

## VIA TECHNOLOGIES, INC.

### BALANCE SHEETS MARCH 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars)

ASSETS	(UNAUDITED)	
	2003	2002
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,349,848	\$10,043,277
Short-term investments	6,240,508	1,161,436
Notes receivable, net	984,407	1,944,658
Accounts receivable, net	2,071,978	2,683,691
Notes and accounts receivable from related parties, net	879,837	515,396
Other current financial assets	415,615	264,621
Inventories	2,727,898	4,546,163
Other current assets	524,126	542,518
Total current assets	<u>17,194,217</u>	<u>21,701,760</u>
LONG-TERM INVESTMENTS	<u>12,798,286</u>	<u>11,820,564</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land	794,888	775,466
Buildings and improvements	518,980	515,565
Machinery and equipment	318,064	783,078
Computer equipment	235,606	227,485
Research and development equipment	297,171	306,096
Transportation equipment	8,119	8,168
Furniture and fixtures	46,820	51,581
Leasehold assets	43,502	43,502
Leasehold improvements	133,519	142,709
Subtotal	2,396,669	2,853,650
Less accumulated depreciation	(700,122)	(761,547)
Prepayments on purchase of equipment, land and buildings	215,687	56,657
Property, plant and equipment, net	<u>1,912,234</u>	<u>2,148,760</u>
OTHER ASSETS:		
Leased-out assets	579,330	484,091
Refundable deposits	12,370	12,904
Deferred charges	1,075,089	1,159,989
Deferred income tax asset	613,647	397,161
Total other assets	<u>2,280,436</u>	<u>2,054,145</u>
TOTAL	<u>\$34,185,173</u>	<u>\$37,725,229</u>

See notes to financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	(UNAUDITED)	
	2003	2002
CURRENT LIABILITIES:		
Notes payable	\$ 31,131	\$ 10,444
Accounts payable	2,025,658	3,280,926
Notes and accounts payable to related parties	766,099	1,370,194
Income tax payable	132,355	546,716
Accrued expenses	1,280,201	1,010,766
Current portion of long-term liabilities	14,949	12,994
Other current liabilities	<u>1,047,327</u>	<u>1,049,686</u>
Total current liabilities	<u>5,297,720</u>	<u>7,281,726</u>
LONG-TERM LIABILITIES:		
Corporate bonds payable	4,908,540	4,663,718
Long-term capital lease liabilities	<u>8,377</u>	<u>23,629</u>
Total long-term liabilities	<u>4,916,917</u>	<u>4,687,347</u>
OTHER LIABILITIES	<u>236,557</u>	<u>90,204</u>
Total liabilities	<u>10,451,194</u>	<u>12,059,277</u>
STOCKHOLDERS' EQUITY:		
Capital stock	11,918,540	9,468,000
Capital surplus:		
Additional paid-in capital	8,073,500	8,073,500
Gain on disposal of property, plant and equipment	1,770	1,770
Long-term equity investments	252,566	74,654
Retained earnings:		
Legal reserve	1,663,733	1,131,279
Unappropriated earnings	2,908,861	7,942,340
Unrealized valuation losses on long-term equity investments	(258,367)	(249,200)
Cumulative translation adjustments	807,930	858,163
Treasury stock	<u>(1,634,554)</u>	<u>(1,634,554)</u>
Total stockholders' equity	<u>23,733,979</u>	<u>25,665,952</u>
TOTAL	<u>\$34,185,173</u>	<u>\$37,725,229</u>

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF OPERATIONS THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars, Except Per Share Data)

