

English Translations of Financial Statements Originally Issued in Chinese

ASUSTEK COMPUTER INC.

NON-CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND 2006

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

	Notes	2007	2006
NET SALES	II, V	\$293,215,174	\$142,764,577
COST OF SALES	IV.16, V	(274,847,225)	(133,856,574)
GROSS PROFIT		18,367,949	8,908,003
LESS: UNREALIZED GROSS PROFIT	II, IV.7	(890,603)	(383,515)
ADD: REALIZED GROSS PROFIT	II, IV.7	890,117	426,204
REALIZED GROSS PROFIT		18,367,463	8,950,692
OPERATING EXPENSES	IV.16, V	(9,725,075)	(7,139,171)
OPERATING INCOME		8,642,388	1,811,521
NON-OPERATING INCOMES AND GAINS			
Interest income	V	334,262	227,343
Investment income	II, IV.7	5,883,258	5,150,739
Gain on disposal of assets	II, V	6,751	19,633
Gain on disposal of investments	II	84,453	86,742
Gain on foreign exchange	II	28,531	683,656
Others	V	1,503,360	745,904
Total		7,840,615	6,914,017
NON-OPERATING EXPENSES AND LOSSES			
Interest expense		120,563	-
Loss on disposal of assets	II	43,039	1,251
Loss on physical inventory		37,280	11,569
Loss on financial assets evaluated	II	8,060	8,320
Loss on financial liability evaluated	II, IV.11	18,000	-
Others	V	143,232	5,708
Total		370,174	26,848
INCOME BEFORE INCOME TAX		16,112,829	8,698,690
INCOME TAX EXPENSE	II, IV.17	(2,535,789)	(1,590,318)
INCOME FROM CONTINUING OPERATIONS		13,577,040	7,108,372
EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	III	-	8,903
NET INCOME		\$13,577,040	\$7,117,275
PRIMARY EARNINGS PER SHARE			
INCOME FROM CONTINUING OPERATIONS	II, IV.18	\$3.98	\$2.10
EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES		-	0.00
NET INCOME		\$3.98	\$2.10
DILUTED EARNINGS PER SHARE			
INCOME FROM CONTINUING OPERATIONS		\$3.80	\$2.00
EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES		-	0.00
NET INCOME		\$3.80	\$2.00

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  
JUNE 30, 2007 AND 2006  
(Expressed in New Taiwan Thousand Dollars)

