

English Translation of Financial Statements Originally Issued in Chinese

ASUSTEK COMPUTER INC.

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

	Notes	2005	2004
SALES REVENUES	IV.17,V,X	\$179,764,037	\$78,053,128
COSTS OF SALES	IV.18,V	<u>(156,763,196)</u>	<u>(64,421,844)</u>
GROSS PROFIT		23,000,841	13,631,284
LESS: UNREALIZED GROSS PROFIT	II	(426,204)	(439,679)
ADD: REALIZED GROSS PROFIT	II	439,679	651,475
REALIZED GROSS PROFIT		<u>23,014,316</u>	<u>13,843,080</u>
OPERATING EXPENSES	IV.18,V	<u>(11,934,443)</u>	<u>(8,799,262)</u>
OPERATING INCOME		<u>11,079,873</u>	<u>5,043,818</u>
NON-OPERATING INCOME AND GAIN			
Interest income		398,761	252,882
Investment income	II,IV.6	7,780,591	10,263,948
Dividends income		6,426	2,732
Gain on disposal of assets	II,V	6,060	12,588
Gain on disposal of short-term investments	II	173,437	130,700
Gain on disposal of long-term investments	II	10,061	12,786
Gain on physical inventory		-	22
Others	V	1,019,223	575,692
Total		<u>9,394,559</u>	<u>11,251,350</u>
NON-OPERATING EXPENSES AND LOSS			
Interest expense		1,621	4,632
Loss on disposal of assets	II,V	6,507	1,491
Loss on physical inventory		18,700	-
Loss on foreign exchange	II	788,798	1,034
Others	V	305,351	284,465
Total		<u>1,120,977</u>	<u>291,622</u>
INCOME BEFORE INCOME TAX		19,353,455	16,003,546
INCOME TAX EXPENSE	II,IV.19	<u>(2,078,497)</u>	<u>(904,620)</u>
NET INCOME		<u>\$17,274,958</u>	<u>\$15,098,926</u>
EARNINGS PER SHARE	IV.20		
Primary Earnings Per Share			
Income before income tax		<u>\$6.76</u>	<u>\$5.59</u>
Net income		<u>\$6.03</u>	<u>\$5.28</u>
Fully Diluted Earnings Per Share			
Income before income tax		<u>\$6.56</u>	<u>\$5.11</u>
Net income		<u>\$5.84</u>	<u>\$4.87</u>

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

English Translation of Financial Statements Originally Issued in Chinese

ASUSTEK COMPUTER INC.
NON-CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 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	\$10,574,152	\$12,863,923	Short-term loans	IV.10	\$120	\$-
Short-term investments	II,IV.2	9,097,380	13,207,069	Notes payable		416,300	781,602
Notes receivable-Net	II,IV.3	3,261	17,329	Accounts payable		54,831,340	8,870,717
Accounts receivable-Net	II,IV.3	25,495,819	4,720,510	Accounts payable-affiliated company	V	17,460,527	330,843
Accounts receivable-affiliated company-Net	II,IV.3,V	22,092,953	4,702,886	Income tax payable	II,IV.19	2,541,834	1,453,920
Other receivable-Net	II,IV.4	920,437	276,520	Accrued expenses	IV.12,V	6,254,517	3,050,740
Other receivable-affiliated company-Net	IV.4,V	2,288,024	4,816,300	Other payables	V	610,854	432,559
Inventories-Net	II,IV.5	46,785,644	9,360,617	Receipts in advance	V	2,059,157	1,546,647
Prepayments		141,710	110,449	Other current liabilities		120,335	331,860
Other current assets	VI	112,188	135,272	Total Current Liabilities		<u>84,294,984</u>	<u>16,798,888</u>
Deferred income tax assets-current	II,IV.19	182,537	146,934				
Total Current Assets		<u>117,694,105</u>	<u>50,357,809</u>	LONG-TERM DEBT	II,IV.11		
				Bonds payable		10,091,538	10,131,233
LONG-TERM INVESTMENTS	II,IV.6			Total Long-term Debt		<u>10,091,538</u>	<u>10,131,233</u>
Long-term investments by equity method		66,068,594	49,951,276				
Long-term investments by cost method		5,437,212	182,860	OTHER LIABILITIES			
Total Long-term Investments		<u>71,505,806</u>	<u>50,134,136</u>	Deposits received	V	15,152	7,579
				Deferred credits	IV.6	728,648	736,152
PROPERTY, PLANT AND EQUIPMENT	II,IV.7,V			Deferred income tax liabilities-noncurrent	II,IV.19	403,950	-
Land		3,090,708	3,252,456	Total Other Liabilities		<u>1,147,750</u>	<u>743,731</u>
Buildings and equipment		4,368,237	4,380,576	Total Liabilities		<u>95,534,272</u>	<u>27,673,852</u>
Machinery and equipment		1,972,605	1,753,365				
Instrument equipment		981,747	732,844	STOCKHOLDERS' EQUITY			
Transportation equipment		37,048	38,024	Capital stock	IV.13	29,245,209	25,529,140
Office equipment		20,806	20,787	Additional paid-in capital	IV.14		
Miscellaneous equipment		533,275	412,772	Premium on capital stock		11,605,568	6,945,408
Warehousing equipment		37,877	37,135	Premium of shares on conversion of bonds		259,646	-
Total Costs		<u>11,042,303</u>	<u>10,627,959</u>	Treasury stock transactions		617	617
Less: Accumulated depreciation		(2,413,221)	(1,918,329)	Others		569,883	-
Add: Prepayments on purchase of equipment		91,114	338,250	Total additional paid-in capital		<u>12,435,714</u>	<u>6,946,025</u>
Property, Plant and Equipment-Net		<u>8,720,196</u>	<u>9,047,880</u>	Retained earnings			
				Legal reserve	IV.15	10,852,599	9,342,707
OTHER ASSETS				Special reserve	IV.16	2,529,690	41,369
Assets leased to others-Net	IV.8	251,695	91,149	Unappropriated earnings	IV.16	49,583,210	43,740,918
Refundable deposits	VI	339,948	235,916	Total retained earnings		<u>62,965,499</u>	<u>53,124,994</u>
Deferred charges	II	916,980	642,476	Other adjustments of stockholders' equity			
Accounts receivable-overdue-Net	II,IV.9,VII	55,190	55,943	Translation adjustments	II	(614,571)	(2,529,690)
Long-term accounts receivable-affiliated company	II,IV.3,V	2,007	123,264				

