

**Via Technologies, Inc.**

**Financial Statements for the  
Three Months Ended March 31, 2006 and 2005 and  
Independent Accountants' Review Report**

# VIA TECHNOLOGIES, INC.

## BALANCE SHEETS

MARCH 31, 2006 AND 2005

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2006		2005		LIABILITIES AND STOCKHOLDERS' EQUITY	2006		2005	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents	\$ 8,008,854	27	\$ 6,262,206	28	Financial liabilities at fair value through profit and loss	\$ 365	-	\$ 2,707	-
Financial assets at fair value through profit or loss	199,999	1	-	-	Notes payable	9,726	-	2,940	-
Available-for-sale financial assets, current	8,177	-	82,564	-	Accounts payable	7,137,536	24	2,910,485	13
Notes receivable, net	359,183	1	361,745	2	Notes and accounts payable to related parties	392,036	1	172,680	1
Accounts receivable, net	2,631,663	9	1,465,026	6	Income tax payable	347,612	1	138,332	1
Notes and accounts receivable from related parties, net	745,713	3	255,216	1	Accrued expenses	993,921	4	558,075	2
Other financial assets, current	257,636	1	167,227	1	Current portion of long-term liabilities	222,222	1	166,665	1
Inventories	5,476,769	18	3,567,392	16	Other current liabilities	<u>596,005</u>	<u>2</u>	<u>706,700</u>	<u>3</u>
Deferred income tax asset, current	434,895	1	383,393	2					
Other current assets	<u>95,358</u>	<u>-</u>	<u>83,325</u>	<u>-</u>	Total current liabilities	<u>9,699,423</u>	<u>33</u>	<u>4,658,584</u>	<u>21</u>
Total current assets	<u>18,218,247</u>	<u>61</u>	<u>12,628,094</u>	<u>56</u>					
<b>LONG-TERM INVESTMENTS</b>					<b>LONG-TERM LIABILITIES</b>				
Financial assets carried at cost	77,984	-	87,354	-	Corporate bonds payable	1,904,739	7	1,905,073	8
Long-term investment under equity method	7,905,006	27	6,280,131	28	Long-term bank loans	<u>411,111</u>	<u>1</u>	<u>333,335</u>	<u>2</u>
Prepayments long-term investments	<u>258,270</u>	<u>1</u>	<u>-</u>	<u>-</u>	Total long-term liabilities	<u>2,315,850</u>	<u>8</u>	<u>2,238,408</u>	<u>10</u>
Total long-term investments	<u>8,241,260</u>	<u>28</u>	<u>6,367,485</u>	<u>28</u>					
<b>PROPERTY, PLANT AND EQUIPMENT</b>					<b>OTHER LIABILITIES</b>				
Land	946,707	3	962,605	4		<u>748,319</u>	<u>2</u>	<u>276,166</u>	<u>1</u>
Buildings and improvements	651,567	2	677,638	3	Total liabilities	<u>12,763,592</u>	<u>43</u>	<u>7,173,158</u>	<u>32</u>
Machinery and equipment	66,002	-	155,550	1					
Computer equipment	167,533	1	242,933	1	<b>STOCKHOLDERS' EQUITY</b>				
Research and development equipment	425,759	2	316,683	2	Common stock	13,333,803	45	13,333,803	59
Transportation equipment	6,671	-	7,421	-	Capital surplus				
Furniture and fixtures	14,018	-	34,516	-	Additional paid-in capital	4,335,927	14	7,110,445	32
Leasehold improvements	<u>15,501</u>	<u>-</u>	<u>29,403</u>	<u>-</u>	Long-term equity investments	217,339	1	217,529	1
	2,293,758	8	2,426,749	11	Retained earnings				
Less accumulated depreciation	<u>(506,388)</u>	<u>(2)</u>	<u>(657,504)</u>	<u>(3)</u>	Legal reserve	-	-	1,708,059	8
Property, Plant and equipment, net	<u>1,787,370</u>	<u>6</u>	<u>1,769,245</u>	<u>8</u>	Special reserve	-	-	345,501	1
					Accumulated deficit	1,360,856	5	(4,858,076)	(22)
<b>OTHER ASSETS</b>					Unrealized gains (losses) on financial instruments	88,099	-	(65,866)	-
Leased-out assets	303,796	1	563,675	3	Cumulative translation adjustments	466,166	1	293,904	1
Refundable deposits	12,090	-	11,996	-	Treasury stock	<u>(2,760,319)</u>	<u>(9)</u>	<u>(2,760,205)</u>	<u>(12)</u>
Deferred bonds insurance costs	4,355	-	13,542	-	Total stockholders' equity	<u>17,041,871</u>	<u>57</u>	<u>15,325,094</u>	<u>68</u>
Deferred charges	425,407	1	557,446	2					
Deferred income tax assets, noncurrent	<u>812,938</u>	<u>3</u>	<u>586,769</u>	<u>3</u>					
Total other assets	<u>1,558,586</u>	<u>5</u>	<u>1,733,428</u>	<u>8</u>					
<b>TOTAL</b>	<u>\$29,805,463</u>	<u>100</u>	<u>\$22,498,252</u>	<u>100</u>	<b>TOTAL</b>	<u>\$29,805,463</u>	<u>100</u>	<u>\$22,498,252</u>	<u>100</u>

