

VIA Technologies, Inc.

**Financial Statements for the
Three Months Ended March 31, 2008 and 2007 and
Independent Accountants' Review Report**

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

MARCH 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 3,494,567	23	\$ 5,434,051	25	Notes payable	\$ 46	-	\$ 6,604	-
Financial assets at fair value through profit or loss	2,333,249	15	1,318,369	6	Accounts payable	1,454,952	10	2,869,619	14
Available-for-sale financial assets, current	2,363	-	8,793	-	Notes and accounts payable to related parties	65,958	-	63,509	-
Notes receivable, net	15,912	-	150,389	1	Income tax payable	864,603	6	348,642	2
Accounts receivable, net	729,295	5	1,252,490	6	Accrued expenses	381,332	2	866,695	4
Notes and accounts receivable from related parties, net	250,631	1	435,917	2	Current portion of long-term liabilities	362,500	2	473,611	2
Other receivables	724,428	5	296,930	1	Other current liabilities	398,172	3	488,410	2
Inventories	1,667,854	11	3,538,906	17					
Deferred income tax asset, current	706,841	5	694,602	3	Total current liabilities	3,527,563	23	5,117,090	24
Other current assets	108,156	1	227,720	1					
Total current assets	10,033,296	66	13,358,167	62	LONG-TERM LIABILITIES				
					Corporate bonds payable	1,175,000	8	1,537,500	7
LONG-TERM INVESTMENTS					Long-term bank loans	500,000	3	300,000	1
Financial assets carried at cost	86,234	1	77,984	-	Total long-term liabilities	1,675,000	11	1,837,500	8
Long-term investment under equity method	2,499,626	16	5,041,879	24					
Prepayments long-term investments	-	-	254,201	1	OTHER LIABILITIES	741,287	5	825,250	4
Total long-term investments	2,585,860	17	5,374,064	25	Total liabilities	5,943,850	39	7,779,840	36
PROPERTY, PLANT AND EQUIPMENT					STOCKHOLDERS' EQUITY				
Land	1,074,878	7	1,016,714	5	Common stock	13,092,369	86	13,253,893	62
Buildings and improvements	666,838	4	631,577	3	Capital surplus				
Machinery and equipment	64,558	1	71,485	-	Additional paid-in capital	2,845,335	19	4,309,941	20
Computer equipment	106,869	1	130,321	1	Long-term equity investments	237,140	2	218,172	1
Instruments	342,997	2	418,241	2	Retained earnings				
Transportation equipment	-	-	3,368	-	Accumulated deficit	(5,755,134)	(38)	(2,484,509)	(12)
Furniture and fixtures	5,347	-	7,420	-	Cumulative translation adjustments	467,229	3	564,740	3
Leasehold improvements	9,744	-	12,550	-	Unrealized (losses) gains on financial instruments	(3,602)	-	6,726	-
Total cost	2,271,231	15	2,291,676	11	Treasury stock	(1,641,241)	(11)	(2,147,312)	(10)
Less accumulated depreciation	(464,729)	(3)	(478,124)	(2)	Total stockholders' equity	9,242,096	61	13,721,651	64
Prepayments for business facilities	30,761	-	24,420	-					
Property, Plant and equipment, net	1,837,263	12	1,837,972	9					
INTANGIBLE ASSETS									
Patents	26,754	-	72,226	-					
OTHER ASSETS									
Leased-out assets	196,902	1	198,381	1					
Refundable deposits	11,820	-	18,354	-					
Deferred bonds insurance costs	1,731	-	3,043	-					
Deferred charges	215,254	2	284,297	1					
Deferred income tax assets, noncurrent	277,066	2	354,987	2					
Total other assets	702,773	5	859,062	4					
TOTAL	\$ 15,185,946	100	\$ 21,501,491	100	TOTAL	\$ 15,185,946	100	\$ 21,501,491	100

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2008 AND 2007

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

(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	\$2,865,749	107	\$4,411,037	114
Less sales returns	(37,239)	(1)	(63,471)	(2)
Less sales allowance	<u>(148,865)</u>	<u>(6)</u>	<u>(479,029)</u>	<u>(12)</u>
Net sales	2,679,645	100	3,868,537	100
Other operating revenues	<u>3,403</u>	<u>-</u>	<u>498</u>	<u>-</u>
Total operating revenues	2,683,048	100	3,869,035	100
COST OF OPERATING REVENUES				
	<u>2,028,832</u>	<u>76</u>	<u>3,025,612</u>	<u>78</u>
GROSS PROFIT				
	654,216	24	843,423	22
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS				
	(15,972)	-	(12,933)	-
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS				
	<u>24,677</u>	<u>1</u>	<u>20,919</u>	<u>-</u>
REALIZED GROSS PROFIT				
	<u>662,921</u>	<u>25</u>	<u>851,409</u>	<u>22</u>
OPERATING EXPENSES				
General and administrative expenses	305,214	11	466,424	12
Research and development expenses	<u>449,610</u>	<u>17</u>	<u>617,889</u>	<u>16</u>
Total operating expenses	<u>754,824</u>	<u>28</u>	<u>1,084,313</u>	<u>28</u>
LOSS FROM OPERATIONS				
	<u>(91,903)</u>	<u>(3)</u>	<u>(232,904)</u>	<u>(6)</u>
NON-OPERATING INCOME				
Interest income	18,734	1	24,744	1
Gain on disposal of property, plant and equipment	3,658	-	54	-
Gain on sale of investments	402	-	1,133	-
Foreign currency exchange gain, net	3,605	-	30,219	1
Rental income	3,290	-	4,147	-
Valuation gain on financial assets, net	288,676	11	-	-
Other	<u>24,938</u>	<u>1</u>	<u>21,360</u>	<u>-</u>
Total non-operating income	<u>343,303</u>	<u>13</u>	<u>81,657</u>	<u>2</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2008 AND 2007

