

## 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 June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the related consolidated statements of comprehensive income for the three-month periods ended June 30, 2013 and 2012, and for the six-month periods ended June 30, 2013 and 2012, and changes in equity and cash flows for the six-month periods ended June 30, 2013 and 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," the International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards" and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission.

KPMG  
August 7, 2013

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**

**June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012**

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

**Reviewed, Not Audited**

<b>Assets</b>	<b>2013.6.30</b>	<b>2012.12.31</b>	<b>2012.6.30</b>	<b>2012.1.1</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 52,046,266	50,612,564	44,928,124	58,092,581
Financial assets at fair value through profit or loss – current	454,407	25,415	532,202	305,903
Hedging purpose derivative financial assets – current	632,751	192,461	915,458	804,532
Available-for-sale financial assets – current	107,761	169,017	107,205	109,721
Trade receivables from related parties	26,937	41,283	58,349	88,625
Trade and notes receivable, net	66,477,907	68,742,900	89,484,350	84,856,736
Other receivables	2,482,403	2,345,990	2,016,844	2,513,525
Other receivables from related parties	17	17	265	15,359
Current tax assets	1,257,928	1,137,101	1,057,706	1,457,924
Inventories	50,110,686	43,336,949	49,423,759	39,993,644
Non-current assets held for sale	-	-	-	1,827,855
Other current assets	<u>3,011,020</u>	<u>2,425,716</u>	<u>2,732,869</u>	<u>3,550,077</u>
<b>Total current assets</b>	<b><u>176,608,083</u></b>	<b><u>169,029,413</u></b>	<b><u>191,257,131</u></b>	<b><u>193,616,482</u></b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit or loss – noncurrent	1,200	-	-	-
Available-for-sale financial assets – noncurrent	3,077,364	3,353,089	3,893,592	1,970,392
Investments in associates	179,024	189,837	264,868	1,842,485
Property, plant and equipment	6,477,712	6,348,237	6,615,400	6,716,374
Investment property	1,652,164	2,540,396	2,659,551	2,853,476
Intangible assets	39,464,926	39,134,920	44,187,239	35,401,551
Deferred income tax assets	3,476,569	3,324,956	3,420,681	2,906,919
Other non-current assets	<u>2,178,597</u>	<u>2,395,300</u>	<u>3,382,192</u>	<u>2,507,488</u>
<b>Total non-current assets</b>	<b><u>56,507,556</u></b>	<b><u>57,286,735</u></b>	<b><u>64,423,523</u></b>	<b><u>54,198,685</u></b>
<b>Total assets</b>	<b>\$ <u>233,115,639</u></b>	<b><u>226,316,148</u></b>	<b><u>255,680,654</u></b>	<b><u>247,815,167</u></b>

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012**

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

**Reviewed, Not Audited**

<b>Liabilities and Equity</b>	<b>2013.6.30</b>	<b>2012.12.31</b>	<b>2012.6.30</b>	<b>2012.1.1</b>
<b>Current liabilities:</b>				
Short-term borrowings	\$ 70,000	349,974	-	358,120
Financial liabilities at fair value through profit or loss – current	213,006	411,313	51,157	56,212
Hedging purpose derivative financial liabilities – current	66,481	1,149,400	439,948	179,685
Trade and notes payable	69,631,402	71,638,728	86,319,967	77,096,776
Trade payables to related parties	-	-	199	7,256,885
Other payables to related parties	14	1,914	1,731	184,975
Other payables	41,907,998	39,934,153	45,147,360	43,593,577
Provisions – current	10,016,542	11,000,810	9,639,584	10,042,398
Current tax liabilities	1,730,149	2,326,966	2,826,056	2,589,758
Current portion of bonds payable	5,018,694	4,783,589	-	-
Current portion of long-term debt	-	9,000,000	-	-
Other current liabilities	<u>3,261,908</u>	<u>2,232,140</u>	<u>4,669,402</u>	<u>4,282,274</u>
<b>Total current liabilities</b>	<u>131,916,194</u>	<u>142,828,987</u>	<u>149,095,404</u>	<u>145,640,660</u>
<b>Non-current liabilities:</b>				
Bonds payable	9,953,432	3,948,504	11,716,223	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	713,859	653,583	1,050,752	1,216,586
Provisions – noncurrent	120,142	192,055	197,014	243,126
Deferred income tax liabilities	3,119,278	3,086,843	4,131,028	2,043,911
Other non-current liabilities	<u>1,561,502</u>	<u>1,402,156</u>	<u>1,214,605</u>	<u>1,103,032</u>
<b>Total non-current liabilities</b>	<u>24,468,213</u>	<u>9,283,141</u>	<u>27,309,622</u>	<u>27,155,358</u>
<b>Total liabilities</b>	<u>156,384,407</u>	<u>152,112,128</u>	<u>176,405,026</u>	<u>172,796,018</u>
<b>Equity:</b>				
Common stock	28,347,268	28,347,268	28,347,268	27,098,915
Capital surplus	43,707,727	43,403,533	43,399,194	39,924,024
Retained earnings:				
Legal reserve	10,012,168	12,607,933	12,607,933	12,607,933
Special reserve	6,126,774	6,126,774	6,126,774	4,659,275
Accumulated deficit	(3,927,618)	(6,706,640)	(3,323,824)	(2,697,535)
Other reserves	(1,483,013)	(3,522,896)	(2,100,767)	(792,767)
Treasury stock	<u>(6,054,286)</u>	<u>(6,054,286)</u>	<u>(5,783,104)</u>	<u>(5,783,104)</u>
<b>Equity attributable to owners of the Company</b>	<u>76,729,020</u>	<u>74,201,686</u>	<u>79,273,474</u>	<u>75,016,741</u>
<b>Non-controlling interests</b>	<u>2,212</u>	<u>2,334</u>	<u>2,154</u>	<u>2,408</u>
<b>Total equity</b>	<u>76,731,232</u>	<u>74,204,020</u>	<u>79,275,628</u>	<u>75,019,149</u>
<b>Total liabilities and equity</b>	<u>\$ 233,115,639</u>	<u>226,316,148</u>	<u>255,680,654</u>	<u>247,815,167</u>

