

# **VIA Technologies, Inc.**

**Financial Statements for the  
Three Months Ended March 31, 2005 and 2004**

# VIA TECHNOLOGIES, INC.

## BALANCE SHEETS

MARCH 31, 2005 AND 2004

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2005		2004		LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents	\$ 6,262,206	28	\$ 1,371,217	5	Notes payable	\$ 2,940	-	\$ 155	-
Short-term investments	30,329	-	3,463,377	11	Accounts payable	2,705,952	12	4,285,955	14
Notes receivable, net	361,745	2	740,899	3	Notes and accounts payable to related parties	377,213	2	313,392	1
Accounts receivable, net	1,465,026	6	1,868,728	6	Income tax payable	138,332	1	32,689	-
Notes and accounts receivable from related parties, net	255,216	1	633,623	2	Accrued expenses	558,075	2	985,823	3
Other financial assets, current	167,227	1	1,804,323	6	Current portion of long-term liabilities	166,665	1	2,326,596	8
Inventories	3,567,392	16	4,135,023	14	Other current liabilities	709,407	3	808,240	3
Deferred tax asset, current	383,393	2	372,004	1					
Other current assets	83,325	-	96,027	-	Total current liabilities	4,658,584	21	8,752,850	29
Total current assets	12,575,859	56	14,485,221	48	<b>LONG-TERM LIABILITIES</b>				
<b>LONG-TERM INVESTMENTS</b>					Corporate bonds payable	1,905,073	8	-	-
Long-term investments under equity method	6,280,131	28	11,531,450	38	Long-term capital lease liabilities	333,335	2	-	-
Long-term investments under cost method	139,589	-	542,682	2	Total long-term liabilities	2,238,408	10	-	-
Total long-term investments	6,419,720	28	12,074,132	40	<b>OTHER LIABILITIES</b>	276,166	1	196,659	-
<b>PROPERTY, PLANT AND EQUIPMENT</b>					Total liabilities	7,173,158	32	8,949,509	29
Land	962,605	4	962,605	3	<b>STOCKHOLDERS' EQUITY</b>				
Buildings and improvements	677,638	3	605,466	2	Common stock	13,333,803	59	12,704,467	42
Machinery and equipment	155,550	1	309,926	1	Capital surplus				
Computer equipment	242,933	1	285,705	1	Additional paid-in capital	7,110,445	32	7,739,781	25
Research and development equipment	316,683	2	354,522	1	Gain on disposal of property, plant and equipment	-	-	1,770	-
Transportation equipment	7,421	-	8,119	-	Long-term equity investments	217,529	1	212,970	1
Furniture and fixtures	34,516	-	46,357	-	Retained earnings				
Leased assets	-	-	43,502	-	Legal reserve	1,708,059	8	1,708,059	6
Leasehold improvements	29,403	-	133,782	1	Special reserve	345,501	1	996,057	3
	2,426,749	11	2,749,984	9	Accumulated deficit	(4,858,076)	(22)	(221,072)	(1)
Less accumulated depreciation	(657,504)	(3)	(937,192)	(3)	Unrealized valuation losses on long-term equity investments	(65,866)	-	(41,670)	-
Prepayments on purchase of equipment, land buildings	-	-	93,896	-	Cumulative translation adjustments	293,904	1	481,852	2
Property, Plant and equipment, net	1,769,245	8	1,906,688	6	Treasury stock	(2,760,205)	(12)	(2,185,378)	(7)
<b>OTHER ASSETS</b>					Total stockholders' equity	15,325,094	68	21,396,836	71
Leased-out assets	563,675	3	571,503	2					
Refundable deposits	11,996	-	11,243	-	<b>TOTAL</b>	<b>\$22,498,252</b>	<b>100</b>	<b>\$30,346,345</b>	<b>100</b>
Deferred bonds insurance costs	13,542	-	-	-					
Deferred charges	557,446	2	689,334	2					
Deferred income tax assets	586,769	3	608,224	2					
Total other assets	1,733,428	8	1,880,304	6					
<b>TOTAL</b>	<b>\$22,498,252</b>	<b>100</b>	<b>\$30,346,345</b>	<b>100</b>					

## VIA TECHNOLOGIES, INC.

### STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2005 AND 2004 (In Thousands of New Taiwan Dollars, Except Earnings per Share) (Reviewed, Not Audited)

	2005		2004	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	\$ 4,092,904	105	\$ 4,778,043	109
Less				
Sales returns	(42,518)	(1)	(78,701)	(2)
Sales discounts	(152,836)	(4)	(304,796)	(7)
Net sales	3,897,550	100	4,394,546	100
Other operating revenues	1,876	-	14,328	-
Total operating revenues	3,899,426	100	4,408,874	100
COST OF OPERATING REVENUES	3,088,034	79	2,992,052	68
GROSS PROFIT	811,392	21	1,416,822	32
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(62,309)	(1)	(21,170)	-
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	87,752	2	12,057	-
REALIZED GROSS PROFIT	836,835	22	1,407,709	32
OPERATING EXPENSES				
General and administrative expenses	450,541	12	608,675	14
Research and development expenses	624,708	16	583,823	13
Total operating expenses	1,075,249	28	1,192,498	27
(LOSS) INCOME FROM OPERATIONS	(238,414)	(6)	215,211	5
NON-OPERATING INCOME				
Interest income	7,968	-	2,394	-
Gain on disposal of property, plant and equipment	488	-	8,943	-
Gain on sale of investments	675,355	17	195,583	5
Gain on physical inventory	1,454	-	-	-
Rental income	14,228	1	12,032	-
Recovery from loss on short-term investments devaluation	-	-	1,501	-
Other	69,165	2	44,407	1
Total non-operating income	768,658	20	264,860	6

