

**(English Translation of Pro Forma Financial Report Originally
Issued in Chinese)**

**PEGATRON CORPORATION AND ITS
SUBSIDIARIES**

**PRO FORMA CONSOLIDATED FINANCIAL
STATEMENTS**

DECEMBER 31, 2008 AND 2007

(With Independent Auditors' Report Thereon)

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TABLE OF CONTENTS

Contents	Page
Cover Page	1
Table of Contents	2
Independent Auditors' Report	3
Pro Forma Consolidated Balance Sheets	4
Pro Forma Consolidated Statements of Income	5
Pro Forma Consolidated Statements of Changes in Stockholders' Equity	6
Pro Forma Consolidated Statements of Cash Flows	7
Notes to Pro Forma Consolidated Financial Statements	
(1) Organization and Business	8
(2) Summary of Significant Accounting Policies	8-28
(3) Reasons for and Effects of Accounting Changes	28
(4) Summary of Major Accounts	28-49
(5) Related-Party Transactions	50-56
(6) Pledged Assets	56
(7) Significant Commitments and Contingencies	57-58
(8) Significant Catastrophic Losses	59
(9) Significant Subsequent Events	59
(10) Others	59
(11) Additional Disclosures	60-61
(12) Segment Information	61-62



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**(English Translation of Pro Forma Financial Report Originally Issued in Chinese)
Independent Auditors' Report**

To the Board of Directors of
Pegatron Corporation

We have audited the accompanying pro forma consolidated balance sheets of Pegatron Corporation and its subsidiaries (the Consolidated Company) as of December 31, 2008 and 2007, and the related pro forma consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended in accordance with the "Taiwan Stock Exchange Corporation Guidelines for Pro Forma Financial Statements Disclosure of Stock Exchange Listing Applications by Spin-Off Transferee Companies". These pro forma consolidated financial statements are the responsibility of the Consolidated Company's management. The above-mentioned pro forma consolidated financial statements were derived from the 2008 and 2007 historical consolidated financial statements of ASUSTeK Computer Inc., which were audited by us and other accountants, whose reports dated March 24, 2009, and March 5, 2008, respectively, expressed a modified unqualified opinion. These pro forma consolidated financial statements are based upon management's assumption described in Note 2. Our responsibility is to express an opinion on these pro forma consolidated financial statements based on our audits.

We conducted our audits in accordance with "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the pro forma consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the pro forma consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall pro forma financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the pro forma consolidated financial statements referred to above present fairly, in all material respects, the pro forma financial position of Pegatron Corporation and its subsidiaries as of December 31, 2008 and 2007, and the pro forma results of its operations and its pro forma consolidated cash flows for the years then ended, in conformity with the "Taiwan Stock Exchange Corporation Guidelines for Pro Forma Financial Statements Disclosure of Stock Exchange Listing Applications by Spin-Off Transferee Companies".

The pro forma consolidated financial statements referred to above were prepared for the purpose of simplified listing of Pegatron Corporation and are based upon the management assumption and the regulations of the Taiwan Stock Exchange Corporation described in Note 2 . However, these pro forma consolidated financial statements do not reflect the actual financial condition and operating results of Pegatron Corporation and its subsidiaries under the assumption that the Consolidated Company was spun off on January 1, 2006, and operated independently.

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Taipei, Taiwan, ROC
March 29, 2010

Notes to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operation and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	December 31, 2008		December 31, 2007	
	Amount	%	Amount	%
ASSETS				
Current Asset:				
Cash (Notes 2 and 4(1))	\$ 27,065,987	12	26,294,882	9
Financial assets reported at fair value through profit or loss — current (Notes 2 and 4(b))	3,952,004	2	4,931,403	2
Available-for-sale financial assets — current (Notes 2 and 4(b))	8,881	-	17,761	-
Notes receivable, net of allowance for doubtful accounts (Notes 2, 4(c) and 5)				
– Non-related parties	11,861	-	157,494	-
Accounts receivable, net of allowance for doubtful accounts (Notes 2, 4(c), and 5)				
– Non-related parties	55,021,430	25	100,289,266	36
– Related parties	8,718,987	4	8,991,496	3
Other receivables, net of allowance for doubtful accounts (Note 5)				
– Non-related parties	2,931,393	1	882,834	-
– Related parties	1,691,273	1	12,461,087	5
Other financial assets — current (Note 6)	178,461	-	83,951	-
Inventories (Notes 2, 4(d) and 6)	41,151,393	19	58,400,100	21
Non-current assets held for sale (Notes 2 and 4(h))	182,876	-	198,283	-
Other current assets	1,510,217	1	1,500,684	1
Deferred income tax assets — current (Notes 2 and 4(n))	1,265,686	1	200,075	-
	<u>143,690,449</u>	<u>66</u>	<u>214,409,316</u>	<u>77</u>
Investments:				
Available-for-sale financial assets — non-current (Notes 2 and 4(b))	837,958	-	1,736,209	1
Financial assets carried at cost — non-current (Notes 2 and 4(b))	1,295,298	1	823,053	-
Long-term investments under the equity method (Notes 2, 4(e) and 4(f))	2,665,994	1	2,942,671	1
	<u>4,799,250</u>	<u>2</u>	<u>5,501,933</u>	<u>2</u>
Other Financial Assets — Non-current (Note 6)				
	<u>483,269</u>	<u>-</u>	<u>60,680</u>	<u>-</u>
Property, Plant and Equipment, at cost (Notes 2 and 4(g)):				
Land	3,248,728	1	3,274,566	1
Buildings and structures	21,176,666	10	16,553,358	6
Machinery and equipment	47,001,792	22	38,399,068	14
Warehousing equipment	82,247	-	52,970	-
Electronic instruments	2,084,711	1	2,486,240	1
Transportation equipment	193,417	-	145,330	-
Office equipment	1,099,888	1	1,058,911	-
Miscellaneous equipment	4,014,304	2	2,903,070	1
	<u>78,901,753</u>	<u>37</u>	<u>64,873,513</u>	<u>23</u>
Less: Accumulated depreciation	(23,682,995)	(11)	(16,749,216)	(6)
Less: Accumulated impairment	(454,082)	-	-	-
Prepayments for equipment	5,090,371	2	5,718,286	2
	<u>59,855,047</u>	<u>28</u>	<u>53,842,583</u>	<u>19</u>
Intangible Assets (Notes 2, 4(j) and 6)				
Consolidated debit	882,284	1	1,076,651	-
Deferred pension cost	8,029	-	11,162	-
Land use rights	2,339,884	1	1,530,800	1
Other intangible assets	474,009	-	342,419	-
	<u>3,704,206</u>	<u>2</u>	<u>2,961,032</u>	<u>1</u>
Other Assets				
Deferred expenses (Notes 2 and 4(j))	3,205,267	1	2,080,864	1
Deferred income tax assets — non-current (Notes 2 and 4(n))	33,338	-	-	-
Other assets (Notes 2, 4(g) and 4(i))	959,869	1	1,195,447	-
	<u>4,198,474</u>	<u>2</u>	<u>3,276,311</u>	<u>1</u>
TOTAL ASSETS	<u>\$ 216,730,695</u>	<u>100</u>	<u>280,051,855</u>	<u>100</u>

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

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED BALANCE SHEETS (CONT'D)
DECEMBER 31, 2008 AND 2007

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Short-term loans (Note 4(k))	\$ 14,193,407	7	6,182,588	2
Financial liabilities reported at fair value through profit or loss — current (Notes 2 and 4(b))	409	-	2	-
Notes payable	96,185	-	292,952	-
Accounts payable				
– Non-related parties	59,294,648	27	111,953,295	40
– Related parties (Note 5)	5,484,475	2	7,444,867	3
Income tax payable	1,600,251	1	3,061,998	1
Accrued expenses				
– Non-related parties	7,979,741	4	4,765,409	2
– Related parties (Note 5)	62,152	-	40,939	-
Current portion of long-term loans (Note 4(l))	118,751	-	152,655	-
Other financial liabilities — current	2,679,107	1	40,377,485	14
Other current liabilities (Note 5)	5,703,246	3	2,603,279	1
	<u>97,212,372</u>	<u>45</u>	<u>176,875,469</u>	<u>63</u>
Long-Term Loans:				
Long-term loans (Note 4(l))	8,212,695	4	330,243	-
Other financial liabilities — non-current	251,665	-	159,626	-
	<u>8,464,360</u>	<u>4</u>	<u>489,869</u>	<u>-</u>
Other Liabilities:				
Deferred income tax liabilities — non-current (Notes 2 and 4(n))	195,190	-	187,690	-
Other liabilities	59,788	-	74,246	-
	<u>254,978</u>	<u>-</u>	<u>261,936</u>	<u>-</u>
Total Liabilities	<u>105,931,710</u>	<u>49</u>	<u>177,627,274</u>	<u>63</u>
Stockholders' Equity:				
Common stock — authorized 2,500,000 thousand shares, 1,884,628 thousand shares issued and outstanding in 2008 and 2007 (Note 4(o))	18,846,281	9	18,846,281	7
Capital surplus (Note 4(o)):				
Premium on capital stock	61,008,589	29	61,008,589	22
Others	2,378,085	1	2,401,528	1
	<u>63,386,674</u>	<u>30</u>	<u>63,410,117</u>	<u>23</u>
Retained earnings (Note 4(o)):				
Unappropriated earnings	5,602,495	2	(3,705)	-
	<u>5,602,495</u>	<u>2</u>	<u>(3,705)</u>	<u>-</u>
Other adjustments to stockholders' equity:				
Cumulative translation adjustments	1,909,462	1	(422,058)	-
Unrecognized loss on pension cost	(1,128)	-	(289)	-
Unrealized gain on financial assets	241,398	-	410,174	-
	<u>2,149,732</u>	<u>1</u>	<u>(12,173)</u>	<u>-</u>
Total Parent Company's Equity	<u>89,985,182</u>	<u>42</u>	<u>82,240,520</u>	<u>30</u>
Minority Interest	<u>20,813,803</u>	<u>9</u>	<u>20,184,061</u>	<u>7</u>
Total Stockholders' Equity	<u>110,798,985</u>	<u>51</u>	<u>102,424,581</u>	<u>37</u>
Commitments and Contingencies (Note 7)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 216,730,695</u>	<u>100</u>	<u>280,051,855</u>	<u>100</u>

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

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER, 2008 AND 2007
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the Year Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Net sales (Note 5)	531,266,295	100	678,147,095	100
Cost of goods sold (Notes 2, 5 and 10(a))	(503,010,787)	(95)	(649,936,184)	(96)
Gross profit	28,255,508	5	28,210,911	4
Operating expenses (Notes 5 and 10(a))				
Selling expenses	(7,834,793)	(1)	(7,020,242)	(1)
General and administrative expenses	(5,631,141)	(1)	(4,681,766)	(1)
Research and development expenses	(6,628,360)	(1)	(3,661,429)	(1)
	<u>(20,094,294)</u>	<u>(3)</u>	<u>(15,363,437)</u>	<u>(3)</u>
Income from operations	8,161,214	2	12,847,474	1
Non-operating income				
Interest income	505,290	-	583,062	-
Investment income under the equity method	93,947	-	114,776	-
Dividend income	90,758	-	30,443	-
Gain on disposal of investments	-	-	2,270,232	-
Gain on valuation of financial assets	-	-	8,329	-
Others (Note 5)	3,377,287	-	3,711,304	1
	<u>4,067,282</u>	<u>-</u>	<u>6,718,146</u>	<u>1</u>
Non-operating expenses				
Interest expense	(289,515)	-	(136,670)	-
Foreign exchange loss, net	(175,808)	-	-	-
Impairment loss	(796,744)	-	(131,811)	-
Loss on valuation of financial assets	(55,746)	-	-	-
Others	(1,430,870)	-	(1,022,575)	-
	<u>(2,748,683)</u>	<u>-</u>	<u>(1,291,056)</u>	<u>-</u>
Income before income tax	9,479,813	2	18,274,564	2
Income tax expense (Note 4(n))	(1,315,522)	-	(3,427,077)	-
Consolidated net income	\$ 8,164,291	2	14,847,487	2
Income attributable to:				
Shareholders of parent company	\$ 5,673,113	1	11,706,700	2
Minority interest	2,491,178	1	3,140,787	-
	<u>\$ 8,164,291</u>	<u>2</u>	<u>14,847,487</u>	<u>2</u>
			Before	After
			Income Tax	Income
Earnings per share attributable to parent company (Notes 2 and 4(q))				
Primary earnings per share	<u>\$ 2.74</u>		<u>3.01</u>	<u>6.71</u>
Diluted earnings per share	<u>\$ 2.73</u>		<u>6.71</u>	<u>6.21</u>

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

(English Translation of Financial Report Originally Issued in Chinese)
 PEGATRON CORPORATION AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
 (All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	Stock holders' Equity Adjustments							
	Capital Stock	Capital Surplus	Unappropriated Earnings	Cumulative Translation Adjustments	Unrecognized Loss on Pension Cost	Unrealized Gain on Financial Instruments	Minority Interest	Total
Balance as of January 1, 2007	\$ 18,846,281	62,381,271	-	(372,823)	(3,016)	(36,939)	10,516,946	91,331,720
2007	-	-	11,706,700	-	-	-	3,140,787	14,847,487
2008 earnings distribution and appropriation:								
Pro forma cash dividends	-	-	(11,710,405)	-	-	-	-	(11,710,405)
Cumulative translation adjustments term	-	-	-	(49,235)	-	-	-	(49,235)
equity investments	-	1,028,846	-	-	-	-	-	1,028,846
Change in minority interest	-	-	-	-	-	-	6,526,328	6,526,328
Unrealized gain on available-for-sale financial assets of subsidiaries	-	-	-	-	-	447,113	-	447,113
Unrecognized loss on pension cost	-	-	-	-	2,727	-	-	2,727
Balance as of December 31, 2007	18,846,281	63,410,117	(3,705)	(422,058)	(289)	410,174	20,184,061	102,424,581
2008	-	-	5,673,113	-	-	-	2,491,178	8,164,291
Interest generated from the trust property established by shareholders of the parent company	-	156,850	-	-	-	-	-	156,850
Cumulative translation adjustments equity investments	-	-	-	2,331,520	-	-	-	2,331,520
equity investments	-	(180,293)	(66,913)	-	-	-	-	(247,206)
Changes in minority interest	-	-	-	-	-	-	(1,861,436)	(1,861,436)
Unrealized gain on available-for-sale financial assets of subsidiaries	-	-	-	-	-	(168,776)	-	(168,776)
Unrecognized loss on pension cost	-	-	-	-	(839)	-	-	(839)
Balance as of December 31, 2009	\$ 18,846,281	63,386,674	5,602,495	1,909,462	(1,128)	241,398	20,813,803	110,798,985

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

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the Year Ended December 31	
	2008	2007
	Amount	Amount
Cash flows from operating activities:		
Consolidated net income	\$ 8,164,291	14,847,487
Adjustments to reconcile net income to net cash provided by (used in) operating activities activities:		
Depreciation	6,972,994	5,373,559
Amortization	1,387,472	853,519
Provision for allowance for doubtful accounts	-	445,711
Provision for inventory market decline and obsolescence	-	128,380
Loss on disposal and retirement of assets, net	40,352	107,257
Impairment loss	796,744	131,811
Income from long-term equity investments over cash dividends received	46,295	(76,597)
Gain on disposal of investments	(159,668)	(99,774)
Interest expense generated from the trust of shareholders of parent Company	156,850	-
Ownership of employee stock option and treasury stock were transferred to employee compensation cost	5,433	-
Change in assets and liabilities:		
Financial assets and liabilities reported at fair value through profit or loss — current	980,012	(1,627,697)
Notes and accounts receivable	(43,462,022)	498,579
Other receivables	19,814,873	(818,423)
Inventories	17,420,574	26,385,072
Other financial assets — current	(99,289)	1,350,161
Other current assets	(23,285)	(315,382)
Deferred income tax assets and liabilities, net	(897,446)	(33,107)
Notes and accounts payable	(19,509,091)	(28,708,401)
Accrued expenses	(7,807,105)	2,131,506
Other financial liabilities — current	14,899,697	9,507,619
Income tax payable	67,995	521,604
Other current liabilities	3,137,495	(17,940)
Accrued pension liabilities	(12,649)	31,784
Net cash provided by operating activities	1,920,522	30,616,728

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

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PEGATRON CORPORATION AND ITS SUBSIDIARIES
PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the Year Ended December 31	
	2008	2007
	Amount	Amount
Cash flows from investing activities:		
Increase in funds and investments	\$ (2,044,315)	(1,426,531)
Proceeds from disposal of investments	1,492,595	749,388
Purchase of intangible assets	(961,387)	(1,755,796)
Purchase of deferred charges	(2,136,677)	(1,318,551)
Purchase of property, plant and equipment	(10,681,492)	(15,020,194)
Proceeds from sale of assets	449,432	377,224
Decrease (Increase) in other financial assets — non-current	(460,850)	18,229
Returned investments due to subsidiary company's capital decrease	151,901	1,363
Decrease (Increase) in other assets	59,412	(142,571)
Increase in non-current assets held for sale	-	(198,283)
Net cash used in investing activities	(14,131,381)	(18,715,722)
Cash flows from financing activities:		
Increase in short-term loans	7,935,344	4,404,719
Increase (Decrease) in long-term loans	7,848,548	(145,678)
Increase in other financial liabilities — non-current	93,739	-
Increase in other liabilities	87,450	38,760
Increase in deposits received	-	18,167
Cash dividends	(2,763,576)	(11,710,405)
Change in minority interest	200,900	7,490,698
Redemption of treasury stock	(444,727)	-
Net cash (used in) provided by financing activities	12,957,678	96,261
Foreign exchange rate effects	(27,785)	(304,370)
Effect of changes of certain subsidiaries	(4,160)	(5,361,093)
Effect of initial consolidation of subsidiaries	56,231	-
Net increase in cash	771,105	6,331,804
Cash, beginning of the year	26,294,882	19,963,078
Cash, end of the year	\$ 27,065,987	26,294,882
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 273,238	146,074
Income tax	\$ 3,674,715	4,052,308
Non-cash investing and financing activities:		
Current portion of long-term loans	\$ 118,751	152,655
Purchase of property and equipment with cash and other payables:		
Property, plant and equipment	\$ 10,656,679	15,183,661
Add: Other payables, beginning of the year	163,467	-
Less: Other payables, end of the year	(138,654)	(163,467)
Cash paid	\$ 10,681,492	15,020,194

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

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PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Amounts Expressed in Thousands of New Taiwan Dollars,
Except for Per Share Information and Unless Otherwise Stated)

1. Organization and Business

Pegatron Corporation (the “Company”) was established on June 27, 2007, with 5,000 thousand shares outstanding. In order to enhance competitiveness and boost productivity, the Company resolved to accept the OEM business extracted from ASUSTeK Computer Inc. (“ASUSTeK”) to restructure the Company’s business. Pursuant to resolutions of the board of directors on July 2, 2007, the Company elected January 1, 2008, as the effective date for the spin-off of the OEM business from ASUSTeK. In exchange for the net assets acquired and liabilities assumed from this OEM business worth \$70,000,000, the Company issued 1,600,000 thousand shares with par value of \$10 dollars and issued at a premium \$43.75 per share. On April 1, 2008, the Company merged with ASUSALPHA Computer Inc., which was the dissolved company under the merger. Moreover, in order to integrate the group’s OEM business, reduce costs and enhance productivity, on April 24, 2008, pursuant to resolutions of the Company’s board of directors, the Company conducted a share swap arrangement with UNIHAN CORPORATION (a 100%-owned subsidiary of ASUSTeK) effective on May 1, 2008. The share swap ratio was 2.8613 shares of UNIHAN CORPORATION to 1 share of the Company’s common stock. In accordance with the share swap arrangement, the Company issued 279,628 thousand new shares with par value of \$10 per share, resulting in additional capital of \$2,796,281. Thereafter, the total outstanding capital amounted to \$18,846,281. After these mergers, the Company engages primarily in contract manufacturing and selling of computer products.

The pro forma consolidated financial statements was conducted based on the assumption that the Company was established on January 1, 2006 and at meantime issued 1,884,628 thousand shares, which was resulted in a premium on capital stock of \$61,008,589 to obtain (i) cash, (ii) net assets acquired and liabilities assumed of the OEM business extracted from ASUSTeK, and (iii) 100% ownership of UNIHAN CORPORATION initially owned by ASUSTeK.

As of December 31, 2008 and 2007, these pro forma consolidated financial statements were assumed that 25% of the Company’s shares were held by ASUSTeK.

As of December 31, 2008 and 2007, the Company and its subsidiaries (the “Consolidated Company”) had 84,978 and 103,372 employees, respectively.

2. Summary of Significant Accounting Policies

The pro forma consolidated financial statements were based upon the “Taiwan Stock Exchange Corporation Guidelines for Pro Forma Financial Statements Disclosure of Stock Exchange Listing Applications by Spin-Off Transferee Companies”. The significant accounting policies and their measurement bases are as follows:

a. Basis of Pro Forma Consolidation

In order to apply for a simplified listing, the 2008 and 2007 pro forma consolidated financial statements were prepared in accordance with “Article 51-2 of the Taiwan Stock Exchange Corporation Operating Rules” and the “Taiwan Stock Exchange Corporation Guidelines for Pro

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PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Forma Financial Statements Disclosure of Stock Exchange Listing Applications by Spin-Off Transferee Companies”. The preparation bases of the pro forma consolidated financial statements are summarized as follows:

1) Objects and Principles

The 2008 and 2007 pro forma consolidated financial statements were based on the group’s reorganization established for the Company and ASUSTeK effective December 31, 2009. These financial statements were derived from the 2008 and 2007 historical audited financial statements of ASUSTeK Computer Inc. and prepared under the management’s assumption that the Consolidated Company was spun off on January 1, 2006, and operated independently from ASUSTeK. Under these principles, accounts included in the pro forma consolidated financial statements could be directly attributed to the OEM business of the group. If any accounts were not able to be directly attributed to or definitely recognized from the OEM business, they would be allocated on a reasonable basis.

2) Basis of Pro Forma Balance Sheets

- i. Account receivables (payables): ASUSTeK assumed all outstanding account receivables (payables) at the spin-off date of January 1, 2008, which could not reflect the actual operation of the Company. The Company recorded the account receivables (payables) on the pro form balance sheet which could be definitely attributed to the Company as of December 31, 2007, based on the collection term with ASUSTeK effective the date of spin-off.
- ii. Other receivables (payables): Following the group’s reorganization mentioned above, the Company adjusted the amounts of other receivables (payables) generated from the pro forma income and losses based on the investee’s financial statements audited by independent accountants.
- iii. Other assets and liabilities: Except for those accounts that could be definitely attributed, they were allocated, attributed and transferred on a reasonable basis between ASUSTeK and the Company.
- iv. The difference between total assets and total liabilities and stockholders’ equity generated from the pro forma financial statements was accounted under account receivables from (payables to) ASUSTeK.

4) Basis of Pro Forma Stockholders’ Equity

i. Common stock

It is assumed that the total issued and outstanding capital of the Company amounted to \$18,846,281 and comprised 1,884,628 thousand shares, with par value of \$10 per share, as of January 1, 2006. As of December 31, 2008 and 2007, the issued and outstanding common stock were both amounted to \$18,846,281.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

ii. Capital surplus

It is assumed that the Company issued its above-mentioned capital on January 1, 2006, which resulted in capital surplus from the capital increase in cash, the new shares issued from the spin-off, and the share swap with UNIHAN CORPORATION. The others of capital surplus were generated from adjustment arising from changes in percentage of ownership in long-term investments under equity method in 2008 and 2007.

iii. Unappropriated earnings

Following the group's reorganization mentioned above, the Company adjusted the amounts of income and losses based on the investees' financial statements audited by independent auditors. Under simplify matters, the Company assumed that the unappropriated earnings as of December 31, 2007, were all distributed to the stockholders and that legal reserve was not been appropriated in 2007.

iv. Cumulative translation adjustments

Following the group's reorganization mentioned above, the Company recognized cumulative translation adjustments based on the pro forma financial statements of investee companies which were audited by independent accountants.

5) Basis of Pro Forma Income Statements

i. Sales and cost of goods sold

The pro forma income statements assume that the Company sold products to ASUSTeK and that the sales and cost of goods sold were attributable to the spun-off division on an individual product basis.

ii. Operating expenses

Except for the definitely attributed expenses, the common costs, such as information technology, finance and accounting, administration and human resources, were allocated on a reasonable and consistent basis between ASUSTeK and the Company.

iii. Non-operating income/loss

a) Interest income/expense: Since they were related to financing activities on the corporate level and were hard to be directly attributed to or definitely recognized from certain entities, it is assumed that the interest income and expense were all allocated to ASUSTeK when preparing the Pro Forma Income Statements.

b) Foreign exchange gain/loss: Because it is resulted from the main operating activities, it was allocated on the basis of the proportion of sales between ASUSTeK and the Company.

c) Other income/loss: Except for those that could be definitely recognized, the others were allocated on a reasonable basis.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- iv. Income tax expense/benefit: Based on the pro forma income before income tax, it is assumed that the OEM business was an independent legal entity. The income tax expense and benefit were calculated in accordance with the historical income statements for the OEM business.

b. Basis of Consolidation

When the Consolidated Company holds more than 50% of the voting rights of investees (including the exercisable and convertible potential voting rights owned by the Consolidated Company except when there is any evidence indicating that the Consolidated Company has no controlling power considering its percentage of ownership) or when any one of the criteria listed below is met, the Consolidated Company is considered to have control over the investees. The Consolidated Company not only accounts for such investments under the equity method but also consolidates them into the Company's consolidated financial statements quarterly.

- 1) Has ability to have more than half of investee's voting rights with agreement of other investors.
- 2) Has ability to control the financial, operating and human resources functions of investee according to regulations or agreements.
- 3) Has authority to appoint more than half of the members of the board of directors (or its equivalent) to control the board (or its equivalent).
- 4) Has authority to secure more than half of the voting rights of the board of directors (or its equivalent) to control the board (or its equivalent).
- 5) Has other circumstances that prove the controlling power.

As of December 31, 2008 and 2007, the consolidated subsidiaries were as follows:

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
The Company	UNIHAN CORPORATION (UNIHAN)	Designing, manufacturing, maintaining and selling computer peripherals and audio-video products	100.00%	100.00%
UNIHAN AND ASUSPOWER INVESTMENT	Ability Enterprise Co., Ltd. (Ability (tw))	Selling computer peripherals, office automation equipment, and digital cameras, retailing and wholesaling of food products, and leasing	12.99%	13.03%
Ability (tw)	ACTION PIONEER INTERNATIONAL LTD.	Trading activities	100.00%	100.00%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
Ability (tw)	VIEWQUEST TECHNOLOGIES INTERNATIONAL LTD.	Selling computer peripherals, digital cameras and electronic components	100.00%	100.00%
Ability (tw)	ASSOCIATION INTERNATIONAL LTD.	Investing activities	100.00%	100.00%
Ability (tw)	ABILITY ENTERPRISE (BVI) CO., LTD. (ABILITY)	Investing activities	100.00%	100.00%
ABILITY	Ability Technology (Dongguan) Co., Ltd	Producing and selling digital cameras	100.00%	100.00%
Ability (tw)	VIEQUEST TECHNOLOGIES (BVI) INC.	Manufacturing and selling computer peripherals, digital cameras and electronic components	100.00%	100.00%
Ability (tw)	Ability International Investment Co., Ltd.	Investing activities	100.00%	100.00%
UNIHAN	Unihan Holding Ltd. (Unihan Holding)	Investing activities	100.00%	100.00%
Unihan Holding	CASETEK HOLDINGS LIMITED (CASETEK HOLDING)	Investing and trading activities	100.00%	100.00%
CASETEK HOLDING	SLITEK HOLDINGS LIMITED	Investing and trading activities	100.00%	100.00%
CASETEK HOLDING	CASETEK COMPUTER (SUZHOU) CO., LTD	Manufacturing, developing and selling computers, computer parts, and application systems, and providing after-sales service	100.00%	100.00%
CASETEK HOLDING	KAEDAR HOLDINGS LIMITED (KAEDAR HOLDING)	Investing and trading activities	100.00%	(Note B)