	<u>(UNAUDITED)</u>	
	<u>2003</u>	<u>2002</u>
OPERATING REVENUES:		
Sales	\$ 6,034,583	\$ 8,295,277
Less:		
Sales returns	(18,335)	(39,930)
Sales discounts	<u>(317,775)</u>	<u>(954,855)</u>
Net sales	5,698,473	7,300,492
Other operating revenues	<u>3,884</u>	<u>284</u>
Total operating revenues	5,702,357	7,300,776
COST OF OPERATING REVENUES	<u>4,416,178</u>	<u>4,371,087</u>
GROSS PROFIT	1,286,179	2,929,689
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(18,978)	-
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>8,548</u>	<u>-</u>
REALIZED GROSS PROFIT	1,275,749	2,929,689
OPERATING EXPENSES	<u>1,523,233</u>	<u>1,432,237</u>
(LOSS) INCOME FROM OPERATIONS	<u>(247,484)</u>	<u>1,497,452</u>
NON-OPERATING INCOME:		
Interest income	29,476	37,130
Gain on disposal of property, plant and equipment	25,538	-
Gain on sale of investments	28,174	282,159
Gain on physical inventory	-	156
Foreign currency exchange gain	7,529	301
Rental income	12,457	6,147
Recovery from loss on inventory devaluation	40,054	-
Other	<u>11,492</u>	<u>4,710</u>
Total non-operating income	<u>154,720</u>	<u>330,603</u>

(Continued)

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF OPERATIONS THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars, Except Per Share Data)

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	<u>(UNAUDITED)</u>	
	<u>2003</u>	<u>2002</u>
NON-OPERATING EXPENSES:		
Interest expenses	62,956	63,263
Investment losses	545,799	548,599
Loss on short-term investment devaluation	1,541	-
Loss on disposal of property, plant and equipment	99	-
Loss on physical inventory	492	-
Loss on inventory devaluation	-	123,810
Other	<u>3,652</u>	<u>1,458</u>
Total non-operating expenses	<u>614,539</u>	<u>737,130</u>
(LOSS) INCOME BEFORE INCOME TAX	(707,303)	1,090,925
INCOME TAX BENEFIT (EXPENSE)	<u>61,741</u>	<u>(17,116)</u>
NET (LOSS) INCOME	<u>\$ (645,562)</u>	<u>\$ 1,073,809</u>
PRIMARY EARNINGS PER SHARE BEFORE INCOME TAX	<u>\$(0.60)</u>	<u>\$0.93</u>
PRIMARY EARNINGS PER SHARE AFTER INCOME TAX	<u>\$(0.55)</u>	<u>\$0.91</u>

(Concluded)

**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002  
(In Thousands of New Taiwan Dollars)**

	(UNAUDITED)									
	Capital Stock	Capital Surplus			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	Legal Reserve	Unappropriated Earnings				
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 investments							(83,962)			(83,962)
Transfer of long-term investments to treasury stock									(1,634,554)	(1,634,554)
Cumulative translation adjustments								16,030		16,030
Net income for the three-month period ended March 31, 2002						1,073,809				1,073,809
<b>BALANCE, MARCH 31, 2002</b>	<b>\$ 9,468,000</b>	<b>\$8,073,500</b>	<b>\$1,770</b>	<b>\$ 74,654</b>	<b>\$1,131,279</b>	<b>\$7,942,340</b>	<b>\$(249,200)</b>	<b>\$858,163</b>	<b>\$(1,634,554)</b>	<b>\$25,665,952</b>
BALANCE, JANUARY 1, 2003	\$11,918,540	\$8,073,500	\$1,770	\$245,990	\$1,663,733	\$3,554,423	\$(271,923)	\$807,778	\$(1,634,554)	\$24,359,257
Effect of changes of ownership interests in equity method				6,576						6,576
Unrealized valuation losses on long-term equity investments							13,556			13,556
Cumulative translation adjustments								152		152
Net loss for the three-month period ended March 31, 2003						(645,562)				(645,562)
<b>BALANCE, MARCH 31, 2003</b>	<b>\$11,918,540</b>	<b>\$8,073,500</b>	<b>\$1,770</b>	<b>\$252,566</b>	<b>\$1,663,733</b>	<b>\$2,908,861</b>	<b>\$(258,367)</b>	<b>\$807,930</b>	<b>\$(1,634,554)</b>	<b>\$23,733,979</b>

