

English Translation of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC. AND ITS SUBSIDIARIES
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	V,XII	\$357,839,521	\$250,041,947
COSTS OF SALES	IV.19,V	<u>(316,230,907)</u>	<u>(221,900,897)</u>
GROSS PROFIT		41,608,614	28,141,050
ADD/(LESS): REALIZED/(UNREALIZED) GROSS PROFIT	II	-	20,409
REALIZED GROSS PROFIT		41,608,614	28,161,459
OPERATING EXPENSES	IV.19,V	<u>(21,938,235)</u>	<u>(13,469,711)</u>
OPERATING INCOME		<u>19,670,379</u>	<u>14,691,748</u>
NON-OPERATING INCOME AND GAIN			
Interest income		585,325	346,947
Investment income	II,IV.6	-	85,073
Dividends income		10,791	9,979
Gain on disposal of property and equipment	II,V	13,464	13,752
Gain on disposal of short-term investments	II	212,546	141,317
Gain on disposal of long-term investments	II	134,683	630,089
Others	V	2,384,989	1,083,869
Total		<u>3,341,798</u>	<u>2,311,026</u>
NON-OPERATING EXPENSES AND LOSS			
Interest expense		45,644	18,607
Investment loss		33,151	-
Unrealized devaluation of short-term investments		79,932	-
Loss on disposal of property and equipment	II,V	10,302	2,458
Loss on physical inventory		22,609	23,060
Loss on foreign exchange	II	561,207	105,369
Imparement loss		111,913	-
Others		684,839	460,264
Total		<u>1,549,597</u>	<u>609,758</u>
INCOME BEFORE INCOME TAX		21,462,580	16,393,016
INCOME TAX EXPENSE	II,IV.20	<u>(3,166,987)</u>	<u>(1,259,010)</u>
CONSOLIDATED INCOME		<u>\$18,295,593</u>	<u>\$15,134,006</u>
Allocated to the stockholders of parent company		\$17,274,958	15,098,926
Allocated to minority interest		1,020,635	35,080
CONSOLIDATED INCOME		<u>\$18,295,593</u>	<u>\$15,134,006</u>
EARNINGS PER SHARE (in New Taiwan Dollars)			
Consolidated income	IV.20	\$6.39	\$5.29
Allocated to minority interest		<u>(0.36)</u>	<u>(0.01)</u>
Primary Earnings Per Share		<u>\$6.03</u>	<u>\$5.28</u>
Consolidated income		\$6.18	\$4.88
Allocated to minority interest		<u>(0.34)</u>	<u>(0.01)</u>
Fully Diluted Earnings Per Share		<u>\$5.84</u>	<u>\$4.87</u>

