

VIA Technologies, Inc.

**Financial Statements for the
Six Months Ended June 30, 2009 and 2008**

VIA TECHNOLOGIES, INC.

BALANCE SHEETS

JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

| ASSETS | 2009 | | 2008 | | LIABILITIES AND STOCKHOLDERS' EQUITY | 2009 | | 2008 | |
|--|---------------------|------------|----------------------|------------|---|---------------------|------------|----------------------|------------|
| | Amount | % | Amount | % | | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | CURRENT LIABILITIES | | | | |
| Cash and cash equivalents | \$ 952,307 | 10 | \$ 2,703,440 | 19 | Notes payable | \$ 197 | - | \$ 107 | - |
| Financial assets at fair value through profit or loss, current | 2,090,729 | 22 | 2,331,817 | 16 | Accounts payable | 770,328 | 8 | 1,456,375 | 10 |
| Available-for-sale financial assets, current | 50,249 | 1 | 2,360 | - | Notes and accounts payable to related parties | 90,373 | 1 | 83,201 | 1 |
| Notes receivable, net | 4,396 | - | 28,736 | - | Income tax payable | 231,188 | 2 | 450,629 | 3 |
| Accounts receivable, net | 374,394 | 4 | 549,594 | 4 | Accrued expenses | 440,223 | 5 | 436,858 | 3 |
| Notes and accounts receivable from related parties, net | 218,346 | 2 | 336,936 | 2 | Current portion of long-term liabilities | 1,255,000 | 13 | 362,500 | 2 |
| Other Receivables | 38,851 | 1 | 678,492 | 5 | Other current liabilities | 276,590 | 3 | 581,546 | 4 |
| Inventories | 803,331 | 8 | 1,641,397 | 12 | | | | | |
| Deferred income tax asset, current | 321,303 | 3 | 524,626 | 4 | Total current liabilities | 3,063,899 | 32 | 3,371,216 | 23 |
| Other current assets | 38,169 | - | 140,363 | 1 | | | | | |
| Total current assets | 4,892,075 | 51 | 8,937,761 | 63 | LONG-TERM LIABILITIES | | | | |
| LONG-TERM INVESTMENTS | | | | | Corporate bonds payable | - | - | 1,175,000 | 8 |
| Financial assets carried at cost | 76,321 | 1 | 86,234 | 1 | Long-term bank loans | 1,320,000 | 13 | 500,000 | 4 |
| Long-term investments under equity method | 2,214,833 | 23 | 2,425,500 | 17 | Total long-term liabilities | 1,320,000 | 13 | 1,675,000 | 12 |
| Prepayments for long-term investments | - | - | 200,000 | 1 | OTHER LIABILITIES | 199,427 | 2 | 717,547 | 5 |
| Total long-term investments | 2,291,154 | 24 | 2,711,734 | 19 | Total liabilities | 4,583,326 | 47 | 5,763,763 | 40 |
| PROPERTY, PLANT AND EQUIPMENT | | | | | STOCKHOLDERS' EQUITY | | | | |
| Land | 1,009,082 | 10 | 1,053,249 | 7 | Common stock | 12,915,172 | 133 | 13,089,732 | 92 |
| Buildings and improvements | 595,055 | 6 | 696,743 | 5 | Capital surplus | | | | |
| Machinery and equipment | 64,244 | 1 | 71,877 | 1 | Long-term equity investments | 240,141 | 3 | 239,723 | 2 |
| Computer equipment | 79,092 | 1 | 107,905 | 1 | Retained earnings | | | | |
| Instrument | 261,923 | 3 | 342,997 | 2 | Accumulated deficit | (8,695,216) | (90) | (3,638,955) | (26) |
| Furniture and fixtures | 2,872 | - | 5,349 | - | Cumulative translation adjustments | 627,314 | 7 | 477,412 | 3 |
| Leasehold improvements | 10,189 | - | 11,097 | - | Unrealized gains on financial instruments | 16,907 | - | (18,195) | - |
| | 2,022,457 | 21 | 2,289,217 | 16 | Treasury stock | - | - | (1,633,176) | (11) |
| Less accumulated depreciation | (441,390) | (5) | (503,050) | (4) | Total stockholders' equity | 5,104,318 | 53 | 8,516,541 | 60 |
| Prepayments for business facilities | - | - | 9,865 | - | | | | | |
| Property, plant and equipment, net | 1,581,067 | 16 | 1,796,032 | 12 | | | | | |
| INTANGIBLE ASSETS | | | | | | | | | |
| Patents | 28,092 | - | 21,436 | - | | | | | |
| OTHER ASSETS | | | | | | | | | |
| Leased-out assets | 195,054 | 2 | 196,532 | 2 | | | | | |
| Refundable deposits | 7,970 | - | 9,092 | - | | | | | |
| Deferred bonds issuance costs | 92 | - | 1,403 | - | | | | | |
| Deferred charges | 133,426 | 1 | 166,332 | 1 | | | | | |
| Deferred income tax assets, noncurrent | 558,714 | 6 | 439,982 | 3 | | | | | |
| Total other assets | 895,256 | 9 | 813,341 | 6 | | | | | |
| TOTAL | \$ 9,687,644 | 100 | \$ 14,280,304 | 100 | TOTAL | \$ 9,687,644 | 100 | \$ 14,280,304 | 100 |

VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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

| | 2009 | | 2008 | |
|---|------------------|------------|------------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUES | | | | |
| Sales | \$ 2,639,722 | 108 | \$ 4,822,631 | 106 |
| Less sales returns | (5,090) | - | (39,166) | (1) |
| Less sales allowance | <u>(193,491)</u> | <u>(8)</u> | <u>(247,825)</u> | <u>(5)</u> |
| Net sales | 2,441,141 | 100 | 4,535,640 | 100 |
| Other operating revenues | <u>2,851</u> | <u>-</u> | <u>4,398</u> | <u>-</u> |
| Total operating revenues | 2,443,992 | 100 | 4,540,038 | 100 |
| COST OF OPERATING REVENUES | | | | |
| | <u>1,490,193</u> | <u>61</u> | <u>3,347,201</u> | <u>74</u> |
| GROSS PROFIT | | | | |
| | 953,799 | 39 | 1,192,837 | 26 |
| UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS | | | | |
| | (4,468) | - | (8,757) | - |
| REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS | | | | |
| | <u>4,752</u> | <u>-</u> | <u>24,677</u> | <u>1</u> |
| REALIZED GROSS PROFIT | | | | |
| | <u>954,083</u> | <u>39</u> | <u>1,208,757</u> | <u>27</u> |
| OPERATING EXPENSES | | | | |
| General and administrative expenses | 417,589 | 17 | 563,570 | 13 |
| Research and development expenses | <u>747,878</u> | <u>31</u> | <u>913,999</u> | <u>20</u> |
| Total operating expenses | <u>1,165,467</u> | <u>48</u> | <u>1,477,569</u> | <u>33</u> |
| LOSS FROM OPERATIONS | | | | |
| | <u>(211,384)</u> | <u>(9)</u> | <u>(268,812)</u> | <u>(6)</u> |
| NON-OPERATING INCOME | | | | |
| Interest income | 2,666 | - | 39,729 | 1 |
| Dividend income | 609 | - | - | - |
| Gain on disposal of property, plant and equipment | 1,683 | - | 39,877 | 1 |
| Gain on sale of investments | 426 | - | 753 | - |
| Foreign exchange gain, net | 13,286 | 1 | 13,122 | - |
| Rental income | 7,832 | - | 6,031 | - |
| Valuation gain on financial assets, net | 618,654 | 25 | 272,244 | 6 |
| Other | <u>37,313</u> | <u>2</u> | <u>102,028</u> | <u>2</u> |
| Total non-operating income | <u>682,469</u> | <u>28</u> | <u>473,784</u> | <u>10</u> |

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VIA TECHNOLOGIES, INC.

