

EVA AIRWAYS CORP.

Statements of Operations

For the years ended September 30, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars, Except Earnings per Share)

	2008	2007
	NT dollars	NT dollars
Operating revenue	\$ 70,103,754	68,729,554
Operating cost	(72,873,543)	(65,146,489)
Gross profit from operations	<u>(2,769,789)</u>	3,583,065
Operating expenses	(4,982,800)	(5,155,715)
Operating loss	<u>(7,752,589)</u>	<u>(1,572,650)</u>
Non-operating income and gains:		
Interest income	83,000	140,281
Investment income	95,947	443,723
Gains on disposal of property, plant and equipment	93,724	66,159
Gains on sale of investments, net	45,839	-
Exchange gains, net	-	251,265
Gains on valuation of financial assets	-	1,198,359
Other income	444,214	285,277
	<u>762,724</u>	<u>2,385,064</u>
Non-operating expenses and losses:		
Interest expenses, net of capitalized interest of NT\$248,632 and NT\$326,002 in 2008 and 2007, respectively	(2,000,682)	(1,651,028)
Losses on sale of investments, net	-	(73,453)
Losses on valuation of financial assets	(1,320,379)	-
Exchange losses, net	(94,558)	-
Other losses	(29,360)	(36,724)
	<u>(3,444,979)</u>	<u>(1,761,205)</u>
Operating loss before income tax	(10,434,844)	(948,791)
Income tax benefit(expenses)	<u>(39,872)</u>	<u>52,609</u>
Net loss	<u>\$ (10,474,716)</u>	<u>(896,182)</u>

	<u>Loss before income tax</u>	<u>Net loss</u>	<u>Loss before income tax</u>	<u>Net loss</u>
	<u>NT dollars</u>	<u>NT dollars</u>	<u>NT dollars</u>	<u>NT dollars</u>
Basic earnings per share(expressed in dollars)	<u>\$ (2.67)</u>	<u>(2.68)</u>	<u>(0.24)</u>	<u>(0.23)</u>

EVA AIRWAYS CORP.
Statements of Cash Flows
For the years ended September 30, 2008 and 2007
(Expressed in Thousands of New Taiwan Dollars)

	2008	2007
	NT dollars	NT dollars
Cash flows from operating activities:		
Net loss	\$ (10,474,716)	(896,182)
Adjustments to reconcile net loss to net cash flow provided by operating activities:		
Depreciation	5,392,326	5,439,564
Amortization and maintenance expense	1,298,851	920,126
Amortization expense recorded as interest expenses	22,809	20,057
Losses (gains) on sale of investments	(45,839)	73,453
Exchange gains arising from disposal of foreign operating units	(58,839)	(240,165)
Losses (gains) on disposal and obsolescence of property, plant and equipment	(16,078)	(51,931)
Gains on disposal of property, plant and equipment recorded as exchange gains	(187,083)	-
Amortization of deferred gain from sale and leaseback of fixed assets	-	(505)
Amortization of other deferred gain	(85,750)	(97,550)
Provision for unrealized exchange gain from long-term borrowings	(3,881)	(8,658)
Investment income	(95,947)	(443,723)
Proceeds from cash dividends on long-term equity investments	197,593	630,977
Deferred income tax benefit	10,224	(76,954)
Changes in operating assets and liabilities, net:		
Financial assets at fair value through profit or loss—current	(51,295)	(45,149)
Financial assets at fair value through profit or loss—noncurrent	101,069	(73,283)
Financial liabilities at fair value through profit or loss—current	929,801	(253,158)
Financial liabilities at fair value through profit or loss—noncurrent	878,649	(740,024)
Notes receivable	45,647	37,961
Accounts receivable (including related parties)	843,967	482,475
Other receivables (including related parties)	82,103	(730,576)
Inventories	158,842	(523,380)
Prepaid expenses	(3,832)	(69,599)
Other prepayments	(106,138)	152,498
Other current assets	(22,103)	(43,195)
Accounts payable (including related parties)	(249,674)	1,022
Accrued expenses	(916,779)	1,038,865
Other payables (including related parties)	(664,718)	(12,413)
Unearned revenue	(797,593)	(317,493)
Other current liabilities	584,157	(74,248)
Accrued employee retirement liabilities	(42,419)	(75,167)
Other liabilities	64,362	67,292
Net cash provided by operating activities	<u>(3,212,284)</u>	<u>4,090,937</u>
Cash flows from investing activities:		
Withdrawal of long-term equity investments	554,706	3,290
Decrease in available-for-sale financial assets—current	2,834,266	3,812,936
Proceeds from sale of available-for-sale financial assets—noncurrent	-	6,694
Proceeds from sale of financial assets carried at cost—noncurrent	3,409	697,200
Payments for purchase of long-term equity investments under equity method	(426,105)	(89,124)
Proceeds from disposal of property, plant and equipment	6,378,866	7,285,719
Decrease in refundable deposits and in other assets	2,825,079	1,186,011
Increase in deferred charges	(640,780)	(1,106,593)
Payments for purchase of property, plant and equipment	(15,082,594)	(16,216,288)
Net cash used in investing activities	<u>(3,553,153)</u>	<u>(4,420,155)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	2,460,000	(500,000)
Increase in long-term borrowings	18,144,000	15,860,000
Redemption of long-term borrowings	(6,678,804)	(8,691,166)
Installment payments for purchase of property, plant and equipment	(1,858,654)	(1,935,069)
Redemption of lease liability	(1,107,625)	(1,823,862)
Net cash provided by financing activities	<u>10,958,917</u>	<u>2,909,903</u>
Net increase in cash and cash equivalents	4,193,480	2,580,685
Cash and cash equivalents at beginning of year	2,956,763	2,997,459
Cash and cash equivalents at end of year	<u>\$ 7,150,243</u>	<u>5,578,144</u>
Additional disclosure of cash flow information:		
Cash payments of interest (excluding capitalized interest expense)	\$ 2,219,405	1,600,862
Cash payments of income tax	\$ 34,198	26,297
Supplemental schedule of noncash investing and financing activities:		
Current portion of long-term liabilities	\$ 12,477,930	9,602,679
Bond payable converted to common stock	\$ 914,600	-
Fix assets transferred from inventory	\$ 16,529	-
Translation adjustments (including investee)	\$ (527,001)	(206,936)
Unrealized gains on financial instruments (including investee)	\$ (229,439)	201,738
Increase in lease liability	\$ -	(5,103,584)

