

Not audited, reviewed only
EVA AIRWAYS CORP.

Balance Sheets

September 30, 2007 and 2006

(Expressed in Thousands of New Taiwan Dollars and U.S. Dollars)

Assets	2007		2006		Liabilities and Stockholders' Equity	2007		2006	
	NT dollars	US dollars	NT dollars	US dollars		NT dollars	US dollars	NT dollars	US dollars
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 5,578,144	171,214	956,957	28,911	Short-term borrowings	\$ -	-	1,230,000	37,160
Financial assets at fair value through profit or loss—current	66,833	2,051	225,807	6,822	Financial liabilities at fair value through profit or loss—current	2,126	65	-	-
Available-for-sale financial assets—current	2,995,096	91,930	5,700,143	172,210	Accounts payable	1,740,310	53,416	1,609,745	48,633
Notes receivable	353,779	10,859	352,219	10,641	Accounts payable—related parties	692,637	21,260	849,197	25,655
Accounts receivable, net	7,779,071	238,768	8,400,051	253,778	Accrued expenses	7,949,216	243,991	7,577,734	228,935
Accounts receivable—related parties	74,498	2,287	75,326	2,276	Other payables—related parties	33,773	1,037	38,833	1,173
Other receivables	906,099	27,812	399,293	12,063	Derivative financial liabilities for hedge purposes—current	-	-	-	88
Other receivables—related parties	160,414	4,924	149,587	4,519	Other payables	2,353,215	72,229	2,590,512	78,263
Inventories	9,223,022	283,088	8,596,428	259,711	Unearned revenue	6,149,205	188,742	5,353,894	161,749
Prepaid expenses	128,377	3,940	86,964	2,627	Current portion of long-term liabilities	9,602,679	294,741	7,870,689	237,785
Other prepayments	454,183	13,941	795,519	24,034	Lease liability—current	1,442,457	44,274	1,900,578	57,420
Deferred income tax assets—current	319,069	9,793	243,375	7,353	Other current liabilities	<u>1,165,205</u>	<u>35,764</u>	<u>914,387</u>	<u>27,625</u>
Other current assets	<u>110,152</u>	<u>3,381</u>	<u>63,584</u>	<u>1,921</u>	Total current liabilities	31,130,823	955,519	29,938,465	904,486
Total current assets	28,148,737	863,988	26,045,253	786,866	Long-term liabilities:				
Funds and investments:					Financial liabilities at fair value through profit or loss—noncurrent	28,458	873	835,332	25,237
Financial assets at fair value through profit or loss—noncurrent	138,238	4,243	42,410	1,281	Bonds payable	9,100,000	279,312	9,100,000	274,924
Available-for-sale financial assets—noncurrent	700,497	21,501	470,116	14,203	Long-term borrowings	34,126,991	1,047,483	24,540,062	741,392
Financial assets carried at cost—noncurrent	2,321,977	71,270	3,650,501	110,287	Derivative financial liabilities for hedge purposes—noncurrent	14,224	437	22,536	681
Long-term equity investments under equity method	<u>7,904,697</u>	<u>242,624</u>	<u>8,022,200</u>	<u>242,363</u>	Aircraft payable	12,642,337	388,040	15,224,974	459,969
Total funds and investments	11,065,409	339,638	12,185,227	368,134	Lease liability—noncurrent	<u>10,460,135</u>	<u>321,060</u>	<u>7,391,766</u>	<u>223,316</u>
Property, plant and equipment:					Total long-term liabilities	66,372,145	2,037,205	57,114,670	1,725,519
Land	1,869,784	57,390	1,869,784	56,489	Other liabilities:				
Buildings	4,543,278	139,450	4,543,278	137,259	Accrued employee retirement liabilities	752,845	23,108	567,346	17,140
Machinery and equipment	5,844,289	179,383	4,655,585	140,652	Other liabilities	<u>1,706,964</u>	<u>52,323</u>	<u>1,357,718</u>	<u>41,019</u>
Aircraft	81,119,201	2,489,847	72,303,127	2,184,384	Total other liabilities	2,459,809	75,501	1,925,064	58,159
Leased assets	15,485,425	475,305	11,762,766	355,371	Total liabilities	99,962,777	3,068,225	88,978,199	2,688,164
Rotable parts	<u>92,805</u>	<u>2,848</u>	<u>310,365</u>	<u>9,377</u>	Stockholders' equity:				
	108,954,782	3,344,223	95,444,905	2,883,532	Common stock	<u>38,749,794</u>	<u>1,310,325</u>	<u>38,749,794</u>	<u>1,310,325</u>
Less: accumulated depreciation	(34,782,151)	(1,067,592)	(32,205,645)	(972,981)	Capital surplus	<u>4,580,255</u>	<u>148,290</u>	<u>4,584,063</u>	<u>148,407</u>
Advances for purchases of equipment	<u>13,794,013</u>	<u>423,389</u>	<u>14,533,373</u>	<u>439,075</u>	Retained earnings:				
Net property, plant and equipment	87,966,644	2,700,020	77,772,633	2,349,626	Legal reserve	860,272	25,530	860,272	25,530
Intangible assets:					Retained earnings	<u>134,328</u>	<u>1,112</u>	<u>401,048</u>	<u>8,667</u>
Deferred pension cost	<u>136,476</u>	<u>4,189</u>	<u>163,770</u>	<u>4,948</u>	Total retained earnings	994,600	26,642	1,261,320	34,197
Other assets:					Other stockholders' equity adjustments:				
Refundable deposits	9,735,736	298,825	11,327,673	342,226	Cumulative translation adjustments	1,271,910	(85,923)	2,447,524	(71,700)
Deferred charges	6,132,250	188,221	5,858,638	176,998	Net loss not yet recognized as net pension cost	(585,306)	(17,773)	(222,505)	(6,722)
Deferred income tax assets—noncurrent	1,489,575	45,721	1,868,177	56,440	Unrealized gains on financial instruments	<u>268,725</u>	<u>8,248</u>	<u>10,537</u>	<u>318</u>
Other assets	<u>567,928</u>	<u>17,432</u>	<u>587,561</u>	<u>17,751</u>	Total other stockholders' equity adjustments	955,329	(95,448)	2,235,556	(78,104)
Total other assets	17,925,489	550,199	19,642,049	593,415	Total stockholders' equity	45,279,978	1,389,809	46,830,733	1,414,825
Total assets	\$ 145,242,755	4,458,034	135,808,932	4,102,989	Commitments and contingencies				
					Total liabilities and stockholders' equity	\$ 145,242,755	4,458,034	135,808,932	4,102,989

