

**Via Technologies, Inc.**

**Financial Statements for the  
Nine Months Ended September 30, 2007 and 2006**

# VIA TECHNOLOGIES, INC.

## BALANCE SHEETS

SEPTEMBER 30, 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	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents	\$ 5,372,350	27	\$ 5,499,455	22	Financial liabilities at fair value through profit and loss	\$ -	-	\$ 11,862	-
Financial assets at fair value through profit or loss	1,668,480	8	-	-	Notes payable	51	-	7,850	-
Available-for-sale financial assets, current	2,482	-	6,113	-	Accounts payable	3,077,032	15	3,306,079	13
Notes receivable, net	29,137	-	86,977	-	Notes and accounts payable to related parties	65,174	-	48,206	-
Accounts receivable, net	875,010	4	2,073,673	9	Income tax payable	348,642	2	347,612	2
Notes and accounts receivable from related parties, net	392,507	2	561,792	2	Accrued expenses	744,127	4	694,250	3
Other receivables	769,016	4	328,669	1	Current portion of long-term liabilities	362,500	2	222,222	1
Inventories	3,232,430	16	4,611,525	19	Other current liabilities	417,749	2	519,081	2
Deferred income tax asset, current	741,899	4	551,962	2					
Other current assets	146,787	1	112,809	1	Total current liabilities	5,015,275	25	5,157,162	21
Total current assets	13,230,098	66	13,832,975	56					
<b>LONG-TERM INVESTMENTS</b>					<b>LONG-TERM LIABILITIES</b>				
Financial assets carried at cost	86,234	-	77,984	-	Corporate bonds payable	1,175,000	6	1,904,578	8
Long-term investments under equity method	4,113,302	21	7,397,554	30	Long-term bank loans	950,000	5	300,000	1
Prepayments long-term investments	-	-	254,201	1	Total long-term liabilities	2,125,000	11	2,204,578	9
Total long-term investments	4,199,536	21	7,729,739	31					
<b>PROPERTY, PLANT AND EQUIPMENT</b>					<b>OTHER LIABILITIES</b>				
Land	1,000,539	5	946,707	4		801,893	4	781,536	3
Buildings and improvements	648,289	3	657,690	3	Total liabilities	7,942,168	40	8,143,276	33
Machinery and equipment	72,262	1	66,184	-					
Computer equipment	146,380	1	180,351	1	<b>STOCKHOLDERS' EQUITY</b>				
Research and development equipment	421,643	2	478,893	2	Common stock	13,091,743	65	13,253,893	54
Transportation equipment	3,368	-	6,671	-	Capital surplus				
Furniture and fixtures	7,420	-	13,752	-	Additional paid-in capital	2,826,803	14	4,309,941	17
Leasehold improvements	20,179	-	15,965	-	Long-term equity investments	221,397	1	220,058	1
	2,320,080	12	2,366,213	10	Retained earnings				
Less accumulated depreciation	(561,764)	(3)	(621,747)	(3)	(Accumulated deficit) unappropriated earnings	(2,928,396)	(15)	460,096	2
Prepayments for business facilities	157,761	1	18,444	-	Cumulative translation adjustments	540,290	3	536,858	2
Property, Plant and equipment, net	1,916,077	10	1,762,910	7	Unrealized gains (losses) on financial instruments	43,752	-	(6,864)	-
					Treasury stock	(1,641,241)	(8)	(2,201,549)	(9)
<b>INTANGIBLE ASSETS</b>					Total stockholders' equity	12,154,348	60	16,572,433	67
Patents	50,969	-	84,187	1					
<b>OTHER ASSETS</b>									
Leased-out assets	197,641	1	302,615	1					
Refundable deposits	18,388	-	11,379	-					
Deferred bonds issuance costs	2,387	-	3,699	-					
Deferred charges	221,514	1	333,893	1					
Deferred income tax assets, noncurrent	259,906	1	654,312	3					
Total other assets	699,836	3	1,305,898	5					
<b>TOTAL</b>	<b>\$20,096,516</b>	<b>100</b>	<b>\$24,715,709</b>	<b>100</b>	<b>TOTAL</b>	<b>\$20,096,516</b>	<b>100</b>	<b>\$24,715,709</b>	<b>100</b>

