

English Translations of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005 (Restated)
(Expressed in New Taiwan Thousand Dollars except for Earnings Per Share)

	Notes	2006	2005 (Restated)
SALES REVENUES		210,717,139	\$168,226,499
COSTS OF SALES	IV.24	(189,767,962)	(149,056,505)
GROSS PROFIT		20,949,177	19,169,994
OPERATING EXPENSES	IV.24	(13,357,535)	(9,728,379)
OPERATING INCOME		7,591,642	9,441,615
 NON-OPERATING INCOMES AND GAINS			
Interest income		523,398	246,815
Investment income	II,IV.10	28,048	4,122
Gain on disposal of property and equipment	II.V	23,692	13,750
Gain on disposal of investments	II	374,432	47,555
Gain on inventories		-	704
Gain on foreign exchange		1,269,696	-
Gain on financial assets evaluated		1,718	519
Others		1,272,182	857,533
Total		3,493,166	1,170,998
 NON-OPERATING EXPENSES AND LOSSES			
Interest expense		231,707	110,282
Loss on disposal of property and equipment	II,V	23,772	15,213
Loss on inventories		13,108	-
Loss on foreign exchange	II	-	175,896
Unrealized diminution of inventory value		-	104,571
Impairment loss	II	49,393	108,876
Others		323,900	391,337
Total		641,880	906,175
 INCOME BEFORE INCOME TAX			
		10,442,928	9,706,438
INCOME TAX EXPENSE	II,IV.25	(2,278,867)	(729,314)
INCOME FROM CONTINUING OPERATIONS		8,164,061	8,977,124
EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES		30,863	-
CONSOLIDATED NET INCOME		\$8,194,924	\$8,977,124
 Represented by:			
Available for common shareholders		\$7,117,275	\$8,748,698
Available for minority shareholders		1,077,649	228,426
CONSOLIDATED NET INCOME		\$8,194,924	\$8,977,124
 EARNINGS PER SHARE (in New Taiwan Dollars)			
Primary Earnings Per Share	IV.26		
Income from continuing operations		\$2.70	\$3.06
Effect of changes in accounting principles		0.01	-
Consolidated net income		2.71	3.06
Available for minority shareholders		(0.36)	(0.08)
Available for common shareholders		\$2.35	\$2.98
 Fully Diluted Earnings Per Share			
Income from continuing operations		\$2.58	\$2.91
Effect of changes in accounting principles		0.00	-
Consolidated net income		2.58	2.91
Available for minority shareholders		(0.35)	(0.07)
Available for common shareholders		\$2.23	\$2.84

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

English Translations of Financial Statements Originally Issued in Chinese

ASUSTEK COMPUTER INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2006 AND 2005 (Restated)

(Expressed in New Taiwan Thousand Dollars)

