

VIA TECHNOLOGIES, INC.

**Financial Statements for the
Twelve Months Ended December 31, 2004 and 2003**

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars)

ASSETS	2004		2003		LIABILITIES AND STOCKHOLDERS' EQUITY	2004		2003	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 6,628,773	27	\$ 5,750,624	20	Notes payable	\$ 5,629	-	\$ 9,459	-
Short-term investments (Notes 2 and 5)	215,740	1	18,260	-	Accounts payable	3,887,566	16	3,466,466	12
Notes receivable, net (Note 2)	544,575	2	663,570	2	Notes and accounts payable to related parties (Note 24)	819,860	3	313,960	1
Accounts receivable, net (Notes 2 and 6)	1,636,353	7	2,084,095	7	Income tax payable (Notes 2 and 22)	138,332	1	32,689	-
Notes and accounts receivable from related parties, net (Notes 2, 7 and 24)	152,744	1	601,807	2	Accrued expenses (Notes 14 and 24)	728,567	3	996,727	3
Other financial assets, current (Notes 2, 8, 24 and 28)	170,703	1	624,915	2	Current portion of long-term liabilities (Note 16 and 17)	111,110	1	2,301,196	8
Inventories (Notes 2 and 9)	4,145,441	17	3,404,591	12	Other current liabilities (Notes 15, 24 and 28)	837,846	3	656,172	2
Deferred tax asset, current (Notes 2 and 22)	375,247	1	371,264	1					
Other current assets (Note 10)	81,012	-	77,344	-	Total current liabilities	6,528,910	27	7,776,669	26
Total current assets	13,950,588	57	13,596,470	46	LONG-TERM LIABILITIES				
LONG-TERM INVESTMENTS (Notes 2, 3 and 11)					Corporate bonds payable (Notes 2 and 16)	1,905,161	8	-	-
Long-term investments under equity method	6,627,772	27	11,623,978	39	Long-term capital lease liabilities (Notes 2 and 17)	388,890	1	-	-
Long-term investments under cost method	229,365	1	537,930	2	Total long-term liabilities	2,294,051	9	-	-
Total long-term investments	6,857,137	28	12,161,908	41	OTHER LIABILITIES (Notes 2, 18 and 24)	255,755	1	198,788	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 12 and 24)					Total liabilities	9,078,716	37	7,975,457	27
Land	962,605	4	942,061	3	STOCKHOLDERS' EQUITY				
Buildings and improvements	694,383	3	592,481	2	Common stock (Note 19)	12,704,467	52	12,704,467	43
Machinery and equipment	356,942	1	297,158	1	Stock dividend to be distributed (Note 19)	629,336	2	-	-
Computer equipment	305,960	1	274,089	1	Capital surplus				
Research and development equipment	414,308	2	342,028	1	Additional paid-in capital	7,110,445	29	7,739,781	26
Transportation equipment	8,119	-	8,119	-	Gain on disposal of property, plant and equipment	-	-	1,770	-
Furniture and fixtures	47,130	-	46,258	-	Long-term equity investments (Note 11)	217,529	1	213,035	1
Leased assets	-	-	43,502	-	Retained earnings (Note 19)				
Leasehold improvements	144,319	1	133,782	1	Legal reserve	1,708,059	7	1,708,059	6
Subtotal	2,933,766	12	2,679,478	9	Special reserve	345,501	2	996,057	3
Less accumulated depreciation	(1,117,949)	(5)	(872,100)	(3)	(Accumulated deficit) unappropriated earnings	(4,828,078)	(20)	(253,410)	(1)
Prepayments on purchase of equipment, land and buildings	9,634	-	106,164	-	Unrealized valuation losses on long-term equity investments (Notes 2 and 11)	(33,183)	-	(59,063)	-
Property, plant and equipment, net	1,825,451	7	1,913,542	6	Cumulative translation adjustments (Note 2)	315,495	1	655,438	2
OTHER ASSETS					Treasury stock (Notes 2, 11 and 20)	(2,760,205)	(11)	(2,040,649)	(7)
Leased-out assets (Notes 2, 13 and 24)	565,632	2	573,460	2	Total stockholders' equity	15,409,366	63	21,665,485	73
Refundable deposits	11,865	-	12,562	-					
Deferred bond issuance cost (Note 2)	14,325	-	-	-					
Deferred charges (Notes 2 and 24)	668,169	3	775,934	3					
Deferred tax asset, noncurrent (Notes 2 and 22)	594,915	3	607,066	2					
Total other assets	1,854,906	8	1,969,022	7					
TOTAL	\$24,488,082	100	\$29,640,942	100	TOTAL	\$24,488,082	100	\$29,640,942	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated April 7, 2005)

