

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

SEPTEMBER 30, 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	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 5,499,455	22	\$ 6,477,788	27	Financial liabilities at fair value through profit and loss	\$ 11,862	-	\$ -	-
Available-for-sale financial assets, current	6,113	-	9,384	-	Notes payable	7,850	-	8,045	-
Notes receivable, net	86,977	-	240,555	1	Accounts payable	3,306,079	13	4,668,766	20
Accounts receivable, net	2,073,673	8	2,381,424	10	Notes and accounts payable to related parties	48,206	-	131,861	-
Notes and accounts receivable from related parties, net	561,792	2	359,957	2	Income tax payable	347,612	2	138,332	1
Other receivables	231,334	1	234,316	1	Accrued expenses	694,546	3	551,443	2
Other financial assets, current	97,335	1	54,747	-	Current portion of long-term liabilities	222,222	1	222,222	1
Inventories	4,611,525	19	3,479,817	15	Other current liabilities	518,785	2	548,430	2
Deferred income tax asset, current	551,962	2	460,387	2					
Other current assets	112,809	1	109,704	1	Total current liabilities	5,157,162	21	6,269,099	26
Total current assets	13,832,975	56	13,808,079	59					
LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Financial assets carried at cost	77,984	-	87,354	-	Corporate bonds payable	1,904,578	8	1,904,902	8
Long-term investment under equity method	7,397,554	30	6,860,360	29	Long-term bank loans	300,000	1	222,222	1
Prepayments long-term investments	254,201	1	-	-	Total long-term liabilities	2,204,578	9	2,127,124	9
Total long-term investments	7,729,739	31	6,947,714	29					
PROPERTY, PLANT AND EQUIPMENT					OTHER LIABILITIES				
Land	946,707	4	946,707	4		781,536	3	360,186	2
Buildings and improvements	657,690	3	657,734	3	Total liabilities	8,143,276	33	8,756,409	37
Machinery and equipment	66,184	-	110,940	1					
Computer equipment	180,351	1	256,616	1	STOCKHOLDERS' EQUITY				
Research and development equipment	478,893	2	343,741	1	Common stock	13,253,893	54	13,333,803	57
Transportation equipment	6,671	-	7,421	-	Capital surplus				
Furniture and fixtures	13,752	-	34,736	-	Additional paid-in capital	4,309,941	17	4,335,927	18
Leasehold improvements	15,965	-	29,596	-	Long-term equity investments	220,058	1	221,611	1
	2,366,213	10	2,387,491	10	Retained earnings				
Less accumulated depreciation	(621,747)	(3)	(706,367)	(3)	Unappropriated earnings (accumulated deficit)	460,096	2	(737,957)	(3)
Prepayments for business facilities	18,444	-	-	-	Unrealized losses on financial instruments	(6,864)	-	(40,102)	-
Property, Plant and equipment, net	1,762,910	7	1,681,124	7	Cumulative translation adjustments	536,858	2	544,712	2
					Treasury stock	(2,201,549)	(9)	(2,760,205)	(12)
OTHER ASSETS					Total stockholders' equity	16,572,433	67	14,897,789	63
Leased-out assets	302,615	1	304,976	1					
Refundable deposits	11,379	-	12,048	-	TOTAL	\$24,715,709	100	\$23,654,198	100
Deferred bonds insurance costs	3,699	-	5,011	-					
Deferred charges	418,080	2	380,949	2					
Deferred income tax assets, noncurrent	654,312	3	514,297	2					
Total other assets	1,390,085	6	1,217,281	5					
TOTAL	\$24,715,709	100	\$23,654,198	100					

