

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

MARCH 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2004	2003	LIABILITIES AND STOCKHOLDERS' EQUITY	2004	2003
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents (Notes 2 and 3)	\$ 1,371,217	\$ 3,349,848	Notes payable	\$ 155	\$ 31,131
Short-term investments (Notes 2 and 4)	3,463,377	6,240,508	Accounts payable	4,285,955	2,025,658
Notes receivable, net (Note 2)	740,899	984,407	Notes and accounts payable to related parties (Note 23)	313,392	766,099
Accounts receivable, net (Notes 2 and 5)	1,868,728	2,071,978	Income tax payable (Notes 2 and 21)	32,689	132,355
Notes and accounts receivable from related parties, net (Notes 2, 6 and 23)	633,623	879,837	Accrued expenses (Notes 13 and 23)	985,823	1,280,201
Other financial assets, current (Notes 2, 7, 23 and 27)	1,804,323	415,615	Current portion of long-term liabilities (Note 15 and 16)	2,326,596	14,949
Inventories (Notes 2 and 8)	4,135,023	2,727,898	Other current liabilities (Notes 14, 23 and 27)	808,240	1,047,327
Deferred tax asset, current (Notes 2 and 21)	372,004	339,670			
Other current assets (Notes 2 and 23)	96,027	184,456	Total current liabilities	8,752,850	5,297,720
Total current assets	14,485,221	17,194,217			
LONG-TERM INVESTMENTS (Notes 2 and 10):			LONG-TERM LIABILITIES:		
Long-term investments under equity method	11,531,450	12,324,625	Corporate bonds payable (Notes 2 and 15)	-	4,908,540
Long-term investments under cost method	542,682	590,768	Long-term capital lease liabilities (Notes 2 and 16)	-	8,377
Allowance for valuation losses of long-term equity investments	-	(117,107)	Total long-term liabilities	-	4,916,917
Total long-term investments	12,074,132	12,798,286			
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 23):			OTHER LIABILITIES (Notes 2, 17 and 23)	196,659	236,557
Land	962,605	794,888	Total liabilities	8,949,509	10,451,194
Buildings and improvements	605,466	518,980			
Machinery and equipment	309,926	318,064	STOCKHOLDERS' EQUITY:		
Computer equipment	285,705	235,606	Capital stock (Note 18)	12,704,467	11,918,540
Research and development equipment	354,522	297,171	Capital surplus:		
Transportation equipment	8,119	8,119	Additional paid-in capital	7,739,781	8,073,500
Furniture and fixtures	46,357	46,820	Gain on disposal of property, plant and equipment	1,770	1,770
Leased assets	43,502	43,502	Long-term equity investments (Note 10)	212,970	252,566
Leasehold improvements	133,782	133,519	Retained earnings: (Note 18)		
Subtotal	2,749,984	2,396,669	Legal reserve	1,708,059	1,663,733
Less accumulated depreciation	(937,192)	(700,122)	Special reserve	996,057	-
Prepayments on purchase of equipment, land and buildings	93,896	215,687	(Accumulated deficit) unappropriated earnings	(221,072)	2,908,861
Property, plant and equipment, net	1,906,688	1,912,234	Unrealized valuation losses on long-term equity investments (Notes 2 and 10)	(41,670)	(258,367)
			Cumulative translation adjustments (Note 2)	481,852	807,930
OTHER ASSETS:			Treasury stock (Notes 2, 10 and 19)	(2,185,378)	(1,634,554)
Leased-out assets (Notes 2, 12 and 23)	571,503	579,330	Total stockholders' equity	21,396,836	23,733,979
Refundable deposits	11,243	12,370			
Deferred charges (Notes 2 and 23)	689,334	1,075,089			
Deferred tax asset (Notes 2 and 21)	608,224	613,647			
Total other assets	1,880,304	2,280,436			
TOTAL	\$ 30,346,345	\$ 34,185,173	TOTAL	\$ 30,346,345	\$ 34,185,173

