076
	777,003	375,201
Current portion	(155,980)	(46,901)
	$ 621,023	$ 328,300

The aggregate maturities of notes and loans payable are as follows:

Year ending December 31,	Amount
2002	$ 46,901
2003	48,812
2004	50,801

2005	52,870
2006	55,024
Thereafter	120,793
	$ 375,201

The note payable by Autec to the Small Business Administration and a U.S. bank includes various covenants. As of December 31, 2001 Autec was in compliance with the loan covenants.

Note 6. Acquisition of CMS

In December 1999, the Company entered into an acquisition agreement with CMS Technology Limited (CMS), a related party company incorporated under the laws of Hong Kong Special Administrative Region, to acquire 60% equity interest for cash of $6 million based on a valuation report which was performed by a third party appraisal firm. Funding of acquisition has been obtained from the following sources: $2.9 million borrowed from shareholders, and $1.55 million from the Company's line of credit. The remaining $1.55 million was financed from the Company's working capital.

Note 6. Acquisition of CMS (Continued)

The acquisition was effective January 3, 2000. The acquisition transaction was accounted for under the purchase method. The estimated fair value of 60% of the net assets in CMS, amounted to $3,331,416. Consequently, the Company recognized goodwill of $2,668,584, which represented the excess of the value of the cash expended over the equity acquired and will be amortized over a five year period.

At the same time, a director and shareholder of the Company acquired 10% of equity interest in CMS. In accordance with the acquisition agreement, the Company has an option to acquire the remaining 30% of equity interest in CMS in exchange for 360,000 shares of the Company's common stock.

In May 2000, the Company exercised the option to acquire the remaining 30% interest in CMS. The acquisition was effective May 15, 2000. The estimated fair value of 30% interest of CMS amounted to $1,824,050. Consequently the Company recognized additional goodwill of $515,950, which represented the excess of the value of the Company's stock issued over the equity acquired and will be amortized over a five-year period.

The following unaudited pro forma information is intended to present the results of the CMS acquisition transaction assuming that it occurred on January 1, 1999. The pro forma amounts do not purport to be indicative of the results that would have been obtained had the acquisition occurred then or of the results which may occur in the future.

	CMS December 31, 1999	Bridge December 31, 1999	Pro Forma December 31, 1999
Revenue	$ 51,534,484	$ 34,272,188	$ 85,806,672

Net income	$ 571,200	$ 660,721	1,231,921
Adjustment:			
Amortization of goodwill			636,907
Pro forma net income			$ 595,014
Basic income per share			0.06
Diluted income per share			0.05

Note 7. Commitments and Contingencies

The Company has committed to the Chinese government to contribute total registered capital of $10 million to the Ningbo facility within a three-year time period from May 2001 through May 2004.

In February 2001, the Company issued a press release to unilaterally sever relationship with Worldwide Wireless Networks, Inc. (WWN). Afterwards the Company entered into a verbal settlement with WWN to cancel all agreements, including the exchange of shares of common stock between the companies. This settlement agreement was reduced to writing by WWN and signed by the Company's President. WWN has not signed and has not complied with the settlement agreement up to the reporting date.

The Company is a party to legal actions that have arisen in the normal course of business. The following is a listing of matters that are required to be disclosed under generally accepted accounting principles.

Note 7. Commitments and Contingencies (Continued)

During 2001, a complaint was filed against the Company for fees allegedly owed by the Company. The Company intends to vigorously defend this claim because the amount was deemed excessive comparing to the quality of services rendered. The estimated liability including interest, costs and statutory attorney's fees was approximately $100,000. The Company has recorded liabilities for this amount in accordance with Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies" ("SFAS No. 5").

During 2001, a complaint was filed against Autec Power System, Inc. ("Autec") for fees allegedly owed by Autec. The matter has been submitted to binding arbitration scheduled for hearing in April 2002. The estimated liability was approximately $136,000 to resolve this matter. Autec recorded liabilities for this amount in accordance with SFAS No. 5.

During 2001, a complaint was filed against the Company for fees alleged to be due on an acquisition which was not consummated. The complaint seeks for damage of approximately $2 million where as the Company believes that the complaint is without merit and will be resolved in favor of the Company. The Company tendered this case to its insurance carrier for settlement and did not accrue any liabilities for this matter.

