

VIA TECHNOLOGIES, INC.

**Financial Statements for the
Years Ended December 31, 2001 and 2000 and
Independent Auditors' Report**

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

(In Thousands of New Taiwan Dollars)

ASSETS	2001	2000	LIABILITIES AND STOCKHOLDERS' EQUITY	2001	2000
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 11,112,886	\$ 5,396,918	Notes payable	\$ 1,071	\$ 12,017
Short-term investments	45,228	48,386	Accounts payable	3,084,536	2,429,893
Notes receivable, net	1,794,164	1,117,163	Notes and accounts payable to related parties	1,196,843	399,533
Accounts receivable, net	2,374,822	3,105,499	Income tax payable	466,567	204,027
Notes and accounts receivable from related parties, net	400,565	806,306	Accrued expenses	1,268,724	1,160,051
Inventories	3,934,757	3,272,782	Current portion of long-term liabilities	12,490	26,555
Other current assets	<u>696,109</u>	<u>712,926</u>	Other current liabilities	<u>1,217,257</u>	<u>995,466</u>
Total current assets	<u>20,358,531</u>	<u>14,459,980</u>	Total current liabilities	<u>7,247,488</u>	<u>5,227,542</u>
LONG-TERM INVESTMENTS	<u>13,805,290</u>	<u>13,708,852</u>	LONG-TERM LIABILITIES:		
PROPERTY, PLANT AND EQUIPMENT:			Corporate bonds payable	4,605,137	4,375,449
Land	775,466	524,872	Long-term loans, net of current portion	-	39,831
Buildings and improvements	507,216	400,700	Lease Payable	<u>27,031</u>	<u>-</u>
Machinery and equipment	773,888	521,411	Total long-term liabilities	<u>4,632,168</u>	<u>4,415,280</u>
Computer equipment	179,330	106,011	OTHER LIABILITIES	<u>81,694</u>	<u>69,688</u>
Research and development equipment	305,972	168,715	Total liabilities	<u>11,961,350</u>	<u>9,712,510</u>
Transportation equipment	8,168	5,375	STOCKHOLDERS' EQUITY:		
Furniture and fixtures	50,938	46,466	Capital stock	9,468,000	5,767,500
Leasehold Assets	43,502	-	Capital surplus:		
Leasehold improvements	<u>137,472</u>	<u>107,219</u>	Additional paid-in capital	8,073,500	8,073,500
Subtotal	2,781,952	1,880,769	Gain on disposal of property, plant and equipment	1,770	1,770
Less accumulated depreciation	(668,482)	(359,576)	Long-term equity investment	74,654	2
Prepayments on purchase of equipment, land and buildings	<u>27,300</u>	<u>120,413</u>	Retained earnings :		
Property, plant and equipment, net	<u>2,140,770</u>	<u>1,641,606</u>	Legal reserve	1,131,279	477,013
OTHER ASSETS:			Special reserve	-	41,552
Leased-out assets	450,209	440,407	Unappropriated earnings	6,868,531	6,683,297
Refundable deposits	14,321	9,330	Unrealized valuation losses on Long-term equity investments	(165,238)	(109,872)
Deferred charges	1,084,369	661,510	Cumulative translation adjustments	<u>842,133</u>	<u>386,821</u>
Deferred tax asset	<u>402,489</u>	<u>112,408</u>	Total stockholders' equity	<u>26,294,629</u>	<u>21,321,583</u>
Total other assets	<u>1,951,388</u>	<u>1,223,655</u>	TOTAL	<u>\$38,255,979</u>	<u>\$31,034,093</u>
TOTAL	<u>\$38,255,979</u>	<u>\$31,034,093</u>			

VIA TECHNOLOGIES, INC.
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2001 AND 2000
(In Thousands of New Taiwan Dollars, Except Per Share Data)