EVA AIRWAYS CORP.

Balance Sheets

September 30, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars)

	2008 NT dollars	2007 NT dollars		2008 NT dollars	2007 NT dollars
Assets					
Current assets:					
Cash and cash equivalents	7,150,243	5,578,144	Short-term borrowings	2,460,000	0
Financial assets at fair value through profit or loss—current	114,540	66,833	Financial liabilities at fair value through profit or loss—current	929,886	2,126
Available-for-sale financial assets—current	2,332,380	2,995,096	Derivative financial liabilities for hedge purposes—current	5,795	0
Notes receivable	235,707	353,779	Accounts payable	1,649,248	1,656,926
Accounts receivable, net	7,440,307	7,753,511	Accounts payable—related parties	681,426	692,637
Accounts receivable—related parties	140,062	74,498	Accrued expenses	6,907,281	7,949,216
Other receivables	247,863	906,099	Other payables—related parties	104,923	117,157
Other receivables—related parties	270,891	185,974	Other payables	2,370,861	2,353,215
Inventories	9,352,632	9,223,022	Unearned revenue	6,209,253	6,149,205
Prepaid expenses	98,448	128,377	Current portion of long-term liabilities	12,477,930	9,602,679
Other prepayments	597,375	454,183	Lease liability—current	1,398,554	1,442,457
Deferred income tax assets—current	280,208	319,069	Other current liabilities	2,099,894	1,165,205
Other current assets	96,580	110,152	Total current liabilities	37,295,051	31,130,823
Total current assets	28,357,236	28,148,737	Long-term liabilities:		
Funds and investments:			Financial liabilities at fair value through profit or loss—noncurrent	879,825	28,458
Financial assets at fair value through profit or loss—noncurrent	5,687	138,238	Derivative financial liabilities for hedge purposes—noncurrent	0	14,224
Available-for-sale financial assets—noncurrent	443,738	700,497	Bonds payable	7,100,000	9,100,000
Financial assets carried at cost—noncurrent	2,263,455	2,321,977	Long-term borrowings	42,439,401	34,126,991
Long-term equity investments under equity method	7,419,302	7,904,697	Aircraft payable	10,101,454	12,642,337
Total funds and investments	10,132,182	11,065,409	Lease liability—noncurrent	13,985,539	10,460,135
Property, plant and equipment:			Total long-term liabilities	74,506,219	66,372,145
Land	1,869,784	1,869,784	Other liabilities:		
Buildings	4,543,278	4,543,278	Accrued employee retirement liabilities	548,295	752,845
Machinery and equipment	6,533,733	5,844,289	Other liabilities	1,981,312	1,706,964
Aircraft	93,534,811	81,119,201	Total other liabilities	2,529,607	2,459,809
Leased assets	16,245,137	15,485,425	Total liabilities	114,330,877	99,962,777
Other equipment	52,131	92,805	Stockholders' equity:		
	122,778,874	108,954,782	Common stock	39,426,772	38,749,794
Less: accumulated depreciation	(34,640,688)	(34,782,151)	Capital surplus	4,820,433	4,580,255
Advances for purchases of equipment	9,238,894	13,964,743	Retained earnings:		
Net property, plant and equipment	97,377,080	88,137,374	Legal reserve	18,864	860,272
Intangible assets:			Retained earnings (accumulated deficit)	(10,474,716)	13,4328
Deferred pension cost	109,182	136,476	Total retained earnings	(10,455,852)	994,600
Other assets:			Other stockholders' equity adjustments:		
Refundable deposits	4,705,978	9,735,736	Cumulative translation adjustments	499,796	1,271,910
Deferred charges	5,170,343	5,961,520	Net loss not yet recognized as net pension cost	(472,617)	(585,306)
Deferred income tax assets—noncurrent	1,816,616	1,489,575	Unrealized gains on financial instruments	(5,211)	268,725
Other assets	475,581	567,928	Total other stockholders' equity adjustments	21,968	955,329
Total other assets	12,168,518	17,754,759	Total stockholders' equity	33,813,321	45,279,978
Total assets	\$ 148,144,198	\$ 145,242,755	Commitments and contingencies		
			Total liabilities and stockholders' equity	\$ 148,144,198	\$ 145,242,755