During 2001, a complaint was filed against the Company for an alleged transfer of assets, technology, trade secrets, confidential information, business opportunities from Allied Web, a corporation owned by the Company's President, which filed for liquidation under federal bankruptcy laws on April 6, 2000. The Company purchased from Allied Web certain assets including used computers,

inventories, and used furniture and fixtures for approximately $191,640 based on the book value of these assets acquired from Allied Web in June 1997. Other than this transaction, the Company did not have any transaction with Allied Web afterwards. The Company considers that this action has no merit and will vigorously defend itself. At December 31, 2001, management of the Company was unable to assess the possibility of incurring future liability and estimate the reasonable amount of contingent liability. Therefore, the Company did not record any accrued liability for this matter.

A former shareholder of Autec Power Systems has filed in 2001 a complaint against the controlling shareholder of Autec, Mr. Winston Gu and Bridge Technology, Inc. alleging that he/they did not receive sufficient exchange of shares in this acquisition by Bridge Technology, Inc. While an attempt to settle this complaint have been made, the parties have not reached a settlement. The Company believes that the complaint is without merit as to Bridge Technology, Inc. and will be resolved between the parties. At December 31, 2001, management of the Company was unable to assess the possibility of incurring future liability and estimate the reasonable amount of contingent liability. Therefore, the Company did not record any accrued liability for this matter.

Operating Lease Commitments

The Company signed an operating lease for a building from an entity owned by certain shareholders. The lease term is 20 years and expires in December 2017. The Company entered into a sublease agreement with another related party, for a portion of the building for a monthly payment of $1,380, through October 2003.

Autec leases facilities under an operating lease from a company owned by a major stockholder. The lease calls for monthly lease payments of $16,500, subject to cost of living adjustment, through 2007. Autec entered into a sublease agreement with an entity owned by certain shareholders, for a portion of the facility for a monthly payment of $4,125. The term of the sublease was for 10 years.

Bridge Technology Ningbo Co., Ltd. ("Ningbo") leases a manufacturing facility in the City of Ningbo, Zhejiang Province of China. This lease requires a monthly payment of $12,513 through December 2005.

Note 7. Commitments and Contingencies (Continued)

The following table represents the consolidated rental commitments at December 31, 2001.

Year ending December 31,	Amount
2002	$ 509,754
2003	523,771
2004	542,393
2005	555,248
2006	570,826
Thereafter	5,048,651
	$ 8,346,681

Total rental expense for the year ended December 31, 1999, 2000 and 2001, was $392,334, $595,934 and $556,756, respectively.

Note 8. Related Party Transactions

On December 31, 2001, the Company reached an agreement with a member of board of directors of the Company. In accordance with the agreement, the Company agreed to sell 85% of its equity interest in Newcorp Technology Co. Ltd. ("Newcorp") (which was a wholly owned subsidiary of the Company before December 31, 2001.) in exchange for 65,000 shares of the Company's common stock held by the director. Because there was a negative equity of approximately $273,350 in Newcorp, the Company accounted for this transaction by recognizing 273,350 in additional paid-in capital and placing no value on the 65,000 shares of treasury stock. After this transaction, the Company owns a 15% equity interest in Newcorp valued at zero cost. The consolidated balance sheet does not reflect any assets and liabilities of Newcorp and the consolidated statement of operations contains the results of operations in Newcorp through December 31, 2001, the date of disposal.

At December 31, 2001, the Company wrote off a shareholder loan receivable of $225,000 and related interest receivable of approximately $37,550 because this shareholder's business suffered consecutive losses in 2000 and 2001 and management assessed that the receivable was fully impaired.

As a result of selling 150 shares of common stock of ADTX, a Japan-based company, held as an investment, the Company recorded an investment gain of approximately $879,000, net of cost of $31,145 and selling expense of $2,382. Of the total proceeds of approximately $910,000, $300,000 was lent to Newcorp. At December 31, 2001, there is a total related party receivable from Newcorp of $500,000 which does not bear interest and related party payable of $160,000 to Newcorp which did not bear interest.

During 2001, the Company borrowed $1,000,000 from an entity owned by an officer and shareholder at a variable interest rate (5.0% at December 31, 2001) and maturing in September 2011. During 2001, the Company repaid $10,021 of principal and $9,185 of interest on this loan. As of December 31, 2001, principal of $989,979 and accrued interest of $0 were outstanding. Future commitments for principal payments are as follows: $75,118 in 2002, $79,950 in 2003, $85,092 in 2004, $90,566 in 2005, $96,391 in 2006, and $562,862 thereafter.

