

VIA Technologies, Inc.

**Financial Statements for the
Years Ended December 31, 2006 and 2005 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
VIA Technologies, Inc.

We have audited the accompanying balance sheets of VIA Technologies, Inc. as of December 31, 2006 and 2005, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended (all expressed in New Taiwan dollars). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VIA Technologies, Inc. as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As mentioned in Note 3, effective January 1, 2006, VIA Technologies, Inc. adopted SFAS No. 34 "Financial Instruments: Recognition and Measurement", SFAS No. 36 "Financial Instruments: Disclosure and Presentation" and related revisions of previously released SFASs.

We have also audited the consolidated financial statements of VIA Technologies, Inc. and its subsidiaries for the years ended December 31, 2006 and 2005 (not accompanied herein) and have issued our report, dated April 12, 2007, thereon expressing an unqualified opinion on such financial statements.

April 12, 2007

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail. Also, as stated in Note 2 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

DECEMBER 31, 2006 AND 2005

(In Thousands of New Taiwan Dollars)

ASSETS	2006		2005		LIABILITIES AND STOCKHOLDERS' EQUITY	2006		2005	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 2)	\$ 6,183,067	25	\$ 7,497,311	28	Financial liabilities at fair value through profit or loss, current (Notes 2 and 5)	29	-	-	-
Financial assets at fair value through profit or loss, current (Notes 2 and 5)	1,667,515	7	-	-	Notes payable	3,969	-	5,474	-
Available-for-sale financial assets, current (Notes 2 and 6)	8,795	-	9,357	-	Accounts payable	3,453,215	14	6,527,315	24
Notes receivable, net (Note 2)	8,539	-	254,885	1	Notes and accounts payable to related parties (Note 26)	38,671	-	126,672	1
Accounts receivable, net (Notes 2 and 7)	1,101,241	4	3,211,186	12	Income tax payable (Notes 2 and 24)	348,642	2	347,612	1
Notes and accounts receivable from related parties, net (Notes 2, 8 and 26)	367,778	1	267,479	1	Accrued expenses (Notes 16 and 26)	1,093,836	4	809,226	3
Other receivables, current (Notes 9, 24 and 26)	2,398,153	9	198,571	1	Current portion of long-term liabilities (Note 19)	529,167	2	222,222	1
Inventories (Notes 2 and 10)	4,195,942	17	4,336,185	16	Other current liabilities (Note 17)	2,170,466	9	719,319	3
Deferred income tax asset, current (Notes 2 and 24)	672,145	3	380,642	2					
Other current assets (Note 11)	206,668	1	101,931	-	Total current liabilities	7,637,995	31	8,757,840	33
Total current assets	16,809,843	67	16,257,547	61					
LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Financial assets carried at cost (Notes 2 and 12)	77,984	-	77,984	-	Corporate bonds payable (Notes 2 and 18)	1,537,500	6	1,904,820	7
Investment accounted for using equity method (Notes 2, 13, 22 and 26)	4,877,441	20	6,683,277	25	Long-term bank loans (Notes 2 and 19)	300,000	1	166,667	1
Prepayments long-term investments (Note 13)	254,201	1	258,270	1	Total long-term liabilities	1,837,500	7	2,071,487	8
Total long-term investments	5,209,626	21	7,019,531	26	OTHER LIABILITIES (Notes 2, 13, 20 and 26)	820,210	3	329,699	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 14 and 26)					Total liabilities	10,295,705	41	11,159,026	42
Land	1,016,714	4	946,707	4	STOCKHOLDERS' EQUITY				
Buildings and improvements	694,896	3	658,927	2	Common stock (Note 21)	13,253,893	53	13,333,803	50
Machinery and equipment	87,413	-	131,324	1	Capital surplus				
Computer equipment	185,480	1	261,625	1	Additional paid-in capital	4,309,941	17	4,335,927	16
Research and development equipment	479,984	2	521,707	2	Long-term equity investments (Note 13)	218,465	1	217,339	1
Transportation equipment	5,607	-	7,420	-	Retained earnings (Note 21)				
Furniture and fixtures	13,852	-	34,736	-	(Accumulated deficit) unappropriated earnings	(1,430,409)	(6)	8,347	-
Leasehold improvements	16,197	-	29,921	-	Cumulative translation adjustments (Note 2)	489,449	2	499,637	2
	2,500,143	10	2,592,367	10	Unrealized losses on financial instruments (Notes 2, 3, 6 and 13)	(4,041)	-	(14,956)	-
Less accumulated depreciation	(673,310)	(2)	(755,266)	(3)	Treasury stock (Notes 2 and 22)	(2,175,383)	(8)	(2,760,319)	(11)
Prepayments for business facilities	24,420	-	-	-	Total stockholders' equity	14,661,915	59	15,619,778	58
Property, plant and equipment, net	1,851,253	8	1,837,101	7					
OTHER ASSETS					TOTAL	\$24,957,620	100	\$26,778,804	100
Leased-out assets (Notes 2, 15 and 26)	198,750	1	304,386	1					
Refundable deposits	18,325	-	12,078	-					
Deferred bonds issuance costs (Note 2)	3,985	-	4,683	-					
Deferred charges (Note 2)	408,657	1	422,523	2					
Deferred income tax assets, noncurrent (Notes 2 and 24)	457,181	2	920,955	3					
Total other assets	1,086,898	4	1,664,625	6					
TOTAL	\$24,957,620	100	\$26,778,804	100					

