

Review Report of Independent Certified Public Accountants

The Board of Directors
Acer Incorporated:

We have reviewed the non-consolidated balance sheets of Acer Incorporated as of March 31, 2009 and 2008, and the related statements of income, changes in stockholders' equity, and cash flows for the three-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

Except as stated in following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "The Review of Financial Statements". A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The Company's long-term equity investments of NT\$78,774,535 thousand and NT\$68,594,272 thousand, long-term equity investment credits of NT\$0 thousand and NT\$423,117 thousand, deferred inter-company profits of NT\$14,850 thousand and NT\$14,619 thousand and foreign currency translation adjustment of NT\$1,844,113 thousand and NT\$728,503 thousand as of March 31, 2009 and 2008, respectively, and related net investment income of NT\$1,439,779 thousand and NT\$1,787,545 thousand and change in unrealized inter-company profits of NT\$6,765 and NT\$1,342 thousand for the three-month periods ended March 31, 2009 and 2008, respectively, were accounted for under the equity method based on the unreviewed financial statements of the related investees of the Company.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the investee company's financial statements been reviewed as discussed in the preceding paragraph, we are not aware of any material modification that should be made to the non-consolidated financial statements referred to in the first paragraph in order for them to be in conformity with accounting principles generally accepted in the Republic of China.

Starting from January 1, 2008, the Company adopted Interpretation (96) 052 issued by Accounting Research and Development Foundation. The Company recognized, measured and disclosed employee bonuses, and directors' and supervisors' remuneration according to the Interpretation. The changes in accounting principle decreased the net income after tax and basic earnings per share for the three-month periods ended March 31, 2008 by NT\$517,854 thousand and NT\$0.21, respectively.

KPMG
April 22, 2009

This document is an English translation of a report originally issued in Chinese. In the event of a conflict between the English translation and the original Chinese version, the Chinese language auditors' report shall prevail.

ACER INCORPORATED
Non-Consolidated Balance Sheets
March 31, 2009 and 2008
(Expressed in thousands of New Taiwan dollars)
Unaudited