Note 8. Related Party Transactions (Continued)

Autec purchases product from an entity owned by the family of the Company's chairman. As of December 31, 2000 and 2001, respectively, the Company had $0 and $788,398 of accounts payable to this vendor. During 1999, 2000 and 2001, respectively, the Company purchased approximately $2,043,000, $257,000 and $1,560,000 from this vendor.

In the ordinary course of business, Newcorp Japan engaged in transactions with Digital Stream Corporation ("DSC"). Newcorp Japan has an officer who is also a director and major shareholder in DSC. DSC leases office space to Newcorp Japan.

Transactions with DSC were as follows:

	Year Ended December 31,		
	1999	2000	2001
Purchases	$ 52,851	$ -	$ -
Rent	11,749	11,132	-

During the years ended December 31, 1999, 2000 and 2001, Autec was reimbursed for certain operating and overhead expenses attributable to an entity, owned by one of the Company's major shareholders. The amount of $28,107, $21,932 and $22,143 represented the unreimbursed expense due from the related party as of December 31, 1999, 2000 and 2001, respectively.

In January 1999, the Company purchased a motor vehicle from a director of the Company for $37,000. In 2000, the motor vehicle was sold back to the original owner at its net book value, $22,817.

During 2000, the Company sold a different motor vehicle to an entity owned by a director of the Company for $8,700, the net book value of the motor vehicle. The related party entity was also paid $37,000 in consulting fees.

During 2000, the Company paid $18,900 in consulting fees to an entity owned by the CFO of the Company.

During 2000, $2.9 million was loaned to the Company, at an interest rate of 9.5%, due on demand from shareholders and entities owned by shareholders and officers, for the purchase of CMS. During 2001, an additional $30,000 was loaned to the Company by a shareholder at an interest rate of 9.5%, due on demand. Principal of $100,000 and $700,000 and interest of $152,859 and $322,066 were paid during 2000 and 2001, respectively. At December 31, 2000 and 2001, respectively, there was an accrued interest payable of $88,919 and $0 and a total interest expense of $241,778 and $233,148.

Note 9. Shareholders' Equity

1999

During March 1999, the Company sold 600,000 shares of common stock at $0.75 per share and received proceeds of $450,000.

During June and July 1999, the Company sold 700,000 shares of common stock at $1.00 per share and received proceeds of $700,000.

During July and August 1999, the Company sold 120,000 shares of common stock at $2.00 per share and received proceeds of $240,000.

In October 1999, the Company granted 310,000 stock warrants to key employees, officers and directors. Accordingly, a non-employee director compensation cost of $34,500 was recognized and included in general and administrative expense for 1999.

In October 1999, the Company issued 50,000 warrants to a public relations firm in exchange for public relations services starting from November 1, 1999 to April 30, 2000. Accordingly, an expense of $1,834 on a pro rata basis was recognized and included as a general and administrative expense. The remaining $3,666 was recognized in 2000.

During later 1999, the Company issued 75,000 shares of its common stock as a result of warrants exercised with an exercise price at $1.00 per share. The proceeds of $75,000 were received subsequent to December 31, 1999.

In December, 1999, the Company committed to issue 2,764,250 shares of common stock in exchange for 100% equity interest in Autec Power Systems Inc. The transaction was accounted for as a pooling of interest, therefore, the financial statements have been retroactively restated to include all

activities of Autec Power Systems, Inc. for all periods presented.

On March 14, 1999, per one employee-shareholder's request, Autec repurchased 2,000 shares of common stock at $1.00 per share from this individual. Accordingly the actual shares issued by the Company were 2,763,250 as Autec reserved the rights to issue 2,000 shares of treasury stock in exchange for 1,000 shares of common stock in the Company.

The results of the operations of the Companies before the acquisition took place were as follows:

	Revenue	Net Income (Loss)
Bridge Technology, Inc.		
December 31, 1998	$ 20,737,017	$ (381,585)
January 1 to November 30, 1999	23,016,451	(103,089)
Autec Power System, Inc. (Stand Alone)		
December 31, 1998	10,014,963	73,689
January 1 to November 30, 1999	8,538,951	771,382

Note 9. Shareholders' Equity (Continued)

2000

During 2000, employees of the Company exercised warrants to acquire 21,000 shares of the Company's common stock. Proceeds received from the exercise totaled $54,250.

In May 2000, the Company acquired five patents, including design and tooling from an unrelated entity for $190,000, in exchange for 40,000 shares of common stock at market price of $4.75 per share.

2001

On December 31, 2001, the Company sold 85% of its equity interest in Newcorp Technology Co. Ltd. in exchange for 65,000 shares of the Company's common stock, which is accounted for as treasury stock at December 31, 2001.