	2001	2000
OPERATING REVENUES:		
Sales	\$ 37,107,099	\$32,477,192
Less:		
Sales returns	(164,710)	(80,874)
Sales discounts	<u>(3,152,829)</u>	<u>(1,787,031)</u>
Net sales	33,789,560	30,609,287
Other operating revenue	<u>58,472</u>	<u>256,977</u>
Total operating revenues	33,848,032	30,866,264
COST OF OPERATING REVENUES	<u>(21,249,719)</u>	<u>(17,988,046)</u>
GROSS PROFIT	12,598,313	12,878,218
OPERATING EXPENSES	<u>(5,023,878)</u>	<u>(3,743,474)</u>
INCOME FROM OPERATIONS	<u>7,574,435</u>	<u>9,134,744</u>
NON-OPERATING INCOME:		
Interest income	245,603	112,675
Dividend income	1,526	4,494
Gain on disposal of property, plant and equipment	229	-
Gain on sale of investments	58,840	107,419
Foreign exchange gain	348,445	260,328
Rental income	24,411	13,278
Recovery from loss on short-term investment devaluation	30,172	-
Other	<u>55,047</u>	<u>95,502</u>
Total non-operating income	<u>764,273</u>	<u>593,696</u>
NON-OPERATING EXPENSES:		
Interest expenses	232,074	94,556
Investment losses	2,202,831	2,484,739
Loss on disposal of property, plant and equipment	370	-
Loss on short-term investment devaluation	-	17,527
Loss on physical inventory	10,839	127
Loss on inventory devaluation	371,321	548,606
Other	<u>4,695</u>	<u>8,236</u>
Total non-operating expenses	<u>2,822,130</u>	<u>3,153,791</u>
INCOME BEFORE INCOME TAX	5,516,578	6,574,649
PROVISION FOR INCOME TAX	<u>(192,033)</u>	<u>(31,993)</u>
NET INCOME	<u>\$ 5,324,545</u>	<u>\$ 6,542,656</u>
EARNINGS PER SHARE	<u>\$ 5.62</u>	<u>\$ 6.91</u>

VIA TECHNOLOGIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2001 AND 2000 (In Thousands of New Taiwan Dollars)

	Capital Surplus				Retained Earnings			Unrealized Valuation Losses on Long-Term Equity Investment	Cumulative Translation Adjustments	Total
	Capital Stock	Additional Paid-in Capital	Gain on Disposal of Property, Plant and Equipment	Long-Term Equity Investment	Legal Reserve	Special Reserve	Unappropriated Earnings			
BALANCE, JANUARY 1, 2000	\$3,765,000	\$8,450,000	\$ 1,770	\$ -	\$ 279,146	\$ -	\$ 2,026,629	\$ -	\$ (41,552)	\$14,480,993
Appropriation and distribution of 1999 net income:										
Legal reserve					197,867		(197,867)			-
Special reserve						41,552	(41,552)			-
Stock dividends and transfer of bonuses to employees to capital stock	1,626,000						(1,626,000)			-
Transfer of capital surplus to capital stock	376,500	(376,500)								-
Directors' remuneration							(17,393)			(17,393)
Bonuses to employees							(1,748)			(1,748)
Effect of changes of ownership interest in equity method investees				2			(1,428)			(1,426)
Unrealized valuation losses on long-term equity investment								(109,872)		(109,872)
Translation adjustments on long-term investments									428,373	428,373
Net income for years ended December 31, 2000							6,542,656			6,542,656
BALANCE, DECEMBER 31, 2000	\$5,767,500	\$8,073,500	\$ 1,770	\$ 2	\$ 477,013	\$ 41,552	\$ 6,683,297	\$ (109,872)	\$ 386,821	\$21,321,583
Appropriation and distribution of 2000 net income:										
Legal reserve					654,266		(654,266)			-
Special reserve						(41,552)	41,552			-
Cash dividends							(576,750)			(576,750)
Stock dividends and transfer of bonuses to employees to capital stock	3,700,500						(3,700,500)			-
Directors' remuneration							(42,824)			(42,824)
Bonuses to employees							(56,426)			(56,426)
Effect of changes of ownership interests in equity method investees				74,652			(150,097)			(75,445)
Unrealized valuation losses on long-term equity investment								(55,366)		(55,366)
Translation adjustments on long-term investments									455,312	455,312
Net income for the years ended December 31, 2001							5,324,545			5,324,545
BALANCE, DECEMBER 31, 2001	\$9,468,000	\$8,073,500	\$ 1,770	\$ 74,654	\$1,131,279	\$ -	\$ 6,868,531	\$ (165,238)	\$ 842,133	\$26,294,629

VIA TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31 2001 AND 2000
(In Thousands of New Taiwan Dollars)

