

Independent Auditors' Review Report

The Board of Directors
Acer Incorporated:

We have reviewed the non-consolidated balance sheets of Acer Incorporated as of September 30, 2012 and 2011, and the related statements of income, changes in stockholders' equity, and cash flows for the nine-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 "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 auditing standards generally accepted in the Republic of China, 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 method investments of NT\$74,728,253 thousand, deferred inter-company profits of NT\$102,939 thousand and foreign currency translation adjustment of NT\$(2,274,044) thousand as of September 30, 2011, and related net investment loss of NT\$243,477 thousand and change in unrealized inter-company profits of NT\$4,193 thousand for the nine-month period ended September 30, 2011, were accounted for using 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 adjustment, if any, as might have been determined to be necessary had the investee companies' financial statements as of September 30, 2011 and for the nine-month period then ended as discussed in the preceding paragraph been reviewed, 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 the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

We have also reviewed the consolidated financial statements of Acer incorporated and subsidiaries as of and for the nine-month period ended September 30, 2012, prepared by the Company. Based on our review, we issued an unqualified review report related to the consolidated financial statements as of and for the nine-month period ended September 30, 2012.

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
September 30, 2012 and 2011
(Expressed in thousands of New Taiwan dollars)
Reviewed, Not Audited

Assets	<u>2012.9.30</u> NT\$	<u>2011.9.30</u> NT\$	Liabilities and Stockholders' Equity	<u>2012.9.30</u> NT\$	<u>2011.9.30</u> NT\$
Current assets:			Current liabilities:		
Cash and cash equivalents	7,003,639	15,039,337	Financial liabilities at fair value through profit or loss—current	274,808	5,424
Available-for-sale financial assets—current	81,114	55,465	Hedging purpose derivative financial liabilities—current	998,381	-
Financial assets at fair value through profit or loss—current	-	230,896	Notes and accounts payable	58,156,998	45,228,733
Hedging purpose derivative financial assets—current	22,943	181,082	Notes and accounts payable to related parties	235,976	3,342,385
Notes and accounts receivable, net of allowance for doubtful accounts of NT\$68,678 and NT\$68,385 as of September 30, 2012 and 2011, respectively	9,233,347	8,736,205	Other payables to related parties	387,774	1,375,285
Notes and accounts receivables from related parties	39,885,396	46,244,968	Royalties payable	6,963,958	8,639,262
Other receivables	1,237,889	2,325,489	Accrued expenses and other current liabilities	13,311,973	17,243,738
Other receivables from related parties	937,637	31,513	Current portion of bonds payable	4,901,648	-
Inventories	20,070,037	10,697,369	Current portion of long-term debt	-	9,150,000
Prepayments and other current assets	611,605	783,752	Deferred inter-company profits	115,260	102,939
Deferred income tax assets—current	793,457	976,490	Total current liabilities	<u>85,346,776</u>	<u>85,087,766</u>
Total current assets	<u>79,877,064</u>	<u>85,302,566</u>	Long-term liabilities:		
Long-term investments:			Financial liabilities at fair value through profit or loss—noncurrent	650,246	1,261,445
Investments accounted for using equity method	82,365,760	77,223,393	Bonds payable	4,079,037	14,053,358
Available-for-sale financial assets—noncurrent	2,477,062	931,507	Long-term debt, excluding current portion	9,000,000	-
Financial assets carried at cost—noncurrent	452,852	606,541	Other liabilities	108,922	48,057
Total long-term investments	<u>85,295,674</u>	<u>78,761,441</u>	Deferred income tax liabilities—noncurrent	1,925,925	1,978,546
Property, plant and equipment:			Total long-term liabilities	<u>15,764,130</u>	<u>17,341,406</u>
Land	734,207	734,207	Total liabilities	<u>101,110,906</u>	<u>102,429,172</u>
Buildings and improvements	1,184,211	1,168,001	Stockholders' equity:		
Computer equipment and machinery	746,672	650,690	Common stock	28,347,268	27,036,055
Other equipment	204,072	1,808,429	Common stock subscribed	-	94,661
Construction in progress and advance payments for purchases of equipment	-	10,555	Capital surplus	44,039,553	40,065,421
	2,869,162	4,371,882	Retained earnings:		
Less: accumulated depreciation	(1,020,153)	(1,414,553)	Legal reserve	12,607,933	12,607,933
Less: accumulated impairment	(236,380)	(236,380)	Special reserve	6,126,774	4,659,275
Net property, plant and equipment	<u>1,612,629</u>	<u>2,720,949</u>	Unappropriated earnings	769,690	1,687,572
Intangible assets:			Other equity components:		
Trademark	7,380,201	7,409,294	Foreign currency translation adjustment	(5,461,344)	(2,274,044)
Other intangible assets	828,226	976,044	Minimum pension liability adjustment	(12,429)	(18,185)
Total intangible assets	<u>8,208,427</u>	<u>8,385,338</u>	Unrealized loss on financial instruments	(1,265,654)	(436,354)
Property not used in operation	3,146,691	3,424,431	Treasury stock	(6,662,028)	(6,390,846)
Refundable deposits	170,577	179,059	Total stockholders' equity	<u>78,489,763</u>	<u>77,031,488</u>
Noncurrent receivables	638,263	57,862	Commitments and contingencies		
Deferred charges and other assets	651,344	629,014			
Total assets	<u>179,600,669</u>	<u>179,460,660</u>	Total liabilities and stockholders' equity	<u>179,600,669</u>	<u>179,460,660</u>

