

English Translations of Financial Statements Originally Issued in Chinese

ASUSTEK COMPUTER INC.

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 (Restated)

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

	Notes	2006	2005 (Restated)
NET SALES	II,IV.19,V	\$386,039,184	\$179,764,037
COST OF SALES	IV.20,V	(358,576,759)	(156,763,196)
GROSS PROFIT		27,462,425	23,000,841
LESS: UNREALIZED GROSS PROFIT	II	(890,117)	(426,204)
ADD: REALIZED GROSS PROFIT	II	426,204	439,679
REALIZED GROSS PROFIT		26,998,512	23,014,316
OPERATING EXPENSES	IV.20,V	(17,621,824)	(11,934,443)
OPERATING INCOME		9,376,688	11,079,873
NON-OPERATING INCOMES AND GAINS			
Interest income	V	422,511	398,761
Investment income under equity method	II, IV.8	10,937,943	5,782,745
Dividends income		361,579	6,426
Gain on disposal of assets	II,V	21,011	6,060
Gain on disposal of investments	II	133,812	183,498
Gain on foreign exchange	II	1,276,029	-
Gain on financial liabilities evaluated	II, IV.13	14,321	-
Others	V	1,647,987	1,019,223
Total		14,815,193	7,396,713
NON-OPERATING EXPENSES AND LOSSES			
Interest expense	II, IV.13	35,697	1,621
Loss on disposal of assets	II,V	10,915	6,507
Loss on physical inventory		31,767	18,700
Loss on foreign exchange	II	-	788,798
Loss on financial assets evaluated	II, IV.2	492	-
Others	V	174,047	305,351
Total		252,918	1,120,977
INCOME BEFORE INCOME TAX		23,938,963	17,355,609
INCOME TAX EXPENSE	II, IV.21	(4,726,531)	(2,078,497)
INCOME FROM CONTINUING OPERATIONS		19,212,432	15,277,112
EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	III	8,903	-
NET INCOME		\$19,221,335	\$15,277,112
PRIMARY EARNINGS PER SHARE			
INCOME FROM CONTINUING OPERATIONS	II, IV.22	\$5.65	\$4.64
EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES		0.00	-
NET INCOME		\$5.65	\$4.64
DILUTED EARNINGS PER SHARE			
INCOME FROM CONTINUING OPERATIONS		\$5.43	\$4.51
EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES		0.00	-
NET INCOME		\$5.43	\$4.51

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
DECEMBER 31, 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	\$10,791,836	\$10,574,152	Short-term loans	IV.12	\$-	\$120
Financial assets at fair value through profit or loss-current	II, IV.2	4,218,719	9,097,380	Notes payable	V	193,908	416,300
Notes receivable-Net	II, IV.3	35	3,261	Accounts payable		109,036,173	54,819,765
Accounts receivable-Net	II, IV.3	80,950,197	25,495,819	Accounts payable-affiliated company	V	9,007,105	17,472,102
Accounts receivable-affiliated company-Net	II, IV.3, V	21,152,900	22,092,953	Income tax payable	II, IV.21	3,558,780	2,541,834
Other receivable-Net	II, IV.4	1,606,645	920,437	Accrued expenses	II, IV.14, V	21,553,421	6,254,517
Other receivable-affiliated company-Net	II, IV.4, V	20,462	2,288,024	Other payables		469,653	610,854
Inventories-Net	II, IV.5	72,627,961	46,785,644	Receipts in advance	V	2,502,732	2,059,157
Prepayments	V	162,382	141,710	Bonds payable-current portion	II, IV.13	6,613,377	-
Other current assets	VI	-	112,188	Other current liabilities	V	90,327	120,335
Deferred income tax assets-current	II, IV.21	458,020	182,537	Total Current Liabilities		153,025,476	84,294,984
Total Current Assets		191,989,157	117,694,105				
LONG-TERM INVESTMENTS				LONG-TERM DEBT			
Available-for-sale financial assets-noncurrent	II, IV.6	8,253,489	5,434,026	Financial liabilities at fair value through profit or loss-noncurrent	II, IV.13	147,600	-
Financial assets evaluated by cost method-noncurrent	II, IV.7	100,001	3,186	Bonds payable		10,847,207	10,091,538
Long-term investments evaluated by equity method	II, IV.8	88,268,594	71,371,587	Total Long-term Debt		10,994,807	10,091,538
Total Long-term Investments		96,622,084	76,808,799				
PROPERTY, PLANT AND EQUIPMENT				OTHER LIABILITIES			
Land	II, IV.9, V	3,238,133	3,090,708	Deposits received	V	15,368	15,152
Buildings and equipment		4,467,377	4,368,237	Deferred credits	II, IV.8	1,108,989	728,648
Machinery and equipment		1,930,084	1,972,605	Deferred income tax liabilities-noncurrent	II, IV.21	1,518,752	403,950
Instrument equipment		1,317,820	981,747	Total Other Liabilities		2,643,109	1,147,750
Transportation equipment		38,159	37,048	Total Liabilities		166,663,392	95,534,272
Office equipment		18,480	20,806				
Miscellaneous equipment		515,483	533,275	STOCKHOLDERS' EQUITY			
Warehousing equipment		34,932	37,877	Capital stock	IV.15	34,070,702	29,970,082
Total Costs		11,560,468	11,042,303	Additional paid-in capital	IV.16		
Less: Accumulated depreciation		(2,796,392)	(2,413,221)	Premium on capital stock		17,813,532	17,665,428
Add: Prepayments on purchase of equipment		194,483	91,114	Premium on conversion of bonds		3,110,728	259,646
Property, Plant and Equipment-Net		8,958,559	8,720,196	Treasury stock transactions		617	617
				Stock option		1,020,705	-
				Others		805,876	569,883
				Total additional paid-in capital		22,751,458	18,495,574
OTHER ASSETS				Retained earnings			
Assets held for lease	IV.10	20,077	251,695	Legal reserve	IV.17	12,580,095	10,852,599
Refundable deposits	V, VI	267,351	339,948	Special reserve	IV.18	614,571	2,529,690
Deferred charges	II	1,190,433	916,980	Unappropriated earnings	IV.18	60,163,931	48,210,915
Accounts receivable-overdue	II, IV.11, VII.5	24	55,190	Total retained earnings		73,358,597	61,593,204
Long-term accounts receivable-affiliated company	II, IV.3, V	2,465	2,007				
Others	V	80,137	80,196	Other adjustments of stockholders' equity			
Total Other Assets		1,560,487	1,646,016	Translation adjustments	II	(435,027)	(637,039)
				Unrecognized loss on pension cost	II	(3,016)	-
				Unrealized profit/(loss) of financial assets	II	2,724,181	(86,977)
				Total other adjustments of stockholders' equity		2,286,138	(724,016)
				Total Stockholders' Equity		132,466,895	109,334,844
TOTAL ASSETS		\$299,130,287	\$204,869,116	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$299,130,287	\$204,869,116

