

VIA Technologies, Inc.

**Financial Statements for the
Three Months Ended March 31, 2007 and 2006**

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

MARCH 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2007		2006		LIABILITIES AND STOCKHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 5,434,051	25	\$ 8,008,854	27	Financial liabilities at fair value through profit and loss	\$ -	-	\$ 365	-
Financial assets at fair value through profit or loss	1,318,369	6	199,999	1	Notes payable	6,604	-	9,726	-
Available-for-sale financial assets, current	8,793	-	8,177	-	Accounts payable	2,869,619	14	7,137,536	24
Notes receivable, net	150,389	1	359,183	1	Notes and accounts payable to related parties	63,509	-	392,036	1
Accounts receivable, net	1,252,490	6	2,631,663	9	Income tax payable	348,642	2	347,612	1
Notes and accounts receivable from related parties, net	435,917	2	745,713	3	Accrued expenses	866,695	4	993,921	4
Other financial assets, current	296,930	1	257,636	1	Current portion of long-term liabilities	473,611	2	222,222	1
Inventories	3,538,906	17	5,476,769	18	Other current liabilities	488,410	2	596,005	2
Deferred income tax asset, current	694,602	3	434,895	1					
Other current assets	227,720	1	95,358	-	Total current liabilities	5,117,090	24	9,699,423	33
Total current assets	13,358,167	62	18,218,247	61					
LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Financial assets carried at cost	77,984	-	77,984	-	Corporate bonds payable	1,537,500	7	1,904,739	7
Long-term investment under equity method	5,041,879	24	7,905,006	27	Long-term bank loans	300,000	1	411,111	1
Prepayments long-term investments	254,201	1	258,270	1					
Total long-term investments	5,374,064	25	8,241,260	28	Total long-term liabilities	1,837,500	8	2,315,850	8
PROPERTY, PLANT AND EQUIPMENT					OTHER LIABILITIES				
Land	1,016,714	5	946,707	3					
Buildings and improvements	631,577	3	651,567	2	Total liabilities	825,250	4	748,319	2
Machinery and equipment	71,485	-	66,002	-					
Computer equipment	130,321	-	167,533	1	STOCKHOLDERS' EQUITY				
Research and development equipment	418,241	2	425,759	2	Common stock	13,253,893	62	13,333,803	45
Transportation equipment	3,368	-	6,671	-	Capital surplus				
Furniture and fixtures	7,420	-	14,018	-	Additional paid-in capital	4,309,941	20	4,335,927	14
Leasehold improvements	12,550	-	15,501	-	Long-term equity investments	218,172	1	217,339	1
	2,291,676	10	2,293,758	8	Retained earnings				
Less accumulated depreciation	(478,124)	(2)	(506,388)	(2)	Accumulated deficit	(2,484,509)	(12)	1,360,856	5
Prepayments for business facilities	24,420	-	-	-	Unrealized gains on financial instruments	6,726	-	88,099	-
Property, Plant and equipment, net	1,837,972	8	1,787,370	6	Cumulative translation adjustments	564,740	3	466,166	1
					Treasury stock	(2,147,312)	(10)	(2,760,319)	(9)
INTANGIBLE ASSETS					Total stockholders' equity	13,721,651	64	17,041,871	57
Patents	72,226	1	28,112	-					
Computer software cost	284,297	1	396,729	1	TOTAL	\$ 21,501,491	100	\$ 29,805,463	100
Total intangible assets	356,523	2	424,841	1					
OTHER ASSETS									
Leased-out assets	198,381	1	303,796	1					
Refundable deposits	18,354	-	12,090	-					
Deferred bonds insurance costs	3,043	-	4,355	-					
Deferred charges	-	-	566	-					
Deferred income tax assets, noncurrent	354,987	2	812,938	3					
Total other assets	574,765	3	1,133,745	4					
TOTAL	\$ 21,501,491	100	\$ 29,805,463	100					