ACER INCORPORATED

Non-Consolidated Statements of Income

For the nine-month periods ended September 30, 2012 and 2011

(Expressed in thousands of New Taiwan dollars, except for earnings per share data)

Reviewed, Not Audited

	<u>2012</u> NT\$	<u>2011</u> NT\$
Net Sales	280,587,962	299,798,044
Cost of sales	<u>(273,996,854)</u>	<u>(294,547,805)</u>
Gross profit	6,591,108	5,250,239
Changes in unrealized inter-company profits	<u>(58,857)</u>	<u>(4,193)</u>
Realized gross profit	<u>6,532,251</u>	<u>5,246,046</u>
Operating expenses:		
Selling	(3,472,248)	(3,193,413)
Administrative	(565,901)	(637,733)
Research and development	<u>(1,140,921)</u>	<u>(883,332)</u>
Total operating expenses	<u>(5,179,070)</u>	<u>(4,714,478)</u>
Operating income	<u>1,353,181</u>	<u>531,568</u>
Non-operating income and gains:		
Interest income	27,951	58,191
Foreign currency exchange gain and valuation gain on financial instruments, net	-	186,691
Gain on disposal of investments, net	-	274,042
Other income	<u>227,068</u>	<u>215,725</u>
	<u>255,019</u>	<u>734,649</u>
Non-operating expenses and losses:		
Interest expense	(453,842)	(532,682)
Investment loss recognized using equity method, net	(109,445)	(8,257,342)
Foreign currency exchange loss and valuation loss on financial instruments, net	(374,558)	-
Other losses	<u>(155)</u>	<u>-</u>
	<u>(938,000)</u>	<u>(8,790,024)</u>
Income (loss) before income taxes	670,200	(7,523,807)
Income tax benefit (expense)	<u>(215,071)</u>	<u>827,351</u>
Net income (loss)	<u>455,129</u>	<u>(6,696,456)</u>

	Before	After	Before	After
	income	income	income	income
Earnings per common share (in New Taiwan dollars):	<u>tax</u>	<u>tax</u>	<u>tax</u>	<u>tax</u>
	NT\$	NT\$	NT\$	NT\$
Basic earnings per common share	<u>0.25</u>	<u>0.17</u>	<u>(2.86)</u>	<u>(2.55)</u>
Diluted earnings per common share	<u>0.25</u>	<u>0.17</u>	<u>(2.86)</u>	<u>(2.55)</u>

