

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

DECEMBER 31, 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	\$ 5,750,624	\$ 4,074,756	Notes payable	\$ 9,459	\$ 4,945
Short-term investments	18,260	5,868,308	Accounts payable	3,466,466	3,627,646
Notes receivable, net	663,570	2,232,155	Notes and accounts payable to related parties (Note 23)	313,960	1,180,919
Accounts receivable, net	2,084,095	1,320,426	Income tax payable (Notes 2 and 21)	32,689	132,355
Notes and accounts receivable from related parties, net			Accrued expenses (Notes 13 and 23)	996,727	932,295
	601,807	1,019,955	Current portion of long-term liabilities (Note 15 and 16)	2,301,196	11,059
Other financial assets, current	624,915	478,463	Other current liabilities (Notes 14, 23 and 27)	<u>656,172</u>	<u>931,247</u>
Inventories	3,404,591	3,567,697			
Deferred tax asset, current	371,264	355,186	Total current liabilities	<u>7,776,669</u>	<u>6,820,466</u>
Other current assets	<u>77,344</u>	<u>291,794</u>			
Total current assets	<u>13,596,470</u>	<u>19,208,740</u>	LONG-TERM LIABILITIES:		
LONG-TERM INVESTMENTS:			Corporate bonds payable (Notes 2 and 15)	-	4,846,884
Long-term investments under equity method	11,623,978	12,516,317	Long-term capital lease liabilities (Notes 2 and 16)	-	<u>12,404</u>
Long-term investments under cost method	537,930	590,768			
Allowance for valuation losses of long-term equity investments	-	<u>(117,902)</u>	Total long-term liabilities	<u>-</u>	<u>4,859,288</u>
Total long-term investments	<u>12,161,908</u>	<u>12,989,183</u>	OTHER LIABILITIES (Notes 2, 17 and 23)	<u>198,788</u>	<u>251,767</u>
PROPERTY, PLANT AND EQUIPMENT:			Total liabilities	<u>7,975,457</u>	<u>11,931,521</u>
Land	942,061	782,554	STOCKHOLDERS' EQUITY:		
Buildings and improvements	592,481	509,922	Capital stock (Note 18)	12,704,467	11,918,540
Machinery and equipment	297,158	317,267	Capital surplus:		
Computer equipment	274,089	233,164	Additional paid-in capital	7,739,781	8,073,500
Research and development equipment	342,028	298,329	Gain on disposal of property, plant and equipment	1,770	1,770
Transportation equipment	8,119	8,119	Long-term equity investment (Note 10)	213,035	245,990
Furniture and fixtures	46,258	46,479	Retained earnings: (Note 18)		
Leased assets	43,502	43,502	Legal reserve	1,708,059	1,663,733
Leasehold improvements	<u>133,782</u>	<u>160,614</u>	Special reserve	996,057	-
Subtotal	2,679,478	2,399,950	(Accumulated deficit) unappropriated earnings	(253,410)	3,554,423
Less accumulated depreciation	(872,100)	(659,474)	Unrealized valuation losses on long-term equity investments		
Prepayments on purchase of equipment, land and buildings	<u>106,164</u>	<u>64,376</u>	(Notes 2 and 10)	(59,063)	(271,923)
Property, plant and equipment, net	<u>1,913,542</u>	<u>1,804,852</u>	Cumulative translation adjustments (Note 2)	655,438	807,778
OTHER ASSETS:			Treasury stock (Notes 2, 10 and 19)	<u>(2,040,649)</u>	<u>(1,634,554)</u>
Leased-out assets	573,460	581,287	Total stockholders' equity	<u>21,665,485</u>	<u>24,359,257</u>
Refundable deposits	12,562	12,128			
Deferred charges	775,934	1,158,198			
Deferred tax asset	<u>607,066</u>	<u>536,390</u>			
Total other assets	<u>1,969,022</u>	<u>2,288,003</u>			
TOTAL	<u>\$ 29,640,942</u>	<u>\$ 36,290,778</u>	TOTAL	<u>\$ 29,640,942</u>	<u>\$ 36,290,778</u>

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars, Except Per Share Data)

