

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

DECEMBER 31, 2002 AND 2001

(In Thousands of New Taiwan Dollars)

ASSETS	2002	2001	LIABILITIES AND STOCKHOLDERS' EQUITY	2002	2001
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 4,074,756	\$11,112,886	Notes payable	\$ 4,945	\$ 1,071
Short-term investments	5,868,308	45,228	Accounts payable	3,627,646	3,084,536
Notes receivable, net	2,232,155	1,794,164	Notes and accounts payable to related parties (Notes 22)	1,180,919	1,196,843
Accounts receivable, net	1,320,426	2,374,822	Income tax payable (Notes 2 and 20)	132,355	466,567
Notes and accounts receivable from related parties, net	1,019,955	400,565	Accrued expenses (Notes 12 and 22)	932,295	1,268,724
Inventories	3,567,697	3,934,757	Current portion of long-term liabilities (Note 15)	11,059	12,490
Other current assets	<u>1,125,443</u>	<u>696,109</u>	Other current liabilities (Notes 13 and 22)	<u>931,247</u>	<u>1,217,257</u>
Total current assets	<u>19,208,740</u>	<u>20,358,531</u>	Total current liabilities	<u>6,820,466</u>	<u>7,247,488</u>
LONG-TERM INVESTMENTS	<u>12,989,183</u>	<u>13,805,290</u>	LONG-TERM LIABILITIES:		
PROPERTY, PLANT AND EQUIPMENT:			Corporate bonds payable (Notes 2 and 14)	4,846,884	4,605,137
Land	782,554	775,466	Long-term capital lease liabilities (Notes 15)	<u>12,404</u>	<u>27,031</u>
Buildings and improvements	509,922	507,216	Total long-term liabilities	<u>4,859,288</u>	<u>4,632,168</u>
Machinery and equipment	317,267	773,888	OTHER LIABILITIES (Notes 2, 9 and 16)	<u>251,767</u>	<u>81,694</u>
Computer equipment	233,164	179,330	Total liabilities	<u>11,931,521</u>	<u>11,961,350</u>
Research and development equipment	298,329	305,972	STOCKHOLDERS' EQUITY:		
Transportation equipment	8,119	8,168	Capital stock (Note 17)	11,918,540	9,468,000
Furniture and fixtures	46,479	50,938	Capital surplus:		
Leasehold Assets	43,502	43,502	Additional paid-in capital	8,073,500	8,073,500
Leasehold improvements	<u>160,614</u>	<u>137,472</u>	Gain on disposal of property, plant and equipment	1,770	1,770
Subtotal	2,399,950	2,781,952	Long-term equity investment	245,990	74,654
Less accumulated depreciation	(659,474)	(668,482)	Retained earnings: (Note 19)	1,663,733	1,131,279
Prepayments on purchase of equipment, land and buildings	<u>64,376</u>	<u>27,300</u>	Legal reserve	3,554,423	6,868,531
Property, plant and equipment, net	<u>1,804,852</u>	<u>2,140,770</u>	Unappropriated earnings	3,554,423	6,868,531
OTHER ASSETS:			Unrealized valuation losses on Long-term equity investments	(271,923)	(165,238)
Leased-out assets	581,287	450,209	(Notes 2 and 9)		
Refundable deposits	12,128	14,321	Cumulative translation adjustments (Note 2)	807,778	842,133
Deferred charges	1,158,198	1,084,369	Treasury stock (Notes 2 and 18)	<u>(1,634,554)</u>	<u>-</u>
Deferred tax asset	<u>536,390</u>	<u>402,489</u>	Total stockholders' equity	<u>24,359,257</u>	<u>26,294,629</u>
Total other assets	<u>2,288,003</u>	<u>1,951,388</u>			
TOTAL	<u>\$36,290,778</u>	<u>\$38,255,979</u>	TOTAL	<u>\$36,290,778</u>	<u>\$38,255,979</u>

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2002 AND 2001 (In Thousands of New Taiwan Dollars, Except Per Share Data)