ASSETS	Notes	2007	2006	LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2007	2006
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	II, IV.1	\$28,890,368	\$8,404,947	Notes payable	V	\$83,759	\$280,905
Financial assets at fair value through profit or loss-current	II, IV.2	971,824	1,073,397	Accounts payable		61,355,732	44,368,294
Notes receivable-Net	II, IV.3, V	75,062	37	Accounts payable-affiliated company	II, V	1,413,461	13,513,411
Accounts receivable-Net	II, IV.3	40,404,381	24,655,674	Income tax payable	II, IV.17	4,075,034	2,184,085
Accounts receivable-affiliated company-Net	II, IV.3, V	29,673,718	20,804,312	Accrued expenses	II, V	23,730,893	11,040,356
Other receivable-Net	II	2,371,227	961,910	Other payables	V	6,581,089	4,085,149
Other receivable-affiliated company-Net	II, V	54,324	121,705	Receipts in advance	V	2,738,893	2,630,185
Inventories-Net	II, IV.4	46,195,540	49,392,761	Other current liabilities		135,660	65,698
Prepayments	V	153,150	165,085	<b>Total Current Liabilities</b>		<b>100,714,521</b>	<b>78,188,683</b>
Other current assets		124,940	3,606				
Deferred income tax assets-current	II, IV.17	660,184	241,919	<b>LONG-TERM DEBT</b>			
<b>Total Current Assets</b>		<b>149,574,718</b>	<b>105,785,355</b>	Financial liabilities at fair value through profit or loss-noncurrent	II, IV.11	165,600	-
				Bonds payable	II, IV.11	17,205,776	6,619,342
				<b>Total Long-term Debt</b>		<b>17,371,376</b>	<b>6,619,342</b>
<b>LONG-TERM INVESTMENTS</b>				<b>OTHER LIABILITIES</b>			
Available-for-sale financial assets-noncurrent	II, IV.5	7,324,890	6,491,813	Deposits received	V	14,668	15,140
Financial assets evaluated by cost method-noncurrent	II, IV.6	264,328	1	Deferred credits	II, IV.7	1,099,848	385,992
Long-term investments evaluated by equity method	II, IV.7	93,607,235	80,130,932	Deferred income tax liabilities-noncurrent	II, IV.17	914,638	661,046
<b>Total Long-term investments</b>		<b>101,196,453</b>	<b>86,622,746</b>	<b>Total Other Liabilities</b>		<b>2,029,154</b>	<b>1,262,178</b>
				<b>Total Liabilities</b>		<b>120,115,051</b>	<b>86,070,203</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	II, IV.8, V			<b>STOCKHOLDERS' EQUITY</b>			
Land		3,238,133	3,090,708	Capital stock	IV.12	34,125,291	30,400,638
Buildings and equipment		4,248,912	4,373,475	Dividends to be distributed	IV.12	2,406,041	3,670,064
Machinery and equipment		1,299,430	1,747,046	Additional paid-in capital	IV.13		
Instrument equipment		1,431,111	1,099,344	Premium on capital stock		17,813,532	17,813,532
Transportation equipment		38,772	37,829	Premium on conversion of bonds		3,446,489	3,111,797
Office equipment		18,143	20,715	Treasury stock transactions		617	617
Miscellaneous equipment		506,921	533,155	Others		1,825,997	982,217
Warehousing equipment		34,932	36,512	<b>Total additional paid-in capital</b>		<b>23,086,635</b>	<b>21,908,163</b>
<b>Total Costs</b>		<b>10,816,354</b>	<b>10,938,784</b>	Retained earnings			
Less: Accumulated depreciation		(2,425,983)	(2,517,579)	Legal reserve	IV.14	14,502,228	12,580,095
Add: Prepayments on purchase of equipment		167,713	320,833	Special reserve	IV.15	-	614,571
<b>Property, Plant and Equipment-Net</b>		<b>8,558,084</b>	<b>8,742,038</b>	Unappropriated earnings	IV.15	64,081,661	48,059,871
				<b>Total retained earnings</b>		<b>78,583,889</b>	<b>61,254,537</b>
<b>OTHER ASSETS</b>				<b>Other adjustments of stockholders' equity</b>			
Assets held for lease	IV.9	196,404	250,636	Translation adjustments	II	461,946	(1,393,987)
Refundable deposits	V, VI	313,981	270,110	Unrealized profit/(loss) of financial assets	II	2,168,375	966,535
Deferred charges	II	1,205,691	977,068	<b>Total other adjustments of stockholders' equity</b>		<b>2,830,321</b>	<b>(427,452)</b>
Accounts receivable-overdue	II, IV.10	-	48,218	<b>Total Stockholders' Equity</b>		<b>141,032,177</b>	<b>116,805,950</b>
Long-term accounts receivable-affiliated company	II, IV.3, V	5,567	37,238				
Others		96,330	142,746				
<b>Total Other Assets</b>		<b>1,812,972</b>	<b>1,728,016</b>				
<b>TOTAL ASSETS</b>		<b>\$261,147,228</b>	<b>\$202,876,153</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>\$261,147,228</b>	<b>\$202,876,153</b>

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 SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND 2006  
(Expressed in New Taiwan Thousand Dollars)

