

VIA TECHNOLOGIES, INC.

Financial Statements for the Periods of  
Six Months Ended June 30, 2005 and 2004

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

JUNE 30, 2005 AND 2004

(In Thousands of New Taiwan Dollars)

ASSETS	2005	2004	LIABILITIES AND STOCKHOLDERS' EQUITY	2005	2004
<b>CURRENT ASSETS :</b>			<b>CURRENT LIABILITIES :</b>		
Cash and cash equivalents	\$ 6,570,772	\$ 1,179,504	Notes payable	\$ 10,644	\$ 1,118
Short-term investments	30,267	2,755,269	Accounts payable	2,811,446	3,794,932
Notes receivable, net	274,230	880,704	Notes and accounts payable to related parties	323,556	321,458
Accounts receivable, net	1,352,793	1,961,478	Income tax payable	138,332	90,003
Notes and accounts receivable from related parties, net	219,666	189,438	Accrued expenses	574,454	821,744
Other receivable	112,338	918,938	Current portion of long-term liabilities	222,222	2,351,759
Other financial assets - current	21,461	125,243	Other current liabilities	652,965	853,885
Inventories	3,232,732	4,283,945			
Deferred tax asset - current	405,144	390,572	<b>Total current liabilities</b>	<b>4,733,619</b>	<b>8,234,899</b>
Other current assets	96,726	122,061			
<b>Total current assets</b>	<b>12,316,129</b>	<b>12,807,152</b>	<b>LONG-TERM LIABILITIES :</b>		
			Corporate bonds payable	1,904,987	-
<b>LONG-TERM INVESTMENTS</b>	<b>6,660,169</b>	<b>11,406,025</b>	Long-term loans	277,778	-
			<b>Total long-term liabilities</b>	<b>2,182,765</b>	<b>-</b>
<b>PROPERTY, PLANT AND EQUIPMENT :</b>			<b>OTHER LIABILITES</b>	<b>315,958</b>	<b>219,202</b>
Land	916,110	962,605			
Buildings and improvements	652,735	692,713	<b>Total liabilities</b>	<b>7,232,342</b>	<b>8,454,101</b>
Machinery and equipment	109,820	311,731			
Computer equipment	252,248	296,257	<b>STOCKHOLDERS' EQUITY :</b>		
Research and development equipment	320,035	359,012	Capital stock	13,333,803	12,704,467
Transportation equipment	7,421	8,119	Stock dividend to be distributed	-	629,336
Furniture and fixtures	34,736	46,868	Capital surplus :		
Leasehold assets	-	43,502	Additional paid-in capital	4,335,927	7,110,445
Leasehold improvements	29,466	138,801	Long-term equity investment	221,419	213,979
<b>Subtotal</b>	<b>2,322,571</b>	<b>2,859,608</b>	Retained earnings :		
Less accumulated depreciation	(658,774)	(997,071)	Legal reserve	-	1,708,059
Prepayments on purchase of equipment, land and buildings	-	15,562	Special reserve	-	345,501
<b>Property, plant and equipment, net</b>	<b>1,663,797</b>	<b>1,878,099</b>	Accumulated deficit	(566,452)	(1,435,129)
			Unrealized valuation losses on long-term equity investments	(62,263)	(38,887)
<b>OTHER ASSETS :</b>			Cumulative translation adjustments	292,012	595,256
Leased-out assets	332,836	569,546	Treasury stock	(2,760,205)	(2,334,755)
Refundable deposits	12,010	11,819	<b>Total stockholders' equity</b>	<b>14,794,241</b>	<b>19,498,272</b>
Bond Issuance Expense	5,338	-			
Deferred charges	466,111	634,237			
Deferred tax asset	570,193	645,495			
<b>Total other assets</b>	<b>1,386,488</b>	<b>1,861,097</b>			
<b>TOTAL</b>	<b>\$ 22,026,583</b>	<b>\$ 27,952,373</b>	<b>TOTAL</b>	<b>\$ 22,026,583</b>	<b>\$ 27,952,373</b>

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

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

	2005	2004
<b>OPERATING REVENUES :</b>		
Sales	\$ 7,970,013	\$ 9,444,174
Less :		
Sales returns	(51,933)	(100,534)
Sales discounts	(362,904)	(460,821)
Net sales	7,555,176	8,882,819
Other operating revenue	2,685	11,467
Total operating revenues	7,557,861	8,894,286
<b>COST OF OPERATING REVENUES</b>	<b>(5,974,349)</b>	<b>(6,118,012)</b>
<b>GROSS PROFIT</b>	<b>1,583,512</b>	<b>2,776,274</b>
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(53,621)	(32,154)
REALIZED PROFIT FROM INTERCOMPANY TRASACTIONS	87,752	12,057
REALIZED GROSS PROFIT	1,617,643	2,756,177
OPERATING EXPENSES	(2,213,876)	(2,616,669)
(LOSS) INCOME FROM OPERATIONS	(596,233)	139,508
<b>NON-OPERATING INCOME :</b>		
Interest income	19,555	14,559
Gain on disposal of property, plant and equipment	16,054	13,827
Gain on sale of investments	699,848	204,142
Foreign exchange gain-net	12,942	11,847
Rental income	27,199	24,139
Other	156,734	122,781
Total non-operating income	932,332	391,295
<b>NON-OPERATING EXPENSES :</b>		
Interest expenses	38,168	60,016
Investment losses	704,688	1,920,254
Other investment loss	-	93,045
Loss on disposal of property, plant and equipment	73	430
Loss on physical inventory-net	372	996
Loss on inventory devaluation	65,531	126,639
Other	5,176	10,672
Total non-operating expenses	814,008	2,212,052
LOSS BEFORE INCOME TAX	(477,909)	(1,681,249)
BENEFIT FOR INCOME TAX	5,175	57,738
NET LOSS	\$ (472,734)	\$ (1,623,511)
BASIC LOSS PER SHARE BEFORE INCOME TAX	\$ (0.37)	\$ (1.29)
BASIC LOSS PER SHARE AFTER INCOME TAX	\$ (0.37)	\$ (1.24)
DILUTED LOSS PER SHARE BEFORE INCOME TAX	\$ (0.37)	\$ (1.29)
DILUTED LOSS PER SHARE AFTER INCOME TAX	\$ (0.37)	\$ (1.24)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(In Thousands of New Taiwan Dollars)

