

# VIA TECHNOLOGIES, INC.

## BALANCE SHEETS

JUNE 30, 2006 AND 2005

(In Thousands of New Taiwan Dollars)

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	\$ 6,136,363	22	\$ 6,570,772	30	Financial liabilities at fair value through profit and loss	\$ 15,285	-	\$ 422	-
Financial assets at fair value through profit or loss	200,100	1	-	-	Notes payable	7,799	-	10,644	-
Available-for-sale financial assets, current	7,184	-	37,996	-	Accounts payable	5,102,549	19	2,996,135	13
Notes receivable, net	52,940	-	274,230	1	Notes and accounts payable to related parties	221,226	1	138,867	1
Accounts receivable, net	2,559,855	9	1,352,793	6	Income tax payable	347,612	1	138,332	1
Notes and accounts receivable from related parties, net	1,340,345	5	219,666	1	Accrued expenses	904,588	3	574,454	3
Other Receivables	130,895	1	112,338	1	Current portion of long-term liabilities	222,222	1	222,222	1
Other financial assets, current	79,509	-	21,461	-	Other current liabilities	590,258	2	652,543	3
Inventories	5,170,369	19	3,232,732	15					
Deferred income tax asset, current	439,075	2	405,144	2	Total current liabilities	7,411,539	27	4,733,619	22
Other current assets	121,065	-	96,726	-					
Total current assets	16,237,700	59	12,323,858	56	<b>LONG-TERM LIABILITIES</b>				
					Corporate bonds payable	1,904,658	7	1,904,987	9
<b>LONG-TERM INVESTMENTS</b>					Long-term bank loans	355,555	1	277,778	1
Financial assets carried at cost	77,984	-	87,354	-	Total long-term liabilities	2,260,213	8	2,182,765	10
Long-term investments under equity method	7,619,760	28	6,565,086	30					
Prepayments for long-term investments	258,270	1	-	-	<b>OTHER LIABILITIES</b>	765,163	3	315,958	1
Total long-term investments	7,956,014	29	6,652,440	30	Total liabilities	10,436,915	38	7,232,342	33
<b>PROPERTY, PLANT AND EQUIPMENT</b>					<b>STOCKHOLDERS' EQUITY</b>				
Land	946,707	3	916,110	4	Common stock	13,333,803	48	13,333,803	61
Buildings and improvements	655,941	2	652,735	3	Capital surplus				
Machinery and equipment	66,184	-	109,820	1	Additional paid-in capital	4,335,927	16	4,335,927	20
Computer equipment	175,008	1	252,248	1	Long-term equity investments	218,148	1	221,419	1
Research and development equipment	426,603	2	320,035	2	Retained earnings				
Transportation equipment	6,671	-	7,421	-	Unappropriated earnings (accumulated deficit)	1,306,909	5	(566,452)	(3)
Furniture and fixtures	13,652	-	34,736	-	Unrealized gains (losses) on financial instruments	42,255	-	(62,263)	-
Leasehold improvements	15,501	-	29,466	-	Cumulative translation adjustments	444,761	2	292,012	1
	2,306,267	8	2,322,571	11	Treasury stock	(2,602,519)	(10)	(2,760,205)	(13)
Less accumulated depreciation	(554,944)	(2)	(658,774)	(3)	Total stockholders' equity	17,079,284	62	14,794,241	67
Prepayments for business facilities	18,444	-	-	-					
Property, Plant and equipment, net	1,769,767	6	1,663,797	8					
<b>OTHER ASSETS</b>									
Leased-out assets	303,206	1	332,836	1					
Refundable deposits	11,095	-	12,010	-					
Deferred bonds insurance costs	4,027	-	5,338	-					
Deferred charges	434,249	2	466,111	2					
Deferred income tax assets, noncurrent	800,141	3	570,193	3					
Total other assets	1,552,718	6	1,386,488	6					
<b>TOTAL</b>	<b>\$27,516,199</b>	<b>100</b>	<b>\$22,026,583</b>	<b>100</b>	<b>TOTAL</b>	<b>\$27,516,199</b>	<b>100</b>	<b>\$22,026,583</b>	<b>100</b>

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2006 AND 2005

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

	2006		2005	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	\$ 13,877,812	107	\$ 7,970,013	106
Less				
Sales returns	(37,249)	-	(51,933)	(1)
Sales discounts	(842,775)	(7)	(362,904)	(5)
Net sales	12,997,788	100	7,555,176	100
Other operating revenues	1,656	-	2,685	-
Total operating revenues	12,999,444	100	7,557,861	100
COST OF OPERATING REVENUES	9,178,904	71	5,974,349	79
GROSS PROFIT	3,820,540	29	1,583,512	21
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(16,298)	-	(53,621)	(1)
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	18,670	-	87,752	1
REALIZED GROSS PROFIT	3,822,912	29	1,617,643	21
OPERATING EXPENSES				
General and administrative expenses	1,534,620	12	982,189	13
Research and development expenses	1,243,156	9	1,231,687	16
Total operating expenses	2,777,776	21	2,213,876	29
INCOME (LOSS) FROM OPERATIONS	1,045,136	8	(596,233)	(8)
NON-OPERATING INCOME				
Interest income	50,266	-	19,555	-
Investment income under equity method	558,136	4	-	-
Gain on disposal of property, plant and equipment	116	-	16,054	-
Gain on sale of investments	-	-	699,848	10
Foreign exchange gain, net	50,740	1	13,364	-
Rental income	14,715	-	27,199	1
Valuation gain on financial assets, net	100	-	-	-
Other	100,001	1	156,734	2
Total non-operating income	774,074	6	932,754	13

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# VIA TECHNOLOGIES, INC.