ACER INCORPORATED

Non-Consolidated Statements of Changes in Stockholders' Equity

For the nine-month periods ended September 30, 2012 and 2011

(Expressed in thousands of New Taiwan dollars)

Reviewed, Not Audited

	<u>Retained earnings</u>						Foreign currency translation adjustment	Minimum pension liability adjustment	Unrealized gain (loss) on financial instruments	Treasury stock	Total stockholders' equity
	Common stock	Common stock subscribed	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings					
Balance at January 1, 2011	27,001,793	21,656	39,578,915	11,096,134	-	24,233,146	(5,095,919)	(23,957)	460,600	(3,522,598)	93,749,770
Appropriation approved by the stockholders (note):											
Legal reserve	-	-	-	1,511,799	-	(1,511,799)	-	-	-	-	-
Special reserve	-	-	-	-	4,659,275	(4,659,275)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,678,044)	-	-	-	-	(9,678,044)
Common stock subscribed under option plans	34,262	73,005	49,624	-	-	-	-	-	-	-	156,891
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(2,868,248)	(2,868,248)
Cash dividends distributed to subsidiaries	-	-	140,358	-	-	-	-	-	-	-	140,358
Stock-based compensation cost	-	-	321,953	-	-	-	-	-	-	-	321,953
Unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(1,068,478)	-	(1,068,478)
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	29,274	-	29,274
Minimum pension liability adjustment	-	-	-	-	-	-	-	5,772	-	-	5,772
Foreign currency translation adjustment	-	-	-	-	-	-	2,821,875	-	-	-	2,821,875
Adjustments from investments accounted for using equity method	-	-	(25,429)	-	-	-	-	-	142,250	-	116,821
2011 net loss	-	-	-	-	-	(6,696,456)	-	-	-	-	(6,696,456)
Balance at September 30, 2011	27,036,055	94,661	40,065,421	12,607,933	4,659,275	1,687,572	(2,274,044)	(18,185)	(436,354)	(6,390,846)	77,031,488
Balance at January 1, 2012	27,098,915	-	40,219,518	12,607,933	4,659,275	1,782,060	(3,580,136)	(16,993)	(630,621)	(6,390,846)	75,749,105
Appropriation approved by the stockholders:											
Special reserve	-	-	-	-	1,467,499	(1,467,499)	-	-	-	-	-
Issuance of common shares for acquisition of a subsidiary	1,221,782	-	3,686,118	-	-	-	-	-	-	-	4,907,900
Common stock subscribed under option plans	26,571	-	74,309	-	-	-	-	-	-	-	100,880
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(271,182)	(271,182)
Stock-based compensation cost	-	-	163,650	-	-	-	-	-	-	-	163,650
Unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	377,378	-	377,378
Effective portion of changes in fair value of cash flow hedge	-	-	-	-	-	-	-	-	(1,095,646)	-	(1,095,646)
Minimum pension liability adjustment	-	-	-	-	-	-	-	4,564	-	-	4,564
Foreign currency translation adjustment	-	-	-	-	-	-	(1,881,208)	-	-	-	(1,881,208)
Adjustments from investments accounted for using equity method	-	-	(104,042)	-	-	-	-	-	83,235	-	(20,807)
2012 net income	-	-	-	-	-	455,129	-	-	-	-	455,129
Balance at September 30, 2012	28,347,268	-	44,039,553	12,607,933	6,126,774	769,690	(5,461,344)	(12,429)	(1,265,654)	(6,662,028)	78,489,763

Note: Directors' and supervisors' remuneration of \$89,469 and employee bonuses of \$1,500,000 have been deducted in the 2010 net income.