Deferred income tax assets-noncurrent	II,IV.19	-	3,625	Total other adjustments of stockholders' equity	<u>(614,571)</u>	<u>(2,529,690)</u>
Others		<u>80,196</u>	<u>52,123</u>	Total Stockholders' Equity	<u>104,031,851</u>	<u>83,070,469</u>
Total Other Assets		<u>1,646,016</u>	<u>1,204,496</u>			
TOTAL ASSETS		<u>\$199,566,123</u>	<u>\$110,744,321</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$199,566,123</u>	<u>\$110,744,321</u>

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

English Translation of Financial Statements Originally Issued in Chinese

ASUSTEK COMPUTER INC.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(Expressed in New Taiwan Thousand Dollars)

	<u>2005</u>	<u>2004</u>		<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			CASH FLOWS FROM INVESTING ACTIVITIES:		
Net income	\$17,274,958	\$15,098,926	Purchases of long-term investments	(6,096,902)	(177,070)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			Proceeds from disposal of long-term investments	135,275	42,838
Exchange losses from foreign currency deposit transactions	61,758	97,780	(Increase)/Decrease in refundable deposits	(104,032)	(87,042)
Depreciation	641,446	562,096	(Increase)/Decrease in deferred charges	(676,622)	(508,463)
Amortization	382,374	305,734	Proceeds from disposal of deferred charges	3,426	-
Other expense of assets leased to others	2,083	-	Purchase of property, plant and equipment	(835,476)	(1,483,840)
Amortization of deferred bond issuance costs	15,159	14,520	Proceeds from disposal of property, plant and equipment	27,048	52,038
Investment income under equity method	(7,780,591)	(10,263,948)	(Increase)/Decrease in other assets	(28,073)	(9,558)
Cash dividends under equity method	22,136	141,014	Net cash used in investing activities	<u>(7,575,356)</u>	<u>(2,171,097)</u>
Loss on disposal of assets	6,507	1,491	CASH FLOWS FROM FINANCING ACTIVITIES:		
Gain on disposal of assets	(6,060)	(12,588)	Increase/(Decrease) in short-term loans	120	-
Loss on obsolescence of property and equipment	5,123	14,089	Payments for bonus to employees, directors and supervisors	(374,342)	(243,758)
Property and equipment transferred to other accounts	488,932	112,064	Payments for cash dividends	(3,829,371)	(3,422,610)
Other accounts transferred to property and equipment	-	(154,048)	Proceeds from issue of convertible bonds	-	10,876,512
Property and equipment transferred to leased asset	(162,629)	(91,149)	Increase/(Decrease) in deposits received	7,573	(3,835)
Gain on disposal of long-term investments	(10,061)	(12,786)	Net cash (used in)/provided by financing activities	<u>(4,196,020)</u>	<u>7,206,309</u>
Loss on disposal of deferred charges	(6,376)	-	Effects of changes in exchange rate	<u>(61,758)</u>	<u>(97,780)</u>
Other accounts transferred to deferred charges	-	(1,053)	(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,289,771)</u>	991,795
Gain on foreign exchange of bonds payable	349,022	(659,200)	CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>12,863,923</u>	<u>11,872,128</u>
Amortization of premium on bonds payable	(9,101)	(13,036)	CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$10,574,152</u>	<u>\$12,863,923</u>
Changes in operating assets and liabilities:			SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
(Increase)/Decrease in short-term investments-trading purpose	4,109,689	(8,354,612)	Cash paid during the year for:		
(Increase)/Decrease in notes receivable-net	14,068	51,388	Interest	<u>\$1,621</u>	<u>\$4,632</u>
(Increase)/Decrease in accounts receivable-net	(20,775,309)	(505,858)	Income tax	<u>\$618,612</u>	<u>\$222,156</u>
(Increase)/Decrease in accounts receivable-affiliated company-net	(17,390,067)	1,609,214	INVESTING AND FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS:		
(Increase)/Decrease in other receivable-net	(643,917)	(9,705)	Bonus appropriated to employees	<u>\$35,915</u>	<u>\$216,163</u>
(Increase)/Decrease in other receivable-affiliated company-net	2,528,276	(4,629,839)	Par value of shares issued in exchange for a long-term investment	<u>\$595,929</u>	<u>\$-</u>
(Increase)/Decrease in inventories-net	(37,425,027)	769,310			
(Increase)/Decrease in prepayments	(31,261)	(37,164)			
(Increase)/Decrease in other current assets (not including pledged time deposits)	23,084	48,605			
(Increase)/Decrease in deferred income tax assets-current	(35,603)	(90,620)			
(Increase)/Decrease in deferred income tax assets-noncurrent	3,625	(803)			
(Increase)/Decrease in accounts receivable-overdue-net	753	(45,545)			
(Increase)/Decrease in long-term accounts receivable-affiliated company	121,257	(123,264)			
Increase/(Decrease) in notes payable	(365,302)	(146,631)			
Increase/(Decrease) in accounts payable	45,960,623	661,373			
Increase/(Decrease) in accounts payable-affiliated company	17,129,684	321,827			
Increase/(Decrease) in accrued expenses	3,203,777	398,799			