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
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 (Restated)
(Expressed in New Taiwan Thousand Dollars)

	<u>2006</u>	<u>2005 (Restated)</u>		<u>2006</u>	<u>2005 (Restated)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			CASH FLOWS FROM INVESTING ACTIVITIES:		
Net income	\$19,221,335	\$15,277,112	Purchases of investments	(9,893,035)	(6,096,902)
Adjustments to reconcile net income to net cash provided by operating activities:			Proceeds from disposal of investments	185,745	135,275
Exchange loss from foreign currency deposits transaction	17,432	61,758	Decrease/(Increase) in refundable deposits	72,597	(104,032)
Depreciation	658,073	641,446	Purchase of property, plant and equipment	(976,019)	(835,476)
Amortization	517,075	382,374	Proceeds from disposal of property, plant and equipment	82,314	27,048
Depreciation from assets held for lease	1,961	2,083	Increase in deferred charges	(820,647)	(676,622)
Gain on disposal of assets	(21,011)	(6,060)	Proceeds from disposal of deferred charges	4,768	3,426
Loss on disposal of assets	10,915	6,507	Decrease/(Increase) in other assets	59	(28,073)
Loss on obsolescence of property and equipment	4,404	5,123	Net cash used in investing activities	<u>(11,344,218)</u>	<u>(7,575,356)</u>
Property and equipment transferred to other accounts	233,273	326,303	CASH FLOWS FROM FINANCING ACTIVITIES:		
Gain on disposal of investment	(78,779)	(10,061)	(Decrease)/Increase in short-term loans	(120)	120
Exchange gain on disposal of investment	(5,800)	(6,376)	Payments for bonus to employees, directors and supervisors	(391,896)	(374,342)
Investment income under equity method	(10,937,943)	(5,782,745)	Payments for cash dividends	(3,040,064)	(3,829,371)
Cash dividends received from the investee companies under equity method	4,238,961	22,136	Proceeds from issuance of convertible bonds	11,994,180	-
(Gain)/Loss on foreign exchange of bonds payable	(117,788)	349,022	Increase/(Decrease) in deposits received	216	7,573
Amortization of deferred issuing cost of bonds	10,347	15,159	Net cash provided by/(used in) financing activities	<u>8,562,316</u>	<u>(4,196,020)</u>
Amortization of discount/(premium) on bonds	28,545	(9,101)	Effects of changes in exchange rate	<u>(17,432)</u>	<u>(61,758)</u>
Gain on financial liabilities evaluated	(14,321)	-	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	217,684	(2,289,771)
Changes in operating assets and liabilities:			CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>10,574,152</u>	<u>12,863,923</u>
(Increase)/Decrease in financial assets at fair value through profit or loss-current	4,878,661	4,109,689	CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$10,791,836</u>	<u>\$10,574,152</u>
(Increase)/Decrease in notes receivable-net	3,226	14,068	SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
(Increase)/Decrease in accounts receivable-net	(55,454,378)	(20,775,309)	Cash paid during the year for:		
(Increase)/Decrease in accounts receivable-affiliated company-net	940,053	(17,390,067)	Interest	<u>\$44</u>	<u>\$1,621</u>
(Increase)/Decrease in other receivable-net	(686,208)	(643,917)	Income tax	<u>\$2,846,023</u>	<u>\$618,612</u>
(Increase)/Decrease in other receivable-affiliated company-net	2,267,562	2,528,276	INVESTING AND FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS :		
(Increase)/Decrease in inventories-net	(25,842,317)	(37,425,027)	Retroactive adjustments under pooling method for acquisition	<u>\$5,462,853</u>	<u>\$7,300,839</u>
(Increase)/Decrease in prepayments	(20,672)	(31,261)	Bonds payable converted to capital stock	<u>\$3,269,882</u>	<u>\$296,872</u>
(Increase)/Decrease in other current assets (not including pledged time deposits)	112,188	23,084	Bonus appropriated to employees	<u>\$353,918</u>	<u>\$35,915</u>
(Increase)/Decrease in deferred income tax assets-current	(275,483)	(35,603)	Share swap and repatriation of long-term investments	<u>\$46,960</u>	<u>\$-</u>
(Increase)/Decrease in deferred income tax assets-noncurrent	-	3,625	New shares issued to swap equities of other companies	<u>\$-</u>	<u>\$5,256,089</u>
(Increase)/Decrease in deferred income tax liabilities-noncurrent	1,114,802	403,950	Bonds payable-current portion	<u>\$6,613,377</u>	<u>\$-</u>
(Increase)/Decrease in accounts receivable-overdue	55,166	753			
(Increase)/Decrease in long-term accounts receivable-affiliated company	(458)	121,257			
(Increase)/Decrease in compensating interest receivable	(69,034)	(81,421)			
Increase/(Decrease) in notes payable	(222,392)	(365,302)			
Increase/(Decrease) in accounts payable	54,204,833	45,960,623			
Increase/(Decrease) in accounts payable-affiliated company	(8,453,422)	17,129,684			
Increase/(Decrease) in accrued expenses	15,298,904	3,203,777			
Increase/(Decrease) in other payables	(495,119)	142,380			
Increase/(Decrease) in receipts in advance	443,575	512,510			
Increase/(Decrease) in other current liabilities	(30,008)	(211,525)			
Increase/(Decrease) in income tax payable	1,016,946	1,087,914			
Increase/(Decrease) in deferred credits	463,914	(13,475)			
Net cash provided by operating activities	<u>3,017,018</u>	<u>9,543,363</u>			