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

(With Deloitte & Touche audit report dated April 12, 2007)

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2006 AND 2005

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

	2006		2005	
	Amount	%	Amount	%
OPERATING REVENUES (Note 2)				
Sales	\$ 23,540,064	110	\$ 20,334,396	106
Less				
Sales returns	(79,951)	-	(68,218)	-
Sales discounts	(2,012,897)	(10)	(1,077,605)	(6)
Net sales (Note 26)	21,447,216	100	19,188,573	100
Other operating revenues (Note 26)	2,779	-	3,990	-
Total operating revenues	21,449,995	100	19,192,563	100
COST OF OPERATING REVENUES (Note 26)	16,022,742	74	14,518,797	76
GROSS PROFIT	5,427,253	26	4,673,766	24
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS (Notes 2 and 17)	(20,919)	-	(18,670)	-
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	18,670	-	87,752	1
REALIZED GROSS PROFIT	5,425,004	26	4,742,848	25
OPERATING EXPENSES (Note 26)				
General and administrative expenses	2,682,435	13	2,339,111	12
Research and development expenses	2,630,713	12	2,424,567	13
Total operating expenses	5,313,148	25	4,763,678	25
INCOME (LOSS) FROM OPERATIONS	111,856	1	(20,830)	-
NON-OPERATING INCOME				
Interest income	94,217	1	58,316	1
Dividend income	1	-	5,803	-
Gain on disposal of property, plant and equipment	577	-	31,099	-
Gain on sale of investments, net (Note 11)	-	-	1,542,710	8
Foreign currency exchange gain, net (Note 2)	21,597	-	52,817	-
Rental income (Note 26)	20,238	-	44,027	-
Reversal of provision for bad debts	2,035	-	9,487	-
Valuation gain on financial instruments, net (Notes 2 and 5)	458	-	-	-
Others (Note 26)	188,510	1	269,674	2
Total non-operating income	327,633	2	2,013,933	11

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2006 AND 2005 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2006		2005	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 76,242	1	\$ 72,724	1
Investment loss under equity method (Notes 2 and 13)	604,557	3	1,513,524	8
Loss on disposal of property, plant and equipment	154	-	73	-
Loss on sale of investments, net (Note 13)	22,600	-	-	-
Loss on physical inventory	1,084	-	1,080	-
Loss on inventory devaluation	658,566	3	238,563	1
Valuation loss on financial instruments, net (Notes 2 and 5)	519	-	-	-
Others	29,454	-	28,293	-
Total non-operating expenses	<u>1,393,176</u>	<u>7</u>	<u>1,854,257</u>	<u>10</u>
(LOSS) INCOME BEFORE INCOME TAX	(953,687)	(4)	138,846	1
INCOME TAX EXPENSE (Notes 2 and 24)	<u>(201,017)</u>	<u>(1)</u>	<u>(12,981)</u>	<u>-</u>
(LOSS) INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(1,154,704)	(5)	125,865	1
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>(487)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET (LOSS) INCOME	<u>\$ (1,155,191)</u>	<u>(5)</u>	<u>\$ 125,865</u>	<u>1</u>
	2006		2005	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC (LOSS) EARNINGS PER SHARE (Note 25)	<u>\$ (0.74)</u>	<u>\$ (0.90)</u>	<u>\$ 0.11</u>	<u>\$ 0.10</u>
DILUTED (LOSS) EARNINGS PER SHARE (Note 25)	<u>\$ (0.74)</u>	<u>\$ (0.90)</u>	<u>\$ 0.11</u>	<u>\$ 0.10</u>
If the Company's stock held by subsidiaries is not considered as treasury stock:				
NET (LOSS) INCOME	<u>\$ (1,155,191)</u>		<u>\$ 125,865</u>	
BASIC (LOSS) EARNINGS PER SHARE (Note 25)	<u>\$ (0.89)</u>		<u>\$ 0.10</u>	
DILUTED (LOSS) EARNINGS PER SHARE (Note 25)	<u>\$ (0.89)</u>		<u>\$ 0.10</u>	