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Statements of Operations

For the nine months ended September 30, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars and U.S. Dollars, Except Earnings per Share)

	2007		2006	
	NT dollars	US dollars	NT dollars	US dollars
	dollars	dollars	dollars	dollars
Operating revenue	\$ 68,729,554	2,083,345	69,948,895	2,159,583
Operating cost	(68,146,489)	(1,974,735)	(68,202,934)	(2,105,679)
Gross profit from operations	3,583,065	108,610	1,745,961	53,904
Operating expenses	(5,155,715)	(156,281)	(5,103,604)	(157,567)
Operating loss	(1,572,650)	(47,671)	(3,357,643)	(103,663)
Non-operating income and gains:				
Interest income	140,281	4,252	118,975	3,673
Investment income	443,723	13,450	736,211	22,791
Gains on disposal of property, plant and equipment	66,159	2,006	-	-
Gains on sale of investments	-	-	30,741	949
Exchange gains	251,265	7,616	560,985	17,320
Gains on valuation of financial assets	1,198,359	36,325	290,111	8,957
Other income	285,277	8,648	295,968	9,138
	2,385,064	72,297	2,034,991	62,828
Non-operating expenses and losses:				
Interest expenses, net of capitalized interest of NT\$326,002 (US\$9,382) and NT\$295,611 (US\$9,127) in 2007 and 2006, respectively	(1,651,028)	(50,046)	(1,465,991)	(45,261)
Losses on disposal of property, plant and equipment	(73,453)	(2,227)	(85,538)	(2,641)
Losses on sale of investments	(36,724)	(1,113)	(46,498)	(1,432)
Other losses	(1,761,205)	(53,386)	(1,597,937)	(49,334)
Continuing operating loss before income tax	(948,791)	(28,760)	(2,920,589)	(90,169)
Income tax benefit	52,609	1,595	443,851	13,703
Continuing operating loss after tax	(896,182)	(27,165)	(2,476,738)	(76,466)
Cumulative effect of changes in accounting principle (net of income tax expenses of NT\$53,564 (US\$1,624))	-	-	160,691	4,961
Net loss	\$ (896,182)	(27,165)	(2,316,047)	(71,505)
	Loss	Loss before	Loss before	Net loss
	before income tax	Income tax	Income tax	US
	NT	US	NT	NT
Basic earnings per share (expressed in dollars):	dollars	dollars	dollars	dollars
Continuing operating loss	\$ (0.24)	(0.01)	(0.23)	(0.80)
Cumulative effect of changes in accounting principle	-	-	0.06	-
Net loss	\$ (0.24)	(0.01)	(0.17)	(0.80)

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Statements of Cash Flows

For the nine months ended September 30, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars and U.S. Dollars)

