

## **Review Report of Independent Certified Public Accounts**

The Board of Directors  
Acer Incorporated:

We have reviewed the consolidated balance sheets of Acer Incorporated (the “Company”) and subsidiaries as of June 30, 2009 and 2008, and the related consolidated statements of income, changes in stockholders’ equity, and cash flows for the six-month periods then ended. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Republic of China 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.

Based on our reviews, we are not aware of any material modification that should be made to the consolidated financial statements referred to in the first paragraph in order for them to be in conformity with the “Guidelines Governing the Preparation of Financial Reports by Securities Issuers” and accounting principles generally accepted in the Republic of China.

As stated in note 3 to the consolidated financial statements, effective on January 1, 2008, the Company and subsidiaries recognized, measured and disclosed employee bonuses, and directors’ and supervisors’ remuneration according to Interpretation (96) 052 issued by the Accounting Research and Development Foundation. The changes in accounting principle decreased the consolidated net income and basic earnings per share by NT\$1,035,500 thousand and NT\$0.42, respectively.

Taipei, Taiwan (the Republic of China)  
August 21, 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 AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**For the six-month period ended June 30, 2009 and 2008**  
**(Expressed in thousands of New Taiwan dollars)**  
**Unaudited**

Assets	2009.6.30 NT\$	2008.6.30 NT\$	Liabilities and Stockholders' Equity	2009.6.30 NT\$	2008.6.30 NT\$
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash and cash equivalents	43,191,429	25,144,309	Short-term borrowings	241,477	5,753,122
Notes and accounts receivable, net of allowance for doubtful accounts of NT\$1,766,579 and NT\$1,694,081 as of June 30, 2009 and 2008, respectively	98,169,000	105,115,454	Current installments of long-term debt	-	4,125,000
Notes and accounts receivables from related parties	757,402	707,880	Notes and accounts payable	73,521,660	79,578,009
Other receivables from related parties	65,464	48,453	Notes and accounts payable to related parties	8,812,986	3,506,879
Other receivables	10,153,304	6,103,181	Financial liabilities at fair value through profit or loss—current	432,768	339,986
Financial assets at fair value through profit or loss-current	87,128	127,095	Other payables to related parties	97,248	44,436
Available-for-sale financial assets-current	154,067	1,761,035	Hedging purpose derivative financial liabilities—current	1,699,078	147,281
Hedging purpose derivative financial assets-current	44,903	142,381	Royalties payable	12,610,038	10,870,448
Inventories	47,021,011	49,282,093	Accrued cash dividends	5,425,187	8,739,850
Prepaid expenses and other current assets	1,515,282	2,068,581	Accrued expenses and other current liabilities	56,868,700	44,152,795
Deferred income tax assets-current	3,294,702	1,644,977	Deferred income tax liabilities-current	660,826	1,025
Restricted deposits	99,810	160,701	<b>Total current liabilities</b>	<u>160,369,968</u>	<u>157,258,831</u>
<b>Total current assets</b>	<u>204,553,502</u>	<u>192,306,140</u>	<b>Long-term liabilities:</b>		
<b>Funds and investments</b>			Long-term debt, excluding current installments	12,371,159	8,280,484
Equity method investments	3,062,323	3,332,027	Other liabilities	931,160	1,046,949
Prepayments for long-term investments	21,987	-	Deferred income tax liabilities—noncurrent	6,367,549	5,485,552
Financial assets carried at cost	2,973,896	2,722,572	<b>Total long-term liabilities</b>	<u>19,669,868</u>	<u>14,812,985</u>
Available-for-sale financial assets—noncurrent	1,984,928	2,151,679	<b>Total liabilities</b>	<u>180,039,836</u>	<u>172,071,816</u>
<b>Total Funds and investments</b>	<u>8,043,134</u>	<u>8,206,278</u>	<b>Stockholders' equity:</b>		
<b>Property, plant and equipment:</b>			Common stock	26,429,830	24,054,904
Land	2,676,893	1,592,716	Stock dividend to distributed	426,636	690,823
Buildings and improvements	5,278,443	3,949,735	Capital surplus	38,163,250	29,846,134
Computer equipment and machinery	3,407,404	4,801,238	Retained earnings:		
Transportation equipment	108,571	109,083	Legal reserve	9,960,796	8,786,583
Office equipment	1,048,610	1,082,779	Special reserve	1,991,615	-
Leasehold improvements	868,795	746,050	Unappropriated earnings	9,635,290	8,129,469
Other equipment	1,110,504	766,405	Other stockholders' equity components:		
Construction in progress and advance payments for purchases of property and equipment	143,335	658,753	Foreign currency translation adjustment	1,901,168	692,083
	14,642,555	13,706,759	Minimum pension liability adjustment	(567)	(172,183)
Less: accumulated depreciation	(5,179,282)	(4,966,661)	Unrealized gain (loss) on available-for-sale financial assets	(601,415)	50,613
Less: accumulated impairment	(275,833)	(1,318,145)	Hedging reserve	(102,739)	19,146
<b>Net property, plant and equipment</b>	<u>9,187,440</u>	<u>7,421,953</u>	Treasury stock	(3,522,598)	(3,270,920)
<b>Intangible assets</b>	36,936,176	27,267,656	<b>Total stockholders' equity</b>	<u>84,281,266</u>	<u>68,826,652</u>
<b>Property not used in operation</b>	2,984,880	3,108,626	<b>Minority interest</b>	558,314	535,063
<b>Other financial assets</b>	775,359	955,578	<b>Total stockholders' equity and minority interest</b>	<u>84,839,580</u>	<u>69,361,715</u>
<b>Deferred charges and other assets</b>	2,398,925	2,167,300			
<b>Total assets</b>	<u>264,879,416</u>	<u>241,433,531</u>	<b>Total liabilities and stockholders' equity</b>	<u>264,879,416</u>	<u>241,433,531</u>

