

Not audit, review only
EVA AIRWAYS CORP.

Balance Sheets

March 31, 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	\$ 2,732,268	82,571	827,984	25,508	Short-term borrowings	\$ 500,000	15,110	1,940,000	59,766
Financial asset at fair value through profit or loss—current	88,816	2,684	833,963	25,692	Accounts payable	1,461,380	44,164	1,864,360	57,436
Available-for-sale financial assets—current	6,411,414	193,757	4,300,524	132,487	Accounts payable—related parties	808,950	24,447	837,161	25,791
Notes receivable	328,178	9,918	342,980	10,566	Accrued expenses	6,928,473	209,383	6,750,449	207,962
Accounts receivable, net	7,507,970	226,896	8,473,087	261,032	Financial liability at fair value through profit or loss—current	91,388	2,762	-	-
Accounts receivable—related parties	42,527	1,285	44,639	1,375	Other payables—related parties	76,471	2,311	70,021	2,157
Other receivables—related parties	120,271	3,635	137,198	4,227	Other payables	2,434,319	73,566	3,221,638	99,249
Other financial assets—current	29,057	878	633,675	19,522	Unearned revenue	7,302,325	220,681	7,519,912	231,667
Inventories	8,885,210	268,516	8,151,467	251,123	Current portion of long-term liabilities	9,771,554	295,302	5,305,430	163,445
Prepaid expenses	2,409,529	72,817	2,622,538	80,793	Lease liability—current	1,725,403	52,143	854,346	26,320
Other prepayments	537,431	16,241	777,099	23,940	Other current liabilities	<u>1,103,224</u>	<u>33,340</u>	<u>846,522</u>	<u>26,079</u>
Deferred income tax assets—current	282,791	8,546	336,004	10,351	Total current liabilities	<u>32,203,487</u>	<u>973,209</u>	<u>29,209,839</u>	<u>899,872</u>
Other current assets	<u>406,608</u>	<u>12,288</u>	<u>436,988</u>	<u>13,462</u>	Long-term liabilities:				
Total current assets	<u>29,782,070</u>	<u>900,032</u>	<u>27,918,146</u>	<u>860,078</u>	Financial liabilities at fair value through profit or loss—noncurrent	416,198	12,578	172,557	5,316
Funds and investments:					Bonds payable	9,100,000	275,008	10,381,504	319,825
Financial assets at fair value through profit or loss—noncurrent	97,871	2,958	37,366	1,151	Long-term borrowings	32,289,201	975,799	18,874,333	581,464
Available-for-sale financial assets—noncurrent	541,284	16,358	482,920	14,877	Derivative financial liabilities for hedge purpose—noncurrent	15,734	475	25,190	776
Financial assets carried at cost—noncurrent	3,023,089	91,359	3,655,768	112,624	Aircraft payable	14,037,145	424,211	16,151,421	497,579
Long-term equity investments under equity method	<u>8,206,083</u>	<u>247,993</u>	<u>7,372,789</u>	<u>227,135</u>	Lease liability	<u>6,550,317</u>	<u>197,955</u>	<u>6,984,075</u>	<u>215,159</u>
Total funds and investments	<u>11,868,327</u>	<u>358,668</u>	<u>11,548,843</u>	<u>355,787</u>	Total long-term liabilities	<u>62,408,595</u>	<u>1,886,026</u>	<u>52,589,080</u>	<u>1,620,119</u>
Property, plant and equipment:					Other liabilities:				
Land	1,869,784	56,506	1,869,784	57,603	Accrued employee retirement liabilities	802,252	24,244	632,792	19,495
Buildings	4,543,278	137,301	4,391,446	135,288	Other liabilities	<u>1,261,720</u>	<u>38,130</u>	<u>1,472,107</u>	<u>45,351</u>
Machinery and equipment	4,503,094	136,086	4,538,461	139,817	Total other liabilities	<u>2,063,972</u>	<u>62,374</u>	<u>2,104,899</u>	<u>64,846</u>
Aircraft	80,920,790	2,445,476	66,157,551	2,038,125	Total liabilities	<u>96,676,054</u>	<u>2,921,609</u>	<u>83,903,818</u>	<u>2,584,837</u>
Leased assets	11,759,389	355,376	9,226,815	284,252	Stockholders' equity:				
Rotable parts	<u>309,206</u>	<u>9,344</u>	<u>332,650</u>	<u>10,248</u>	Common stock	<u>38,749,794</u>	<u>1,310,325</u>	<u>37,498,869</u>	<u>1,271,513</u>
	103,905,541	3,140,089	86,516,707	2,665,333	Capital surplus	<u>4,580,146</u>	<u>148,287</u>	<u>4,144,986</u>	<u>134,784</u>
Less: accumulated depreciation	(35,526,850)	(1,073,643)	(28,604,553)	(881,224)	Retained earnings:				
Advances for purchases of equipment	<u>14,415,219</u>	<u>435,637</u>	<u>12,859,300</u>	<u>396,158</u>	Legal reserve	860,272	25,530	727,666	21,408
Net property, plant and equipment	<u>82,793,910</u>	<u>2,502,083</u>	<u>70,771,454</u>	<u>2,180,267</u>	Retained earnings	<u>699,214</u>	<u>18,213</u>	<u>3,888,817</u>	<u>116,560</u>
Intangible assets:					Total retained earnings	<u>1,559,486</u>	<u>43,743</u>	<u>4,616,483</u>	<u>137,968</u>
Deferred pension cost	<u>136,476</u>	<u>4,124</u>	<u>163,770</u>	<u>5,045</u>	Other stockholders' equity adjustments:				
Other assets:					Cumulative translation adjustments	1,978,073	(85,906)	1,944,924	(59,409)
Refundable deposits	10,421,468	314,943	14,215,960	437,953	Net loss not yet recognized as net pension cost	(585,306)	(17,773)	(222,505)	(6,644)
Deferred charges	6,173,595	186,570	5,352,831	164,905	Unrealized gains on financial instruments	76,140	2,301	12,987	400
Deferred income tax assets—noncurrent	1,221,888	36,926	1,400,512	43,146	Total other stockholders' equity adjustments	<u>1,468,907</u>	<u>(101,378)</u>	<u>1,735,406</u>	<u>(65,653)</u>
Other assets	<u>636,653</u>	<u>19,240</u>	<u>528,046</u>	<u>16,268</u>	Total stockholders' equity	46,358,333	1,400,977	47,995,744	1,478,612
Total other assets	18,453,604	557,679	21,497,349	662,272	Commitments and contingencies				
Total assets	\$ <u>143,034,387</u>	<u>4,322,586</u>	<u>131,899,562</u>	<u>4,063,449</u>	Total liabilities and stockholders' equity	\$ <u>143,034,387</u>	<u>4,322,586</u>	<u>131,899,562</u>	<u>4,063,449</u>