## VIA TECHNOLOGIES, INC.

### STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2006 AND 2005 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	2006		2005	
	Amount	%	Amount	%
<b>OPERATING REVENUES</b>				
Sales	\$ 7,409,071	106	\$ 4,092,904	105
Less				
Sales returns	(18,575)	-	(42,518)	(1)
Sales discounts	<u>(385,430)</u>	<u>(6)</u>	<u>(152,836)</u>	<u>(4)</u>
Net sales	7,005,066	100	3,897,550	100
Other operating revenues	<u>284</u>	<u>-</u>	<u>1,876</u>	<u>-</u>
Total operating revenues	7,005,350	100	3,899,426	100
<b>COST OF OPERATING REVENUES</b>				
	<u>4,873,069</u>	<u>70</u>	<u>3,088,034</u>	<u>79</u>
<b>GROSS PROFIT</b>				
	2,132,281	30	811,392	21
<b>UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS</b>				
	(16,305)	-	(62,309)	(1)
<b>REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS</b>				
	<u>18,670</u>	<u>-</u>	<u>87,752</u>	<u>2</u>
<b>REALIZED GROSS PROFIT</b>				
	<u>2,134,646</u>	<u>30</u>	<u>836,835</u>	<u>22</u>
<b>OPERATING EXPENSES</b>				
General and administrative expenses	884,514	13	450,541	12
Research and development expenses	<u>672,591</u>	<u>9</u>	<u>624,708</u>	<u>16</u>
Total operating expenses	<u>1,557,105</u>	<u>22</u>	<u>1,075,249</u>	<u>28</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>				
	<u>577,541</u>	<u>8</u>	<u>(238,414)</u>	<u>(6)</u>
<b>NON-OPERATING INCOME</b>				
Interest income	24,333	-	7,968	-
Investment income under equity method	986,775	14	-	-
Gain on disposal of property, plant and equipment	57	-	488	-
Gain on sale of investments	-	-	675,355	17
Gain on physical inventory	-	-	1,454	-
Foreign currency exchange gain	49,844	1	-	-
Rental income	7,831	-	14,228	1
Valuation gain on financial liabilities, net	122	-	-	-
Other	<u>53,252</u>	<u>1</u>	<u>69,165</u>	<u>2</u>
Total non-operating income	<u>1,122,214</u>	<u>16</u>	<u>768,658</u>	<u>20</u>

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**VIA TECHNOLOGIES, INC.**

**STATEMENTS OF INCOME**  
**THREE MONTHS ENDED MARCH 31, 2006 AND 2005**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Reviewed, Not Audited)

	2006		2005	
	Amount	%	Amount	%
<b>NON-OPERATING EXPENSES</b>				
Interest expenses	\$ 17,394	-	\$ 15,826	1
Investment losses under equity method	-	-	429,992	11
Loss on disposal of property, plant and equipment	32	-	-	-
Loss on sale of investments	17,550	-	-	-
Loss on physical inventory	510	-	-	-
Foreign currency exchange loss	-	-	135	-
Valuation loss on financial assets	1	-	-	-
Valuation loss on financial liabilities, net	-	-	2,707	-
Loss on inventory devaluation, net	243,629	4	14,797	-
Other	<u>3,400</u>	-	<u>3,289</u>	-
Total non-operating expenses	<u>282,516</u>	<u>4</u>	<u>466,746</u>	<u>12</u>
INCOME BEFORE INCOME TAX	1,417,239	20	63,498	2
INCOME TAX EXPENSE	<u>(59,731)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	1,357,508	19	63,498	2
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>(487)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 1,357,021</u>	<u>19</u>	<u>\$ 63,498</u>	<u>2</u>
	<b>2006</b>		<b>2005</b>	
	<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>\$ 1.11</u>	<u>\$ 1.06</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>
DILUTED EARNINGS PER SHARE	<u>\$ 1.11</u>	<u>\$ 1.06</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>
If the Company's stock held by subsidiaries is not considered as treasury stock:				
NET INCOME	<u>\$ 1,357,201</u>		<u>\$ 63,498</u>	
BASIC EARNINGS PER SHARE	<u>1.05</u>		<u>\$ 0.05</u>	
DILUTED EARNINGS PER SHARE	<u>1.05</u>		<u>\$ 0.05</u>	