ASSETS	Notes	2006	2005 (Restated)	LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2006	2005 (Restated)
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	II,IV.1	\$37,679,335	\$25,494,582	Short-term loans	IV.16	\$5,073,828	\$1,476,641
Financial assets at fair value through profit or loss-current	II,IV.2	4,269,172	17,588,926	Notes payable		450,277	558,399
Available-for-sale financial assets-current	II,IV.3	57,300	42,995	Accounts payable		73,702,817	48,736,776
Notes receivable-Net	II,IV.4	422,702	188,118	Income tax payable	II,IV.25	2,951,835	1,708,475
Accounts receivable-Net	II,IV.4	61,300,325	40,095,997	Accrued expenses	V	10,443,293	4,885,296
Other receivable	II,IV.5,V	3,795,090	2,142,420	Other payables		5,729,593	9,309,121
Inventories-Net	II,IV.6	74,796,543	53,064,077	Receipts in advance		4,761,288	3,021,077
Prepayments		2,114,322	1,341,075	Long-term loans-current portion	IV.18	204,231	525,897
Other current assets	VI	584,405	709,092	Long-term notes payable-current portion	IV.19	-	386
Deferred income tax assets-current	II,IV.25	570,339	549,620	Other current liabilities		3,582,552	1,576,029
Total Current Assets		<u>185,589,533</u>	<u>141,216,902</u>	Total Current Liabilities		<u>106,899,714</u>	<u>71,798,097</u>
LONG-TERM INVESTMENTS				LONG-TERM DEBT			
Available-for-sale financial assets-noncurrent	II,IV.7	6,593,644	371,867	Bonds payable	II,IV.17	6,619,342	11,584,485
Held-to-maturity financial assets-noncurrent	II,IV.8	63,200	62,784	Long-term loans	IV.18	<u>2,060,450</u>	<u>1,630,956</u>
Financial assets evaluated by cost method-noncurrent	II,IV.9	1,141,356	730,248	Total Long-term Debt		<u>8,679,792</u>	<u>13,215,441</u>
Long-term investments evaluated by equity method	II,IV.10	481,349	93,836				
Total Long-term Investments		<u>8,279,549</u>	<u>1,258,735</u>	OTHER LIABILITIES			
PROPERTY, PLANT AND EQUIPMENT	II,IV.11,V,VI			Accrued pension liabilities	II	113,724	161,134
Land		5,062,749	4,881,460	Deposits received	V	39,273	30,800
Buildings and equipment		10,859,800	8,586,749	Deferred income tax liabilities-noncurrent	II,IV.25	391,060	-
Machinery and equipment		25,896,614	19,748,646	Other liabilities-others		148,158	1,257
Instrument equipment		2,373,648	1,458,612	Total Other Liabilities		<u>692,215</u>	<u>193,191</u>
Transportation equipment		129,967	96,904	Total Liabilities		<u>116,271,721</u>	<u>85,206,729</u>
Office equipment		989,281	773,226	STOCKHOLDERS' EQUITY			
Miscellaneous equipment		3,729,283	2,867,708	Capital stock	IV.20	<u>30,400,638</u>	<u>26,252,978</u>
Warehousing equipment		41,395	1,673,371	Dividends to be distributed		<u>3,670,064</u>	<u>3,082,914</u>
Total Costs		49,082,737	40,086,676	Additional paid-in capital	IV.21		
Less: Accumulated depreciation		(11,868,150)	(8,276,972)	Premium on capital stock		17,813,532	12,748,783
Less: Accumulated impairment		(80,673)	(125,230)	Premium on conversion of bonds		3,111,797	-
Add: Prepayments on purchase of equipment		6,813,785	3,315,756	Treasury stock transactions		617	617
Property, Plant and Equipment-Net		<u>43,947,699</u>	<u>35,000,230</u>	Others		982,217	-
				Total additional paid-in capital		<u>21,908,163</u>	<u>12,749,400</u>
INTANGIBLE ASSETS				Retained earnings			
Consolidation debit		53,708	57,178	Legal reserve	IV.22	12,580,095	10,852,599
Deferred pension costs	II	3,614	12,660	Special reserve	IV.23	614,571	2,529,690
Other intangible assets		908,830	645,291	Unappropriated earnings	IV.23	48,059,871	42,048,358
Total Intangible Assets		<u>966,152</u>	<u>715,129</u>	Total retained earnings		<u>61,254,537</u>	<u>55,430,647</u>
OTHER ASSETS				Other adjustments of stockholders' equity			
Assets held for lease	IV.12	-	337,289	Translation adjustments	II	(1,393,987)	(2,786,471)
Idle assets	IV.13	-	-	Unrealized profit/(loss) of financial assets		<u>966,535</u>	<u>(132,630)</u>
Refundable deposits	VI	341,949	319,898	Total other adjustments of stockholders' equity		<u>(427,452)</u>	<u>(2,919,101)</u>
Deferred charges	II	1,845,729	1,854,502	Minority interest		8,998,333	3,137,325
Accounts receivable-overdue	II,IV.14,VII	48,218	55,627	Total Stockholders' Equity		<u>125,804,283</u>	<u>97,734,163</u>
Deferred income tax assets-noncurrent	II,IV.25	-	295,111				
Others	II,IV.15	1,057,175	1,887,469	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$242,076,004</u>	<u>\$182,940,892</u>
Total Other Assets		<u>3,293,071</u>	<u>4,749,896</u>				
TOTAL ASSETS		<u>\$242,076,004</u>	<u>\$182,940,892</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 SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005 (Restated)
(Expressed in New Taiwan Thousand Dollars)