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
KAEDAR HOLDING	KAEDAR ELECTRONICS (KUNSHAN) CO., LTD	Tooling module of stainless steel computer cases	100.00%	(Note B)
CASETEK HOLDING	KAEDAR TRADING LTD.	Investing and trading activities	100.00%	(Note B)
CASETEK HOLDING	CORE-TEK (SHANGHAI) LIMITED	Researching and producing notebook parts, designing nonmetal tooling, electronic equipment and related products, repairing and producing precision equipment, and providing after-sales service	100.00%	(Note B)
CASETEK HOLDING	UNITED NEW LIMITED (UNITED)	Investing and trading activities	51.00%	(Note B)
UNITED	AVY PRECISION ELECTROPLATING (SUZHOU) CO., LTD.	Manufacturing and selling electronic and camera components and accessories	100.00%	(Note B)
Unihan Holding	Azurewave (Cayman) Holding Inc.	Investing and trading activities	60.49%	60.49%
Azurewave (Cayman) Holding Inc.	AzureWave Technologies, Inc. (AzureWave)	Manufacturing office machinery, electronic parts and computer peripherals and selling precision equipment and digital cameras	82.35%	86.32%
Azurewave (Cayman) Holding Inc.	TWINHAN TECHNOLOGY CO., LTD. (TWINHAN)	Designing, manufacturing, researching and selling computer products	(Note F)	93.20%
TWINHAN	Eminent Star Company Limited (Eminent)	Investing activities	100.00%	100.00%
Eminent	Hannex International Limited (Hannex)	Investing activities	100.00%	100.00%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
Hannex	Scientek Nanjing Co., Ltd	Designing, researching and selling computer products	100.00%	100.00%
Eminent	Jade Technologies Limited (Jade)	Investing activities	100.00%	100.00%
Eminent and Jade	Azurewave Technology (Shenzhen) Co., Ltd.	Designing, researching and selling computer products	100.00%	100.00%
AzureWave	EZWAVE TECHNOLOGIES, INC.	Selling computer peripherals	100.00%	100.00%
AzureWave	Azwave Holding (Samoa) Inc. (Azwave Samoa)	Investing activities	100.00%	100.00%
Azwave Samoa	AzureWave Technologies (Shanghai) Inc.	Manufacturing electronic parts	100.00%	100.00%
UNIHAN	AMA PRECISION INC. (AMA PRECISION)	Designing and developing computer parts	100.00%	100.00%
AMA PRECISION	AXIS PRECISION INC.	Manufacturing and selling electronic parts	(Note E)	98.00%
AMA PRECISION	AMA Technology Corporation	Trading computer peripherals	100.00%	100.00%
AMA PRECISION	AMA Holdings Limited (AMA)	Investing activities	100.00%	100.00%
AMA	METAL TRADINGS LTD. (METAL)	Trading activities	100.00%	100.00%
METAL	FENGSHUO TRADING (TONGZHOU) CO. LTD	Trading activities	100.00%	100.00%
AMA	EXTECH LTD.	Trading electronic parts	88.91%	88.91%
EXTECH LTD.	GRANDTECH PRECISION (TONGZHOU) CO., LTD	Manufacturing, developing and selling electronic parts	100.00%	100.00%
AMA	Toptek Precision Industry(SuZhou) Co., Ltd	Manufacturing and selling new electronic parts and premium hardware	100.00%	100.00%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
The Company and ASUS INVESTMENT	ASUS HOLLAND HOLDING B.V. (AHH)	Investing activities	100.00%	100.00%
AHH	PEGATRON Czech s.r.o. (Note G)	Installing, repairing and selling electronic products	100.00%	100.00%
The Company	Pegatron Holding Ltd. (Pegatron Holding)	Investing activities	100.00%	100.00%
Pegatron Holding	POWTEK HOLDINGS LIMITED (POWTEK)	Investing and trading activities	100.00%	100.00%
POWTEK	Powtek (Shanghai) Co., Ltd.	Selling main boards, computer peripherals, notebooks, servers and software, and providing after-sales service	100.00%	100.00%
Pegatron Holding	BOARDTEK HOLDING LIMITED (BOARDTEK HOLDING)	Investing and trading activities	100.00%	100.00%
BOARDTEK HOLDING	BOARDTEK COMPUTER (SUZHOU) CO., LTD	Developing, manufacturing and selling new electronic components, circuit boards and related products, and providing after-sales service	100.00%	100.00%
Pegatron Holding	ASLINK PRECISION CO., LTD (ASLINK)	Investing and trading activities	100.00%	100.00%
ASLINK	ASLINK (H.K.) PRECISION CO., LIMITED	Investing and trading activities	100.00%	100.00%
ASLINK(HK)	LINKTEK PRECISION (SUZHOU) CO., LIMITED	Manufacturing and selling earphone parts	100.00%	100.00%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
ASLINK	ASAP INTERNATIONAL CO., LIMITED (ASAP)	Investing activities	51.00%	(Note B)
ASAP	ASAP TECHNOLOGY (JIANGXI) CO., LIMITED	Manufacturing and selling wire and cable	100.00%	(Note B)
Pegatron Holding	DIGITEK GLOBAL HOLDINGS LIMITED	Investing and trading activities	100.00%	100.00%
Pegatron Holding	MAGNIFICENT BRIGHTNESS LIMITED (MAGNIFICENT)	Investing and trading activities	100.00%	100.00%
Pegatron Holding	STRONG CHOICE GROUP LIMITED (STRONG CHOICE)	Investing and trading activities	100.00%	100.00%
Pegatron Holding	WEST TEC ASIA LIMITED (WEST TEC)	Investing and trading activities	100.00%	100.00%
MAGNIFICENT	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Manufacturing, developing and selling power supply units, computer cases, computer systems, notebooks, main boards, and computer peripherals, and providing after-sales service	100.00%	100.00%
Pegatron Holding	PROTEK GLOBAL HOLDINGS LTD. (PROTEK)	Investing and trading activities	100.00%	100.00%
Pegatron Holding	NORTH TEC ASIA LIMITED (NORTH)	Investing and trading activities	100.00%	100.00%
PROTEK	Protek (ShangHai) Limited	Manufacturing, developing and selling computers, printers and electronic components, and providing after-sales service	100.00%	100.00%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
NORTH	NORTH TEC ASIA (SHANGHAI) LIMITED	Manufacturing, developing and selling mobile phones, computers, routers, DTV and electronic components, and after-sales service	100.00%	100.00%
The Company	ASUSPOWER INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
The Company	ASUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
The Company	ASUSTEK INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
ASUSPOWER INVESTMENT, ASUS INVESTMENT and ASUSTEK INVESTMENT	ASROCK Incorporation (ASROCK)	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and wholesaling of computer equipment and electronic components	58.41%	59.84%
ASROCK	ASIAROCK TECHNOLOGY LIMITED (ASIAROCK)	Manufacturing and selling database storage and processing equipment	100.00%	100.00%
ASIAROCK	ASROCK EUROPE B.V.	Database service and trading electronic components	100.00%	100.00%
ASIAROCK	CalRock Holdings, LLC.	Office building leasing	100.00%	100.00%
ASROCK	Leader Insight Holdings Ltd. (Leader)	Investing activities	100.00%	100.00%
Leader	Firstplace International Ltd. (Firstplace)	Investing activities	100.00%	100.00%
Firstplace	Asrock America, Inc.	Database service and trading electronic components	100.00%	100.00%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
ASUSPOWER INVESTMENT and ASUS INVESTMENT	PEGATRON Mexico, S.A. DE C.V. (Note G)	Sales and repair service center in Mexico	100.00%	100.00%
ASUSPOWER INVESTMENT, ASUS INVESTMENT and ASUSTEK INVESTMENT	KINSUS INTERCONNECT TECHNOLOGY CORP. (KINSUS)	Manufacturing electronic parts, wholesaling and retailing electronic components, and providing business management consultant service	39.00%	39.75%
KINSUS	KINSUS CORP. (USA)	Developing and designing new technology and products; analyzing marketing strategy and developing new customers	100.00%	100.00%
KINSUS	KINSUS HOLDING (SAMOA) LIMITED (KINSUS SAMOA)	Investing activities	100.00%	100.00%
KINSUS SAMOA	KINSUS HOLDING (CAYMAN) LIMITED (KINSUS CAYMAN)	Investing activities	100.00%	100.00%
KINSUS CAYMAN	KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP.	Manufacturing and selling circuit boards	100.00%	100.00%
ASUSPOWER INVESTMENT, ASUS INVESTMENT and ASUSTEK INVESTMENT	ASUSPOWER CORPORATION	Investing and trading activities	100.00%	100.00%
ASUSPOWER INVESTMENT, ASUS INVESTMENT and ASUSTEK INVESTMENT	STARLINK ELECTRONICS CORPORATION (STARLINK)	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	100.00%	80.64%
STARLINK	STRATEGY Technology Co., Ltd.	Investing and trading activities	100.00%	100.00%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
STRATEGY	COTEK HOLDINGS LIMITED (COTEK)	Investing and trading activities	100.00%	100.00%
COTEK	COTEK ELECTRONICS (SUZHOU) CO., LTD	R&D, manufacturing and selling new electronic components; providing mold technology and after-sales service	100.00%	100.00%
ASUS INVESTMENT	ASFLY TRAVEL SERVICE LIMITED	Travel agency	100.00%	100.00%
ASUSPOWER INVESTMENT I	PEGATRON TECHNOLOGY SERVICE INC. (Note G)	Sales and repair service center in North America	100.00%	100.00%
PTSI	Asus Service Canada, Inc.	Maintenance service	100.00%	100.00%
ASUSPOWER INVESTMENT	ASUSPOWER COMPUTER (HK) LIMITED	Trading activities	(Note C)	100.00%
ASUSPOWER INVESTMENT	ASUS UK LIMITED	Sales and repair service center in UK	(Note C)	100.00%
ASUSPOWER INVESTMENT	PEGATRON JAPAN INC. (NOTE G)	Sales and repair service center in Japan	100.00%	97.55%
ASUS INVESTMENT	HUA-YUAN INVESTMENT LIMITED	Investing activities	100.00%	100.00%
ASUS INVESTMENT	Asmobile Communication Inc.	Manufacturing, importing and selling telecommunication equipment	(Note C)	100.00%
ASUSPOWER INVESTMENT, ASUS INVESTMENT and ASUSTEK INVESTMENT	UNIMAX TECHNOLOGY INCORPORATION	Designing and manufacturing computer communication products	-%	(Note C)
The Company	ASUSALPHA Computer Inc.	Manufacturing computer peripherals	-% (Note D)	100.00%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Nature of business	Shareholding ratio	
			2008.12.31	2007.12.31
The Company	ADVANSUS CORP.	Manufacturing computer peripherals	50.00% (Note A)	50.00% (Note A)
The Company	PEGATRON USA, INC.	Sales and repair service center in North America	100.00%	-%

Note A: The entity's financial statements were included in the consolidated financial statements in the proportion of the joint venture owned by the Company.

Note B: The entity was not established or acquired by the Company in 2007, so it was not included in the consolidated financial statements of 2007.

Note C: This entity was under liquidation; therefore, the profit or loss of the entity was included in the consolidated financial statements until the effective date of its liquidation.

Note D: ASUSALPHA Computer Inc. merged with Pegatron Corporation in 2008. Pegatron Corporation was the surviving entity.

Note E: AXIS PRECISION INC. merged with AMA Precision Inc. in 2008. AMA PRECISION INC. was the surviving entity.

Note F: TWINHAN TECHNOLOGY CO., LTD merged with AzureWave Technologies, Inc. in 2008. AzureWave Technologies was the surviving entity..

Note G: Some of the subsidiaries were renamed in 2008. The former names in 2007 were shown as follows:

PEGATRON Czech s.r.o. (formerly named ASUS Czech s.r.o)

PEGATRON JAPAN Inc. (formerly named ASUS JAPAN Inc.)

PEGATRON MEXICO, S.A. DE C.V. (formerly named ASUS MEXICO, S.A. DE C.V.)

PEGATRON TECHNOLOGY Service Inc. (formerly named ASUS TECHNOLOGY Service Inc.)

All significant inter-company accounts and transactions have been eliminated.

c. Use of Estimates

The preparation of the accompanying consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

d. Foreign Currency Translation

The Consolidated Company records its transactions in New Taiwan dollars. All foreign currency-denominated consolidated subsidiaries record their transactions in their functional currency. Non-derivative foreign currency transactions are recorded at the exchange rates prevailing at the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars using the exchange rates on that date, and the resulting unrealized exchange gains or losses from such translations are reflected in the accompanying statements of income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the reporting currency using the foreign exchange rates at the balance sheet date. If the non-monetary assets or liabilities are measured at fair value through profit or loss, the resulting unrealized exchange gains or losses from such translation are reflected in the accompanying statements of income. If the non-monetary assets or liabilities are measured at fair value through stockholders' equity, the resulting unrealized exchange gains or losses from such translation are recorded as a separate component of stockholders' equity.

For long-term equity investments in foreign investees which are accounted for by the equity method, their foreign currency-denominated assets and liabilities are translated at the spot rate on the balance sheet date; the components of their stockholders' equity are translated at the historical rate except for the beginning balance of retained earnings, which is translated using the spot rate at the beginning of the year. Income statement accounts are translated at the weighted-average rate of the year. Translation differences are accounted for as cumulative translation adjustments to stockholders' equity.

e. Basis for Classifying Assets and Liabilities as Current or Non-current

Unrestricted cash, cash equivalents, assets held for trading, or other assets that the Company will convert to cash or use within in a relatively short period of time — one year or one operating cycle, whichever is longer — are classified as current assets; other assets are classified as non-current assets. Debts due within one year or one operating cycle, whichever is longer, are classified as current liabilities; other liabilities are classified as non-current liabilities.

f. Asset Impairment

The Consolidated Company adopted Statement of Financial Accounting Standards No. 35 (SFAS 35) "Impairment of Assets". In accordance with SFAS 35, the Company assesses at each balance sheet date whether there is any indication that an asset (individual asset or cash-generating unit other than goodwill) may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The Company recognizes impairment loss for an asset whose carrying value is higher than the recoverable amount.

The Consolidated Company reverses an impairment loss recognized in prior periods for assets other than goodwill if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Consolidated Company assesses the goodwill and intangible assets that have indefinite lives or that are not yet available for use on an annual basis and recognizes an impairment loss on the carrying value in excess of the recoverable amount. The loss is first recorded against the goodwill allocated to the CGU, with any remaining loss allocated to other assets on a pro rata basis proportionate to their carrying amounts. The write-down of goodwill cannot be reversed in subsequent periods under any circumstances.

g. Financial Instruments

The Consolidated Company classifies investments in financial assets as financial assets / liabilities reported at fair value through profit or loss or financial assets carried at cost.

Financial instrument transactions are recorded at the trading date. Financial instruments other than those held for trading are initially recognized at fair value plus transaction costs, while those held for trading are carried at fair value.

Subsequent to initial recognition, financial instruments are classified, depending on the Company's intention, as follows:

i. Financial assets or liabilities reported at fair value through profit or loss

These financial assets and liabilities are subsequently measured at fair value with changes in fair value recognized in profit and loss. Stocks of listed companies, convertible bonds and closed-end funds are measured at closing prices on the balance sheet date. Open-end funds are measured at the unit price of the net assets on the balance sheet date.

A financial asset or financial liability may be designated as at fair value through profit or loss only when either of the following conditions is met:

- (1) The financial asset or financial liability designated is a hybrid financial instrument.
- (2) It eliminates or significantly reduces a measurement or recognition inconsistency.
- (3) A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

ii. Financial assets carried at cost

Equity investments without reliable market prices, including emerging and other unlisted stocks, are measured at cost. If objective evidence of impairment exists, the Consolidated Company recognizes impairment loss, which is not reversed in subsequent periods.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

iii. Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value, and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognized directly in equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized in earnings. If, in a subsequent period, the amount of the impairment loss decreases, for equity securities, the previously recognized impairment loss is reversed to the extent of the decrease and recorded as an adjustment to equity; for debt securities, the amount of the decrease is recognized in profit or loss, provided that the decrease is clearly attributable to an event which occurred after the impairment loss was recognized.

h. Notes and Accounts Receivable, and Allowance for Doubtful Accounts

Allowance for doubtful accounts is based on the aging analysis and results of the Consolidated Company's evaluation of the collectability of outstanding receivable balances.

i. Inventories

Inventories are carried at the lower of cost or market value using a perpetual inventory basis. Cost is determined using the weighted-average method. Market value is determined by replacement value. A provision for inventory devaluation is recorded when the market value of inventories is less than cost. The fair value of finished goods, merchandise and work in process is determined on the basis of net realizable value, while the fair value of raw material is determined by replacement value. A provision for inventory devaluation and obsolescence is recorded as allowance for loss based on certain percentages according to the aging of inventories.

j. Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amounts are recoverable through a sale transaction within one year rather than through continuing use. Non-current assets held for sale (disposal group) are measured at the lower of carrying amount or fair value less costs to sell.

k. Long-Term Equity Investments (Including Joint Ventures)

Long-term equity investments in which the Company, directly or indirectly, owns 20% or more of the investee's voting shares, or less than 20% of the investee's voting shares but is able to exercise significant influence over the investee's operating and financial policies, are accounted for under the equity method.

Investment in a joint venture which the Company has the ability to control is accounted for under the equity method. Also, such investment is included in the consolidated financial statements by using the proportionate consolidation method on the balance sheet date.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Unrealized profits/losses on inter-company transactions are eliminated and deferred. Regardless of whether inter-company transactions are downstream or upstream transactions, unrealized inter-company gains and losses are eliminated in proportion to the shareholding ratio, except for those in downstream transactions, where gain or loss is fully eliminated when a controlling interest exists. Unrealized gains and losses resulting from transactions between investee companies are eliminated in proportion to the shareholding ratio if a controlling interest exists. Otherwise, the unrealized gains or losses are eliminated according to the shareholding ratio. Gains and losses resulting from transactions involving depreciable assets are recognized ratably over their economic lives, while those from other assets are recognized immediately.

Cost and gains or losses on disposal of long-term equity investments are determined by the weighted-average method. Capital surplus from disposal of such investments is reduced by the percentage sold, with gains and losses included in current earnings.

The change in the carrying value of long-term equity investment as a result of the change in percentage of equity ownership due to disproportionate subscription to additional shares issued by the investee company is charged against capital surplus. When the balance of capital surplus arising from long-term equity investments is insufficient, the difference is charged against retained earnings.

I. Property, Plant, and Equipment, and Depreciation

Property, plant, and equipment are stated at cost. Interest expense incurred up to the time when the asset is ready for its intended use is capitalized as part of the acquisition cost. Major additions, improvements, and replacements are capitalized.

Depreciation is provided over the estimated economic lives using the straight-line method. Assets still in use at the end of their estimated useful lives are continuously depreciated based on their estimated remaining useful lives and estimated salvage values. Economic lives of major property and equipment are as follows:

Buildings and structures	3 to 60 years
Machinery and equipment	2 to 10 years
Warehousing equipment	5 to 10 years
Electronic instrument	1 to 5 years
Transportation equipment	1 to 20 years
Office equipment	1 to 7 years
Miscellaneous equipment	1 to 20 years

Gain and loss on disposal of properties are recorded as non-operating income or loss.

Rental assets and idle fixed assets, which are not used for operating purposes, are classified as other assets.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

m. Intangible Assets

According to the Statement of Financial Accounting Standards No. 37 (SFAS 37) “Intangible Assets”, intangible assets are stated at cost, except for a government grant, which is stated at fair value. Intangible assets with finite life are measured at cost plus the revaluation increment arising from the revaluation in accordance with the laws, less any accumulated amortization and any impairment losses.

The amortizable amount of intangible assets with definite lives is determined after deducting their residual value. Amortization is recognized as an expense on a straight-line basis over the estimated useful lives of intangible assets from the date that they are made available for use. The economic useful lives of intangible assets are as follows:

Computer software cost	1 to 5 years
Trademarks	5 to 20 years
Patent	2 to 10 years
Land use right	20 to 50 years

The residual value, the amortization period, and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Any changes therein are accounted for as changes in accounting estimates.

Under the purchase method, the excess of acquisition costs over the fair value of identifiable assets assumed is recorded as goodwill. Goodwill is measured at its cost less impairment losses.

The Consolidated Company evaluates intangible assets periodically for impairment in accordance with Statement of Financial Accounting Standards No. 35 (SFAS 35) “Impairment of Assets”.

n. Deferred Expenses

The costs of renovation projects, molds, fixtures and office decorations are deferred and amortized over 9 months to 10 years by the straight-line method.

o. Pension Plan

Domestic public companies in the Republic of China have adopted SFAS No. 18 “Accounting for Pensions” as the basis of accounting for their defined benefit pension plan. Net periodic pension cost recognized in accordance with SFAS No. 18 includes the current service cost, amortization of net transition asset or obligation, prior service cost, and amortization of unrecognized gain (loss) on the pension plan on a straight-line basis over the expected average remaining service period of the employees in accordance with the rules set by the SFB. Under this plan, these entities contribute monthly an amount equal to a certain percentage of gross salary to a pension fund, which is deposited into a designated depository account with Bank of Taiwan.

Pursuant to the Labor Pension Act, domestic private companies in the Republic of China contribute an amount equal to 6% of gross salary of each employee to the Council of Labor Affairs. These contributions are recognized as pension expense during the period when

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

contributions are made.

The Company and some subsidiaries adopt a defined contribution pension plan according to the regulations of their respective jurisdiction and recognize monthly pension contributions as current expenses. According to the regulations of the People's Republic of China government, the subsidiaries in mainland China contribute basic retirement insurance fees equal to the legally specified percentages of each employee's salary and recognize these fees as current expenses.

Other overseas subsidiaries contribute pension costs periodically on the basis of the local labor law of each subsidiary's registered jurisdiction.

p. Warranty Reserve

A warranty reserve is provided for products sold with a warranty based on estimated warranty service cost and considering past experience, such as historical return rates, repair costs, failure rates and warranty period.

q. Revenue Recognition

Revenue is recognized when title to the product and the risks and rewards of ownership are transferred to the customer; otherwise, revenue recognition is deferred until these criteria are met. The related cost and expenses are recognized as the revenue is recognized. The expenses are recognized on an accrual basis.

r. Classification of Capital and Operating Expenditures

Expenditures that benefit the Consolidated Company in future years are capitalized, while immaterial expenditures or those with no future benefits are treated as current expense or loss.

s. Commitments and Contingencies

If loss from a commitment or contingency is deemed highly likely and the amount can be reasonably estimated, then such loss is immediately recognized. Otherwise, only the nature of such loss is disclosed in the notes to the financial statements.

t. Income Tax

In accordance with Statement of Financial Accounting Standards No. 22 (SFAS 22) "Income Taxes", income taxes are accounted for using the asset and liability method. The income tax effects resulting from deductible temporary differences, loss carryforwards, and investment tax credits are recognized as deferred income tax assets. The realization of the deferred income tax assets is evaluated, and if it is considered more likely than not that the deferred tax assets will not be realized, a valuation allowance is recognized accordingly. The Consolidated Company recalculates deferred income tax liabilities and deferred income tax assets based on the newly modified statutory income tax rate, and reports the difference between the newly calculated amount and the originally calculated one as current expense or benefit. Adjustments to prior years' income taxes are reported as current income taxes.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Deferred income tax assets or liabilities are classified as current and non-current in accordance with the nature of the related assets and liabilities or the length of time to their reversal.

Income taxes credits from the purchase of equipment, technical research and development, and personnel training are recognized by the flow-through method.

The 10% surtax on undistributed earnings of the Consolidated Company is reported as current expense on the date when the stockholders resolve not to distribute the earnings during their annual meeting.

The income tax for each consolidated entity is reported on an individual basis with the relevant jurisdiction and is not reported on a consolidated basis. The consolidated income tax expense is the total of income tax expenses for all consolidated entities.

u. Employee Stock Option

The Consolidated Company uses the intrinsic value method to recognize compensation costs for its employee stock options whose grant date is after January 1, 2004, and before December 31, 2007. Under this method, the Consolidated Company recognizes the difference between the market price of the stock on the date of grant and the exercise price of its employee stock option as compensation cost. Compensation costs are recognized as expenses over the employees' service period as defined in the Employee Stock Option Rules. Relevant changes in owners' equity resulting from the recognition of compensation costs from employee stock options are also reflected in the consolidated statements.

Equity-settled share-based payments of the Consolidated Company granted on or after January, 1 2008, are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, with a corresponding increase in equity.

v. Earnings per Share ("EPS")

Earnings per share of common stock are determined based on net income available to common stockholders divided by the weighted-average number of outstanding shares of common stock. The effect on earnings per share from an increase in capital stock through the distribution of stock dividends from inappropriate earnings, capital surplus, or employee stock bonuses approved in the annual stockholders' meetings held before and in 2008 is computed retroactively.

Diluted EPS are calculated by dividing net income by the weighted-average number of common shares used in the basic EPS calculation plus the number of common shares that would be issued assuming all potentially dilutive common shares are converted and outstanding. The employee bonuses appropriated after January 1, 2008, are potentially dilutive common shares. If a dilutive effect does not exist, only basic EPS are disclosed; otherwise, diluted EPS are disclosed in addition to the basic EPS.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

w. Spin-Off Transactions

Spin-off transactions are accounted for by Interpretation (91) 128 issued by the ROC Accounting Research and Development Foundation, under which a transferee company recognizes at book value the assets received and liabilities assumed from a transferor company. However, if there is any impairment loss, the capitalized cost of the transferee company shall be net of impairment losses. Based on the net value of assets and liabilities the transferee company recognized, an amount equals to net value is accounted for as capital stock, and the amount in excess of net value is accounted for as paid-in capital.

x. Business Combinations

A combination is accounted for by Interpretations (91) 243 and (91) 244 issued by the ROC Accounting Research and Development Foundation. The Consolidated Company made the combination for group restructuring purposes in accordance with the Interpretation. On the effective date of the combination, the surviving company acquired assets from the terminated company and credited the long-term investment account.

y. Employee Bonuses and Remuneration to Directors and Supervisors

Appropriations for employee bonuses and remuneration to directors and supervisors are accounted for by Interpretation (96) 052 issued by the ROC Accounting Research and Development Foundation. In accordance with this Interpretation, the Company estimates the amount of employee bonuses and remuneration to directors and supervisors and recognizes it as expenses in the year when services are rendered. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized in profit or loss.

3. Reasons for and Effect of Accounting Changes

Effective January 1, 2008, the Consolidated Company adopted Republic of China Statement of Financial Accounting Standards (SFAS) No. 39 "Share-based Payment" and Interpretation (96) 052 issued by the ROC Accounting Research and Development Foundation (ARDF) in the accounting for employee bonuses and directors' and supervisors' remuneration. The adoption of these new accounting principles decreased net income attributable to stockholders of the parent and earnings per share by \$906,597 and \$0.48 (NT dollars), respectively, for the year ended December 31, 2008.

4. Summary of Major Accounts

a. Cash

	December 31, 2008	December 31, 2007
Cash on hand	\$ 148,182	19,395
Demand deposits	8,173,933	10,613,566
Time deposits	18,743,872	15,661,921
Total	\$ 27,065,987	26,294,882

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

b. Financial Instruments

(i) The components of financial instruments were as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Financial assets reported at fair value through profit or loss — current:		
Stocks of listed companies	\$ 34,873	-
Beneficiary certificates	2,867,440	4,728,008
Currency swap contracts	4,264	-
Overseas notes	289,167	-
Depository receipts	16,171	46,839
Corporate bonds	699,351	15,485
Sub-total	<u>3,911,266</u>	<u>4,790,332</u>
Financial assets designated as at fair value through profit or loss — current:		
Structure notes	40,738	141,071
Total	<u>\$ 3,952,004</u>	<u>4,931,403</u>
Available-for-sale financial assets — current:		
Stocks of listed companies	<u>\$ 8,881</u>	<u>17,761</u>
Available-for-sale financial assets — non-current:		
Beneficiary certificates	\$ -	197,371
Stocks of listed companies	837,858	508,214
Stock of overseas listed companies	-	1,030,624
Total	<u>\$ 837,858</u>	<u>1,736,209</u>
Financial assets carried at cost — non-current:		
Beneficiary certificates	\$ -	505,214
Equity securities — common stock	1,295,298	317,839
Total	<u>\$ 1,295,298</u>	<u>823,053</u>

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	December 31, 2008	December 31, 2007
Financial liabilities reported at fair value through profit or loss — current		
Financial liabilities held for trading		
— current:		
Forward exchange contracts	\$ 409	2

(ii) Financial assets reported at fair value through profit or loss

For the years ended December 31, 2008 and 2007, the Consolidated Company recognized a loss and a gain on financial assets reported at fair value through profit or loss of \$55,746 and \$8,329, respectively.

(iii) Available-for-sale financial assets

Based on the results of its impairment assessment, the Consolidated Company recognized an impairment loss on available-for-sale financial assets of \$132,143 for the year ended December 31, 2008.

For the years ended December 31, 2008 and 2007, the unrealized gains and losses on available-for-sale financial assets amounted to \$243,075 and \$435,151, respectively.

(iv) Financial assets carried at cost

Impairment loss recognized on financial assets carried at cost amounted to \$172,317 and \$89,062 for the years ended December 31, 2008 and 2007, respectively.

(v) As of December 31, 2008 and 2007, the components of financial derivatives of Ability Enterprise Co., Ltd. were as follows:

Financial Instruments	December 31, 2008		December 31, 2007	
	Book Value	Nominal Principal (thousands)	Book Value	Nominal Principal (thousands)
Derivative financial assets:				
Currency swap contracts	\$ 4,264	USD 31,740	-	-
Derivative financial liability:				
Forward exchange contracts	\$ 409	USD 2,509	2	USD 1,472 (EUR1,000) and EUR 720

For the years ended December 31, 2008 and 2007, Ability Enterprise Co., Ltd. entered into forward exchange contracts and currency swap contracts with financial institutions in order to hedge the exchange rate risk. For the years ended December 31, 2008 and 2007, the gain (loss) from valuation of financial assets reported at fair value through profit or loss were \$3,855 and \$(2), respectively.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

c. Notes and Accounts Receivable

(i) Non-related parties

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Notes receivable	\$ 12,102	157,958
Less: Allowance for doubtful accounts	(241)	(464)
Net	<u>11,861</u>	<u>157,494</u>
Accounts receivable	55,818,837	101,258,950
Less: Allowance for doubtful accounts	(797,407)	(969,684)
Net	<u>55,021,430</u>	<u>100,289,266</u>
Total	<u><u>\$ 55,033,291</u></u>	<u><u>100,446,760</u></u>

(ii) Related parties

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Accounts receivable	\$ 8,718,987	9,433,229
Less: Allowance for doubtful accounts	-	(441,733)
Net	<u><u>\$ 8,718,987</u></u>	<u><u>8,991,496</u></u>

(iii) As of December 31, 2008 and 2007, KINSUS INTERCONNECT TECHNOLOGY CORP. sold its accounts receivable without recourse as follows:

Purchaser	Amount Derecognized		Credit Advanced		Collateral	Credit (thousands)	
	December 31		December 31			December 31	
	2008	2007	2008	2007		2008	2007
Mega International Commercial Bank	<u><u>\$ 233,717</u></u>	<u><u>399,051</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	None	USD 30,000	USD 30,000

d. Inventories

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Merchandise	\$ 1,641,805	1,879,132
Finished goods	15,710,392	9,373,766
Work in process	4,065,797	5,413,147
Raw materials	21,185,546	42,952,547
Inventories-in-transit	<u>1,229,474</u>	<u>43,634</u>
Subtotal	43,833,014	59,662,226
Less: Allowance for inventory market decline and obsolescence	<u>(2,681,621)</u>	<u>(1,262,126)</u>
Total	<u><u>\$ 41,151,393</u></u>	<u><u>58,400,100</u></u>

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

e. Long-Term Equity Investments

<u>Name of Investee Company</u>	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
	<u>Equity Holding</u>	<u>Book Value</u>	<u>Equity Holding</u>	<u>Book Value</u>
YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.	20.69%	\$ 1,169,211	20.69%	1,155,617
INDEED HOLDINGS LIMITED	49.00%	471,971	49.00%	487,486
Avy Precision Technology Inc.	19.60%	359,343	20.13%	295,648
WILSON HOLDINGS LIMITED	49.00%	153,279	49.00%	155,583
ASHINE PRECISION CO., LTD.	40.00%	141,989	44.16%	59,609
EVER PINE INTERNATIONAL LTD. (BVI)	34.65%	136,963	34.65%	176,072
PENTAX VQ CO., LTD.	40.00%	62,164	40.00%	108,930
WISE INVESTMENT LIMITED	48.78%	35,758	48.78%	192,329
SHIN-EI YORKEY INTERNATIONAL LTD. (BVI)	50.00%	29,971	50.00%	35,725
ZhangJiaGang Dongbu High Technology Metal Products Co., LTD	20.00%	29,723	20.00%	38,342
YOFREE TECHNOLOGY CO., LTD.	33.33%	4,282	33.33%	-
Subtotal		2,594,654		2,705,341
Add: Fair value adjustment for identifiable assets		71,340		237,330
Total		\$ 2,665,994		2,942,671

Investment income of \$93,947 and \$114,776 for the years ended December 31, 2008 and 2007, respectively, was recognized under the equity method based upon the financial statements of investee companies audited by independent accountants.

Avy Precision Technology Inc., a subsidiary of Ability Enterprise Co., Ltd., had swapped its equity shares with AzureWave Technologies, Inc., which resulted in a difference between acquisition cost and fair value of the identifiable long-term investment. Since the Consolidated Company has the ability to control Ability Enterprise Co., Ltd., the difference of \$71,340 and \$237,330 as of December 31, 2008 and 2007, respectively, was adjusted using the equity method of accounting based on the percentage of ownership of the Consolidated Company, in accordance with Republic of China Statement of Financial Accounting Standards (SFAS) No. 25 "Business Combinations".

In accordance with Republic of China Statement of Financial Accounting Standards (SFAS) No. 35 "Impairment of Assets", an impairment loss of \$240,000 was recognized on goodwill generated from the acquisition of Ability Enterprise Co., Ltd. for the year ended December 31, 2008, which was accounted for under the purchasing method.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

f. Joint Venture Investments

The Company had equity investment in ADVANSUS CORP., which is a joint venture entity. As of December 31, 2008 and 2007, the issued capital of ADVANSUS CORP. amounted to \$600,000 and \$1,000,000, respectively, of which 50% was held by the Company as of the same dates. The financial accounts of ADVANSUS CORP., which were included in the Company's consolidated financial statements, were as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Current assets	\$ 420,029	390,755
Non-current assets	24,495	222,470
Current liabilities	134,951	126,516
Other liabilities	345	345
	<u>For the Year Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Revenues	\$ 978,070	591,776
Expenses	955,173	583,407

g. Property, Plant and Equipment, Idle Assets, and Rental Assets

(i) Property, plant and equipment

Based on the results of its evaluation of the recoverability of property, plant and equipment, the Consolidated Company recognized a loss on recovery of impairment of assets amounting to \$135,825 and a gain on impairment of assets amounting to \$20,218 for the years ended December 31, 2008 and 2007, respectively.

Please refer to Note 6 for details regarding the property, plant, and equipment pledged as collateral.

(ii) Rental assets

1) As of December 31, 2008 and 2007, the components of rental assets were as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Land	\$ 210,743	424,751
Buildings	426,981	566,736
Less: accumulated depreciation	(71,842)	(99,483)
Less: accumulated impairment	-	(69,061)
Add: fair value adjustment for identifiable assets	11,104	47,300
	<u>\$ 576,986</u>	<u>870,243</u>

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 2) In accordance with SFAS 25, the Consolidated Company had control over Ability Enterprise Co., Ltd. through a share swap and adjusted the difference between the acquisition cost and the fair value of the rental assets based on the Consolidated Company's percentage of ownership. As of December 31, 2008 and 2007, the fair value adjustments for identifiable assets amounted to \$11,104 and 47,300, respectively.
- 3) Based on the results of its evaluation of recoverability of rental assets, the Consolidated Company recognized the impairment loss these rental assets amounted to \$60,003 for the year ended December 31, 2007.
- 4) Please refer to Note 6 for details of the rental assets pledged as collateral.