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

English Translation of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC. AND ITS SUBSIDIARIES
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	\$32,625,487	\$19,899,436	Short-term loans	IV.10	\$328,329	\$37,341
Short-term investments	II,IV.2	14,229,595	15,010,997	Notes payable	V	600,831	782,313
Notes receivable-Net	II,IV.3	475,912	17,505	Accounts payable	V	79,963,113	47,687,668
Accounts receivable-Net	II,IV.3	58,260,181	38,453,869	Accounts payable-affiliated company-Net	V	-	4,619,485
Accounts receivable-affiliated company-Net	II,IV.3,V	-	1,197,020	Income tax payable	II,IV.20	3,576,305	1,552,208
Other receivable	II,IV.4	2,703,616	890,153	Accrued expenses	IV.14,V	8,337,570	4,454,876
Other receivable-affiliated company-Net	IV.4,V	-	2,750,169	Other payables-affiliated company-Net	V	-	231,764
Inventories-Net	II,IV.5	66,569,842	43,093,723	Other payables		2,472,649	495,597
Prepayments	V	1,599,602	1,082,268	Receipts in advance	V	3,862,300	2,393,822
Other current assets	VI	726,555	362,316	Long-term loans-current portion	IV.12	83,326	-
Deferred income tax assets-current	II,IV.20	325,505	220,855	Long-term notes payable-current portion	IV.13	-	577
Total Current Assets		177,516,295	122,978,311	Other current liabilities		2,187,060	1,222,788
				Total Current Liabilities		101,411,483	63,478,439
LONG-TERM INVESTMENTS	II,IV.6			LONG-TERM LIABILITY			
Long-term investments by equity method		452,777	11,533,961	Bonds payable	II,IV.11	10,091,538	10,131,233
Long-term investments by cost method		6,201,240	491,293	Long-term loans	IV.12	562,053	-
Total Long-term Investments		6,654,017	12,025,254	Long-term notes payable	IV.13	320	84
Other financial assets-noncurrent		16,425	-	Total Long-term Liabilities		10,653,911	10,131,317
PROPERTY, PLANT AND EQUIPMENT	II,IV.7,V,VI			OTHER LIABILITIES			
Land		4,211,324	3,594,081	Accrued pension liabilities	II,IV.14	32,637	179,155
Buildings and equipment		8,723,775	5,075,331	Deposits received	V	145,409	33,340
Machinery and equipment		21,190,358	9,989,264	Deferred income tax liabilities -noncurrent	II,IV.20	493,540	136,430
Instrument equipment		1,337,575	1,745,994	Deferred credits	II	1,780	148,590
Transportation equipment		109,550	61,936	Other liabilities-other		2,801	-
Office equipment		2,682,558	136,093	Total Other Liabilities		676,167	497,515
Miscellaneous equipment		1,702,843	564,921	Total Liabilities		112,741,561	74,107,271
Warehousing equipment		41,609	37,135	STOCKHOLDERS' EQUITY			
Total Costs		39,999,592	21,204,755	Capital stock	IV.15	29,245,209	25,529,140
Less: Accumulated depreciation		(8,941,545)	(3,752,327)	Additional paid-in capital	IV.16		
Less: Accumulated impairment		(71,868)	-	Premium on capital stock		11,605,568	6,945,408
Add: Prepayments on purchase of equipment		3,608,512	1,900,645	Premium on conversion of bonds payable		259,646	-
Property, Plant and Equipment-Net		34,594,691	19,353,073	Treasury stock transactions		617	617
INTANGIBLE ASSETS				Others		569,883	-
Debit of consolidation		55,020	51,416	Total additional paid-in capital		12,435,714	6,946,025
Deferred pension costs	II,IV.10	-	11,413				

Other intangible assets		<u>1,056,502</u>	<u>-</u>	Retained earnings			
Total Intangible Assets		<u>1,111,522</u>	<u>62,829</u>	Legal reserve	IV.17	10,852,599	9,342,707
OTHER ASSETS				Special reserve	IV.18	2,529,690	41,369
Assets leased to others		-	91,149	Unappropriated earnings	IV.18	<u>49,583,210</u>	<u>43,740,918</u>
Idle assets	IV.8	-	-	Total retained earnings		<u>62,965,499</u>	<u>53,124,994</u>
Refundable deposits	VI	499,570	274,930	Other adjustments of stockholders' equity			
Deferred charges	II	1,284,538	1,047,448	Translation adjustments	II	<u>(614,571)</u>	<u>(2,529,690)</u>
Accounts receivable-overdue	II,IV.9,VII	55,190	55,943	Total other adjustments of stockholders' equity		<u>(614,571)</u>	<u>(2,529,690)</u>
Long-term accounts receivable-affiliated company	II,IV.3,V	-	1,399,573	Minority interest		<u>5,213,479</u>	<u>185,859</u>
Others		<u>254,643</u>	<u>75,089</u>	Total Stockholders' Equity		<u>109,245,330</u>	<u>83,256,328</u>
Total Other Assets		<u>2,093,941</u>	<u>2,944,132</u>				
TOTAL ASSETS		<u>\$221,986,891</u>	<u>\$157,363,599</u>	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$221,986,891</u>	<u>\$157,363,599</u>