Note 10. Stock Options and Warrants

The company granted warrants to its officers, key employees, advisory board members, and outside consultants in order to provide certain incentive for their services.

Each warrant entitles the holder to purchase one share of the Company's common stock at the exercise price specified by the warrant and each warrant is only valid within the effective period. Shares acquired through exercising a warrant will be restricted and will not be registered for trading purposes unless the Company, at its sole discretion, files a registration statement and includes these designated shares.

Warrants activities in the Company for 1999, 2000 and 2001 were summarized as follows:

	Shares	Weighted Average Exercise Price	Vesting Period	Expiration Date
Outstanding at January 1, 1998	180,000	2.46	None	01/15/03
Warrants carried over from PTI	105,000	3.50	None	01/30/04
Warrants granted	360,000	1.75	None	01/30/04
Outstanding at December 31, 1998	645,000	2.23		
Warrants granted	310,000	5.00	None	01/15/05
Warrants granted to consultant	50,000	5.00	None	10/11/01
Warrants exercised	(75,000)	(1.00)		
Outstanding at December 31, 1999	930,000	3.40		
Wattants granted	600,000	1.87	None	12/21/02
Warrants granted to Advisory Board	30,000	3.00	None	12/21/02
Warrants granted to consultant	125,000	3.00	None	02/09/04
Warrants granted to consultant	15,000	3.00	None	12/21/02
Warrants granted to consultant	10,000	4.50	None	12/21/02
Warrants granted to consultant	25,000	5.00	None	12/21/02
Warrants exercised	(21,000)	(2.58)		
Outstanding at December 31, 2000	1,714,000	2.78		

Note 10. Stock Options and Warrants (Continued)

On November 29, 1999, the Board of Directors of the Company approved a proposal made by management in October 1999 to grant 360,000 warrants to officer, directors, and a public relationship firm for their performance and contribution to the Company in 1999.

On December 21, 2000, the Board of Directors of the Company approved a proposal made by management to grant 500,000 warrants to the Company's officers and key employees and 100,000 warrants to outside directors, with an exercise price of $1.875 per share and vesting immediately, for their performance and contribution to the Company in 2000.

On December 21, 2000, the Board of Directors of the Company also granted 30,000 warrants, with an exercise price of $3.00 per share and vesting immediately, to the Advisory Board members.

On the same day, the Board of Directors of the Company also granted 175,000 warrants, with an exercise price ranging from $3.00 to $5.00 per share and vesting immediately, to outside consultants in exchange for their services to be provided.

In April 2001, the Company granted 15,000 warrants to an advisory board member

with an exercise price of $3.00 and vesting immediately.

The Company follows APB No. 25 and related interpretations to account for stock options granted to employees. During 1999, 2000 and 2001, the Company did not recognize any compensation costs for options granted to employees as the exercise price equaled the fair value of the Company's common stock on the date of grant.

The Company adopted SFAS No.123 to account for stock warrants granted to non-employees using the Black Scholes option pricing model to determine the fair value of the warrants granted. The Company recognized $36,334, $6,247 and $0 stock compensation expense for the warrants granted to non-employees in 1999, 2000 and 2001, respectively.

The assumptions used in the Black Scholes option pricing model in 1998, 1999 and 2000 were as follows:

	December 31,		
	1999	2000	2001
Discount rate - bond yield rate	5.86% - 6.03%	6.18% - 6.34%	4.14%
Volatility	25.0% - 47.0%	14.5%	14.2%
Expected life	2 - 5 years	2 -3 years	2 years
Expected dividend yield	-	-	-

In 1999 using the Black Scholes option pricing model, the Company determined that the fair value of warrants with different exercise prices ranged from $0.11 to $0.46 per share. The fair value of the total warrants granted was $148,100.

In 2000 using the Black-Scholes option pricing model, the Company determined that the fair value of warrants with different exercise prices granted ranged from $0.01 to $0.37 per share. The fair value of the total warrants granted was $225,381.

In 2001 using the Black-Scholes option pricing model, the Company determined that warrants granted had no fair value.