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	<u>\$ 5,324,545</u>	<u>\$ 6,542,656</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	642,990	473,883
Provision for redemption of convertible bonds	229,688	75,449
Gain on sale of long-term investment	(896)	-
Loss on disposal of property, plant and equipment	370	-
Gain on disposal of property, plant and equipment	(229)	-
Equity in net loss of affiliates	2,164,331	2,484,739
Equity in cash dividends of affiliates	1,315	-
Loss on long-term investment devaluation	38,500	-
Changes in assets and liabilities provided cash:		
Short-term investment	3,158	8,165,415
Notes receivable	(677,001)	(813,477)
Accounts receivable	730,677	(1,407,412)
Notes and accounts receivable from related parties	405,741	(539,289)
Inventories	(661,975)	(1,004,830)
Other current assets	12,424	(263,156)
Notes payable	(10,946)	9,371
Accounts payable	654,643	(581,971)
Notes and accounts payable due to related parties	797,310	(194,054)
Income tax payable	262,540	131,300
Accrued expenses	108,673	734,574
Other current liabilities	(358,477)	291,736
Other liabilities	43,387	19,097
Deferred tax asset – current	4,393	(182,046)
Deferred tax asset – noncurrent	<u>(290,081)</u>	<u>(108,092)</u>
Total adjustments	<u>4,100,535</u>	<u>7,291,237</u>
Net cash provided by operating activities	<u>9,425,080</u>	<u>13,833,893</u>

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VIA TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2001 AND 2000
(In Thousands of New Taiwan Dollars)

	2001	2000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant, equipment and leased-out assets	(818,143)	(1,485,140)
Proceeds from disposal of property, plant and equipment	56,080	86,095
Decrease in pledged time deposit	-	1,000
Payment for long-term investments	(2,118,520)	(11,217,193)
Proceeds from sale of long-term investments	111,952	-
Increase in refundable deposits	(4,991)	(958)
Increase in deferred charges	<u>(292,354)</u>	<u>(694,338)</u>
Net cash used in investing activities	<u>(3,065,976)</u>	<u>(13,310,534)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in long-term loans	(66,386)	(26,555)
Distribution of cash dividends	(576,750)	-
Issuance of corporate bonds	-	4,300,000
Bonuses to employees and directors' remuneration	-	(48,879)
Decrease in guarantee deposits received	<u>-</u>	<u>(148)</u>
Net cash (used in) provided by financing activities	<u>(643,136)</u>	<u>4,224,418</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,715,968	4,747,777
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>5,396,918</u>	<u>649,141</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 11,112,886</u></u>	<u><u>\$ 5,396,918</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the period for:		
Interest	<u>\$ 2,521</u>	<u>\$ 19,415</u>
Income tax	<u>\$ 250,862</u>	<u>\$ 175,801</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES -		
Current portion of long-term liabilities	<u>\$ 12,490</u>	<u>\$ 26,555</u>
Transfer of property, plant, equipment to leased-out assets	<u>\$ 9,802</u>	<u>\$ 358,671</u>

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VIA TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2001 AND 2000
(In Thousands of New Taiwan Dollars)

	2001	2000
Transfer of unappropriated earnings, bonuses to employees and capital surplus to capital stock	<u>\$ 3,700,500</u>	<u>\$ 2,002,500</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT:		
Increase in property, plant, equipment and leased-out assets	\$ 896,263	\$ 1,604,577
Increase in payable due to acquisition of property, plant and equipment	<u>(78,120)</u>	<u>(119,437)</u>
Cash payment	<u>\$ 818,143</u>	<u>\$ 1,485,140</u>
PURCHASE OF DEFERRED CHARGES:		
Increase in deferred charges	\$ 734,773	\$ 853,092
Increase in payable due to acquisition of deferred charges	<u>(442,419)</u>	<u>(158,754)</u>
Cash payment	<u>\$ 292,354</u>	<u>\$ 694,338</u>
Bonuses to employees and directors' remuneration	\$ 99,250	\$ 19,141
Add payable due to bonuses to employees and directors' remuneration, beginning of period	31,120	60,858
Minus payable due to bonuses to employees and directors' remuneration, end of period	<u>(130,370)</u>	<u>(31,120)</u>
Cash payment	<u>\$ -</u>	<u>\$ 48,879</u>

(Concluded)