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

English Translation of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Expressed in New Taiwan Thousand Dollars)

	2005	2004		2,005	2,004
CASH FLOWS FROM OPERATING ACTIVITIES:			CASH FLOWS FROM INVESTING ACTIVITIES:		
Net income	\$17,274,958	\$15,098,926	Purchases of long-term investments	(364,643)	(2,153,474)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:			Proceeds from disposal of long-term investments	553,253	861,675
Minority interest	1,020,635	35,080	(Increase)/Decrease in refundable deposits	(224,640)	34,632
Effect of exchange rate difference from consolidated subsidiaries	1,923,042	(2,015,565)	(Increase)/Decrease in deferred charges	(867,397)	(589,383)
Depreciation	2,908,241	754,311	Repatriation of capital from long-term investments	-	42,838
Amortization	610,563	396,726	Proceeds from disposal of deferred charges	3,426	-
Depreciation and devaluation of idle assets	24,188	-	(Increase) in other financial assets-noncurrent	(16,425)	-
Impairment loss	111,913	-	Purchase of property, plant and equipment	(19,134,078)	(2,661,014)
Amortization of deferred issuing cost of bonds	15,159	14,520	Proceeds from disposal of property, plant and equipment	99,942	72,580
Gain from disposal of long-term investments	(134,683)	(630,089)	(Increase)/Decrease in other assets	(179,554)	(26,857)
Realized loss on reduction of long-term investments to market	-	116,537	(Increase)/Decrease in debit of consolidation	(3,604)	7,229
Loss on disposal of property and equipment	10,302	2,458	(Increase)/Decrease in other intangible assets	(1,056,502)	-
Gain on disposal of property and equipment	(13,464)	(13,752)	Purchase the minority	(5,135)	-
Loss on obsolescence of property and equipment	9,018	17,550	Net cash used in investing activities	(21,195,357)	(4,411,774)
Reclassification of Property and equipment	833,305	(133,133)			
Foreign exchange Gain from disposal of long-term investments	(6,376)	-	CASH FLOWS FROM FINANCING ACTIVITIES:		
Deferred charges transferred to other accounts	-	3,655	Increase/(Decrease) in short-term loans	290,988	(23,450)
Other accounts transferred to deferred charges	-	(1,053)	Payments for bonus to employees, directors and supervisors	(374,342)	(243,758)
Gain on foreign exchange of bonds payable	349,022	(659,200)	Payments for cash dividends	(3,951,056)	(3,422,610)
Amortization of premium on bonds payable	(9,101)	(13,036)	Proceeds from issue of convertible bonds	-	10,876,512
Investment income recognized under equity method	33,151	(85,073)	Increase/(Decrease) in long-term notes payable	236	(592)
Dividends income under equity method	-	291,201	Increase/(Decrease) in long-term loans-current portion	83,326	-
Decrease in Deferred pension costs	11,413	-	Increase/(Decrease) in long-term notes-current portion	(577)	-
Changes in operating assets and liabilities:			Increase/(Decrease) in deposits received	112,069	(23,851)
(Increase)/Decrease in short-term investments-trading purpose	781,402	(7,825,075)	Increase/(Decrease) in Long-term loans	562,053	-
(Increase)/Decrease in notes receivable-net	(458,407)	56,212	The minority invested in subsidiaries' capital	1,941,667	79,698
(Increase)/Decrease in accounts receivable-net	(19,806,312)	(8,040,886)	Net cash provided by/(used in) financing activities	(1,335,636)	7,241,949
(Increase)/Decrease in accounts receivable-affiliated company-net	1,197,020	778,118			
(Increase)/Decrease in other receivable	(1,813,463)	(138,840)	The adjustments for initial incorporation of certain subsidiaries	13,040,222	-
(Increase)/Decrease in other receivable-affiliated company-net	2,750,169	(2,288,857)			
(Increase)/Decrease in inventories-net	(23,476,119)	(8,072,184)	INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,726,051	3,883,340
(Increase)/Decrease in prepayments	(517,334)	(696,525)	CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	19,899,436	16,016,096
(Increase)/Decrease in other current assets (excluding pledged time deposits)	(364,239)	(24,803)	CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$32,625,487	\$19,899,436
(Increase)/Decrease in deferred income tax assets-current	(104,650)	(87,579)			
(Increase)/Decrease in deferred income tax assets-noncurrent	-	14,204	SUPPLEMENTAL DISCLOSURES OF CASH FLOWS		
Increase/(Decrease) in deferred income tax liability-noncurrent	357,110	136,430	INFORMATION:		
(Increase)/Decrease in accounts receivable-overdue	753	(45,545)	Cash paid during the year for:		
(Increase)/Decrease in long-term accounts receivable-affiliated company	1,399,573	(1,399,573)	Interest	\$137,323	\$18,607
Increase/(Decrease) in notes payable	(181,482)	(149,466)	Income tax	\$1,014,448	\$366,518
Increase/(Decrease) in accounts payable	32,275,445	14,044,080			
Increase/(Decrease) in accounts payable-affiliated company-net	(4,619,485)	(884,182)			