	2007		2006	
	NT dollars	US dollars	NT dollars	US dollars
Cash flows from operating activities:	\$	(896,182)	(27,165)	(2,316,047)
Net loss	5,439,564	164,885	4,399,715	135,836
Adjustments to reconcile net loss to net cash flow provided by operating activities:	920,126	27,891	885,540	27,340
Depreciation	20,057	608	18,508	571
Amortization and maintenance expense	73,453	2,226	(30,741)	(949)
Amortization expense recorded as interest expenses	(51,931)	(1,574)	110,171	3,401
Losses (gains) on sale of investments	(240,165)	(7,280)	(363,113)	(11,211)
Losses (gains) on disposal and obsolescence of property, plant and equipment	(8,658)	(262)	(6,962)	(215)
Exchange gains arising from disposal of foreign operating units	(443,723)	(13,450)	(738,211)	(22,791)
Provision for unrealized exchange gain from long-term borrowings	(505)	(15)	(714)	(22)
Investment income	(97,550)	(2,957)	(134,573)	(4,155)
Amortization of deferred gain from sale and leaseback of fixed assets	630,977	19,126	209,346	6,463
Amortization of other deferred gain	(76,954)	(2,353)	(429,390)	(13,257)
Proceeds from cash dividends on long-term equity investments	(45,149)	(1,369)	269,783	8,329
Deferred income tax benefit	456,915	13,850	37,961	1,177
Changes in operating assets and liabilities, net:	(705,016)	(21,371)	(424,923)	(13,119)
Financial assets at fair value through profit or loss—current	(523,380)	(15,865)	539,288	16,649
Notes receivable	(69,599)	(2,110)	(702,598)	(21,704)
Accounts receivable (including related parties)	(69,599)	(2,110)	(12,367)	(382)
Other receivables (including related parties)	152,488	4,623	(72,725)	(2,245)
Inventories	(43,199)	(1,309)	10,816	334
Prepaid expenses	(73,283)	(2,221)	12,704	392
Other current assets	1,022	31	121,582	3,754
Financial assets at fair value through profit or loss—noncurrent	1,038,865	31,490	913,875	28,215
Financial liabilities at fair value through profit or loss—current	(12,413)	(376)	(863,914)	(26,672)
Accounts payable (including related parties)	(317,493)	(9,624)	(222,667)	(6,874)
Accrued expenses	(74,248)	(2,251)	102,075	3,152
Other payables (including related parties)	(740,924)	(22,432)	498,617	15,394
Unearned revenue	(73,167)	(2,278)	(99,040)	(3,058)
Other current liabilities	67,292	2,040	5,676	175
Financial liabilities at fair value through profit or loss—noncurrent	4,090,937	124,005	(214,255)	(6,615)
Accrued employee retirement liabilities	3,290	100	1,503,142	46,408
Other liabilities	3,812,996	115,578	6,563	203
Cumulative effect of changes in accounting principle	6,694	203	(2,936,605)	(90,726)
Cash flows from investing activities:	3,290	100	6,563	203
Withdrawal of long-term equity investment, net	6,694	203	(2,936,605)	(90,726)
Decrease (increase) in available-for-sale financial assets—current	21,134	21,134	-	-
Proceeds from sale of available-for-sale financial assets—noncurrent	697,200	(2,702)	-	-
Proceeds from sale of financial assets carried at cost—noncurrent	(89,124)	(2,702)	(295,438)	(9,121)
Payment for purchase of long-term equity investments under equity method	7,285,719	220,846	5,216,270	161,046
Proceeds from disposal of property, plant and equipment	(16,168,063)	(490,090)	(16,835,305)	(520,386)
Payments for purchase of property, plant and equipment	1,186,011	35,951	4,586,770	141,610
Increase in refundable deposits and other assets	(1,154,818)	(35,005)	(1,690,252)	(52,200)
Increase in deferred charges	(4,420,155)	(133,585)	(1,970,497)	(59,574)
Cash flows from financing activities:	(500,000)	(15,156)	(1,869,662)	(57,723)
Decrease in short-term borrowings	15,860,000	480,752	15,495,000	478,388
Increase in long-term borrowings	(8,691,166)	(263,449)	(4,431,289)	(136,810)
Redemption of long-term borrowings	(1,935,089)	(58,656)	(1,856,777)	(57,376)
Installment payments for purchase of property, plant and equipment	(1,823,862)	(55,285)	(1,263,959)	(39,023)
Redemption of lease liability	-	-	(749,977)	(23,313)
Payment of cash dividends	-	-	(63,220)	(1,965)
Payment of employees' bonuses and directors' and supervisors' remuneration	-	-	4,320,000	133,087
Cash subscription	2,909,903	88,206	9,580,116	295,315
Net cash provided by financing activities	2,580,685	79,267	(887,239)	(27,229)
Effect of exchange rate changes on cash	2,997,459	91,947	1,824,195	56,140
Net increase in cash and cash equivalents	5,578,144	171,214	956,957	28,911
Cash and cash equivalents at beginning of year	1,600,862	48,526	1,391,881	42,972
Cash and cash equivalents at end of year	7,176,996	219,740	2,348,838	71,883
Additional disclosure of cash flow information:				
Cash payments of interest (excluding capitalized interest expense)	\$ 76,297	\$ 797	\$ 17,428	\$ 538
Cash payments of income tax	\$ 9,602,679	\$ 294,741	\$ 7,870,609	\$ 237,786
Supplemental schedule of noncash investing and financing activities:	\$ (5,103,584)	\$ (156,648)	\$ (2,285,628)	\$ (69,052)
Current portion of long-term borrowings	\$ (206,936)	\$ (6,199)	\$ 168,692	\$ (6,970)
Increase in lease liability	\$ 201,737	\$ 6,199	\$ 31,895	\$ 510
Translation adjustments	\$ -	\$ -	\$ -	\$ -
Unrealized gains on financial instruments (including investees)	\$ -	\$ -	\$ -	\$ -
Inventory transferred from fixed assets	\$ -	\$ -	\$ -	\$ -