

English Translations of Financial Statements Originally Issued in Chinese

ASUSTEK COMPUTER INC.

NON-CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND 2004

(Expressed in New Taiwan Thousand Dollars except for Earnings Per Share)

	Notes	2005	2004
SALES REVENUES	II,IV.16,V	\$94,213,368	\$53,059,729
COSTS OF SALES	IV.17,V	<u>(80,559,756)</u>	<u>(44,385,587)</u>
GROSS PROFIT		13,653,612	8,674,142
LESS: UNREALIZED GROSS PROFIT	II,IV.6	(296,046)	(380,266)
ADD: REALIZED GROSS PROFIT	II,IV.6	439,679	651,475
REALIZED GROSS PROFIT		<u>13,797,245</u>	<u>8,945,351</u>
OPERATING EXPENSES	IV.17,V	<u>(7,963,869)</u>	<u>(5,694,537)</u>
OPERATING INCOME		<u>5,833,376</u>	<u>3,250,814</u>
NON-OPERATING INCOMES AND GAINS			
Interest income		305,406	178,929
Investment income	II,IV.6	8,851,975	8,057,172
Dividends income		6,426	2,732
Gain on disposal of assets	II,V	3,990	7,066
Gain on disposal of short-term investments	II	51,600	78,809
Gain on disposal of long-term investments		1,891	8,676
Gain on physical inventory		83	22
Others	V	521,154	349,592
Total		<u>9,742,525</u>	<u>8,682,998</u>
NON-OPERATING EXPENSES AND LOSSES			
Interest expense		1,621	3,758
Loss on disposal of assets	II,V	5,734	1,450
Loss on foreign exchange	II	1,248,963	63,312
Others	V	129,493	144,763
Total		<u>1,385,811</u>	<u>213,283</u>
INCOME BEFORE INCOME TAX		14,190,090	11,720,529
INCOME TAX EXPENSE	II,IV.18	<u>(718,447)</u>	<u>(216,228)</u>
NET INCOME		<u>\$13,471,643</u>	<u>\$11,504,301</u>
EARNINGS PER SHARE	IV.19		
Primary Earnings Per Share			
Income before income tax		<u>\$4.96</u>	<u>\$4.10</u>
Net income		<u>\$4.71</u>	<u>\$4.02</u>
Fully Diluted Earnings Per Share			
Income before income tax		<u>\$4.87</u>	<u>\$3.93</u>
Net income		<u>\$4.64</u>	<u>\$3.86</u>

The accompanying notes are an integral part of the financial statements.

English Translations of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC.
NON-CONSOLIDATED BALANCE SHEETS (Unaudited)
SEPTEMBER 30, 2005 AND 2004
(Expressed in New Taiwan Thousand Dollars)