	2002	2001
OPERATING REVENUES:		
Sales	\$28,229,376	\$37,107,099
Less:		
Sales returns	(539,661)	(164,710)
Sales discounts	<u>(2,575,471)</u>	<u>(3,152,829)</u>
Net sales	25,114,244	33,789,560
Other operating revenues	<u>7,640</u>	<u>58,472</u>
Total operating revenues	25,121,884	33,848,032
COST OF OPERATING REVENUES	<u>17,126,364</u>	<u>21,249,719</u>
GROSS PROFIT	7,995,520	12,598,313
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>(8,548)</u>	<u>-</u>
REALIZED GROSS PROFIT	7,986,972	12,598,313
OPERATING EXPENSES	<u>5,099,551</u>	<u>5,023,878</u>
INCOME FROM OPERATIONS	<u>2,887,421</u>	<u>7,574,435</u>
NON-OPERATING INCOME:		
Interest income	132,853	245,603
Dividend income	-	1,526
Gain on disposal of property, plant and equipment	29,080	229
Gain on sale of investments	514,730	58,840
Foreign currency exchange gain	-	348,445
Rental income	32,817	24,411
Recovery from loss on short-term investment devaluation	-	30,172
Other	<u>52,819</u>	<u>55,047</u>
Total non-operating income	<u>762,299</u>	<u>764,273</u>
NON-OPERATING EXPENSES:		
Interest expenses	250,682	232,074
Investment losses	2,491,066	2,202,831
Loss on short-term investment devaluation	14,586	-
Loss on disposal of property, plant and equipment	1,529	370
Loss on physical inventory	10,494	10,839
Foreign currency exchange loss	34,623	-
Loss on inventory devaluation	456,707	371,321
Other	<u>19,112</u>	<u>4,695</u>
Total non-operating expenses	<u>3,278,799</u>	<u>2,822,130</u>
INCOME BEFORE INCOME TAX	370,921	5,516,578
INCOME TAX BENEFIT (EXPENSE)	<u>72,343</u>	<u>(192,033)</u>
NET INCOME	<u>443,264</u>	<u>\$ 5,324,545</u>
PRIMARY EARNINGS PER SHARE BEFORE INCOME TAX	<u>\$0.32</u>	<u>\$4.69</u>
PRIMARY EARNINGS PER SHARE AFTER INCOME TAX	<u>\$0.38</u>	<u>\$4.53</u>

VIA TECHNOLOGIES, INC.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2002 AND 2001
(In Thousands of New Taiwan Dollars)**

	Capital Stock	Capital Surplus			Legal Reserve	Retained Earnings		Unrealized Valuation Losses on Long-Term Equity Investment	Cumulative Translation Adjustments	Treasury Stock	Total
		Additional Paid-in Capital	Gain on Disposal of Property, Plant and Equipment	Long-Term Equity Investment		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
Appropriation and distribution of 2000 net income:											
Legal reserve					654,266		(654,266)				-
Special reserve reversed						(41,552)	41,552				-
Cash dividends							(576,750)				(576,750)
Stock dividends and transfer of employees bonuses to capital stock	3,700,500						(3,700,500)				-
Directors' remuneration							(42,824)				(42,824)
Employees bonuses							(56,426)				(56,426)
Effect of changes of ownership interest in equity method				74,652			(150,097)				(75,445)
Unrealized valuation losses on long-term equity investment								(55,366)			(55,366)
Cumulative translation adjustments									455,312		455,312
Net income for 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
Appropriation and distribution of 2001 net income:											
Legal reserve					532,454		(532,454)				-
Cash dividends							(757,440)				(757,440)
Stock dividends and transfer of employees bonuses to capital stock	2,450,540						(2,450,540)				-
Employees bonuses							(3,779)				(3,779)
Effect of changes of ownership interests in equity method				171,336			(13,159)				158,177
Unrealized valuation losses on long-term equity investment								(106,685)			(106,685)
Cumulative translation adjustments									(34,355)		(34,355)
Net income for 2002							443,264				443,264
Transfer of long-term investments to treasury stock										(1,634,554)	(1,634,554)
BALANCE, DECEMBER 31, 2001	<u>\$11,918,540</u>	<u>\$8,073,500</u>	<u>\$1,770</u>	<u>\$245,990</u>	<u>\$1,663,733</u>	<u>\$-</u>	<u>\$3,554,423</u>	<u>\$(271,923)</u>	<u>\$807,778</u>	<u>\$(1,634,554)</u>	<u>\$24,359,257</u>