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**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF INCOME**  
**THREE MONTHS ENDED MARCH 31, 2005 AND 2004**  
(In Thousands of New Taiwan Dollars, Except Earnings per Share)  
(Reviewed, Not Audited)

	2005		2004	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expenses	\$ 15,826	1	\$ 30,234	1
Investment losses under equity method	429,992	11	348,445	8
Loss on disposal of property, plant and equipment	-	-	301	-
Loss on physical inventory	-	-	719	-
Foreign currency exchange loss	2,842	-	13,540	-
Loss on inventory devaluation	14,797	-	33,748	1
Other	3,289	-	3,764	-
Total non-operating expenses	<u>466,746</u>	<u>12</u>	<u>430,751</u>	<u>10</u>
INCOME BEFORE INCOME TAX	63,498	2	49,320	1
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>1,898</u>	<u>-</u>
NET INCOME	<u>\$ 63,498</u>	<u>2</u>	<u>\$ 51,218</u>	<u>1</u>
	<b>Before Income Tax</b>	<b>After Income Tax</b>	<b>Before Income Tax</b>	<b>After Income Tax</b>
BASIC EARNINGS PER SHARE	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ 0.04</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ 0.04</u>
If the Company's stock held by subsidiaries is not considered as treasury stock:				
NET INCOME	<u>\$63,498</u>	<u>\$63,498</u>	<u>\$49,320</u>	<u>\$51,218</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ 0.04</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.04</u>	<u>\$ 0.04</u>

**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2005 AND 2004**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 63,498	\$ 51,218
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization (including depreciation of leased-out assets)	186,206	202,675
Investment losses on equity-method investees	429,992	348,445
Cash dividends on equity-method investees	399,961	-
Loss on disposal of property, plant and equipment	-	301
Gain on disposal of property, plant and equipment	(488)	(8,943)
Transfer of cost of property, plant and equipment to expense	1,103	-
Gain on sale of long-term investments	(18,201)	(179,235)
Amortization of bond issuance costs	783	-
Accrued pension cost	10,830	10,121
Provision for redemption of convertible bonds	(88)	29,431
Deferred tax benefit	-	(1,898)
Net changes in operating assets and liabilities		
Notes receivable, net	182,830	(77,329)
Accounts receivable, net	171,327	215,367
Notes and accounts receivable from related parties, net	(102,472)	(31,816)
Other financial assets, current	41,841	52,965
Inventories	578,049	(730,432)
Other current assets	(2,314)	(18,683)
Notes payable	(2,689)	(9,304)
Accounts payable	(1,284,411)	819,489
Notes and accounts payable to related parties	(339,850)	(568)
Accrued expenses	(170,492)	(10,904)
Other current liabilities	(43,451)	72,793
Other liabilities	(2,193)	(2,194)
Net cash provided by operating activities	<u>99,771</u>	<u>731,499</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in short-term investments	185,411	(3,445,117)
Payment for long-term investments	(718,254)	(526,382)
Acquisition of property, plant, equipment and leased-out assets	(18,391)	(59,848)
Proceeds from disposal of property, plant, equipment and deferred charges	-	27
Proceeds from sale of long-term investments	169,602	3,642
(Increase) decrease in refundable deposits	(131)	1,319
Increase in deferred charges	(85,020)	(71,046)
Increase in current account with others	-	(965,224)
Net cash used in investing activities	<u>(466,783)</u>	<u>(5,062,629)</u>

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**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2005 AND 2004**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	2005	2004
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in long-term capital lease obligation	\$ -	\$ (4,031)
Purchase of treasury stock	-	(43,131)
Increase (decrease) in guarantee deposits received	<u>445</u>	<u>(1,115)</u>
Net cash provided by (used in) financing activities	<u>445</u>	<u>(48,277)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(366,567)</b>	<b>(4,379,407)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b><u>6,628,773</u></b>	<b><u>5,750,624</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b><u>\$ 6,262,206</u></b>	<b><u>\$ 1,371,217</u></b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>		
Cash paid during the period		
Interest	<u>\$ 27,550</u>	<u>\$ 802</u>
Income tax	<u>\$ 346</u>	<u>\$ 85</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 166,665</u>	<u>\$ 2,326,596</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 488</u>	<u>\$ 8,941</u>
<b>PURCHASE OF PROPERTY, PLANT AND EQUIPMENT</b>		
Increase in property, plant, equipment and leased-out assets	\$ 7,130	\$ 61,452
Decrease (increase) in payable due to acquisition of property, plant and equipment	<u>11,261</u>	<u>(1,604)</u>
Cash payment	<u>\$ 18,391</u>	<u>\$ 59,848</u>
<b>PURCHASE OF DEFERRED CHARGES</b>		
Increase in deferred charges	\$ 11,293	\$ 46,138
Decrease in payable due to acquisition of deferred charges	<u>73,727</u>	<u>24,908</u>
Cash payment	<u>\$ 85,020</u>	<u>\$ 71,046</u>

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**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED MARCH 31, 2005 AND 2004**  
**(In Thousands of New Taiwan Dollars)**  
**(Reviewed, Not Audited)**

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	<b>2005</b>	<b>2004</b>
<b>PURCHASE OF TREASURY STOCK</b>		
Purchase of treasury stock	\$ -	\$ 145,710
Increase in payable due to acquisition of treasury stock	<u>-</u>	<u>(102,579)</u>
Cash payment	<u>\$ -</u>	<u>\$ 43,131</u>
<b>SALE OF LONG-TERM INVESTMENTS</b>		
Sale of long-term investments	\$ 207,967	\$ 270,791
Increase in receivable due to sale of long-term investments	<u>(38,365)</u>	<u>(267,149)</u>
Cash received	<u>\$ 169,602</u>	<u>\$ 3,642</u>