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2006 AND 2005

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

	2006		2005	
	Amount	%	Amount	%
<b>NON-OPERATING EXPENSES</b>				
Interest expenses	\$ 36,122	-	\$ 38,168	1
Investment losses under equity method	-	-	704,688	9
Loss on disposal of property, plant and equipment	154	-	73	-
Loss on sale of investments	17,038	-	-	-
Loss on physical inventory	317	-	372	-
Loss on inventory devaluation	317,099	3	65,531	1
Valuation loss on financial liabilities, net	14,798	-	422	-
Other	4,425	-	5,176	-
Total non-operating expenses	<u>389,953</u>	<u>3</u>	<u>814,430</u>	<u>11</u>
INCOME (LOSS) BEFORE INCOME TAX	1,429,257	11	(477,909)	(6)
INCOME TAX (EXPENSE) BENEFIT	<u>(67,837)</u>	<u>(1)</u>	<u>5,175</u>	<u>-</u>
NET INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	1,361,420	10	(472,734)	(6)
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>(487)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ 1,360,933</u>	<u>10</u>	<u>\$ (472,734)</u>	<u>(6)</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>
<b>BASIC EARNINGS PER SHARE</b>				
Net income before cumulative effect of changes in accounting principles	\$ 1.12	\$ 1.06	\$ (0.37)	\$ (0.37)
Cumulative effect of changes in accounting principles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1.12</u>	<u>\$ 1.06</u>	<u>\$ (0.37)</u>	<u>\$ (0.37)</u>
<b>DILUTED EARNINGS PER SHARE</b>				
Net income before cumulative effect of changes in accounting principles	\$ 1.11	\$ 1.06	\$ 0.37	\$ 0.37
Cumulative effect of changes in accounting principles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1.11</u>	<u>\$ 1.06</u>	<u>\$ 0.37</u>	<u>\$ 0.37</u>

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2006 AND 2005

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

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

	2006	2005
NET INCOME (LOSS)	<u>\$ 1,360,933</u>	<u>\$ (472,734)</u>
BASIC EARNINGS (LOSS) PER SHARE	<u>\$ 1.05</u>	<u>\$ (0.36)</u>
DILUTED EARNINGS (LOSS) PER SHARE	<u>\$ 1.05</u>	<u>\$ (0.36)</u>

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY SIX MONTHS ENDED JUNE 30, 2006 AND 2005 (In Thousands of New Taiwan Dollars)

	Capital Surplus				Retained Earnings			Unrealized Gains (Losses) On Financial Instruments	Cumulative Translation Adjustments	Treasury Stock	Total
	Capital Stock	Stock Dividend to Be Distributed	Additional Paid-in Capital	Long-Term Equity Investments	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)				
BALANCE, JANUARY 1, 2006	\$ 13,333,803	\$ -	\$ 4,335,927	\$ 217,339	\$ -	\$ -	\$ 8,347	\$ (14,956)	\$ 499,637	\$ (2,760,319)	\$ 15,619,778
Effect of changes in accounting principles	-	-	-	-	-	-	-	(128)	-	-	(128)
Transaction in treasury stock	-	-	-	-	-	-	(62,112)	-	-	157,800	95,688
Effect of changes of ownership interest in equity method investees and unrealized losses on financial instruments under equity method	-	-	-	809	-	-	(259)	58,753	-	-	59,303
Unrealized losses on financial instruments	-	-	-	-	-	-	-	(1,414)	-	-	(1,414)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	(54,876)	-	(54,876)
Net income for the six months ended June 30, 2006	-	-	-	-	-	-	1,360,933	-	-	-	1,360,933
BALANCE, JUNE 30, 2006	<u>\$ 13,333,803</u>	<u>\$ -</u>	<u>\$ 4,335,927</u>	<u>\$ 218,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,306,909</u>	<u>\$ 42,255</u>	<u>\$ 444,761</u>	<u>\$ (2,602,519)</u>	<u>\$ 17,079,284</u>
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)	-	-	-	-	-	-	-	-	-
Capital surplus, legal reserve and special reserve transfer 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 and unrealized losses on financial instruments under equity method	-	-	-	3,890	-	-	(93,718)	(29,080)	-	-	(118,908)
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	<u>\$ 13,333,803</u>	<u>\$ -</u>	<u>\$ 4,335,927</u>	<u>\$ 221,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (566,452)</u>	<u>\$ (62,263)</u>	<u>\$ 292,012</u>	<u>\$ (2,760,205)</u>	<u>\$ 14,794,241</u>