Not audit, review only
EVA AIRWAYS CORP.

Statements of Operations

For the three months ended March 31, 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
Operating revenue	\$ 22,494,841	683,318	22,650,043	700,589
Operating cost	<u>(21,314,328)</u>	<u>(647,458)</u>	<u>(21,587,710)</u>	<u>(667,730)</u>
Gross profit from operations	1,180,513	35,860	1,062,333	32,859
Operating expenses	<u>(1,703,493)</u>	<u>(51,746)</u>	<u>(1,577,269)</u>	<u>(48,786)</u>
Operating loss	<u>(522,980)</u>	<u>(15,886)</u>	<u>(514,936)</u>	<u>(15,927)</u>
Non-operating income and gains:				
Interest income	46,015	1,398	29,915	925
Investment income	218,000	6,622	196,354	6,074
Gains on valuation of financial assets	433,631	13,172	776,241	24,010
Exchange gains, net	69,568	2,113	-	-
Other income	<u>62,756</u>	<u>1,907</u>	<u>34,799</u>	<u>1,076</u>
	<u>829,970</u>	<u>25,212</u>	<u>1,037,309</u>	<u>32,085</u>
Non-operating expenses and losses:				
Interest expenses, net of capitalized interest of NT\$109,229 (US\$3,318) and NT\$90,732 (US\$2,756) in 2007 and 2006, respectively	(514,092)	(15,617)	(465,120)	(14,387)
Exchange losses, net	-	-	(27,777)	(859)
Other losses	<u>(159,633)</u>	<u>(4,849)</u>	<u>(10,870)</u>	<u>(336)</u>
	<u>(673,725)</u>	<u>(20,466)</u>	<u>(503,767)</u>	<u>(15,582)</u>
Income (loss) before income tax	(366,735)	(11,140)	18,606	576
Income tax benefit	<u>35,439</u>	<u>1,076</u>	<u>46,622</u>	<u>1,442</u>
Income (loss) before cumulative effect of changes in accounting principle	(331,296)	(10,064)	65,228	2,018
Cumulative effect of changes in accounting principle (net of income tax expenses of NT\$53,564 (US\$1,657))	-	-	160,691	4,970
Net income(loss)	<u>\$ (331,296)</u>	<u>(10,064)</u>	<u>225,919</u>	<u>6,988</u>
	Loss before income tax	Net loss	Income before income tax	Net income
	NT dollars US dollars	NT dollars US dollars	NT dollars US dollars	NT dollars US dollars
Earnings per share (expressed in dollars):				
Basic earnings per share:				
Income (loss) before cumulative effect of changes in accounting principle	\$ (0.09)	-	(0.09)	-
Cumulative effect of changes in accounting principle	<u>-</u>	<u>-</u>	<u>0.06</u>	<u>-</u>
Net income (loss)	<u>\$ (0.09)</u>	<u>-</u>	<u>0.07</u>	<u>-</u>
Diluted earnings per share:				
Income before Cumulative effect of changes in accounting principle	\$ -	-	0.01	-
Cumulative effect of changes in accounting principle	<u>-</u>	<u>-</u>	<u>0.05</u>	<u>-</u>
Net income	<u>\$ -</u>	<u>-</u>	<u>0.06</u>	<u>-</u>

