

VIA TECHNOLOGIES, INC.

Financial Statements for the
Nine Months Ended September 30, 2003 and 2002

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

September 30, 2003 AND 2002

(In Thousands of New Taiwan Dollars)

ASSETS	2003	2002	LIABILITIES AND STOCKHOLDERS' EQUITY	2003	2002
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 770,891	\$ 3,131,317	Notes payable	\$ 825	\$ 15,885
Short-term investments	4,382,964	7,477,530	Accounts payable	3,308,147	2,529,473
Notes receivable, net	1,453,878	1,337,485	Notes and accounts payable to related parties	233,290	706,208
Accounts receivable, net	2,213,402	2,074,821	Income tax payable	32,853	107,512
Notes and accounts receivable from related parties, net	754,858	842,847	Accrued expenses	1,072,156	554,426
Other financial assets - current	1,216,010	251,853	Current portion of long-term liabilities	2,556,388	10,696
Inventories	3,115,666	3,477,049	Other current liabilities	1,540,319	1,935,449
Deferred tax asset - current	311,533	255,333			
Other current assets	233,927	192,905	Total current liabilities	8,743,978	5,859,649
Total current assets	14,453,129	19,041,140			
LONG-TERM INVESTMENTS	12,157,456	12,341,071	LONG-TERM LIABILITIES:		
			Corporate bonds payable	-	4,783,857
			Lease payable	-	16,312
			Total long-term liabilities	-	4,800,169
PROPERTY, PLANT AND EQUIPMENT:					
Land	942,061	863,132	OTHER LIABILITIES	203,411	120,942
Buildings and improvements	582,363	556,999			
Machinery and equipment	296,414	791,573	Total liabilities	8,947,389	10,780,760
Computer equipment	268,370	245,876			
Research and development equipment	325,232	303,317			
Transportation equipment	8,119	8,168	STOCKHOLDERS' EQUITY:		
Furniture and fixtures	46,883	53,055	Capital stock	12,704,467	11,918,540
Leasehold assets	43,502	43,502	Capital surplus:		
Leasehold improvements	133,782	147,075	Additional paid-in capital	7,739,781	8,073,500
Subtotal	2,646,726	3,012,697	Gain on disposal of property, plant and equipment	1,770	1,770
Less accumulated depreciation	(812,975)	(937,626)	Long-term equity investment	252,796	99,334
Prepayments on purchase of equipment, land and buildings	94,332	190,800	Retained earnings:		
Property, plant and equipment, net	1,928,083	2,265,871	Legal reserve	1,708,059	1,663,733
			Special reserve	996,057	-
			(Accumulated loss) Unappropriated earnings	(282,521)	4,275,491
OTHER ASSETS:			Unrealized valuation losses on long-term equity investments	(126,102)	(459,158)
Leased-out assets	575,417	467,616	Cumulative translation adjustments	583,454	1,101,289
Refundable deposits	12,505	12,532	Treasury stock	(1,937,547)	(1,634,554)
Deferred charges	820,914	1,138,732	Total stockholders' equity	21,640,214	25,039,945
Deferred tax asset	640,099	553,743			

	Total other assets	<u>2,048,935</u>	<u>2,172,623</u>				
TOTAL		<u>\$ 30,587,603</u>	<u>\$ 35,820,705</u>	TOTAL		<u>\$ 30,587,603</u>	<u>\$ 35,820,705</u>

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

PERIOD ENDED SEPTEMBER 30, 2003 AND 2002

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

	2003	2002
OPERATING REVENUES:		
Sales	\$ 16,343,248	\$ 20,587,129
Less:		
Sales returns	(80,341)	(368,167)
Sales discounts	(1,067,413)	(1,742,822)
Net sales	15,195,494	18,476,140
Other operating revenue	16,003	3,243
Total operating revenues	15,211,497	18,479,383
COST OF OPERATING REVENUES	(11,125,358)	(12,207,671)
GROSS PROFIT	4,086,139	6,271,712
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(19,304)	(4,184)
REALIZED PROFIT FROM INTERCOMPANY TRASACTIONS	8,548	-
REALIZED GROSS PROFIT	4,075,383	6,267,528
OPERATING EXPENSES	(3,912,362)	(3,692,324)
INCOME FROM OPERATIONS	163,021	2,575,204
NON-OPERATING INCOME:		
Interest income	67,976	100,480
Gain on disposal of property, plant and equipment	72,786	67
Gain on sale of investments	85,279	480,013
Rental income	33,711	21,846
Gains on market price recovery of short-term investments	15	-
Gains on inventory value recoveries	37,118	-
Other	69,522	36,053
Total non-operating income	366,407	638,459
NON-OPERATING EXPENSES:		
Interest expenses	162,811	186,050
Investment losses	2,004,124	1,686,118
Loss on disposal of property, plant and equipment	99	-
Loss on short-term investment devaluation	-	13,291
Loss on physical inventory	9,398	11,239
Foreign exchange loss	79,318	56,826
Loss on inventory devaluation	-	110,627
Other	18,143	2,431
Total non-operating expenses	2,273,893	2,066,582
INCOME BEFORE INCOME TAX	(1,744,465)	1,147,081
PROVISION FOR INCOME TAX	29,646	17,251