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the period from April 1, 2013 to June 30, 2013 and from April 1, 2012 to June 30, 2012, and  
for the six-month periods ended June 30, 2013 and 2012

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

Reviewed, Not Audited

	April 1, 2013 ~ June 30, 2013	April 1, 2012 ~ June 30, 2012	January 1, 2013 ~ June 30, 2013	January 1, 2012 ~ June 30, 2012
<b>Revenue</b>	\$ 89,377,739	110,572,751	181,350,736	223,637,228
<b>Cost of sales</b>	<u>81,899,561</u>	<u>101,306,110</u>	<u>166,040,221</u>	<u>205,902,369</u>
<b>Gross profit</b>	<u>7,478,178</u>	<u>9,266,641</u>	<u>15,310,515</u>	<u>17,734,859</u>
<b>Operating expenses:</b>				
Selling expenses	5,996,672	6,602,129	11,628,424	12,929,202
Administrative expenses	1,399,903	1,443,677	2,769,469	2,844,175
Research and development expenses	736,259	835,927	1,483,641	1,469,598
Other expenses	<u>(1,312)</u>	<u>227,801</u>	<u>88,704</u>	<u>227,801</u>
	<u>8,131,522</u>	<u>9,109,534</u>	<u>15,970,238</u>	<u>17,470,776</u>
<b>Other operating income and loss – net</b>	<u>40,064</u>	<u>30,960</u>	<u>75,156</u>	<u>206,380</u>
<b>Operating income (loss)</b>	<u>(613,280)</u>	<u>188,067</u>	<u>(584,567)</u>	<u>470,463</u>
<b>Non-operating income and loss:</b>				
Other income	99,576	170,699	177,217	299,395
Other non-operating income and loss – net	171,405	829,160	704,846	1,186,738
Finance cost	(193,285)	(259,602)	(386,077)	(502,752)
Share of gains of associates	<u>2,142</u>	<u>58,624</u>	<u>5,136</u>	<u>101,297</u>
	<u>79,838</u>	<u>798,881</u>	<u>501,122</u>	<u>1,084,678</u>
<b>Earnings (losses) before taxes</b>	(533,442)	986,948	(83,445)	1,555,141
<b>Income taxes</b>	<u>189,988</u>	<u>(434,698)</u>	<u>254,561</u>	<u>(715,153)</u>
<b>Net earnings (losses)</b>	<u>(343,454)</u>	<u>552,250</u>	<u>171,116</u>	<u>839,988</u>
<b>Other comprehensive income (loss):</b>				
Foreign currency translation differences	397,580	(7,447)	1,786,430	(1,012,051)
Change in fair value of available-for-sale financial assets	(231,609)	(137,912)	(217,872)	41,720
Change in fair value of cash flow hedges	(88,813)	78,307	469,531	(336,851)
Actuarial gain from defined benefit plans	884	-	25,388	-
Less: Income taxes	<u>(29,062)</u>	<u>43</u>	<u>11,575</u>	<u>(150)</u>
<b>Other comprehensive income (loss) for the period, net of tax</b>	<u>107,104</u>	<u>(67,095)</u>	<u>2,051,902</u>	<u>(1,307,032)</u>
<b>Total comprehensive income (loss) for the period</b>	\$ <u><u>(236,350)</u></u>	\$ <u><u>485,155</u></u>	\$ <u><u>2,223,018</u></u>	\$ <u><u>(467,044)</u></u>
<b>Earnings attributable to:</b>				
Shareholders of the Company	\$ (343,490)	553,457	171,061	841,210
Non-controlling interests	<u>36</u>	<u>(1,207)</u>	<u>55</u>	<u>(1,222)</u>
	\$ <u><u>(343,454)</u></u>	\$ <u><u>552,250</u></u>	\$ <u><u>171,116</u></u>	\$ <u><u>839,988</u></u>
<b>Total comprehensive income (loss) attributable to:</b>				
Shareholders of the Company	\$ (236,067)	484,337	2,223,140	(466,790)
Non-controlling interests	<u>(283)</u>	<u>818</u>	<u>(122)</u>	<u>(254)</u>
	\$ <u><u>(236,350)</u></u>	\$ <u><u>485,155</u></u>	\$ <u><u>2,223,018</u></u>	\$ <u><u>(467,044)</u></u>
<b>Earnings per common share (in New Taiwan dollars):</b>				
Basic earnings per common share	\$ <u><u>(0.13)</u></u>	\$ <u><u>0.20</u></u>	\$ <u><u>0.06</u></u>	\$ <u><u>0.31</u></u>
Diluted earnings per common share	\$ <u><u>(0.13)</u></u>	\$ <u><u>0.20</u></u>	\$ <u><u>0.06</u></u>	\$ <u><u>0.31</u></u>