**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
**For the six-month periods ended June 30, 2009 and 2008**  
**(Expressed in thousands of New Taiwan dollars, except for per share data)**  
**Unaudited**

	2009 NT\$	2008 NT\$
<b>Revenues</b>	238,168,983	252,166,610
<b>Cost of revenues</b>	<u>(213,685,238)</u>	<u>(225,256,713)</u>
<b>Gross profit</b>	24,483,745	26,909,897
<b>Operating expenses:</b>		
Selling	(14,918,358)	(16,977,166)
General and administrative	(3,565,113)	(4,258,997)
Research and development	<u>(386,493)</u>	<u>(225,864)</u>
<b>Total operating expenses</b>	<u>(18,869,964)</u>	<u>(21,462,027)</u>
<b>Operating income</b>	<u>5,613,781</u>	<u>5,447,870</u>
<b>Non-operating income and gains:</b>		
Interest income	210,179	714,683
Investment gain recognized by equity method, net	167,887	302,209
Gain on disposal of property and equipment, net	-	794,342
Gain on disposal of investments, net	30,002	2,622,614
Other income	<u>139,036</u>	<u>319,138</u>
	<u>547,104</u>	<u>4,752,986</u>
<b>Non-operating expenses and loss:</b>		
Interest expense	(186,663)	(564,336)
Other investment loss	(17,300)	(129,571)
Loss on disposal of property and equipment, net	(2,231)	-
Foreign currency exchange loss and loss on valuation of financial instruments, net	(246,517)	(352,364)
Restructuring cost	-	(1,223,617)
Assets impairment loss	-	(221,930)
Other loss	<u>(126,587)</u>	<u>(357,421)</u>
	<u>(579,298)</u>	<u>(2,849,239)</u>
<b>Income from continuing operations before income taxes</b>	5,581,587	7,351,617
<b>Income tax expense</b>	<u>(1,215,567)</u>	<u>(1,591,572)</u>
<b>Income from continuing operations</b>	4,366,020	5,760,045
<b>Income from discontinued operations (net of income taxes of NT\$0)</b>	<u>-</u>	<u>99,861</u>
<b>Consolidated net income</b>	<u><b>4,366,020</b></u>	<u><b>5,859,906</b></u>
<b>Net income attributable to:</b>		
Shareholders of parent company	4,366,064	5,886,286
Minority shareholders	<u>(44)</u>	<u>(26,280)</u>
	<u><b>4,366,020</b></u>	<u><b>5,859,906</b></u>
<b>Earnings per common share (in New Taiwan dollars):</b>		
	NT\$	NT\$
Basic earnings per common share-retroactively adjusted	<u><b>1.66</b></u>	<u><b>2.39</b></u>
Diluted earnings per common share	<u><b>1.64</b></u>	<u><b>2.38</b></u>