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

THREE-MONTH PERIODS ENDED MARCH 31, 2004 AND 2003

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

(Reviewed, Not Audited)

	2004	2003
OPERATING REVENUES: (Note 2)		
Sales	\$ 4,778,043	\$ 6,034,583
Less:		
Sales returns	(78,701)	(18,335)
Sales discounts	<u>(304,796)</u>	<u>(317,775)</u>
Net sales (Note 22)	4,394,546	5,698,473
Other operating revenues (Note 22)	<u>14,328</u>	<u>3,884</u>
Total operating revenues	4,408,874	5,702,357
COST OF OPERATING REVENUES (Note 22)	<u>2,992,052</u>	<u>4,416,178</u>
GROSS PROFIT	1,416,822	1,286,179
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(21,170)	(18,978)
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>12,057</u>	<u>8,548</u>
REALIZED GROSS PROFIT	<u>1,407,709</u>	<u>1,275,749</u>
OPERATING EXPENSES (Note 22):		
General and administrative expenses	608,675	974,005
Research and development expenses	<u>583,823</u>	<u>549,228</u>
Total operating expenses	<u>1,192,498</u>	<u>1,523,233</u>
INCOME FROM OPERATIONS	<u>215,211</u>	<u>(247,484)</u>
NON-OPERATING INCOME:		
Interest income	2,394	29,476
Gain on disposal of property, plant and equipment	8,943	25,538
Gain on sale of investments	195,583	28,174
Foreign currency exchange gain	-	7,529
Rental income (Note 22)	12,032	12,457
Recovery from loss on short-term investment devaluation	1,501	-
Gain from price recovery of inventory	-	40,054
Other (Note 22)	<u>44,407</u>	<u>11,492</u>
Total non-operating income	<u>264,860</u>	<u>154,720</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

THREE-MONTH PERIODS ENDED MARCH 31, 2004 AND 2003

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

(Reviewed, Not Audited)

	2004	2003		
NON-OPERATING EXPENSES:				
Interest expenses	30,234	62,956		
Investment losses under equity method (Note 10)	348,445	545,799		
Other investment losses (Note 10)	-	1,541		
Loss on disposal of property, plant and equipment	301	99		
Loss on physical inventory	719	492		
Foreign currency exchange loss	13,540	-		
Loss on inventory devaluation	33,748	-		
Other	<u>3,764</u>	<u>3,652</u>		
Total non-operating expenses	<u>430,751</u>	<u>614,539</u>		
(LOSS) INCOME BEFORE INCOME TAX	49,320	(707,303)		
INCOME TAX BENEFIT (Notes 2 and 20)	<u>1,898</u>	<u>61,741</u>		
NET (LOSS) INCOME	<u>\$ 51,218</u>	<u>\$ (645,562)</u>		
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC (LOSS) EARNINGS PER SHARE (Note 21)	<u>\$0.04</u>	<u>\$0.04</u>	<u>\$(0.56)</u>	<u>\$(0.51)</u>
DILUTED (LOSS) EARNINGS PER SHARE (Note 21)	<u>\$0.04</u>	<u>\$0.04</u>	<u>\$(0.56)</u>	<u>\$(0.51)</u>
If the Company's stock held by subsidiaries is not considered as treasury stock:				
NET (LOSS) INCOME	<u>\$49,320</u>	<u>\$51,218</u>	<u>\$(707,303)</u>	<u>\$(645,562)</u>
BASIC (LOSS) EARNINGS PER SHARE (Note 21)	<u>\$0.04</u>	<u>\$0.04</u>	<u>\$(0.56)</u>	<u>\$(0.51)</u>
DILUTED (LOSS) EARNINGS PER SHARE (Note 21)	<u>\$0.04</u>	<u>\$0.04</u>	<u>\$(0.56)</u>	<u>\$(0.51)</u>