(iii) Idle assets

- 1) As of December, 2008 and 2007, the components of idle assets were as follows:

	December 31, 2008	December 31, 2007
Land	\$ 78,998	-
Buildings	54,250	-
Machinery and others	462,221	313
Less: accumulated depreciation	(327,250)	(122)
Less: accumulated impairment	(187,670)	(191)
	\$ 80,549	-

- 2) As these idle assets were not used in operations, the Consolidated Company recognized their net fair value as the recoverable amount. For the years ended December 31, 2008 and 2007, impairment loss recognized for these idle assets amounted to \$116,459 and \$2,964, respectively.
- 3) Please refer to Note 6 for details of idle assets pledged as collateral.

h. Non-Current Assets Held for Sale

Items	December 31, 2008		
	Cost	Accumulated Depreciation	Book Value
Land	\$ 110,115	-	110,115
Buildings and structures	58,203	18,064	40,139
	168,318	18,064	150,254
Add: Fair value adjustment for identifiable assets			32,622
			\$ 182,876

The Consolidated Company achieved control over Ability Enterprise Co., Ltd. through a share swap and adjusted the difference between the acquisition cost and the fair value of the non-current assets held for sale based on the Consolidated Company's percentage of ownership, in accordance with SFAS 35. As of December 31, 2008, the fair value adjustment amounted to \$32,622.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

In order to integrate the group's resources and improve the management performance, the board of directors of Ability Enterprise Co., Ltd. had decided to dispose of its subsidiary, DongGuan Avy Precision Metal Components Co., Ltd., on December 21, 2007. The transaction met the criteria of Republic of China Statement of Financial Accounting Standards (SFAS) No. 38 "Non-current Assets Held for Sale and Discontinued Operations" and was classified as non-current assets and liabilities held for sale as follows:

	Carrying amount after classified as non-current assets / liabilities held for sale	
Assets:	2007.12.31	
Cash and bank deposits	\$	92,876
Property, plant, and equipment		103,472
Others		1,935
Total	\$	198,283
Liabilities:		
Other payables on equipment of equipment	\$	43,983
Others		5,913
Total	\$	49,896

i. Other Assets – Other

Due to the restriction imposed by local government, KINSUS INTERCONNECT TECHNOLOGY CORP. (KINSUS) purchased farmland in the name of KINSUS's chairman instead of KINSUS. Before KINSUS may take over the title to the farmland as well as completing the registration procedures, the land is temporarily recorded as other assets. As of December 31, 2008 and 2007, the book values of the farmland were both \$30,784.

j. Intangible Assets and Deferred Expense

Consolidated debit, which is goodwill, was assessed periodically for impairment in accordance with Republic of China Statement of Financial Accounting Standards (SFAS) No. 35 "Impairment of Assets". As of December 31, 2008 and 2007, the book values of consolidated debit were \$882,284 and \$1,076,651, respectively.

Land use rights, are rights to use government-owned land. These rights were paid in a lump sum, which was capitalized and amortized over their useful lives using the straight-line method. As of December 31, 2008 and 2007, the unamortized amounts of land use rights were \$2,339,884 and \$1,530,800, respectively.

Deferred expenses consist of capitalized costs of small molds, fixtures and office decorations, which are amortized over 9 to 10 years by the straight-line method. As of December 31, 2008 and 2007, the unamortized amounts were \$3,205,267 and \$2,080,864, respectively.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

k. Short-Term Loans

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Credit loans	\$ 13,865,407	6,057,707
Collateralized loan	328,000	-
Letter of credit	-	124,881
Total	<u>\$ 14,193,407</u>	<u>6,182,588</u>
Range of interest rates	<u>1.16%~5.82%</u>	<u>1.55%~6.57%</u>

The Company issued promissory notes as guarantee for part of the credit loan facility.

Please refer to Note 6 for details regarding the related assets pledged as collateral.

l. Long-Term Loans

<u>Creditor</u>	<u>Usage and redemption duration</u>	<u>December 31, 2008</u>	<u>December 31, 2007</u>
ABN AMRO, Mega International Commercial Bank and 14 other participating financial institutions (Note A)	2008.10.30~2011.10.30, \$1.5 billion is repayable in 3 semi-annual installments, commencing on April 30, 2010, and the remaining amount is payable on the maturity	\$ 8,000,000	-
Mega International Commercial Bank — Lan-Ya Branch	2004.03.31~2009.07.30, payable in 20 quarterly installments, commencing on the 15th day of January, April, July or October subsequent to the date of borrowing. The entire debt was repaid in advance in 2009.	26,750	87,750
Mega International Commercial Bank — Lan-Ya Branch	2004.12.31~2011.12.31, payable in 20 quarterly installments, commencing on the 15th day of January, April, July or October subsequent to the date of borrowing.	248,221	327,698
The Shanghai Commercial & Savings Bank, Ltd. — Chung-Li Branch	2006.12.08 ~2013.10.15, interest is payable monthly and principal is payable in quarterly installments from the thirteenth month, commencing on the date of borrowing.	29,167	35,000
The Shanghai Commercial & Savings Bank, Ltd. — Chung-Li Branch	2006.12.08 ~2013.10.15, interest is payable monthly and principal is payable in quarterly installments from the thirteenth month, commencing in December 2006. The entire debt was fully repaid in advance on June 30, 2009.	27,308	32,450
Subtotal		8,331,446	482,898
Less: Current portion		(118,751)	(152,655)
		<u>\$ 8,212,695</u>	<u>330,243</u>
Range of interest rates		<u>1.84%~5.82%</u>	<u>2.65%~5.98%</u>

Note A: According to the agreement, during the loan repayment periods, the Company must comply with certain financial covenants based on the audited consolidated financial statements on the balance sheet date (June 30 and December 31) as follows:

- (1) Current ratio (current assets/current liabilities): should not be no less than 100%.
- (2) Debt ratio ((total liabilities + contingent liabilities)/tangible net assets): should not be higher than 50%.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Interest coverage ratio (EBITDA/interest expenses): should not be no less than 400%.

(4) Tangible net assets (stockholders' equity (including minority shareholders) - intangible assets): should not be less than \$90 billion.

The Company's promissory notes were pledged as a guarantee for the credit loan facility.

Please refer to Note 6 for details of the related assets pledged as collateral.

m. Pension Plan

Domestic subsidiaries, which are public or listed, maintain and fund a retirement plan covering all regular employees. Payments of pension benefits are calculated based on the average monthly salary received for the last six months prior to approve retirement and base point (b.p.) entitlement. Each employee earns 2 b.p. each year for the first 15 years of completed service, and 1 b.p. each year commencing from the 16th year and thereafter. The Labor Pension Act of the R.O.C. (the "Act"), which adopts a defined contribution pension plan, took effect from July 1, 2005. In accordance with this Act, employees (who were hired prior to July 1, 2005) of the domestic subsidiaries which are public or listed may elect to be subject to either the Act, and maintain their service years before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who are hired by the domestic subsidiaries after July 1, 2005, shall comply with the provisions of this Act. For employees subject to this Act, the domestic subsidiaries contribute monthly to the employees' individual pension accounts an amount equal to not less than 6% of the employees' monthly wages and deposit it in a personal retirement benefit account with Bank of Taiwan. However, if there are provisions of the Act which are not yet included in the existing retirement plans of domestics subsidiaries, those domestic subsidiaries still need to comply with those provisions of the Act.

In accordance with the Act, domestic subsidiaries which are non-public companies contribute monthly to the employees' individual pension accounts an amount equal to not less than 6% of the employees' monthly wages and deposit it in a personal retirement benefit account with Bank of Taiwan.

Overseas companies contribute monthly an amount equal to a certain percentage of gross salary to a pension fund in accordance with the policy of each local government.

For the years ended December 31, 2008 and 2007, the pension costs and related information were as follows:

	For the Year Ended December 31,	
	2008	2007
Balance of pension fund — ending	\$ 78,972	59,029
Current pension costs:		
Defined benefit pension plan	10,940	10,939
Defined contribution persion plan	318,446	732,050

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(i) The actuarial assumptions used in the actuarial calculation were as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Discount rate	2.50%~2.75%	3.00%
Future salary increase rate	2.00%~3.00%	3.00%
Expected long-term rate of return on pension fund assets	2.50%~2.75%	3.00%

(ii) As of December 31, 2008 and 2007, the funded status was reconciled with accrued pension liabilities per books as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Benefit obligation:		
Vested benefit obligation	\$ -	(5,048)
Non-vested benefit obligation	(75,227)	(76,202)
Accumulated benefit obligation	(75,227)	(81,250)
Effect of future salary increase	(66,689)	(54,289)
Estimated benefit obligation	(141,916)	(135,539)
Fair value of pension fund assets	78,972	59,029
Funded status	(62,944)	(76,510)
Additional minimum pension liability	(20,087)	(26,417)
Unrecognized net transition obligation	8,372	11,979
Unrecognized gain (loss) on pension fund	54,526	56,709
Accrued pension liability	<u>\$ (20,133)</u>	<u>(34,239)</u>

As of December 31, 2008 and 2007, vested benefit obligations of the Consolidated Company under its pension plan were \$0 and \$5,048, respectively.

(iii) The net pension costs for the years ended December 31, 2008 and 2007, were as follows:

	<u>For the Year Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Service cost	\$ 1,918	2,144
Interest cost	4,066	3,311
Expected return on pension fund assets	(1,770)	(1,125)
Amortization and deferral	6,726	6,609
Net pension costs	<u>\$ 10,940</u>	<u>10,939</u>

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

n. Income Tax

- (i) As of December 31, 2008 and 2007, deferred income tax assets and liabilities were as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
1) Total deferred income tax assets	\$ 1,994,083	1,350,992
2) Total deferred income tax liabilities	212,111	196,715
3) Allowance for deferred income tax assets	695,059	1,141,892
4) Deductible temporary differences due to:		
- Unrealized foreign exchange (gain) loss: (taxable) deductible	158,008	(17,048)
- Allowance for inventory market decline and obsolescence: deductible	471,303	246,940
- Unrealized gain on investments: taxable	(207,622)	(196,315)
- Unrealized intercompany profits: deductible	12,060	8,993
- Recognition of impairment loss on assets: deductible	23,536	12,770
- Warranty reserve: deductible	321,866	223,019
- Allowance for doubtful accounts: deductible	37,032	23,593
- Recognition of retirement reserve: deductible	3,073	3,073
- Others: deductible	126,662	27,373
- Unused balance of investment tax credits	790,274	684,063
- Loss carryforward	45,780	137,816
(ii) Deferred income tax assets — current	\$ 1,540,945	860,451
Allowance for deferred income tax assets — current	(275,259)	(658,851)
Deferred income tax liabilities — current	(16,921)	(1,525)
(iii) Deferred income tax assets — non-current	\$ 453,138	490,541
Allowance for deferred income tax	(419,800)	(483,041)
Deferred income tax liabilities — non-	(195,190)	(195,190)

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(iv) The components of income tax expense were as follows:

	For the Year Ended December 31,	
	2008	2007
Current income tax expense	\$ 2,684,441	4,090,353
Deferred income tax expense (benefit)	(1,362,158)	(704,205)
Under-accrual of prior years' income tax	(6,761)	40,929
Income tax expense	\$ 1,315,522	3,427,077

The components of deferred income tax expense (benefit) were as follows:

	For the Year Ended December 31,	
	2008	2007
Reversal of (Provisions for) warranty reserve	\$ (149,236)	13,644
Unrealized exchange gain (loss)	(162,687)	(7,673)
Unrealized profits on sales	(3,067)	16,656
Reversal of (Provisions for) loss on revaluation for inventory market decline and obsolescence	(336,685)	(65,862)
Investment tax credits	(655,688)	(438,539)
Loss carry-forward	150,802	(425,219)
Others	(112,207)	7,532
Valuation allowance for deferred income tax assets	(93,390)	195,256
Total	\$ (1,362,158)	(704,205)

(v) The Company and subsidiaries in the R.O.C. are subject to income tax at a statutory rate of 25%. The Company and subsidiaries in the R.O.C. are also subject to the Income Basic Tax Act to calculate income tax. Those subsidiaries of the Company located outside of the R.O.C. are subject to income tax according to the tax laws of the related foreign jurisdiction.

The income tax calculated on pretax financial income at a statutory income tax rate was reconciled with the income tax expense as reported in the accompanying financial statements for the years ended December 31, 2008 and 2007, as follows:

	For the Year Ended December 31,	
	2008	2007
Income tax expense calculated on pre-tax financial income at the statutory tax rate	\$ 3,592,426	6,614,698
Permanent differences	(1,525,817)	(2,819,849)
Tax-exempt income	(5,325)	-
10% surtax on undistributed earnings	148,991	159,737
Investment tax credits	(553,680)	(83,727)
Unused investment tax credits	(157,938)	(706,686)
Adjustments to deferred tax assets recognized in prior years	(124,540)	25,656
Under-accrual of prior years' income tax	(6,761)	40,929
Valuation allowance for deferred income tax assets	(52,643)	195,256
Basic tax	809	1,063
Income tax expense (benefit)	\$ 1,315,522	3,427,077

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (vi) The Company's tax returns through 2007 have been examined and approved by the Tax Authority.
- (vii) According to the ROC Income Tax Act, unused investment tax credits which may be applied to offset income tax in the future are as follows:

<u>Name of company</u>	<u>Year of occurrence</u>	<u>Unused investment tax credits</u>	<u>Year of expiration</u>
The Company	2008	\$ 174,000	2012
KINSUS INTERCONNECT TECHNOLOGY CORP.	2006~2008	576,788	2010~2012
ASUSPOWER INVESTMENT CO., LTD.	2007	7,353	2011
ASUS INVESTMENT CO., LTD.	2007	21,019	2011
ADVANSUS CORP.	2007~2008	8,683	2011~2012
STARLINK ELECTRONICS CORPORATION	2006	2,431	2010
		<u>\$ 790,274</u>	

- (viii) According to the ROC Income Tax Act, unused operating loss carryforwards which can be applied to offset against income tax in the future were as follows:

<u>Name of Companies</u>	<u>Year of occurrence</u>	<u>Unused tax credits</u>	<u>Year of expiration</u>
HUA-YUAN INVESTMENT LIMITED	2007~2008	4	2017~2018
STARLINK ELECTRONICS CORPOATION	2004~2008	45,776	2014~2018
		<u>\$ 45,780</u>	

- (ix) According to ROC Income Tax Act, unused operating losses carry forwards may be applied to offset income tax in the future were as follows:

- 1) Due to the capital increase for the purpose of investments in new equipment, the Company was granted several income tax exemptions for manufacturing and sales of "motherboards" generated from the above-mentioned equipment. As of December 31, 2008, the five-year income tax exemption periods were as follows:

<u>Description</u>	<u>Exemption period</u>
Ninth capital increase used for investment in new equipment	01/31/2005 ~ 01/30/2010
Tenth capital increase used for investment in new equipment	07/31/2006 ~ 07/30/2011
Eleventh capital increase used for investment in	04/30/2007 ~ 04/29/2012

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

new equipment

- 2) The investments of KINSUS INTERCONNECT TECHNOLOGY CORP. for its establishment and expansion conform to the “Regulations Regarding Awards for Newly Emerging and Strategic Industries Under Manufacturing and Technical Service Industries”. As approved by the Tax Authority, the Consolidated Company is eligible for five-year income tax exemptions, the details of which were as follows:

<u>Item</u>	<u>Approving office</u>	<u>Approval document number</u>	<u>Tax exemption period</u>
1	Industrial Development Bureau	09205048760	01/01/2003~12/31/2007
2	Industrial Development Bureau	09305055510	07/01/2004~06/30/2009
3	Industrial Development Bureau	09505017710	07/01/2005~06/30/2010
4	Industrial Development Bureau	09605016580	09/30/2006~09/29/2011
5	Industrial Development Bureau	09605016590	09/30/2006~09/29/2011
6	Industrial Development Bureau	09605034400	08/31/2007~08/30/2012

- (x) Tax appeals of the Consolidated Company:

- 1) Ability Enterprise disagreed with the tax office’s income tax assessment for the years 2004, 2005 and 2006 regarding investment tax credits. Therefore, Ability Enterprise has filed formal tax appeals.
- 2) TWINHAN Technology Co., Ltd (liquidated after its merger with AzureWave in 2008) disagreed with the tax office’s assessment regarding its tax exemption periods from 2002 to 2004. After it was turned down during the administrative proceeding, AzureWave appealed such assessment to the Supreme Court in December 2008. However, AzureWave has recognized the possible additional tax liabilities from the said assessment.

- (xi) Stockholders’ imputation tax credit account and tax rate:

	December 31, 2008	December 31, 2007
Stockholders’ imputation tax credit account	\$ 199,647	-
Expected or actual deductible tax ratio	18.31%	-%
Undistributed earnings:	December 31, 2008	December 31, 2007
Accumulated in 1998 and thereafter	\$ 5,602,495	(3,705)

o. Stockholders’ Equity

- (i) Legal reserve and capital surplus

Legal reserve can only be used to offset a deficit or to increase capital. Capitalization of legal reserve is permitted only until it reaches 50% of total issued capital, and only 50% of it can be capitalized.

In accordance with the ROC Company Act, capital surplus can only be used to offset a

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

deficit and increase capital. Capital surplus resulting from long-term equity investments cannot be used to increase capital.

In 2008, interest revenues generated from the trust property established by shareholders of the parent company were distributed to the employees of the Company as bonuses. These bonuses amounted to \$156,850, which was debited to salary expense and credited to capital surplus — others.

(ii) Earnings distribution and dividend policy

The Company's articles of incorporation require that after-tax earnings, if any, shall first be offset against deficit, and 10% of the remainder shall be set aside as legal reserve. The accumulated appropriable earnings were the sum of residua after-tax earnings of prior years. Except for the distributions of dividends, the remaining balance of the accumulated appropriable earnings, if any, may be appropriated in accordance with a proposal submitted by the board of directors and a resolution of the stockholders' meeting. The remuneration to the directors and supervisors and for employee bonuses shall be greater than 1% and 10%, respectively.

p. Employee Stock Options

(i) The details of the employee stock options of Ability Enterprise Co., Ltd. granted in 2002 were as follows:

- 1) On October 24, 2002, pursuant to the resolutions of its board of directors, Ability Enterprise Co., Ltd. (Ability) issued employee stock option plan with a total number of 6,000 units. Each unit of options was eligible to subscribe for one thousand shares of Ability's common stock at the price of \$14.6 per share. Therefore, 6,000 thousand shares of new common stock were issued from to the exercise of 6,000 units of employee stock options. Subsequent to the issuance of employee stock options, any additional changes to common stock, distributions of cash dividends, or merger or acquisition of Ability will result in adjustments in the exercise price of the stock options in accordance with the formula under the plan. The contractual life of the options is 5 years, and a holder of options may exercise the options in accordance with certain schedules as prescribed by the plan subsequent to the second year of the date of grant.
- 2) The number and weighted-average exercise price of the employee stock options granted in 2002 were as follows:

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the Year Ended December 31,			
	2008		2007	
	Quantity of stock options (thousand shares)	Weighted- average exercise price (dollars)	Quantity of stock options (thousand shares)	Weighted- average exercise price (dollars)
Outstanding at the beginning of the year	-	\$ -	493	\$ 9.4
Granted	-	-	-	-
Added or adjusted	-	-	-	-
Exercised	-	-	(394)	7.2
Forfeited	-	-	(99)	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

(ii) The details of the first batch of employee stock options of Ability Enterprise Co., Ltd. in 2007 were as follows:

1) On November 20, 2007, pursuant to the resolutions of its board of directors, Ability Enterprise Co., Ltd. (Ability) issued employee stock options comprising a total of 19,500 units. Each unit bears an option to subscribe for one thousand shares of Ability's common stock. Subsequently, 10,000 thousand shares of new common stock were issued from the exercise of 10,000 units of employee stock options. After the issuance of employee stock options, various situations will result in adjustments in the price of the stock options, such as additional changes to the common stock of Ability, distributions of cash dividends, and any merger or acquisition. The employee stock options cover a contractual life of 7 years and are exercisable in accordance with certain schedules as prescribed by the plan starting 2 years from the date of grant. As of December 31, 2008, the weighted-average expected life of the employee stock options was 6.24 years.

2) The number and weighted average-exercise price of the first employee stock options issued in 2007 were as follows:

	For the Year Ended December 31,			
	2008		2007	
	Quantity of stock options (thousand shares)	Weighted- average exercise price (dollars)	Quantity of stock options (thousand shares)	Weighted- average exercise price (dollars)
Outstanding at the beginning of the year	10,000	\$ 52.8	-	\$ -
Granted	-	-	10,000	52.8
Added or adjusted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at the end of the year	<u>10,000</u>	44.2	<u>10,000</u>	52.8
Exercisable at the end of the year	<u>2,000</u>		<u>-</u>	

3) The pro forma net income and earnings per share of Ability Enterprise Co., Ltd.'s employee stock options whose grant date was after January 1, 2004, and before December 31, 2007, evaluated under fair value method were as follows:

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the Year Ended December 31,	
	2008	2007
Net income:		
Net income	\$ 1,355,528	2,059,733
Pro forma net income	1,282,046	2,058,728
Basic earnings per share		
Earnings per share	3.26 dollars	5.37 dollars
Pro forma earnings per share	3.08 dollars	5.37 dollars
Diluted earnings per share		
Earnings per share	3.17 dollars	5.29 dollars
Pro forma earnings per share	3.00 dollars	5.29 dollars

- 4) The Black-Scholes Option Valuation Model was adopted to estimate the fair value of employee stock options on the date of grant. The assumptions used in this valuation model were as follows:

	November 20, 2007
Dividend yield	-%
Volatility factors of the expected market	39.87%
Risk-free interest rate	2.54%
Weighted-average expected life of the options	5.10 years
Stock options granted	10,000 thousand shares
Weighted-average fair value (per share)	20.6025 dollars

- (iii) The details of the second batch of employee stock options of Ability Enterprise Co., Ltd. in 2007 were as follows:

- 1) On November 20, 2007, pursuant to resolutions of its board of directors, Ability Enterprise Co., Ltd. (Ability) issued employee stock options comprising a total of 19,500 units. The residual part of employee stock opinions, 9,500 units, was actually issued until October 13, 2008. Each unit bears an option to subscribe for one thousand shares of Ability's common stock at an exercise price of \$22.2 per share. As of December 31, 2008, the weighted-average expected life of the employee stock options was 6.75 years.
- 2) The number and weighted-average exercise price of the second batch of employee stock options issued in 2007 were as follows:

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the Year Ended December 31,	
	2008	
	Quantity of stock options (thousand shares)	Weighted-average exercise price (dollars)
Outstanding at the beginning of the year	-	\$ -
Granted	9,500	22.2
Added or adjusted	-	-
Exercised	-	-
Forfeited	-	-
Outstanding at the end of the year	9,500	22.2
Exercisable at the end of the year	-	-

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 3) The Trinomial Tree Option Valuation Model was adopted by Ability Enterprise Co. Ltd. to estimate the fair value of employee stock options. The related information was as follows:

Type	Grant date	Stock price	Exercise price	Volatility factors of the expected market price	Weighted-average expected life of the options	Dividend yield	Risk-free interest rate	Fair value per unit
Employee stock option	2008.10.13	\$ 22.20	22.20	43.11% (Note)	7 years	-%	2.2101%	8.88 dollars

Note: Volatility factors of the expected market price were based on the yearly standard deviation resulting from the past three years' return rate on the stock price, starting from the measurement date of the employee stock option.

- 4) The expenses resulting from the transactions under the share-based payment agreement were as follows:

	For the Year Ended December 31, 2008
Equity transaction	\$ 5,433

- (iv) The relevant registration processes for changes in capital resulting from the exercise of employee stock options and conversion of convertible bonds should be completed at least each quarter when those changes occur.

q. Earnings per Share (EPS)

For the years ended December 31, 2008 and 2007, the parent company's basic earnings per share, diluted earnings per share, and adjustments were computed as follows:

(Note: shares in thousands)

	For the Year Ended December 31,			
	2008		2007	
	Before income tax	After income tax	Before income tax	After income tax
Net income	\$ 5,170,496	5,673,113	12,637,795	11,706,700
Weighted-average common shares outstanding	1,884,628	1,884,628	1,884,628	1,884,628
Dilutive potential common shares	10,416	10,416	-	-
Diluted shares	1,895,044	1,895,044	1,884,628	1,884,628
Primary earnings per share	\$ 2.74	3.01	6.71	6.21
Diluted earnings per share	\$ 2.73	2.99	6.71	6.21

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

r. Financial Instruments

(i) Fair value of financial instruments

Financial Assets	December 31, 2008		December 31, 2007	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets reported at fair value through profit or loss — current	\$ 3,952,004	3,952,004	4,931,403	4,931,403
Available-for-sale financial assets — current	8,881	8,881	17,761	17,761
Available-for-sale financial assets — non-current	837,958	837,958	1,736,209	1,736,209
Financial assets carried at cost — non-current	1,295,298	-	823,053	-
Book value equal to fair value	96,285,537	96,285,537	149,419,973	149,419,973
Total financial assets	\$ 102,379,678		156,928,399	
Financial Liabilities				
Financial liabilities reported at fair value through profit or loss — current	\$ 409	409	2	2
Long-term loans (includes current portion)	8,331,446	8,331,446	482,898	482,898
Book value equal to fair value	90,041,380	90,041,380	171,217,161	171,217,161
Total financial liabilities	\$ 98,373,235		171,700,061	

(ii) Methods and assumptions used by the Consolidated Company to evaluate the fair value of financial instruments were as follows:

- 1) The fair value of short-term financial instruments is determined by their book value on the balance sheet date. As these instruments have a short-term maturity period, the book value serves as a reasonable basis for establishing the fair value. This method is applied to cash, accounts receivable, other receivables, other financial assets — current, non-current assets held for sale, short-term loans, accounts payable, other payables, accrued expenses, other financial liabilities — current, etc. (Both income tax refund receivable and income tax payable are legal obligations, not contract obligations, so they do not belong to financial assets and financial liabilities.)
- 2) With respect to financial instruments such as refundable deposits that are an indispensable guarantee for the ongoing operation of the Consolidated Company, it is impossible to estimate the time necessary to accomplish the exchange of assets. Consequently, the fair market value of such financial instruments cannot be established. Therefore, the book value is used as the fair market value.
- 3) The fair value of financial instruments which are carried at fair value through profit or loss and traded in active markets is based on quoted market prices. If the financial instruments are not traded in an active market, then the fair value is determined by using valuation techniques, under which the estimates and assumptions used are consistent with prevailing market conditions.
- 4) Financial assets carried at cost are measured at carrying value as their market price is difficult to determine, due to lack of objective evidence, in practice.
- 5) The fair market value of long-term debt is determined by the present value of future cash flow. As the value derived by using a floating interest rate in discounting is close to the book value, the book value is adopted as the fair market value.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (iii) The fair values of financial assets/liabilities which were measured at quoted market value or estimated by using evaluation techniques were as follows:

	December 31, 2008		December 31, 2007	
	Measured at quoted market price	Estimated using evaluation techniques	Measured at quoted market price	Estimated using evaluation techniques
Financial Assets:				
Financial assets reported at fair value through profit or loss — current	\$ 34,873	3,917,131	-	4,931,403
Available-for-sale financial assets — current	8,881	-	17,761	-
Available-for-sale financial assets — non-current	837,958	-	1,538,838	197,371
	<u>\$ 881,712</u>	<u>3,917,131</u>	<u>1,556,599</u>	<u>5,128,774</u>
Financial Liabilities:				
Financial liabilities reported at fair value through profit or loss — current	\$ -	409	-	2

- (iv) Loss and gain recognized from changes in the fair values of financial assets and liabilities which were estimated by using valuation techniques amounted to \$55,746 and \$8,329 for the years ended December 31, 2008 and 2007, respectively.

- (v) Information on financial risk

1) Market risk

The Company's purchases and sales are denominated mainly in US dollars, and in consequence, it is exposed to the current and future foreign currency risk that arises from cash flows of foreign currency assets and liabilities. However, the risks may be regarded as insignificant, because foreign currency losses from sales are subsequently offset by the foreign currency gain from purchases. In addition, the Company conducts foreign exchange activities on the spot market in order to hedge its foreign exchange risks.

The equity securities held by the Consolidated Company are classified as financial assets measured at fair value through profit or loss and available-for-sale financial assets. As these assets are measured at fair value, the Consolidated Company is exposed to the risk of changes in fair value in an equity securities market.

2) Credit risk

Credit risk means the potential loss of the Consolidated Company if the counterparty involved in that transaction defaults. Since the Consolidated Company's derivative financial instrument agreements are entered into with financial institutions with good credit ratings, management believes that there is no significant credit risk from these transactions.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The primary potential credit risk is from financial instruments like cash, equity securities, and accounts receivable. The Consolidated Company deposits cash in different financial institutions. The Consolidated Company manages credit risk exposure related to each financial institution and believes that there is no significant concentration of credit risk from cash and equity securities.

The Company only transacted with approved third parties with good financial condition and reputation. For those customers with a poor financial situation, the Company would transfer the risk through acquiring guarantees or transacting by L/C. Therefore, the Company believes that there is no significant credit risk. According to the Company's customer credibility evaluation policies, the Company has to evaluate the customer's credibility and evaluate the collectability of notes and accounts receivable before doing business. Thus, there is no significant issue regarding doubtful accounts.

The major customers of the Consolidated Company are concentrated in the high-tech computer industry. The customers of the Company have good credit and profit records, and the Company evaluates the financial condition of these customers continually to reduce credit risk from accounts receivable. Moreover, the Company also periodically evaluates the Company's financial positions and the possibility of collecting trade receivables. Thus, there is no significant credit risk.

3) Liquidity risk

The capital and working funds of the Consolidated Company are sufficient to meet its entire contractual obligations and un-hedged forward exchange contracts; therefore, no liquidity risk exists.

The funds and marketable securities investments held by the Consolidated Company have publicly quoted prices and could be sold at the approximate market price. Management believes that the cash flow risk is not significant because contracted foreign currency exchange rates are fixed.

Equity investments recorded as financial assets carried at cost do not have reliable market prices and are expected to have liquidity risk.

4) Cash flow risk arising from variation in interest rates

The Consolidated Company's interest rate risk arises from short-term and long-term loans bearing floating interest rates. Future cash flow will be affected by a change in market interest rate.

(vi) Financial instruments with off-balance-sheet credit risk

As of December 31, 2008 and 2007, guarantee and endorsements of bank loans were provided by the Consolidated Company for related parties, as discussed in Note 5.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5. Related-Party Transactions

a. Names and Relationships of Related Parties of the Consolidated Company

Name of Related Party	Relationship with the Company
ASUSTeK Computer Inc.	An investor that used the equity method to account for the investment in the Company
Askey Computer Corp.	An investee company accounted for under the equity method by ASUSTeK Computer Inc.
ASMEDIA TECHNOLOGY INC.	"
International United Technology Co., Ltd. (Taiwan)	"
Shinewave International Inc.	"
UNIMAX ELECTRONICS INCORPORATION	"
ASUS TECHNOLOGY INCORPORATION	"
ASUS TECHNOLOGY PTE. LIMITED	"
ASUS Computer (Shanghai) Co., Ltd.	"
ASUS Technology (Suzhou) Co., Ltd.	"
eMES (SUZHOU) CO., LTD.	"
ASHINE TECHNOLOGY (SUZHOU) LTD.	"
Shandong Enertronix Co., Ltd.	"
Huizhou Enertronix Co., Ltd.	"
Enertronix, Inc.	"
ASUS COMPUTER INTERNATIONAL	"
ASUS HOLLAND B.V.	"
ASUS TECHNOLOGY PTE. LIMITED	"
DOUBLE TECH LTD.	"
DEEP DELIGHT LIMITED	"
OPENBASE LIMITED	"
ASKEY TECHNOLOGY (JIANGSU) LTD.	"
ASUSTEK COMPUTER (SHANGHAI) CO., LTD.	"
ASUS UNITED Technology (Shanghai) Co., Ltd.	"
AGAiT Technology Corporation	"

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Name of Related Party	Relationship with the Company
Avy Precision Technology Inc.	//
PENTAX VQ CO., LTD.	An investee company accounted for under the equity method.
YOFREE TECHNOLOGY CO., LTD.	//
PEGA INTERNATIONAL LIMITED	//
Avy Co., Ltd.	//
DongGuan Avy Precision Metal Components Co., Ltd.	//
DongGuan ChengGuang Precision Hardware Co., Ltd.	//
Ability Investment Co., Ltd.	//
SHINE TRADE INTERNATIONAL LTD.	//
YORKEY OPTICAL TECHNOLOGY LTD. (SAMOA)	//
AVY HIGH TECH LIMITED	//
SHANGHAI INDEED TECHNOLOGY CO., LTD.	//
HONG HUA TECHNOLOGY (SUZHOU) CO., LTD.	//
GHING HONG PRECISE MOULD INDUSTRY (SUZHOU) CO., LTD.	//
Taishiba International Co., Ltd.	An affiliate of Ability Enterprise Co., Ltd.
All board directors, supervisors, general managers and deputy general managers	The Company's key management

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

b. Significant Transactions with Related Parties

(i) Sales

Name of Related Party	For the Year Ended December 31,					
	2008			2007		
	Amount	% of Net Sales	The Collection Term	Amount	% of Net Sales	The Collection Term
ASUSTeK	\$ 184,230,068	34.68%	7~90 days from receipt of goods Open account 30~90 days	161,334,475	23.79%	7~90 days from receipt of goods Open account 30~90 days
Others	2,532,549	0.47%	7~60 days from receipt of goods Open account 30~60 days	1,231,231	0.18%	7~60 days from receipt of goods Open account 30~60 days
Total	<u>\$ 186,762,617</u>	<u>35.15%</u>		<u>162,565,706</u>	<u>23.97%</u>	

The prices and sales terms mentioned above are the same as general sales terms.

