

Independent Auditors' Review Report

The Board of Directors
Acer Incorporated:

We have reviewed the accompanying consolidated balance sheets of Acer Incorporated (the "Company") and subsidiaries as of March 31, 2013, December 31, 2012, March 31, 2012, and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three-month periods ended March 31, 2013 and March 31, 2012. 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 review.

We conducted our review 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 consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Base on our review, 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 the International Accounting Standards 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission.

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

March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

Assets	2013.3.31	2012.12.31	2012.3.31	2012.1.1
Current assets:				
Cash and cash equivalents	\$ 47,373,516	50,612,564	60,097,596	58,092,581
Financial assets at fair value through profit or loss	70,481	25,415	120,866	305,903
Hedging purpose derivative financial assets	504,677	192,461	111,732	804,532
Available-for-sale financial assets – current	116,617	169,017	137,220	109,721
Trade and notes receivable, net	66,936,448	68,432,653	77,111,017	83,611,166
Trade receivables from related parties	46,441	41,283	180,823	88,625
Other receivables	3,657,217	2,656,237	3,416,180	3,759,095
Other receivables from related parties	17	17	6,230	15,359
Current tax assets	1,195,973	1,137,101	1,528,332	1,457,924
Inventories	39,856,555	43,336,949	43,403,552	39,993,644
Non-current assets held for sale	-	-	-	1,827,855
Other current assets	<u>2,713,396</u>	<u>2,425,716</u>	<u>2,987,363</u>	<u>3,550,077</u>
Total current assets	<u>162,471,338</u>	<u>169,029,413</u>	<u>189,100,911</u>	<u>193,616,482</u>
Non-current assets:				
Investments in associates	195,357	189,837	1,892,543	1,842,485
Available-for-sale financial assets – noncurrent	3,344,581	3,353,089	2,009,386	1,970,392
Property, plant and equipment	6,583,798	6,348,237	6,780,947	6,716,374
Investment property	1,761,139	2,540,396	2,711,145	2,853,476
Intangible assets	39,535,035	39,134,920	44,435,890	35,401,551
Deferred income tax assets	3,286,155	3,324,956	2,542,020	2,906,919
Other non-current assets	<u>2,262,861</u>	<u>2,395,300</u>	<u>3,380,895</u>	<u>2,507,488</u>
Total non-current assets	<u>56,968,926</u>	<u>57,286,735</u>	<u>63,752,826</u>	<u>54,198,685</u>
Total assets	\$ <u>219,440,264</u>	<u>226,316,148</u>	<u>252,853,737</u>	<u>247,815,167</u>

(Continued)

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

Liabilities and Equity	2013.3.31	2012.12.31	2012.3.31	2012.1.1
Current liabilities:				
Short-term borrowings	\$ 1,411,262	349,974	108,514	358,120
Financial liabilities at fair value through profit or loss	181,980	411,313	270,728	56,212
Hedging purpose derivative financial liabilities	228,310	1,149,400	580,502	179,685
Trade and notes payable	62,868,517	71,638,728	79,806,340	77,096,776
Trade payables to related parties	-	-	3,692,440	7,256,885
Other payables	38,714,930	39,934,153	44,654,076	43,593,577
Other payables to related parties	10,503	1,914	108,572	184,975
Provisions – current	10,134,213	10,930,479	9,386,983	10,042,398
Current tax liabilities	2,102,658	2,326,966	2,334,245	2,589,758
Current portion of bonds payable	4,941,395	4,783,589	-	-
Current portion of long-term debt	-	9,000,000	-	-
Other current liabilities	<u>3,548,793</u>	<u>2,232,140</u>	<u>4,408,755</u>	<u>4,282,274</u>
Total current liabilities	<u>124,142,561</u>	<u>142,758,656</u>	<u>145,351,155</u>	<u>145,640,660</u>
Non-current liabilities:				
Bonds payable	4,107,661	3,948,504	13,343,295	13,548,703
Long-term debt, excluding current portion	9,000,000	-	9,000,000	9,000,000
Financial liabilities at fair value through profit or loss – noncurrent	667,905	653,583	1,258,929	1,216,586
Provisions – noncurrent	215,791	262,386	234,266	243,126
Deferred income tax liabilities	3,123,311	3,086,843	3,615,495	2,043,911
Other non-current liabilities	<u>1,487,426</u>	<u>1,402,156</u>	<u>1,209,483</u>	<u>1,103,032</u>
Total non-current liabilities	<u>18,602,094</u>	<u>9,353,472</u>	<u>28,661,468</u>	<u>27,155,358</u>
Total liabilities	<u>142,744,655</u>	<u>152,112,128</u>	<u>174,012,623</u>	<u>172,796,018</u>
Equity:				
Common stock	28,347,268	28,347,268	28,320,697	27,098,915
Common stock subscription	-	-	72,494	-
Capital surplus	43,435,754	43,403,533	43,403,912	39,924,024
Retained earnings:				
Legal reserve	12,607,933	12,607,933	12,607,933	12,607,933
Special reserve	6,126,774	6,126,774	4,659,275	4,659,275
Accumulated deficit	(6,180,553)	(6,706,640)	(2,409,782)	(2,697,535)
Other reserves	(1,589,599)	(3,522,896)	(2,032,615)	(792,767)
Treasury stock	<u>(6,054,286)</u>	<u>(6,054,286)</u>	<u>(5,783,104)</u>	<u>(5,783,104)</u>
Equity attributable to owners of the Company	<u>76,693,291</u>	<u>74,201,686</u>	<u>78,838,810</u>	<u>75,016,741</u>
Non-controlling interests	<u>2,318</u>	<u>2,334</u>	<u>2,304</u>	<u>2,408</u>
Total equity	<u>76,695,609</u>	<u>74,204,020</u>	<u>78,841,114</u>	<u>75,019,149</u>
Total liabilities and equity	\$ <u>219,440,264</u>	<u>226,316,148</u>	<u>252,853,737</u>	<u>247,815,167</u>