(Concluded)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE-MONTH PERIODS ENDED MARCH 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 51,218	\$ (645,562)
Depreciation and amortization	202,675	289,752
Provision for redemption of convertible bonds	29,431	61,656
Gain on sale of long-term investment	(179,235)	-
Loss on disposal of property, plant and equipment	301	99
Gain on disposal of property, plant and equipment	(8,943)	(25,538)
Investment losses on equity-method investees	348,445	545,799
Accrued pension cost	10,121	10,448
Deferred tax benefit	(1,898)	(61,741)
Changes in assets and liabilities provided (used) cash:		
Notes receivable	(77,329)	1,247,748
Accounts receivable	215,367	(751,552)
Notes and accounts receivable from related parties	(31,816)	140,118
Other financial assets, current	52,965	62,848
Inventories	(730,432)	839,799
Other current assets	(18,683)	107,338
Notes payable	(9,304)	26,186
Accounts payable	819,489	(1,601,988)
Notes and accounts payable to related parties	(568)	(414,820)
Accrued expenses	(10,904)	347,906
Other current liabilities	72,793	21,840
Other liabilities	(2,194)	(2,194)
Net cash provided by operating activities	<u>731,499</u>	<u>198,142</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in short-term investment	(3,445,117)	(372,200)
Acquisition of property, plant, equipment and leased-out assets	(59,848)	(196,995)
Proceeds from disposal of property, plant, equipment and deferred charges	27	120
Payment for long-term investments	(526,382)	(334,618)
Proceeds from sale of long-term investments	3,642	-
Decrease(increase) in refundable deposits	1,319	(242)
Increase in deferred charges	(71,046)	(21,052)
Increase in current account with others	(965,224)	-
Net cash used in investing activities	<u>(5,062,629)</u>	<u>(924,987)</u>

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE-MONTH PERIODS ENDED MARCH 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in long-term capital lease liabilities	(4,031)	(137)
Increase in guarantee deposits received	(1,115)	2,074
Purchase of treasury stock	<u>(43,131)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(48,277)</u>	<u>1,937</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,379,407)	(724,908)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,750,624</u>	<u>4,074,756</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,371,217</u>	<u>\$ 3,349,848</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION -		
Cash paid during the year for:		
Interest	<u>\$ 802</u>	<u>\$ 1,300</u>
Income tax	<u>\$ 85</u>	<u>\$ 2,320</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Current portion of long-term liabilities	<u>\$ 2,326,596</u>	<u>\$ 14,949</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 8,941</u>	<u>\$ 25,538</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT:		
Increase in property, plant, equipment and leased-out assets	\$ 61,452	\$ 175,743
(Increase) decrease in payable due to acquisition of property, plant and equipment	<u>(1,604)</u>	<u>21,252</u>
Cash payment	<u>\$ 59,848</u>	<u>\$ 196,995</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE-MONTH PERIODS ENDED MARCH 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2004	2003
PURCHASE OF DEFERRED CHARGES:		
Increase in deferred charges	\$ 46,138	\$ 136,544
Decrease (increase) in payable due to acquisition of deferred charges	<u>24,908</u>	<u>(115,492)</u>
Cash payment	<u>\$ 71,046</u>	<u>\$ 21,052</u>
PURCHASE OF TREASURY STOCK:		
Purchase of treasury stock	\$ 145,710	\$ -
Decrease (increase) in payable due to acquisition of treasury stock	<u>(102,579)</u>	<u>-</u>
Cash payment	<u>\$ 43,131</u>	<u>\$ -</u>
SALE OF LONG-TERM INVESTMENT:		
Proceeds from sale of long-term investment	\$ 270,791	\$ -
Increase in receivable due to sale of long-term investment	<u>(267,149)</u>	<u>-</u>
Cash received	<u>\$ 3,642</u>	<u>\$ -</u>

(Concluded)