Increase/(Decrease) in other payables	142,380	(132,901)			
Increase/(Decrease) in receipts in advance	512,510	364,181	Premium of shares issued in exchange for a long-term investment	<u>\$4,660,160</u>	<u>\$-</u>
Increase/(Decrease) in other current liabilities	(211,525)	277,654			
Increase/(Decrease) in income tax payable	1,087,914	773,887	Par value of shares from conversion of bonds	<u>\$37,226</u>	<u>\$-</u>
(Increase)/Decrease in compensating interest receivable	(81,421)	(73,043)			
Increase/(Decrease) in deferred credits	(13,475)	(211,796)	Premium of shares from conversion of bonds	<u>\$259,646</u>	<u>\$-</u>
Increase/(Decrease) in deferred income tax liabilities-noncurrent	403,950	-			
Net cash provided by/(used in) operating activities	<u>9,543,363</u>	<u>(3,945,637)</u>	Deferred bond issuance costs related to bond converted	<u>\$1,323</u>	<u>\$-</u>

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English Translation of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC.
NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Expressed in New Taiwan Thousand Dollars)

	Capital Stock	Additional Paid-in Capital	Retained Earnings			Translation Adjustments	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings		
Balance, January 1, 2004	\$22,817,400	\$6,950,171	\$8,185,673	\$-	\$36,615,257	(\$41,369)	\$74,527,132
Appropriations and distributions of 2003 earnings:							
Legal reserve			1,157,034		(1,157,034)		-
Special reserve				41,369	(41,369)		-
Employees bonus					(379,019)		(379,019)
Transfer of employees bonus to capital	430,000				(430,000)		-
Transfer of stock dividends to capital	2,281,740				(2,281,740)		-
Cash dividends					(3,422,610)		(3,422,610)
Bonus paid to directors and supervisors					(80,902)		(80,902)
Translation adjustments						(2,488,321)	(2,488,321)
Effect of changes of the investee companies' equity		(4,146)			(180,591)		(184,737)
Net income for 2004					15,098,926		15,098,926
Balance, December 31, 2004	25,529,140	6,946,025	9,342,707	41,369	43,740,918	(2,529,690)	83,070,469
Appropriations and distributions of 2004 earnings:							
Legal reserve			1,509,892		(1,509,892)		-
Special reserve				2,488,321	(2,488,321)		-
Employees bonus					(324,780)		(324,780)
Transfer of employees bonus to capital	530,000				(530,000)		-
Transfer of stock dividends to capital	2,552,914				(2,552,914)		-
Cash dividends					(3,829,371)		(3,829,371)
Bonus paid to directors and supervisors					(85,478)		(85,478)
Translation adjustments						1,915,119	1,915,119
Effect of changes of the investee companies' equity		569,883			(111,910)		457,973
Shares issued in exchange of a long-term investment	595,929	4,660,160					5,256,089
Bonds converted	37,226	259,646					296,872
Net income for 2005					17,274,958		17,274,958

Balance, December 31, 2005

<u>\$29,245,209</u>	<u>\$12,435,714</u>	<u>\$10,852,599</u>	<u>\$2,529,690</u>	<u>\$49,583,210</u>	<u>\$(614,571)</u>	<u>\$104,031,851</u>
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