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
<b>OPERATING REVENUES</b>				
Sales	\$ 13,880,799	114	\$ 19,234,171	109
Less				
Sales returns	(69,477)	(1)	(57,037)	-
Sales allowance	(1,645,454)	(13)	(1,495,325)	(9)
Net sales	12,165,868	100	17,681,809	100
Other operating revenues	6,112	-	2,321	-
Total operating revenues	12,171,980	100	17,684,130	100
<b>COST OF OPERATING REVENUES</b>				
	9,516,170	78	12,983,291	74
<b>GROSS PROFIT</b>				
	2,655,810	22	4,700,839	26
<b>UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS</b>				
	(25,002)	-	(23,811)	-
<b>REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS</b>				
	20,919	-	18,670	-
<b>REALIZED GROSS PROFIT</b>				
	2,651,727	22	4,695,698	26
<b>OPERATING EXPENSES</b>				
General and administrative expenses	1,443,939	12	2,030,780	11
Research and development expenses	1,685,019	14	1,933,765	11
Total operating expenses	3,128,958	26	3,964,545	22
<b>(LOSS) INCOME FROM OPERATIONS</b>				
	(477,231)	(4)	731,153	4
<b>NON-OPERATING INCOME</b>				
Interest income	87,986	1	75,887	1
Investment income under equity method	-	-	337,467	2
Dividend income	69,797	-	-	-
Gain on disposal of property, plant and equipment	355	-	304	-
Gain on sale of investments, net	4,380	-	-	-
Foreign exchange gain, net	10,797	-	50,475	-
Rental income	11,808	-	19,197	-
Other	195,654	2	144,655	1
Total non-operating income	380,777	3	627,985	4

(Continued)

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
<b>NON-OPERATING EXPENSES</b>				
Interest expenses	\$ 51,481	1	\$ 56,615	-
Investment losses under equity method	1,881,937	16	-	-
Loss on disposal of property, plant and equipment	81	-	154	-
Loss on sale of investments, net	-	-	16,889	-
Loss on physical inventory	294	-	2,298	-
Loss on inventory devaluation	416,635	3	421,371	3
Valuation loss on financial assets, net	49,035	-	-	-
Valuation loss on financial liabilities, net	-	-	11,375	-
Other	<u>4,147</u>	<u>-</u>	<u>11,102</u>	<u>-</u>
Total non-operating expenses	<u>2,403,610</u>	<u>20</u>	<u>519,804</u>	<u>3</u>
(LOSS) INCOME BEFORE INCOME TAX	(2,500,064)	(21)	839,334	5
INCOME TAX EXPENSE	<u>(127,877)</u>	<u>(1)</u>	<u>(124,669)</u>	<u>(1)</u>
NET (LOSS) INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	(2,627,941)	(22)	714,665	4
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	<u>-</u>	<u>-</u>	<u>(487)</u>	<u>-</u>
NET (LOSS) INCOME	<u>\$ (2,627,941)</u>	<u>(22)</u>	<u>\$ 714,178</u>	<u>4</u>
	<b>2007</b>		<b>2006</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 (loss) income before cumulative effect of changes in accounting principles	\$ (1.94)	\$ (2.04)	\$ 0.65	\$ 0.55
Cumulative effect of changes in accounting principles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) income	<u>\$ (1.94)</u>	<u>\$ (2.04)</u>	<u>\$ 0.65</u>	<u>\$ 0.55</u>

(Continued)

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
DILUTED EARNINGS PER SHARE				
Net (loss) income before cumulative effect of changes in accounting principles	\$ (1.94)	\$ (2.04)	\$ 0.65	\$ 0.55
Cumulative effect of changes in accounting principles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) income	<u>\$ (1.94)</u>	<u>\$ (2.04)</u>	<u>\$ 0.65</u>	<u>\$ 0.55</u>

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

NET (LOSS) INCOME	<u>\$(2,627,941)</u>	<u>\$ 714,178</u>
BASIC (LOSS) EARNINGS PER SHARE	<u>\$ (2.01)</u>	<u>\$ 0.55</u>
DILUTED (LOSS) EARNINGS PER SHARE	<u>\$ (2.01)</u>	<u>\$ 0.55</u>

(Concluded)

