

VIA TECHNOLOGIES, INC.

**Financial Statements for the
Six Months Ended June 30, 2004 and 2003**

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

JUNE 30, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

ASSETS	2004	2003	LIABILITIES AND STOCKHOLDERS' EQUITY	2004	2003
CURRENT ASSETS :			CURRENT LIABILITIES :		
Cash and cash equivalents	\$ 1,179,504	\$ 8,757,538	Notes payable	\$ 1,118	\$ 17,698
Short-term investments	2,755,269	97,257	Accounts payable	3,794,932	2,558,647
Notes receivable, net	880,704	1,332,780	Notes and accounts payable to related parties	321,458	166,826
Accounts receivable, net	1,961,478	1,077,574	Income tax payable	90,003	34,936
Notes and accounts receivable from related parties, net	189,438	993,100	Accrued expenses	821,744	1,080,425
Other receivable	918,938	259,715	Current portion of long-term liabilities	2,351,759	15,532
Other financial assets - current	125,243	147,172	Other current liabilities	663,885	1,520,766
Inventories	4,283,945	3,081,207			
Deferred tax asset - current	390,572	280,197	Total current liabilities	8,044,899	5,394,830
Other current assets	122,061	226,072			
			LONG-TERM LIABILITIES :		
Total current assets	12,807,152	16,252,612	Corporate bonds payable	-	4,970,880
			Lease payable	-	4,269
LONG-TERM INVESTMENTS	11,406,025	12,233,540	Total long-term liabilities	-	4,975,149
PROPERTY, PLANT AND EQUIPMENT :			OTHER LIABILITIES	219,202	219,246
Land	962,605	888,197	Total liabilities	8,264,101	10,589,225
Buildings and improvements	692,713	560,105			
Machinery and equipment	311,731	302,313	STOCKHOLDERS' EQUITY :		
Computer equipment	296,257	263,713	Capital stock	12,704,467	11,918,540
Research and development equipment	359,012	307,050	Stock dividend to be distributed	813,996	785,927
Transportation equipment	8,119	8,119	Capital surplus :		
Furniture and fixtures	46,868	49,379	Additional paid-in capital	7,115,785	7,739,781
Leasehold assets	43,502	43,502	Gain on disposal of property, plant and equipment	1,770	1,770
Leasehold improvements	138,801	133,520	Long-term equity investment	213,979	252,502
			Retained earnings :		
Subtotal	2,859,608	2,555,898	Legal reserve	1,708,059	1,708,059
Less accumulated depreciation	(997,071)	(746,938)	Special reserve	806,057	996,057
Prepayments on purchase of equipment, land and buildings	15,562	138,091	Accumulated loss	(1,897,455)	(295,018)
			Unrealized valuation losses on long-term equity investments	(38,887)	(180,983)
Property, plant and equipment, net	1,878,099	1,947,051	Cumulative translation adjustments	595,256	784,352
			Treasury stock	(2,334,755)	(1,634,554)
OTHER ASSETS :			Total stockholders' equity	19,688,272	22,076,433
Leased-out assets	569,546	577,374			
Refundable deposits	11,819	12,847			
Deferred charges	634,237	955,622			
Deferred tax asset	645,495	686,612			
Total other assets	1,861,097	2,232,455			
TOTAL	\$ 27,952,373	\$ 32,665,658	TOTAL	\$ 27,952,373	\$ 32,665,658

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME
 SIX MONTHS ENDED JUNE 30, 2004 AND 2003
 (In Thousands of New Taiwan Dollars, Except Per Share Data)

