

**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**For the nine-month period ended September 30, 2008**  
**(Expressed in thousands of New Taiwan dollars)**  
**Unaudited**

Assets	2008		Liabilities and Stockholders' Equity	2008	
Current assets :	NT\$	%	Current liabilities :	NT\$	%
Cash and cash equivalents	\$ 28,232,431	10	Short-term borrowings	\$ 4,394,546	2
Notes and accounts receivable, net of allowance for doubtful accounts of NT\$ 1,862,929	131,570,287	47	Notes and accounts payable	97,249,668	35
Notes and accounts receivables from related parties	547,783	0	Notes and accounts payable to related parties	9,569,675	4
Other receivables from related parties	41,457	0	Financial liabilities at fair value through profit or loss - current	201,674	0
Other receivables	9,616,897	4	Other payables to related parties	71,962	0
Financial assets at fair value through profit or loss-current	2,840,307	1	Hedging purpose derivative financial liabilities - current	549,158	0
Available-for-sale Fin. Asset-Current	684,220	0	Royalties payable	14,315,213	5
Hedging derivative Fin. Asset-Current	965,584	0	Accrued expenses and other current liabilities	52,102,550	19
Inventories	44,601,640	16	Long-term debt - current portion	3,547,500	1
Prepaid expenses and other current assets	1,788,427	1	<b>Total current liabilities</b>	<b>182,001,947</b>	<b>66</b>
Deferred income tax assets-current	1,446,779	1	<b>Long-term liabilities:</b>		
Restricted assets	16,730	0	Long-term debt, excluding current installments	8,846,113	3
<b>Total current assets</b>	<b>222,352,542</b>	<b>80</b>	Other liabilities	487,844	0
<b>Funds and investments:</b>			Deferred income tax liabilities - noncurrent	6,625,619	2
Equity method investment	2,882,764	1	<b>Total long-term liabilities</b>	<b>15,959,575</b>	<b>5</b>
Financial assets carried at cost	3,070,844	1	<b>Total liabilities</b>	<b>197,961,522</b>	<b>71</b>
Available-for-sale financial assets - noncurrent	1,760,756	1			
<b>Total funds and investments</b>	<b>7,714,364</b>	<b>3</b>	<b>Stockholders' equity:</b>		
<b>Property, plant and equipment:</b>			Common stock	26,427,316	10
Land	2,669,126	1	Capital surplus	37,081,534	13
Buildings and improvements	4,807,256	2	Retained earnings:		
Computer equipment and machinery	4,992,319	2	Legal reserve	8,786,583	3
Transportation equipment	112,235	0	Unappropriated earnings	11,172,288	4
Office equipment	1,162,344	0	Other stockholders' equity components:		
Leasehold improvement	746,513	0	Foreign currency translation adjustment	825,185	0
Other equipment	841,462	0	Minimum pension liability adjustment	(172,116)	0
Construction in progress and advance payments for purchases of property and equipment	689,272	0	Unrealized gain on available-for-sale financial assets	(828,796)	0
	16,020,527	5	Hedging reserve	519,976	0
Less: accumulated depreciation	(5,399,253)	(2)	Treasury stock	(3,522,598)	(1)
Less: accumulated impairment	(1,370,762)	(0)	<b>Total stockholders' equity</b>	<b>80,289,372</b>	<b>29</b>
<b>Net property, plant and equipment</b>	<b>9,250,512</b>	<b>3</b>	<b>Minority interest</b>	<b>578,257</b>	<b>0</b>
<b>Intangible assets</b>	<b>32,877,336</b>	<b>12</b>	<b>Total stockholders' equity and minority interest</b>	<b>80,867,629</b>	<b>29</b>
<b>Property not used in operations</b>	<b>3,459,516</b>	<b>1</b>			
<b>Other financial assets</b>	<b>893,126</b>	<b>0</b>			
<b>Deferred charges and other assets</b>	<b>2,281,755</b>	<b>1</b>			
<b>Total assets</b>	<b>\$ 278,829,151</b>	<b>100</b>	<b>Total Liabilities and Stockholders' equity</b>	<b>\$ 278,829,151</b>	<b>100</b>