NET INCOME

\$ (1,714,819) \$ 1,164,332

PRIMARY EARNINGS PER SHARE BEFORE INCOME TAX

\$ (1.39) \$ 0.91

PRIMARY EARNINGS PER SHARE AFTER INCOME TAX

\$ (1.37) \$ 0.93

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS
 PERIOD ENDED SEPTEMBER 30, 2003 AND 2002
 (In Thousands of New Taiwan Dollars)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ (1,714,819)	\$ 1,164,332
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	841,158	725,362
Provision for redemption of convertible bonds	159,700	178,720
Gain on sale of long-term investment	(1,225)	(317,331)
Loss on disposal of property, plant and equipment	99	-
Gain on disposal of property, plant and equipment	(72,786)	(67)
Equity in net loss of affiliates	1,970,095	1,676,118
Equity in cash dividends of affiliates	30,203	70,717
Loss on long-term investment devaluation	34,029	10,000
Deferred tax asset	(60,056)	(119,935)
Changes in assets and liabilities provided (used) cash:		
Short-term investments	1,485,344	(7,432,302)
Notes receivable	778,277	456,679
Accounts receivable	(892,976)	300,001
Notes and accounts receivable from related parties	265,097	(442,282)
Other financial assets - current	46,802	95,920
Inventories	452,031	457,708
Other current assets	64,481	(131,221)
Notes payable	(4,120)	14,814
Accounts payable	(319,499)	(555,063)
Notes and accounts payable due to related parties	(947,629)	(490,635)
Income tax payable	(99,502)	(359,055)
Accrued expenses	139,861	(714,298)
Other current liabilities	144,952	(26,369)
Other liabilities	23,621	31,183
Total adjustments	4,037,957	(6,571,336)
Net cash provided by operating activities	2,323,138	(5,407,004)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant, equipment and leased-out assets	(350,062)	(453,819)
Proceeds from disposal of property, plant and equipment	4,983	31,422
Payment for long-term investments	(1,320,886)	(2,076,670)
Proceeds from sale of long-term investments	14,207	450,713
(Increase) decrease in refundable deposits	(377)	1,789
Increase in deferred charges	(408,062)	(458,253)
Increase in other non-operating receivables	(790,963)	-
Net cash used in investing activities	(2,851,160)	(2,504,818)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Bonuses to employees and directors' remuneration	-	(58,174)
Decrease in long-term loans	(6,581)	(12,513)
Decrease in corporate bonds	(2,467,078)	-

Increase in treasury stock	(302,993)	-
Increase in guarantee deposits received	809	940
	<u>809</u>	<u>940</u>
Net cash (used in) provided by financing activities	(2,775,843)	(69,747)
	<u>(2,775,843)</u>	<u>(69,747)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,303,865)	(7,981,569)
	<u>(3,303,865)</u>	<u>(7,981,569)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	4,074,756	11,112,886
	<u>4,074,756</u>	<u>11,112,886</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 770,891	\$ 3,131,317
	<u>\$ 770,891</u>	<u>\$ 3,131,317</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS
PERIOD ENDED SEPTEMBER 30, 2003 AND 2002
(In Thousands of New Taiwan Dollars)

	2003	2002
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION -		
Cash paid during the period for:		
Interest	\$ 338,989	\$ 7,330
	<u>\$ 338,989</u>	<u>\$ 7,330</u>
Income tax	\$ 139,181	\$ 396,496
	<u>\$ 139,181</u>	<u>\$ 396,496</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Current portion of long-term liabilities	\$ 2,556,388	\$ 10,696
	<u>\$ 2,556,388</u>	<u>\$ 10,696</u>
Transfer of long-term investments to treasury stock	\$ -	\$ 1,634,554
	<u>\$ -</u>	<u>\$ 1,634,554</u>
Transfer of property, plant and equipment to leased-out assets	\$ -	\$ 21,769
	<u>\$ -</u>	<u>\$ 21,769</u>
Transfer of unappropriated earnings ? bonuses to employees and capital surplus to capital stock	\$ 785,927	\$ 2,450,540
	<u>\$ 785,927</u>	<u>\$ 2,450,540</u>
Transfer of deferred credits - gains on inter - affiliate accounts	\$ 72,786	\$ -
	<u>\$ 72,786</u>	<u>\$ -</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT:		
Increase in property, plant, equipment and leased-out assets	\$ 336,895	\$ 462,859
Decrease (increase) in payable due to acquisition of property, plant and equipment	13,167	(9,040)
	<u>13,167</u>	<u>(9,040)</u>
Cash payment	\$ 350,062	\$ 453,819
	<u>\$ 350,062</u>	<u>\$ 453,819</u>
PURCHASE OF DEFERRED CHARGES:		
Increase in deferred charges	\$ 289,422	\$ 490,729
Decrease (increase) in payable due to acquisition of deferred charges	118,640	(32,476)
	<u>118,640</u>	<u>(32,476)</u>
Cash payment	\$ 408,062	\$ 458,253
	<u>\$ 408,062</u>	<u>\$ 458,253</u>
Bonuses to employees and directors' remuneration	\$ -	\$ 3,779
Add payable due to employees bonuses and directors' remuneration,		

beginning of the period	75,975	130,370
Minus payable due to employees bonuses and directors' remuneration, end of the period	<u>(75,975)</u>	<u>(134,149)</u>
Cash payment	<u>\$ -</u>	<u>\$ -</u>
Cash dividends	\$ 595,927	\$ 757,440
Add payable due to cash dividends, beginning of the period	-	-
Minus payable due to cash dividends, end of the period	<u>(595,927)</u>	<u>(757,440)</u>
Cash payment	<u>\$ -</u>	<u>\$ -</u>

(Concluded)