	2004	2003
OPERATING REVENUES :		
Sales	\$ 9,444,174	\$ 10,299,861
Less :		
Sales returns	(100,534)	(55,273)
Sales discounts	(460,821)	(510,974)
Net sales	8,882,819	9,733,614
Other operating revenue	11,467	9,539
Total operating revenues	8,894,286	9,743,153
COST OF OPERATING REVENUES	(6,118,012)	(7,317,026)
GROSS PROFIT	2,776,274	2,426,127
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(32,154)	(16,676)
REALIZED PROFIT FROM INTERCOMPANY TRASACTIONS	12,057	8,548.00
REALIZED GROSS PROFIT	2,756,177	2,417,999
OPERATING EXPENSES	(2,616,669)	(2,790,316)
INCOME (LOSS) FROM OPERATIONS	139,508	(372,317)
NON-OPERATING INCOME :		
Interest income	14,559	53,405
Gain on disposal of property, plant and equipment	13,827	50,190
Gain on sale of investments	204,142	57,081
Foreign exchange gain	11,847	162
Rental income	24,139	22,630
Other	122,781	28,249
Total non-operating income	391,295	211,717
NON-OPERATING EXPENSES :		
Interest expenses	60,016	126,208
Investment losses	1,920,254	1,494,215
Loss on investment devaluation	93,045	510
Loss on disposal of property, plant and equipment	430	99
Loss on physical inventory	996	19,306
Loss on inventory devaluation	126,639.00	-
Other	10,672	4,807
Total non-operating expenses	2,212,052	1,645,145
LOSS BEFORE INCOME TAX	(1,681,249)	(1,805,745)
PROVISION FOR INCOME TAX	57,738	44,822
NET LOSS	\$ (1,623,511)	\$ (1,760,923)
PREMINARY LOSS PER SHARE BEFORE INCOME TAX	\$ (1.26)	\$ (1.35)
PREMINARY LOSS PER SHARE AFTER INCOME TAX	\$ (1.23)	\$ (1.32)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2004 AND 2003
(In Thousands of New Taiwan Dollars)

	Capital Surplus					Retained Earnings					Treasury Stock	Total
	Capital Stock	Stock Dividend to be Distributed	Additional Paid-in Capital	Gain on Disposal of Property, Plant and Equipment	Long-Term Equity Investment	Legal Reserve	Special Reserve	Accumulated Loss	Unrealized Valuation Losses on Long-Term Equity Investment	Cumulative Translation Adjustments		
BALANCE, JANUARY 1, 2004	\$ 12,704,467	\$ -	\$ 7,739,781	\$ 1,770	\$ 213,035	\$ 1,708,059	\$ 996,057	\$ (253,410)	\$ (59,063)	\$ 655,438	\$ (2,040,649)	\$ 21,665,485
Appropriation and distribution of 2003 :												
Transfer of additional paid-in capital and employees bonuses to capital stock		813,996	(623,996)				(190,000)					-
Effect of changes of ownership interest in equity method investees					944			(20,534)	20,176		981	1,567
Translation adjustments on long-term investments										(60,182)		(60,182)
Net loss for the six months ended June 30, 2004								(1,623,511)				(1,623,511)
Purchase of treasury stock											(295,087)	(295,087)
BALANCE, JUNE 30, 2004	\$ 12,704,467	\$ 813,996	\$ 7,115,785	\$ 1,770	\$ 213,979	\$ 1,708,059	\$ 806,057	\$ (1,897,455)	\$ (38,887)	\$ 595,256	\$ (2,334,755)	\$ 19,688,272
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
Appropriation and distribution of 2002 :												
Legal reserve						44,326		(44,326)				-
Special reserve							996,057	(996,057)				-
Cash dividends								(595,927)				(595,927)
Stock dividends and transfer of additional paid-in capital and employees bonuses to capital stock		785,927	(333,719)					(452,208)				-
Effect of changes of ownership interest in equity method investees					6,512							6,512
Unrealized valuation losses on long-term equity investment									90,940			90,940
Translation adjustments on long-term investments										(23,426)		(23,426)
Net loss for the six months ended June 30, 2003								(1,760,923)				(1,760,923)
BALANCE, JUNE 30, 2004	\$ 11,918,540	\$ 785,927	\$ 7,739,781	\$ 1,770	\$ 252,502	\$ 1,708,059	\$ 996,057	\$ (295,018)	\$ (180,983)	\$ 784,352	\$ (1,634,554)	\$ 22,076,433