**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
**For the nine-month periods ended September 30, 2008**  
**(Expressed in thousands of New Taiwan dollars, except per share data)**  
**Unaudited**

	<b>NT\$</b>	<b>%</b>
<b>Revenues</b>	\$ 411,329,817	100
<b>Cost of revenues</b>	(368,355,270)	(90)
<b>Gross profit</b>	42,974,547	10
<b>Operating expenses:</b>		
Selling	(26,066,845)	(6)
General and administrative	(6,471,743)	(2)
Research and development	(338,506)	0
<b>Total operating expenses</b>	(32,877,094)	(8)
<b>Operating income</b>	10,097,453	2
<b>Non-operating income and gains:</b>		
Interest income	938,978	0
Investment gain recognized by equity method, net	361,127	0
Gain on disposal of property and equipment, net	806,850	0
Gain on disposal of investments, net	2,720,002	1
Other income	509,046	0
	5,336,003	1
<b>Non-operating expenses and loss:</b>		
Interest expense	(1,013,621)	0
Foreign currency exchange loss and loss on valuation of financial instruments, net	(1,065,331)	0
Restructuring cost	(1,223,617)	0
Assets impairment loss	(221,930)	0
Other loss	(410,632)	0
	(3,935,131)	0
<b>Income from continuing operations before income taxes</b>	11,498,325	3
<b>Income tax expense</b>	(2,668,810)	(1)
<b>Income from continuing operations</b>	8,829,515	2
<b>Income from discontinued operations</b>	99,843	0
<b>Consolidated net income</b>	<b>\$ 8,929,358</b>	<b>2</b>
<b>Net income attributable to:</b>		
Shareholders of parent company	\$8,929,105	
Minority shareholders	253	
	<b>\$8,929,358</b>	
		<b>After income taxes</b>
<b>Earnings per common share (in New Taiwan dollars):</b>		
Basic earnings per common share-retroactively adjusted	<b>\$ 3.64</b>	-
Diluted earnings per common share	<b>\$ 3.60</b>	-

**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**For the nine-month periods ended September 30, 2008 and 2007**

(Expressed in thousands of New Taiwan dollars)  
**Unaudited**

	<u>Retained earnings</u>					Foreign currency translation adjustment	Minimum pension liability Adjustment	Unrealized gain (loss) on available-for-sale financial assets	Hedging reserve	Treasury stock	Minority interest	Total stockholders' equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings							
Balance at January 1, 2008	24,054,904	29,898,983	7,490,689	-	13,551,024	2,733,899	(173,364)	2,508,663	15,836	(3,270,920)	599,280	77,408,994
2008 net income	-	-	-	-	8,929,105	-	-	-	-	-	253	8,929,358
Foreign currency translation adjustment	-	-	-	-	-	(1,908,714)	-	-	-	-	-	(1,908,714)
Change in fair values of financial instruments	-	-	-	-	-	-	-	-	504,140	-	-	504,140
Appropriation approved by the stockholders:												
Legal reserve	-	-	1,295,894	-	(1,295,894)	-	-	-	-	-	-	-
Stock dividends and employees' bonuses in stock	690,823	-	-	-	(690,823)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(8,659,766)	-	-	-	-	-	-	(8,659,766)
Directors' and supervisors' remuneration	-	-	-	-	(116,630)	-	-	-	-	-	-	(116,630)
Employees' bonuses in cash	-	-	-	-	(544,728)	-	-	-	-	-	-	(544,728)
Cash dividends distributed to subsidiaries	-	114,832	-	-	-	-	-	-	-	-	-	114,832
Decrease in capital surplus resulting from long-term equity investments accounted for by the equity method	-	(87,959)	-	-	-	-	-	-	-	-	-	(87,959)
Change in unrealized loss on available-for sale financial assets	-	-	-	-	-	-	-	(3,337,459)	-	-	-	(3,337,459)
Minimum pension liability adjustment	-	-	-	-	-	-	1,248	-	-	-	-	1,248
Issuance of shares for acquisitions	1,681,589	7,155,678	-	-	-	-	-	-	-	-	-	8,837,267
Treasury stock held by subsidiaries	-	-	-	-	-	-	-	-	-	(251,678)	-	(251,678)
Change in minority interest	-	-	-	-	-	-	-	-	-	-	(21,276)	(21,276)
<b>Balance at September 30, 2008</b>	<b><u>26,427,316</u></b>	<b><u>37,081,534</u></b>	<b><u>8,786,583</u></b>	<b><u>-</u></b>	<b><u>11,172,288</u></b>	<b><u>825,185</u></b>	<b><u>(172,116)</u></b>	<b><u>(828,796)</u></b>	<b><u>519,976</u></b>	<b><u>(3,522,598)</u></b>	<b><u>578,257</u></b>	<b><u>80,867,629</u></b>