Note 10. Stock Options and Warrants (Continued)

Had the Company determined compensation cost based on the fair value at the grant date for its warrants under SFAS No. 123, the Company's net loss would have been increased to the pro forma amount indicated below:

	Year ending December 31,		
	1999	2000	2001
Net income (loss)			
As reported	$ 660,721	$1,099,160	$(2,735,034)
Pro forma	$ 552,621	$ 876,360	$(2,735,034)

Basic earnings (loss) per share			
As reported	$ 0.07	$ 0.10	$ (0.25)
Pro forma	$ 0.06	$ 0.08	$ (0.25)
Diluted earnings (loss) per share			
As reported	$ 0.06	$ 0.10	$ -
Pro forma	$ 0.05	$ 0.08	$ -

The following table summarizes information about Warrants outstanding as of December 31, 2001:

Warrants Outstanding and Exercisable			
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$ 1.75	349,000	3.08 years	$ 1.75
$ 1.87	600,000	2.00 years	$ 1.87
$ 2.00	105,000	0.96 years	$ 2.00
$ 3.00	125,000	2.00 years	$ 3.00
$ 3.00	60,000	1.17 years	$ 3.00
$ 3.50	95,000	2.08 years	$ 3.50
$ 4.50	10,000	1.00 years	$ 4.50
$ 5.00	385,000	2.28 years	$ 5.00
	1,729,000		$ 2.78

Note 11. Concentration of Customer and Suppliers

The Company derived a significant portion of its revenue from sales to certain customers. Sales as a percentage of total sales were as follows:

	Years Ended December 31,		
	1999	2000	2001
Customer A	12 %	6 %	2 %
Customer B	24	3	4
Customer C	11	-	3
Customer D	9	10	1
Customer E	-	11	24
	56 %	30 %	14 %

Three customers accounted for approximately 30% of consolidated accounts receivable at December 31, 2000, including one customer who accounted for approximately 19% of consolidated accounts receivable. Four customers accounted for 73% of consolidated accounts receivable at December 31, 1999.

Four vendors accounted for approximately 36% of consolidated total purchases during the year ended December 31, 2000, including two vendors accounted for approximately 10% and 12% of consolidated purchases. Three

vendors accounted for 42% of consolidated total purchases during the year ended December 31, 1999. Three vendors accounted for 29% of consolidated total purchases during the year ended December 31, 1998.

One vendor accounted for 21% of consolidated accounts payable at December 31, 2000. Two vendors accounted for 66% of consolidated accounts payable at December 31, 1999.

Note 12. Profit Sharing Plan

Autec has a 401(k) profit sharing plan covering substantially all Autec employees, subject to certain participation and vesting requirements. The plan provides that Autec will partially match employee contributions up to specified percentages. The amount charged to selling general and administrative expense for the 401(k) profit sharing plan amounted to $5,455, $18,388 and $10,617 in 1998, 1999 and 2000, respectively.

F-27

Note 13. Segment Information

Industry segments:

1999	Manufacturing	Distribution	R&D	Total
Assets	9,097,868	3,927,065	258,623	13,283,556
Revenue	19,227,878	15,044,309	-	34,272,187
Operating income before income taxes and minority interest	1,593,660	(581,104)	-	1,012,556
Depreciation and amortization expense	90,131	72,694	-	162,825

2000	Manufacturing	Distribution	R&D	Total
Assets	15,318,477	29,383,241	21,203	44,722,921
Revenue	28,137,002	92,781,772	-	120,918,774
Operating income before income taxes and minority interest	1,638,846	495,973	(170,674)	1,964,145
Depreciation and1 amortization expense	138,812	706,921	12,171	857,904

2001	Manufacturing	Distribution	R&D	Total
Assets	6,731,198	33,884,953	15,113	40,631,264
Revenue	16,119,826	125,787,553	-	141,907,379
Operating income before income taxes and minority interest	(2,161,178)	(160,611)	(68)	2,321,857
Depreciation and1 amortization expense	115,557	47,697	-	163,254

------------- ------------ ---------- -------------

Note 13. Segment Information (Continued)

Geographic segments:

1999	United States	Asia	Other	Total
Long lived assets	$ 1,094,722	$ 83,817	$ -	$ 1,178,539
Revenue	31,643,293	2,227,051	401,843	34,272,187
2000				
Long lived assets	3,715,708	136,897	-	3,852,605
Revenue	47,899,565	72,709,064	310,145	120,918,774
2001				
Long lived assets	553,639	2,127,380	-	1,681,019
Revenue	35,659,449	106,247,930	-	141,907,379

Note 14.
On March 18, 2002, the Board of Directors of the Company held a meeting and voted to spin Autec off as a dividends to the existing Shareholders of the Company subject to whether or not it will be taxable transaction and approval by Shareholders during upcoming Shareholders meeting.