	Capital Surplus					Retained Earnings			Unrealized Valuation Losses on Long-Term Equity Investments	Cumulative Translation Adjustments	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 Deficit				
BALANCE, JANUARY 1, 2005	\$ 12,704,467	\$ 629,336	\$ 7,110,445	\$ -	\$ 217,529	\$ 1,708,059	\$ 345,501	\$ (4,828,078)	\$ (33,183)	\$ 315,495	\$ (2,760,205)	\$ 15,409,366
Transfer of capital surplus to capital stock	629,336	(629,336)										-
Deduction of additional paid-in capital and reserve to make up for past losses			(2,774,518)			(1,708,059)	(345,501)	4,828,078				-
Effect of changes of ownership interest in equity method investees					3,890			(93,718)				(89,828)
Unrealized valuation losses on long-term equity investments									(29,080)			(29,080)
Translation adjustments on long-term investments										(23,483)		(23,483)
Net loss for the six months ended June 30, 2005								(472,734)				(472,734)
BALANCE, JUNE 30, 2005	\$ 13,333,803	\$ -	\$ 4,335,927	\$ -	\$ 221,419	\$ -	\$ -	\$ (566,452)	\$ (62,263)	\$ 292,012	\$ (2,760,205)	\$ 14,794,241
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 capital surplus and special reserve to accumulated deficit				(1,770)			(650,556)	652,326				-
Transfer of surplus capital to capital stock		629,336	(629,336)									-
Employee Bonuses								(190,000)				(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	\$ 629,336	\$ 7,110,445	\$ -	\$ 213,979	\$ 1,708,059	\$ 345,501	\$ (1,435,129)	\$ (38,887)	\$ 595,256	\$ (2,334,755)	\$ 19,498,272

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(In Thousands of New Taiwan Dollars)

	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Net loss	\$ (472,734)	\$ (1,623,511)
Adjustments to reconcile net income to net cash provided by (used in) operating activities :		
Depreciation and amortization	340,909	376,846
Amortization of Bond Issuance Expense	8,987	-
Provision for redemption of convertible bonds	(174)	58,863
Gain on sale of long-term investment	(36,864)	(174,357)
Loss on disposal of property, plant and equipment	73	430
Gain on disposal of property, plant and equipment	(16,054)	(13,827)
Transfer of cost of property, plant and equipment to other expenses	1,103	-
Equity in net loss of affiliates	704,688	1,920,254
Loss on long-term investment devaluation	-	92,956
Cash dividends received from affiliates	399,961	-
Accrued pension costs	21,787	20,517
Deferred tax asset	(5,175)	(57,737)
Changes in assets and liabilities provided (used) cash :		
Notes receivable	270,345	(217,134)
Accounts receivable	283,560	122,617
Notes and accounts receivable from related parties	(66,922)	412,369
Other receivable	(30,619)	20,463
Other financial assets - current	77,523	2,846
Inventories	912,709	(879,354)
Other current assets	(15,714)	(44,717)
Notes payable	5,015	(8,341)
Accounts payable	(1,076,120)	328,466
Notes and accounts payable due to related parties	(496,304)	7,498
Income tax payable	-	57,314
Accrued expenses	(154,113)	(174,983)
Other current liabilities	(81,823)	59,767
Other liabilities	(4,387)	(4,387)
Net cash provided by operating activities	<u>569,657</u>	<u>282,858</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Decrease(increase) on sale of short-term investment	185,473	(2,737,009)
Acquisition of property, plant, equipment and leased-out assets	(35,074)	(83,546)
Proceeds from disposal of property, plant and equipment	311,190	750
Payment for long-term investments	(1,241,139)	(1,570,504)
Proceeds from sale of long-term investments	271,136	448,007
(Increase) decrease in refundable deposits	(145)	743
Increase in deferred charges	(119,266)	(166,932)
Increase in current account with others	-	(442,575)
Net cash used in investing activities	<u>(627,825)</u>	<u>(4,551,066)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Decrease in long-term loans	-	(8,300)
(Decrease) increase in guarantee deposits received	167	(1,018)
Purchase of treasury stocks	-	(293,594)
Net cash provided by (used in) financing activities	<u>167</u>	<u>(302,912)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(58,001)	(4,571,120)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>6,628,773</u>	<u>5,750,624</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 6,570,772</u>	<u>\$ 1,179,504</u>