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the nine-month periods ended September 30, 2008**

**(Expressed in thousands of New Taiwan dollars)**

**Unaudited**

	<b>2008</b>
	NT\$
<b>Cash flows from operating activities:</b>	
Consolidated net income	\$8,929,358
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	706,138
Amortization	859,960
Gain on disposal of assets, net	(806,850)
Gain on disposal of investments, net	(2,720,002)
Net investment gain on long-term equity investments accounted for by equity method, net of cash dividends received	(202,757)
Other investment loss	221,229
Assets impairment loss	221,930
Restructure cost	1,223,617
Deferred income tax expense	1,048,734
Changes in operating assets and liabilities:	
Notes and accounts receivable	(23,312,135)
Receivables from related parties	7,365
Inventories	(9,153,489)
Other financial assets, prepaid expenses and other current assets	(3,412,538)
Noncurrent assets	178,405
Notes and accounts payable	17,113,938
Payables to related parties	4,142,818
Royalties payable, accrued expenses and other current liabilities	4,100,301
Other liabilities	(687,348)
<b>Cash used in operating activities</b>	<b>(1,541,324)</b>
<b>Cash flow from investing activities:</b>	
Change in available-for-sale financial assets – current, net	2,091,684
Proceeds from sales of long-term equity investments	3,379,782
Proceeds from disposal of property, plant and equipment and property not used in operations	1,903,900
Additions to property, plant and equipment and property not used in operation	(319,758)
Increase in long-term investments	(96,381)
Return of capital from investees	279,338
Increase in restricted assets – current	1,958,585
Acquisition of business, net of cash acquired	(817,533)
Increase in intangible assets, refundable deposits, deferred charges and other assets	(943,186)
<b>Cash provided by investing activities</b>	<b>7,436,431</b>
<b>Cash flows from financing activities:</b>	
Decrease in short-term borrowings	(977,562)
Decrease in long-term debt	(4,412,316)
Payment of cash dividends, employees' bonuses and directors' and supervisor's remuneration	(9,206,292)
Change in minority interests	(21,276)
<b>Cash used in financing activities</b>	<b>(14,617,446)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,722,339)</b>
<b>Effects of exchange rate changes</b>	<b>(990,569)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>37,945,339</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$28,232,431</b>
<b>Supplemental disclosures of cash flow information</b>	
Interest paid	\$1,094,573
Income taxes paid	\$1,890,571
<b>Supplementary schedules of non-cash investing and financing activities:</b>	
Change in foreign currency translation adjustment	\$(1,908,714)

**Cash acquired from acquisition of Packard Bell B.V and E-TEN  
INFORMATION SYSTEMS CO., LTD.**

	<b>Packard Bell B.V</b>
Purchase price (by cash)	\$ 3,263,840
Non-cash assets acquired	(11,391,507)
Liabilities assumed	10,799,443
Goodwill	(1,135,886)
Cash acquired	<u>\$ 1,535,890</u>

	<b>E-TEN INFORMATION SYSTEMS CO., LTD</b>
Purchase price (by issuing shares )	\$ 8,837,267
Non-cash assets acquired	(7,526,775)
Liabilities assumed	1,148,340
Goodwill	(1,548,415)
Cash acquired	<u>\$ 910,417</u>