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

(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expenses	\$ 15,150	1	\$ 16,673	-
Investment losses under equity method	647,744	24	379,103	10
Loss on disposal of property, plant and equipment	51	-	81	-
Loss on physical inventory	26	-	500	-
Loss on inventory devaluation	41,284	2	64,148	2
Valuation loss on financial assets, net	-	-	348,927	9
Other	<u>10,044</u>	<u>-</u>	<u>2,312</u>	<u>-</u>
Total non-operating expenses	<u>714,299</u>	<u>27</u>	<u>811,744</u>	<u>21</u>
LOSS BEFORE INCOME TAX	(462,899)	(17)	(962,991)	(25)
INCOME TAX EXPENSE	<u>(17,729)</u>	<u>(1)</u>	<u>(79,854)</u>	<u>(2)</u>
NET LOSS	<u>\$ (480,628)</u>	<u>(18)</u>	<u>\$(1,042,845)</u>	<u>(27)</u>
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC LOSS PER SHARE	<u>\$ (0.36)</u>	<u>\$ (0.37)</u>	<u>\$ (0.75)</u>	<u>\$ (0.81)</u>
If the Company's stock held by subsidiaries is not considered as treasury stock:				
NET LOSS	<u>\$ (480,628)</u>		<u>\$ (1,042,845)</u>	
BASIC LOSS PER SHARE	<u>\$ (0.37)</u>		<u>\$ (0.80)</u>	

(Concluded)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (480,628)	\$ (1,042,845)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization (including depreciation of leased-out assets)	94,311	116,326
Investment losses under equity method	647,744	379,103
Loss on disposal of property, plant and equipment	51	81
Gain on disposal of property, plant and equipment, intangible assets and deferred charges	(3,658)	(54)
Transfer of cost of property, plant and equipment to expense	-	533
Valuation loss on financial instruments, net	46	-
Gain on sale of investments	(402)	(1,133)
Amortization of bond issuance costs	328	942
Accrued pension cost	(236)	(2,164)
Deferred income tax assets	17,729	79,737
Net changes in operating assets and liabilities		
Financial assets held for trading	(288,722)	(1,318,888)
Financial liabilities held for trading	-	(29)
Notes receivable, net	(13,326)	(141,850)
Accounts receivable, net	(429,764)	(151,249)
Notes and accounts receivable from related parties, net	(52,922)	(68,139)
Other receivables	54,885	43,062
Inventories	935,225	657,036
Other current assets	28,599	(21,052)
Notes payable	20	2,635
Accounts payable	(517,671)	(583,596)
Notes and accounts payable to related parties	10,263	24,838
Accrued expenses	(417,246)	(227,141)
Other current liabilities	(36,235)	31,497
Net cash used in operating activities	<u>(451,609)</u>	<u>(2,222,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at fair value through profit and loss	(40,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	50,310	-
Payment for available-for-sale financial assets	(73,998)	(18,000)
Proceeds from sale of available-for-sale financial assets	74,092	19,000
Payment for long-term investments	(566,624)	(450,654)
Acquisition of property, plant and equipment	(9,873)	(29,879)
Proceeds from disposal of property, plant, equipment, intangible assets and deferred charges	160	-
Proceeds from sale of long-term investments	-	2,058,161

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2008	2007
Decrease (increase) in refundable deposits	\$ 423	\$ (29)
Increase in deferred charges	<u>(56,102)</u>	<u>(66,796)</u>
Net cash (used in) provided by investing activities	<u>(621,612)</u>	<u>1,511,803</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term bank loans	-	(55,556)
Proceeds from transfer of treasury stock of employees	-	17,077
Increase in guarantee deposits received	<u>-</u>	<u>10</u>
Net cash used in financing activities	<u>-</u>	<u>(38,469)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,073,221)	(749,016)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,567,788</u>	<u>6,183,067</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,494,567</u>	<u>\$ 5,434,051</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Cash paid during the period		
Interest	<u>\$ 24,356</u>	<u>\$ 28,636</u>
Income tax	<u>\$ 1,864</u>	<u>\$ 1,719</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 362,500</u>	<u>\$ 473,611</u>
Transfer of deferred credits to gain on disposal of property, plant and equipment	<u>\$ 651</u>	<u>\$ 54</u>
PURCHASE OF FINANCIAL ASSETS FOR TRADING		
(Increase) decrease in financial assets held for trading	\$ (288,722)	\$ 349,146
Decrease in other payables	<u>-</u>	<u>(1,668,034)</u>
Cash payment	<u>\$ (288,722)</u>	<u>\$ (1,318,888)</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>-</u>	<u>2,058,161</u>
Cash received	<u>\$ -</u>	<u>\$ 2,058,161</u>

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2008	2007
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		
Increase in property, plant, equipment	\$ 7,624	\$ 34,401
Decrease (increase) in payable due to acquisition of property, plant and equipment	<u>2,249</u>	<u>(4,522)</u>
Cash payment	<u>\$ 9,873</u>	<u>\$ 29,879</u>
PURCHASE OF DEFERRED CHARGES		
Increase in deferred charges	\$ 4,201	\$ 16,755
Decrease in payable due to acquisition of deferred charges	<u>51,901</u>	<u>50,041</u>
Cash payment	<u>\$ 56,102</u>	<u>\$ 66,796</u>
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND DEFERRED CHARGES		
Proceeds from sale of property, plant and equipment, intangible assets and deferred charges	\$ 34,604	\$ -
Increase in other receivable	<u>(34,444)</u>	<u>-</u>
Cash received	<u>\$ 160</u>	<u>\$ -</u>

(Concluded)