	2006	2005 (Restated)		2006	2005 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:	\$7,117,275	\$8,748,698	CASH FLOWS FROM INVESTING ACTIVITIES:		
Net income			Purchases of investments	(453,180)	(366,872)
Adjustments to reconcile net income to net cash provided by operating activities:			Proceeds from disposal of investments	169,502	37,152
Minority interest income	1,077,649	228,426	Purchase of property, plant and equipment	(7,401,700)	(13,183,888)
Effect of change in exchange rate from foreign consolidated subsidiaries	(481,218)	(143,028)	Proceeds from disposal of property, plant and equipment	190,294	162,208
Depreciation	2,082,909	1,455,734	(Increase)/Decrease in consolidation debit	1,312	(5,762)
Amortization	617,513	463,082	Purchases of other intangible assets	(13,180)	(674,248)
Impairment loss	49,393	108,876	(Increase)/Decrease in refundable deposits	192,840	(37,172)
Investment income under equity method	(28,048)	(4,122)	(Increase)/Decrease in deferred charges	(1,028,782)	(672,113)
Gain on disposal of investments	(31,879)	(12,098)	Proceeds from disposal of deferred charges	169	2,755
Exchange gain on disposal of investments	(5,800)	(783)	(Increase)/Decrease in other assets	(760,455)	(1,773,002)
Loss on disposal of property and equipment	337	15,213	Purchase of minority interests	(1,436)	-
Gain on disposal of property and equipment	(4,570)	(13,750)	Proceeds from disposal of shares to minority shareholders	366,007	-
Loss on obsolescence of property and equipment	4,127	7,855	Gain on disposal of shares to minority shareholders	(270,987)	-
Property and equipment transferred to other accounts	-	371,962	Net cash used in investing activities	(9,009,596)	(16,510,942)
Other accounts transferred to property and equipment	207,946	-			
Amortization of deferred bond issuance costs	5,434	10,944	CASH FLOWS FROM FINANCING ACTIVITIES:		
Loss on early redemption of bonds	20,378	-	Increase/(Decrease) in short-term loans	3,259,609	110,386
Gain on foreign exchange of bonds payable	(185,895)	(19,577)	Increase/(Decrease) in long-term loans-current portion	(121,146)	-
Amortization of premium on bonds payable	(4,219)	(5,183)	Proceeds from issue of bonds	-	1,096,620
Intangible assets transferred to other accounts	212,797	-	Proceeds from early redemption of bonds	(1,444,116)	-
Deferred charges transferred to other accounts	313,778	-	Increase/(Decrease) in long-term loans	279,859	684,721
Other accounts transferred to deferred charges	(5,260)	-	Increase/(Decrease) in long-term notes payable	(320)	(275)
Changes in operating assets and liabilities:			Increase/(Decrease) in deposits received	(127,985)	(7,882)
(Increase)/Decrease in financial assets at fair value through profit or loss-current	9,987,287	(2,620,924)	Increase in subsidiaries' capital from minority shareholders	3,441,822	-
(Increase)/Decrease available-for-sale financial assets-current	(57,300)	-	Net cash provided by financing activities	5,287,723	1,883,570
(Increase)/Decrease in notes receivable-net	58,045	(162,119)			
(Increase)/Decrease in accounts receivable-net	2,138,137	5,115,896	Adjustments for first-time inclusion of certain subsidiaries	-	14,174,914
(Increase)/Decrease in other receivable	(1,091,474)	1,657,979			
(Increase)/Decrease in inventories-net	(3,215,093)	(5,746,886)	INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,859,273	4,192,490
(Increase)/Decrease in prepayments	(441,310)	(137,256)	CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	33,820,062	21,302,092
(Increase)/Decrease in other current assets (excluding pledged time deposits)	556,798	(330,624)	CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$37,679,335	\$25,494,582
(Increase)/Decrease in deferred income tax assets-current	(114,813)	(172,345)			
(Increase)/Decrease in deferred pension costs	(3,614)	(1,247)	SUPPLEMENTAL DISCLOSURES OF CASH FLOWS		
(Increase)/Decrease in accounts receivable-overdue	6,972	316	INFORMATION:		
(Increase)/Decrease in long-term accounts receivable-affiliated company	-	1,399,573	Cash paid during the period for:		
(Increase)/Decrease in compensating interest receivable	(16,940)	(31,213)	Interest	\$213,876	\$112,894
(Increase)/Decrease in deferred income tax assets-noncurrent	-	(47,329)	Income tax	\$2,282,291	\$584,462
Increase/(Decrease) in notes payable	(168,121)	(223,914)			
Increase/(Decrease) in accounts payable	(13,159,220)	(10,332,752)	INVESTING AND FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS:		
Increase/(Decrease) in accrued expenses	1,390,204	44,711	Bonus appropriated to employees, directors, supervisors, and cash dividend appropriated to stockholders	\$4,343,890	\$4,356,982
Increase/(Decrease) in other payables	(968,744)	3,766,452	Share swap for financial assets evaluated by cost method-noncurrent	\$3,186	\$4,445
Increase/(Decrease) in other liabilities-others	145,357	1,257	Classification for the long-term loan to current portion	\$204,231	\$525,897
Increase/(Decrease) in income tax payable	(642,402)	156,267	Bonds payable converted to capital stock	\$3,388,533	\$-
Increase/(Decrease) in receipts in advance	898,988	559,303			
Increase/(Decrease) in other current liabilities	1,048,205	534,369			
Increase/(Decrease) in deferred income tax liability-noncurrent	263,598	91,386			
Increase/(Decrease) in compensating interest payable	1,869	-			
Increase/(Decrease) in deferred credits	(1,780)	-			
Increase/(Decrease) in accrued pension liabilities	3,850	(88,201)			
Net cash provided by operating activities	<u>7,581,146</u>	<u>4,644,948</u>			