(ii) Purchases

Name of Related Party	For the Year Ended December 31,					
	2008			2007		
	Amount	% of Gross Purchases	Purchase Term	Amount	% of Gross Purchases	Purchase Term
ASUSTeK	\$ 102,396,699	18.73%	7~120 days from receipt of goods Open account 30~120 days	112,086,644	17.25%	7~120 days from receipt of goods Open account 30~120 days
Others	5,708,909	1.05%	90~120 days from receipt of goods Open account 30~120 days	10,678,086	1.64%	90~120 days from receipt of goods Open account 30~120 days
Total	<u>\$ 108,105,608</u>	<u>19.78%</u>		<u>122,764,730</u>	<u>18.89%</u>	

The prices and purchase term are the same as general purchase terms.

In 2008 and 2007, the Company purchased raw materials from vendors through ASUSTek.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(iii) Others

	For the Year Ended December 31,	
	2008	2007
1) <u>After-sales warranty repair expense paid to:</u>		
ASUS Computer (Shanghai)	\$ 91,786	67,725
ASUS UNITED (Shanghai)	134,395	118,783
Others	1,766	1,539
Total	\$ 227,947	188,047
2) <u>Other income from:</u>		
ASUSTeK	\$ 386,956	-
Others	8,294	18
Total	\$ 395,250	18

- 3) To mitigate the foreign currency risk from the change in the net-assets and inventory denominated in foreign currencies, the Consolidated Company signed an agreement with ASUSTek Computer Inc requiring whoever benefits from foreign currency translation arising from the spin-off transaction shall compensate the other, where appropriate, for the loss due to exchange rate fluctuation, for the period from December 28, 2007 to December 31, 2008. As of December 31, 2008, ASUSTeK Computer Inc. was compensated \$1,858,459 by Consolidated Company, which was recognized as "credit to foreign exchange gain." As of December 31, 2008, ASUSTeK Computer Inc. also compensated the Consolidated Company for \$474,573 for the loss on valuation of inventory, which was adjusted to "cost of sales." Such agreement was valid until March 31, 2008. As of December 31, 2008, the net compensation payable of \$1,383,886 from such agreement was fully paid.
- 4) For the years ended December 31, 2008 and 2007, the Consolidated Company incurred in other related-party transactions recorded as expenses such as processing fee, rental expense, other expense, royalty payment, storage expense, and professional service fee, which amounted to \$131,203 and \$20,782, respectively.
- 5) For the years ended December 31, 2008 and 2007, the Consolidated Company engaged in other related-party transactions recorded as processing revenue and repair revenue, which amounted to \$70,163 and \$197,421, respectively.

(iv) Property transactions

1. Properties sold

Transaction Party	For the Year Ended December 31, 2008		
	Sales Price	Book Value	Disposal Gain (Loss)
Others	\$ 1,254	1,210	44

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2. Properties purchased

In 2008 and 2007, the prices of the properties purchased from other related parties were \$88,147 and \$9,708, respectively.

3. Rental revenue

For the years ended December 31, 2008 and 2007, the Consolidated Company engaged in other related-party transactions recorded as rental revenue, which amounted to \$42,624 and \$8,279, respectively.

4. Disposal and transfer of shares

In 2008, a subsidiary of Ability Enterprise Co., Ltd. sold for USD 5,276 thousand its non-current assets held for sale — DongGuan Avy Precision Metal Components Co., Ltd., with book value USD 4,514 thousand, to AVY HIGH TECH LIMITED, which resulted in a gain on asset disposal of USD 762 thousand.

(v) Accounts receivable (payable)

	December 31, 2008		December 31, 2007	
	Amount	%	Amount	%
Notes and Accounts Receivable:				
ASUSTeK	\$ 8,416,809	13.04%	8,208,761	7.41%
DOUBLE TECH LTD.	-	-%	861,491	0.78%
ASUSTEK COMPUTER (SHANGHAI)	123,763	0.19%	173,071	0.15%
Others	178,415	0.28%	189,906	0.17%
Sub-total	<u>8,718,987</u>	<u>13.51%</u>	<u>9,433,229</u>	<u>8.51%</u>
Less: Allowance for doubtful accounts	-		(441,733)	
Total	<u>\$ 8,718,987</u>		<u>8,991,496</u>	
Other Receivables:				
ASUSTeK	\$ 1,604,722	34.71%	12,232,121	91.67%
DEEP DELIGHT LIMITED	72,160	1.56%	207,552	1.55%
Others	14,391	0.31%	21,414	0.16%
Total	<u>\$ 1,691,273</u>	<u>36.58%</u>	<u>12,461,087</u>	<u>93.38%</u>
Notes and Accounts Payable:				
DEEP DELIGHT LIMITED	\$ 4,150,115	6.40%	4,689,115	3.93%
Others	1,334,360	2.05%	2,755,752	2.31%
Total	<u>\$ 5,484,475</u>	<u>8.45%</u>	<u>7,444,867</u>	<u>6.24%</u>

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Other related-party transactions accounted for as assets and liabilities on the balance sheets were as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Assets:		
Prepayments	\$ 19,211	-
Other current assets	8,439	-
Other financial assets — noncurrent	3,660	1,115
	<u>\$ 31,310</u>	<u>1,115</u>
Liabilities:		
Accrued expenses	\$ 62,152	40,939
Other financial liabilities — current	586,654	39,254,274
Other current liabilities	1,091	16,170
	<u>\$ 649,897</u>	<u>39,311,383</u>

As described in Note 2(1), the difference between total assets, liabilities and stockholders' equity which was generated from the pro forma financial statements amounted to a payable of \$39,054,274 to ASUSTeK, and was accounted under other financial liabilities – current as of December 31, 2007.

(vi) Endorsement guarantee

As of December 31, 2008 and 2007, the Consolidated Company provided endorsement guarantee for bank loans obtained by a related party as follows:

<u>Name of Related Party Guaranteed</u>	<u>Amount of Guarantee (thousands)</u>	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
LINKTEK (SUZHOU)	<u>USD 705,331</u>	<u>-</u>

As of December 31, 2008 and 2007, the endorsement guarantee provided by a related party for the Consolidated Company's purchases were as follows:

<u>Name of Related Party Guarantee</u>	<u>Amount of Guarantee (thousands)</u>	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
ASUSTeK	<u>USD 422,200</u>	<u>NTD 10,167,480.00</u>

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(vii) Key management compensation costs

For the years ended December 31, 2008 and 2007, the details of management compensation costs were as follows:

	For the Year Ended December 31,	
	2008	2007
Payroll expense and bonus (including remuneration of directors and supervisors)	\$ 163,136	155,096
Professional execution	-	13,023
Employee bonus	90,010	110,243
Total	\$ 253,146	278,362

6. Pledged Assets

As of December 31, 2008 and 2007, pledged assets were as follows:

Asset	December 31, 2008	December 31, 2007	Purpose of pledge
Restricted deposit	\$ 179,961	85,451	Customs duty guarantee, bank loans, rental deposits, credit contracts, issued letter of credit, travel agency guarantee, etc.
Property, plant and equipment	309,984	856,781	Bank loans
Idle assets	-	-	" (Note A)
Rental assets	-	574,255	"
Refundable deposits	53,057	54,768	Deposits for performance guarantee
	\$ 543,002	1,571,255	

Note A: As of December 31, 2008 and 2007, the unadjusted book value of idle assets amounted to \$100 and \$141, respectively. After recognizing the impairment losses, the net book value was reduced to zero as of the same dates.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. Significant Commitments and Contingencies (Excluding Related-Party Transactions)

As of December 31, 2008 and 2007, major commitments and contingencies were as follows:

(Thousand dollars)

(a)	<u>Unused standby letters of credit:</u>	<u>December 31, 2008</u>	<u>December 31, 2007</u>
	NTD	\$ -	36,716
	EUR	210	89
	JPY	1,525,135	1,541,261
	USD	5,870	4,338
(b)	<u>Promissory notes and certificates of deposit obtained for business purposes:</u>	<u>December 31, 2008</u>	<u>December 31, 2007</u>
	NTD	\$ 18,684	1,075

(c) Rental expense and future lease commitments of the lease agreements of buildings are as follows:

	<u>Future lease commitments</u>					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Future lease commitments	-	50,638	55,292	39,315	39,776	13,676

(d) As of December 31, 2008, the significant contracts for purchasing properties signed by the Consolidated Company amounted to \$2,492,935, of which \$603,296 was unpaid.

(e) In December 2007, a US company named the Company as a defendant in a patent infringement suit filed with the United States International Trade Commission. The investigation was completed in July 2009 by the United States International Trade Commission. The result of the investigation revealed that the product of the Company did not infringe the patent for which the US company accused the Company of infringement. However, both parties subscribed to a reconciliation agreement in September 2009.

(f) AVerMedia Technologies Inc. filed an attachment for damage loss against Lumens Digital Optics Inc. with the Taiwan HsinChu District Court on January 3, 2005. Lumens Digital Optics Inc. pledged a deposit of \$90,000 as counter-security to the Court for rescinding the attachment. In addition, AVerMedia Technologies Inc. filed another attachment for the same reason with the court. The HsinChu District Court seized inventory of Lumens Digital Optics Inc. amounting to \$16,410. This case is currently under investigation, and Lumens Digital Optics Inc. believes that there will be no material loss from the aforementioned case.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (g) One of ASUSPOWER CORPORATION's American customers voluntarily filed for bankruptcy with the United States Bankruptcy Court of the California District. The customer had made payments for goods amounting to US\$1,439,484 to ASUSPOWER CORPORATION 90 days before filing for bankruptcy. The insolvency administrator of the customer filed a lawsuit with the California court later on claiming that according to United States Bankruptcy Code § 547, the payments should be returned and requested ASUSPOWER CORPORATION to return the amount paid. ASUSPOWER CORPORATION received a notice from the court in September 2009, and entered a plea. This lawsuit is still under investigation.

8. Significant Catastrophic Losses: None.

9. Significant Subsequent Events: None.

10. Others

Personnel, depreciation, and amortization expense incurred, categorized as operating cost or expense, were as follows:

Categorized as Nature	For the year ended December 31, 2008			For the year ended December 31, 2007		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Personnel expense						
Salary expense	13,579,551	6,535,550	20,115,101	11,983,640	4,594,254	16,577,894
Health and labor insurance expense	527,336	328,571	855,907	331,241	297,107	628,348
Pension expense	144,117	185,269	329,386	319,932	423,057	742,989
Other expense	231,708	259,875	491,583	203,532	180,418	383,950
Depreciation expense	5,705,745	1,249,920	6,955,665	3,913,890	1,459,321	5,373,211
Amortization expense	779,848	607,624	1,387,472	489,094	364,425	853,519

Note: For the years ended December 31, 2008 and 2007, the Consolidated Company recognized depreciation expense of rental assets and idle assets amounting to \$17,329 and \$348, respectively (accounted for as non-operating expense). Those depreciation expenses were excluded from the depreciation expense listed above.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

11. Additional Disclosures

(a) Significant transactions and information with investee companies:

No.	Item	Attached Table
1	Loans of capital to others:	None
2	Endorsements or guarantees to others:	Table a.1
3	Period ended marketable securities holding:	Table a.2
4	Accumulated buying/sales of the same marketable securities for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:	Table a.3
5	Acquisition of real estate for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:	None
6	Disposition of real estate for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:	None
7	Buying/selling products with related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:	Table a.4
8	Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of the paid-in capital:	Table a.5
9	Derivative transactions:	None

(b) Information on re-invested enterprises:

No.	Item	Attached Table
1	For investor companies who directly or indirectly have major influence or control over the investee companies, their names, locations and related information:	Table b.1
2	For investor companies who directly or indirectly have control over the investee company, the investee companies' transaction information were summarized as follows:	
(1)	Loans of capital to others:	Table b.2
(2)	Endorsements or guarantees to others:	Table b.3
(3)	Period ended marketable securities holding:	Table b.4
(4)	Accumulated buying/sales of the same marketable securities for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:	Table b.5
(5)	Acquisition of real estate for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:	None
(6)	Disposition of real estate for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:	None
(7)	Buying/selling products with related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:	Table b.6
(8)	Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of the paid-in capital:	Table b.7
(9)	Derivative transactions:	Table b.8

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Information on mainland China investments:

1. The name of the investee in mainland China, its main businesses, paid-in capital, method of investment, inward and outward remittances of capital, shareholding ratio, investment profits/losses, period end book values of investments, repatriated investment profits, and the limit on the amount of investments in the mainland China region: Please refer to Table c for details.
2. Major transactions with the investee company in mainland China occurring directly or indirectly through a third region, and the prices, payment terms, unrealized profits/losses, and other information which increases understanding of the report reader with respect to investments in mainland China: Please refer to the Note 11.a .b to the financial statements and Table d for details.

(d) Significant Intercompany Transactions with its parent and subsidiary: Please refer to Table d for details.

12. Segment Information

A. Industrial information

The Group operates in one electronic industry. Therefore, the disclosure of industry financial information is not applicable to the Group.

B. Geographic information

	For the year ended December 31, 2008				Consolidated
	Taiwan	Asia Pacific (Taiwan not included)	Other	Adjustments and Eliminations	
Revenue from other than consolidated	\$ 269,350,225	113,496,014	148,420,056	-	\$ 531,266,295
Revenue from consolidated entities	66,184,381	88,598,377	11,153,279	(165,936,037)	-
Total revenues	\$ 335,534,606	202,094,391	159,573,335	(165,936,037)	531,266,295
Segment income (loss)	\$ 5,934,552	3,938,217	162,001	(359,389)	9,675,381
Investment income under equity method					93,947
Interest expense					(289,515)
Income before income tax					\$ 9,479,813
Identifiable assets	\$ 145,281,353	91,977,765	46,230,375	(70,307,076)	\$ 213,182,417
Long-term investments under equity method					2,665,994
Consolidated charges					882,284
Total asset					\$ 216,730,695

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the year ended December 31, 2007				
	Taiwan	Asia Pacific (Taiwan not included)	Other	Adjustments and Eliminations	Consolidated
	Revenue from other than consolidated entities	\$ 230,121,022	208,524,169	239,501,904	-
Revenue from consolidated entities	70,633,083	43,786,194	3,928,637	(118,347,914)	-
Total revenues	\$ 300,754,105	252,310,363	243,430,541	(118,347,914)	678,147,095
Segment income (loss)	\$ 14,901,493	4,479,311	(402,260)	(682,086)	18,296,458
Investment income under equity method					114,776
Interest expense					(136,670)
Income before income tax					\$ 18,274,564
Identifiable assets	\$ 206,329,616	92,010,066	44,803,505	(67,110,654)	276,032,533
Long-term investments under equity method					2,942,671
Consolidated charges					1,076,651
Total asset					\$ 280,051,855

C. Export sales

Rergion	For the years ended December 31	
	2008	2007
America	73,658,294	113,737,141
Asia Pacific	113,496,014	208,524,169
Europe	74,004,981	123,367,062
Other	756,782	2,397,701
Total Export	261,916,071	448,026,073

D. Major clients

Sales to individual customers constituting over 10% of gross revenue were summarized as follows:

Name of Company	For the Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
A Company	184,230,068	34.68%	161,334,475	23.79%
B Company	90,671,729	17.07%	224,618,636	33.12%
	274,901,797	51.75%	385,953,111	56.91%

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
 Endorsements and guarantees to others
 For the year ended December 31, 2008
 (Expressed in thousands of New Taiwan dollars, unless specified otherwise)

No.	Endorsed/Guaranteed Party		Limits of endorsements/guarantees to a single entity (Note3)	Highest balance of endorsements/guarantees of the period (Note 4)	Balance of endorsements / guarantees at period ended (Note 4)	Collateral	Ratio of cumulative endorsements/guarantees to the Company's net worth based on the most recent financial statements	Aggregated limit of endorsements/guarantees (Note 3)
	Name	Nature of Relationship						
(Note 1) Endorsement provider/Guarantor								
0	PEGATRON Corporation	ASUSPOWER CORPORATION	26,992,225	1,640,000 (USD 50,000,000)	1,640,000 (USD 50,000,000)	-	1.82%	62,981,859

Note 1: Number for lender companies are identified as follow:

- (1) issuer:0
- (2) Investee company is got sequence number starting from 1.

Note 2: Relationship between the guarantor and guarantee are summarized as follows:

- (1) Business relationship
- (2) Directly owned 50% or more of the subsidiary's common stock outstanding.
- (3) Jointly held 50% or more common shares of the investee company by its parent company and affiliates.
- (4) Parent company that directly or indirectly holds more than 50% of the ore common shares in the investee company.
- (5) The company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company or for joint builders for purposes of undertaking a construction project.
- (6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentage.

Note 3: The maximum amount of endorsement limit to a single entity should be the lower of 30% of the Company's net worth of most current audited financial. Statements:
 the maximum total amonunt of endorsement should be the lower of 70% of the Company's net worth of most current audited financial statements.

Note 4: Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate prevailing on the balance sheet date.

Note 5: The restriction of endorsements/guarantees was based on actual net worth of the Company, not considering adjustments under preparation basis of pro forma financial statements.

Note 6: Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Period end marketable securities holding
As of December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Holding Company	Kinds and Names of Securities	Relationship with the Issuer of Securities	Financial Statement Account	End of the Period				Note
				Shares/Units	Carrying Amount	Percentage of ownership	Fair Value	
The company	UNIHAN CORPORATION common stock	An investee company accounted for under the equity method.	long-term investments at equity	800,100,000	14,388,065	100.00%	14,388,065	
"	ASUSPOWER INVESTMENT CO.,LTD. common stock	"	"	841,900,000	12,917,173	100.00%	12,917,173	
"	ASUS INVESTMENT CO.,LTD. common stock	"	"	908,600,000	15,242,018	100.00%	15,242,018	
"	ASUSTEK INVESTMENT CO.,LTD. common stock	"	"	872,700,000	14,680,383	100.00%	14,680,383	
"	ADVANSUS CORP. common stock	"	"	30,000,000	309,228	50.00%	309,228	
"	Pegatron Holding Ltd. common stock	"	"	569,666,472	26,201,554	100.00%	26,201,554	
"	PEGATRON USA, INC. common stock	"	"	50,000	17,903	100.00%	17,903	
"	ASUS HOLLAND HOLDING B. V.	"	"	-	1,050,248	92.45%	1,050,248	

Note 1: Fair values for non-public companies were determined in accordance with their net carrying value of shareholders' equity due to their public quotes were not available.

Note 2: Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

Note 3: Above-mentioned shares held at period end were equivalent to the highest shares held during the year.

(English Translation of Financial Report Originally Issued in Chinese)
 PEGATRON CORPORATION AND ITS SUBSIDIARIES
 Accumulated buying/sales of the same marketable securities for which the dollar amount reaches \$100 million or 20% or more of paid-in capital
 For the year ended December 31, 2008
 (Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Holding Company	Marketable Securities		Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
The company	Fund	Polaris De-Li Fund	Financial assets reported at fair value	-	-	13,642,344	153,673	26,243,770	300,000 (Note 1)	39,886,114	454,356	453,603 (Note 2) 70 (Note 3)	753	-	-
"	Fund	ING Taiwan Income Fund	"	-	-	-	-	43,585,948	705,200 (Note 1)	43,585,948	705,656	705,200 (Note 2)	456	-	-
"	Fund	IBT Ta Chong Bond	"	-	-	-	-	15,109,278	200,000 (Note 1)	15,109,278	200,356	200,000 (Note 2)	356	-	-
"	Fund	ING Taiwan Bond Fund	"	-	-	-	-	14,945,016	229,000 (Note 1)	14,945,016	229,437	229,000 (Note 2)	437	-	-
"	Fund	Cathay Bond Fund	"	-	-	-	-	317,397,333	3,749,500 (Note 1)	317,397,333	3,750,898	3,749,500 (Note 2)	1,398	-	-
"	Fund	Polaris De-Li Fund	"	-	-	-	-	15,599,805	240,000 (Note 1)	15,599,805	240,057	240,000 (Note 2)	57	-	-
"	Stock	UNIHAN CORPORATION	Long-term investment under equity method	ASUSTeK Computer Inc.	(Note 17)	-	-	800,100,000	12,098,279 (Note 13) 1,898,014 (Note 4) 521,353 (Note 5) 1,245 (Note 11) 46,245 (Note 10)	-	-	35,095 (Note 9) (141,976) (Note 15)	-	800,100,000	14,388,065
"	Stock	ASUSPOWER INVESTMENT	"	-	-	-	-	660,000,000 160,000,000 21,900,000	11,433,429 (Note 14) (Note 8) (Note 6)	-	-	372,461 (Note 7) 332 (Note 9) 112,774 (Note 10) 666 (Note 11)	-	841,900,000	12,917,173
"	Stock	ASUS INVESTMENT CO.,LTD.	"	-	-	-	-	700,000,000 200,000,000 8,600,000	14,184,982 (Note 14) (Note 8) (Note 6)	-	-	22,633 (Note 5) 1,352,947 (Note 7) 6,796 (Note 9) 111,343 (Note 10) 720 (Note 11)	-	908,600,000	15,242,018
"	Stock	ASUSTEK INVESTMENT CO.,LTD.	"	-	-	-	-	665,000,000 160,000,000 47,700,000	12,993,543 (Note 14) (Note 8) (Note 6)	-	-	80,523 (Note 7) 885 (Note 9) 175,088 (Note 10) 698 (Note 11)	-	872,700,000	14,680,383
"	Stock	WavesSoft Technologies Corp.	"	ASUSTeK Computer Inc.	(Note 17)	-	-	506,700,000	5,477,818 (Note 14)	506,700,000	-	4,877,211 (Note 12)	-	-	-

(Continued)

Holding Company	Marketable Securities		Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance	
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units
										600,607	(Note 4)			
The company	Stock	Enertronix, Inc.	Long-term investment under equity method	ASUSTeK Computer Inc.	(Note 17)		40,000,000	100,142	(Note 14)	34,381,563	-	-	-	-
							34,620,000	346,200	(Note 8)			64,518	(Note 4)	
								1	(Note 5)	40,238,437		381,825	(Note 15)	
"	Stock	ADVANSUS CORP.	"	ASUSTeK Computer Inc.	(Note 17)	-	-	50,000,000	486,364	(Note 14)	-	-		30,000,000
									22,897	(Note 4)	20,000,000	-	200,000	309,228
												33	(Note 10)	
"	Stock	Pegatron Holding Ltd.	"	ASUSTeK Computer Inc.	(Note 17)	-	-	561,666,472	21,037,383	(Note 14)	-	-	-	569,666,472
							8,000,000	263,680	(Note 8)					26,201,554
									3,043,911	(Note 4)				
									1,786,118	(Note 5)				
									70,462	(Note 15)				
"	Capital	ASUS HOLLAND HOLDING B.V.	"	ASUSTeK Computer Inc.	(Note 17)	-	-	-	1,153,501	(Note 14)	-	-	-	1,050,248
												62,825	(Note 4)	
												40,428	(Note 5)	

Note 1 : Additions during the current period

Note 2 : Disposal during the current period

Note 3 : Financial instruments were measured at fair value with change in fair value recognized in profit or loss

Note 4 : Relevant investment gain or loss was recognized under the equity method based on the investee company's financial statements

Note 5 : Relevant cumulative translation adjustment was recognized under equity method based on the investee company's financial statements

Note 6 : The shares/units acquired include stock dividends distributed by investee companies.

Note 7 : Cash dividends acquired from the investee company

Note 8 : Capital increase in cash subscribed by the investor company

Note 9 : The investor company shall adjust its retained earnings when its outstanding shares are bought back by this investee company, resulting in a change on shareholders' equity of the investee company accounted for under the equity method

Note 10 : Cumulative translation adjustment was recognized under equity method based on the investee company's financial statements.

Note 11 : Adjustments for the pension liability were recognized in accordance with the investee company's financial statements.

Note 12 : Reduction generated from the dissolved company under the merger.

Note 13 : The investor company issued additional capitals in exchange with the investee company's outstanding shares

Note 14 : The carrying amount includes spun-off assets acquired from the parent company.

Note 15 : Adjustments for pro forma statements of income.

Note 16 : The information on the table above was not adjusted under preparation basis of pro forma financial statements.

Note 17 : The investor company accounts for its investment in the company under the equity method.

Note 18 : Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Buying/selling products with related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital
For the year ended December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Detail			Non-arm's Length Transaction		Notes/Accounts Payable or Receivable (Note 4)		Note
			Purchases /Sales	Amount	% to Total	Payment Term	Unit Price	Payment Terms	Ending Balance	
The company	ASUSTeK Computer Inc.	(Note 1)	Sales	177,392,797	58.40%	Net 60 days after monthly closing	-	-	7,860,003	16.76%
"	UNIHAN CORPORATION	(Note 2)	Sales	1,143,649	0.38%	Net 60 days after receipt of goods	-	-	472,403	1.45%
"	Protek (ShangHai) Limited	(Note 2)	Sales	150,549	0.05%	Net 90 days after receipt of goods	-	-	14,212,776	30.31%
"	PEGATRON Czech s.r.o.	(Note 2)	Sales	4,185,715	1.38%	Net 120 days after receipt of goods	-	-	1,582,458	3.37%
"	PEGATRON Technology Service Inc.	(Note 2)	Sales	131,084	0.04%	Net 90 days after receipt of goods	-	-	80,404	0.25%
"	Powtek (Shanghai) Co., Ltd.	(Note 2)	Sales	4,200,193	1.38%	Net 45 days after receipt of goods	-	-	531,952	1.64%
"	ASUSTeK Computer Inc.	(Note 1)	Purchases	99,623,965	28.43%	Net 60 days after monthly closing	-	-	(1,244,502)	(3.15%)
"	UNIHAN CORPORATION	(Note 2)	Purchases	5,445,894	1.55%	Net 60 days after receipt of goods	-	-	(1,128,794)	(4.48%)
"	ASMEDIA TECHNOLOGY INC.	(Note 3)	Purchases	198,116	0.06%	Net 30 days after monthly closing	-	-	(1,776)	(0.01%)
"	AMA PRECISION INC.	(Note 2)	Purchases	1,378,936	0.39%	Net 30 days after monthly closing or receipt of goods	-	-	(50,879)	(0.20%)
"	Protek (ShangHai) Limited	(Note 2)	Purchases	36,678,723	10.47%	Net 90 days after receipt of goods	-	-	(16,998,448)	(43.00%)
"	STRATEGY Technology Co., Ltd.	(Note 2)	Purchases	152,851	0.04%	Net 90 days after receipt of goods	-	-	-	-
"	ASLINK (H.K.) PRECISION CO., LIMITED	(Note 2)	Purchases	523,701	0.15%	Net 90 days after monthly closing	-	-	(17,429)	(0.07%)
"	KAEDAR TRADING LTD.	(Note 2)	Purchases	190,232	0.05%	Net 45 days after receipt of goods	-	-	(159,979)	(0.64%)
"	AzureWave Technologies, Inc.	(Note 2)	Purchases	101,598	0.03%	Net 60 days after monthly closing	-	-	(1,513)	(0.01%)

Note 1: An investor company accounted for under the equity method

Note 2: An individual investee for which the Company accounted for it under equity method .

Note 3: A company's investor who uses the equity method to account for its investment in the Company.