**ACER INCORPORATED AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**For the six-month periods ended June 30, 2009 and 2008**  
**(Expressed in thousands of New Taiwan dollars)**  
**Unaudited**

	<u>Retained earnings</u>											<b>Total stockholders' equity</b>	
	<b>Common stock</b>	<b>Stock dividend to be distributed</b>	<b>Capital surplus</b>	<b>Legal reserve</b>	<b>Special reserve</b>	<b>Unappropriated earnings</b>	<b>Foreign currency translation adjustment</b>	<b>Minimum pension liability adjustment</b>	<b>Unrealized gain (loss) on available-for-sale financial assets</b>	<b>Hedging reserve</b>	<b>Treasury stock</b>		<b>Minority interest</b>
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	
<b>Balance at January 1, 2008</b>	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	-	-	-	-	-	5,886,286	-	-	-	-	-	(26,380)	5,859,906
Foreign currency translation adjustment	-	-	-	-	-	-	(2,041,816)	-	-	-	-	-	(2,041,816)
Unrealized gain on qualifying cash flow hedge	-	-	-	-	-	-	-	-	-	3,310	-	-	3,310
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)
Decrease in capital surplus resulting from long-term equity investments accounted for by the equity method	-	-	(52,849)	-	-	-	-	-	-	-	-	-	(52,849)
Unrealized gain (loss) on available-for sale financial assets	-	-	-	-	-	-	-	-	(2,458,050)	-	-	-	(2,458,050)
Minimum pension liability adjustment	-	-	-	-	-	-	-	1,181	-	-	-	-	1,181
Change in minority interest	-	-	-	-	-	-	-	-	-	-	(37,837)	-	(37,837)
<b>Balance at June 30, 2008</b>	<b><u>24,054,904</u></b>	<b><u>690,823</u></b>	<b><u>29,846,134</u></b>	<b><u>8,786,583</u></b>	<b><u>-</u></b>	<b><u>8,129,469</u></b>	<b><u>692,083</u></b>	<b><u>(172,183)</u></b>	<b><u>50,613</u></b>	<b><u>19,146</u></b>	<b><u>(3,270,920)</u></b>	<b><u>535,063</u></b>	<b><u>69,361,715</u></b>
<b>Balance at January 1, 2009</b>	26,428,560		37,129,952	8,786,583	-	13,985,318	1,241,058	(283)	(1,456,066)	(273,565)	(3,522,598)	558,656	82,877,615
2009 net income	-	-	-	-	-	4,366,064	-	-	-	-	-	44	4,366,108
Foreign currency translation adjustment	-	-	-	-	-	-	660,110	-	-	-	-	-	660,110
Unrealized gain on qualifying cash flow hedge	-	-	-	-	-	-	-	-	-	170,826	-	-	170,826
Appropriation approved by the stockholders:													
Legal reserve	-	-	-	1,174,213	-	(1,174,213)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,991,615	(1,991,615)	-	-	-	-	-	-	-
Stock dividends to shareholders	-	264,298	-	-	-	(264,298)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(5,285,966)	-	-	-	-	-	-	(5,285,966)
Employees' bonuses in stock	-	162,338	737,662	-	-	-	-	-	-	-	-	-	900,000
Increase in capital surplus resulting from long-term equity investments accounted for by the equity method	-	-	148,319	-	-	-	-	-	-	-	-	-	148,319
Unrealized gain (loss) on available-for sale financial assets	-	-	-	-	-	-	-	-	854,651	-	-	-	854,651
Minimum pension liability adjustment	-	-	-	-	-	-	-	(284)	-	-	-	-	(284)
Issuance of stock for employee stock option exercised	1,270	-	876	-	-	-	-	-	-	-	-	-	2,146
Share-based transactions	-	-	146,441	-	-	-	-	-	-	-	-	-	146,441
Change in minority interest	-	-	-	-	-	-	-	-	-	-	(386)	-	(386)
<b>Balance at June 30, 2009</b>	<b><u>26,429,830</u></b>	<b><u>426,636</u></b>	<b><u>38,163,250</u></b>	<b><u>9,960,796</u></b>	<b><u>1,991,615</u></b>	<b><u>9,635,290</u></b>	<b><u>1,901,168</u></b>	<b><u>(567)</u></b>	<b><u>(601,415)</u></b>	<b><u>(102,739)</u></b>	<b><u>(3,522,598)</u></b>	<b><u>558,314</u></b>	<b><u>84,839,580</u></b>