(Concluded)

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

(With Deloitte & Touche audit report dated April 12, 2007)

VIA TECHNOLOGIES, INC.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2006 AND 2005
(In Thousands of New Taiwan Dollars)**

	Capital Surplus				Retained Earnings			Cumulative Translation Adjustments	Unrealized Gains (Losses) on Financial Instruments	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, 2005	\$ 12,704,467	\$ 629,336	\$ 7,110,445	\$ 217,529	\$ 1,708,059	\$ 345,501	\$ (4,828,078)	\$ 315,495	\$ (33,183)	\$ (2,760,205)	\$ 15,409,366
Capital surplus, legal reserve and special reserve transferred to cover accumulated deficit	-	-	(2,774,518)	-	(1,708,059)	(345,501)	4,828,078	-	-	-	-
Transfer of undistributed stock dividend to capital stock	629,336	(629,336)	-	-	-	-	-	-	-	-	-
Effect of changes of ownership interests in equity method investees	-	-	-	(190)	-	-	(117,518)	-	-	(114)	(117,822)
Recovery of unrealized valuation losses on long-term equity investments	-	-	-	-	-	-	-	-	18,227	-	18,227
Cumulative translation adjustments	-	-	-	-	-	-	-	184,142	-	-	184,142
Net income for 2005	-	-	-	-	-	-	125,865	-	-	-	125,865
BALANCE, DECEMBER 31, 2005	13,333,803	-	4,335,927	217,339	-	-	8,347	499,637	(14,956)	(2,760,319)	15,619,778
Adjustments due to adoption of newly released SFASs	-	-	-	-	-	-	-	-	(128)	-	(128)
Transfer of treasury stock to employees	-	-	-	-	-	-	(134,049)	-	-	340,559	206,510
Retirement of treasury stock - 7,991,000 shares	(79,910)	-	(25,986)	-	-	-	(138,481)	-	-	244,377	-
Effect of changes of ownership interest in equity method investees and unrealized losses on financial instruments under equity method	-	-	-	1,126	-	-	(11,035)	-	10,919	-	1,010
Unrealized losses on financial instruments	-	-	-	-	-	-	-	-	124	-	124
Translation adjustments on long-term investments	-	-	-	-	-	-	-	(10,188)	-	-	(10,188)
Net loss for 2006	-	-	-	-	-	-	(1,155,191)	-	-	-	(1,155,191)
BALANCE, DECEMBER 31, 2006	<u>\$ 13,253,893</u>	<u>\$ -</u>	<u>\$ 4,309,941</u>	<u>\$ 218,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,430,409)</u>	<u>\$ 489,449</u>	<u>\$ (4,041)</u>	<u>\$ (2,175,383)</u>	<u>\$ 14,661,915</u>

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

(With Deloitte & Touche audit report dated April 12, 2007)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2006 AND 2005 (In Thousands of New Taiwan Dollars)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (1,155,191)	\$ 125,865
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation (including depreciation of leased-out assets) and amortization	470,976	631,621
Investment loss under equity-method	604,557	1,513,524
Cash dividends under equity-method	200,000	418,496
Loss on disposal of property, plant and equipment	154	73
Gain on disposal of property, plant and equipment	(577)	(31,099)
Transfer of cost of property, plant and equipment to expense	-	1,103
Loss (gain) on sale of investments	22,600	(1,542,710)
Amortization of bond issuance costs	698	9,642
Accrued pension cost	(1,640)	21,149
Interest on redeemed convertible bonds	(242)	(341)
Gain on redemption of convertible bonds	(278)	-
Deferred tax expense (benefit)	195,561	(331,435)
Net changes in operating assets and liabilities		
Financial assets held for trading	519	-
Financial liabilities held for trading	29	-
Notes receivable, net	246,356	289,690
Accounts receivable, net	2,120,768	(1,574,833)
Notes and accounts receivable from related parties, net	186,227	(114,735)
Other receivables	21,195	(27,868)
Inventories	418,005	(190,744)
Other current assets	(104,287)	(20,919)
Notes payable	(1,505)	(155)
Accounts payable	(3,181,152)	2,639,749
Notes and accounts payable to related parties	(88,001)	(693,188)
Income tax payable	-	209,280
Accrued expenses	254,324	80,659
Other current liabilities	21,076	(52,074)
Other liabilities	-	(5,787)
Net cash provided by operating activities	<u>230,172</u>	<u>1,354,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for available-for-sale financial assets	(1,339,500)	(12,969,425)
Proceeds from sale of available-for-sale financial assets	1,342,649	14,380,320
Increase in other receivables from related parties, net	(160,000)	-
Payment for long-term investments (including prepayment for long-term investment)	(1,889,249)	(2,342,845)
Proceeds from sale of long-term investments (including proceeds from capital reduction)	301,776	730,397
Acquisition of property, plant and equipment	(185,789)	(120,375)
Proceeds from disposal of property, plant and equipment	400	336,650
Increase in refundable deposits	(4,252)	(213)
Increase in deferred charges	(305,390)	(286,387)
Cash and cash equivalents from dissolved company	<u>507,506</u>	<u>-</u>
Net cash used in investing activities	<u>(1,731,849)</u>	<u>(271,878)</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2006 AND 2005 (In Thousands of New Taiwan Dollars)