ASSETS	Notes	2005	2004	LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2005	2004
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	II,IV.1	\$12,321,832	\$21,394,946	Short-term loans	IV.10	\$2,281	\$-
Short-term investments	II,IV.2	10,518,343	5,814,877	Notes payable	V	305,295	619,143
Notes receivable-Net	II,IV.3	3,676	112,809	Accounts payable		46,528,132	7,968,328
Accounts receivable-Net	II,IV.3	20,180,396	4,247,821	Accounts payable-affiliated company-Net	II,V	17,978,781	240,285
Accounts receivable-affiliated company-Net	II,IV.3,V	16,918,426	5,150,592	Income tax payable	II,IV.18	1,687,115	850,553
Other receivable-Net	II,IV.4,V	781,880	399,863	Accrued expenses	II,V	5,804,713	2,473,742
Other receivable-affiliated company-Net	II,IV.4,V	698,189	13,748	Other payables		321,254	635,278
Inventories-Net	II,IV.5	42,737,635	10,117,742	Receipts in advance	V	1,990,396	1,557,077
Prepayments	V	195,618	172,685	Other current liabilities	V	121,299	134,271
Other current assets	VI	111,000	127,650	Total Current Liabilities		<u>74,739,266</u>	<u>14,478,677</u>
Deferred income tax assets-current	II,IV.18	481,347	223,851				
Total Current Assets		<u>104,948,342</u>	<u>47,776,584</u>	LONG-TERM DEBT			
				Bonds payable	II,IV.11	<u>10,516,520</u>	<u>10,878,487</u>
				Total Long-term Debt		<u>10,516,520</u>	<u>10,878,487</u>
LONG-TERM INVESTMENTS				OTHER LIABILITIES			
Long-term investments by equity method	II,IV.6	65,548,732	50,227,619	Deposits received	V	16,787	6,894
Long-term investments by cost method		<u>185,535</u>	<u>192,520</u>	Deferred credits	IV.6	442,630	714,304
Total Long-term Investments		<u>65,734,267</u>	<u>50,420,139</u>	Deferred income tax liabilities-noncurrent	II,IV.18	<u>205,343</u>	-
				Total Other Liabilities		<u>664,760</u>	<u>721,198</u>
				Total Liabilities		<u>85,920,546</u>	<u>26,078,362</u>
PROPERTY, PLANT AND EQUIPMENT				STOCKHOLDERS' EQUITY			
Land	II,IV.7,V,VII	3,090,708	3,252,456	Capital stock	IV.12	<u>28,612,054</u>	<u>25,529,140</u>
Buildings and equipment		4,389,053	4,408,904	Additional paid-in capital	IV.13		
Machinery and equipment		1,981,936	1,958,632	Premium on capital stock		6,945,408	6,945,408
Instrument equipment		927,494	659,226	Treasury stock transactions		617	617
Transportation equipment		41,436	37,024	Others		569,883	-
Office equipment		20,938	19,894	Total additional paid-in capital		<u>7,515,908</u>	<u>6,946,025</u>
Miscellaneous equipment		508,445	339,816				
Warehousing equipment		<u>37,877</u>	<u>37,135</u>	Retained earnings			
Total Costs		10,997,887	10,713,087	Legal reserve	IV.14	10,852,599	9,342,707
Less: Accumulated depreciation		<u>(2,260,279)</u>	<u>(1,928,845)</u>	Special reserve	IV.15	2,529,690	41,369
Add: Prepayments on purchase of equipment		96,021	164,326	Unappropriated earnings	IV.15	45,779,896	40,232,643
Property, Plant and Equipment-Net		<u>8,833,629</u>	<u>8,948,568</u>	Total retained earnings		<u>59,162,185</u>	<u>49,616,719</u>
				Other adjustments of stockholders' equity			
OTHER ASSETS				Translation adjustments	II	<u>(90,193)</u>	<u>4,443</u>
Assets leased to others-Net	IV.8	252,224	95,524	Total other adjustments of stockholders' equity		<u>(90,193)</u>	<u>4,443</u>
Refundable deposits	VI	310,341	146,184	Total Stockholders' Equity		<u>95,199,954</u>	<u>82,096,327</u>
Deferred charges	II	826,394	576,426				
Accounts receivable-overdue-Net	IV.9	55,627	58,661	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			
Long-term accounts receivable-affiliated company	II,IV.3,V	31,223	-			<u>\$181,120,500</u>	<u>\$108,174,689</u>
Deferred income tax assets-noncurrent	II,IV.18	-	4,106				
Others		<u>128,453</u>	<u>148,497</u>				
Total Other Assets		<u>1,604,262</u>	<u>1,029,398</u>				
TOTAL ASSETS		<u>\$181,120,500</u>	<u>\$108,174,689</u>				

The accompanying notes are an integral part of the financial statements.

English Translations of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND 2004
(Expressed in New Taiwan Thousand Dollars)