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the six-month periods ended June 30, 2009 and 2008**

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

**Unaudited**

	<b>2009</b>	<b>2008</b>
	<b>NT\$</b>	<b>NT\$</b>
<b>Cash flows from operating activities:</b>		
Consolidated Net income	4,366,020	5,859,906
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation	414,453	446,290
Amortization	910,528	441,770
(Gain) loss on disposal of assets, net	2,231	(794,342)
Gain on disposal of investments, net	(30,002)	(2,622,614)
Net investment gain on long-term equity investments accounted for by equity method, net of cash dividends received	(164,225)	(336,308)
Other investment loss	17,300	129,571
Assets impairment loss	-	221,930
Restructuring cost	-	1,223,617
Stock-based compensation cost	143,969	-
Deferred income tax benefit	(928,136)	(183,281)
Changes in operating assets and liabilities:		
Notes and accounts receivable	9,657,311	3,062,805
Receivables from related parties	84,062	(170,678)
Inventories	(7,041,882)	(14,190,830)
Other receivables, prepaid expenses and other current assets	34,417	1,861,232
Noncurrent receivable	51,956	5,814
Notes and accounts payable	9,156,045	(337,669)
Payables to related parties	970,050	(1,947,504)
Royalties payable, accrued expenses and other current liabilities	5,655,697	(7,098,274)
Other liabilities	<u>90,727</u>	<u>(112,373)</u>
<b>Cash provided by (used in) operating activities</b>	<u><b>23,390,521</b></u>	<u><b>(14,540,938)</b></u>
<b>Cash flows from investing activities:</b>		
Decrease in available-for-sale financial asset	450,538	1,068,330
Proceeds from sales of long-term equity investments and available-for-sale financial assets	5,110	3,018,977
Proceeds from disposal of property and equipment and property not used in operation	18,618	1,811,119
Additions to property, plant and equipment and property not used in operation	(208,853)	(315,413)
Increase in long-term equity investments	(143,846)	(94,219)
Return of capital from investees	8,791	199,666
Decrease in restricted assets	822,984	1,958,585
Acquisition of business, net of cash acquired	-	(1,727,950)
Decrease (increase) in advances to related parties	(20,291)	10,950
Increase in intangible assets and other assets	<u>(3,004,527)</u>	<u>(73,301)</u>
<b>Cash provided by investing activities</b>	<u><b>(2,071,476)</b></u>	<u><b>5,856,744</b></u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(845,374)	381,013
Payment of long-term debt	(13,761)	(4,402,758)
Exercise of employee stock option	<u>2,146</u>	<u>-</u>
<b>Cash used in financing activities</b>	<u><b>(856,989)</b></u>	<u><b>(4,021,745)</b></u>
<b>Net decrease (increase) in cash and cash equivalents</b>	20,462,056	(12,705,939)
<b>Effects of exchange rate changes</b>	587,648	(95,091)
<b>Cash and cash equivalents at beginning of period</b>	<u>22,141,725</u>	<u>37,945,339</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>43,191,429</b></u>	<u><b>25,144,309</b></u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	<u><b>193,060</b></u>	<u><b>619,504</b></u>
Income taxes paid	<u><b>1,541,130</b></u>	<u><b>1,786,612</b></u>
<b>Supplementary disclosures of non-cash investing and financing activities:</b>		
Accrued cash dividends	<u><b>5,425,187</b></u>	<u><b>8,739,850</b></u>
Accrued employees' bonuses and director's and supervisors' remuneration	<u><b>-</b></u>	<u><b>662,570</b></u>
<b>Cash acquired from acquisition of Packard Bell B.V.:</b>		
Cash consideration		3,263,840
Liabilities assumed		10,799,443
Non-cash assets acquired		(11,391,507)
Goodwill		<u><b>(1,135,886)</b></u>
		<u><b>1,535,890</b></u>