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	\$ 4,411,037	114	\$ 7,409,071	106
Less				
Sales returns	(63,471)	(2)	(18,575)	-
Sales discounts	(479,029)	(12)	(385,430)	(6)
Net sales	3,868,537	100	7,005,066	100
Other operating revenues	498	-	284	-
Total operating revenues	3,869,035	100	7,005,350	100
COST OF OPERATING REVENUES	<u>3,025,612</u>	<u>78</u>	<u>4,873,069</u>	<u>70</u>
GROSS PROFIT	843,423	22	2,132,281	30
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(12,933)	-	(16,305)	-
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>20,919</u>	<u>-</u>	<u>18,670</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>851,409</u>	<u>22</u>	<u>2,134,646</u>	<u>30</u>
OPERATING EXPENSES				
General and administrative expenses	466,424	12	884,514	13
Research and development expenses	617,889	16	672,591	9
Total operating expenses	<u>1,084,313</u>	<u>28</u>	<u>1,557,105</u>	<u>22</u>
(LOSS) INCOME FROM OPERATIONS	<u>(232,904)</u>	<u>(6)</u>	<u>577,541</u>	<u>8</u>
NON-OPERATING INCOME				
Interest income	24,744	1	24,333	-
Investment income under equity method	-	-	986,775	14
Gain on disposal of property, plant and equipment	54	-	57	-
Gain on sale of investments	1,133	-	-	-
Foreign currency exchange gain	30,219	1	49,844	1
Rental income	4,147	-	7,831	-
Valuation gain on financial liabilities, net	-	-	122	-
Other	21,360	-	53,252	1
Total non-operating income	<u>81,657</u>	<u>2</u>	<u>1,122,214</u>	<u>16</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expenses	\$ 16,673	-	\$ 17,394	-
Investment losses under equity method	379,103	10	-	-
Loss on disposal of property, plant and equipment	81	-	32	-
Loss on sale of investments	-	-	17,550	-
Loss on physical inventory	500	-	510	-
Valuation loss on financial assets, net	348,927	9	1	-
Loss on inventory devaluation	64,148	2	243,629	4
Other	<u>2,312</u>	-	<u>3,400</u>	-
Total non-operating expenses	<u>811,744</u>	<u>21</u>	<u>282,516</u>	<u>4</u>
(LOSS) INCOME BEFORE INCOME TAX	(962,991)	(25)	1,417,239	20
INCOME TAX EXPENSE	<u>(79,854)</u>	<u>(2)</u>	<u>(59,731)</u>	<u>(1)</u>
(LOSS) INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(1,042,845)	(27)	1,357,508	19
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>-</u>	<u>-</u>	<u>(487)</u>	<u>-</u>
NET (LOSS) INCOME	<u>\$(1,042,845)</u>	<u>(27)</u>	<u>\$1,357,021</u>	<u>19</u>
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC (LOSS) EARNINGS PER SHARE	<u>\$ (0.75)</u>	<u>\$ (0.81)</u>	<u>\$ 1.11</u>	<u>\$ 1.06</u>
DILUTED (LOSS) EARNINGS PER SHARE	<u>\$ (0.75)</u>	<u>\$ (0.81)</u>	<u>\$ 1.11</u>	<u>\$ 1.06</u>
If the Company's stock held by subsidiaries is not considered as treasury stock:				
NET (LOSS) INCOME	<u>\$ (1,042,845)</u>		<u>\$ 1,357,201</u>	
BASIC (LOSS) EARNINGS PER SHARE	<u>\$ (0.80)</u>		<u>\$ 1.05</u>	
DILUTED (LOSS) EARNINGS PER SHARE	<u>\$ (0.80)</u>		<u>\$ 1.05</u>	