	2003	2002
OPERATING REVENUES:		
Sales	\$ 22,059,900	\$ 28,229,376
Less:		
Sales returns	(113,961)	(539,661)
Sales discounts	<u>(1,715,128)</u>	<u>(2,575,471)</u>
Net sales	20,230,811	25,114,244
Other operating revenues	<u>25,152</u>	<u>7,640</u>
Total operating revenues	20,255,963	25,121,884
COST OF OPERATING REVENUES	<u>14,809,171</u>	<u>17,126,364</u>
GROSS PROFIT	5,446,792	7,995,520
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(12,057)	(8,548)
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>8,548</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>5,443,283</u>	<u>7,986,972</u>
OPERATING EXPENSES:		
General and administrative expenses	2,794,359	2,601,451
Research and development expenses	<u>2,404,260</u>	<u>2,498,100</u>
Total operating expenses	<u>5,198,619</u>	<u>5,099,551</u>
INCOME FROM OPERATIONS	<u>244,664</u>	<u>2,887,421</u>
NON-OPERATING INCOME:		
Interest income	77,942	132,853
Gain on disposal of property, plant and equipment	87,592	29,080
Gain on sale of investments	399,115	514,730
Rental income	45,297	32,817
Recovery from loss on short-term investment devaluation	426	-
Other	<u>212,373</u>	<u>52,819</u>
Total non-operating income	<u>822,745</u>	<u>762,299</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars, Except Per Share Data)

	2003	2002		
NON-OPERATING EXPENSES:				
Interest expenses	196,714	250,682		
Investment losses under equity method	2,281,455	2,481,066		
Other investment losses	34,029	24,586		
Loss on disposal of property, plant and equipment	175	1,529		
Loss on physical inventory	4,964	10,494		
Foreign currency exchange loss	63,585	34,623		
Loss on inventory devaluation	152,913	456,707		
Other	<u>15,393</u>	<u>19,112</u>		
Total non-operating expenses	<u>2,749,228</u>	<u>3,278,799</u>		
(LOSS) INCOME BEFORE INCOME TAX	(1,681,819)	370,921		
INCOME TAX BENEFIT	<u>31,286</u>	<u>72,343</u>		
NET (LOSS) INCOME	<u>\$ (1,650,533)</u>	<u>\$ 443,264</u>		
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC (LOSS) EARNINGS PER SHARE	<u>\$(1.34)</u>	<u>\$(1.32)</u>	<u>\$0.30</u>	<u>\$0.35</u>
DILUTED (LOSS) EARNINGS PER SHARE	<u>\$(1.34)</u>	<u>\$(1.32)</u>	<u>\$0.30</u>	<u>\$0.35</u>
If the Company's stock held by subsidiaries is not considered as treasury stock:				
NET (LOSS) INCOME	<u>\$(1,681,811)</u> <u>9</u>	<u>\$(1,650,533)</u> <u>3</u>	<u>\$370,921</u>	<u>\$443,264</u>
BASIC (LOSS) EARNINGS PER SHARE	<u>\$(1.33)</u>	<u>\$(1.30)</u>	<u>\$0.29</u>	<u>\$0.35</u>
DILUTED (LOSS) EARNINGS PER SHARE	<u>\$(1.33)</u>	<u>\$(1.30)</u>	<u>\$0.29</u>	<u>\$0.35</u>

(Concluded)

VIA TECHNOLOGIES, INC.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2003 AND 2002
(In Thousands of New Taiwan Dollars)**

	Capital Stock	Additional Paid-in Capital	Capital Surplus Gain on Disposal of Property, Plant and Equipment	Long-Ter Equity Investme
BALANCE, JANUARY 1, 2002	\$ 9,468,000	\$8,073,500	\$ 1,770	\$ 74,65
Appropriation and distribution of 2001 net income:				
Legal reserve				
Cash dividends				
Stock dividends and transfer of employees bonuses to capital stock	2,450,540			
Employees bonuses				
Effect of changes of ownership interests in equity method investees				171,33
Unrealized valuation losses on long-term equity investment				
Cumulative translation adjustments				
Net income for 2002				
Transfer of long-term investments to treasury stock				
BALANCE, DECEMBER 31, 2002	11,918,540	8,073,500	1,770	245,99
Appropriation and distribution of 2002 net income:				
Legal reserve				
Special reserve				
Cash dividends				
Stock dividends and transfer of capital surplus and employees bonuses to capital stock	785,927	(333,719)		
Effect of changes of ownership interests in equity method investees				(32,95
Recovery of unrealized valuation losses on long-term equity investment				
Cumulative translation adjustments				
Net loss for 2003				
Purchase of treasury stock				
BALANCE, DECEMBER 31, 2003	<u>\$12,704,467</u>	<u>\$7,739,781</u>	<u>\$ 1,770</u>	<u>\$ 213,03</u>