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	<u>2004</u>		<u>2003</u>	
	Amount	%	Amount	%
OPERATING REVENUES: (Note 2)				
Sales	\$ 20,667,127	106	\$ 22,059,900	109
Less				
Sales returns	(187,291)	(1)	(113,961)	(1)
Sales discounts	<u>(1,054,152)</u>	<u>(5)</u>	<u>(1,715,128)</u>	<u>(8)</u>
Net sales (Note 23)	19,425,684	100	20,230,811	100
Other operating revenues (Note 23)	<u>23,667</u>	<u>-</u>	<u>25,152</u>	<u>-</u>
Total operating revenues	19,449,351	100	20,255,963	100
COST OF OPERATING REVENUES (Note 23)	<u>13,985,854</u>	<u>72</u>	<u>14,809,171</u>	<u>73</u>
GROSS PROFIT	5,463,497	28	5,446,792	27
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(87,752)	-	(12,057)	-
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>12,057</u>	<u>-</u>	<u>8,548</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>5,387,802</u>	<u>28</u>	<u>5,443,283</u>	<u>27</u>
OPERATING EXPENSES (Note 23)				
General and administrative expenses	2,365,853	12	2,794,359	14
Research and development expenses	<u>2,453,949</u>	<u>13</u>	<u>2,404,260</u>	<u>12</u>
Total operating expenses	<u>4,819,802</u>	<u>25</u>	<u>5,198,619</u>	<u>26</u>
INCOME FROM OPERATIONS	<u>568,000</u>	<u>3</u>	<u>244,664</u>	<u>1</u>
NON-OPERATING INCOME				
Interest income	31,736	-	77,942	-
Dividend income	987	-	-	-
Gain on disposal of property, plant and equipment	20,455	-	87,592	1
Gain on sale of investments	462,108	3	399,115	2
Gain on physical inventory	7,307	-	-	-
Rental income (Note 23)	53,917	-	45,297	-
Recovery from loss on short-term investments devaluation	14,160	-	426	-
Other (Note 23)	<u>289,260</u>	<u>2</u>	<u>212,373</u>	<u>1</u>
Total non-operating income	<u>879,930</u>	<u>5</u>	<u>822,745</u>	<u>4</u>

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VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2004 AND 2003

(In Thousands of New Taiwan Dollars, Except Earnings per Share)

	2004		2003	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expenses	\$ 95,801	-	\$ 196,714	1
Investment losses under equity method (Note 10)	5,380,637	28	2,281,455	11
Other investment losses (Note 10)	130,488	1	34,029	-
Loss on disposal of property, plant and equipment	549	-	175	-
Loss on physical inventory	-	-	4,964	-
Foreign currency exchange loss	17,899	-	63,585	-
Loss on inventory devaluation	697,899	4	152,913	1
Other	27,812	-	15,393	-
Total non-operating expenses	6,351,085	33	2,749,228	13
LOSS BEFORE INCOME TAX	(4,903,155)	(25)	(1,681,819)	(8)
INCOME TAX (EXPENSE) BENEFIT (Notes 2 and 21)	(77,997)	(1)	31,286	-
NET LOSS	<u>\$ (4,981,152)</u>	<u>(26)</u>	<u>\$ (1,650,533)</u>	<u>(8)</u>