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the six-month periods ended June 30, 2013 and 2012**

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

**Reviewed, Not Audited**

	Attributable to shareholders of the Company													
	Common Stock		Retained earnings				Other reserves			Total	Treasury stock	Total equity of the Company	Non-controlling interests	Total equity
	Common stock	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					
<b>Balance at January 1, 2012</b>	\$ 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	3,420,991	-	-	-	-	-	-	-	-	-	4,642,773	-	4,642,773
Stock subscription under employee share option plans	26,571	74,310	-	-	-	-	-	-	-	-	-	100,881	-	100,881
Other changes in capital surplus:														
Share-based compensation cost	-	109,100	-	-	-	-	-	-	-	-	-	109,100	-	109,100
Adjustments from investments in associates	-	(129,231)	-	-	-	-	-	-	-	-	-	(129,231)	-	(129,231)
Appropriation approved by the stockholders:														
Special reserve	-	-	-	1,467,499	(1,467,499)	-	-	-	-	-	-	-	-	-
Net earnings for the period	-	-	-	-	841,210	841,210	-	-	-	-	-	841,210	(1,222)	839,988
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(1,012,869)	41,720	(336,851)	(1,308,000)	-	(1,308,000)	968	(1,307,032)
Total comprehensive income (loss) for the period	-	-	-	-	841,210	841,210	(1,012,869)	41,720	(336,851)	(1,308,000)	-	(466,790)	(254)	(467,044)
<b>Balance at June 30, 2012</b>	<b>\$ 28,347,268</b>	<b>43,399,194</b>	<b>12,607,933</b>	<b>6,126,774</b>	<b>(3,323,824)</b>	<b>15,410,883</b>	<b>(1,201,963)</b>	<b>(796,895)</b>	<b>(101,909)</b>	<b>(2,100,767)</b>	<b>(5,783,104)</b>	<b>79,273,474</b>	<b>2,154</b>	<b>79,275,628</b>
<b>Balance at January 1, 2013</b>	\$ 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	-	43,194	-	-	-	-	-	-	-	-	-	43,194	-	43,194
Conversion right from issuance of convertible bonds	-	261,000	-	-	-	-	-	-	-	-	-	261,000	-	261,000
Appropriation approved by the stockholders:														
Decrease in legal reserve to offset accumulated deficit	-	-	(2,595,765)	-	2,595,765	-	-	-	-	-	-	-	-	-
Net earnings for the period	-	-	-	-	171,061	171,061	-	-	-	-	-	171,061	55	171,116
Other comprehensive income (loss) for the period	-	-	-	-	12,196	12,196	1,787,973	(217,872)	469,782	2,039,883	-	2,052,079	(177)	2,051,902
Total comprehensive income (loss) for the period	-	-	-	-	183,257	183,257	1,787,973	(217,872)	469,782	2,039,883	-	2,223,140	(122)	2,223,018
<b>Balance at June 30, 2013</b>	<b>\$ 28,347,268</b>	<b>43,707,727</b>	<b>10,012,168</b>	<b>6,126,774</b>	<b>(3,927,618)</b>	<b>12,211,324</b>	<b>(442,992)</b>	<b>(1,107,370)</b>	<b>67,349</b>	<b>(1,483,013)</b>	<b>(6,054,286)</b>	<b>76,729,020</b>	<b>2,212</b>	<b>76,731,232</b>