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English Translations of Financial Statements Originally Issued in Chinese
ASUSTEK COMPUTER INC.
NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005 (Restated)
(Expressed in New Taiwan Thousand Dollars)

	Capital Stock	Additional Paid-in Capital	Retained Earnings			Translation Adjustments	Unrecognized Loss on Pension Cost	Unrealized Profit/(Loss) of Financial Assets	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)	\$-	\$83,070,469	
Retroactive adjustments under pooling method for acquisition	656,021	5,358,889	-	-	1,304,406	(90,243)	-	7,101,375	
Balance, January 1, 2005 (Restated)	26,185,161	12,304,914	9,342,707	41,369	45,045,324	(2,619,933)	-	90,171,844	
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)			-	
Bonus paid to directors and supervisors					(85,478)			(85,478)	
Transfer of stock dividends to capital	2,552,914				(2,552,914)			-	
Cash dividends					(3,829,371)			(3,829,371)	
Translation adjustments						1,915,119		1,915,119	
Effect of changes of the investee companies' equity		569,883			(111,910)			457,973	
Retroactive adjustments under pooling method for acquisition	68,852	700,971			(678,855)	67,775	40,721	199,464	
New shares issued to swap equities of other companies	595,929	4,660,160						5,256,089	
Conversion of bonds payable	37,226	259,646						296,872	
Net income for 2005 (Restated)					15,277,112			15,277,112	
Balance, December 31, 2005	\$29,970,082	\$18,495,574	\$10,852,599	\$2,529,690	\$48,210,915	(\$637,039)	\$-	\$109,334,844	
Balance, January 1, 2006	\$29,245,209	\$12,435,714	\$10,852,599	\$2,529,690	\$49,583,210	(\$614,571)	\$-	\$104,031,851	
Retroactive adjustments under pooling method for acquisition	724,873	6,059,860	-	-	(1,372,295)	(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	(637,039)	-	109,334,844	
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)			-	
Bonus paid to directors and supervisors					(125,074)			(125,074)	
Transfer of stock dividends to capital	3,040,064				(3,040,064)			-	
Cash dividends					(3,040,064)			(3,040,064)	
Translation adjustments						202,012		202,012	
Effect of changes of the investee companies' equity		235,993					(3,016)	202,762	
Retroactive adjustments under pooling method for acquisition	11,756	148,104						159,860	
Conversion of bonds payable	418,800	2,851,082						3,269,882	
Stock option for issuance of convertible bonds		1,020,705						1,020,705	
Unrealized profit/(loss) of financial assets							2,841,373	2,841,373	
Net income for 2006					19,221,335			19,221,335	
Balance, December 31, 2006	\$34,070,702	\$22,751,458	\$12,580,095	\$614,571	\$60,163,931	(\$435,027)	(\$3,016)	\$132,466,895	

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