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three-month periods ended March 31, 2013 and 2012
(in thousands of New Taiwan dollars, except earnings per share data)
Reviewed, Not Audited

	2013	2012
Revenue	\$ 91,972,997	113,064,477
Cost of sales	<u>84,140,660</u>	<u>104,596,259</u>
Gross profit	<u>7,832,337</u>	<u>8,468,218</u>
Operating expenses:		
Selling expenses	5,631,752	6,327,073
Administrative expenses	1,369,566	1,400,498
Research and development expenses	747,382	633,671
Other expenses	90,016	-
	<u>7,838,716</u>	<u>8,361,242</u>
Other operating income and loss – net	<u>35,092</u>	<u>175,420</u>
Operating income	<u>28,713</u>	<u>282,396</u>
Non-operating income and loss:		
Other income	77,641	128,696
Other non-operating income and loss – net	533,441	357,578
Finance cost	(192,792)	(243,150)
Share of gains of associates	2,994	42,673
	<u>421,284</u>	<u>285,797</u>
Earnings before taxes	449,997	568,193
Income taxes	<u>64,573</u>	<u>(280,455)</u>
Net earnings	<u>514,570</u>	<u>287,738</u>
Other comprehensive income (loss):		
Foreign currency translation differences	1,388,850	(1,004,604)
Change in fair value of available-for-sale financial assets	13,737	179,632
Change in fair value of cash flow hedges	558,344	(415,158)
Actuarial gain from defined benefit plans	24,504	-
Income taxes	<u>(40,637)</u>	<u>193</u>
Other comprehensive income (loss) for the period, net of tax	<u>1,944,798</u>	<u>(1,239,937)</u>
Total comprehensive income (loss) for the period	<u>\$ 2,459,368</u>	<u>(952,199)</u>
Earnings attributable to:		
Shareholders of the Company	\$ 514,551	287,753
Non-controlling interests	<u>19</u>	<u>(15)</u>
	<u>\$ 514,570</u>	<u>287,738</u>
Total comprehensive income (loss) attributable to:		
Shareholders of the Company	\$ 2,459,384	(952,095)
Non-controlling interests	<u>(16)</u>	<u>(104)</u>
	<u>\$ 2,459,368</u>	<u>(952,199)</u>
Earnings per common share (in New Taiwan dollars):		
Basic earnings per common share	\$ <u>0.19</u>	<u>0.11</u>
Diluted earnings per common share	<u>0.11</u>	<u>0.11</u>

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2013 and 2012

(Expressed in thousands of New Taiwan dollars)

Reviewed, Not Audited

	Attributable to shareholders of the Company															
	Common Stocks			Retained earnings					Other reserves				Treasury stock	Total equity of the Company	Non-controlling interests	Total equity
	Common stock	Common stock subscription	Total	Capital surplus	Legal reserve	Special reserve	Accumulated deficit	Total	Foreign currency translation differences	Change in fair value of available-for-sale financial assets	Change in fair value of cash flow hedges	Total				
Balance at January 1, 2012	\$ 27,098,915	-	27,098,915	39,924,024	12,607,933	4,659,275	(2,697,535)	14,569,673	(189,094)	(838,615)	234,942	(792,767)	(5,783,104)	75,016,741	2,408	75,019,149
Issuance of common shares for acquisition of a subsidiary	1,221,782	-	1,221,782	3,420,991	-	-	-	-	-	-	-	-	-	4,642,773	-	4,642,773
Stock subscription under employee share option plans	-	72,494	72,494	-	-	-	-	-	-	-	-	-	-	72,494	-	72,494
Other changes in capital surplus:																
Share-based compensation cost	-	-	-	54,550	-	-	-	-	-	-	-	-	-	54,550	-	54,550
Adjustments from investments in associates	-	-	-	4,347	-	-	-	-	-	-	-	-	-	4,347	-	4,347
Net earnings for the period	-	-	-	-	-	-	287,753	287,753	-	-	-	-	-	287,753	(15)	287,738
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	(1,004,322)	179,632	(415,158)	(1,239,848)	-	(1,239,848)	(89)	(1,239,937)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	287,753	287,753	(1,004,322)	179,632	(415,158)	(1,239,848)	-	(952,095)	(104)	(952,199)
Balance at March 31, 2012	\$ 28,320,697	72,494	28,393,191	43,403,912	12,607,933	4,659,275	(2,409,782)	14,857,426	(1,193,416)	(658,983)	(180,216)	(2,032,615)	(5,783,104)	78,838,810	2,304	78,841,114
Balance at January 1, 2013	\$ 28,347,268	-	28,347,268	43,403,533	12,607,933	6,126,774	(6,706,640)	12,028,067	(2,230,965)	(889,498)	(402,433)	(3,522,896)	(6,054,286)	74,201,686	2,334	74,204,020
Other changes in capital surplus:																
Share-based compensation cost	-	-	-	32,221	-	-	-	-	-	-	-	-	-	32,221	-	32,221
Net earnings for the period	-	-	-	-	-	-	514,551	514,551	-	-	-	-	-	514,551	19	514,570
Other comprehensive income (loss) for the period	-	-	-	-	-	-	11,536	11,536	1,388,458	13,737	531,102	1,933,297	-	1,944,833	(35)	1,944,798
Total comprehensive income (loss) for the period	-	-	-	-	-	-	526,087	526,087	1,388,458	13,737	531,102	1,933,297	-	2,459,384	(16)	2,459,368
Balance at March 31, 2013	\$ 28,347,268	-	28,347,268	43,435,754	12,607,933	6,126,774	(6,180,553)	12,554,154	(842,507)	(875,761)	128,669	(1,589,599)	(6,054,286)	76,693,291	2,318	76,695,609