	2005	2004		2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:			CASH FLOWS FROM INVESTING ACTIVITIES:		
Net income	\$13,471,643	\$11,504,301	Purchases of long-term investments	(4,004,575)	-
Adjustments to reconcile net income to net cash provided by operating activities:			Proceeds from disposal of long-term investments	-	29,068
Exchange losses from foreign currency deposits transaction	(51,935)	40,706	(Increase)/Decrease in refundable deposits	(74,425)	2,690
Depreciation	477,055	418,676	(Increase)/Decrease in deferred charges	(492,598)	(356,204)
Amortization	278,334	219,111	Proceeds from disposal of deferred charges	3,426	-
Loss on depreciation of assets leased	1,553	-	Purchase of property, plant and equipment	(667,469)	(1,249,932)
Amortization of deferred issuing cost of bonds	11,364	10,732	Proceeds from disposal of property, plant and equipment	23,649	39,394
Loss on obsolescence of property and equipment	3,973	675	(Increase)/Decrease in other assets	(76,330)	(105,932)
Gain on disposal of property and equipment	(3,466)	(7,066)			
Loss on disposal of property and equipment	5,374	1,450	Net cash used in investing activities	<u>(5,288,322)</u>	<u>(1,640,916)</u>
Gain on disposal of deferred charges	(524)	-	CASH FLOWS FROM FINANCING ACTIVITIES:		
Loss on disposal of deferred charges	360	-	Increase/(Decrease) in short-term loans	2,281	-
Gain on disposal of investment under equity method	(1,891)	(8,676)	Payments for bonus to employees, directors and supervisors	(304,218)	(169,275)
Gain on disposal of investment foreign exchange	(783)	-	Proceeds from issue of convertible bonds	-	10,876,512
Loss on foreign exchange of bonds payable	454,400	67,200	Payments for cash dividends	(3,829,371)	(3,422,610)
Amortization of premium on bonds payable	(6,127)	(7,378)	Increase/(Decrease) in deposits received	9,208	(4,520)
Property and equipment transferred to other accounts	390,855	95,659			
Other accounts transferred to property and equipment	-	(108,242)	Net cash (used in)/provided by financing activities	<u>(4,122,100)</u>	<u>7,280,107</u>
Property and equipment transferred to assets leased to others	(162,628)	(95,524)	Effects of changes in exchange rate	51,935	(40,706)
Deferred charges transferred to other accounts	-	3,149			
Investment income under equity method	(8,851,975)	(8,057,172)	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(542,091)	9,522,818
Cash dividend under equity method	22,135	138,873	CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	12,863,923	11,872,128
Changes in operating assets and liabilities:			CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$12,321,832</u>	<u>\$21,394,946</u>
(Increase)/Decrease in short-term investments for trading purpose	2,688,726	(962,420)	SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
(Increase)/Decrease in notes receivable-net	13,653	(44,092)	Cash paid during the period for:		
(Increase)/Decrease in accounts receivable-net	(15,459,886)	(33,169)	Interest	<u>\$1,621</u>	<u>\$3,758</u>
(Increase)/Decrease in accounts receivable-affiliated company-net	(12,215,540)	1,161,508	Income tax	<u>\$612,464</u>	<u>\$214,529</u>
(Increase)/Decrease in other receivable-net	(505,360)	(146,796)			
(Increase)/Decrease in other receivable-affiliated company-net	4,118,111	186,461	INVESTING AND FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS :		
(Increase)/Decrease in inventories-net	(33,377,018)	12,185	Bonus appropriated to employees	<u>\$106,040</u>	<u>\$290,646</u>
(Increase)/Decrease in prepayments	(85,169)	(99,400)	Share swap for long-term investments under cost method	<u>\$4,445</u>	<u>\$-</u>
(Increase)/Decrease in other current assets (not including pledged time deposits)	24,272	56,227	Purchases of long-term investments by other payables	<u>\$15,460</u>	<u>\$-</u>
(Increase)/Decrease in accounts receivable-overdue	316	(48,263)			
(Increase)/Decrease in deferred income tax assets-current	(334,413)	(167,537)			
(Increase)/Decrease in deferred income tax assets-noncurrent	3,625	(1,284)			
(Increase)/Decrease in long-term accounts receivable-affiliated company	92,041	-			
Increase/(Decrease) in deferred income tax liabilities-noncurrent	205,343	-			
Increase/(Decrease) in notes payable	(476,307)	(309,090)			
Increase/(Decrease) in accounts payable	37,326,572	(241,016)			
Increase/(Decrease) in accounts payable-affiliated company-net	17,978,781	231,269			
Increase/(Decrease) in accrued expenses	2,753,973	(178,199)			
Increase/(Decrease) in other payables	(232,805)	(4,665)			
Increase/(Decrease) in income tax payable	233,195	170,520			
Increase/(Decrease) in receipts in advance	443,749	374,611			
Increase/(Decrease) in other current liabilities	(210,561)	80,065			
Increase/(Decrease) in compensating interest receivable	(62,986)	(57,847)			
Increase/(Decrease) in deferred credits	(143,633)	(271,209)			
Net cash provided by operating activities	<u>8,816,396</u>	<u>3,924,333</u>			

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