## VIA TECHNOLOGIES, INC.

### STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2006 AND 2005 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,357,021	\$ 63,498
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Cumulative effect of changes in accounting principles	487	-
Depreciation and amortization (including depreciation of leased-out assets)	114,937	186,206
Investment losses on equity-method investees	(986,775)	429,992
Cash dividends on equity-method investees	-	399,961
Loss on disposal of property, plant and equipment	32	-
Gain on disposal of property, plant and equipment	(57)	(488)
Transfer of cost of property, plant and equipment to expense	-	1,103
Valuation gain on financial instruments, net	(121)	2,707
Gain on sale of investments	17,550	(675,355)
Amortization of bond issuance costs	328	783
Accrued pension cost	(2,400)	10,830
Provision for redemption of convertible bonds	(81)	(88)
Deferred tax benefit	53,764	-
Net changes in operating assets and liabilities		
Notes receivable, net	(104,298)	182,830
Accounts receivable, net	579,523	171,327
Notes and accounts receivable from related parties, net	(478,234)	(102,472)
Other financial assets, current	(59,065)	41,841
Inventories	(1,140,584)	578,049
Other current assets	6,573	(2,314)
Notes payable	4,252	(2,689)
Accounts payable	1,549,467	(1,185,691)
Notes and accounts payable to related parties	(673,882)	(438,570)
Accrued expenses	184,695	(170,492)
Other current liabilities	(1,029)	(46,158)
Other liabilities	-	(2,193)
Net cash provided by (used in) operating activities	<u>422,103</u>	<u>(557,383)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in financial assets at fair value through profit and loss	(200,000)	-
Payment for available-for-sale financial assets	(730,000)	(4,555,969)
Proceeds from sale of available-for-sale financial assets	731,191	5,468,146
Payment for long-term investments	(64,943)	(718,254)
Acquisition of property, plant, equipment and leased-out assets	(24,466)	(18,391)
Proceeds from disposal of property, plant, equipment	30	-
Proceeds from sale of long-term investments	298,536	99,990
Increase in refundable deposits	(12)	(131)
Increase in deferred charges	(75,111)	(85,020)
Net cash (used in) provided by investing activities	<u>(64,775)</u>	<u>190,371</u>

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**VIA TECHNOLOGIES, INC.****STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2006 AND 2005  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)**

	<b>2006</b>	<b>2005</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in long-term bank loans	\$ 244,444	\$ -
Bonuses to employees	(90,270)	-
Increase in guarantee deposits received	<u>41</u>	<u>445</u>
Net cash provided by financing activities	<u>154,215</u>	<u>445</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	511,543	(366,567)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>7,497,311</u>	<u>6,628,773</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 8,008,854</u>	<u>\$ 6,262,206</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>		
Cash paid during the period		
Interest	<u>\$ 17,063</u>	<u>\$ 27,550</u>
Income tax	<u>\$ 1,186</u>	<u>\$ 346</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 222,222</u>	<u>\$ 166,665</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 57</u>	<u>\$ 488</u>
<b>PURCHASE OF PROPERTY, PLANT AND EQUIPMENT</b>		
Increase in property, plant, equipment and leased-out assets	\$ 2,822	\$ 7,130
Decrease in payable due to acquisition of property, plant and equipment	<u>21,644</u>	<u>11,261</u>
Cash payment	<u>\$ 24,466</u>	<u>\$ 18,391</u>
<b>PURCHASE OF DEFERRED CHARGES</b>		
Increase in deferred charges	\$ 64,740	\$ 11,293
Decrease in payable due to acquisition of deferred charges	<u>10,371</u>	<u>73,727</u>
Cash payment	<u>\$ 75,111</u>	<u>\$ 85,020</u>
<b>PROCEEDS FROM SALE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
Proceeds from sale of available-for-sale financial assets	\$ 731,191	\$ 5,506,511
Increase in other receivables	<u>-</u>	<u>(38,365)</u>
Cash received	<u>\$ 731,191</u>	<u>\$ 5,468,146</u>