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2006		2005	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	\$ 19,234,171	109	\$ 13,160,823	106
Less				
Sales returns	(57,037)	-	(62,020)	(1)
Sales discounts	<u>(1,495,325)</u>	<u>(9)</u>	<u>(643,367)</u>	<u>(5)</u>
Net sales	17,681,809	100	12,455,436	100
Other operating revenues	<u>2,321</u>	<u>-</u>	<u>3,402</u>	<u>-</u>
Total operating revenues	17,684,130	100	12,458,838	100
COST OF OPERATING REVENUES	<u>(12,983,291)</u>	<u>(74)</u>	<u>(9,719,165)</u>	<u>(78)</u>
GROSS PROFIT	4,700,839	26	2,739,673	22
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(23,811)	-	(45,680)	(1)
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>18,670</u>	<u>-</u>	<u>87,752</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>4,695,698</u>	<u>26</u>	<u>2,781,745</u>	<u>22</u>
OPERATING EXPENSES				
General and administrative expenses	2,030,780	11	1,536,591	12
Research and development expenses	<u>1,933,765</u>	<u>11</u>	<u>1,833,196</u>	<u>15</u>
Total operating expenses	<u>3,964,545</u>	<u>22</u>	<u>3,369,787</u>	<u>27</u>
INCOME (LOSS) FROM OPERATIONS	<u>731,153</u>	<u>4</u>	<u>(588,042)</u>	<u>(5)</u>
NON-OPERATING INCOME				
Interest income	75,887	1	34,643	-
Investment income under equity method	337,467	2	-	-
Dividends	-	-	5,802	-
Gain on disposal of property, plant and equipment	304	-	30,840	-
Gain on sale of investments, net	-	-	1,031,400	8
Foreign currency exchange gain, net	50,475	-	47,662	1
Rental income	19,197	-	30,894	-
Other	<u>144,655</u>	<u>1</u>	<u>186,800</u>	<u>2</u>
Total non-operating income	<u>627,985</u>	<u>4</u>	<u>1,368,041</u>	<u>11</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2006		2005	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expenses	\$ 56,615	-	\$ 55,639	-
Investment losses under equity method	-	-	1,180,127	10
Loss on disposal of property, plant and equipment	154	-	73	-
Loss on sale of investments, net	16,889	-	-	-
Loss on physical inventory	2,298	-	648	-
Valuation loss on financial liabilities, net	11,375	-	-	-
Loss on inventory devaluation	421,371	3	181,330	1
Other	<u>11,102</u>	-	<u>6,319</u>	-
Total non-operating expenses	<u>519,804</u>	<u>3</u>	<u>1,424,136</u>	<u>11</u>
INCOME (LOSS) BEFORE INCOME TAX	839,334	5	(644,137)	(5)
INCOME TAX (EXPENSE) BENEFIT	<u>(124,669)</u>	<u>(1)</u>	<u>4,522</u>	-
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	714,665	4	(639,615)	(5)
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>(487)</u>	-	-	-
NET INCOME (LOSS)	<u>\$ 714,178</u>	<u>4</u>	<u>\$ (639,615)</u>	<u>(5)</u>

	2006		2005	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS (LOSS) PER SHARE	<u>\$ 0.65</u>	<u>\$ 0.56</u>	<u>\$ (0.50)</u>	<u>\$ (0.50)</u>
DILUTED EARNINGS (LOSS) PER SHARE	<u>\$ 0.65</u>	<u>\$ 0.55</u>	<u>\$ (0.50)</u>	<u>\$ (0.50)</u>

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

NET INCOME (LOSS)	<u>\$ 714,178</u>	<u>\$(639,615)</u>
BASIC EARNINGS (LOSS) PER SHARE	<u>0.55</u>	<u>\$ (0.49)</u>
DILUTED EARNINGS (LOSS) PER SHARE	<u>0.55</u>	<u>\$ (0.49)</u>