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2004 AND 2003
(In Thousands of New Taiwan Dollars)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES :		
Net loss	\$ (1,623,511)	\$(1,760,923)
Adjustments to reconcile net income to net cash provided by (used in) operating activities :		
Depreciation and amortization	376,846	570,718
Provision for redemption of convertible bonds	58,863	123,996
Gain on sale of long-term investment	(174,357)	-
Gain on sale of short-term investment	(28,693)	(57,081)
Loss on short-term investment devaluation	89	631
Loss on disposal of property, plant and equipment	430	99
Gain on disposal of property, plant and equipment	(13,827)	(50,190)
Equity in net loss of affiliates	1,920,254	1,494,215
Loss on long-term investment devaluation	92,956,00	-
Accrued pension costs	20,517	21,247
Deferred tax asset	(57,737)	(75,233)
Changes in assets and liabilities provided (used) cash :		
Notes receivable	(217,134)	899,375
Accounts receivable	122,617	242,852
Notes and accounts receivable from related parties	412,369	26,855
Other receivable	20,463	45,025
Other financial assets - current	2,846	26,551
Inventories	(879,354)	486,490
Other current assets	(44,717)	65,722
Notes payable	(8,341)	12,753
Accounts payable	328,466	(1,068,999)
Notes and accounts payable due to related parties	7,498	(1,014,093)
Income tax payable	57,314	(97,419)
Accrued expenses	(174,983)	148,130
Other current liabilities	59,767	117,398
Other liabilities	(4,387)	(4,388)
Net cash provided by operating activities	<u>254,254</u>	<u>153,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES :		
Payment for short-term investments	(17,650,062)	(12,618,978)
Proceeds from sale of short-term investments	14,941,657	18,446,479
Acquisition of property, plant, equipment and leased-out assets	(83,546)	(272,718)
Proceeds from disposal of property, plant and equipment	750	120
Payment for long-term investments	(1,570,504)	(664,546)
Proceeds from sale of long-term investments	448,007	-
Decrease (increase) in refundable deposits	743	(719)
Increase in deferred charges	(166,932)	(357,735)
Increase in other non-operating receivables	(442,575)	-
Net cash used in investing activities	<u>(4,522,462)</u>	<u>4,531,903</u>
CASH FLOWS FROM FINANCING ACTIVITIES :		
Decrease in long-term loans	(8,300)	(3,662)
(Decrease) increase in guarantee deposits received	(1,018)	810
Purchase of treasury stocks	(293,594)	-
Net cash (used in) provided by financing activities	<u>(302,912)</u>	<u>(2,852)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(4,571,120)</u>	<u>4,682,782</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>5,750,624</u>	<u>4,074,756</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 1,179,504</u>	<u>\$ 8,757,538</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION -		
Cash paid during the period for :		
Interest	\$ 1,153	\$ 2,212
Income tax	\$ 32,854	\$ 137,098
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES :		
Current portion of long-term liabilities	\$ 2,351,759	\$ 15,532
Transfer of long-term investments to other liability	\$ 17,367	\$ -
Transfer of deferred credits - gains on inter - affiliate accounts	\$ 13,786	\$ 50,190
Transfer of unappropriated earnings, additional paid-in capital and bonuses to employees to capital stock	\$ 813,996	\$ 785,927
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT :		
Increase in property, plant, equipment and leased-out assets	\$ 97,968	\$ 279,433
Increase in payable due to acquisition of property, plant and equipment	(14,422)	(6,715)
Cash payment	\$ 83,546	\$ 272,718
PURCHASE OF DEFERRED CHARGES:		
Increase in deferred charges	\$ 98,963	\$ 227,214
Decrease in payable due to acquisition of deferred charges	67,969	130,521
Cash payment	\$ 166,932	\$ 357,735
Bonuses to employees and directors' remuneration	\$ -	\$ -
Add payable due to employees bonuses and directors' remuneration, beginning of the period	75,975	75,975
Minus payable due to employees bonuses and directors' remuneration, end of the period	(75,975)	(75,975)
Cash payment	\$ -	\$ -
Cash dividends	\$ -	\$ 595,927
Add payable due to cash dividends, beginning of the period	-	-
Minus payable due to cash dividends, end of the period	-	(595,927)
Cash payment	\$ -	\$ -
PURCHASE OF TREASURY STOCK:		
Purchase of treasury stock	\$ 293,594	\$ -
Increase in payable due to purchase of treasury stock	(1,493)	-
Cash payment	\$ 293,594	\$ -