	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC LOSS PER SHARE (Note 22)	<u>\$(3.78)</u>	<u>\$(3.84)</u>	<u>\$(1.28)</u>	<u>\$(1.26)</u>
DILUTED LOSS PER SHARE (Note 22)	<u>\$(3.78)</u>	<u>\$(3.84)</u>	<u>\$(1.28)</u>	<u>\$(1.26)</u>

If the Company's stock held by subsidiaries is not considered as treasury stock:

NET LOSS	<u>\$(4,903,155)</u>	<u>\$(4,981,152)</u>	<u>\$(1,681,819)</u>	<u>\$(1,650,533)</u>
BASIC LOSS PER SHARE (Note 22)	<u>\$(3.73)</u>	<u>\$(3.79)</u>	<u>\$(1.26)</u>	<u>\$(1.24)</u>
DILUTED LOSS PER SHARE (Note 22)	<u>\$(3.73)</u>	<u>\$(3.79)</u>	<u>\$(1.26)</u>	<u>\$(1.24)</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

(With Deloitte & Touche audit report dated April 7, 2005)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	Capital Stock		Capital Surplus			Retained Earnings			Unrealized Valuation Losses on Long-Term Equity Investments	Cumulative Translation Adjustments	Treasury Stock	Total
	Common 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	Unappropriated Earnings (Accumulated Deficit)				
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 net income												
Legal reserve	-	-	-	-	-	44,326	-	(44,326)	-	-	-	-
Special reserve	-	-	-	-	-	-	996,057	(996,057)	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(595,927)	-	-	-	(595,927)
Stock dividends and transfer of capital surplus and employees bonuses to capital stock	785,927	-	(333,719)	-	-	-	-	(452,208)	-	-	-	-
Effect of changes of ownership interests in equity method investees	-	-	-	-	(32,955)	-	-	(68,782)	-	-	511	(101,226)
Recovery of unrealized valuation losses on long-term equity investments	-	-	-	-	-	-	-	-	212,860	-	-	212,860
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	(152,340)	-	(152,340)
Net loss for 2003	-	-	-	-	-	-	-	(1,650,533)	-	-	-	(1,650,533)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(406,606)	(406,606)
BALANCE, DECEMBER 31, 2003	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 net income												
Capital surplus and special reserve transfer to unappropriated earnings	-	-	-	(1,770)	-	-	(650,556)	652,326	-	-	-	-
Transfer of capital surplus to capital stock	-	629,336	(629,336)	-	-	-	-	-	-	-	-	-
Employees bonuses	-	-	-	-	-	-	-	(190,000)	-	-	-	(190,000)
Effect of changes of ownership interests in equity method investees	-	-	-	-	4,494	-	-	(55,842)	-	-	981	(50,367)
Recovery of unrealized valuation losses on long-term equity investment	-	-	-	-	-	-	-	-	25,880	-	-	25,880
Cumulative translation adjustments	-	-	-	-	-	-	-	-	-	(339,943)	-	(339,943)
Net loss for 2004	-	-	-	-	-	-	-	(4,981,152)	-	-	-	(4,981,152)
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(720,537)	(720,537)
BALANCE, DECEMBER 31, 2004	<u>\$ 12,704,467</u>	<u>\$ 629,336</u>	<u>\$ 7,110,445</u>	<u>\$ -</u>	<u>\$ 217,529</u>	<u>\$ 1,708,059</u>	<u>\$ 345,501</u>	<u>\$ (4,828,078)</u>	<u>\$ (33,183)</u>	<u>\$ 315,495</u>	<u>\$ (2,760,205)</u>	<u>\$ 15,409,366</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated April 7, 2005)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (4,981,152)	\$ (1,650,533)
Depreciation and amortization (including depreciation of leased-out assets)	757,658	1,021,871
Provision for redemption of convertible bonds	68,196	192,875
Gain on sale of long-term investment	(410,611)	(302,615)
Loss on disposal of property, plant and equipment	549	175
Gain on disposal of property, plant and equipment	(20,455)	(87,592)
Transfer of costs of property, plant and equipment to expense	3,640	-
Amortization of bond issuance costs	1,343	-
Investment losses on equity-method investees	5,380,637	2,281,455
Cash dividends on equity-method investees	418,831	30,203
Loss on long-term investment devaluation	130,488	34,029
Gain from redeemed convertible bonds	(6,881)	(1,987)
Accrued pension cost	40,838	40,826
Deferred tax benefit	8,168	(86,754)
Net changes in operating assets and liabilities		
Notes receivable, net	118,995	1,568,585
Accounts receivable, net	447,742	(763,669)
Notes and accounts receivable from related parties, net	449,063	418,148
Other financial assets, current	86,275	221,485
Inventories	(740,850)	163,106
Other current assets	(3,668)	214,450
Notes payable	(3,830)	4,514
Accounts payable	421,100	(161,180)
Notes and accounts payable to related parties	505,900	(866,959)
Income tax payable	105,643	(99,666)
Accrued expenses	(268,160)	64,432
Other current liabilities	62,981	44,903
Other liabilities	(8,775)	(8,775)
Net cash provided by operating activities	<u>2,563,665</u>	<u>2,271,327</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short-term investments	69,735	5,850,048
Acquisition of property, plant, equipment and leased-out assets	(183,219)	(561,647)
Proceeds from disposal of property, plant, equipment and deferred charges	5,531	8,961
Payment for long-term investments	(3,430,739)	(1,813,374)
Proceeds from sale of long-term investments	2,630,856	556,871
Decrease (increase) in refundable deposits	697	(434)
Increase in deferred charges	(451,741)	(507,937)
Increase in deferred bond insurance costs	(15,668)	-
Decrease (increase) in current account with others	<u>367,937</u>	<u>(367,937)</u>
Net cash (used in) provided by investing activities	<u>(1,006,611)</u>	<u>3,164,551</u>