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Statements of Cash Flows

For the three months ended March 31, 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:				
Net income (loss)	\$ (331,296)	(10,063)	225,919	6,988
Adjustments to reconcile net income (loss) to net cash flow provided by operating activities:				
Depreciation	1,761,944	53,522	1,207,265	37,342
Losses on valuation of financial assets carried at cost—noncurrent	142,800	4,338	-	-
Amortization and maintenance expense	287,320	8,728	296,869	9,182
Amortization expense recorded as interest expenses	6,461	196	6,170	191
Losses on disposal and obsolescence of property, plant and equipment, net	2,581	78	7,212	223
Amortization of deferred gain from sale and leaseback of fixed assets	(238)	(7)	(238)	(7)
Amortization of other deferred gain	(31,992)	(972)	(44,842)	(1,387)
Provision for unrealized exchange gain (loss) from long-term borrowings	7,041	214	(12,606)	(390)
Gains on sale of available-for-sale financial assets—noncurrent	(297)	(9)	-	-
Gains on sale of available-for-sale financial assets—current	(6,508)	(198)	(8,328)	(258)
Investment income	(218,000)	(6,622)	(196,354)	(6,074)
Proceeds from cash dividends on long-term equity investments	4,942	150	-	-
Deferred income tax expense (benefit)	(37,312)	(1,133)	1,001	31
Increase in financial assets at fair value through profit or loss—current	(67,132)	(2,039)	(338,373)	(10,466)
(Increase) decrease in financial assets at fair value through profit or loss—noncurrent	(32,916)	(1,000)	17,747	549
Decrease in financial liabilities at fair value through profit or loss—current	(163,896)	(4,979)	-	-
Decrease in financial liabilities at fair value through profit or loss—noncurrent	(352,284)	(10,701)	(164,158)	(5,078)
Decrease in notes receivable	63,562	1,931	47,345	1,465
Decrease (increase) in accounts receivable (including related parties)	759,987	23,086	(467,272)	(14,453)
Decrease (increase) in other receivables related parties	(655)	(20)	70,262	2,173
Increase in inventories	(185,568)	(5,637)	(258,041)	(7,981)
Decrease in prepaid expenses	667,215	20,268	166,209	5,141
Decrease (increase) in other prepayments	69,250	2,104	(54,306)	(1,680)
Decrease in other financial assets—current	35,635	1,082	16,989	526
Increase in other current assets	(162,462)	(4,935)	(132,563)	(4,100)
Increase (decrease) in notes and accounts payable (including related parties)	(161,595)	(4,909)	364,161	11,264
Increase (decrease) in other payables (including related parties)	26,071	792	(128,958)	(3,989)
Increase in accrued expenses	18,122	550	86,590	2,678
Decrease in unearned revenue	(2,182,339)	(66,292)	(770,799)	(23,842)
Increase (decrease) in other current liabilities	(136,229)	(4,138)	34,210	1,058
Increase(decrease) in other liabilities	2,499	76	(3,149)	(97)
Decrease in accrued employee retirement liabilities	(25,760)	(783)	(33,594)	(1,039)
Cumulative effect of changes in accounting principle	-	-	(214,255)	(6,627)
Net cash used in operating activities	<u>(241,049)</u>	<u>(7,322)</u>	<u>(279,887)</u>	<u>(8,657)</u>
Cash flows from investing activities:				
Decrease (increase) in available-for-sale financial assets—current	348,330	10,581	(1,570,670)	(48,582)
Proceeds from sale of available for-sale financial assets—noncurrent	599	19	-	-
Proceeds from disposal of property, plant and equipment	613	19	2,496	77
Payments for purchase of property, plant and equipment	(4,754,785)	(144,435)	(4,737,811)	(146,545)
Decrease in refundable deposits and other assets	566,456	17,207	1,449,304	44,828
Increase in deferred charges	(498,777)	(15,152)	(583,936)	(18,062)
Net cash used in investing activities	<u>(4,337,564)</u>	<u>(131,761)</u>	<u>(5,440,617)</u>	<u>(168,284)</u>
Cash flows from financing activities:				
Decrease in short-term borrowings	-	-	(1,159,662)	(35,870)
Increase in long-term borrowings	8,460,000	256,986	4,267,903	132,011
Redemption of long-term borrowings	(2,975,780)	(90,394)	(1,826,749)	(56,503)
Installment payments for purchase of property, plant and equipment	(691,855)	(21,016)	(663,080)	(20,510)
Redemption of lease liability	(478,943)	(14,549)	(234,120)	(7,242)
Cash subscription	-	-	4,320,000	133,087
Net cash provided by financing activities	<u>4,313,422</u>	<u>131,027</u>	<u>4,704,292</u>	<u>144,973</u>
Effect of exchange rate changes on cash	<u>-</u>	<u>(1,320)</u>	<u>-</u>	<u>1,336</u>
Net decrease in cash and cash equivalents	(265,191)	(9,376)	(1,016,212)	(30,632)
Cash and cash equivalents at beginning of year	2,997,459	91,947	1,844,196	56,140
Cash and cash equivalents at end of year	<u>\$ 2,732,268</u>	<u>82,571</u>	<u>827,984</u>	<u>25,508</u>
Additional disclosure of cash flow information:				
Cash payments of interest (excluding capitalized interest expense)	\$ 447,347	13,589	467,515	14,461
Cash payments of income tax	\$ 1,873	57	5,941	184
Supplemental schedule of non-cash investing and financing activities:				
Current portion of long-term borrowings	\$ 9,771,554	295,302	5,305,430	163,445
Translation adjustments	\$ 539,845	(4,568)	(346,403)	5,314
Unrealized gains on financial instruments	\$ 9,153	277	(179,910)	(5,543)