| Assets | <u>2009.3.31</u> NT\$ | <u>2008.3.31</u> NT\$ | Liabilities and Stockholders' Equity | <u>2009.3.31</u> NT\$ | <u>2008.3.31</u> NT\$ |
|---|--------------------------|--------------------------|---|--------------------------|--------------------------|
| Current assets: | | | Current liabilities: | | |
| Cash and cash equivalents | 20,529,208 | 5,363,520 | Short-term borrowings | - | 607,760 |
| Notes and accounts receivable, net of allowance for doubtful accounts of NT\$147,701 thousand and NT\$51,079 thousand as of March 31, 2009 and 2008, respectively | 8,862,696 | 13,059,009 | Notes and accounts payable | 52,412,580 | 38,443,128 |
| Notes and accounts receivables from related parties | 56,510,736 | 39,501,915 | Notes and accounts payable to related parties | 6,830,672 | 4,519,678 |
| Other receivables from related parties | 234,975 | 2,249,852 | Financial liabilities at fair value through profit or loss | 895,100 | 1,323,768 |
| Other receivables | 3,086,694 | 428,157 | Other payables to related parties | 4,362,744 | 3,177,672 |
| Inventories | 10,752,110 | 13,989,875 | Hedging purpose derivative financial liabilities—current | 38,356 | 611,891 |
| Financial assets at fair value through profit or loss—current | 9,817 | 6,849 | Royalties payable | 7,451,859 | 4,140,255 |
| Available-for-sale financial assets-current | 51,795 | 214,076 | Accrued expenses and other current liabilities | 20,221,630 | 12,129,995 |
| Hedging purpose derivative financial assets—current | 4,338 | - | Current installments of long-term debt | 8,250,000 | - |
| Deferred income tax assets—current | 2,182,312 | 1,353,720 | Deferred inter-company profits | 14,850 | 14,619 |
| Prepayments and other current assets | 472,645 | 168,986 | Total current liabilities | <u>100,477,791</u> | <u>64,968,766</u> |
| Total current assets | <u>102,697,326</u> | <u>76,335,959</u> | | | |
| Funds and investments: | | | Long-term liabilities: | | |
| Long-term equity investments under equity method | 78,774,535 | 68,594,272 | Long-term debt, excluding current installments | 3,950,000 | 12,200,000 |
| Available-for-sale financial assets—noncurrent | 1,334,466 | 2,607,906 | Other payables to related parties | - | 829,289 |
| Financial assets carried at cost—noncurrent | 808,960 | 1,070,196 | Other liabilities | 30,362 | 78,513 |
| Total funds and investments | <u>80,917,961</u> | <u>72,272,374</u> | Deferred income tax liabilities—noncurrent | 4,394,721 | 3,436,617 |
| | | | Long-term equity investment credits | - | 423,117 |
| Property, plant and equipment: | | | Total long-term liabilities | <u>8,375,083</u> | <u>16,967,536</u> |
| Land | 376,842 | 376,842 | Total liabilities | <u>108,852,874</u> | <u>81,936,302</u> |
| Buildings and improvements | 578,892 | 578,892 | | | |
| Computer equipment and machinery | 501,503 | 411,469 | Stockholders' equity: | | |
| Transportation equipment | 29,569 | 25,020 | Common stock | 26,428,560 | 24,054,904 |
| Office equipment | 14,278 | 14,184 | Capital surplus | 37,203,104 | 29,891,872 |
| Other equipment | 695,635 | 373,659 | Retained earnings | | |
| Leasehold improvement | 26,053 | 26,053 | Legal reserve | 8,786,583 | 7,490,689 |
| Construction in progress and advance payments for purchases of property and equipment | 46,752 | 587,105 | Unappropriated earnings | 16,011,048 | 16,502,813 |
| | 2,269,524 | 2,393,224 | Other stockholders' equity components | | |
| Less: accumulated depreciation | (630,922) | (544,930) | Foreign currency translation adjustment | 1,844,113 | 728,503 |
| Net property, plant and equipment | <u>1,638,602</u> | <u>1,848,294</u> | Minimum pension liability adjustment | (283) | (169,766) |
| | | | Unrealized gain (loss) on available-for-sale financial assets | (956,679) | 783,734 |
| Intangible assets | 3,243,859 | 608,014 | Hedging reserve | (128,900) | (598,305) |
| Property not in use | 4,236,153 | 4,783,583 | Treasury stock | (3,522,598) | (3,270,920) |
| Refundable deposits | 194,833 | 225,817 | Total stockholders' equity | <u>85,664,948</u> | <u>75,413,524</u> |
| Noncurrent receivable, net of allowance for doubtful accounts of NT\$18,690 thousand and NT\$0 thousand as of March 31, 2009 and 2008, respectively | 43,794 | 249,984 | | | |
| Deferred charges and other assets | <u>1,545,294</u> | <u>1,025,801</u> | | | |
| | | | Total liabilities and stockholders' equity | <u>194,517,822</u> | <u>157,349,826</u> |
| Total assets | <u>194,517,822</u> | <u>157,349,826</u> | | | |

ACER INCORPORATED
Non-Consolidated Statements of Income
For the three-month periods ended March 31, 2009 and 2008
(Expressed in thousands of New Taiwan dollars, except earnings per share data)
Unaudited