Increase/(Decrease) in accrued expenses	3,882,694	3,700,893	INVESTING AND FINANCING ACTIVITIES NOT AFFECTING		
Increase/(Decrease) in other payables	2,204,969	(3,315,088)			
Increase/(Decrease) in other payables-affiliated company-net	(495,597)	216,511	CASH FLOWS:		
Increase/(Decrease) in other liabilities	2,801	-	Unpaid appropriated employees bouns	<u>\$35,915</u>	<u>\$216,163</u>
Increase/(Decrease) in receipts in advance	1,468,478	888,702	Offset the deferred pension costs and accrued pension liabilities	<u>\$(12,660)</u>	<u>\$11,413</u>
Increase/(Decrease) in other current liabilities	964,272	231,392	Classification for the long-term notes-current portion	<u>\$-</u>	<u>\$34</u>
Increase/(Decrease) in income tax payable	2,024,097	830,558	Recorded capital stock to trade in an investment	<u>\$595,929</u>	<u>\$-</u>
(Increase)/Decrease in compensating interest receivable	(81,421)	(73,043)	Recorded additional paid-in capital to trade in an investment	<u>\$4,660,160</u>	<u>\$-</u>
Increase/(Decrease) in deferred credits	1,780	(18,140)	Bonds payable converted to capital stock	<u>\$37,226</u>	<u>\$-</u>
Increase/(Decrease) in accrued pension liabilities	<u>(146,518)</u>	<u>35,788</u>	Bonds payable converted to additional paid-in capital	<u>\$259,646</u>	<u>\$-</u>
Net cash provided by operating activities	<u>22,216,822</u>	<u>1,053,165</u>	Wrote down deferred charges with the conversion of bonds payable	<u>\$1,323</u>	<u>\$-</u>

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

English Translation of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC. AND ITS SUBSIDIARIES
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	Minority Interest	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings			
Balance, December 31, 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)			-
Stock dividends	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
Changes in minority interest							185,859	185,859
Balance, December 31, 2004	25,529,140	6,946,025	9,342,707	41,369	43,740,918	(2,529,690)	185,859	83,256,328
The adjustments for initial incorporation of certain subsidiaries							2,401,136	2,401,136
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)			-
Stock dividends	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

Issued stocks to trade in a long term investment	595,929	4,660,160						5,256,089
Conversion of bonds payable	37,226	259,646						296,872
Net income for 2005					17,274,958			17,274,958
Changes in minority interest							2,626,484	2,626,484
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>\$5,213,479</u>	<u>\$109,245,330</u>

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