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EVA AIRWAYS CORP.

Statements of Changes in Stockholders' Equity

For the six months ended March 31, 2005 and 2004
(expressed in thousands of dollars)

	US dollars															
	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings (Accumulated Deficits)	Deferred Credit (Debit)	Cumulative Translation Adjustments	Net Loss not yet Recognized as Net Pension Cost	Total	Common Stock	Capital Surplus	Legal Reserve	Retained Earnings (Accumulated Deficits)	Deferred Credit (Debit)	Cumulative Translation Adjustments	Net Loss not yet Recognized as Net Pension Cost	Total
Balance on December 31, 2003	\$ 27,534,330	2,599,741	263,754	2,764,841	193,865	4,989,232	(132,724)	38,213,039	970,537	87,450	7,636	80,054	3,431	(23,015)	(3,833)	1,124,574
Transfer of interest-premium arising from conversion option exercised to capital surplus	1,394,708	108,792	-	-	-	-	-	1,503,500	-	-	-	-	-	-	-	-
Decrease in net equity due to the change in percentage of ownership in long-term equity investments under equity method	-	3,104	-	-	-	-	-	3,104	-	-	-	-	-	-	-	-
Deferred debit	-	-	-	-	52,933	-	-	52,933	42,238	3,295	-	-	(5,311)	-	-	1,729
Net loss	-	-	-	750,510	-	-	-	750,510	-	57	-	22,484	-	-	-	22,484
Translation adjustments	-	-	-	-	-	(1,220,205)	-	(1,220,205)	-	-	-	-	-	(4,102)	-	(4,102)
Balance on March 31, 2004	\$ 28,929,038	2,711,637	263,754	3,515,351	246,798	3,769,027	(132,724)	39,302,881	1,012,775	90,802	7,636	102,538	(1,880)	(27,117)	(3,833)	1,190,275
Balance on December 31, 2004	\$ 32,714,259	3,099,862	403,372	4,708,083	334,275	2,067,954	(219,593)	43,108,212	1,123,557	102,271	11,690	139,411	5,745	(29,883)	(6,555)	1,350,635
Convertible bonds converted into common stock	329,637	125,264	-	-	-	-	-	454,901	10,455	3,794	-	-	-	-	-	14,249
Transfer of donated assets of investee company under equity method to capital surplus	-	73	-	-	-	-	-	73	-	2	-	-	-	-	-	2
Deferred debit	-	-	-	-	431,756	-	-	431,756	-	-	-	-	(2,185)	-	-	14,151
Net income	-	-	-	535,500	-	-	-	535,500	-	-	-	16,989	-	-	-	16,989
Translation adjustments	-	-	-	-	-	(413,435)	-	(413,435)	-	-	-	-	-	3,182	-	3,182
Balance on March 31, 2005	\$ 33,043,896	3,225,199	403,372	5,243,583	766,031	1,654,519	(219,593)	44,117,007	1,134,012	106,067	11,690	156,400	24,295	(26,701)	(6,555)	1,399,208