

EVA AIRWAYS CORP.
Balance Sheets
March 31, 2008 and 2007
(Expressed in Thousands of New Taiwan Dollars)

Assets	2008 NT dollars	2007 NT dollars	Liabilities and Stockholders' Equity	2008 NT dollars	2007 NT dollars
Current assets:			Current liabilities:		
Cash and cash equivalents	1,351,594	2,732,268	Short-term borrowings	2,690,000	500,000
Financial assets at fair value through profit or loss—current	287,282	88,816	Financial liabilities at fair value through profit or loss—current	3	91,388
Available-for-sale financial assets—current	3,156,275	6,411,414	Accounts payable	1,788,535	1,428,128
Notes receivable	252,374	328,178	Accounts payable—related parties	789,608	851,719
Accounts receivable, net	8,244,638	7,503,631	Accrued expenses	8,083,656	6,894,406
Accounts receivable—related parties	103,222	53,417	Other payables—related parties	88,611	101,021
Other receivables	104,269	21,384	Other payables	2,220,327	2,434,319
Other receivables—related parties	17,589	122,863	Unearned revenue	5,761,273	4,991,875
Inventories	9,678,536	8,885,210	Current portion of long-term liabilities	8,656,511	9,771,554
Prepaid expenses	119,751	99,079	Lease liability—current	1,331,214	1,725,403
Other prepayments	458,188	537,431	Other current liabilities	1,566,948	1,103,224
Deferred income tax assets—current	319,675	282,791	Total current liabilities	32,976,686	29,893,037
Other current assets	448,776	405,138	Long-term liabilities:		
Total current assets	24,542,169	27,471,620	Financial liabilities at fair value through profit or loss—noncurrent	63,760	416,198
Funds and investments:			Bonds payable	9,538,800	9,100,000
Financial assets at fair value through profit or loss—noncurrent	62,171	97,871	Long-term borrowings	34,093,133	32,289,201
Available-for-sale financial assets—noncurrent	777,462	541,284	Derivative financial liabilities for hedge purposes—noncurrent	2,301	15,734
Financial assets carried at cost—noncurrent	2,281,612	3,023,089	Aircraft payable	10,687,181	14,037,145
Long-term equity investments under equity method	8,056,319	8,206,083	Lease liability—noncurrent	14,385,253	6,550,317
Total funds and investments	11,177,564	11,868,327	Total long-term liabilities	68,770,438	62,408,595
Property, plant and equipment:			Other liabilities:		
Land	1,869,784	1,869,784	Accrued employee retirement liabilities	573,364	802,252
Buildings	4,543,278	4,543,278	Other liabilities	2,132,679	1,261,720
Machinery and equipment	6,556,210	4,503,094	Total other liabilities	2,706,043	2,063,972
Aircraft	84,523,988	80,920,790	Total liabilities	104,453,167	94,365,604
Leased assets	17,126,077	11,759,389	Stockholders' equity:		
Rotable parts	90,901	309,206	Common stock	39,210,563	38,749,794
	114,710,238	103,905,541	Capital surplus	4,743,923	4,580,146
Less: accumulated depreciation	(34,194,042)	(33,526,850)	Retained earnings:		
Advances for purchases of equipment	12,297,199	14,415,219	Legal reserve	860,272	860,272
Net property, plant and equipment	92,808,395	82,793,910	Retained earnings (accumulated deficit)	(3,131,236)	699,214
Intangible assets:			Total retained earnings	(2,270,964)	1,559,486
Deferred pension cost	109,182	136,476	Other stockholders' equity adjustments:		
Other assets:			Cumulative translation adjustments	(2,262,274)	1,978,073
Refundable deposits	6,953,710	10,421,468	Net loss not yet recognized as net pension cost	(472,617)	(585,306)
Deferred charges	5,687,040	6,173,595	Uncanceled gains on financial instruments	357,676	76,140
Deferred income tax assets—noncurrent	1,951,948	1,221,888	Total other stockholders' equity adjustments	(2,377,215)	1,468,907
Other assets	529,466	636,653	Total stockholders' equity	39,306,307	46,358,333
Total other assets	15,122,164	18,453,604	Commitments and contingencies		
Total assets	143,759,474	140,723,937	Total liabilities and stockholders' equity	143,759,474	140,723,937

EVA AIRWAYS CORP.