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (2,627,941)	\$ 714,178
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization (including depreciation of leased-out assets)	335,618	353,529
Investment losses (income) on equity-method investees	1,881,937	(337,467)
Valuation income on financial instruments, net	(242)	-
(Gain) loss on sale of investments, net	(2,327)	16,889
Loss on disposal of property, plant and equipment	(355)	(304)
Gain on disposal of property, plant and equipment	81	154
Transfer of cost of property, plant and equipment to expense	533	18
Provision for redemption of convertible bonds	-	(242)
Amortization of bond issuance costs	1,598	984
Cash dividends on equity-method investees	213,000	200,000
Deferred income tax assets	127,521	119,213
Accrued pension cost	(1,814)	(2,971)
Net changes in operating assets and liabilities		
Financial assets held for trading	(1,618,757)	-
Financial liabilities held for trading	(29)	11,862
Notes receivable, net	(20,598)	167,918
Accounts receivable, net	226,231	1,433,343
Notes and accounts receivable from related parties, net	(24,729)	(294,313)
Other receivables	10,876	32,107
Inventories	963,512	5,329
Other current assets	59,881	676
Notes payable	(3,918)	2,376
Accounts payable	(376,183)	(3,327,540)
Notes and accounts payable to related parties	26,503	(78,466)
Accrued expenses	(349,709)	(144,929)
Other current liabilities	<u>42,043</u>	<u>33,517</u>
Net cash used in operating activities	<u>(1,137,268)</u>	<u>(1,094,139)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in financial assets at fair value through profit or loss	(50,000)	-
Payment for available-for-sale financial assets	(469,800)	(1,101,500)
Proceeds from sale of available-for-sale financial assets	478,448	1,104,150
Payments for financial assets carried at cost	(8,250)	-
Payment for long-term investments under equity method	(1,356,970)	(1,379,560)
Proceeds from sale of long-term investments under equity method	2,165,161	297,707
Decrease in prepayments for long-term investments	254,201	-
Acquisition of property, plant and equipment	(304,079)	(131,120)

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# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
Proceeds from disposal of property, plant and equipment	\$ 71,977	\$ 181
Increase in due from the subsidiary	(439,900)	(160,000)
(Increase) decrease in refundable deposits	(63)	2,695
Increase in deferred charges	(158,204)	(274,218)
Cash and cash equivalents from dissolved company	<u>-</u>	<u>507,506</u>
Net cash provided by (used in) investing activities	<u>182,521</u>	<u>(1,134,159)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in long-term bank loans	\$ 483,333	\$ 133,333
Repayments of corporate bonds payable	(362,500)	-
Proceeds from disposal of treasury stock	23,202	190,644
Bonuses to employees	-	(90,270)
Decrease in guarantee deposits received	<u>(5)</u>	<u>(3,265)</u>
Net cash provided by financing activities	<u>144,030</u>	<u>230,442</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(810,717)	(1,997,856)
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>\$ 5,372,350</u>	<u>\$ 5,499,455</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>		
Cash paid during the period		
Interest	<u>\$ 62,076</u>	<u>\$ 67,490</u>
Income tax	<u>\$ 6,154</u>	<u>\$ 5,112</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 362,500</u>	<u>\$ 222,222</u>
Transfer of Long-term investment under equity method to other liabilities	<u>\$ (16,336)</u>	<u>\$ 453,802</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 162</u>	<u>\$ 166</u>
Retirement of treasury stock	<u>\$ 495,879</u>	<u>\$ 244,377</u>
<b>PAYMENT FOR FINANCIAL ASSETS HELD FOR TRADING</b>		
Valuation loss on financial instruments	\$ 49,277	\$ -
Decrease in other payable	<u>(1,668,034)</u>	<u>-</u>
Cash payment	<u>\$ (1,618,757)</u>	<u>\$ -</u>

(Continued)

# VIA TECHNOLOGIES, INC.

## STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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	2007	2006
PROCEEDS FROM SALE OF LONG-TERM INVESTMENT UNDER EQUITY METHOD		
Proceeds from disposal of long-term investment under equity method	\$ 107,000	\$ 297,707
Decrease in other receivables	<u>2,058,161</u>	<u>-</u>
Cash received	<u>\$ 2,165,161</u>	<u>\$ 297,707</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		
Decrease in payable due to acquisition of property, plant and equipment	\$ 28,313	\$ 70,254
Increase in property, plant and equipment	<u>275,766</u>	<u>60,866</u>
Cash payment	<u>\$ 304,079</u>	<u>\$ 131,120</u>
PURCHASE OF DEFERRED CHARGES		
Increase in deferred charges	\$ 59,791	\$ 189,180
Decrease in payable due to acquisition of deferred charges	<u>98,413</u>	<u>85,038</u>
Cash payment	<u>\$ 158,204</u>	<u>\$ 274,218</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
Minus payable due to bonuses to employees and directors' remuneration, end of period	<u>-</u>	<u>(72,196)</u>
Cash payment	<u>\$ -</u>	<u>\$ 90,270</u>

(Concluded)