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2002 AND 2001 (In Thousands of New Taiwan Dollars)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ <u>443,264</u>	<u>\$ 5,324,545</u>
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	990,177	642,990
Provision for redemption of convertible bonds	241,747	229,688
Gain on sale of long-term investment	(317,331)	(896)
Loss on disposal of property, plant and equipment	1,529	370
Gain on disposal of property, plant and equipment	(29,080)	(229)
Investment losses on equity-method	2,481,066	2,164,331
Cash dividends on equity-method	70,717	1,315
Loss on long-term investment devaluation	10,000	38,500
Changes in assets and liabilities provided (used) cash:		
Short-term investment	(5,823,080)	3,158
Notes receivable	(437,991)	(677,001)
Accounts receivable	1,054,396	730,677
Notes and accounts receivable from related parties	(619,390)	405,741
Inventories	367,060	(661,975)
Other current assets	(360,800)	12,424
Notes payable	3,874	(10,946)
Accounts payable	543,110	654,643
Notes and accounts payable due to related parties	(15,924)	797,310
Income tax payable	(334,212)	262,540
Accrued expenses	(336,429)	108,673
Other current liabilities	(139,312)	(358,477)
Other liabilities	38,660	43,387
Deferred income tax asset – current	(68,534)	4,393
Deferred income tax asset – noncurrent	<u>(133,901)</u>	<u>(290,081)</u>
Total adjustments	<u>(2,813,648)</u>	<u>4,100,535</u>
Net cash (used in) provided by operating activities	<u>(2,370,384)</u>	<u>9,425,080</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant, equipment and leased-out assets	(656,229)	(818,143)
Proceeds from disposal of property, plant, equipment and deferred charges	577,394	56,080
Payment for long-term investments	(3,800,496)	(2,118,520)
Proceeds from sale of long-term investments	749,596	111,952
Decrease (Increase) in refundable deposits	2,193	(4,991)
Increase in deferred charges	<u>(711,157)</u>	<u>(292,354)</u>
Net cash used in investing activities	<u>(3,838,699)</u>	<u>(3,065,976)</u>

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2002 AND 2001 (In Thousands of New Taiwan Dollars)

	2002	2001
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in long-term loans	(16,058)	(66,386)
Cash dividend	(757,440)	(576,750)
Bonuses to employees and directors' remuneration	(58,174)	-
Increase in guarantee deposits received	<u>2,625</u>	<u>-</u>
Net cash used in financing activities	<u>(829,047)</u>	<u>(643,136)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,038,130)	5,715,968
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>11,112,886</u>	<u>5,396,918</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,074,756</u>	<u>\$11,112,886</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION -		
Cash paid during the year for:		
Interest	<u>\$ 8,935</u>	<u>\$ 2,521</u>
Income tax	<u>\$ 399,062</u>	<u>\$ 250,862</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Transfer of property, plant, equipment to leased-out assets	<u>\$ 135,108</u>	<u>\$ 9,802</u>
Transfer of unappropriated earnings and employees bonuses to capital stock	<u>\$ 2,450,540</u>	<u>\$ 3,700,500</u>
Transfer of long-term investments to treasury stock	<u>\$ 1,634,554</u>	<u>\$ -</u>
Current portion of long-term liabilities	<u>\$ 11,059</u>	<u>\$12,490</u>
Transfer of deferred charges to property, plant, equipment	<u>\$ 1,327</u>	<u>\$ -</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT:		
Increase in property, plant, equipment and leased-out assets	\$ 562,862	\$ 896,263

Decrease (increase) in payable due to acquisition of property, plant and equipment	<u>93,367</u>	<u>(78,120)</u>
Cash payment	<u>\$ 656,229</u>	<u>\$ 818,143</u>

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VIA TECHNOLOGIES, Inc.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2002 AND 2001 (In Thousands of New Taiwan Dollars)

	2002	2001
PURCHASE OF DEFERRED CHARGES:		
Increase in deferred charges	\$ 712,221	\$ 734,773
Increase in payable due to acquisition of deferred charges	<u>(1,064)</u>	<u>(442,419)</u>
Cash payment	<u>\$ 711,157</u>	<u>\$ 292,354</u>
Employees bonuses and directors' remuneration	\$ 3,779	\$ 99,250
Add payable due to bonuses to employees and directors' remuneration, beginning of year	130,370	31,120
Minus payable due to bonuses to employees and directors' remuneration, end of year	<u>(75,975)</u>	<u>(130,370)</u>
Cash payment	<u>\$ 58,174</u>	<u>\$ -</u>

(Concluded)