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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

| | 2009 | | 2008 | |
|---|-------------------------|------------------------|-------------------------|------------------------|
| | Amount | % | Amount | % |
| NON-OPERATING EXPENSES | | | | |
| Interest expenses | \$ 27,216 | 1 | \$ 29,901 | 1 |
| Investment losses under equity method | 1,136,908 | 46 | 1,332,612 | 29 |
| Loss on disposal of property, plant and equipment | - | - | 51 | - |
| Impairment loss | 26,608 | 1 | - | - |
| Other | 14,551 | 1 | 9,813 | - |
| Total non-operating expenses | 1,205,283 | 49 | 1,372,377 | 30 |
| LOSS BEFORE INCOME TAX | (734,198) | (30) | (1,167,405) | (26) |
| INCOME TAX EXPENSE | (51,721) | (2) | (36,951) | (1) |
| NET LOSS | \$ (785,919) | (32) | \$ (1,204,356) | (27) |
| | 2009 | | 2008 | |
| | Before Income Tax | After Income Tax | Before Income Tax | After Income Tax |
| BASIC LOSS PER SHARE | \$ (1.42) | \$ (1.52) | \$ (2.26) | \$ (2.33) |

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

| | 2009 | 2008 |
|----------------------|--------------------|----------------------|
| NET LOSS | <u>\$(785,919)</u> | <u>\$(1,204,356)</u> |
| BASIC LOSS PER SHARE | <u>\$(1.52)</u> | <u>\$(2.30)</u> |

(Concluded)

VIA TECHNOLOGIES, INC.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

| | Capital Surplus | | | | Accumulated Deficit | Cumulative Translation Adjustments | Unrealized Gains (Losses) on Financial Instruments | Treasury Stock | Total |
|---|----------------------|----------------------------|------------------------------|-----------------------|---------------------|------------------------------------|--|---------------------|-------|
| | Capital Stock | Additional Paid-in Capital | Long-Term Equity Investments | | | | | | |
| BALANCE, JANUARY 1, 2009 | \$ 12,915,172 | \$ - | \$ 240,113 | \$ (7,909,297) | \$ 626,006 | \$ (1,272) | \$ - | \$ 5,870,722 | |
| Effect of changes of ownership interest under equity method | - | - | 28 | - | - | - | - | 28 | |
| Change in unrealized gain on available-for-sale financial assets | - | - | - | - | - | 18,179 | - | 18,179 | |
| Translation adjustments on long-term investments | - | - | - | - | 1,308 | - | - | 1,308 | |
| Net loss for the six months ended June 30, 2009 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(785,919)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(785,919)</u> | |
| BALANCE, JUNE 30, 2009 | <u>\$ 12,915,172</u> | <u>\$ -</u> | <u>\$ 240,141</u> | <u>\$ (8,695,216)</u> | <u>\$ 627,314</u> | <u>\$ 16,907</u> | <u>\$ -</u> | <u>\$ 5,104,318</u> | |
| BALANCE, JANUARY 1, 2008 | \$ 13,092,369 | \$ 2,845,335 | \$ 219,026 | \$ (5,274,506) | \$ 554,542 | \$ 48,506 | \$ (1,641,241) | \$ 9,844,031 | |
| Retirement of treasury stock - 264 thousand shares | (2,637) | - | - | (5,428) | - | - | 8,065 | - | |
| Additional paid-in capital transfer to make up for accumulated deficit | - | (2,845,335) | - | 2,845,335 | - | - | - | - | |
| Effect of changes of ownership interest under equity method investees and unrealized gains on financial instruments under equity method | - | - | 20,697 | - | - | (66,586) | - | (45,889) | |
| Change in unrealized loss on available-for-sale financial assets | - | - | - | - | - | (115) | - | (115) | |
| Translation adjustments on long-term investments | - | - | - | - | (77,130) | - | - | (77,130) | |
| Net loss for the six months ended June 30, 2008 | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,204,356)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,204,356)</u> | |
| BALANCE, JUNE 30, 2008 | <u>\$ 13,089,732</u> | <u>\$ -</u> | <u>\$ 239,723</u> | <u>\$ (3,638,955)</u> | <u>\$ 477,412</u> | <u>\$ (18,195)</u> | <u>\$ (1,633,176)</u> | <u>\$ 8,516,541</u> | |