Note 4: Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of the paid-in capital
As of December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance (Note 1)	Turnover Rate (time) (Note 1)	Overdue		Amount Received in Subsequent Period (Note 1)	Allowance for Bad Debt
					Amount	Action Taken		
The company	ASUSTeK Computer Inc.	An investor company accounted for under the equity method	7,860,003	22.57		-	4,293,953	-
"	UNIHAN CORPORATION	An individual investee for which the Company accounted for it under	472,403	2.42	-	-	157,392	-
"	PEGATRON Czech s.r.o.	An individual investee for which the Company accounted for it under	1,582,458	2.65	-	-	57,230	-
"	Powtek (Shanghai) Co., Ltd.	An individual investee for which the Company accounted for it under	531,952	15.79	-	-	-	-

Note : Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
For investor companies who directly or indirectly have major influence or control over the investee companies, their names, locations and related information
For the year ended December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized by the Investor Company	Note
				As of December 31, 2008	As of December 31, 2007	Shares	Percentage of Ownership	Carrying Amount			
The company	UNIHAN CORPORATION	Taipei City	Designing, manufacturing, maintaining and selling computer peripherals and audio-video	12,098,279	-	800,100,000	100.00%	14,388,065	1,972,812	1,958,730	
"	ASUSPOWER INVESTMENT CO.,LTD.	Taipei City	Investing activities.	13,033,429	-	841,900,000	100.00%	12,917,173	349,618	348,423	
"	ASUS INVESTMENT CO.,LTD.	Taipei City	Investing activities.	16,184,982	-	908,600,000	100.00%	15,242,018	554,949	553,811	
"	ASUSTEK INVESTMENT CO.,LTD.	Taipei City	Investing activities.	14,593,543	-	872,700,000	100.00%	14,680,383	215,502	214,003	
"	ADVANSUS CORP.	Taipei City	Manufacturing computer peripherals	286,364	-	30,000,000	50.00%	309,228	45,793	22,897	
"	Pegatron Holding Ltd.	Cayman	Investing activities.	21,301,063	-	569,666,472	100.00%	26,201,554	2,875,576	3,060,310	
"	PEGATRON USA, INC.	CA, USA	Sales and repair service center in North America	16,085	-	50,000	100.00%	17,903	1,495	1,495	
"	ASUS HOLLAND HOLDING B.V.	Emmen, NETHERLANDS	Investing activities.	1,153,501	-	-	92.45%	1,050,248	95,508	(62,825)	
"	WavesSoft Technologies Corp.	Taipei City	Manufacturing, retailing and selling mold electrical and computer peripherals and supply of electronic information services	3,500,000	3,500,000	-	-	-	(600,607)	(600,608)	
UNIHAN CORPORATION	AMA PRECISION INC.	Taipei City	Designing and developing computer parts	408,394	-	40,000,000	100.00%	476,639	63,177	Exempt from disclosure of transaction information	
"	Ability Enterprise Co., Ltd.	Taipei City	Selling computer peripherals, office automation equipment, digital cameras, retailing and wholesaling, of food products leasing	2,669,779	-	53,627,374	12.99%	2,117,549	1,355,528	"	
"	Unihan Holding Ltd.	Cayman	Investing activities.	5,321,372	-	158,480,341	100.00%	6,169,397	417,366	"	
ASUSPOWER INVESTMENT CO.,LTD.	STARLINK ELECTRONICS CORPOATION	Taipei county	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	209,154	205,147	35,770,796	51.84%	-	(175,705)	"	
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan County	Manufacturing electronic parts, wholesaling and retailing electronic components, and providing business management consultant service	727,473	727,473	55,556,221	12.46%	2,223,396	2,198,379	"	
"	ASROCK Incorporation	Taipei county	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and whole soling of computer	82,626	82,626	2,658,096	2.42%	148,060	676,110	"	
"	Ability Enterprise Co., Ltd.	Taipei City	Selling computer peripherals, office automation equipment, digital cameras, retailing and wholesaling, of food products leasing	582	582	10,513	0.00%	188	1,355,528	"	
"	ASUSPOWER CORPORATION	Briish Virgin Islands	Investing and trading activities	3,752,682	3,752,682	109,000,000	31.23%	9,131,847	(95,677)	"	
"	PEGATRON TECHNOLOGY SERVICE INC.	Kennucky, USA	Sales and repair service center in North America	94,475	94,475	2,800	100.00%	114,737	20,708	"	
"	WISE INVESTMENT LIMITED	Taipei City	Investing activities.	48,780	200,000	-	48.78%	35,758	(6,835)	"	
"	PEGATRON JAPAN Inc.	Chiba-ken Japan	Sales and repair service center in Japan	27,287	26,494	-	100.00%	43,784	2,643	"	
"	PEGATRON Mexico, S.A. DE C.V.	Chihuahua, Mexico	Sales and repair service center in Mexico	362,004	362,004	-	40.51%	354,112	90,420	"	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized by the Investor Company	Note
				As of December 31, 2008	As of December 31, 2007	Shares	Percentage of Ownership	Carving Amount			
ASUS INVESTMENT CO.,LTD.	STARLINK ELECTRONICS CORPOATION	Taipei county	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	216,704	216,704	21,670,380	31.41%	-	(175,705)	"	
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan County	Manufacturing electronic parts, wholesaling and retailing electronic components, and providing business management consultant service	938,098	938,098	60,128,417	13.48%	2,405,407	2,198,379	"	
ASUS INVESTMENT CO.,LTD.	ASROCK Incorporation	Taipei county	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and whole soling of computer equipment and electronic components	155,718	155,718	54,493,099	49.54%	3,030,945	676,110	"	
"	ASUSPOWER CORPORATION	British Virgin Islands	Investing and trading activities	3,488,741	3,488,741	103,000,000	29.51%	8,628,908	(95,677)	"	
"	ASFLY TRAVEL SERVICE LIMITI	Taipei City	Travel agency	6,000	6,000	-	100.00%	18,501	10,518	"	
"	HUA-YUAN INVESTMENT	Taipei City	Investing activities.	500,000	500,000	-	100.00%	474,262	(25,889)	"	
"	ASUS HOLLAND HOLDING B.V.	Emmen, NETHERLANDS	Investing activities.	77,824	77,824	-	7.55%	98,111	95,508	"	
"	PEGATRON Mexico, S.A. DE C.V.	Chihuahua, Mexico	Sales and repair service center in Mexico	561,698	561,698	-	59.49%	520,023	90,420	"	
ASUSTEK INVESTMENT CO.,LTD.	STARLINK ELECTRONICS CORPOATION	Taipei county	Manufacturing electronic parts and plastic products, and manufacturing and wholesaling electronic components	115,588	115,588	11,558,824	16.75%	-	(175,075)	"	
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan County	Manufacturing electronic parts, wholesaling and retailing electronic components, and providing business management consultant service	794,252	794,252	58,233,091	13.06%	2,330,461	2,198,379	"	
"	ASROCK Incorporation	Taipei county	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and whole soling of computer equipment and electronic components	223,923	223,922	7,096,922	6.45%	394,623	676,110	"	
"	ASUSPOWER CORPORATION	British Virgin Islands	Investing and trading activities	4,652,885	4,652,885	137,000,000	39.26%	11,479,869	(95,677)	"	
ASUS HOLLAND HOLDING B.V.	PEGATRON Czech s.r.o.	Czech Republic	Installing, repairing and selling electronic products	EUR 29,258,067	EUR 29,258,067	-	100.00%	EUR 28,078,192	EUR 2,037,753	"	
POWTEK HOLDINGS LIMITED	Powtek (Shanghai) Co., Ltd.	Shanghai China	Selling main boards, computer peripherals, note book, servers and software, and providing after-sales service	USD 8,000,000	USD 5,000,000	-	100.00%	USD 15,183,821	USD 503,944	"	
UNITED NEW LIMITED	AVY PRECISION ELECTROPLATING (SUZHOU) CO., LTD.	SUZHOU China	Manufacturing and selling electronic and camera components, and accessories.	USD 34,000,000	USD 2,500,000	-	100.00%	USD 31,141,008	(USD 1,882,263)	"	
AMA PRECISION INC.	AMA Technology Corporation	Belize, Central America	Trading computer peripherals	32,838	32,838	300,000	100.00%	-	(44,287)	"	
"	AMA Holdings Limited	Samoa Islands	Investing activities	104,184	85,920	3,214,000	100.00%	30,395	(71,999)	"	
AMA Holdings Limited	Toptek Precision Industry(Suzhou) Co., Ltd	SUZHOU China	Manufacturing and selling new electronic parts and premium hardware	USD 5,500,000	USD 5,500,000	-	100.00%	USD -	(USD 2,152,624)	"	
AMA Holdings Limited	METAL TRADINGS LTD.	Samoa Islands	Trading activities	USD 1,604,000	USD 1,004,000	1,604,000	100.00%	USD 1,999,010	USD 292,257	"	
AMA Holdings Limited	EXTECH LTD.	Samoa Islands	Trading electronic parts	USD 1,604,000	USD 1,604,000	1,604,000	88.91%	USD 1,149,634	(USD 391,097)	"	
METAL TRADINGS LTD.	FENGSHUO TRADING (TONGZHOU) CO. LTD	TONGZHOU China	Trading activities	USD 1,600,000	USD 1,000,000	-	100.00%	USD 1,997,783	USD 293,042	"	
EXTECH LTD.	GRANDTECH PRECISION (TONGZHOU) CO. LTD	TONGZHOU China	Manufacturing, developing and selling electronic parts	USD 1,800,000	USD 1,800,000	-	100.00%	USD 1,292,271	(USD 390,313)	"	
STARLINK ELECTRONICS CORPOATION	STRATEGY Technology Co., Ltd.	British Virgin Islands	Investing and trading activities	131,400	131,400	4,000,001	100.00%	-	(166,354)	"	
STRATEGY Technology Co., Ltd.	COTEK HOLDINGS LIMITED	British Virgin Islands	Investing and trading activities	USD 553,635	USD 553,635	12,260,000	100.00%	USD -	(USD 3,837,494)	"	
COTEK HOLDINGS LIMITED	COTEK ELECTRONICS(SUZHOU)CO.,LTD	SUZHOU China	Manufacturing, developing and selling computers, printers and electronic components, and providing after-sale service.	USD 12,000,000	USD 12,000,000	-	100.00%	USD -	(USD 3,835,978)	"	
KINSUS INTERCONNECT TECHNOLOGY CORP.	KINSUS CORP. (USA)	CA, USA	Developing and designing new technology and products; analyzing marketing strategy and developing new customers	USD 500,000	USD 500,000	500,000	100.00%	20,931	100	"	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized by the Investor Company	Note
				As of December 31, 2008	As of December 31, 2007	Shares	Percentage of Ownership	Carving Amount			
"	KINSUS HOLDING (SAMOA) LIMITED	Samoa Islands	Investing activities	USD 15,000,000	USD 5,000,000	15,000,000	100.00%	562,054	45,126	"	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman	Investing activities	USD 15,000,000	USD 5,000,000	15,000,000	100.00%	USD 17,104,000	USD 1,431,000	"	
KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) LIMITED	SUZHOU China	Manufacturing and selling circuit boards	USD 15,000,000	USD 5,000,000	-	100.00%	USD 17,104,000	USD 1,431,000	"	
ASROCK Incorporation	ASAROCK TECHNOLOGY LIMITED	British Virgin Islands	Manufacturing and selling database storage and processing equipments	1,320,886	1,320,886	40,000,000	100.00%	2,603,341	54,970	"	
"	Leader Insight Holdings Ltd.	British Virgin Islands	Investing activities	71,559	71,559	2,100,000	100.00%	34,083	(320)	"	
ASAROCK TECHNOLOGY LIMITED	ASROCK EUROPE B.V.	Nijmegen, NETHERLANDS	Database service and trading electronic components	USD 194,000	USD 194,000	200,000	100.00%	USD 4,625,803	USD 117,539	"	
"	CalRock Holdings, LLC.	CA, USA	Office building leasing	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 2,197,908	USD 43,886	"	
Leader Insight Holdings Ltd.	Firstplace International Ltd.	British Virgin Islands	Investing activities	USD 2,050,000	USD 2,050,000	2,050,000	100.00%	USD 1,021,888	(USD 4,266)	"	
Firstplace International Ltd.	ASRock America, Inc.	CA, USA	Database service and trading electronic	USD 2,000,000	USD 2,000,000	2,000,000	100.00%	USD 980,779	(USD 3,096)	"	
WISE INVESTMENT LIMITED	PEGA INTERNATIONAL LIMITED	Taipei City	Design service and sellong	2,000	2,000	-	100.00%	1,885	(147)	"	
PEGATRON TECHNOLOGY SERVICE INC.	Asus Service Canada, Inc.	Canada	repair service	USD 395,664	USD 395,664	500	100.00%	USD 354,799	USD 24,969	"	
Pegatron Holding Ltd.	BOARDTEK HOLDINGS LIMITED	British Virgin Islands	Investing and trading activities	USD 78,166,193	USD 78,166,193	52,060,000	100.00%	USD 91,078,273	USD 1,537,079	"	
"	MAGNIFICENT BRIGHTNESS LIMITED	British Virgin Islands	Investing and trading activities	USD 226,380,848	USD 226,380,848	129,011,090	100.00%	USD 282,992,233	USD 21,576,887	"	
"	STRONG CHOICE GROUP LIMITED	British Virgin Islands	Investing and trading activities	-	-	12,110,000	100.00%	USD 26,415,116	USD 1,708,139	"	
"	WEST TEC ASIA LIMITED	British Virgin Islands	Investing and trading activities	USD 30,000	-	2,840,000	100.00%	USD 6,169,417	USD 396,437	"	
"	PROTEK GLOBAL HOLDINGS LTD.	British Virgin Islands	Investing and trading activities	USD 225,160,628	USD 217,160,628	233,050,000	100.00%	USD 314,185,744	USD 46,902,253	"	
"	NORTH TEC ASIA LIMITED	British Virgin Islands	Investing and trading activities	USD 34,237,901	USD 34,237,901	35,050,000	100.00%	USD 53,133,820	USD 15,329,127	"	
"	ASLINK PRECISION CO., LTD.	Cayman	Investing and trading activities	USD 20,606,722	USD 7,601,722	19,093,263	100.00%	USD 21,673,297	USD 201,994	"	
"	DIGITEK GLOBAL HOLDINGS LIMITED	British Virgin Islands	Investing and trading activities	USD 48,511	USD 48,511	50,000	100.00%	USD 61,687	USD 7,588	"	
"	POWTEK HOLDINGS LIMITED	British Virgin Islands	Investing and trading activities	USD 8,050,000	USD 5,050,000	8,050,000	100.00%	USD 30,436,010	USD 502,823	"	
BOARDTEK HOLDINGS LIMITED	BOARDTEK COMPUTER (SUZHOU) CO., LTD	SUZHOU China	Developing, manufacturing and selling new electronic components, circuit boards and relevant products, and providing after-sales service	USD 52,000,000	USD 52,000,000	-	100.00%	USD 91,054,306	USD 1,538,419	"	
MAGNIFICENT BRIGHTNESS LIMITED	MAINTEK COMPUTER(SUZHOU)CO.,LTD	SUZHOU China	Manufacturing, developing and selling power supply units, computer cases, computer systems, notebooks, main boards, and computer peripherals, and providing after-sales service	USD 128,000,000	USD 128,000,000	-	89.57%	USD 279,145,024	USD 20,196,793	"	
STRONG CHOICE GROUP LIMITED	MAINTEK COMPUTER(SUZHOU)CO.,LTD	SUZHOU China	Manufacturing, developing and selling power supply units, computer cases, computer systems, notebooks, main boards, and computer peripherals, and providing after-sales service	USD 12,000,000	USD 12,000,000	-	8.46%	USD 26,365,601	USD 20,196,793	"	
WEST TEC ASIA LIMITED	MAINTEK COMPUTER(SUZHOU)CO.,LTD	SUZHOU China	Manufacturing, developing and selling power supply units, computer cases, computer systems, notebooks, main boards, and computer peripherals, and providing after-sales service	USD 2,800,000	USD 2,800,000	-	1.97%	USD 6,139,508	USD 20,196,793	"	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized by the Investor Company	Note
				As of December 31, 2008	As of December 31, 2007	Shares	Percentage of Ownership	Carrying Amount			
PROTEK GLOBAL HOLDINGS LTD.	Protek (ShangHai) Limited	Shanghai China	Manufacturing, developing and selling computers, printers and electronic components, and providing after-sales service	USD 233,000,000	USD 225,000,000	-	100.00%	USD 314,151,561	USD 46,903,500	"	includes prepayments for Long-Term Investments in Stocks
NORTH TEC ASIA LIMITED	NORTH TEC ASIA (SHANGHAI) LIMITED	Shanghai China	phone, notebook, computers, high level router, digital TV, digital audio and video decoding , related components and providing after-sale service	USD 35,000,000	USD 35,000,000	-	100.00%	USD 53,084,705	USD 15,329,641	"	
ASLINK PRECISION CO., LTD.	ASLINK (H.K.) PRECISION CO., LIMITED	South KLN, Hong Kong	Investing and trading activities	USD 4,785,010	USD 4,785,010	4,785,010	100.00%	USD 7,510,070	USD 176,969	"	
ASLINK (H.K.) PRECISION CO., LTD	LINKTEK PRECISION (SUZHOU) CO.,LIMITED	SUZHOU China	Manufacturing and selling headset connector	USD 6,984,448	USD 5,484,448	-	100.00%	USD 3,156,680	(USD 1,253,649)	"	
ASLINK PRECISION CO., LTD.	ASAP INTERNATIONAL CO., LIMITED	Hong Kong	Investing activities.	USD 6,375,000	-	6,375,000	51.00%	USD 6,472,493	(USD 114,182)	"	
ASAP INTERNATIONAL CO., LIMITED	ASAP TECHNOLOGY (JIANGXI) CO.,LIMITED	JIANGXI China	Manufacturing and selling date transit wire and cable	USD 12,460,000	-	-	100.00%	USD 12,657,263	(USD 108,080)	"	
Unihan Holding Ltd.	CASETEK HOLDINGS LIMITED	British Virgin Islands	Investing and trading activities	USD 144,171,997	USD 111,171,997	84,980,000	100.00%	USD 171,597,921	USD 10,514,658	"	
Unihan Holding Ltd.	Azurewave (Cayman) Holding Inc.	Cayman	Investing and trading activities	USD 14,258,344	-	12,098,722	60.49%	USD 16,474,064	USD 4,926,867	"	
CASETEK HOLDINGS LIMITED	CASETEK COMPUTER (SUZHOU) CO.,LTD	SUZHOU China	Manufacturing, developing and selling computers, computer parts, application systems, and providing after-sales service	USD 32,000,000	USD 32,000,000	-	100.00%	USD 113,394,187	USD 8,067,497	"	
"	WILSON HOLDINGS LIMITED	Samoa Islands	Investing and trading activities	USD 4,000,000	USD 4,000,000	4,000,000	49.00%	USD 4,673,145	(USD 1,057,826)	"	
"	INDEED HOLDINGS LIMITED	British Virgin Islands	Investing and trading activities	USD 14,700,000	USD 14,700,000	14,700,000	49.00%	USD 14,389,364	(USD 3,421,380)	"	
"	SLITEK HOLDINGS LIMITED	Samoa Islands	Investing and trading activities	USD 1,210,000	USD 1,210,000	1,210,000	100.00%	USD 913,931	(USD 347,078)	"	
"	KAEDAR HOLDINGS LIMITED	Hong Kong	Investing and trading activities	USD 25,000,000	-	25,000,000	100.00%	USD 26,563,149	USD 1,500,889	"	
"	KAEDAR TRADING LTD.	Samoa Islands	Investing and trading activities	USD 5,000,000	-	5,000,000	100.00%	USD 9,780,378	USD 4,780,378	"	
"	CORE-TEK (SHANGHAI) LIMITED	Shanghai China	Researching and producing the parts of notebooks, designing nonmetal tooling, electronic specific equipment and related products, repairing and producing precision equipment and providing after-sales service	USD 3,000,000	-	-	100.00%	USD 2,998,689	USD 5,650	"	
"	UNITED NEW LIMITED	Samoa Islands	Investing and trading activities	USD 16,789,220	USD -	17,396,100	51.00%	USD 239,683	(USD 3,183,272)	"	
WILSON HOLDINGS LIMITED	GHING HONG PRECISE MOULD INDUSTRY (SUZHOU) CO., LTD	SUZHOU China	Manufacturing and selling mold and hardware components	USD 3,500,000	USD 3,500,000	-	100.00%	USD 5,293,414	(USD 189,780)	"	
"	HONG HUA TECHNOLOGY (SUZHOU) CO., LTD	SUZHOU China	Manufacturing and selling mold, hardware components, Instrumentation components and hard drive	USD 4,000,000	USD 4,000,000	-	100.00%	USD 3,337,976	(USD 611,636)	"	
"	CRYSTAL ART ENTERPRISE CO., LTD.	Samoa Islands	Investing activities.	USD 200,000	USD 200,000	200,000	100.00%	USD 185,870	(USD 276,797)	"	
INDEED HOLDINGS LIMITED	SHANGHAI INDEED TECHNOLOGY CO., LTD.	Shanghai China	Manufacturing electronic products plastic and metal parts	USD 30,000,000	USD 30,000,000	-	100.00%	USD 29,368,488	(USD 3,428,123)	"	
SLITEK HOLDINGS LIMITED	ZhangJiaGang Dongbu High Technology Metal Products Co.,LTD	SUZHOU China	Steel cutting and Steel Industry	USD 1,200,000	USD 1,200,000	-	20.00%	USD 906,203	(USD 1,727,593)	"	
KAEDAR HOLDINGS LIMITED	KAEDAR ELECTRONICS (KUNSHAN) CO.,LTD	KUNSHAN China	Tooling module of stainless steel computer cases	USD 24,506,998	-	-	100.00%	USD 26,058,340	USD 3,573,926	"	
Azurewave (Cayman) Holding In	AzureWave Technologies, Inc.	Sindian City	Manufacturing office machinery, electronic parts and computer peripherals and selling precision equipment, and digital cameras	USD 13,268,493	USD 7,535,997	56,656,238	96.03%	USD 27,417,314	USD 7,071,722	"	
AzureWave Technologies, Inc.	EZWAVE TECHNOLOGIES, INC.	Taipei county	Selling computer peripherals	5,000	5,000	500,000	100.00%	-	(248)	"	
"	YOFREE TECHNOLOGY CO., LTD.	Taipei county	Manufacturing electronic part	9,000	4,000	900,000	33.33%	4,282	(2,154)	"	
"	Azwave Holding (Samoa) Inc.	Samoa Islands	Investing activities.	66,800	66,800	2,000,000	100.00%	62,320	5,516	"	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized by the Investor Company	Note
				As of December 31, 2008	As of December 31, 2007	Shares	Percentage of Ownership	Carving Amount			
"	Eminent Star Company Limited	British Virgin Islands	Investing activities.	82,949	82,949	387,923	100.00%	15,422	(3,577)	"	
Azwave Holding (Samoa) Inc.	AzureWave Technologies (Shanghai) Inc.	Shanghai China	Manufacturing electronic part	USD 2,000,000	USD 2,000,000	-	100.00%	USD 1,899,992	USD 169,136	"	
Eminent Star Company Limited	Jade Technologies Limited	Brunei	Investing activities.	USD 2,051,282	USD 2,051,282	44,781	100.00%	USD 78,179	(USD 997)	"	
"	Hannex International Limited	Cayman	Investing activities.	USD 1,500,000	USD 1,500,000	178,235	100.00%	USD 160,311	(USD 106,663)	"	
"	Azurewave Technology(Shenzhen)Co.,Ltd	Shenzhen China	Designing, researching and selling computer products	USD 1,799,440	USD 1,799,440	-	66.67%	USD 151,541	(USD 3,038)	"	
Jade Technologies Limited	Azurewave Technology(Shenzhen)Co.,Ltd	Shenzhen China	Designing, researching and selling computer products	USD 900,964	USD 900,964	-	33.33%	USD 75,771	(USD 3,038)	"	
Hannex International Limited	Scientek.Nanjing Co.,Ltd	Nanjing China	Designing, researching and selling computer products	USD 1,500,000	USD 1,500,000	-	100.00%	USD 175,376	(USD 106,663)	"	
Ability Enterprise Co., Ltd.	ABILITY ENTERPRISE (BVI) CO., LTD.	British Virgin Islands	Investing activities	852,156	247,503	-	100.00%	2,984,796	196,378	"	
"	ACTION PIONEER INTERNATIONAL LTD.	PORT LOUIS MAURITIUS	Trading activities	67,330	67,330	-	100.00%	62,348	(260)	"	
"	VIEWQUEST TECHNOLOGIES INTERNATIONAL INC.	CA, USA	Selling computer peripherals, digital cameras and electronic components	50,729	50,729	-	100.00%	398	(309)	"	
"	VIEWQUEST TECHNOLOGIES (BVI) INC.	British Virgin Islands	Selling computer peripherals, digital cameras and electronic components	681,764	213,972	-	100.00%	-	(294,574)	"	
"	ASSOCIATION INTERNATIONAL LTD.	Samoa Islands	Investing activities	38,772	643,425	-	100.00%	18,269	(47,735)	"	
"	Ability International Investment Co., Ltd.	Taipei City	Investing activities	573,132	573,132	57,313,286	100.00%	460,882	(47,891)	"	
"	Avy Precision Technology Inc.	Taipei City	Selling optics Products, electronic components	103,170	103,170	11,260,177	17.82%	302,946	476,644	"	
"	ASHINE PRECISION CO., LTD.	Taipei City	Manufacturing electronic components, manufacturir	117,500	50,000	10,000,000	40.00%	141,989	49,427	"	
"	Avy Precision Technology Inc.	Taipei City	Selling optics Products, electronic components	40,443	40,443	1,125,589	1.78%	56,397	476,644	"	
ABILITY ENTERPRISE (BVI) CO., LTD.	EVER PINE INTERNATIONAL LTD. (BVI)	British Virgin Islands	Selling, Import and export small-scale motor precision metal and plastic parts, camera plastic shell, optical instruments and condom	USD 1,920,303	USD 1,920,303	-	34.65%	USD 4,175,696	(USD 982,770)	"	
"	SHIN-EI YORKEY INTERNATIONAL LTD. (BVI)	British Virgin Islands	Investing activities	USD 500,000	USD 500,000	-	50.00%	USD 913,761	(USD 229,216)	"	
"	YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.	Cayman	Manufacturing and selling optics and optoelectronics products plastic and metal parts(include digital camera, computer peripherals, mobile phone, camera and other products)	USD 6,304,440	USD 6,304,440	171,260,000	20.69%	USD 35,646,683	USD 20,872,000	"	
"	Ability Technology (Dongguan)Co., Ltd	Dongguan China	Producing and selling digital cameras	USD 18,000,000	USD 18,000,000	-	100.00%	USD 23,454,056	USD 1,116,231	(Note 1)	
ASSOCIATION INTERNATIONAL LTD.	PENTAX VQ CO., LTD.	Hong Kong	Trading activities	USD 1,200,000	USD 1,200,000	-	40.00%	USD 1,895,254	(USD 3,659,161)	"	

Note 1: Due to adjustment of foreign investment structure, 100% ownership of the holding company were transferred from ASSOCIATION INTERNATIONAL LTD. to ABILITY ENTERPRISE (BVI) CO., LTD..

Note 2: The information on the table above was not adjusted under preparation basis of pro forma financial statements.

Note 3: Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

Note 4: As above-mentioned, shares held at period end were the greatest shares held during the year.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Loans of capital to others:
For the year ended December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the year ended	Ending Balance	Interest Rate	Type of Financing	Amount of commercial	Reason for Short-term Financing(Notes5)	Allowance for Bad Debt	Collateral Item	Value	Financing Limit for Each Borrowing Company(Notes6)	Financing Company's Financing Amount Limit(Notes6)
(Note1)			(Note2)	December 31, 2008			(Note3)	(Notes4)						
1	ASUSPOWER CORPORATION	DEEP DELIGHT LIMITED	Other receivables	USD 6,400,000	USD 2,200,000	0.50%	(2)	-	For operating use	-	-	-	USD 133,722,370	USD 178,296,494
1	ASUSPOWER CORPORATION	PEGATRON Czech s.r.o. (Note 8)	Other receivables	USD 32,000,000	USD -	0.50%	(2)	-	For operating use	-	-	-	USD 133,722,370	USD 178,296,494
1	ASUSPOWER CORPORATION	PEGATRON JAPAN Inc. (Note 8)	Other receivables	USD 400,000	USD 300,000	0.50%	(2)	-	For operating use	-	-	-	USD 133,722,370	USD 178,296,494
2	MAINTEK COMPUTER(SUZHOU)CO.,LTD	COTEK ELECTRONICS(SUZHOU)CO.,LTD	Other receivables	CNY 174,269,449	CNY 126,969,449	-	(2)	-	Financial intermediation	-	-	-	CNY 494,942,658	CNY 989,885,315
2	MAINTEK COMPUTER(SUZHOU)CO.,LTD	CASETEK COMPUTER (SUZHOU) CO.,LTD	Other receivables	CNY 377,110,000	CNY 270,110,000	-	(2)	-	Financial intermediation	-	-	-	CNY 494,942,658	CNY 989,885,315
2	MAINTEK COMPUTER(SUZHOU)CO.,LTD	BOARDTEK COMPUTER (SUZHOU) CO., LTD	Other receivables	CNY 110,690,000	CNY 40,990,000	-	(2)	-	Financial intermediation	-	-	-	CNY 494,942,658	CNY 989,885,315
2	MAINTEK COMPUTER(SUZHOU)CO.,LTD	LINKTEK PRECISION (SUZHOU) CO.,LIMITED	Other receivables	CNY 5,500,000	CNY -	-	(2)	-	Financial intermediation	-	-	-	CNY 494,942,658	CNY 989,885,315
3	BOARDTEK COMPUTER (SUZHOU) CO., L	COTEK ELECTRONICS(SUZHOU)CO.,LTD	Other receivables	CNY 15,176,156	CNY -	-	(2)	-	Financial intermediation	-	-	-	CNY 282,852,313	CNY 424,278,470
3	BOARDTEK COMPUTER (SUZHOU) CO., L	CASETEK COMPUTER (SUZHOU) CO.,LTD	Other receivables	CNY 79,060,000	CNY 40,360,000	-	(2)	-	Financial intermediation	-	-	-	CNY 282,852,313	CNY 424,278,470
3	BOARDTEK COMPUTER (SUZHOU) CO., L	MAINTEK COMPUTER(SUZHOU)CO.,LTD	Other receivables	CNY 32,230,000	CNY -	-	(2)	-	Financial intermediation	-	-	-	CNY 282,852,313	CNY 424,278,470
4	COTEK ELECTRONICS(SUZHOU)CO.,LTD	CASETEK COMPUTER (SUZHOU) CO.,LTD	Other receivables	CNY 4,300,000	CNY -	-	(2)	-	Financial intermediation	-	-	-	CNY 19,152,152	CNY 38,304,305
4	COTEK ELECTRONICS(SUZHOU)CO.,LTD	BOARDTEK COMPUTER (SUZHOU) CO., LTD	Other receivables	CNY 3,350,000	CNY -	-	(2)	-	Financial intermediation	-	-	-	CNY 19,152,152	CNY 38,304,305
4	CASETEK COMPUTER (SUZHOU)CO.,LTD	COTEK ELECTRONICS(SUZHOU)CO.,LTD	Other receivables	CNY 1,500,000	CNY -	-	(2)	-	Financial intermediation	-	-	-	CNY 166,157,646	CNY 332,315,291
5	Azurewave (Cayman) Holding Inc.	AzureWave Technologies, Inc.	Other receivables	USD 6,930,000	USD -	-	(2)	-	For operating use	-	-	-	USD 14,426,374	USD 14,426,374
6	AzureWave Technologies, Inc.	Azurewave (Cayman) Holding Inc.	Other receivables	52,480	USD -	3.00%	(2)	-	For operating use	-	-	-	194,012	194,012
6	AzureWave Technologies, Inc.	AzureWave Technologies (Shanghai) Inc.	Other receivables	(USD 1,600,000)	(USD -)	-	(2)	-	For operating use	-	-	-	194,012	194,012
7	ABILITY ENTERPRISE (BVI) CO., LTD.	ASSOCIATION INTERNATIONAL LTD.	Other receivables	234,383	44,143	-	(2)	-	For operating use	-	promissory note	USD 1,600,000	USD 36,466,293	USD 36,466,293
7	ABILITY ENTERPRISE (BVI) CO., LTD.	Ability Technology (Dongguan)Co., Ltd	Other receivables	459,200	406,720	-	(2)	-	For operating use	-	promissory note	#####	USD 36,466,293	USD 36,466,293
8	ASSOCIATION INTERNATIONAL LTD.	Ability Technology (Dongguan)Co., Ltd	Other receivables	190,240	-	-	(2)	-	For operating use	-	-	-	USD 222,792	USD 222,792
8	ASLINK (H.K.) PRECISION CO., LIMITED	LINKTEK PRECISION (SUZHOU) CO.,LIMITED	Other receivables	USD 1,500,000	USD -	3.50%	(2)	-	For operating use	-	-	-	USD 1,502,014	USD 1,502,014

Note 1: Companies is identified as follow:

1. issuer: 0

2. Investee Company is identified by numeric numbers from 1

Note 2: These transactions were accounted for as inter-company accounts receivable, due to stockholders, prepayments, receipt in advance, and etc..

Note 3: Presentative for nature of financing are as follows:

(1) Business relationship

(2) Short-term financing

Note 4: It is required to disclose amounts of commercial dealings when nature for financing is (1).

Note 5: It is required to disclose reasons for short-term financing when nature for financing is (2).

Note 6: The limit of loan was based on actual net assets of the Company, was not considering been adjusted under preparation basis of pro forma financial statements.

The maximum amount of loan limit: In accordance with the company's loan policy * the total amount of loan shall not exceed 20% of the company's current net assets.

In accordance with the company's (ASUSPOWER CORPORATION) loan policy * the total amount of loan shall not exceed 20% of the company's (ASUSPOWER CORPORATION) current net assets.

In accordance with the company's (MAINTEK COMPUTER(SUZHOU)CO.,LTD) loan policy, the total amount of loan shall not exceed 20% of the company's(MAINTTEK COMPUTER(SUZHOU)CO.,LTD) total assets.

In accordance with the company's (BOARDTEK COMPUTER (SUZHOU) CO., LTD) loan policy, the total amount of loan shall not exceed 20% of the company's (BOARDTEK COMPUTER (SUZHOU) CO., LTD) total assets.

In accordance with the company's (COTEK ELECTRONICS(SUZHOU)CO.,LTD) loan policy, the total amount of loan shall not exceed 20% of the company's (COTEK ELECTRONICS(SUZHOU)CO.,LTD) total assets.

In accordance with the company's (CASETEK COMPUTER (SUZHOU)CO.,LTD) loan policy, the total amount of loan shall not exceed 20% of the company's (CASETEK COMPUTER (SUZHOU) CO.,LTD) total assets.

In accordance with the company's (Azurewave (Cayman) Holding Inc.) loan policy, the total amount of loan shall not exceed 50% of the company's (Azurewave (Cayman) Holding Inc.) current net assets.

In accordance with the company's (AzureWave Technologies, Inc.) loan policy, the total amount of loan shall not exceed 20% of the company's (AzureWave Technologies, Inc.) current net assets.

In accordance with the company's (ABILITY ENTERPRISE (BVI) CO., LTD.) loan policy, the total amount of loan shall not exceed 40% of the company's (ABILITY ENTERPRISE (BVI) CO., LTD.) current net assets.

In accordance with the company's (ASSOCIATION INTERNATIONAL LTD.) loan policy, the total amount of loan shall not exceed 40% of the company's (ASSOCIATION INTERNATIONAL LTD.) current net assets.

In accordance with the company's (ASLINK PRECISION CO., LIMITED) loan policy, the total amount of loan shall not exceed 20% of the company's (ASLINK PRECISION CO., LIMITED) current net assets.

The maximum amount of loan limit for individual entity:In accordance with the company's loan policy * the total amount of loan shall not exceed 15% of the company's current net assets.

In accordance with the company's (ASUSPOWER CORPORATION) loan policy * the total amount of loan shall not exceed 15% of the company's (ASUSPOWER CORPORATION) current net assets.

In accordance with the company's (MAINTTEK COMPUTER(SUZHOU)CO.,LTD) loan policy, the total amount of loan shall not exceed 10% of the company's(MAINTTEK COMPUTER(SUZHOU)CO.,LTD) total assets.