ACER INCORPORATED

Non-Consolidated Statements of Cash Flows

For the nine-month periods ended September 30, 2012 and 2011

(Expressed in thousands of New Taiwan dollars)

Reviewed, Not Audited

	<u>2012</u> NT\$	<u>2011</u> NT\$
Cash flows from operating activities:		
Net income (loss)	455,129	(6,696,456)
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Depreciation	193,813	155,525
Amortization	308,562	401,225
Stock-based compensation cost	163,650	320,152
Valuation loss (gain) on financial assets and liabilities	595,377	(796,684)
Investments loss (gain) recognized using equity method, net	(705,912)	7,606,839
Cash dividends received from equity method investments	469,649	909,636
Gain on disposal of investments, net	-	(274,042)
Amortization of bonds payable discount and transaction cost	300,759	314,914
Unrealized exchange loss (gain) on bonds payable	(359,631)	634,557
Gain on redemption of bonds payable	(88,105)	-
Gain on disposal of property and equipment, net	(38,033)	(1,584)
Other investment gain	-	(11,751)
Deferred income tax benefit	(87,016)	(1,908,364)
Changes in operating assets and liabilities:		
Notes and accounts receivable	(1,375,414)	128,332
Receivables from related parties	3,582,046	2,287,747
Inventories	(4,560,807)	7,682,056
Other receivables, prepayments and other current assets	1,385,232	(720,184)
Noncurrent receivables	23,538	24,398
Notes and accounts payable	(4,512,702)	(17,639,445)
Payables to related parties	(6,592,637)	(3,420,745)
Royalties payable, accrued expenses and other current liabilities	(2,766,895)	2,035,680
Deferred inter-company profits	58,857	4,193
Other liabilities	(814)	3,950
Cash used in operating activities	<u>(13,551,354)</u>	<u>(8,960,051)</u>
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	572,403
Proceeds from disposal of equity method investments	-	15,379
Increase in long-term investments	(4,770,020)	(1,269,200)
Proceeds from capital return and liquidation of investees	212,283	381,317
Additions to property, plant and equipment	(34,467)	(47,860)
Proceeds from disposal of property, plant and equipment and property not used in operation	214,503	18,716
Decrease (increase) in loans and advances to related parties	(382,618)	1,904,472
Additions to intangible assets	(40,984)	(40,701)
Decrease (increase) in refundable deposits, deferred charges and other assets	40,383	(169,780)
Cash provided by (used in) investing activities	<u>(4,760,920)</u>	<u>1,364,746</u>
Cash flows from financing activities:		
Repayment of long-term debt	-	(3,050,000)
Redemption of bonds payable	(5,283,113)	-
Increase in loans from related parties	-	671,132
Distribution of cash dividends	-	(9,678,044)
Proceeds from exercise of employee stock option	100,880	156,891
Purchase of treasury stock	(271,182)	(2,868,248)
Cash used in financing activities	<u>(5,453,415)</u>	<u>(14,768,269)</u>
Net decrease in cash and cash equivalents	(23,765,689)	(22,363,574)
Cash and cash equivalents at beginning of period	<u>30,769,328</u>	<u>37,402,911</u>
Cash and cash equivalents at end of period	<u>7,003,639</u>	<u>15,039,337</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>153,474</u>	<u>220,542</u>
Income taxes paid	<u>123,415</u>	<u>556,269</u>
Supplementary disclosures of non-cash investing and financing activities:		
Current portion of long-term debt	<u>-</u>	<u>9,150,000</u>
Current portion of bonds payable	<u>4,901,648</u>	<u>-</u>
Change in unrealized valuation loss on financial instruments	<u>635,033</u>	<u>896,954</u>
Change in foreign currency translation adjustment	<u>(1,881,208)</u>	<u>2,821,875</u>
Increase in long-term investments	9,677,920	-
Less: Issuance of common shares	(4,907,900)	-
Cash paid	<u>4,770,020</u>	<u>-</u>