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2013 and 2012

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

	2013	2012
Cash flows from operating activities:		
Earnings before taxes	\$ 449,997	568,193
Adjustments for:		
Non-cash profit and loss:		
Depreciation	232,743	213,872
Amortization	499,118	801,563
Share-based compensation cost	102,236	54,550
Valuation loss (gain) on derivative financial assets and liabilities	(935,037)	1,120,433
Interest expense	192,792	243,150
Interest income	(77,641)	(128,696)
Effects of exchange rate changes on bonds payable	223,637	(341,633)
Share of gains of associates	(2,994)	(42,673)
Gain on disposal of property, equipment and investment property, net	(75,081)	(632,265)
Gain on disposal of available-for-sale financial assets	(187,208)	-
Deferred income taxes	40,325	153,290
Total non-cash profit and loss	<u>12,890</u>	<u>1,441,591</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Trade and notes receivable	1,496,205	6,500,149
Receivables from related parties	(5,158)	(92,198)
Inventories	3,474,942	(3,428,808)
Other receivables and other current assets	(1,288,346)	930,713
Non-current trade receivables	7,191	8,188
Net changes in operating assets	<u>3,684,834</u>	<u>3,918,044</u>
Net changes in operating liabilities:		
Trade and notes payable	(8,770,211)	2,709,564
Payables to related parties	8,589	(3,640,848)
Other payables and other current liabilities	110,070	1,035,368
Provisions	(842,861)	(664,275)
Other non-current liabilities	85,270	41,742
Net changes in operating liabilities	<u>(9,409,143)</u>	<u>(518,449)</u>
Total changes in operating assets and liabilities	<u>(5,724,309)</u>	<u>3,399,595</u>
Cash provided by (used in) operations	(5,261,422)	5,409,379
Interest received	77,327	127,735
Interest paid	(108,582)	(108,578)
Income taxes paid	<u>(388,076)</u>	<u>(604,803)</u>
Net cash provided by (used in) operating activities	<u>(5,680,753)</u>	<u>4,823,733</u>

(Continued)

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

**For the three-month periods ended March 31, 2013 and 2012
(in thousands of New Taiwan dollars)
Reviewed, Not Audited**

	2013	2012
Cash flows from investing activities:		
Proceeds from sale of available-for-sale financial assets	232,548	-
Proceeds from capital reduction of available-for-sale financial assets	36,275	69,551
Additions to property, plant and equipment	(57,240)	(279,340)
Proceeds from disposal of property, plant and equipment, non-current assets held for sale, and investment property	478,770	2,583,901
Decrease in advances to related parties	-	27,843
Additions to intangible assets	(73,272)	(103,679)
Acquisition of a subsidiary, net of cash acquired	-	(4,464,660)
Decrease (increase) in other non-current assets	<u>15,537</u>	<u>(143,705)</u>
Net cash provided by (used in) investing activities	<u>632,618</u>	<u>(2,310,089)</u>
Cash flows from financing activities:		
Decrease (increase) in short-term borrowings	1,061,288	(249,606)
Proceeds from exercise of employee stock option	-	72,494
Net cash provided by (used in) financing activities	<u>1,061,288</u>	<u>(177,112)</u>
Effects of foreign exchange rate changes	747,799	(331,517)
Net increase (decrease) in cash and cash equivalents	(3,239,048)	2,005,015
Cash and cash equivalents at beginning of period	<u>50,612,564</u>	<u>58,092,581</u>
Cash and cash equivalents at end of period	<u>\$ 47,373,516</u>	<u>60,097,596</u>