In accordance with the company's (BOARDTEK COMPUTER (SUZHOU) CO., LTD) loan policy, the total amount of loan shall not exceed 20% of the company's (BOARDTEK COMPUTER (SUZHOU) CO., LTD) total assets.

In accordance with the company's (COTEK ELECTRONICS(SUZHOU)CO.,LTD) loan policy, the total amount of loan shall not exceed 10% of the company's (COTEK ELECTRONICS(SUZHOU)CO.,LTD) total assets.

In accordance with the company's (CASETEK COMPUTER (SUZHOU) CO.,LTD) loan policy, the total amount of loan shall not exceed 10% of the company's (CASETEK COMPUTER (SUZHOU) CO.,LTD) total assets.

In accordance with the company's (Azurewave (Cayman) Holding Inc.) loan policy, the total amount of loan shall not exceed 50% of the company's (Azurewave (Cayman) Holding Inc.) current net assets.

In accordance with the company's (AzureWave Technologies, Inc.) loan policy, the total amount of loan shall not exceed 20% of the company's (AzureWave Technologies, Inc.) current net assets.

In accordance with the company's (ABILITY ENTERPRISE (BVI) CO., LTD.) loan policy, the total amount of loan shall not exceed 40% of the company's (ABILITY ENTERPRISE (BVI) CO., LTD.) current net assets.

In accordance with the company's (ASSOCIATION INTERNATIONAL LTD.) loan policy, the total amount of loan shall not exceed 40% of the company's (ASSOCIATION INTERNATIONAL LTD.) current net assets.

In accordance with the company's (ASLINK PRECISION CO., LIMITED) loan policy, the total amount of loan shall not exceed 20% of the company's (ASLINK PRECISION CO., LIMITED) current net assets.

Note 7: Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate prevailing on the balance sheet date (spot rate on 31 December 2008 were USD 1/NTD 32.80)

Note 8: ASUS JAPAN Inc. was renamed as PEGATRON JAPAN Inc. ; ASUS Czech s.r.o. was renamed as PEGATRON Czech s.r.o..

Note 9: Details illustrated on the table above have been eliminated in consolidated financial report

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Endorsements or guarantees to others:
For the year ended December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

No (Note1)	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party(Note5)	Maximum Balance for the year ended December 31, 2008 (Note 4)		Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable (Note 3)
		Name	Nature of Relationship (Note2)		Ending Balance (Note 4)				
1	UNIHAN CORPORATION	KAEDAR TRADING LTD.	(2)	4,363,237	642,880	642,880	-	4.42%	10,180,887
					(USD 19,600,000)	(USD 19,600,000)			
1	UNIHAN CORPORATION	KAEDAR ELECTRONICS (KUNSHAN) CO.,LTD	(2)	4,363,237	328,000	328,000	-	2.26%	10,180,887
					(USD 10,000,000)	(USD 10,000,000)			
2	ASROCK Incorporation	ASIAROCK TECHNOLOGY LIMITED	(2)	4,282,724	984,000	984,000	-	16.08%	4,282,724
					(USD 30,000,000)	(USD 30,000,000)			
3	ASLINK (H.K.) PRECISION CO., LIMITED	LINKTEK PRECISION (SUZHOU) CO.,LIMITED	(2)	USD 2,253,021	USD 705,331	USD 705,331	USD 705,331	9.39%	USD 5,257,049
4	Ability Enterprise Co., Ltd.	ABILITY ENTERPRISE (BVI) CO., LTD.	(2)	7,069,283	196,800	196,800	-	2.78%	7,069,283
					(USD 6,000,000)	(USD 6,000,000)			
4	Ability Enterprise Co., Ltd.	VIEWQUEST TECHNOLOGIES (BVI) INC.	(2)	7,069,283	1,831,104	1,307,200	-	18.49%	7,069,283

Note 1: Number for lender companies are identified as follow:

- (1): issuer: 0
- (2)Investee Company is got sequence number starting from 1.

Note 2: Relationship between the guarantor and guarantee are summarized as follows:

- (1) Business relationship
- (2) Directly owned 50% or more of the subsidiary's common stock outstanding.
- (3) Jointly held 50% or more common shares of the investee company by its parent company and affiliates.
- (4) Parent company that directly or indirectly holds more than 50% of the ore common shares in the investee company.
- (5) The company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company or for joint builders for purposes of undertaking a construction project.
- (6) All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentage.

Note 3: The maximum amount of endorsement and guarantee limit (The calculation of maximum amount is based on the actual net worth of the company, and not adjusted by the pro forma assumptions.):

In accordance with the company's(UNIHAN CORPORATION) endorsement and guarantee policy, the total guarantee amount shall not exceed 70% of the company's(UNIHAN CORPORATION) current net assets.

In accordance with the company's (ASROCK Incorporation) endorsement and guarantee policy, the total guarantee amount shall not exceed 70% of the company's(ASROCK Incorporation) current net assets.

In accordance with the company's(ASLINK (H.K.) PRECISION CO., LTD.) endorsement and guarantee policy, the total guarantee amount shall not exceed 70% of the company's(ASLINK (H.K.) PRECISION CO., LTD.) current net assets.

In accordance with the company's(Ability Enterprise Co., Ltd.) endorsement and guarantee policy, the total guarantee amount shall not exceed 100% of the company's(Ability Enterprise Co., Ltd.) current net assets.

The maximum amount of endorsement and guarantee limit to a individual entity (The calculation of maximum amount is based on the actual net worth of the company, and not adjusted by the pro forma assumptions.):

In accordance with the company's(UNIHAN CORPORATION) endorsement and guarantee policy, the total guarantee amount to a individual entity shall not exceed 30% of the company's(UNIHAN CORPORATION) current net assets.

In accordance with the company's(ASROCK Incorporation) endorsement and guarantee policy, the total guarantee amount to a individual entity shall not exceed 70% of the company's(ASROCK Incorporation) current net assets.

In accordance with the company's(ASLINK (H.K.) PRECISION CO., LTD.) endorsement and guarantee policy, the total guarantee amount to a individual entity shall not exceed 30% of the company's(ASLINK (H.K.) PRECISION CO., LTD.) current net assets.

In accordance with the company's(Ability Enterprise Co., Ltd.) endorsement and guarantee policy, the total guarantee amount to a individual entity shall not exceed 100% of the company's(Ability Enterprise Co., Ltd.) current net assets.

Note 4: Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate prevailing on the balance sheet date (spot rate on 31 December 2008 were USD 1/NTD 32.80).

Note 5: Details illustrated on the table above have been eliminated in consolidated financial report

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
 Period ended marketable securities holding:
 For the year ended December 31, 2008

(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Holding Company	Marketable Securities		Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
	Type	Name			Shares/Units	Carrying Amount	Percentage	Market Value or Net Asset Value	
AMA Holdings Limited	capital	Toptek Precision Industry(SuZhou) Co., Ltd	An investee company accounted for under the equity method	long-term investments at equity	-	USD -	100.00%	(USD 105,039)	
UNITED NEW LIMITED	capital	AVY PRECISION ELECTROPLATING (SUZHOU) CO., LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 31,141,008	100.00%	USD 31,141,008	
UNIHAN CORPORATION	Fund	Cathay Bond Fund	-	financial assets at fair value through income statement	1,042,692	12,398	-	12,398	
"	Fund	ING Taiwan Income Fund	-	financial assets at fair value through income statement	3,713,284	60,728	-	60,728	
"	Fund	JF (Taiwan) Bond Fund	-	financial assets at fair value through income statement	2,092,395	32,949	-	32,949	
"	Stock	WAI-GIN INDUSTRIAL CO.,LTD	-	financial assets at cost - noncurrent	3,000,000	53,500	7.50%	-	
"	Stock	AMA PRECISION INC.	An investee company accounted for under the equity method	long-term investments at equity	40,000,000	476,639	100.00%	476,639	
"	Stock	Ability Enterprise Co., Ltd.	An investee company accounted for under the equity method	long-term investments at equity	53,627,374	2,117,549	12.99%	1,104,724	
"	Stock	Unihan Holding Ltd.	An investee company accounted for under the equity method	long-term investments at equity	158,480,341	6,169,397	100.00%	6,169,397	
ASUSPOWER INVESTMENT CO.,LTD	Fund	Cathay Bond Fund	-	financial assets at fair value through income statement	32,129,484	382,029	-	382,029	
"	Fund	Yuanta WAN-Tai Fund	-	financial assets at fair value through income statement	4,025,785	58,087	-	58,087	
"	Stock	Atheros Communications Inc.	-	financial assets in available-for-sale-noncurrent	643,741	302,152	1.07%	302,152	
"	Stock	LOTES CO., LTD	-	financial assets in available-for-sale-noncurrent	2,683,485	49,913	3.52%	49,913	
"	Stock	Ralink Technology Corp.	-	financial assets in available-for-sale-noncurrent	5,250,018	368,026	4.35%	368,026	
"	Stock	ZOWIE Technology Corporation	-	financial assets at cost - noncurrent	472,000	-	1.72%	-	
"	Stock	Terax Communication Technologies	-	financial assets at cost - noncurrent	29,582	-	0.08%	-	
"	Stock	THE INFOPRO GROUP INC.	-	financial assets at cost - noncurrent	446,805	-	4.60%	-	
"	Stock	Mobitek Communication Corp.	-	financial assets at cost - noncurrent	5,662,500	18,637	14.01%	-	
"	Stock	TrendChip Technologies Corp.	-	financial assets at cost - noncurrent	2,388,352	59,730	7.61%	-	
"	Stock	Lumens Digital Optics Inc.	-	financial assets at cost - noncurrent	2,753,400	65,479	6.65%	-	
"	Stock	Yu-Shuo Technologies Corp.	-	financial assets at cost - noncurrent	105,000	2,244	7.00%	-	
"	Stock	YOUNG FAST OPTOELECTRONICS CO., LTD	-	financial assets at cost - noncurrent	418,613	43,814	0.40%	-	
"	Stock	WIN Semiconductor Corp.	-	financial assets at cost - noncurrent	7,500,000	150,000	1.26%	-	
"	Stock	STARLINK ELECTRONICS CORPOATION	An investee company accounted for under the equity method	long-term investments at equity	35,770,796	-	51.84%	(91,191)	
"	Stock	KINSUS INTERCONNECT TECHNOLOGY CORP.	An investee company accounted for under the equity method	long-term investments at equity	55,556,221	2,223,396	12.46%	1,711,132	
"	Stock	ASROCK Incorporation	An investee company accounted for under the equity method	long-term investments at equity	2,658,096	148,060	2.42%	129,981	
"	Stock	Ability Enterprise Co., Ltd.	An investee company accounted for under the equity method	long-term investments at equity	10,513	188	0.00%	217	

(Continued)

Holding Company	Marketable Securities		Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
	Type	Name			Shares/Units	Carrying Amount	Percentage	Market Value or Net Asset Value	
"	Stock	ASUSPOWER CORPORATION	An investee company accounted for under the equity method	long-term investments at equity	109,000,000	9,131,847	31.23%	9,131,847	
"	Stock	PEGATRON TECHNOLOGY SERVICE INC.	An investee company accounted for under the equity method	long-term investments at equity	2,800	114,737	100.00%	114,737	
"	capital	WISE INVESTMENT LIMITED	An investee company accounted for under the equity method	long-term investments at equity	-	35,758	48.78%	35,758	
"	capital	PEGATRON JAPAN Inc.	An investee company accounted for under the equity method	long-term investments at equity	-	43,784	100.00%	43,784	
"	capital	PEGATRON Mexico, S.A. DE C.V.	An investee company accounted for under the equity method	long-term investments at equity	-	354,112	40.51%	354,112	
ASUS INVESTMENT CO.,LTD.	Fund	Cathay Bond Fund	-	financial assets at fair value through income statement	971,317	11,549	-	11,549	
"	Stock	Lumens Digital Optics Inc.	-	financial assets at cost - noncurrent	2,557,100	60,831	6.18%	-	
"	Stock	Yu-Shuo Technologies Corp.	-	financial assets at cost - noncurrent	103,000	2,202	6.87%	-	
"	Stock	STARLINK ELECTRONICS CORPOATION	An investee company accounted for under the equity method	long-term investments at equity	21,670,380	-	31.41%	(56,465)	
"	Stock	KINSUS INTERCONNECT TECHNOLOGY CORP.	An investee company accounted for under the equity method	long-term investments at equity	60,128,417	2,405,407	13.48%	1,851,955	
"	Stock	ASROCK Incorporation	An investee company accounted for under the equity method	long-term investments at equity	54,493,099	3,030,945	49.54%	2,664,713	
"	Stock	ASUSPOWER CORPORATION	An investee company accounted for under the equity method	long-term investments at equity	103,000,000	8,628,908	29.51%	8,628,908	
"	capital	ASFLY TRAVEL SERVICE LIMITED	An investee company accounted for under the equity method	long-term investments at equity	-	18,501	100.00%	18,501	
"	capital	HUA-YUAN INVESTMENT LIMITED	An investee company accounted for under the equity method	long-term investments at equity	-	474,262	100.00%	474,262	
"	capital	ASUS HOLLAND HOLDING B.V.	An investee company accounted for under the equity method	long-term investments at equity	-	98,111	7.55%	98,111	
"	capital	PEGATRON Mexico, S.A. DE C.V.	An investee company accounted for under the equity method	long-term investments at equity	-	520,023	59.49%	520,023	
ASUSTEK INVESTMENT CO.,LTD.	Fund	Cathay Bond Fund	-	financial assets at fair value through income statement	29,266,191	347,984	-	347,984	
"	Fund	Yuanta WAN-Tai Fund	-	financial assets at fair value through income statement	278,168	4,013	-	4,013	
"	Stock	ENE Technology Inc.	-	financial assets in available-for-sale-noncurrent	1,051,750	30,816	1.48%	30,816	
"	Stock	Alcor Micro,Corp.	-	financial assets in available-for-sale-noncurrent	1,099,879	34,921	1.46%	34,921	
"	Stock	TrendChip Technologies Corp.	-	financial assets at cost - noncurrent	574,099	14,352	1.83%	-	
"	Stock	Lumens Digital Optics Inc.	-	financial assets at cost - noncurrent	2,557,100	60,831	6.18%	-	
"	Stock	Yu-Shuo Technologies Corp.	-	financial assets at cost - noncurrent	527,000	11,262	35.13%	-	
"	Stock	STARLINK ELECTRONICS CORPOATION	An investee company accounted for under the equity method	long-term investments at equity	11,558,824	-	16.75%	(30,111)	
"	Stock	KINSUS INTERCONNECT TECHNOLOGY CORP.	An investee company accounted for under the equity method	long-term investments at equity	58,233,091	2,330,461	13.06%	1,793,579	
"	Stock	ASROCK Incorporation	An investee company accounted for under the equity method	long-term investments at equity	7,096,922	394,623	6.45%	347,039	
"	Stock	ASUSPOWER CORPORATION	An investee company accounted for under the equity method	long-term investments at equity	137,000,000	11,479,869	39.26%	11,479,869	
POWTEK HOLDINGS LIMITED	capital	Powtek (Shanghai) Co., Ltd.	An investee company accounted for under the equity method	long-term investments at equity	-	USD 15,183,821	100.00%	USD 15,183,821	
ASUS HOLLAND HOLDING B.V.	capital	PEGATRON Czech s.r.o.	An investee company accounted for under the equity method	long-term investments at equity	-	EUR 28,078,192	100.00%	EUR 28,078,192	
AMA PRECISION INC.	Stock	AMA Technology Corporation	An investee company accounted for under the equity method	long-term investments at equity	300,000	-	100.00%	(12,481)	
"	Stock	AMA Holdings Limited	An investee company accounted for under the equity method	long-term investments at equity	3,214,000	30,395	100.00%	30,395	

(Continued)

Holding Company	Marketable Securities		Security Issuer's Relationship with the Holding Company	December 31, 2008					Note
	Type	Name		Financial Statement Account	Shares/Units	Carrying Amount	Percentage	Market Value or Net Asset Value	
AMA Holdings Limited	Stock	METAL TRADINGS LTD.	An investee company accounted for under the equity method	long-term investments at equity	1,604,000	USD 1,999,010	100.00%	USD 1,999,010	
AMA Holdings Limited	Stock	EXTECH LTD.	An investee company accounted for under the equity method	long-term investments at equity	1,604,000	USD 1,149,634	88.91%	USD 1,149,634	
METAL TRADINGS LTD.	capital	FENGSHUO TRADING (TONGZHOU) CO. LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 1,997,783	100.00%	USD 1,997,783	
EXTECH LTD.	capital	GRANDTECH PRECISION (TONGZHOU) CO. LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 1,292,271	100.00%	USD 1,292,271	
STARLINK ELECTRONICS CORPOAT	Stock	STRATEGY Technology Co., Ltd.	An investee company accounted for under the equity method	long-term investments at equity	4,000,001	-	100.00%	(239,337)	
STRATEGY Technology Co., Ltd.	Stock	COTEK HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	12,260,000	USD -	100.00%	(USD 14,363,760)	
COTEK HOLDINGS LIMITED	capital	COTEK ELECTRONICS(SUZHOU)CO.,LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD -	100.00%	(USD 14,371,017)	
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	Polaris De-Li Fund	-	financial assets at fair value through income statement	19,493,833	303,297	-	303,297	
"	Fund	Polaris De-Bao Fund	-	financial assets at fair value through income statement	27,112,387	310,502	-	310,502	
"	Fund	Capital Income Fund	-	financial assets at fair value through income statement	16,971,595	260,935	-	260,935	
"	Fund	Fuh-Hwa Yuli Bond Fund	-	financial assets at fair value through income statement	7,982,630	102,388	-	102,388	
"	Fund	JF(Taiwan) First Bond Fund	-	financial assets at fair value through income statement	13,885,275	201,364	-	201,364	
"	Fund	Yuanta WAN-Tai Fund	-	financial assets at fair value through income statement	27,752,921	400,441	-	400,441	
"	Stock	Lucky Power Technology Company	-	financial assets at cost - noncurrent	10,760,869	215,218	19.20%	-	
"	Stock	KINSUS CORP. (USA)	An investee company accounted for under the equity method	long-term investments at equity	500,000	20,931	100.00%	20,931	
"	Stock	KINSUS HOLDING (SAMOA) LIMITED	An investee company accounted for under the equity method	long-term investments at equity	15,000,000	562,054	100.00%	562,054	
KINSUS HOLDING (SAMOA) LIMITED	Stock	KINSUS HOLDING (CAYMAN) LIMITED	An investee company accounted for under the equity method	long-term investments at equity	15,000,000	USD 17,104,000	100.00%	USD 17,104,000	
KINSUS HOLDING (CAYMAN) LIMITED	capital	KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) COR	An investee company accounted for under the equity method	long-term investments at equity	-	USD 17,104,000	100.00%	USD 17,104,000	
ASROCK Incorporation	Stock	ASIAROCK TECHNOLOGY LIMITED	An investee company accounted for under the equity method	long-term investments at equity	40,000,000	2,603,341	100.00%	2,613,721	
"	Stock	Leader Insight Holdings Ltd.	An investee company accounted for under the equity method	long-term investments at equity	2,100,000	34,083	100.00%	34,083	
"	convertible bonds	Convertible bond of ASUSTeK Computer Inc.	-	financial assets at fair value through income statement	2,373,000	232,673	-	232,673	
"	convertible bonds	Convertible bond of HON HAI PRECISION IND. CO., LTD.	-	financial assets at fair value through income statement	3,773,000	367,490	-	367,490	
ASIAROCK TECHNOLOGY LIMITED	Stock	ASROCK EUROPE B.V.	An investee company accounted for under the equity method	long-term investments at equity	200,000	USD 4,625,803	100.00%	USD 4,625,803	
ASIAROCK TECHNOLOGY LIMITED	Stock	CalRock Holdings, LLC.	An investee company accounted for under the equity method	long-term investments at equity	2,000,000	USD 2,197,908	100.00%	USD 2,197,908	
Leader Insight Holdings Ltd.	Stock	Firstplace International Ltd.	An investee company accounted for under the equity method	long-term investments at equity	2,050,000	USD 1,021,888	100.00%	USD 1,021,888	
Firstplace International Ltd.	Stock	ASRock America, Inc.	An investee company accounted for under the equity method	long-term investments at equity	2,000,000	USD 980,779	100.00%	USD 980,779	
PEGATRON TECHNOLOGY SERVICE INC.	Stock	Asus Service Canada, Inc.	An investee company accounted for under the equity method	long-term investments at equity	500	USD 354,799	100.00%	USD 354,799	
ASFLY TRAVEL SERVICE LIMITED	Fund	Cathay Bond Fund	-	financial assets at fair value through income statement	478,063	5,685	-	5,685	
HUA-YUAN INVESTMENT LIMITED	Fund	Cathay Bond Fund	-	financial assets at fair value through income statement	9,625,111	114,446	-	114,446	

(Continued)

Holding Company	Marketable Securities		Security Issuer's Relationship with the Holding Company	December 31, 2008					Note
	Type	Name		Financial Statement Account	Shares/Units	Carrying Amount	Percentage	Market Value or Net Asset Value	
"	Fund	ING Taiwan Select Bond Fund	-	financial assets at fair value through income statement	14,326,711	167,568	-	167,568	
"	ECB	CHICONY ELECTRONICS CO. LTD.	-	financial assets at fair value through income statement	870	82,911	-	82,911	
"	Stock	Asia Cement Corporation	-	financial assets at fair value through income statement	397,500	11,309	0.01%	11,309	
"	Stock	China Steel Corporation	-	financial assets at fair value through income statement	409,000	9,448	0.00%	9,448	
"	Stock	CHROMA ATE INC.	-	financial assets at fair value through income statement	181,241	3,761	0.05%	3,761	
"	Stock	CHUNG HUNG STEEL CORPORATION	-	financial assets at fair value through income statement	700,000	7,140	0.05%	7,140	
"	Stock	Tripod Technology Corporation	-	financial assets at fair value through income statement	100,000	3,215	0.02%	3,215	
"	Stock	YOUNG FAST OPTOELECTRONICS CO., LTD	-	financial assets at cost - noncurrent	418,613	43,814	0.40%	-	
Pegatron Holding Ltd.	Stock	BOARDTEK HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	52,060,000	USD 91,078,273	100.00%	USD 91,078,273	
"	Stock	MAGNIFICENT BRIGHTNESS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	129,011,090	USD 282,992,233	100.00%	USD 282,992,233	
"	Stock	STRONG CHOICE GROUP LIMITED	An investee company accounted for under the equity method	long-term investments at equity	12,110,000	USD 26,415,116	100.00%	USD 26,415,116	
"	Stock	WEST TEC ASIA LIMITED	An investee company accounted for under the equity method	long-term investments at equity	2,840,000	USD 6,169,417	100.00%	USD 6,169,417	
"	Stock	PROTEK GLOBAL HOLDINGS LTD.	An investee company accounted for under the equity method	long-term investments at equity	233,050,000	USD 314,185,744	100.00%	USD 314,185,744	
"	Stock	NORTH TEC ASIA LIMITED	An investee company accounted for under the equity method	long-term investments at equity	35,050,000	USD 53,133,820	100.00%	USD 53,133,820	
"	Stock	ASLINK PRECISION CO., LTD.	An investee company accounted for under the equity method	long-term investments at equity	19,093,263	USD 21,673,297	100.00%	USD 21,673,297	
"	Stock	DIGITEK GLOBAL HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	50,000	USD 61,687	100.00%	USD 61,687	
"	Stock	POWTEK HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	8,050,000	USD 30,436,010	100.00%	USD 30,436,010	
BOARDTEK HOLDINGS LIMITED	capital	BOARDTEK COMPUTER (SUZHOU) CO., LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 91,054,306	100.00%	USD 91,054,306	
MAGNIFICENT BRIGHTNESS LIMITED	capital	MAINTEK COMPUTER(SUZHOU)CO.,LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 279,145,024	89.57%	USD 279,145,024	
STRONG CHOICE GROUP LIMITED	capital	MAINTEK COMPUTER(SUZHOU)CO.,LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 26,365,601	8.46%	USD 26,365,601	
WEST TEC ASIA LIMITED	capital	MAINTEK COMPUTER(SUZHOU)CO.,LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 6,139,508	1.97%	USD 6,139,508	
PROTEK GLOBAL HOLDINGS LTD.	capital	Protek (ShangHai) Limited	An investee company accounted for under the equity method	long-term investments at equity	-	USD 314,151,561	100.00%	USD 314,151,561	including prepayments for long-term investments
NORTH TEC ASIA LIMITED	capital	NORTH TEC ASIA (SHANGHAI) LIMITED	An investee company accounted for under the equity method	long-term investments at equity	-	USD 53,084,705	100.00%	USD 53,084,705	
ASLINK PRECISION CO., LTD.	Stock	ASLINK (H.K.) PRECISION CO., LIMITED	An investee company accounted for under the equity method	long-term investments at equity	4,785,010	USD 7,510,070	100.00%	USD 7,510,070	
ASLINK (H.K.) PRECISION CO., LIMITED	capital	LINKTEK PRECISION (SUZHOU) CO.,LIMITED	An investee company accounted for under the equity method	long-term investments at equity	-	USD 3,156,680	100.00%	USD 3,156,680	
ASLINK PRECISION CO., LTD.	Stock	ASAP INTERNATIONAL CO., LIMITED	An investee company accounted for under the equity method	long-term investments at equity	6,375,000	USD 6,472,493	51.00%	USD 6,472,493	
ASAP INTERNATIONAL CO., LIMITED	capital	ASAP TECHNOLOGY (JIANGXI) CO.,LIMITED	An investee company accounted for under the equity method	long-term investments at equity	-	USD 12,657,263	100.00%	USD 12,657,263	
Protek (ShangHai) Limited	capital	Shen Zhen YuTo Printing Packing Co.,Ltd	-	financial assets at cost - noncurrent	-	CNY 39,600,000	4.95%	CNY -	
Unihan Holding Ltd.	Stock	CASETEK HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	84,980,000	USD 171,597,921	100.00%	USD 171,597,921	

(Continued)

Holding Company	Marketable Securities		Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
	Type	Name			Shares/Units	Carrying Amount	Percentage	Market Value or Net Asset Value	
"	Stock	Azurewave (Cayman) Holding Inc.	An investee company accounted for under the equity method	long-term investments at equity	12,098,722	USD 16,474,064	60.49%	USD 16,474,064	
CASETEK HOLDINGS LIMITED	capital	CASETEK COMPUTER (SUZHOU) CO.,LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 113,394,187	100.00%	USD 113,394,187	
"	Stock	WILSON HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	4,000,000	USD 4,673,145	49.00%	USD 4,673,145	
"	Stock	INDEED HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	14,700,000	USD 14,389,364	49.00%	USD 14,389,364	
"	Stock	SLITEK HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	1,210,000	USD 913,931	100.00%	USD 913,931	
"	Stock	KAEDAR HOLDINGS LIMITED	An investee company accounted for under the equity method	long-term investments at equity	25,000,000	USD 26,563,149	100.00%	USD 26,563,149	
"	Stock	KAEDAR TRADING LTD.	An investee company accounted for under the equity method	long-term investments at equity	5,000,000	USD 9,780,378	100.00%	USD 9,780,378	
"	capital	CORE-TEK (SHANGHAI) LIMITED	An investee company accounted for under the equity method	long-term investments at equity	-	USD 2,998,689	100.00%	USD 2,998,689	
"	Stock	UNITED NEW LIMITED	An investee company accounted for under the equity method	long-term investments at equity	17,396,100	USD 14,335,083	51.00%	USD 14,335,083	
SLITEK HOLDINGS LIMITED	capital	ZhangJiaGang Dongbu High Technology Metal Products Co.,LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 906,203	20.00%	USD 906,203	
KAEDAR HOLDINGS LIMITED	capital	KAEDAR ELECTRONICS (KUNSHAN) CO.,LTD	An investee company accounted for under the equity method	long-term investments at equity	-	USD 26,058,340	100.00%	USD 26,058,340	
Azurewave (Cayman) Holding Inc.	Stock	AzureWave Technologies, Inc.	An investee company accounted for under the equity method	long-term investments at equity	56,656,238	USD 27,417,314	96.03%	USD 27,417,314	
AzureWave Technologies, Inc.	Stock	EZWAVE TECHNOLOGIES,INC	An investee company accounted for under the equity method	long-term investments at equity	500,000	-	100.00%	(12,407)	
"	Stock	YOFREE TECHNOLOGY CO.,LTD	An investee company accounted for under the equity method	long-term investments at equity	900,000	4,282	33.33%	4,282	
"	Stock	Azwave Holding (Samoa) Inc.	An investee company accounted for under the equity method	long-term investments at equity	2,000,000	62,320	100.00%	62,320	
"	Stock	Eminent Star Company Limited	An investee company accounted for under the equity method	long-term investments at equity	387,923	15,422	100.00%	15,422	
"	Stock	DIGIMOVE TECHNOLOGY CO., LTD.	-	financial assets at cost - noncurrent	2,100,000	-	9.72%	-	
Azwave Holding (Samoa) Inc.	capital	AzureWave Technologies (Shanghai) Inc.	An investee company accounted for under the equity method	long-term investments at equity	-	USD 1,899,992	100.00%	USD 1,899,992	
Eminent Star Company Limited	Stock	Jade Technologies Limited	An investee company accounted for under the equity method	long-term investments at equity	44,781	USD 78,179	100.00%	USD 78,179	
"	Stock	Hannex International Limited	An investee company accounted for under the equity method	long-term investments at equity	178,235	USD 160,311	100.00%	USD 160,311	
"	capital	Azurewave Technology(Shenzhen)Co.,Ltd	An investee company accounted for under the equity method	long-term investments at equity	-	USD 151,541	66.67%	USD 151,541	
Jade Technologies Limited	capital	Azurewave Technology(Shenzhen)Co.,Ltd	An investee company accounted for under the equity method	long-term investments at equity	-	USD 75,771	33.33%	USD 75,771	
Hannex International Limited	capital	Scientek,Nanjing Co.,Ltd	An investee company accounted for under the equity method	long-term investments at equity	-	USD 175,376	100.00%	USD 175,376	
Ability Enterprise Co., Ltd.	GDR	GDR of ProMOS Technologies Inc.	-	financial assets at fair value through income statement	109,276	2,657	-	2,657	
"	GDR	GDR of CHUNGHWA PICTURE TUBES,LTD.	-	financial assets at fair value through income statement	58,379	4,878	-	4,878	
"	DR	DR of Yang Ming Marine Transport Corp.	-	financial assets at fair value through income statement	855,038	8,636	-	8,636	
"	ECB	ECB of Nanya Technology Corporation	-	financial assets at fair value through income statement	-	16,277	-	16,277	
"	Structure Product	LLOYDS inverse floating-rate note - 10YR Libor	-	financial assets at fair value through income statement	-	40,738	-	40,738	
"	Stock	GrandTech C.G. Systems Inc.	An investee company accounted for under the equity method. However, it was ceased using the equity method starting from September 2007.	financial assets at cost - noncurrent(Note 1)	2,458,502	28,512	6.15%	(Note1)	
"	Stock	GENERAL PLASTIC INDUSTRIAL CO., LTD.	-	financial assets in available-for-sale-noncurrent	367,200	4,755	0.45%	4,755	

(Continued)