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term bank loans	\$ 500,000	\$ -
Increase in bonds payable	1,900,000	-
Decrease in long-term capital lease obligation	(12,957)	(10,506)
Decrease in convertible bonds	(2,344,393)	(2,749,533)
Cash dividends	-	(595,927)
(Decrease) increase in guarantee deposits received	(1,018)	2,562
Purchase of treasury stock	<u>(720,537)</u>	<u>(406,606)</u>
Net cash used in financing activities	<u>(678,905)</u>	<u>(3,760,010)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	878,149	1,675,868
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>\$ 6,628,773</u>	<u>\$ 5,750,624</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year		
Interest	<u>\$ 427,484</u>	<u>\$ 382,171</u>
Income tax	<u>\$ 33,624</u>	<u>\$ 139,345</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Transfer of capital surplus, unappropriated earnings and employees bonuses to capital stock	<u>\$ 629,336</u>	<u>\$ 785,927</u>
Transfer of long-term investments to short-term investments	<u>\$ 267,215</u>	<u>\$ -</u>
Current portion of long-term liabilities	<u>\$ 111,110</u>	<u>\$ 2,301,196</u>
Transfer of long-term investments to other liabilities	<u>\$ 46,336</u>	<u>\$ -</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 20,414</u>	<u>\$ 87,592</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		
Increase in property, plant, equipment and leased-out assets	\$ 175,720	\$ 394,907
Decrease in payable due to acquisition of property, plant and equipment	<u>7,499</u>	<u>166,740</u>
Cash payment	<u>\$ 183,219</u>	<u>\$ 561,647</u>

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2004 AND 2003 (In Thousands of New Taiwan Dollars)

	2004	2003
PURCHASE OF DEFERRED CHARGES		
Increase in deferred charges	\$ 387,933	\$ 354,699
Decrease in payable due to acquisition of deferred charges	<u>63,808</u>	<u>153,238</u>
Cash payment	<u>\$ 451,741</u>	<u>\$ 507,937</u>
BONUSES TO EMPLOYEES AND DIRECTORS' REMUNERATION		
Employees bonuses and directors' remuneration	\$ 190,000	\$ -
Add payable due to bonuses to employees and directors' remuneration, beginning of year	75,975	75,975
Minus payable due to bonuses to employees and directors' remuneration, end of year	<u>(265,975)</u>	<u>(75,975)</u>
Cash payment	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

(With Deloitte & Touche audit report dated April 7, 2005)