(Concluded)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (1,042,845)	\$ 1,357,021
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation and amortization (including depreciation of leased-out assets)	116,326	114,937
Investment losses (income) on equity-method investees	379,103	(986,775)
Loss on disposal of property, plant and equipment	81	32
Gain on disposal of property, plant and equipment	(54)	(57)
Transfer of cost of property, plant and equipment to expense	533	-
Valuation gain on financial instruments, net	-	1
Gain (loss) on sale of investments	(1,133)	17,550
Amortization of bond issuance costs	942	328
Accrued pension cost	(2,164)	(2,400)
Provision for redemption of convertible bonds	-	(81)
Deferred tax benefit	79,737	53,764
Net changes in operating assets and liabilities		
Financial assets held for trading	(1,318,888)	-
Financial liabilities held for trading	(29)	365
Notes receivable, net	(141,850)	(104,298)
Accounts receivable, net	(151,249)	579,523
Notes and accounts receivable from related parties, net	(68,139)	(478,234)
Other financial assets, current	43,062	(59,065)
Inventories	657,036	(1,140,584)
Other current assets	(21,052)	6,573
Notes payable	2,635	4,252
Accounts payable	(583,596)	1,549,467
Notes and accounts payable to related parties	24,838	(673,882)
Accrued expenses	(227,141)	184,695
Other current liabilities	31,497	(1,029)
Net cash (used in) provided by operating activities	<u>(2,222,350)</u>	<u>422,103</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at fair value through profit and loss	-	(200,000)
Payment for available-for-sale financial assets	(18,000)	(730,000)
Proceeds from sale of available-for-sale financial assets	19,000	731,191
Payment for long-term investments	(450,654)	(64,943)
Acquisition of property, plant, equipment and leased-out assets	(29,879)	(24,466)
Proceeds from disposal of property, plant, equipment	-	30
Proceeds from sale of long-term investments (including proceeds from capital reduction)	2,058,161	298,536
Increase in refundable deposits	(29)	(12)
Increase in deferred charges	(66,796)	(75,111)
Net cash provided by (used in) investing activities	<u>1,511,803</u>	<u>(64,775)</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (increase) in long-term bank loans	\$ (55,556)	\$ 244,444
Bonuses to employees	-	(90,270)
Proceeds from disposal of treasury stock	17,077	-
Increase in guarantee deposits received	<u>10</u>	<u>41</u>
Net cash (used in) provided by financing activities	<u>(38,469)</u>	<u>154,215</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(749,016)	511,543
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>6,183,067</u>	<u>7,497,311</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 5,434,051</u>	<u>\$ 8,008,854</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the period		
Interest	<u>\$ 28,636</u>	<u>\$ 17,063</u>
Income tax	<u>\$ 1,719</u>	<u>\$ 1,186</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 473,611</u>	<u>\$ 222,222</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 54</u>	<u>\$ 57</u>
PURCHASE OF FINANCIAL ASSETS FOR TRADING		
Increase in financial assets held for trading	\$ -	\$ -
Decrease in other payables	<u>(1,668,034)</u>	<u>-</u>
Cash payment	<u>\$ (1,668,034)</u>	<u>\$ -</u>
PROCEEDS FROM SALE OF LONG-TERM INVESTMENT UNDER EQUITY METHOD		
Proceeds from sale of long-term investment under equity method	\$ -	\$ -
Decrease in other receivables	<u>2,058,161</u>	<u>-</u>
Cash received	<u>\$ 2,058,161</u>	<u>\$ -</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		
Increase in property, plant, equipment and leased-out assets	\$ 34,401	\$ 2,822
(Increase) decrease in payable due to acquisition of property, plant and equipment	<u>(4,522)</u>	<u>21,644</u>
Cash payment	<u>\$ 29,879</u>	<u>\$ 24,466</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
PURCHASE OF DEFERRED CHARGES		
Increase in deferred charges	\$ 16,755	\$ 64,740
Decrease in payable due to acquisition of deferred charges	<u>50,041</u>	<u>10,371</u>
Cash payment	<u>\$ 66,796</u>	<u>\$ 75,111</u>
		(Concluded)