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

| | 2009 | 2008 |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | \$ (785,919) | \$ (1,204,356) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Depreciation and amortization (including depreciation of leased-out assets) | 124,655 | 197,519 |
| Investment losses on equity-method | 1,136,908 | 1,332,612 |
| Loss on disposal of property, plant and equipment | - | 51 |
| Gain on disposal of property, plant and equipment | (1,683) | (39,877) |
| Impairment loss | 26,608 | - |
| Valuation gain on financial instruments, net | - | (43) |
| Gain on sale of investments | (28) | (753) |
| Amortization of bond issuance costs | 656 | 656 |
| Accrued pension cost | (1,109) | 162 |
| Deferred income tax assets | 51,309 | 37,028 |
| Net changes in operating assets and liabilities | | |
| Financial assets held for trading | (618,654) | (272,201) |
| Financial liabilities held for trading | (1,124) | - |
| Notes receivable, net | (687) | (26,150) |
| Accounts receivable, net | (60,445) | (250,063) |
| Notes and accounts receivable from related parties, net | 19,274 | (139,227) |
| Other receivables | 15,693 | 66,377 |
| Inventories | 228,156 | 961,682 |
| Other current assets | 19,861 | (3,608) |
| Notes payable | (64,605) | 81 |
| Accounts payable | 20,236 | (516,248) |
| Notes and accounts payable to related parties | 19,791 | 27,506 |
| Income tax payable | (219,441) | (413,974) |
| Accrued expenses | (11,546) | (361,720) |
| Other current liabilities | <u>(5,211)</u> | <u>105,502</u> |
| Net cash used in operating activities | <u>(107,305)</u> | <u>(499,044)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in financial assets at fair value through profit and loss | (30,000) | (230,000) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 30,027 | 225,924 |
| Payment for available-for-sale financial assets | - | (258,000) |
| Proceeds from sale of available-for-sale financial assets | 2,443 | 258,433 |
| Acquisition of property, plant and equipment | (21,035) | (42,599) |
| Proceeds from disposal of property, plant, equipment, intangible assets and deferred charges | 4,455 | 64,663 |
| Payment for long-term investments under equity method | (2,045,755) | (1,378,598) |
| Proceeds from sale of long-term investments under equity method | - | 5,201 |

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VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

| | 2009 | 2008 |
|---|---------------------|---------------------|
| Proceeds from capital reduction | \$ 270,200 | \$ - |
| Decrease in other receivables from related parties, net | 690,000 | - |
| Decrease in refundable deposits | 468 | 3,151 |
| Increase in deferred charges | (61,992) | (59,874) |
| Proceeds from disposal of property, plant and equipment in advance | <u>-</u> | <u>46,879</u> |
| Net cash used in investing activities | <u>(1,161,189)</u> | <u>(1,364,820)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease in guarantee deposits received | <u>(778)</u> | <u>(484)</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (1,269,272) | (1,864,348) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | <u>2,221,579</u> | <u>4,567,788</u> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | <u>\$ 952,307</u> | <u>\$ 2,703,440</u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION | | |
| Cash paid during the period | | |
| Interest | <u>\$ 28,572</u> | <u>\$ 30,260</u> |
| Income tax | <u>\$ 220,315</u> | <u>\$ 415,764</u> |
| NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Current portion of long-term liabilities | <u>\$ 1,255,000</u> | <u>\$ 362,500</u> |
| Transfer of Long-term investment under equity method to other liabilities | <u>\$ (650,676)</u> | <u>\$ (11,756)</u> |
| Transfer of deferred credits to gain on disposal of property, plant and equipment | <u>\$ (784)</u> | <u>\$ 17,565</u> |
| PROCEEDS FROM CASH DIVIDENDS OF INVESTEE UNDER EQUITY METHOD | | |
| Proceeds from cash dividends of investee under equity method | \$ 7,889 | \$ - |
| Increase in other receivables | <u>(7,889)</u> | <u>-</u> |
| Cash received | <u>\$ -</u> | <u>\$ -</u> |
| PURCHASE OF PROPERTY, PLANT AND EQUIPMENT | | |
| Increase in property, plant and equipment | \$ 20,687 | \$ 29,199 |
| Decrease in payable due to acquisition of property, plant and equipment | <u>348</u> | <u>13,400</u> |
| Cash payment | <u>\$ 21,035</u> | <u>\$ 42,599</u> |

(Continued)

VIA TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

| | 2009 | 2008 |
|--|------------------|------------------|
| PURCHASE OF DEFERRED CHARGES | | |
| Increase in deferred charges | \$ 52,692 | \$ 13,882 |
| Decrease in payable due to acquisition of deferred charges | <u>9,300</u> | <u>45,992</u> |
| Cash payment | <u>\$ 61,992</u> | <u>\$ 59,874</u> |

(Concluded)