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2006 AND 2005 (In Thousands of New Taiwan Dollars)

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 1,360,933	\$ (472,734)
Adjustments to reconcile net income to net cash used in operating activities		
Cumulative effect of changes in accounting principles	487	-
Depreciation and amortization (including depreciation of leased-out assets)	235,020	340,909
Investment (income) losses on equity-method investees	(558,136)	704,688
Cash dividends on equity-method investees	200,000	399,961
Loss on disposal of property, plant and equipment	154	73
Gain on disposal of property, plant and equipment	(116)	(16,054)
Transfer of cost of property, plant and equipment to expense	-	1,103
Valuation loss on financial instruments, net	14,698	422
Loss (gain) on sale of investments	17,038	(699,848)
Amortization of bond issuance costs	656	8,987
Accrued pension cost	(2,713)	21,787
Provision for redemption of convertible bonds	(162)	(174)
Deferred tax benefit	62,381	(5,175)
Net changes in operating assets and liabilities		
Financial assets held for trading	-	1,152
Notes receivable, net	201,945	270,345
Accounts receivable, net	651,331	283,560
Notes and accounts receivable from related parties, net	(1,072,866)	(66,922)
Other receivables	(40,651)	(30,619)
Other financial assets, current	28,818	76,371
Inventories	(834,184)	912,709
Other current assets	(19,134)	(15,714)
Notes payable	2,325	5,015
Accounts payable	(1,424,766)	(891,431)
Notes and accounts payable to related parties	94,554	(680,993)
Accrued expenses	95,362	(154,113)
Other current liabilities	42,571	(82,245)
Other liabilities	-	(4,387)
Net cash used in operating activities	<u>(944,455)</u>	<u>(93,327)</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	(969,500)	(8,754,969)
Proceeds from sale of available-for-sale financial assets	972,090	9,774,572
Acquisition of property, plant, equipment and leased-out assets	(102,145)	(35,074)
Proceeds from disposal of property, plant, equipment	47	311,190
Payment for long-term investments	(451,066)	(1,241,139)
Proceeds from sale of long-term investments	297,707	99,990
Decrease (increase) in refundable deposits	983	(145)
Increase in deferred charges	<u>(157,645)</u>	<u>(119,266)</u>

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# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2006 AND 2005 (In Thousands of New Taiwan Dollars)

	2006	2005
Net cash (used in) provided by investing activities	<u>(609,529)</u>	<u>35,159</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in long-term bank loans	188,888	-
Bonuses to employees	(90,270)	-
(Decrease) Increase in guarantee deposits received	(1,270)	167
Proceeds from disposal of treasury stock	<u>95,688</u>	<u>-</u>
Net cash provided by financing activities	<u>193,036</u>	<u>167</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,360,948)	(58,001)
<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>\$ 6,136,363</u>	<u>\$ 6,570,772</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>		
Cash paid during the period		
Interest	<u>\$ 36,469</u>	<u>\$ 38,641</u>
Income tax	<u>\$ 2,864</u>	<u>\$ 1,204</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 222,222</u>	<u>\$ 222,222</u>
Transfer of Long-term investment under equity method to other liabilities	<u>\$ 439,558</u>	<u>\$ 43,205</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 111</u>	<u>\$ 569</u>
<b>PURCHASE OF PROPERTY, PLANT AND EQUIPMENT</b>		
Increase in property, plant, equipment and leased-out assets	\$ 34,711	\$ 24,520
Decrease in payable due to acquisition of property, plant and equipment	<u>67,434</u>	<u>10,554</u>
Cash payment	<u>\$ 102,145</u>	<u>\$ 35,074</u>
<b>PURCHASE OF DEFERRED CHARGES</b>		
Increase in deferred charges	\$ 143,717	\$ 26,762
Decrease in payable due to acquisition of deferred charges	<u>13,928</u>	<u>92,504</u>
Cash payment	<u>\$ 157,645</u>	<u>\$ 119,266</u>
<b>PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT, EQUIPMENT</b>		
Proceeds from disposal of property, plant, equipment	\$ 47	\$ 321,190
Increase in other receivables	<u>-</u>	<u>(10,000)</u>

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# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2006 AND 2005 (In Thousands of New Taiwan Dollars)

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	2006	2005
Cash received	\$ <u>47</u>	\$ <u>311,190</u>
<b>BONUSES TO EMPLOYEES AND DIRECTORS' REMUNERATION</b>		
Employee bonuses and directors' remuneration	\$ -	\$ -
Add payable due to bonuses to employees and directors' remuneration, beginning of period	162,466	265,975
Minus payable due to bonuses to employees and directors' remuneration, end of period	<u>(72,196)</u>	<u>(265,975)</u>
Cash payment	\$ <u>90,270</u>	\$ <u>-</u>
		(Concluded)