Schedule II - Valuation and qualifying accounts
for the years ended December 31, 1998, 1999 and 2000

Description	Beginning Balance	Amount Charged to Expense	Deductions	Ending Balance
Allowance for doubtful accounts				
Fiscal 1999	$ 106,498	$ 6,413	$ -	$ 112,911
Fiscal 2000	$ 112,911	$ 382,693	$ 29,948	$ 465,656
Fiscal 2001	$ 465,656	$ 106,584	$264,134	$ 308,106
Reserve for inventory obsolescence				
Fiscal 1999	$ 208,865	$ -	$ 40,764	$ 168,101
Fiscal 2000	$ 168,101	$ 451,403	$ -	$ 619,504

Fiscal 2001	$ 619,504	$ 180,270	$ -	$ 799,774

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANTS.

Executive officers of the Registrant are as follows:

Name	Age	Position	Year First Became Officer
Winston Gu	50	Chairman & Chief Execurive Officer (1)	1999
John Harwer	55	President	1997
James Djen	48	Managing Director	1997
John T. Gauthier	74	Chief Financial Officer	1997

Mr. Gu has served as Chief Executive Officer from December 1999 to January 2001.
He also serves as a Director since 1997 and Chairman since December 1999.

John Harwer was appointed President in 1997. He also serves as a member of the Board of Directors.

James Djen was appointed President in January 1999 and Managing Director in January 2000 and as Chief Executive Officer in January 2001. He also serves as a member of the Board of Directors.

John T. Gauthier was appointed Chief Financial Officer/Sec/Treas. since 1997. He also serves a member of the Board of Directors.

Conflicts of Interest

Certain members of our Company's management are associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as Officers and Directors of our Company. Insofar as these officers and directors are engaged in other business activities, management anticipates they will devote less than full time to our Company's affairs. The officers and directors of our Company are now and may in the future become shareholders, Officers or Directors of other companies that may be formed for the purpose of

engaging in business activities similar to those conducted by our Company. Accordingly, additional direct conflicts of interest may arise in the future with respect to such individuals acting on behalf of our Company or other entities. Moreover, additional conflicts of interest may arise with respect to opportunities which come to the attention of such individuals in the performance of their duties or otherwise. Our Company does currently have a right of first refusal pertaining to opportunities that come to management's attention insofar as such opportunities may relate to our Company's proposed business operations.

The Officers and Directors are, so long as they are Officers or Directors of our Company, subject to the restriction that all opportunities contemplated by our Company's plan of operation which come to their attention, either in the performance of their duties or in any other manner, will be considered opportunities of, and be made available to our Company and the companies that they are affiliated with on an equal basis. A breach of this requirement will be a breach of the fiduciary duties of the Officer or Director. If our Company or the companies in which the Officers and Directors are affiliated with both desire to take advantage of an opportunity, then said Officers and Directors would abstain from negotiating and voting upon the opportunity. However, all directors may still individually take advantage of opportunities if our Company should decline to do so. Except as set forth above, our Company has not adopted any other conflict of interest policy with respect to such transactions. Although our Company will be subject to regulation under the Securities Act of 1934 and the Securities Exchange Act of 1934, management believes our Company will not be subject to regulation under the Investment Company Act of 1940 insofar as our Company will not be engaged in the business of investing or trading in securities in the event our Company engages in business combinations which result in our Company holding passive investment interests in a number of entities, our Company could be subject to regulation under the Investment Company Act of 1940. In such event, our Company would be required to register as an investment company and could be expected to incur significant registration and compliance costs. Our Company has obtained no formal determination from the Securities and Exchange Commission as to the status of our Company under the Investment Company Act of 1940 and, consequently, any violation of such Act would subject our Company to material adverse consequences. Our Company's Board of Directors unanimously approved a resolution stating that it is our Company's desire to be exempt from the Investment Company Act of 1940 via Regulation 3a-2 thereto.

ITEM 10. EXECUTIVE COMPENSATION.

The following table shows all cash compensation for services rendered during the last five fiscal years ended December 31, 2001 paid by our Company to each of our Company's executive officers whose cash compensation exceeded $100,000.