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the six-month periods ended June 30, 2013 and 2012**

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

**Reviewed, Not Audited**

	2013	2012
<b>Cash flows from operating activities:</b>		
<b>Earnings (losses) before taxes</b>	\$ (83,445)	1,555,141
<b>Adjustments for:</b>		
Non-cash profit and loss:		
Depreciation	466,142	441,301
Amortization	913,510	1,394,127
Share-based compensation cost	184,181	237,676
Valuation gain on derivative financial assets and liabilities	(1,621,900)	(432,379)
Interest expense	386,077	502,752
Interest income	(173,711)	(299,396)
Effects of exchange rate changes on bonds payable	298,763	(190,306)
Share of gains of associates	(5,136)	(101,297)
Gain on disposal of property, equipment and investment property, net	(100,393)	(654,192)
Gain on disposal of available-for-sale financial assets	(187,208)	-
Gain on disposal of investments in associates		(475,312)
Loss on redemption of bonds payable	-	3,537
Total non-cash profit and loss	<u>160,325</u>	<u>426,511</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Trade and notes receivable	2,264,993	(4,627,614)
Receivables from related parties	14,346	30,276
Inventories	(6,801,454)	(9,465,058)
Other receivables and other current assets	(751,584)	1,395,894
Non-current trade receivables	17,771	15,117
Net changes in operating assets	<u>(5,255,928)</u>	<u>(12,651,385)</u>
Net changes in operating liabilities:		
Trade and notes payable	(2,007,326)	9,223,191
Payables to related parties	(1,900)	(7,439,930)
Other payables and other current liabilities	3,010,282	1,862,662
Provisions	(1,056,181)	(448,926)
Other non-current liabilities	159,346	46,864
Net changes in operating liabilities	<u>104,221</u>	<u>3,243,861</u>
Total changes in operating assets and liabilities	<u>(5,151,707)</u>	<u>(9,407,524)</u>
Cash used in operations	(5,074,827)	(7,425,872)
Interest received	173,840	299,153
Interest paid	(186,426)	(244,251)
Income taxes paid	<u>(569,697)</u>	<u>(360,593)</u>
<b>Net cash used in operating activities</b>	<u>(5,657,110)</u>	<u>(7,731,563)</u>

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the six-month periods ended June 30, 2013 and 2012**

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

**Reviewed, Not Audited**

	<b>2013</b>	<b>2012</b>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of available-for-sale financial assets	232,548	-
Proceeds from capital reduction of investments classified as available-for-sale financial assets	82,900	105,204
Additions to property, plant and equipment	(164,231)	(488,460)
Proceeds from disposal of property, plant and equipment, non-current assets held for sale, and investment property	607,729	2,667,927
Decrease in advances to related parties	-	15,094
Additions to intangible assets	(79,939)	(19,743)
Acquisition of a subsidiary, net of cash acquired	-	(4,464,660)
Decrease (increase) in other non-current assets	8,275	(330,494)
<b>Net cash provided by (used in) investing activities</b>	<u>687,282</u>	<u>(2,515,132)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	(279,974)	(358,120)
Issuance of bonds payable	6,000,000	-
Redemption of bonds payable	-	(2,059,454)
Proceeds from exercise of employee stock option	-	100,880
<b>Net cash provided by (used in) financing activities</b>	<u>5,720,026</u>	<u>(2,316,694)</u>
<b>Effects of foreign exchange rate changes</b>	683,504	(601,068)
<b>Net increase (decrease) in cash and cash equivalents</b>	1,433,702	(13,164,457)
<b>Cash and cash equivalents at beginning of period</b>	<u>50,612,564</u>	<u>58,092,581</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ <u>52,046,266</u></u>	<u><u>44,928,124</u></u>