Statements of Operations

For the years ended March 31, 2008 and 2007

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

	2008	2007
	NT dollars	NT dollars
Operating revenue	\$ 23,834,627	22,494,841
Operating cost	(23,966,411)	(21,314,328)
Gross profit from operations	<u>(131,784)</u>	1,180,513
Operating expenses	(1,775,544)	(1,703,493)
Operating loss	<u>(1,907,328)</u>	<u>(522,980)</u>
Non-operating income and gains:		
Interest income	24,243	46,015
Investment income	44,316	218,000
Exchange gains, net	-	69,568
Gains on valuation of financial assets	266,278	290,831
Other income	52,324	62,756
	<u>387,161</u>	<u>687,170</u>
Non-operating expenses and losses:		
Interest expenses, net of capitalized interest of NT\$104,291 and NT\$109,229 in 2008 and 2007, respectively	(629,763)	(514,092)
Exchange losses, net	(124,384)	-
Other losses	(7,031)	(16,833)
	<u>(761,178)</u>	<u>(530,925)</u>
Continuing operating loss before income tax	(2,281,345)	(366,735)
Income tax benefit(expenses)	(8,483)	35,439
Net loss	\$ <u>(2,289,828)</u>	<u>(331,296)</u>

	<u>Loss before income tax</u>	<u>Net loss</u>	<u>Loss before income tax</u>	<u>Net loss</u>
	NT dollars	NT dollars	NT dollars	NT dollars
Basic earnings per share(expressed in dollars)	\$ (0.59)	(0.59)	(0.09)	(0.09)

EVA AIRWAYS CORP.
Statements of Cash Flows
For the years ended March 31, 2008 and 2007
(Expressed in Thousands of New Taiwan Dollars)

	2008	2007
	NT dollars	NT dollars
Cash flows from operating activities:		
Net loss	\$ (2,289,828)	(331,296)
Adjustments to reconcile net loss to net cash flow provided by operating activities:		
Depreciation	1,840,805	1,761,944
Losses on valuation of financial assets	-	142,800
Amortization and maintenance expense	406,677	287,320
Amortization expense recorded as interest expenses	7,298	6,461
Exchange gains arising from disposal of foreign operating units	(55,776)	-
Gains on disposal and obsolescence of property, plant and equipment	737	2,581
Amortization of deferred gain from sale and leaseback of fixed assets	-	(238)
Amortization of other deferred gain	(27,051)	(31,992)
Provision for unrealized exchange gain from long-term borrowings	(15,392)	7,041
Gains on sale of available-for-sale financial assets—current	(13,071)	(6,508)
Gains on sale of available-for-sale financial assets—noncurrent	-	(297)
Investment income	(44,316)	(218,000)
Proceeds from cash dividends on long-term equity investments	-	4,942
Deferred income tax benefit	-	(37,312)
Changes in operating assets and liabilities, net:		
Financial assets at fair value through profit or loss—current	(224,037)	(67,132)
Notes receivable	28,980	63,562
Accounts receivable (including related parties)	50,358	753,436
Other receivables (including related parties)	193,804	217,250
Inventories	(150,533)	(185,568)
Prepaid expenses	(25,135)	(40,300)
Other prepayments	33,049	69,250
Other current assets	(374,299)	(338,181)
Financial assets at fair value through profit or loss—noncurrent	44,585	(32,916)
Financial liabilities at fair value through profit or loss—current	(82)	(163,896)
Accounts payable (including related parties)	(2,205)	(152,078)
Accrued expenses	259,596	(15,945)
Other payables (including related parties)	(770,109)	50,621
Unearned revenue	(1,245,573)	(1,474,824)
Other current liabilities	51,211	(136,229)
Financial liabilities at fair value through profit or loss—noncurrent	62,584	(352,284)
Accrued employee retirement liabilities	(17,350)	(25,760)
Other liabilities	13,438	2,499
Net cash provided by operating activities	(2,261,635)	(241,049)
Cash flows from investing activities:		
Decrease (increase) in available-for-sale financial assets—current	1,979,074	348,330
Proceeds from sale of available-for-sale financial assets—noncurrent	-	599
Payments for purchase of long-term equity investments under equity method	(15,355)	-
Proceeds from disposal of property, plant and equipment	1,242	613
Payments for purchase of property, plant and equipment	(4,255,845)	(4,754,785)
Decrease in refundable deposits and in other assets	147,516	566,456
Increase in deferred charges	(249,792)	(498,777)
Net cash used in investing activities	(2,393,160)	(4,337,564)
Cash flows from financing activities:		
Increase in short-term borrowings	2,690,000	-
Increase in long-term borrowings	3,312,000	8,460,000
Redemption of long-term borrowings	(1,856,280)	(2,975,780)
Installment payments for purchase of property, plant and equipment	(653,399)	(691,855)
Redemption of lease liability	(442,695)	(478,943)
Net cash provided by financing activities	3,049,626	4,313,422
Net increase (decrease) in cash and cash equivalents	(1,605,169)	(265,191)
Cash and cash equivalents at beginning of year	2,956,763	2,997,459
Cash and cash equivalents at end of year	\$ 1,351,594	2,732,268
Additional disclosure of cash flow information:		
Cash payments of interest (excluding capitalized interest expense)	\$ 786,698	447,347
Cash payments of income tax	\$ 13,844	1,873
Supplemental schedule of noncash investing and financing activities:		
Current portion of long-term liabilities	\$ 8,656,511	9,771,554
Bond payable converted to common stock	\$ 622,500	-
Translation adjustments (including investee)	\$ (3,347,910)	539,845
Unrealized gains on financial instruments (including investee)	\$ 133,448	9,153