					Long Term Compensation			
		Annual Compensation			Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compen- sation ($)	Restr- icted Stock Award(s) ($)	Secu- rities Under- lying Options/ SAR's ($)	LTIP Payouts ($)	All Other Compensation Warrants

Winston Gu	2001	120,000						
CEO	2000	120,000						50,000 @ $1.875
	1999	75,000	200,000					25,000 @ $5.00
	1998	60,000	200,000					
J. Djen	2001	120,000						
Managing	2000	120,000						50,000 @ $1.875
Director	1999	120,000	0	0	0	0	0	25,000 @ $5.00
	1998	159,900	0	0	0	0	0	45,000 @ $3.50
	1997	82,000	0	0	0	0	0	45,000 @ $2.00
J. Harwer	2001	120,000						
President	2000	120,000						50,000 @ $1.875
	1999	120,000	0	0	0	0	0	25,000 @ $5.00
	1998	158,333	0	0	0	0	0	100,000 @ $1.75
	1997	98,333	0	0	0	0	0	0
R. Fox	2001	120,000						
General	2000	120,000						15,000 @ $1.875
Manager	1999	125,000	0	0	0	0	0	15,000 @ $5.00
PTI	1998	123,637	0	0	0	0	0	30,000 @ $3.50
Enclosures	1997	73,839	0	0	0	0	0	30,000 @ $2.00
John T.	2001	120,000						
Gauthier	2000	120,000						50,000 @ $1.875
Chief	1999	60,000						25,000 @ $5.00
Financial	1998	36,000						
Officer								

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The table below lists the beneficial ownership of our Company's voting securities by each person known by our Company to be the beneficial owner of more than 5% of such securities, as well as the securities of our Company beneficially owned by all directors and officers of our Company. Unless otherwise indicated, the shareholders listed possess sole voting and investment power with respect to the shares shown.

Name and Address of Title of Beneficial Owner	Preferred Shares	Common Shares	%	Class Ownership
Winston Gu (3) 12601 Monarch Street Garden Grove, CA 92841		2,773,334	25.5	Common
James Djen (1) 12601 Monarch Street Garden Grove, CA 92841		565,000	5.2	Common
John T. Gauthier (1) 12601 Monarch Street Garden Grove, CA 92841		299,206	2.8	Common
John J. Harwer and Oliva Harwer Trust (1)		0	0	Common

12601 Monarch Street Garden Grove, CA 92841			
Hideki Watanabe (1) 4-14-2 Nagatsuda, Midori-Ku Yokohama-Shi, Kanagawa-Ken, Japan	300,000	2.8	Common
Cayman Computer Alliance Corporation 12601 Monarch Street Garden Grove CA 92841	373,206	3.4	Common
COMMON All Officers & Directors (2)	5,288,334	48.7	Common

(1) Officer and/or Director of our Company.
(2) Officers and Directors as a Group. The balance of our Company's outstanding Common Shares is held by approximately 2800 persons.
(3) Include shares owned by wife Jeannie Gu.

Warrants activities in the Company for 1998, 1999 and 2000 were summarized as follows:

	Shares	Weighted Average Exercise Price	Vesting Period	Expiration Date
Outstanding at January 1, 1998	180,000	2.460	None	01/15/03
Warrants carried over from PTI	105,000	3.500	None	01/30/04
Warrants granted	360,000	1.750	None	01/30/04
Outstanding at December 31, 1998	645,000	2.230		
Warrants granted	310,000	5.000	None	01/15/03
Warrants granted to consultant	50,000	5.000	None	10/11/01
Warrants exercised	(75,000)	(1.000)		
Outstanding at December 31, 1999	930,000	3.400		
Wattants granted	600,000	1.875	None	12/21/02
Warrants granted to Advisory Board	30,000	3.000	None	12/21/02
Warrants granted to consultant	125,000	3.000	None	02/07/04
Warrants granted to consultant	15,000	3.000	None	12/21/02
Warrants granted to consultant	10,000	4.500	None	12/21/02
Warrants granted to consultant	25,000	5.000	None	12/21/02
Warrants exercised	(21,000)	(2.580)		
Outstanding at December 31, 2000	1,714,000	2.780		

The following table summarizes information about Warrants outstanding as of December 31, 1999:

Warrants Outstanding	Warrants Exercisable

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 1.75	360,000	4.04 years	$ 1.75	360,000	$ 1.75
$ 3.50	210,000	3.04 years	$ 3.50	210,000	$ 3.50
$ 5.00	360,000	4.37 years	$ 5.00	360,000	$ 5.00
	930,000			930,000	

The following table summarizes information about Warrants outstanding as of December 31, 2000:

	Warrants Outstanding			Warrants Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 1.750	349,000	3.08 years	$ 1.750	349,000	$ 1.750
$ 1.875	600,000	2.00 years	$ 1.875	600,000	$ 1.875
$ 2.000	105,000	1.96 years	$ 2.000	105,000	$ 2.000
$ 3.000	125,000	3.00 years	$ 3.000	125,000	$ 3.000
$ 3.000	45,000	2.00 years	$ 3.000	45,000	$ 3.000
$ 3.500	95,000	3.08 years	$ 3.500	95,000	$ 3.500
$ 4.500	10,000	2.00 years	$ 4.500	10,000	$ 4.500
$ 5.000	385,000	3.28 years	$ 5.000	385,000	$ 5.000
	1,714,000			1,714,000	

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

There have been no related party transactions, or any other transactions or relationships required to be disclosed pursuant to Item 404 of Regulation except as disclosed in the Notes to the financial statements.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.

