

VIA TECHNOLOGIES, INC.

**Financial Statements for the
Three Months Ended March 31, 2002 and 2001**

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

MARCH 31, 2002 AND 2001

(In Thousands of New Taiwanese Dollars)

ASSETS	2002	2001	LIABILITIES AND STOCKHOLDERS' EQUITY	2002	2001
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$10,043,277	\$10,083,870	Notes payable	\$ 10,444	\$ 4,190
Short-term investments	1,161,436	56,488	Accounts payable	3,280,926	8,017,895
Notes receivable, net	1,944,658	1,280,960	Notes and accounts payable to related parties	1,370,194	859,743
Accounts receivable, net	2,683,691	4,349,366	Income tax payable	546,716	289,718
Notes and accounts receivable from related parties, net	515,396	506,915	Accrued expenses	1,010,766	1,030,941
Inventories	4,546,163	5,715,631	Current portion of long-term liabilities	12,994	-
Other current assets	<u>807,139</u>	<u>875,474</u>	Other current liabilities	<u>1,049,686</u>	<u>1,489,832</u>
Total current assets	<u>21,701,760</u>	<u>22,868,704</u>	Total current liabilities	<u>7,281,726</u>	<u>11,692,319</u>
LONG-TERM INVESTMENTS	<u>11,820,564</u>	<u>14,191,017</u>	LONG-TERM LIABILITIES:		
PROPERTY, PLANT AND EQUIPMENT:			Corporate bonds payable	4,663,718	4,431,108
Land	775,466	507,931	Leases payable	<u>23,629</u>	<u>-</u>
Buildings and improvements	515,565	396,217	Total long-term liabilities	<u>4,687,347</u>	<u>4,431,108</u>
Machinery and equipment	783,078	702,799	OTHER LIABILITIES	<u>90,204</u>	<u>43,191</u>
Computer equipment	227,485	119,748	Total liabilities	<u>12,059,277</u>	<u>16,166,618</u>
Research and development equipment	306,096	209,233	STOCKHOLDERS' EQUITY:		
Transportation equipment	8,168	5,375	Capital stock	9,468,000	5,767,500
Furniture and fixtures	51,581	43,038	Capital surplus:		
Leasehold assets	43,502	-	Additional paid-in capital	8,073,500	8,073,500
Leasehold improvements	<u>142,709</u>	<u>65,066</u>	Gain on disposal of property, plant and equipment	1,770	1,770
Subtotal	2,853,650	2,049,407	Long-term equity investment	74,654	2
Less accumulated depreciation	(761,547)	(396,890)	Retained earnings :		
Prepayments on purchase of equipment, land and buildings	<u>56,657</u>	<u>84,639</u>	Legal reserve	1,131,279	477,013
Property, plant and equipment, net	<u>2,148,760</u>	<u>1,737,156</u>	Special reserve	-	41,552
OTHER ASSETS:			Unappropriated earnings	7,942,340	8,994,620
Leased-out assets	484,091	462,972	Unrealized valuation losses on Long-term equity investments	(249,200)	-
Refundable deposits	12,904	10,642	Cumulative translation adjustments	858,163	387,652
Deferred charges	1,159,989	600,150	Treasury stocks	<u>(1,634,554)</u>	<u>-</u>
Deferred tax asset	<u>397,161</u>	<u>39,586</u>	Total stockholders' equity	<u>25,665,952</u>	<u>23,743,609</u>
Total other assets	<u>2,054,145</u>	<u>1,113,350</u>	TOTAL	<u>\$37,725,229</u>	<u>\$39,910,227</u>
TOTAL	<u>\$37,725,229</u>	<u>\$39,910,227</u>			

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2002 AND 2001

(In Thousands of New Taiwanese Dollars, Except Per Share Data)

	2002	2001
OPERATING REVENUES:		
Sales	\$ 8,295,277	\$11,695,495
Less:		
Sales returns	(39,930)	(47,144)
Sales discounts	<u>(954,855)</u>	<u>(1,174,758)</u>
Net sales	7,300,492	10,473,593
Other operating revenue	284	13,290
Total operating revenues	7,300,776	10,486,883
COST OF OPERATING REVENUES	<u>(4,371,087)</u>	<u>(6,750,835)</u>
GROSS PROFIT	2,929,689	3,736,048
OPERATING EXPENSES	<u>(1,432,237)</u>	<u>(1,065,800)</u>
INCOME FROM OPERATIONS	<u>1,497,452</u>	<u>2,670,248</u>
NON-OPERATING INCOME:		
Interest income	37,130	67,505
Gain on sale of investments	282,159	15,266
Gain on physical inventory	156	-
Foreign exchange gain	301	-
Rental income	6,147	6,211
Recovery from loss on short-term investment devaluation	-	8,102
Other	<u>4,710</u>	<u>16,595</u>
Total non-operating income	<u>330,603</u>	<u>113,679</u>
NON-OPERATING EXPENSES:		
Interest expenses	63,263	56,259
Investment losses	548,599	248,954
Loss on physical inventory	-	259
Foreign exchange loss	-	99,843
Loss on inventory devaluation	123,810	35,936
Other	<u>1,458</u>	<u>761</u>
Total non-operating expenses	<u>737,130</u>	<u>442,012</u>
INCOME BEFORE INCOME TAX	1,090,925	2,341,915
PROVISION FOR INCOME TAX	<u>(17,116)</u>	<u>(30,592)</u>
NET INCOME	<u>\$ 1,073,809</u>	<u>\$ 2,311,323</u>
PRIMARY EARNINGS PER SHARE BEFORE INCOME TAX	\$ 1.17	\$ 2.51
PRIMARY EARNINGS PER SHARE AFTER INCOME TAX	\$ 1.15	\$ 2.48