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (1,650,533)	\$ 443,264
Depreciation and amortization	1,021,871	990,177
Provision for redemption of convertible bonds	192,875	241,747
Gain on sale of long-term investment	(302,615)	(317,331)
Loss on disposal of property, plant and equipment	175	1,529
Gain on disposal of property, plant and equipment	(87,592)	(29,080)
Investment losses on equity-method investees	2,281,455	2,481,066
Cash dividends on equity-method investees	30,203	70,717
Loss on long-term investment devaluation	34,029	10,000
Gain from redeemed convertible bonds	(1,987)	-
Accrued pension cost	40,826	36,323
Deferred tax benefit	(86,754)	(202,435)
Changes in assets and liabilities provided (used) cash:		
Notes receivable	1,568,585	(437,991)
Accounts receivable	(763,669)	1,054,396
Notes and accounts receivable from related parties	418,148	(619,390)
Other financial assets, current	221,485	(191,216)
Inventories	163,106	367,060
Other current assets	214,450	(169,584)
Notes payable	4,514	3,874
Accounts payable	(161,180)	543,110
Notes and accounts payable to related parties	(866,959)	(15,924)
Income tax payable	(99,666)	(334,212)
Accrued expenses	64,432	(336,429)
Other current liabilities	44,903	(139,312)
Other liabilities	(8,775)	2,337
Net cash provided by operating activities	<u>2,271,327</u>	<u>3,452,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in short-term investment	5,850,048	(5,823,080)
Acquisition of property, plant, equipment and leased-out assets	(561,647)	(656,229)
Proceeds from disposal of property, plant, equipment and deferred charges	8,961	577,394
Payment for long-term investments	(1,813,374)	(3,800,496)
Proceeds from sale of long-term investments	556,871	749,596
(Increase) decrease in refundable deposits	(434)	2,193
Increase in deferred charges	(507,937)	(711,157)
Increase in current account with others	(367,937)	-
Net cash provided by (used in) investing activities	<u>3,164,551</u>	<u>(9,661,779)</u>

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars)

	2003	2002
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in long-term loans	(10,506)	(16,058)
Decrease in convertible bonds	(2,749,533)	-
Cash dividend	(595,927)	(757,440)
Bonuses to employees and directors' remuneration	-	(58,174)
Increase in guarantee deposits received	2,562	2,625
Purchase of treasury stock	<u>(406,606)</u>	<u>-</u>
Net cash used in financing activities	<u>(3,760,010)</u>	<u>(829,047)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,675,868	(7,038,130)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,074,756</u>	<u>11,112,886</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,750,624</u>	<u>\$ 4,074,756</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION -		
Cash paid during the year for:		
Interest	<u>\$ 382,171</u>	<u>\$ 8,935</u>
Income tax	<u>\$ 139,345</u>	<u>\$ 399,062</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Transfer of property, plant, and equipment to leased-out assets	<u>\$ -</u>	<u>\$ 135,108</u>
Transfer of unappropriated earnings and employees bonuses to capital stock	<u>\$ 785,927</u>	<u>\$ 2,450,540</u>
Transfer of long-term investments to treasury stock	<u>\$ -</u>	<u>\$ 1,634,554</u>
Current portion of long-term liabilities	<u>\$ 2,301,196</u>	<u>\$ 11,059</u>
Transfer of deferred charges to property, plant, and equipment	<u>\$ -</u>	<u>\$ 1,327</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 87,592</u>	<u>\$ -</u>

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2003 AND 2002 (In Thousands of New Taiwan Dollars)

	2003	2002
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT:		
Increase in property, plant, equipment and leased-out assets	\$ 394,907	\$ 562,862
Decrease in payable due to acquisition of property, plant and equipment	<u>166,740</u>	<u>93,367</u>
Cash payment	<u>\$ 561,647</u>	<u>\$ 656,229</u>
PURCHASE OF DEFERRED CHARGES:		
Increase in deferred charges	\$ 354,699	\$ 712,221
Decrease (increase) in payable due to acquisition of deferred charges	<u>153,238</u>	<u>(1,064)</u>
Cash payment	<u>\$ 507,937</u>	<u>\$ 711,157</u>
Employees bonuses and directors' remuneration	\$ -	\$ 3,779
Add payable due to bonuses to employees and directors' remuneration, beginning of year -	75,975	130,370
Minus payable due to bonuses to employees and directors' remuneration, end of year -	<u>(75,975)</u>	<u>(75,975)</u>
Cash payment	<u>\$ -</u>	<u>\$ 58,174</u>

(Concluded)