	2007	2006		2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net income	\$13,577,040	\$7,117,275	Purchases of investments	(4,399,962)	(5,508,951)
Adjustments to reconcile net income to net cash provided by operating activities:			Proceeds from disposal of investments	127,484	36,909
provided by operating activities:			(Increase)/Decrease in refundable deposits	(46,630)	69,838
Exchange gain from foreign currency deposits transaction	(78,965)	(48,811)	Purchase of property, plant and equipment	(264,933)	(506,458)
Depreciation	318,691	321,240	Proceeds from disposal of property, plant and equipment	81,331	76,087
Amortization	332,263	237,171	Increase in deferred charges	(309,182)	(328,491)
Depreciation from assets held for lease	2,531	1,059	Proceeds from disposal of deferred charges	1,104	169
Gain on disposal of assets	(6,751)	(18,206)	(Increase)/Decrease in other assets	(16,193)	(62,550)
Loss on disposal of assets	43,039	1,251	Net cash used in investing activities	<u>(4,826,981)</u>	<u>(6,223,447)</u>
Property, plant and equipment transferred to other accounts	3,509	103,751			
Loss on obsolescence of property, plant and equipment	1,483	830	<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Deferred charges transferred to other accounts	-	10,943	Increase/(Decrease) in short-term loans	-	(120)
Gain on disposal of investment	(68,057)	(49,855)	Increase/(Decrease) in deposits received	(700)	(12)
Exchange gain on disposal of investment	-	(5,800)	Net cash used in financing activities	<u>(700)</u>	<u>(132)</u>
Investment income under equity method	(5,883,238)	(5,130,739)			
Cash dividends distributed by the investee companies under equity method	6,183,397	1,633,280	Effects of changes in exchange rate	78,965	48,811
Loss/(Gain) on foreign exchange of bonds payable	52,738	(165,737)			
Amortization of discount/premium on bonds	115,588	(4,219)			
Loss on financial liabilities evaluated	18,000	-			
Amortization of deferred issuing cost of bonds	4,669	5,434	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,098,532	(2,169,205)
Changes in operating assets and liabilities:			CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	10,791,836	10,574,152
(Increase)/Decrease in financial assets at fair value through profit or loss-current	3,246,895	8,023,983	CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$28,890,368</u>	<u>\$8,404,947</u>
(Increase)/Decrease in notes receivable-net	(75,027)	3,224			
(Increase)/Decrease in accounts receivable-net	40,545,816	840,145	<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:</b>		
(Increase)/Decrease in accounts receivable-affiliated company-net	(8,320,818)	1,288,641			
(Increase)/Decrease in other receivable	(764,582)	(41,473)	Cash paid during the period for:		
(Increase)/Decrease in other receivable-affiliated company-net	(33,862)	2,166,319	Interest	\$1,718	\$-
(Increase)/Decrease in inventories-net	26,432,421	(2,567,117)	Income tax	\$2,225,814	\$1,749,753
(Increase)/Decrease in prepayments	9,232	(23,375)			
(Increase)/Decrease in other current assets (not including pledged time deposits)	(124,940)	108,582	INVESTING AND FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS :		
(Increase)/Decrease in accounts receivable-overdue	24	6,972			
(Increase)/Decrease in long-term accounts receivable-affiliated company	(3,102)	(35,231)	Retrospective adjustments under pooling method for acquisition	\$-	\$5,462,853
(Increase)/Decrease in deferred income tax assets-current	(202,164)	(59,382)	Bonds payable converted to capital stock	\$390,530	\$3,270,951
(Increase)/Decrease in deferred income tax liabilities-noncurrent	(604,114)	237,096	Bonus appropriated to employees, directors, supervisors, and cash dividend appropriated to stockholders	\$5,045,707	\$3,785,878
Increase/(Decrease) in notes payable	(110,149)	(135,395)	Share swap for financial assets evaluated by cost method-noncurrent	\$-	\$3,186
Increase/(Decrease) in accounts payable	(47,680,441)	2,941,055	Property, plant and equipment transferred to assets held for lease	\$178,858	\$-
Increase/(Decrease) in accounts payable-affiliated company	(7,593,644)	(17,351,217)			
Increase/(Decrease) in accrued expenses	2,177,472	4,785,859			
Increase/(Decrease) in other payables	165,729	(311,583)			
Increase/(Decrease) in income tax payable	1,116,254	(357,149)			
Increase/(Decrease) in receipts in advance	236,161	591,028			
Increase/(Decrease) in other current liabilities	45,333	(54,637)			
(Increase)/Decrease in compensating interest receivable	(31,648)	(16,940)			
Increase/(Decrease) in deferred credits	485	(42,689)			
Net cash provided by operating activities	<u>22,847,248</u>	<u>4,005,563</u>			

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

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ASUSTEK COMPUTER INC.  
NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2007 AND 2006  
(Expressed in New Taiwan Thousand Dollars)

	Capital Stock	Dividends to Be Distributed	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, 2006	\$29,245,209	\$-	\$12,435,714	\$10,852,599	\$2,529,690	\$49,583,210	\$(614,571)	\$-	\$104,031,851	
The 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)			-	
Reversal of 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)	
The retroactive adjustments under pooling method for acquisition	11,756		148,104						159,860	
Conversion of bonds payable	418,800		2,852,151					20,774	3,270,951	
Effect of changes of the investee companies' equity			412,334						433,108	
Translation adjustments							(756,948)		(756,948)	
Unrealized profit/(loss) of financial assets								1,032,738	1,032,738	
Net income for the six-month ended June 30, 2006						7,117,275			7,117,275	
Balance, June 30, 2006	\$30,400,638	\$3,670,064	\$21,908,163	\$12,580,095	\$614,571	\$48,059,871	\$(1,393,987)	\$966,535	\$116,805,950	
Balance, January 1, 2007	\$34,070,702	\$-	\$22,751,458	\$12,580,095	\$614,571	\$60,163,931	\$(435,027)	\$(3,016)	\$132,466,895	
Appropriations and distributions of 2006 earnings:										
Legal reserve				1,922,133		(1,922,133)			-	
Reversal of special reserve					(614,571)	614,571			-	
Employees bonus						(688,712)			(688,712)	
Transfer of employees bonus to capital		700,000				(700,000)			-	
Transfer of stock dividends to capital		1,706,041				(1,706,041)			-	
Cash dividends						(5,118,124)			(5,118,124)	
Bonus paid to directors and supervisors						(138,871)			(138,871)	
Conversion of bonds payable	54,589		335,761						390,350	
Effect of changes of the investee companies' equity			(584)					313,366	315,798	
Translation adjustments							1,096,973		1,096,973	
Unrealized profit/(loss) of financial assets								(869,172)	(869,172)	
Net income for the six-month ended June 30, 2007						13,577,040			13,577,040	
Balance, June 30, 2007	\$34,125,291	\$2,406,041	\$23,086,635	\$14,502,228	\$-	\$64,081,661	\$661,946	\$2,168,375	\$141,032,177	

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