Holding Company	Marketable Securities		Security Issuer's Relationship with the Holding Company	December 31, 2008					
	Type	Name		Financial Statement Account	Shares/Units	Carrying Amount	Percentage	Market Value or Net Asset Value	Note
"	Stock	Li-Shih Investment Co.,Ltd	-	financial assets at cost - noncurrent	515,908	1,559	2.27%	-	
"	Stock	TAIWAN OHARA OPTICAL CO., LTD.	-	financial assets at cost - noncurrent	280,000	14,000	7.00%	-	
"	Stock	CC&C Technologies,Inc.	-	financial assets at cost - noncurrent	311,250	3,300	0.82%	-	
"	Stock	VIVAVR TECHNOLOGY CO., LTD.	-	financial assets at cost - noncurrent(Note2)	349,200	-	1.70%	-	
"	Stock	ADDTEK CORP.	-	financial assets at cost - noncurrent	360,000	-	1.10%	-	
"	Stock	Fei-Chung Computer Co.,Ltd	-	financial assets at cost - noncurrent	2,089,700	-	2.09%	-	
"	capital	ABILITY ENTERPRISE (BVI) CO., LTD.	An investee company accounted for under the equity method	long-term investments at equity	-	2,984,796	100.00%	2,984,796	
"	capital	ACTION PIONEER INTERNATIONAL LTD.	An investee company accounted for under the equity method	long-term investments at equity	-	62,348	100.00%	62,348	
"	capital	VIEWQUEST TECHNOLOGIES INTERNATIONAL INC.	An investee company accounted for under the equity method	long-term investments at equity	-	398	100.00%	398	
"	capital	VIEWQUEST TECHNOLOGIES (BVI) INC.	An investee company accounted for under the equity method	long-term investments at equity	-	-	100.00%	(78,781)	
"	capital	ASSOCIATION INTERNATIONAL LTD.	An investee company accounted for under the equity method	long-term investments at equity	-	18,269	100.00%	18,269	
"	Stock	Ability International Investment Co., Ltd.	An investee company accounted for under the equity method	long-term investments at equity	57,313,286	460,882	100.00%	460,882	
"	Stock	Avy Precision Technology Inc.	An investee company accounted for under the equity method	long-term investments at equity	11,260,177	302,946	17.82%	868,160	
"	Stock	ASHINE PRECISION CO., LTD.	An investee company accounted for under the equity method	long-term investments at equity	10,000,000	141,989	40.00%	141,989	
"	Fund	Fuh-Hwa Bond Fund	-	financial assets at fair value through income statement	6,612,494	91,077	-	91,077	
"	Stock	GrandTech C.G. Systems Inc.	An investee company accounted for under the equity method. However, it was ceased using the equity method starting from September	financial assets in available-for-sale-current	699,331	8,882	1.75%	8,882	
"	Stock	GrandTech C.G. Systems Inc.	An investee company accounted for under the equity method. However, it was ceased using the equity method starting from September	financial assets at cost - noncurrent(Note1)	2,458,502	31,611	6.15%	(Note1)	
"	Stock	ACER INCORPORATED	-	financial assets in available-for-sale-noncurrent	496,498	21,151	0.02%	21,151	
"	Stock	UNION BANK OF TAIWAN	-	financial assets in available-for-sale-noncurrent	5,092,000	26,224	0.22%	26,224	
"	Stock	E-PIN OPTICAL INDUSTRY CO., LTD.	-	financial assets at cost - noncurrent	773,634	14,068	1.23%	-	
"	Stock	YIN KING INDUSTRIAL CO.,LTD.	-	financial assets at cost - noncurrent	1,329,586	15,539	4.18%	-	
"	Stock	INPAQ TECHNOLOGY CO., LTD.	-	financial assets at cost - noncurrent	10,000,000	83,900	10.00%	-	
"	Stock	Hua-Sheng Investment Co.,Ltd.	-	financial assets at cost - noncurrent	10,000,000	88,000	8.33%	-	
"	Stock	Minton Optic Industry Co., LTD.	-	financial assets at cost - noncurrent	4,513,000	-	7.16%	-	
"	Stock	CC&C Technologies,Inc.	-	financial assets at cost - noncurrent	622,500	6,590	1.65%	-	
"	Stock	FUPAO CHEMICAL Co. Ltd.	-	financial assets at cost - noncurrent	500	16,260	5.26%	-	
"	Stock	Avy Precision Technology Inc.	An investee company accounted for under the equity method	long-term investments at equity	1,125,589	56,397	1.78%	86,783	
ABILITY ENTERPRISE (BVI) CO., LTD	Bonds with Repurchase Agreements	Bonds with Repurchase Agreements of Yuanta Assets management	-	financial assets at fair value through income statement	-	USD 5,764,961	-	USD 5,764,961	
ABILITY ENTERPRISE (BVI) CO., LTD	Bonds with Repurchase Agreements	Bonds with Repurchase Agreements of Mega Asset Management Corp.	-	financial assets at fair value through income statement	-	USD 3,051,101	-	USD 3,051,101	
ABILITY ENTERPRISE (BVI) CO., LTD	capital	EVER PINE INTERNATIONAL LTD. (BVI)	An investee company accounted for under the equity method	long-term investments at equity	-	USD 4,175,696	34.65%	USD 4,175,696	
ABILITY ENTERPRISE (BVI) CO., LTD	capital	SHIN-EI YORKEY INTERNATIONAL LTD.(BVI)	An investee company accounted for under the equity method	long-term investments at equity	-	USD 913,761	50.00%	USD 913,761	

(Continued)

Holding Company	Marketable Securities		Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
	Type	Name			Shares/Units	Carrying Amount	Percentage	Market Value or Net Asset Value	
ABILITY ENTERPRISE (BVI) CO., LTD	Stock	YORKEY OPTICAL INTERNATIONAL (CAYMAN) LTD.	An investee company accounted for under the equity method	long-term investments at equity	171,260,000	USD 35,646,683	20.69%	USD 28,231,229	
ABILITY ENTERPRISE (BVI) CO., LTD	capital	Ability Technology (Dongguan)Co., Ltd	An investee company accounted for under the equity method	long-term investments at equity(Note3)	-	USD 23,454,056	100.00%	USD 23,454,056	
ASSOCIATION INTERNATIONAL LTD	capital	PENTAX VQ CO., LTD.	An investee company accounted for under the equity method	long-term investments at equity	-	USD 1,895,254	40.00%	USD 1,895,254	

Note 1: The investment in GrandTech C.G. System Inc. was accounted for under the cost method due to the securities were privately placed and restricted for exchange OTC listing.

Note 2: The investor company was not any more a director of the investee company due to the newly elected board of directors resolved in the temporary shareholders' meeting dated January 23, 2006. However, relevant registered processes were yet applied for with the Ministry of Economic Affairs.

Note 3: Due to the reorganization of overseas investment structure, the investor company with 100% ownership of the investee company was swapped from ASSOCIATION INTERNATIONAL LTD. to ABILITY ENTERPRISE (BVI) CO., LTD.

Note 4: Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

Note 5: See a detail of maximum shares held during the year at Table a.1 attached.

(English Translation of Financial Report Originally Issued in Chinese)
 PEGATRON CORPORATION AND ITS SUBSIDIARIES
 Accumulated buying/sales of the same marketable securities for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:
 For the year ended December 31, 2008
 (Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Holding Company	Marketable Securities		Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain/(Loss) on Disposal	Shares/Units	Amount
UNIHAN CORPORATION	Fund	Meza Diamond Fund	Financial assets at fair value through income statement	-	-	-	-	28,016,739	329,000 (Note1)	28,016,739	329,578	329,000 (Note2)	578	-	-
UNIHAN CORPORATION	Fund	IBT 1699 Bond Fund	Financial assets at fair value through income statement	-	-	-	-	107,150,511	1,350,000 (Note1)	107,150,511	1,350,798	1,350,000 (Note2)	798	-	-
UNIHAN CORPORATION	Fund	ING Taiwan Income Fund	Financial assets at fair value through income statement	-	-	-	-	29,075,581	474,000 (Note1) 68 (Note3)	25,362,297	413,597	413,340 (Note2)	257	3,713,284	60,728
UNIHAN CORPORATION	Fund	Polaris De-Li Fund	Financial assets at fair value through income statement	-	-	-	-	29,870,972	462,500 (Note1)	29,870,972	462,689	462,500 (Note2)	189	-	-
UNIHAN CORPORATION	Fund	Carhay Bond Fund	Financial assets at fair value through income statement	-	-	-	-	25,709,818	304,300 (Note1) 27 (Note3)	24,667,126	292,246	291,929 (Note2)	317	1,042,692	12,398
UNIHAN CORPORATION	Fund	JF (Taiwan) Bond Fund	Financial assets at fair value through income statement	-	-	-	-	21,201,888	333,000 (Note1) 42 (Note3)	19,109,493	300,300	300,093 (Note2)	207	2,092,395	32,949
UNIHAN CORPORATION	Stock	AMA PRECISION INC.	long-term investments at equity	ASUSTeK Computer Inc.	The parent company.	-	-	40,000,000	408,394 (Note13) 133,342 (Note4) 7,892 (Note5)	-	-	72,989 (Note21)	-	40,000,000	476,639
UNIHAN CORPORATION	Stock	Ashiv Enterprise Co., Ltd.	long-term investments at equity	ASUSTeK Computer Inc.	The parent company.	-	-	51,010,000	2,669,779 (Note13) 1,230 (Note6) 25,986 (Note18) 1,245 (Note19) - (Note7)	-	-	-	-	53,627,374	2,117,549
UNIHAN CORPORATION	Stock	Unihan Holding Ltd.	long-term investments at equity	ASUSTeK Computer Inc.	The parent company.	-	-	111,171,997 47,308,344	3,869,536 (Note13) 1,451,835 (Note10) 481,909 (Note4) 415,688 (Note5) 22,952 (Note6)	-	-	-	-	158,480,341	6,169,397
UNIHAN CORPORATION	Stock	WAI-GIN INDUSTRIAL CO.LTD	financial assets at cost - noncurrent	ASUSTeK Computer Inc.	The parent company.	-	-	3,000,000	112,500 (Note13)	-	-	59,000 (Note20)	-	3,000,000	53,500
WaveSoft Technologies Corp.	Fund	Polaris De-Bao Fund	Financial assets at fair value through income statement	-	-	9,420,078	106,111	11,564,853	130,399 (Note1)	20,984,931	237,105	236,117 (Note2) 393 (Note3)	988	-	-
WaveSoft Technologies Corp.	Fund	ING Taiwan Income Fund	Financial assets at fair value through income statement	-	-	4,924,270	79,217	16,304,583	262,499 (Note1)	21,228,853	342,479	341,010 (Note2) 706 (Note3)	1,469	-	-
ADVANSUS CORP.	Fund	NTIC Taiwan Bond Fund	financial assets in available-for-sale-noncurrent	-	-	1,217,910	17,436	29,853,768	430,684 (Note1)	31,071,678	448,987	448,120 (Note2)	867	-	-
ADVANSUS CORP.	Fund	Capital Income Fund	financial assets in available-for-sale-noncurrent	-	-	24,940,898	377,306	42,154,828	641,783 (Note1)	67,095,726	1,021,439	1,019,023 (Note2) 66 (Note3)	2,416	-	-
ASUSPOWER INVESTMENT CO.LTD.	Stock	Atheros Communications Inc.	financial assets in available-for-sale-noncurrent	-	-	1,040,601	1,030,624	-	-	396,860	391,756	290,661 (Note2) 348,079 (Note3) 89,732 (Note20)	101,095	643,741	302,152
ASUSPOWER INVESTMENT CO.LTD.	Stock	WIN Semiconductor Corp.	financial assets at cost - noncurrent	-	-	-	-	7,500,000	150,000 (Note1)	-	-	-	-	7,500,000	150,000

(Continued)

Holding Company	Marketable Securities		Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
ASUSPOWER INVESTMENT CO.,LTD.	Fund	AG Taiwan Bond	Financial assets at fair value through income statement	-	-	2,679,467	34,682	58,020,349	757,100 (Note1)	60,699,816	793,354	791,594 (Note2)	1,760	-	-
ASUSPOWER INVESTMENT CO.,LTD.	Fund	Cathay Bond Fund	Financial assets at fair value through income statement	-	-	-	-	32,129,484	381,000 (Note1)	-	-	-	-	32,129,484	382,029
ASUS INVESTMENT CO.,LTD.	Fund	AG Taiwan Bond	Financial assets at fair value through income statement	-	-	3,738,234	48,387	85,371,295	1,115,600 (Note1)	89,109,529	1,165,563	1,163,608 (Note2)	1,955	-	-
ASUSTEK INVESTMENT CO.,LTD.	Fund	AG Taiwan Bond	Financial assets at fair value through income statement	-	-	5,220,339	67,571	27,579,551	360,400 (Note1)	32,799,890	429,066	427,426 (Note2)	1,640	-	-
ASUSTEK INVESTMENT CO.,LTD.	Fund	Cathay Bond Fund	Financial assets at fair value through income statement	-	-	-	-	29,266,191	346,500 (Note1)	-	-	-	-	29,266,191	347,984
HUA-YUAN INVESTMENT LIMITED	Fund	Cathay Bond Fund	Financial assets at fair value through income statement	-	-	-	-	21,317,072	251,000 (Note1)	11,691,961	138,000	137,668 (Note2)	332	9,625,111	114,446
HUA-YUAN INVESTMENT LIMITED	Fund	ING Taiwan Select Bond Fund	Financial assets at fair value through income statement	-	-	21,718,717	249,922	1,296,605	15,000 (Note1)	8,688,611	100,500	99,938 (Note2)	562	14,326,711	167,568
HUA-YUAN INVESTMENT LIMITED	Fund	Polaris De-Bao Fund	Financial assets at fair value through income statement	-	-	22,205,050	250,127	-	-	22,205,050	251,665	250,000 (Note2)	1,665	-	-
ASFLY TRAVEL SERVICE LIMITED	Fund	Cathay Bond Fund	Financial assets at fair value through income statement	-	-	-	-	11,210,823	132,130 (Note1)	10,732,760	126,600	126,461 (Note2)	139	478,063	5,685
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	JF (Taiwan) First Bond Fund	Financial assets at fair value through income statement	-	-	14,242,073	203,290	13,885,275	200,000 (Note1)	14,242,073	204,740	203,290 (Note2)	1,450	13,885,275	201,364
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	JF (Taiwan) Bond Fund	Financial assets at fair value through income statement	-	-	9,719,764	150,654	6,425,538	100,000 (Note1)	16,145,302	252,674	250,274 (Note2)	2,400	-	-
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	Prudential Financial Bond Fund	Financial assets at fair value through income statement	-	-	-	-	16,676,169	250,000 (Note1)	16,676,169	250,340	250,000 (Note2)	340	-	-
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	Capital Income Fund	Financial assets at fair value through income statement	-	-	49,697,964	752,831	-	-	32,726,369	500,000	487,294 (Note2)	12,706	16,971,595	260,935
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	Polaris De-Bao Fund	Financial assets at fair value through income statement	-	-	35,896,516	404,353	8,756,644	100,000 (Note1)	17,540,773	200,000	196,050 (Note2)	3,950	27,112,387	310,502
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	Polaris De-Li Fund	Financial assets at fair value through income statement	-	-	6,572,029	100,549	12,921,804	200,000 (Note1)	-	-	-	-	19,493,833	303,297
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	Yuanta WANTAI BOND FUND	Financial assets at fair value through income statement	-	-	-	-	27,752,921	400,000 (Note1)	-	-	-	-	27,752,921	400,441
KINSUS INTERCONNECT TECHNOLOGY CORP.	Stock	KINSUS HOLDING (SAMOA) I	long-term investments at equity	-	-	5,000,000	167,772	10,000,000	317,954 (Note1)	-	-	-	-	15,000,000	562,054
KINSUS INTERCONNECT TECHNOLOGY CORP.	Stock	Lucky Power Technology Comp	financial assets at cost - noncurrent	-	-	-	-	10,760,869	215,218 (Note1)	-	-	-	-	10,760,869	215,218
KINSUS HOLDING (SAMOA) LIMITED	Stock	KINSUS HOLDING (CAYMAN) LIMITED	long-term investments at equity	-	-	5,000,000	USD 5,181,000	10,000,000	USD 10,000,000 (Note1)	-	-	-	-	15,000,000	USD 17,104,000
									USD 1,431,000 (Note4)						
									USD 492,000 (Note5)						

(Continued)

Holding Company	Marketable Securities		Financial Statement Account	Counter party	Nature of Relationship	Beginning Balance		Acquisition			Disposal		Ending Balance		
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
KINSUS HOLDING (CAYMAN) LIMITED	Capital	KINSUS INTERCONNECT TEC	long-term investments at equity	-	-	-	USD 5,181,000	-	USD 10,000,000 (Note1) USD 1,431,000 (Note4) USD 492,000 (Note5)	-	-	-	-	-	USD 17,104,000
ASROCK Incorporation	Liquid Reserve	Liquid Reserve of International Bills Finance	cash equivalents	-	-	-	-	-	518,723 (Note1)	-	519,007	518,723 (Note2)	284	-	-
ASROCK Incorporation	Convertible bond	Convertible bond of ASUS/TEK Commuter Inc.	Financial assets at fair value through income statement	-	-	-	-	2,373,000	228,692 (Note1)	-	-	-	-	2,373,000	232,673
ASROCK Incorporation	Convertible bond	Convertible bond of HON HAI PRECISION IND. CO.	Financial assets at fair value through income statement	-	-	-	-	3,773,000	3,981 (Note3) 360,858 (Note1)	-	-	-	-	3,773,000	367,490
Pegatron Holding Ltd.	Stock	PROTEK GLOBAL HOLDINGS	long-term investments at equity	-	-	225,050,000	USD 241,103,370	8,000,000	6,632 (Note3) USD 8,000,000 (Note1) USD 46,902,253 (Note4) USD 18,180,121 (Note5)	-	-	-	-	233,050,000	USD 314,185,744
Pegatron Holding Ltd.	Stock	ASLINK PRECISION CO., LTD	long-term investments at equity	-	-	6,088,263	USD 8,163,376	13,005,000	USD 13,005,000 (Note1) USD 202,005 (Note4) USD 302,916 (Note5)	-	-	-	-	19,093,263	USD 21,673,297
PROTEK GLOBAL HOLDINGS LTD.	Capital	Protek (Shanghai) Limited	long-term investments at equity	-	-	-	USD 241,067,940	-	USD 8,000,000 (Note1) USD 46,903,500 (Note4) USD 18,180,121 (Note5)	-	-	-	-	-	USD 314,151,561
ASLINK PRECISION CO., LTD.	Stock	ASAP INTERNATIONAL CO., LIMITED LIMITED	long-term investments at equity	-	-	-	-	6,375,000	USD 6,375,000 (Note1) USD 155,725 (Note5)	-	-	USD 58,232 (Note4)	-	6,375,000	USD 6,472,493
ASAP INTERNATIONAL CO., LIMITED LIMITED	Capital	ASAP TECHNOLOGY (JIANGSU) CO., LIMITED LIMITED	long-term investments at equity	-	-	-	-	-	USD 12,460,000 (Note1) USD 305,343 (Note5)	-	-	USD 108,080 (Note4)	-	-	USD 12,657,263
Protek (Shanghai) Limited	Capital	Shen Zhen YuTo Printing Packing Co., Ltd.	financial assets at cost - noncurrent	-	-	-	-	-	CNY 39,600,000 (Note1)	-	-	-	-	-	CNY 39,600,000
Unihan Holding Ltd.	Stock	CASETEK HOLDINGS LIMITED	long-term investments at equity	-	-	51,980,000	USD 119,319,635	33,000,000	USD 33,000,000 (Note1) USD 11,922,618 (Note4) USD 8,479,953 (Note5) (USD 1,124,285) (Note21)	-	-	-	-	84,980,000	USD 171,597,921
Unihan Holding Ltd.	Stock	Annewave (Cayman) Holding Inc.	long-term investments at equity	ASUS INTERNATIONAL LIMITED	Associate	-	-	12,098,722	USD 14,258,344 (Note1) USD 2,883,693 (Note4) USD 699,754 (Note12) (USD 978,962) (Note21)	-	-	USD 280,951 (Note5) USD 107,814 (Note18)	-	12,098,722	USD 16,474,064
CASETEK HOLDINGS LIMITED	Stock	KAEDAR HOLDINGS LIMITED	long-term investments at equity	-	-	-	-	25,000,000	USD 25,000,000 (Note1) USD 1,500,889 (Note4) USD 62,260 (Note5)	-	-	-	-	25,000,000	USD 26,563,149
CASETEK HOLDINGS LIMITED	Stock	KAEDAR TRADING LTD.	long-term investments at equity	-	-	-	-	5,000,000	USD 5,000,000 (Note1) USD 4,780,378 (Note4)	-	-	-	-	5,000,000	USD 9,780,378
CASETEK HOLDINGS LIMITED	Capital	CORE-TEK (SHANGHAI) LIMITED	long-term investments at equity	-	-	-	-	-	USD 3,000,000 (Note1) USD 5,650 (Note4)	-	-	USD 6,961 (Note5)	-	-	USD 2,998,689
KAEDAR HOLDINGS LIMITED	Capital	KAEDAR ELECTRONICS (KUNSHAN) CO., LTD	long-term investments at equity	-	-	-	-	-	USD 24,506,998 (Note1) USD 1,489,082 (Note4) USD 62,260 (Note5)	-	-	-	-	-	USD 26,058,340

(Continued)

Holding Company	Marketable Securities		Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
Azurewave (Cayman) Holding Inc.	Stock	Twinhuh Technology Co., Ltd.	long-term investments at equity	AzureWave Technologies, Inc.	Holding the same affiliate	42,409,298	USD 728,176	43,520,623	USD 13,268,493 (Note17)	39,609,843	-	-	-	-	-
										46,320,078	-	USD 75,900 (Note4) USD 251,796 (Note5) USD 13,668,973 (Note16)	-	-	-
Azurewave (Cayman) Holding Inc.	Stock	AzureWave Technologies, Inc.	long-term investments at equity	Twinhuh Technology Co., Ltd.	Holding the same affiliate	24,522,990	USD 7,529,299	32,133,248	USD 13,668,973 (Note16) USD 7,048,311 (Note4) USD 327,928 (Note5)	-	-	USD 178,235 (Note19) USD 978,962 (Note21)	-	56,656,238	USD 27,417,314
Ability Enterprise Co., Ltd.	Fund	NTIC Taiwan Bond Fund	Financial assets at fair value through income statement	-	-	20,605,307	295,000	-	-	20,605,307	295,387	295,000 (Note2)	387	-	-
Ability Enterprise Co., Ltd.	Fund	NTIC Bond	Financial assets at fair value through income statement	-	-	1,764,766	295,000	6,774,711	1,140,000 (Note1)	8,539,477	1,435,977	1,435,000 (Note2)	977	-	-
Ability Enterprise Co., Ltd.	Fund	HSBC Taiwan Dragon Fund	Financial assets at fair value through income statement	-	-	16,601,962	260,000	-	-	16,601,962	260,115	260,000 (Note2)	115	-	-
Ability Enterprise Co., Ltd.	Fund	ShinKong High Yield	Financial assets at fair value through income statement	-	-	17,478,478	295,000	-	-	17,478,478	295,397	295,000 (Note2)	397	-	-
Ability Enterprise Co., Ltd.	Fund	ING Taiwan Income Fund	Financial assets at fair value through income statement	-	-	18,337,788	295,000	-	-	18,337,788	295,372	295,000 (Note2)	372	-	-
Ability Enterprise Co., Ltd.	Fund	FUBON CHI-HSIANG FUND	Financial assets at fair value through income statement	-	-	5,082,265	75,000	-	-	5,082,265	75,059	75,000 (Note2)	59	-	-
Ability Enterprise Co., Ltd.	Fund	Fubon Ju-1 III	Financial assets at fair value through income statement	-	-	22,937,626	285,000	-	-	22,937,626	285,290	285,000 (Note2)	290	-	-
Ability Enterprise Co., Ltd.	Fund	Alliant Global Investors Taiwan Bond Fund	Financial assets at fair value through income statement	-	-	-	-	24,762,761	292,000 (Note1)	24,762,761	292,300	292,000 (Note2)	300	-	-
Ability Enterprise Co., Ltd.	Fund	Truswell Bond Fund	Financial assets at fair value through income statement	-	-	-	-	23,287,693	299,000 (Note1)	23,287,693	299,109	299,000 (Note2)	109	-	-
Ability Enterprise Co., Ltd.	Fund	Carhay Bond Fund	Financial assets at fair value through income statement	-	-	-	-	25,494,543	299,000 (Note1)	25,494,543	299,199	299,000 (Note2)	199	-	-
Ability Enterprise Co., Ltd.	Fund	Hua Nan Kirin Bond Fund	Financial assets at fair value through income statement	-	-	-	-	10,646,541	120,000 (Note1)	10,646,541	120,071	120,000 (Note2)	71	-	-
Ability Enterprise Co., Ltd.	Fund	ING Taiwan Bond Fund	Financial assets at fair value through income statement	-	-	-	-	17,525,394	270,000 (Note1)	17,525,394	270,083	270,000 (Note2)	83	-	-
Ability Enterprise Co., Ltd.	Fund	Capital Safe Income	Financial assets at fair value through income statement	-	-	-	-	160,774,814	2,460,000 (Note1)	160,774,814	2,461,982	2,460,000 (Note2)	1,982	-	-
Ability Enterprise Co., Ltd.	Fund	UPAMC James Bond Fund	Financial assets at fair value through income statement	-	-	-	-	102,384,309	1,619,000 (Note1)	102,384,309	1,620,734	1,619,000 (Note2)	1,734	-	-
Ability Enterprise Co., Ltd.	Fund	Jh Sun Bond Fund	Financial assets at fair value through income statement	-	-	-	-	62,459,040	870,000 (Note1)	62,459,040	870,974	870,000 (Note2)	974	-	-
Ability Enterprise Co., Ltd.	Fund	PCA WELL POOL FUND	Financial assets at fair value through income statement	-	-	-	-	31,915,093	410,000 (Note1)	31,915,093	410,207	410,000 (Note2)	207	-	-
Ability Enterprise Co., Ltd.	Fund	Paradigm Fion Fund	Financial assets at fair value through income statement	-	-	-	-	45,754,445	500,000 (Note1)	45,754,445	500,321	500,000 (Note2)	321	-	-

(Continued)

Holding Company	Marketable Securities		Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
Ability Enterprise Co., Ltd.	Fund	Taishin Lucky Fund	Financial assets at fair value through income statement	-	-	-	-	151,830,925	1,600,000 (Note1)	151,830,925	1,600,943	1,600,000 (Note2)	943	-	-
Ability Enterprise Co., Ltd.	Fund	Shinkong Chi-Shin Fund	Financial assets at fair value through income statement	-	-	-	-	33,860,153	500,000 (Note1)	33,860,153	500,257	500,000 (Note2)	257	-	-
Ability Enterprise Co., Ltd.	Fund	Fuh-Hwa Bond Fund	Financial assets at fair value through income statement	-	-	-	-	14,532,560	200,000 (Note1)	14,532,560	200,150	200,000 (Note2)	150	-	-
ABILITY ENTERPRISE (BVI) CO., LTD.	Capital	DongGuan Avy Precision Metal Components Co., Ltd.	Non-current Assets Held for Sale	-	-	-	USD 4,513,685	-	-	-	USD 5,276,000	USD 4,513,685 (Note2)	USD 762,315	-	-

Note 1: Additions during the current period

Note 2: Disposal during the current period

Note 3: Financial instruments were measured at fair value with change in fair value recognized in profit or loss.

Note 4: Relevant investment gain or loss was recognized under the equity method based on the investee company's financial statements.

Note 5: Relevant cumulative translation adjustment was recognized under equity method based on the investee company's financial statements.

Note 6: The change in the carrying value of long-term equity investment as a result of the change in percentage of equity ownership due to disproportionate subscription to additional shares issued by the investee company is charged against capital surplus.

Note 7: The shares/unit acquired include stock dividends distributed by investee companies.

Note 8: Cash dividends distributed by investee Company is recognized as reduction of carrying amount for long-term investments under the equity method.

Note 9: Reclassification of deferred credits from long-term investments.

Note 10: Capital increase in cash during the current period

Note 11: The investor company calculates its share when the investment is sold when there is additional paid-in capital or other equity adjustment items from the long-term equity investment, so that

the pro-rata gains or losses from the disposal of the long-term investment is accounted for.

Note 12: In terms of the group reorganization, if the investor company acquires net assets from affiliates at a price higher than its book value, then the excess shall be adjusted against additional paid-in capital generated from premium of capital increase.

Note 13: The carrying amount includes spin-off assets acquired from the parent company.

Note 14: Capital reduction during the current period

Note 15: The investor company shall adjust its retained earnings when its outstanding shares are bought back by this investee company, resulting in a change on shareholders' equity of the investee company accounted for under the equity method.

Note 16: The entity was dissolved due to the merge at the current period.

Note 17: The investor company issued additional capitals in exchange with the investee company's outstanding shares.

Note 18: The investor company adjusts to the long-term investment account under the equity method in accordance with its stock ownership percentage when there are increases

or decreases in the equity of the investee company.

Note 19: The investor company adjusts to the long-term investment account under the equity method for the investee company's pension adjustments under shareholders' equity.

Note 20: Impairment loss

Note 21: Adjustments resulted from pro forma financial statements

Note 22: The information on the table above was not adjusted under preparation basis of pro forma financial statements.

