

ACER INCORPORATED AND SUBSIDIARIES
Consolidated Balance Sheets
March 31, 2008
(Expressed in thousands of New Taiwan dollars)
Unaudited

Assets	2008.3.31	Liabilities and Stockholders' Equity	2008.3.31
Current assets:	NT\$		NT\$
Cash and cash equivalents	\$ 32,904,302	Short-term borrowings	\$ 1,481,361
Notes and accounts receivable ,net of allowance for doubtful accounts of NT \$ 1,260,828 thousand	102,454,963	Notes and accounts payable	76,570,823
Notes and accounts receivable from related parties	730,118	Notes and accounts payables to related parties	4,241,019
Other receivable from related parties	45,121	Other payables to related parties	78,216
Other receivables	8,803,016	Financial liabilities at fair value through profit or loss	1,396,244
Financial assets at fair value through profit or loss-current	21,678	Hedging purpose derivative financial liabilities— current	724,112
Available-for-sale financial assets— current	1,679,950	Royalties payable	10,772,327
Hedging purpose derivative financial assets— current	457,265	Accrued expenses and other current liabilities	47,232,520
Inventories	37,465,195	Total current liabilities	142,496,622
Prepaid expenses and other current assets	1,835,100		
Deferred income tax assets— current	1,613,026	Long-term liabilities:	
Pledged Cash and cash equivalents	83,313	Long-term debt,	12,406,734
Total current assets	188,093,047	Other liabilities	439,281
Funds and investments		Deferred income tax liabilities — noncurrent	5,855,777
Long-term equity investments under equity method	4,710,752	Total long-term liabilities	18,701,792
Financial assets carried at cost	3,063,441	Total liabilities	161,198,414
Available-for-sale financial assets— noncurrent	2,616,584	Stockholders' equity and minority interest:	
Total funds and investments	10,390,777	Common stock	24,054,904
Property, plant and equipment:		Capital surplus	29,891,872
Land	1,583,131	Retained earnings	
Buildings and improvements	3,974,201	Legal reserve	7,490,689
Computer equipment and machinery	4,980,103	Unappropriated earnings	16,502,813
Transportation equipment	115,998	Other stockholders' equity components	
Office equipment	1,112,433	Foreign currency translation adjustment	728,503
Leasehold improvement	744,125	Minimum pension liability adjustment	(169,766)
Other equipment	773,314	Hedging reserve	(598,305)
Construction in progress and advance payments for purchases of property and equipment	732,411	Unrealized gain on available-for-sale financial assets	783,734
	14,015,716	Treasury stock	(3,270,920)
Less: accumulated depreciation	(4,986,941)	Total stockholders' equity	75,413,524
accumulated asset impairment	(1,309,713)	Minority interest	977,051
Net property, plant and equipment	7,719,062	Total stockholders' equity and minority interest	76,390,575
Intangible assets	25,389,337		
Property not used in operations	3,531,362	Commitments and contingencies	
Other financial assets	1,076,334	Total liabilities and stockholders' equity	\$ 237,588,989
Deferred expenses and other assets	1,389,070		
Total assets	\$ 237,588,989		

ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Income
For the three-month periods ended March 31, 2008
(Expressed in thousands of New Taiwan dollars, except per share data)
Unaudited

	<u>2008</u>
	NT\$
Revenues	\$ 127,376,081
Cost of revenues	<u>(113,911,266)</u>
Gross profit	13,464,815
Operating expenses	
Selling	(9,872,275)
Administrative	(737,129)
Research and development	<u>(117,222)</u>
Total operating expenses	<u>(10,726,626)</u>
Operating income	<u>2,738,189</u>
Non-operating income and gains:	
Interest income	385,888
Investment gain recognized by equity method	162,342
Gain on disposal of investments	990,037
Gain on disposal of property and equipment	788,287
Other income	<u>100,488</u>
	<u>2,427,041</u>
Non-operating expenses and loss:	
Interest expense	(300,557)
Foreign currency exchange loss and loss on derivative contracts, net	(188,792)
Restructure cost	(1,223,617)
Other loss	<u>(149,455)</u>
	<u>(1,862,421)</u>
Income from continuing operations before income taxes	3,302,808
Income tax expense	<u>(450,529)</u>
Income from continuing operations	2,852,279
Income from discontinued operations	<u>100,000</u>
Consolidated net income	<u>\$2,952,279</u>
Net income attributable to:	
Shareholders of parent company	\$ 2,951,789
Minority shareholders	<u>490</u>
	<u>\$ 2,952,279</u>
Earnings per common share (in New Taiwan dollars):	
Basic earnings per common share — retroactively adjusted	<u>\$1.25</u>

ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
For the three-month periods ended March 31, 2008
(in thousands of New Taiwan dollars)
Unaudited

		<u>Retained earnings</u>										
	<u>Common</u>	<u>Capital</u>	<u>Legal</u>	<u>Retained</u>	<u>Foreign</u>	<u>Minimum</u>	<u>Unrealized gain on</u>			<u>Minority</u>	<u>Total</u>	
	<u>stock</u>	<u>surplus</u>	<u>reserve</u>	<u>earnings</u>	<u>translation</u>	<u>pension liability</u>	<u>available-for-sale</u>	<u>Hedging</u>	<u>Treasury</u>	<u>interest</u>	<u>stockholders'</u>	
					<u>adjustment</u>	<u>adjustment</u>	<u>financial assets</u>	<u>reserve</u>	<u>stock</u>		<u>equity</u>	
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	-	-	-	2,951,789	-	-	-	-	-	490	2,952,279	
Foreign currency translation adjustment	-	-	-	-	(2,005,396)	-	-	-	-	-	(2,005,396)	
Unrealized loss on available-for sale financial assets	-	-	-	-	-	-	(1,724,929)	-	-	-	(1,724,929)	
Change in fair values of financial instruments	-	-	-	-	-	-	-	(614,141)	-	-	(614,141)	
Decrease in capital surplus resulting from long-term equity investments accounted for by the equity method	-	(7,111)	-	-	-	-	-	-	-	-	((7,111))	
Minimum pension liability adjustment	-	-	-	-	-	3,598	-	-	-	-	3,598	
Change in minority interest	-	-	-	-	-	-	-	-	-	377,281	377,281	
Balance at March 31, 2008	\$ 24,054,904	29,891,872	7,490,689	16,502,813	728,503	(169,766)	783,734	(598,305)	(3,270,920)	977,051	76,390,575	

ACER INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2008
(Expressed in thousands of New Taiwan dollars)
Unaudited

	2008
	NT\$
Cash flows from operating activities:	
Consolidated net income	\$2,952,279
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation	127,120
Amortization	99,518
Gain on disposal of assets, net	(788,287)
Gain on disposal of investments, net	(990,036)
Net investment gain on long-term equity investments accounted for by equity	(180,316)
Restructure cost	1,223,617
Deferred income tax expense	(34,218)
Changes in operating assets and liabilities:	
Notes and accounts receivable	5,743,706
Receivables from related parties	(230,411)
Inventories	(2,377,126)
Other financial assets, prepaid expenses and other current assets	(406,587)
Noncurrent receivable	(114,942)
Notes and accounts payable	(3,356,738)
Payables to related parties	(1,180,577)
Royalties payable, accrued expenses and other current liabilities	(636,614)
Other liabilities	(713,859)
Cash provided by (used in) operating activities	(863,472)
Cash flow from investing activities:	
Change in available-for-sale financial assets — current, net	1,086,786
Proceeds from sales of long-term equity investments and available for-sale financial assets	217,544
Proceeds from disposal of property, plant and equipment and property not used in	1,829,985
Additions to property and equipment	(33,216)
Increase in long-term investments	(65,292)
Return of capital from investees	9,244
Increase in restricted assets — current	1,958,585
Acquisition of business, net of cash acquired	(813,757)
Increase in other assets	(15,048)
Cash provided by investing activities	4,174,830
Cash flows from financing activities:	
Decrease in short-term borrowings	(3,890,748)
Increase in long-term debt	(4,401,508)
Change in minority interests	10,276
Cash used in financing activities	(8,281,980)
Net increase (decrease) in cash and cash equivalents	(4,970,622)
Effects of exchange rate changes	(70,417)
Cash and cash equivalents at beginning of year	37,945,339
Cash and cash equivalents at end of year	\$32,904,300
Supplemental disclosures of cash flow information	
Interest paid	\$379,209
Income taxes paid	\$155,729
Supplementary schedules of non-cash investing and financing activities:	
Change in foreign currency translation adjustment	(\$2,005,396)