| | <u>2009</u> NT\$ | <u>2008</u> NT\$ |
|--|-------------------------|-------------------------|
| Net Revenue | 95,754,970 | 86,888,094 |
| Cost of revenues | <u>(93,043,387)</u> | <u>(84,913,097)</u> |
| Gross profit | 2,711,583 | 1,974,997 |
| Changes in realized inter-company profits | <u>6,765</u> | <u>1,342</u> |
| Realized gross profit | <u>2,718,348</u> | <u>1,976,339</u> |
| Operating expenses: | | |
| Selling | (579,332) | (602,516) |
| Administrative | (56,612) | (37,089) |
| Research and development | <u>(22,374)</u> | <u>(27,022)</u> |
| Total operating expenses | <u>(658,318)</u> | <u>(666,627)</u> |
| Operating income | <u>2,060,030</u> | <u>1,309,712</u> |
| Non-operating income and gains: | | |
| Interest income | 12,112 | 111,412 |
| Investment gain recognized by equity method | 295,687 | 782,209 |
| Gain on disposal of investments, net | - | 901,644 |
| Foreign exchange gain and gain on evaluation of financial instruments, net | 106,513 | - |
| Other income | <u>15,297</u> | <u>14,871</u> |
| | <u>429,609</u> | <u>1,810,136</u> |
| Non-operating expenses and loss: | | |
| Interest expense | (71,386) | (149,320) |
| Foreign exchange loss and loss on evaluation of financial instruments, net | - | (114,349) |
| Other loss | <u>(69)</u> | <u>(170)</u> |
| | <u>(71,455)</u> | <u>(263,839)</u> |
| Income before income taxes | 2,418,184 | 2,856,009 |
| Income tax benefit (expense) | <u>(392,454)</u> | <u>95,780</u> |
| Net income | <u>2,025,730</u> | <u>2,951,789</u> |

| | Before income taxes | After income taxes | Before income taxes | After income taxes |
|--|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| | NT\$ | NT\$ | NT\$ | NT\$ |
| Earnings per common share (in dollars): | | | | |
| Basic earnings per common share — retroactively adjusted | <u>0.93</u> | <u>0.78</u> | <u>1.17</u> | <u>1.21</u> |
| Diluted earnings per common share | <u>0.92</u> | <u>0.77</u> | <u>1.17</u> | <u>1.21</u> |

ACER INCORPORATED
Non-Consolidated Statements of Changes in Stockholders' Equity
For the three-month periods ended March 31, 2009 and 2008
(Expressed in thousands of New Taiwan dollars)
Unaudited

| | <u>Retained earnings</u> | | | | | | | | | <u>Total stockholders' equity</u> |
|--|--------------------------|----------------------------|--------------------------|------------------------------------|--|---|--|--------------------------|---------------------------|---|
| | <u>Common stock</u> | <u>Capital surplus</u> | <u>Legal reserve</u> | <u>Unappropriated earnings</u> | <u>Foreign currency translation adjustment</u> | <u>Minimum pension liability adjustment</u> | <u>Unrealized gain on available-for- sale financial assets</u> | <u>Hedge reserve</u> | <u>Treasury stock</u> | |
| | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | |
| 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) | 76,809,714 |
| 2008 net income | - | - | - | 2,951,789 | - | - | - | - | - | 2,951,789 |
| Foreign currency translation adjustment | - | - | - | - | (2,005,396) | - | - | - | - | (2,005,396) |
| Unrealized loss on available-for-sale financial assets | - | - | - | - | - | - | (1,724,929) | - | - | (1,724,929) |
| Unrealized loss on qualifying cash flow hedge | - | - | - | - | - | - | - | (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 |
| Balance at March 31, 2008 | <u>24,054,904</u> | <u>29,891,872</u> | <u>7,490,689</u> | <u>16,502,813</u> | <u>728,503</u> | <u>(169,766)</u> | <u>783,734</u> | <u>(598,305)</u> | <u>(3,270,920)</u> | <u>75,413,524</u> |
| Balance at January 1, 2009 | 26,428,560 | 37,129,952 | 8,786,583 | 13,985,318 | 1,241,058 | (283) | (1,456,066) | (273,565) | (3,522,598) | 82,318,959 |
| 2009 net income | - | - | - | 2,025,730 | - | - | - | - | - | 2,025,730 |
| Foreign currency translation adjustment | - | - | - | - | 603,055 | - | - | - | - | 603,055 |
| Unrealized gain on qualifying cash flow hedge | - | - | - | - | - | - | - | 144,665 | - | 144,665 |
| Increase in capital surplus resulting from long-term equity investments accounted for by equity method | - | 269 | - | - | - | - | - | - | - | 269 |
| Unrealized gain on available-for-sale financial assets | - | - | - | - | - | - | 499,387 | - | - | 499,387 |
| Share-based payment transactions | - | 72,883 | - | - | - | - | - | - | - | 72,883 |
| Balance at March 31, 2009 | <u>26,428,560</u> | <u>37,203,104</u> | <u>8,786,583</u> | <u>16,011,048</u> | <u>1,844,113</u> | <u>(283)</u> | <u>(956,679)</u> | <u>(128,900)</u> | <u>(3,522,598)</u> | <u>85,664,948</u> |