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CASH FLOWS THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars)

	(UNAUDITED)	
	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (645,562)	\$ 1,073,809
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	289,752	223,586
Provision for redemption of convertible bonds	61,656	58,581
Loss on disposal of property, plant and equipment	99	-
Gain on disposal of property, plant and equipment	(25,538)	-
Gain on sales of long-term investments	-	(237,176)
Investment loss on equity method	545,799	548,599
Cash dividends on equity method	-	8,721
Changes in assets and liabilities provided (used) cash:		
Short-term investments	(372,200)	(1,116,208)
Notes receivable	1,247,748	(150,494)
Accounts receivable	(751,552)	(308,869)
Notes and accounts receivable from related parties	140,118	(114,831)
Other current financial assets	62,848	22,626
Inventories	839,799	(611,406)
Other current assets	107,338	(64,022)
Notes payable	26,186	9,373
Accounts payable	(1,601,988)	196,390
Notes and accounts payable due to related parties	(414,820)	173,351
Income tax payable	-	80,149
Accrued expenses	347,906	(257,958)
Other current liabilities	21,840	(75,452)
Other liabilities	8,254	8,161
Deferred income tax asset – current	15,516	(69,634)
Deferred income tax asset – noncurrent	(77,257)	5,328
Total adjustments	471,504	(1,671,185)
Net cash used in operating activities	(174,058)	(597,376)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property, plant, equipment and leased-out assets	(196,995)	(161,065)
Proceeds from disposal of property, plant and equipment	120	27
Payment for long-term investments	(334,618)	(366,427)
Proceeds from sale of long-term investments	-	328,372
Increase in refundable deposits	(242)	1,417
Increase in deferred charges	(21,052)	(272,159)
Net cash used in investing activities	(552,787)	(469,835)

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# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CASH FLOWS THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars)

	(UNAUDITED)	
	2003	2002
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in long-term loans	(137)	(2,898)
Decrease in guarantee deposits received	<u>2,074</u>	<u>500</u>
Net cash provided by (used in) financing activities	<u>1,937</u>	<u>(2,398)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(724,908)	(1,069,609)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,074,756</u>	<u>11,112,886</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,349,848</u>	<u>\$10,043,277</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION -		
Cash paid during the period for:		
	\$	\$
Interest	<u>1,300</u>	<u>4,682</u>
	\$	\$
Income tax	<u>2,320</u>	<u>1,806</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
	\$	\$
Current portion of long-term liabilities	<u>14,949</u>	<u>12,994</u>
Transfer of long-term investments to treasury stock	<u>\$ -</u>	<u>\$ 1,634,554</u>
	\$	\$
Transfer of property, plant, equipment to leased-out assets	<u>\$ -</u>	<u>35,336</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT:		
	\$	\$
Increase in property, plant, equipment and leased-out assets	175,743	136,828
Decrease in payable due to acquisition of property, plant and equipment	<u>21,252</u>	<u>24,237</u>
	\$	\$
Cash payment	<u>196,995</u>	<u>161,065</u>
PURCHASE OF DEFERRED CHARGES:		
Increase in deferred charges	\$	\$

	136,544	204,277
(Increase) decrease in payable due to acquisition of deferred charges	<u>(115,492)</u>	<u>67,882</u>
	\$	\$
Cash payment	<u>21,052</u>	<u>272,159</u>

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## VIA TECHNOLOGIES, INC.

### STATEMENTS OF CASH FLOWS THREE-MONTH PERIODS ENDED MARCH 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars)

	<u>(UNAUDITED)</u>	
	<u>2003</u>	<u>2002</u>
Bonuses to employees and directors' remuneration	\$ -	\$ -
Add payable due to employees bonuses and directors' remuneration, beginning of period	75,975	130,370
Minus payable due to employees bonuses and directors' remuneration, end of period	<u>(75,975)</u>	<u>(130,370)</u>
	\$ -	\$ -
Cash payment	<u>-</u>	<u>-</u>

(Concluded)