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

English Translations of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005 (Restated)
(Expressed in New Taiwan Thousand Dollars)

	Capital Stock	Dividends To Be Distributed	Additional Paid-in Capital	Retained Earnings			Unrealized Profit/(Loss) of Financial Assets	Translation Adjustments	Minority Interest	Total
				Legal Reserve	Special Reserve	Unappropriated Earnings				
Balance, January 1, 2005	\$25,529,140	\$-	\$6,946,025	\$9,342,707	\$41,369	\$43,740,918	\$-	(\$2,529,690)	\$185,859	\$83,256,328
Retroactive adjustments under pooling method	656,021	-	5,358,889	-	-	1,304,406	(127,698)	(90,243)	-	7,101,375
Balance, January 1, 2005 (Restated)	26,185,161	-	12,304,914	9,342,707	41,369	45,045,324	(127,698)	(2,619,933)	185,859	90,357,703
Adjustments for first-time inclusion of certain subsidiaries									2,723,942	2,723,942
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								(125,372)		(125,372)
Retroactive adjustments under pooling method	67,817		444,486			(424,908)	(4,932)	(41,166)		41,297
Net income for the six-month ended June 30, 2005 (Restated)						8,748,698				8,748,698
Changes in minority interest									227,524	227,524
Balance, June 30, 2005 (Restated)	\$26,252,978	\$3,082,914	\$12,749,400	\$10,852,599	\$2,529,690	\$42,048,358	(\$132,630)	(\$2,786,471)	\$3,137,325	\$97,734,163
Balance, January 1, 2006	\$29,245,209	\$-	\$12,435,714	\$10,852,599	\$2,529,690	\$49,583,210	\$-	(\$614,571)	\$5,213,479	\$109,245,330
Retroactive adjustments under pooling method	724,873	-	6,059,860	-	-	(1,372,295)	(86,977)	(22,468)	-	5,302,993
Balance, January 1, 2006 (Restated)	29,970,082	-	18,495,574	10,852,599	2,529,690	48,210,915	(86,977)	(637,039)	5,213,479	114,548,323
Appropriations and distributions of 2005 earnings:										
Legal reserve				1,727,496		(1,727,496)				-
Special reserve					(1,915,119)	1,915,119				-
Employees bonus						(620,740)				(620,740)
Transfer of employees bonus to capital		630,000				(630,000)				-
Transfer of stock dividends to capital		3,040,064				(3,040,064)				-
Cash dividends						(3,040,064)				(3,040,064)
Bonus paid to directors and supervisors						(125,074)				(125,074)
Translation adjustments								(756,948)		(756,948)
Retroactive adjustments under pooling method	11,756		148,104							159,860
Conversion of bonds payable	418,800		2,852,151							3,270,951
Effect of changes of the investee companies' equity			412,334							412,334
Unrealized profit/(loss) of financial assets							1,053,512			1,053,512
Net income for the six-month ended June 30, 2006						7,117,275				7,117,275
Changes in minority interest									3,784,854	3,784,854
Balance, June 30, 2006	\$30,400,638	\$3,670,064	\$21,908,163	\$12,580,095	\$614,571	\$48,059,871	\$966,535	(\$1,393,987)	\$8,998,333	\$125,804,283

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