ACER INCORPORATED
Non-Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2009 and 2008
(Expressed in thousands of New Taiwan dollars)
Unaudited

| | <u>2009</u> | <u>2008</u> |
|--|--------------------|--------------------|
| | NT\$ | NT\$ |
| Cash flows from operating activities: | | |
| Net income | 2,025,730 | 2,951,789 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation | 41,790 | 35,622 |
| Amortization | 92,211 | 55,419 |
| Stock-based compensation cost | 63,698 | - |
| Loss on disposal of assets, net | - | 170 |
| Other expenses reclassified from property and equipment and deferred charge | - | 130 |
| Gain on disposal of investments, net | - | (901,644) |
| Net investment income on long-term equity investments accounted for by equity method, net of cash dividends received | (1,436,116) | (1,778,303) |
| Deferred income tax (benefit) expense | (576,939) | 345,041 |
| Changes in operating assets and liabilities: | | |
| Notes and accounts receivable | 1,599,905 | (2,012,483) |
| Receivables from related parties | 494,094 | 9,704,138 |
| Inventories | 3,460,967 | (1,097,114) |
| Other financial assets, prepayments and other current assets | 228,365 | 136,633 |
| Noncurrent receivables | 25,153 | 5,628 |
| Notes and accounts payable | 7,627,180 | 3,896,576 |
| Payables to related parties | 1,934,031 | (1,044,863) |
| Deferred inter-company profits | (6,765) | (1,342) |
| Other financial liabilities, royalties payable, accrued expenses and other current liabilities | 4,075,147 | (822,319) |
| Other liabilities | <u>5,047</u> | <u>(2,849)</u> |
| Cash provided by operating activities | <u>19,653,498</u> | <u>9,470,229</u> |
| Cash flows from investing activities: | | |
| Decrease in available-for-sale financial assets — current, net | - | 1,060,019 |
| Proceeds from sales of long-term equity investments and available-for-sale financial assets — noncurrent | - | 100,000 |
| Increase in long-term equity investments and available-for-sale financial assets — noncurrent | - | (190,504) |
| Proceeds from disposal of property, plant and equipment and property not in use | - | 267,161 |
| Additions to property, plant and equipment | (68,569) | (110,425) |
| Increase in intangible assets | (2,621,537) | (872) |
| Decrease (increase) in loans and advances to related parties | 620,242 | (1,483,152) |
| Decrease in restricted assets — current | - | 1,958,585 |
| Increase in refundable deposits, deferred charges and other assets | <u>(2,876)</u> | <u>(29,344)</u> |
| Cash provided by investing activities | <u>(2,072,740)</u> | <u>1,571,468</u> |
| Cash flows from financing activities: | | |
| Decrease in short-term borrowings | - | (4,245,349) |
| Payment of long-term debt | - | (4,300,000) |
| Exercise of employee stock option | 2,146 | - |
| Decrease (increase) in loans from related parties | <u>(345,964)</u> | <u>1,534,160</u> |
| Cash used in financing activities | <u>(343,818)</u> | <u>(7,011,189)</u> |
| Net increase in cash and cash equivalents | 17,236,940 | 4,030,508 |
| Cash and cash equivalents at beginning of period | <u>3,292,268</u> | <u>1,333,012</u> |
| Cash and cash equivalents at end of period | <u>20,529,208</u> | <u>5,363,520</u> |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | <u>71,019</u> | <u>149,320</u> |
| Income taxes paid | <u>1,020</u> | <u>6,802</u> |
| Supplementary schedules of non-cash investing and financing activities: | | |
| Change in foreign currency translation adjustment | <u>603,055</u> | <u>(2,005,395)</u> |
| Change in unrealized gain on available-for-sale financial assets | <u>499,387</u> | <u>(1,724,929)</u> |