(a) INDEX TO EXHIBITS

Exhibit Number	Description
EX-3 (i)	ARTICLES OF INCORPORATION
EX-3.A (i)	Newcorp Technology, Inc. (Nevada), Incorporated March 15, 1999 (incorporated by reference to Bridge Technology, Inc. Form 10KSB filed March 31, 1999)
EX-3.B (i)	Bridge Technology, Inc. as amended April 21, 1997

(incorporated by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2, Exhibit 3(i) filed December 23, 1998 with the Commission)

Bridge R & D, Inc. Incorporated June 25, 1997 (incorporated by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2, Exhibit 3(i) filed December 23, 1998 with the Commission)

EX-3.C (i) Pacific Bridge Net incorporated June 9, 1999

EX-3 (ii) BY-LAWS
of Bridge Technology, Inc., as dated August 1, 1997, (incorporated herein by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2, Exhibit 3(ii) filed December 23, 1998 with the Commission)

EX-4 DETERMINATION OF SHAREHOLDER PREFERENCES (incorporated herein by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2, Exhibit 4 filed December 23, 1998 with the Commission)

EX-10 MATERIAL CONTRACTS

EX-10.A Classic Trading, Inc. Agreement (incorporated by reference to Bridge Technology, Inc. Form 10KSB filed March 31, 1999)

EX-10.B Allied Web, Inc. Purchase of Assets Agreement,(incorporated herein by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2, Exhibit 10(A) filed December 23, 1998 with the Commission)

EX-10.C John Harwer Employment Agreement, dated June 1, 1997, (incorporated herein by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2, Exhibit 10(B) filed December 23, 1998 with the Commission)

EX-10.D EEMB, Co. Ltd. China Agreement, dated November 11, 1997, (incorporated herein by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2, Exhibit 10(C) filed December 23, 1998 with the Commission)

EX-10.E Newcorp Technology, Ltd. (Japan) Stock Exchange Agreement, as entered into November 11, 1997, (incorporated herein by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2, Exhibit 10(D) filed December 23, 1998, with the Commission)

EX-10.F Autec Power Systems, Inc. Acquisition Agreement, dated December 8, 1999

EX-10.G CMS Technology Limited (HK) Acquisition Agreement as amended March 15, 2000

EX-21 SUBSIDIARIES OF THE REGISTRANT

A. PTI Enclosures, Inc. (California) - July 1993

B. Newcorp Technology, Inc. (Japan)
C. Bridge R & D, Inc. (California)
D. Pacific Bridge Net
E. Autec Power Systems, Inc.
F. CMS Technology Ltd. (Hong Kong)

EX-99 ADDITIONAL CONTRACTS

EX-99.A Assignment of Trademarks (incorporated by reference to Bridge Technology, Inc. Form 10KSB filed March 31, 1999)

EX-99.B Property Lease (incorporated by reference to Bridge Technology, Inc. Form 10KSB filed March 31, 1999)

EX-99.C Incentive Stock Option Plan (incorporated herein by reference to Bridge Technology, Inc. Form 10-SB, Amendment #2 filed December 23, 1998, with the Commission)

EX-99.D Distribution Product Rights Development Agreement dated July 1, 1999

EX-99.E Five recently acquired patents. Submitted by hard copy only.

EX-99.F CMS Technology Ltd. (Hong Kong) Financial Statements

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunder duly authorized.

Registrant: BRIDGE TECHNOLOGY, INC.

By: James Djen

James Djen, CEO

Date: March 31, 2002

By: John T. Gauthier

John T. Gauthier, CFO

Date: March 31, 2002

Pursuant to the requirements of the Exchange Act, the report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: Winston Gu

Winston Gu, Chairman

Date: March 31, 2002

By: John T. Gauthier

John T. Gauthier, CFO

Date: March 31, 2002

By: John Harwer

John Harwer, President

Date: March 31, 2002

By: James Djen

James Djen, CEO

Date: March 31, 2002