Note 23: Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Buying/selling products with related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:
For the year ended December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Company Name	Related Party	Nature of	Transaction Detail			Non-arm's Length Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	
Toptek Precision Industry(Suzhou) Co., Ltd	AMA Technology Corporation	(Note 2)	Sales	1,192,276	100.00%	Open account 30 days	-	-	32,423	100.00%
Toptek Precision Industry(Suzhou) Co., Ltd	AMA PRECISION INC.	(Note 2)	Purchases	474,835	44.21%	Open account 60 days	-	-	(207,512)	(59.83%)
UNIHAN CORPORATION	ASUSTeK Computer Inc.	(Note 2)	Sales	2,796,491	1.89%	Net 60 days after monthly closing	-	-	267,057	0.98%
UNIHAN CORPORATION	PEGATRON CORPORATION	(Note 2)	Sales	5,445,894	3.67%	within 60 days from receipt of goods	-	-	1,128,794	4.15%
UNIHAN CORPORATION	PEGATRON Czech s.r.o.	(Note 2)	Sales	698,169	0.47%	within 120 days from receipt of goods	-	-	2,245,604	8.26%
UNIHAN CORPORATION	Protek (Shanghai) Limited	(Note 2)	Sales	400,369	0.27%	within 90 days from receipt of goods	-	-	229,371	0.84%
UNIHAN CORPORATION	ASUSTeK Computer Inc.	(Note 2)	Purchases	859,437	0.65%	Net 60 days after monthly closing	-	-	-	-
UNIHAN CORPORATION	PEGATRON CORPORATION	(Note 2)	Purchases	1,143,649	0.87%	within 60 days from receipt of goods	-	-	(472,403)	(2.76%)
UNIHAN CORPORATION	ASHINE TECHNOLOGY (SUZHOU) LTD.	(Note 2)	Purchases	167,386	0.13%	Net 90 days after monthly closing	-	-	(31,668)	(0.18%)
UNIHAN CORPORATION	ASLINK (H.K.) PRECISION CO., LIMITED	(Note 2)	Purchases	203,731	0.15%	Net 90 days after monthly closing	-	-	(24,285)	(0.14%)
UNIHAN CORPORATION	PEGATRON Czech s.r.o.	(Note 2)	Purchases	343,199	0.26%	within 30 days from receipt of goods	-	-	-	-
AMA PRECISION INC.	ASUSTeK Computer Inc.	(Note 2)	Sales	177,243	8.21%	within 30 days from receipt of goods	-	-	72,471	14.11%
AMA PRECISION INC.	PEGATRON CORPORATION	(Note 2)	Sales	1,378,936	63.89%	Open account 30 days	-	-	50,879	9.93%
AMA PRECISION INC.	ASUS TECHNOLOGY PTE. LIMITED	(Note 2)	Sales	188,390	8.73%	within 30 days from receipt of goods	-	-	3,914	0.76%
AMA PRECISION INC.	Toptek Precision Industry(Suzhou) Co., Ltd	(Note 2)	Sales	474,835	22.00%	Open account 60 days	-	-	207,512	40.47%
AMA PRECISION INC.	Protek (Shanghai) Limited	(Note 2)	Sales	127,161	5.89%	Open account 30-90 days	-	-	30,394	5.93%
AMA PRECISION INC.	AMA Technology Corporation	(Note 2)	Purchases	1,736,144	77.13%	Open account 120 days	-	-	(136,891)	(62.06%)
AMA Technology Corporation	AMA PRECISION INC.	(Note 2)	Sales	1,736,144	100.00%	Open account 120 days	-	-	136,891	100.00%
AMA Technology Corporation	Toptek Precision Industry(Suzhou) Co., Ltd	(Note 2)	Purchases	1,192,276	64.00%	Open account 30 days	-	-	(32,423)	(18.10%)
ASUSPOWER CORPORATION	BOARDTEK COMPUTER (SUZHOU) CO., LTD	(Note 2)	Sales	2,052,663	52.63%	90 days from receipt of goods	-	-	2,504,449	24.92%
ASUSPOWER CORPORATION	MAINTEK COMPUTER(SUZHOU)CO.,LTD	(Note 2)	Sales	449,636	11.51%	within 90 days from receipt of goods	-	-	4,510,655	44.89%
ASUSPOWER CORPORATION	CASETEK COMPUTER (SUZHOU) CO.,LTD	(Note 2)	Sales	753,547	19.29%	90 days from receipt of goods	-	-	1,687,481	16.79%
Powtek (Shanghai) Co., Ltd.	PEGATRON CORPORATION	(Note 2)	Purchases	4,200,193	75.04%	within 45 days from receipt of goods	-	-	(531,952)	(100.00%)
Powtek (Shanghai) Co., Ltd.	ASUS TECHNOLOGY PTE. LIMITED	(Note 2)	Purchases	734,285	13.12%	within 90 days from receipt of goods	-	-	-	-
Powtek (Shanghai) Co., Ltd.	Hua-Jie (Shanghai) Co.,Ltd.	(Note 2)	Sales	1,485,992	21.69%	within 60 days from receipt of goods	-	-	95,982	14.16%

(Continued)

Company Name	Related Party	Nature of	Transaction Detail				Non-arm's Length Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
Protek (ShangHai) Limited	ASUSTeK Computer Inc.	(Note 2)	Sales	364,280	0.32%	within 90 days from receipt of goods	-	-	36	0.00%	
Protek (ShangHai) Limited	PEGATRON CORPORATION	(Note 2)	Sales	36,678,723	31.82%	within 90 days from receipt of goods	-	-	16,998,448		
Protek (ShangHai) Limited	PEGATRON CORPORATION	(Note 2)	Purchases	150,549	0.14%	within 90 days from receipt of goods	-	-	(14,212,776)		
Protek (ShangHai) Limited	UNIHAN CORPORATION	(Note 2)	Purchases	400,369	0.37%	within 90 days from receipt of goods	-	-	(229,371)	(0.96%)	
Protek (ShangHai) Limited	AzureWave Technologies, Inc.	(Note 2)	Purchases	900,306	0.84%	30-60 days	-	-	(65,857)	(0.28%)	
Protek (ShangHai) Limited	AMA PRECISION INC.	(Note 2)	Purchases	127,161	0.12%	Open account 30-90 days	-	-	(30,394)	(0.13%)	
BOARDTEK COMPUTER (SUZHOU) CO., L	ASUSPOWER CORPORATION	(Note 2)	Purchases	2,052,663	48.14%	90 days from receipt of goods	-	-	(2,504,449)	(73.23%)	
MAINTEK COMPUTER(SUZHOU)CO.LTD	ASUSPOWER CORPORATION	(Note 2)	Purchases	449,636	10.87%	within 90 days from receipt of goods	-	-	(4,510,655)	(36.29%)	
CASETEK COMPUTER (SUZHOU) CO.LTD	ASUSPOWER CORPORATION	(Note 2)	Purchases	753,547	37.25%	90 days from receipt of goods	-	-	(1,687,481)	(65.41%)	
ASROCK Incorporation	ASROCK EUROPE B.V.	(Note 2)	Sales	2,796,579	53.11%	45 days	-	-	264,238	49.22%	
ASROCK Incorporation	ASROCK AMERICA, INC.	(Note 2)	Sales	1,047,680	19.90%	90 days	-	-	180,822	33.69%	
ASROCK Incorporation	ASIAROCK TECHNOLOGY LIMITED	(Note 2)	Purchases	4,313,578	98.88%	60 days	-	-	(1,211,704)	(99.94%)	
ASIAROCK TECHNOLOGY LIMITED	ASUSTeK Computer Inc.	(Note 2)	Sales	259,415	5.81%	Open account 30 days	-	-	-	-	
ASIAROCK TECHNOLOGY LIMITED	ASROCK Incorporation	(Note 2)	Sales	4,313,578	90.21%	60 days	-	-	1,211,704	95.37%	
ASIAROCK TECHNOLOGY LIMITED	ASUSTeK Computer Inc.	(Note 2)	Purchases	625,352	18.91%	within 30 days from receipt of goods	-	-	(210,490)	(30.01%)	
ASROCK EUROPE B.V.	ASROCK Incorporation	(Note 2)	Purchases	2,796,579	100.00%	45 days	-	-	(264,238)	(100.00%)	
ASROCK AMERICA, INC.	ASROCK Incorporation	(Note 2)	Purchases	1,047,680	100.00%	90 days	-	-	(180,822)	(100.00%)	
PEGATRON Czech s.r.o.	ASUSTeK Computer Inc.	(Note 2)	Sales	464,545	13.92%	within 30 days from receipt of goods	-	-	-	-	
PEGATRON Czech s.r.o.	UNIHAN CORPORATION	(Note 2)	Sales	343,199	2.01%	within 30 days from receipt of goods	-	-	-	-	
PEGATRON Czech s.r.o.	ASUSTeK Computer Inc.	(Note 2)	Purchases	349,820	2.07%	within 120 days from receipt of goods	-	-	(3,753)	(0.10%)	
PEGATRON Czech s.r.o.	UNIHAN CORPORATION	(Note 2)	Purchases	698,169	4.17%	within 120 days from receipt of goods	-	-	(2,245,604)	(45.38%)	
PEGATRON Czech s.r.o.	PEGATRON CORPORATION	(Note 2)	Purchases	4,185,715	24.98%	within 120 days from receipt of goods	-	-	(1,582,458)		
PEGATRON Czech s.r.o.	ASUS TECHNOLOGY PTE. LIMITED	(Note 2)	Purchases	750,482	4.44%	within 120 days from receipt of goods	-	-	(1,252)	(0.03%)	
STRATEGY Technology Co., Ltd.	PEGATRON CORPORATION	(Note 2)	Sales	152,851	38.46%	within 90 days from receipt of goods	-	-	-	-	
PEGATRON Technology Service Inc.	PEGATRON CORPORATION	(Note 2)	Purchases	131,084	24.94%	within 90 days from receipt of goods	-	-	(80,404)	(59.16%)	
PEGATRON Technology Service Inc.	ASUS COMPUTER INTERNATIONAL	(Note 2)	Sales	162,418	30.06%	within 60 days from receipt of goods	-	-	10,718	8.20%	
KAEDAR TRADING LTD.	PEGATRON CORPORATION	(Note 2)	Sales	190,232	45.31%	within 45 days from receipt of goods	-	-	159,979	44.68%	
ASLINK (H.K.) PRECISION CO., LIMITED	ASUSTeK Computer Inc.	(Note 2)	Sales	253,287	18.09%	Net 90 days after monthly closing	-	-	66,407	26.48%	
ASLINK (H.K.) PRECISION CO., LIMITED	PEGATRON CORPORATION	(Note 2)	Sales	523,701	37.08%	Net 90 days after monthly closing	-	-	17,429	6.95%	

(Continued)

Company Name	Related Party	Nature of	Transaction Detail			Non-arm's Length Transaction		Notes/Accounts Payable or Receivable			
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	Note
ASLINK (H.K.) PRECISION CO., LIMITED	UNIHAN CORPORATION	(Note 2)	Sales	203,731	13.15%	Net 90 days after monthly closing	-	-	24,285	9.68%	
ASLINK (H.K.) PRECISION CO., LIMITED	VIEWQUEST TECHNOLOGIES (BVI) INC.	(Note 2)	Sales	129,052	9.14%	Open account 120 days	-	-	66,298	26.44%	
AzureWave Technologies, Inc.	ASUSTeK Computer Inc.	(Note 2)	Sales	1,492,002	35.65%	Open account within 60 days	-	-	110,408	23.33%	
AzureWave Technologies, Inc.	PEGATRON CORPORATION	(Note 2)	Sales	101,598	2.32%	Open account within 60 days	-	-	1,513	0.32%	
AzureWave Technologies, Inc.	Protek (ShangHai) Limited	(Note 2)	Sales	900,306	20.53%	30-60 days	-	-	65,857	13.92%	
AzureWave Technologies, Inc.	AzureWave Technologies (Shanghai) Inc.	(Note 2)	Sales	305,862	6.97%	60-90 days	-	-	90,928	19.21%	(The amount includes reclassification of other receivables)
AzureWave Technologies (Shanghai) Inc.	AzureWave Technologies, Inc.	(Note 2)	Purchases	305,862	88.00%	60-90 days	-	No general vendor for comparison	(90,928)	(84.00%)	
Ability Enterprise Co., Ltd.	VIEWQUEST TECHNOLOGIES (BVI) INC.	(Note 2)	Purchases	29,955,451	99.00%	The two sides agreed	-	-	(2,079,914)	(93.00%)	
Ability Enterprise Co., Ltd.	Grand Tech C.G. Systems Inc.	(Note 2)	Sales	133,308	0.00%	The two sides agreed	-	-	29,780	1.00%	
VIEWQUEST TECHNOLOGIES (BVI) INC.	Ability Enterprise Co., Ltd.	(Note 2)	Sales	29,955,451	99.00%	The two sides agreed	-	-	2,079,914	99.00%	
VIEWQUEST TECHNOLOGIES (BVI) INC.	ASLINK (H.K.) PRECISION CO., LIMITED	(Note 2)	Purchases	129,052	0.00%	Open account 120 days	-	-	(66,298)	(2.00%)	
VIEWQUEST TECHNOLOGIES (BVI) INC.	PENTAX VQ CO., LTD.	(Note 2)	Purchases	1,941,266	6.00%	Open account 30 days	-	-	(120,370)	(3.00%)	
VIEWQUEST TECHNOLOGIES (BVI) INC.	PENTAX VQ CO., LTD.	(Note 2)	Sales	253,949	1.00%	Open account 60 days	-	-	14,047	1.00%	
VIEWQUEST TECHNOLOGIES (BVI) INC.	Avy Co., Ltd.	(Note 2)	Purchases	265,751	1.00%	Open account 120 days	-	-	(110,773)	(3.00%)	
VIEWQUEST TECHNOLOGIES (BVI) INC.	Avy Precision Technology Inc.	(Note 2)	Purchases	591,337	2.00%	Open account 120 days	-	-	(252,620)	(6.00%)	
VIEWQUEST TECHNOLOGIES (BVI) INC.	ASHINE PRECISION CO., LTD.	(Note 2)	Purchases	277,278	1.00%	Open account 60 days	-	-	(39,337)	(1.00%)	

Note 1: An investor company accounted for the company under the equity method

Note 2: An individual investee for which the Company accounted for it under equity method.

Note 3: Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Accounts receivable from related parties for which the dollar amount reaches \$100million or 20% or more of the paid-in capital:
For the year ended December 31, 2008
 (Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance (Note 1)	Turnover Rate (Note 1)	Overdue		Amount Received in Subsequent Period (Note 1)	Allowance for Bad Debt
					Amount	Action Taken		
AMA PRECISION INC.	Toptek Precision Industry(SuZhou) Co., Ltd	An investee company accounted for under the equity method	207,512	2.01 times	-	-	5,648	-
UNIHAN CORPORATION	ASUSTeK Computer Inc.	An investee company accounted for under the equity method	267,057	20.94 times	-	-	-	-
UNIHAN CORPORATION	PEGATRON CORPORATION	An investee company accounted for under the equity method	1,128,794	4.82 times	-	-	410,137	-
UNIHAN CORPORATION	PEGATRON Czech s.r.o.	An investee company accounted for under the equity method	2,245,604	0.31 times	-	-	495,664	-
UNIHAN CORPORATION	Protek (ShangHai) Limited	An investee company accounted for under the equity method	229,371	1.75 times	-	-	18,179	-
AMA Technology Corporation	AMA PRECISION INC.	An investee company accounted for under the equity method	136,891	5.07 times	-	-	3,974	-
ASUSPOWER CORPORATION	BOARDTEK COMPUTER (SUZHOU) CO., LTD	An investee company accounted for under the equity method	2,504,449	1.24 times	-	-	2,142	-
ASUSPOWER CORPORATION	MAINTEK COMPUTER(SUZHOU)CO.,LTD	An investee company accounted for under the equity method	4,510,655	0.08 times	-	-	982,204	-
ASUSPOWER CORPORATION	CASETEK COMPUTER (SUZHOU) CO.,LTD	An investee company accounted for under the equity method	1,687,481	0.55 times	-	-	-	-
ASUSPOWER CORPORATION	COTEK ELECTRONICS(SUZHOU)CO.,LTD	An investee company accounted for under the equity method	432,589	0.00 times	-	-	-	-
Protek (ShangHai) Limited	PEGATRON CORPORATION	An investee company accounted for under the equity method	16,998,448	times	-	-	-	-
ASROCK Incorporation	ASROCK EUROPE B.V.	An investee company accounted for under the equity method	264,238	6.99 times	-	-	35,931	2,658
ASROCK Incorporation	ASROCK AMERICA, INC.	An investee company accounted for under the equity method	180,822	7.11 times	-	-	-	1,819
ASAROCK TECHNOLOGY LIMITED	ASROCK Incorporation	An investee company accounted for under the equity method	1,211,704	4.37 times	-	-	-	12,117
VIEWQUEST TECHNOLOGIES (BVI) INC.	Ability Enterprise Co., Ltd.	An investee company accounted for under the equity method	2,079,914	18.00 times	-	-	-	-
AzureWave Technologies, Inc.	ASUSTeK Computer Inc.	An investee company accounted for under the equity method	110,408	14.45 times	-	-	-	-
KAEDAR TRADING LTD.	PEGATRON CORPORATION	An investee company accounted for under the equity method	159,979	2.43 times	-	-	21,262	-

Note 1: The information disclosed includes transactions which were reclassified as long-term receivables when they are fulfilled for certain requirements.

Note 2: The above-mentioned transactions have been eliminated in consolidated financial report.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES

Derivative transactions

For the year ended December 31, 2008

(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

Investee Company	Derivative financial instruments as the end of December 31, 2008	Nominal Principal	Contract period	Book value	Fair value
Ability Enterprise Co., Ltd.	Forward exchange contracts	USD 31,740	97.12~98.01	4,264	4,264
Ability Enterprise Co., Ltd.	Exchange rate swap contracts	EUR2,509	-	409	409

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Information on mainland China investments
For the year ended December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount rece

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from	Investment Flows		Accumulated Outflow of Investment from Taiwan as of	Percentage of Ownership	Investment Income (Loss) Recognized [Note 2 - (2)]	Carrying Amount as of December 31, 2008	Accumulated inward Remittance of
					Outflow	Inflow					
MAINTEK COMPUTER(SUZHOU)CO.,LTD	Manufacturing, developing and selling power supply units, computer cases, computer systems, notebooks, main boards, and computer peripherals, and providing after-	6,382,552 US\$194,590,000	Invested through a third company to reinvest the mainland	4,683,840 US\$142,800,000	0	0	4,683,840 US\$142,800,000	100.00%	662,455 US\$20,196,793	10,222,124 US\$311,650,133	0
Protek (ShangHai) Limited	Manufacturing, developing and selling computers, printers and electronic components, and providing after-sales service	7,380,000 US\$225,000,000	Invested through a third company to reinvest the mainland	7,380,000 US\$225,000,000	262,400 US\$8,000,000	0	7,642,400 US\$233,000,000	100.00%	1,538,435 US\$46,903,500	10,304,171 US\$314,151,561	0
NORTH TEC ASIA (SHANGHAI) LIMITED	Manufacturing, developing and selling mobile phones, computers, routers, DTV and electronic components, and after-sales service	1,148,000 US\$35,000,000	Invested through a third company to reinvest the mainland	1,148,000 US\$35,000,000	0	0	1,148,000 US\$35,000,000	100.00%	502,812 US\$15,329,641	1,741,178 US\$53,084,705	0
LINKTEK PRECISION (SUZHOU) CO.,LIMITED	Manufacturing and selling the connector of earphones.	229,090 US\$6,984,441	Invested through a third company to reinvest the mainland	179,890 US\$5,484,448	71,234 US\$2,171,776	0	251,124 US\$7,656,224	100.00%	(41,120) (US\$1,253,649)	103,539 US\$3,156,680	0
ASAP TECHNOLOGY (JIANGXI) CO.,LIMITED	Manufacturing and selling date transit wire and cable.	408,688 US\$12,460,000	Invested through a third company to reinvest the mainland	0 US\$0	208,432 US\$6,354,640	0	208,432 US\$6,354,600	59.17%	(2,098) (US\$63,951)	415,158 US\$12,657,263	0
Powtek (Shanghai) Co., Ltd.	Selling main boards, computer peripherals, note books, servers and software, and providing after-sales service	262,400 8,000,000	Invested through a third company to reinvest the mainland	164,000 US\$5,000,000	98,400 US\$3,000,000	0	262,400 US\$8,000,000	100.00%	16,529 US\$503,944	997,180 US\$30,401,826	0
COTEK ELECTRONICS(SUZHOU)CO.,LTD	R&D, manufacturing and selling new electronic components, providing mold technology, and after-sales service	393,600 US\$12,000,000	Invested through a third company to reinvest the mainland	393,600 US\$12,000,000	0	0	393,600 US\$12,000,000	100.00%	125,820 (US\$3,835,978)	0	0
BOARDTEK COMPUTER (SUZHOU) CO.,	Developing, manufacturing and selling new electronic components, circuit boards and relevant products, and providing after-sales	1,705,600 US\$52,000,000	Invested through a third company to reinvest the mainland	1,705,600 US\$52,000,000	0	0	1,705,600 US\$52,000,000	100.00%	50,460 US\$1,538,419	2,986,581 US\$91,054,306	0

2. The limit of investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
15,639,396	16,408,240	59,384,450
US\$496,810,824	US\$520,251,224	

Foreign currency exchange rate for New Taiwan Dollar to USD is \$32.8to USD 1.

Note 1: Investments in mainland China are differentiated by the following four methods:

- 1) Direct investment in mainland China with remittance through a third region
- 2) Incorporation of an investee company at third region and indirect re-investment in mainland China through the new entity.
- 3) Indirect investment in mainland China through an existing investee companies at third region.
- 3) Other methods, including representative in investment

Note 2: Under the column of recognition investment gain or loss during current period:

- 1) If the corporation is under set-up phase, no investment gain or loss recognized is required.
- 2) Recognition basis of investment gains or losses is determined by the following three types:
 1. Financial statements on the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 2. Financial statements on the investee company were audited and certified by the external accountant of parent company.
 3. Others – Financial statements on the investee company were not audited or reviewed by the external auditor.

Note 3: On the above-mentioned table, all relevant amounts were disclosed in NTD. Amount denominated in foreign currencies was translated into New Taiwan dollars at the exchange rate prevailing on the balance sheet date.

Note 4: Upper limit on investment was based on greater of 60% of total net worth or \$80 million. The information on the table above was not adjusted under preparation

Note 5: Transactions in relation to consolidated entities illustrated on the table above were eliminated in consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
PEGATRON CORPORATION AND ITS SUBSIDIARIES
Significant Intercompany Transactions with its parent and subsidiary:
For the year ended December 31, 2008
(Expressed in thousands of New Taiwan dollars, unless specified otherwise)

1. FOR THE YEAR ENDED DECEMBER 31, 2008

No. (Note 1)	Company Name	Counter Party	Transaction				Percentage of consolidated operating revenue or total assets (Note 3)
			Relationship with the Company (Note 2)	Account	Amount (Thousands of NTD)	Terms	
0	PEGATRON CORPORATION	PEGATRON Czech s.r.o.	1	Sales	4,185,715	Within 120 days from receipt of goods	0.79%
0	PEGATRON CORPORATION	PEGATRON Czech s.r.o.	1	Account receivables	1,582,458	Within 120 days from receipt of goods	0.73%
0	PEGATRON CORPORATION	UNIHAN CORPORATION	1	Sales	1,143,649	Within 60 days from receipt of goods	0.22%
0	PEGATRON CORPORATION	UNIHAN CORPORATION	1	Account receivables	472,403	Within 60 days from receipt of goods	0.22%
0	PEGATRON CORPORATION	Powtek (Shanghai) Co., Ltd.	1	Sales	4,200,193	Within 45 days from receipt of goods	0.79%
0	PEGATRON CORPORATION	Powtek (Shanghai) Co., Ltd.	1	Account receivables	531,952	Within 45 days from receipt of goods	0.25%
0	PEGATRON CORPORATION	Protek (ShangHai) Limited	1	Account receivables	14,212,776	Within 90 days from receipt of goods	
1	UNIHAN CORPORATION	PEGATRON Czech s.r.o.	3	Sales	698,169	Within 120 days from receipt of goods	0.13%
1	UNIHAN CORPORATION	PEGATRON CORPORATION	3	Account receivables	2,245,604	Within 120 days from receipt of goods	1.04%
1	UNIHAN CORPORATION	PEGATRON CORPORATION	2	Sales	5,445,894	Within 60 days from receipt of goods	1.03%
1	UNIHAN CORPORATION	PEGATRON CORPORATION	2	Account receivables	1,128,794	Within 60 days from receipt of goods	0.52%
1	UNIHAN CORPORATION	Protek (ShangHai) Limited	3	Sales	400,369	Within 90 days from receipt of goods	0.08%
2	PEGATRON Mexico, S.A. DE C.V.	PEGATRON CORPORATION	2	Processing Fees		30 days from receipt of goods	
6	Protek (ShangHai) Limited	PEGATRON CORPORATION	2	Income	793,291		0.15%
6	Protek (ShangHai) Limited	PEGATRON CORPORATION	2	Sales	36,678,723	Within 90 days from receipt of goods	6.90%
6	Protek (ShangHai) Limited	PEGATRON CORPORATION	2	Other receivables	1,490,640	30-60 days	0.49%
6	Protek (ShangHai) Limited	PEGATRON CORPORATION	2	Account receivables	16,998,448	Within 90 days from receipt of goods	1.29%
6	Protek (ShangHai) Limited	NORTH TEC ASIA (SHANGHAI) LIMITED	3	Other receivables	833,687	60 days	0.38%
7	MAINTEK COMPUTER(SUZHOU)CO.,LTD	ASUSPOWER CORPORATION	3	Processing Fees		Open account within 120 days	
7	MAINTEK COMPUTER(SUZHOU)CO.,LTD	ASUSPOWER CORPORATION	3	Income	14,771,475		2.78%
7	MAINTEK COMPUTER(SUZHOU)CO.,LTD	ASUSPOWER CORPORATION	3	Other receivables	6,194,014	Open account within 120 days	2.86%
8	BOARDTEK COMPUTER (SUZHOU) CO.,LTD	ASUSPOWER CORPORATION	3	Processing Fees		Within 60 days from receipt of goods	
9	ASLINK (H.K.) PRECISION CO., LIMITED	PEGATRON CORPORATION	2	Income	2,541,703	Open account within 120 days	0.48%
10	ASUSPOWER CORPORATION	MAINTEK COMPUTER(SUZHOU)CO.,LTD	3	Sales	523,701	Net 90 days after monthly closing	0.10%
10	ASUSPOWER CORPORATION	MAINTEK COMPUTER(SUZHOU)CO.,LTD	3	Sales	449,636	Within 90 days from receipt of goods	0.08%
10	ASUSPOWER CORPORATION	MAINTEK COMPUTER(SUZHOU)CO.,LTD	3	Account receivables	4,510,655	Within 90 days from receipt of goods	2.08%
10	ASUSPOWER CORPORATION	BOARDTEK COMPUTER (SUZHOU) CO., L	3	Sales	2,052,663	90 days from receipt of goods	0.39%
10	ASUSPOWER CORPORATION	BOARDTEK COMPUTER (SUZHOU) CO., L	3	Account receivables	2,504,449	90 days from receipt of goods	1.16%
10	ASUSPOWER CORPORATION	COTEK ELECTRONICS(SUZHOU)CO.,LTD	3	Account receivables	432,589	90 days from receipt of goods	0.20%
10	ASUSPOWER CORPORATION	CASETEK COMPUTER (SUZHOU) CO.,LTD	3	Sales	753,547	90 days from receipt of goods	0.14%
10	ASUSPOWER CORPORATION	CASETEK COMPUTER (SUZHOU) CO.,LTD	3	Account receivables	1,687,481	90 days from receipt of goods	0.78%
11	AzureWave Technologies, Inc.	Protek (ShangHai) Limited	3	Sales	900,306	30-60 days	0.17%
12	AMA PRECISION INC.	PEGATRON CORPORATION	2	Sales	1,378,936	Open account within 30 days	0.26%
12	AMA PRECISION INC.	Toptek Precision Industry(SuZhou) Co., Ltd	2	Sales	474,835	月結60天	0.09%
13	CASETEK COMPUTER (SUZHOU) CO.,LTD	ASUSPOWER CORPORATION	3	Processing Fees		60-90 days	
13	CASETEK COMPUTER (SUZHOU) CO.,LTD	ASUSPOWER CORPORATION	3	Income	3,593,677		0.68%
13	CASETEK COMPUTER (SUZHOU) CO.,LTD	ASUSPOWER CORPORATION	3	Other receivables	419,521	The two sides agreed	0.19%
14	NORTH TEC ASIA (SHANGHAI) LIMITED	DIGITEK GLOBAL HOLDINGS LIMITED	3	Processing Fees		The two sides agreed	
14	NORTH TEC ASIA (SHANGHAI) LIMITED	DIGITEK GLOBAL HOLDINGS LIMITED	3	Income	2,696,637		0.51%
14	NORTH TEC ASIA (SHANGHAI) LIMITED	DIGITEK GLOBAL HOLDINGS LIMITED	3	Other receivables	537,851	Within 30 days from receipt of goods	0.25%
15	AMA Technology Corporation	AMA PRECISION INC.	3	Sales	1,736,144	Open account within 30 days	0.33%
16	Toptek Precision Industry(SuZhou) Co., Ltd	AMA Technology Corporation	3	Sales	1,192,276	Open account within 120 days	0.22%
16	Toptek Precision Industry(SuZhou) Co., Ltd	AMA Technology Corporation	3	Sales	1,192,276	Open account within 30 days	0.22%

Note 1: Numbers for business transactions are identified as follow:

1. issuer: 0
2. Investee Company is got sequence number starting from 1.

Note 2: Relationship existed between intercompany are categorized by following three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The percentage of intercompany transaction is calculated in accordance with consolidated gross sales or total assets. For balance sheet accounts, the percentage is calculated by dividing the intercompany balance at the period end to the consolidated total assets. For current profit and loss accounts, the percentage is calculated by dividing the accumulated amount occurred during the period to the consolidated gross sales.

Note 4: Business relationships and significant intercompany transactions were disclosed on sales and related accounts receivable. Relevant purchase and intercompany accounts payable were not addressed in the section.

Note 5: Transaction is exempt for disclosure when its dollar amount is less than threshold.

(Continued)

2.FOR THE YEAR ENDED DECEMBER 31, 2007

No. (Note1)	Company Name	Counter Party	Relationship with the Company (Note 2)	Transaction Detail			
				Financial Statement Account	Amount (thousands of NTD)	term	Percentage of consolidated operating revenue or total assets (Note 3)
2	MAINTEK COMPUTER(SUZHOU)CO.,LTD	ASUSPOWER CORPORATION	3	Processing Fees Income	15,339,299	Net 60 days after monthly closing	2.26%
3	BOARDTEK COMPUTER (SUZHOU) CO., LTD	ASUSPOWER CORPORATION	3	Processing Fees Income	1,712,482	Net 60 days after monthly closing	0.25%
7	PEGATRON Mexico S.A. de C.V. (Note 6)	PEGATRON CORPORATION	2	Processing Fees Income	977,726	30 days from receipt of goods	0.14%
12	NORTH TEC ASIA (SHANGHAI) LIMITED	DIGITEK GLOBAL HOLDINGS LIMITED	3	Processing Fees Income	840,291	30 days	0.12%
14	CASETEK COMPUTER (SUZHOU) CO.,LTD	ASUSPOWER CORPORATION	3	Processing Fees Income	3,019,660	Net 60 days after monthly closing	0.45%
0	PEGATRON CORPORATION	ASIAROCK TECHNOLOGY LIMITED	1	Sales	637,778	Within 30 days from receipt of goods	0.09%
0	PEGATRON CORPORATION	PEGATRON Czech s.r.o. (Note 6)	1	Sales	1,476,165	Within 120 days from receipt of goods	0.22%
0	PEGATRON CORPORATION	WavesSoft Technologies Corp.	1	Sales	625,870	Within 90 days from receipt of goods	0.09%
0	PEGATRON CORPORATION	Powtek (Shanghai) Co., Ltd.	1	Sales	2,487,819	Within 45 days from receipt of goods	0.37%
4	Protek (ShangHai) Limited	PEGATRON CORPORATION	2	Sales	15,378,062	Within 90 days from receipt of goods	2.27%
8	ASUSPOWER CORPORATION	MAINTEK COMPUTER(SUZHOU)CO.,LTD	3	Sales	920,973	Within 90 days from receipt of goods	0.14%
8	ASUSPOWER CORPORATION	BOARDTEK COMPUTER (SUZHOU) CO., LTD	3	Sales	548,472	Within 90 days from receipt of goods	0.08%
8	ASUSPOWER CORPORATION	CASETEK COMPUTER (SUZHOU) CO.,LTD	3	Sales	420,801	Within 90 days from receipt of goods	0.06%
10	AMA PRECISION INC.	UNIHAN CORPORATION	2	Sales		30 days from receipt of goods	
13	AzureWave Technologies, Inc.	Protek (ShangHai) Limited	3	Sales	1,291,693	Open account within 30 days	0.19%
2	MAINTEK COMPUTER(SUZHOU)CO.,LTD	ASUSPOWER CORPORATION	3	Other receivables	480,944	Within 60 days from receipt of goods	0.07%
3	BOARDTEK COMPUTER (SUZHOU) CO., LTD	ASUSPOWER CORPORATION	3	Other receivables	5,795,867	Net 60 days after monthly closing	2.07%
14	CASETEK COMPUTER (SUZHOU) CO.,LTD	ASUSPOWER CORPORATION	3	Other receivables	660,341	Net 60 days after monthly closing	0.24%
0	PEGATRON CORPORATION	PEGATRON Czech s.r.o.(Note 6)	1	Account receivables	561,904	Net 60 days after monthly closing	0.20%
0	PEGATRON CORPORATION	Protek (ShangHai) Limited	1	Account receivables	2,081,563	Within 120 days from receipt of goods	0.74%
0	PEGATRON CORPORATION	Powtek (Shanghai) Co., Ltd.	1	Account receivables	30,597,781	Within 90 days from receipt of goods	10.93%
8	ASUSPOWER CORPORATION	MAINTEK COMPUTER(SUZHOU)CO.,LTD	3	Account receivables	615,433	Within 45 days from receipt of goods	0.22%
8	ASUSPOWER CORPORATION	BOARDTEK COMPUTER (SUZHOU) CO., LTD	3	Account receivables	6,653,321	Within 90 days from receipt of goods	2.38%
8	ASUSPOWER CORPORATION	BOARDTEK COMPUTER (SUZHOU) CO., LTD	3	Account receivables	809,189	Within 90 days from receipt of goods	0.29%
8	ASUSPOWER CORPORATION	COTEK ELECTRONICS(SUZHOU)CO.,LTD	3	Account receivables	427,423	Within 90 days from receipt of goods	0.15%
8	ASUSPOWER CORPORATION	CASETEK COMPUTER (SUZHOU) CO.,LTD	3	Account receivables	1,054,848	Within 90 days from receipt of goods	0.38%
	ASLINK PRECISION CO., LTD	PEGATRON CORPORATION	2	Sales	864,737	Net 60 days after monthly closing	0.13%
	PEGATRON Czech s.r.o. (Note 6)	PEGATRON CORPORATION	2	Account receivables	510,489	30 days from receipt of goods	0.18%
6	Protek (ShangHai) Limited	PEGATRON CORPORATION	2	Account receivables	20,808,850	Within 90 days from receipt of goods	7.43%

Note 1: Numbers for business transactions are identified as follow:

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2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The percentage of intercompany transaction is calculated in accordance with consolidated gross sales or total assets. For balance sheet accounts, the percentage is calculated by dividing the intercompany balance at the period end to the consolidated total assets. For current profit and loss accounts, the percentage is calculated by dividing the accumulated amount occurred during the period to the consolidated gross sales.

Note 4: Business relationships and significant intercompany transactions were disclosed on sales and related accounts receivable. Relevant purchase and intercompany accounts payable were not addressed in the section.

Note 5: Transaction is exempt for disclosure when its dollar amount is less than threshold.

Note 6: Pegatron Czech s.r.o. (formerly known as ASUS Czech s.r.o.) was renamed effective January 1, 2008.

Note 7: Pegatron Mexico, S.A. de C.V. (formerly known as ASUS Mexico, S.A. DE C.V.) was renamed effective January 1, 2008.