VIA TECHNOLOGIES, INC.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(In Thousands of New Taiwanese Dollars)**

	Capital Surplus			Retained Earnings			Unrealized Valuation Losses on Long-Term Equity Investment	Cumulative Translation Adjustments	Treasury Stocks	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, 2001	\$ 5,767,500	\$ 8,073,500	\$ 1,770	\$ 2	\$ 477,013	\$ 41,552	\$ 6,683,297	\$ (109,872)	\$ 386,821	\$ -	\$ 21,321,583
Recovery from unrealized valuation losses on long-term equity investment							109,872				109,872
Translation adjustments on long-term investments								831			831
Net income for the three months ended March 31, 2001						2,311,323					2,311,323
BALANCE, MARCH 31, 2001	<u>\$ 5,767,500</u>	<u>\$ 8,073,500</u>	<u>\$ 1,770</u>	<u>\$ 2</u>	<u>\$ 477,013</u>	<u>\$ 41,552</u>	<u>\$ -</u>	<u>\$ 387,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,743,609</u>
BALANCE, JANUARY 1, 2002	\$ 9,468,000	\$ 8,073,500	\$ 1,770	\$ 74,654	\$ 1,131,279	\$ -	\$ 6,868,531	\$ (165,238)	\$ 842,133	\$ -	\$ 26,294,629
Unrealized valuation losses on long-term equity investment							(83,962)				(83,962)
Translation adjustments on long-term investments								16,030			16,030
Net income for the three months ended March 31, 2002						1,073,809					1,073,809
Transfer of long-term investments to treasury stocks										(1,634,554)	(1,634,554)
BALANCE, MARCH 31, 2002	<u>\$ 9,468,000</u>	<u>\$ 8,073,500</u>	<u>\$ 1,770</u>	<u>\$ 74,654</u>	<u>\$ 1,131,279</u>	<u>\$ -</u>	<u>\$ 7,942,340</u>	<u>\$ (249,200)</u>	<u>\$ 858,163</u>	<u>\$ (1,634,554)</u>	<u>\$ 25,665,952</u>

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2002 AND 2001 (In Thousands of New Taiwanese Dollars)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	<u>\$ 1,073,809</u>	<u>\$ 2,311,323</u>
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	223,586	138,245
Provision for redemption of convertible bonds	58,581	55,659
Gain on sale of long-term investment	(237,176)	-
Equity in net loss of affiliates	548,599	248,954
Equity in cash dividend of affiliates	8,721	-
Changes in assets and liabilities (used in) provided by cash:		
Short-term investment	(1,116,208)	(8,102)
Notes receivable	(150,494)	(163,797)
Accounts receivable	(308,869)	(1,243,867)
Notes and accounts receivable from related parties	(114,831)	299,391
Inventories	(611,406)	(2,442,849)
Other current assets	(41,396)	(197,753)
Notes payable	9,373	(7,827)
Accounts payable	196,390	5,588,002
Notes and accounts payable due to related parties	173,351	460,210
Income tax payable	80,149	212,463
Accrued expenses	(257,958)	(129,110)
Other current liabilities	(75,452)	565,532
Other liabilities	8,161	6,558
Deferred tax asset – current	(69,634)	39,597
Deferred tax asset – noncurrent	<u>5,328</u>	<u>(58,341)</u>
Total adjustments	<u>(1,671,185)</u>	<u>3,362,965</u>
Net cash (used in) provided by operating activities	<u>(597,376)</u>	<u>5,674,288</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant, equipment and leased-out assets	(161,065)	(119,387)
Payment for long-term investments	(366,427)	(653,835)

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2002 AND 2001 (In Thousands of New Taiwanese Dollars)

	2001	2000
Proceeds from disposal of property, plant and equipment	27	-
Proceeds from sale of long-term investments	328,372	-
Decrease (Increase) in refundable deposits	1,417	(1,312)
Increase in deferred charges	<u>(272,159)</u>	<u>(146,780)</u>
Net cash used in investing activities	<u>(469,835)</u>	<u>(921,314)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in long-term loans	(2,898)	(66,386)
Increase in guarantee deposits received	<u>500</u>	<u>364</u>
Net cash used in financing activities	<u>(2,398)</u>	<u>(66,022)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,069,609)	4,686,952
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>11,112,886</u>	<u>5,396,918</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$10,043,277</u>	<u>\$10,083,870</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid during the period for:		
Interest	<u>\$ 4,682</u>	<u>\$</u>
Income tax	<u>\$ 1,806</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES -		
Transfer of property, plant, equipment to leased-out assets	<u>\$ 35,336</u>	<u>\$ 22,565</u>
Current portion of long-term liabilities	<u>\$ 12,994</u>	<u>\$ -</u>
Transfer of long-term investment to treasury stocks	<u>\$ 1,634,554</u>	<u>\$ -</u>

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2002 AND 2001 (In Thousands of New Taiwanese Dollars)

	2002	2001
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT:		
Increase in property, plant, equipment and leased-out assets	\$ 136,828	\$ 156,638
Decrease (increase) in payable due to acquisition of property, plant and equipment	<u>24,237</u>	<u>(37,251)</u>
Cash payment	<u>\$ 161,065</u>	<u>\$ 119,387</u>
PURCHASE OF DEFERRED CHARGES:		
Increase in deferred charges	\$ 204,277	\$ 38,362
Decrease in payable due to acquisition of deferred charges	<u>67,882</u>	<u>108,418</u>
Cash payment	<u>\$ 272,159</u>	<u>\$ 146,780</u>
Bonuses to employees and directors' remuneration	\$ -	\$ -
Add payable due to bonuses to employees and directors' remuneration, beginning of period	130,370	31,120
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>\$ -</u>
		(Concluded)