(Concluded)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 714,178	\$ (639,615)
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Cumulative effect of changes in accounting principles	487	-
Depreciation (including depreciation of leased-out assets)	152,802	157,089
Amortization	200,727	307,590
Investment (gain) loss on equity-method investees	(337,467)	1,180,127
Cash dividends on equity-method investees	200,000	399,961
Loss on disposal of property, plant and equipment	(304)	(30,840)
Gain on disposal of property, plant and equipment	154	73
Transfer of cost of property, plant and equipment to expense	18	1,103
Valuation loss on financial instruments, net	11,375	-
Loss (gain) on sale of investments	16,889	(1,031,400)
Amortization of bond issuance costs	984	9,314
Accrued pension cost	(2,971)	20,615
Provision for redemption of convertible bonds	(242)	(259)
Deferred tax benefit	119,213	(4,522)
Net changes in operating assets and liabilities		
Notes receivable, net	167,918	304,020
Accounts receivable, net	1,433,343	(745,071)
Notes and accounts receivable from related parties, net	(294,313)	(207,213)
Other receivables	18,910	(162,597)
Other financial assets, current	13,197	44,237
Inventories	5,329	665,624
Other current assets	676	(28,692)
Notes payable	2,376	2,416
Accounts payable	(3,327,540)	781,200
Notes and accounts payable to related parties	(78,466)	(687,999)
Accrued expenses	(144,633)	(177,124)
Other current liabilities	33,221	(31,591)
Other liabilities	-	(5,787)
Net cash (used in) provided by operating activities	<u>(1,094,139)</u>	<u>120,659</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for available-for-sale financial assets	(1,101,500)	(11,724,220)
Proceeds from sale of available-for-sale financial assets	1,104,150	13,103,986
Payment for long-term investments	(1,379,560)	(1,694,140)
Proceeds from sale of long-term investments	297,707	99,990
Acquisition of property, plant, equipment and leased-out assets	(131,120)	(68,298)
Proceeds from disposal of property, plant, equipment	181	336,188
Increase in due from the subsidiary	(160,000)	-
Decrease (increase) in refundable deposits	2,695	(183)
Increase in deferred charges	(274,218)	(165,755)
Cash and cash equivalents from dissolved company	<u>507,506</u>	<u>-</u>
Net cash used in investing activities	<u>(1,134,159)</u>	<u>(112,432)</u>

(Continued)

VIA TECHNOLOGIES, INC.

**STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
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	2006	2005
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in long-term bank loans	\$ 133,333	\$ (55,556)
Proceeds from disposal of treasury stocks	190,644	-
Bonuses to employees	(90,270)	(103,423)
Decrease in guarantee deposits received	<u>(3,265)</u>	<u>(233)</u>
Net cash provided by (used in) financing activities	<u>230,442</u>	<u>(159,212)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,997,856)	(150,985)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>7,497,311</u>	<u>6,628,773</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 5,499,455</u>	<u>\$ 6,477,788</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the period		
Interest	<u>\$ 67,490</u>	<u>\$ 67,074</u>
Income tax	<u>\$ 5,112</u>	<u>\$ 2,080</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 222,222</u>	<u>\$ 222,222</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 166</u>	<u>\$ 651</u>
Transfer of Long-term investment under equity method to other liabilities	<u>\$ 453,802</u>	<u>\$ 90,487</u>
Transfer of lease-out assets to property, plant and equipment	<u>\$ -</u>	<u>\$ 27,175</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		
Increase in property, plant, equipment and leased-out assets	\$ 60,866	\$ 59,281
Decrease in payable due to acquisition of property, plant and equipment	<u>70,254</u>	<u>9,017</u>
Cash payment	<u>\$ 131,120</u>	<u>\$ 68,298</u>
PURCHASE OF DEFERRED CHARGES		
Increase in deferred charges	\$ 189,180	\$ 20,370
Decrease in payable due to acquisition of deferred charges	<u>85,038</u>	<u>145,385</u>
Cash payment	<u>\$ 274,218</u>	<u>\$ 165,755</u>
BONUSES TO EMPLOYEES AND DIRECTORS' REMUNERATION		
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>(162,552)</u>
Cash payment	<u>\$ 90,270</u>	<u>\$ 103,423</u>

(Continued)

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**STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005
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	2006	2005
The summary of assets and liabilities from the dissolved company:		
Cash and cash equivalents	\$ 507,506	
Notes receivable	10	
Accounts receivable	295,830	
Other financial assets, current	2,205	
Inventories	280,669	
Deferred income tax assets, current	6,804	
Other current assets	11,554	
Property, plant and equipment	16,188	
Refundable deposits	1,996	
Deferred charges	7,104	
Deferred income tax assets, noncurrent	17,086	
Account payable	(106,304)	
Accrued expenses	(29,953)	
Other current liabilities	(11,807)	
Other liabilities	(4,437)	
	<u>\$ 994,451</u>	

(Concluded)