	2006	2005
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in long-term bank loans	\$ 77,778	\$ (111,111)
Redemption of convertible bonds	(4,300)	-
Proceeds from transfer of treasury stock to employees	206,510	-
Bonuses to employees	(90,270)	(103,509)
(Decrease) increase in guarantee deposits received	<u>(2,285)</u>	<u>73</u>
Net cash provided by (used in) financing activities	<u>187,433</u>	<u>(214,547)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,314,244)	868,538
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>7,497,311</u>	<u>6,628,773</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,183,067</u>	<u>\$ 7,497,311</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the year		
Interest	<u>\$ 76,296</u>	<u>\$ 72,933</u>
Income tax	<u>\$ 6,495</u>	<u>\$ 138,319</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 529,167</u>	<u>\$ 222,222</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 220</u>	<u>\$ 712</u>
Transfer of long-term investment under equity method to other liabilities	<u>\$ 490,099</u>	<u>\$ 59,221</u>
Transfer of lease-out assets to property, plant and equipment	<u>\$ 103,716</u>	<u>\$ 27,175</u>
PURCHASE OF FINANCIAL ASSETS FOR TRADING		
Increase in financial assets held for trading	\$ 1,668,034	\$ -
Increase in other payable	<u>(1,668,034)</u>	<u>-</u>
Cash payment	<u>\$ -</u>	<u>\$ -</u>
PROCEEDS FROM SALE OF LONG-TERM INVESTMENT UNDER EQUITY METHOD (INCLUDING PROCEEDS FROM CAPITAL REDUCTION)		
Proceeds from sale of long-term investment under equity method	\$ 2,359,937	\$ 730,397
Increase in other receivables	<u>(2,058,161)</u>	<u>-</u>
Cash received	<u>\$ 301,776</u>	<u>\$ 730,397</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		
Increase in property, plant and equipment	\$ 94,982	\$ 266,598
Decrease (increase) in payable due to acquisition of property, plant and equipment	<u>90,807</u>	<u>(146,223)</u>
Cash payment	<u>\$ 185,789</u>	<u>\$ 120,375</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2006 AND 2005 (In Thousands of New Taiwan Dollars)

	2006	2005
PURCHASE OF DEFERRED CHARGES		
Increase in deferred charges	\$ 247,549	\$ 177,220
Decrease in payable for deferred charges	<u>57,841</u>	<u>109,167</u>
Cash payment	<u>\$ 305,390</u>	<u>\$ 286,387</u>
BONUSES TO EMPLOYEES		
Employee bonuses	\$ -	\$ -
Add employees bonuses payable, beginning of year	90,270	193,779
Minus employees bonuses payable, end of year	<u>-</u>	<u>(90,270)</u>
Cash payment	<u>\$ 90,270</u>	<u>\$ 103,509</u>
The summary of assets and liabilities from the dissolved company:		
Cash and cash equivalents	\$ 507,506	
Notes receivable	10	
Accounts receivable	10,823	
Notes and accounts receivable from related parties, net	286,526	
Other financial assets, current	2,616	
Inventories	277,762	
Deferred income tax assets, current	6,657	
Other current assets	450	
Property, plant and equipment	16,188	
Refundable deposits	1,995	
Deferred charges	7,104	
Deferred income tax assets, noncurrent	16,633	
Accounts payable	(107,052)	
Income tax payable	(1,030)	
Accrued expenses	(30,286)	
Other current liabilities	(955)	
Other liabilities	<u>(4,557)</u>	
	<u>\$ 990,390</u>	

(Concluded)

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

(With Deloitte & Touche audit report dated April 12, 2007)