

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 September 30, 2013, December 31, 2012, September 30, 2012, and January 1, 2012, the related consolidated statements of comprehensive income for the three-month periods ended September 30, 2013 and 2012, and for the nine-month periods ended September 30, 2013 and 2012, and changes in equity and cash flows for the nine-month periods ended September 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 Standards 1 "First-time Adoption of International Financial Reporting Standards" 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

September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

Assets	2013.9.30	2012.12.31	2012.9.30	2012.1.1
Current assets:				
Cash and cash equivalents	\$ 33,948,980	50,612,564	33,553,952	58,092,581
Financial assets at fair value through profit or loss – current	340,429	25,415	3,557	305,903
Hedging purpose derivative financial assets – current	37,442	192,461	59,022	804,532
Available-for-sale financial assets – current	116,532	169,017	117,723	109,721
Trade and notes receivable, net	64,774,995	68,742,900	81,923,784	84,856,736
Trade receivables from related parties	26,979	41,283	31,657	88,625
Other receivables	2,734,232	2,345,990	2,188,605	2,513,525
Other receivables from related parties	10	17	23	15,359
Current tax assets	1,359,279	1,137,101	1,298,165	1,457,924
Inventories	41,999,365	43,336,949	48,046,811	39,993,644
Non-current assets held for sale	-	-	-	1,827,855
Other current assets	<u>3,074,101</u>	<u>2,425,716</u>	<u>2,587,480</u>	<u>3,550,077</u>
Total current assets	<u>148,412,344</u>	<u>169,029,413</u>	<u>169,810,779</u>	<u>193,616,482</u>
Non-current assets:				
Financial assets at fair value through profit or loss – non-current	600	-	-	-
Available-for-sale financial assets – non-current	3,077,257	3,353,089	3,785,287	1,970,392
Investments in associates	180,109	189,837	185,928	1,842,485
Property, plant and equipment	6,403,146	6,348,237	6,494,230	6,716,374
Investment property	1,607,991	2,540,396	2,650,200	2,853,476
Intangible assets	28,758,653	39,134,920	43,168,906	35,401,551
Deferred income tax assets	3,512,089	3,324,956	3,467,716	2,906,919
Other non-current assets	<u>1,918,200</u>	<u>2,395,300</u>	<u>3,228,468</u>	<u>2,507,488</u>
Total non-current assets	<u>45,458,045</u>	<u>57,286,735</u>	<u>62,980,735</u>	<u>54,198,685</u>
Total assets	\$ <u>193,870,389</u>	<u>226,316,148</u>	<u>232,791,514</u>	<u>247,815,167</u>

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

Liabilities and Equity	2013.9.30	2012.12.31	2012.9.30	2012.1.1
Current liabilities:				
Short-term borrowings	\$ 65,000	349,974	204,980	358,120
Financial liabilities at fair value through profit or loss – current	910,145	411,313	542,261	56,212
Hedging purpose derivative financial liabilities – current	14,392	1,149,400	1,862,688	179,685
Trade and notes payable	52,454,012	71,638,728	68,697,049	77,096,776
Trade payables to related parties	1,508	-	-	7,256,885
Other payables	40,198,103	39,934,153	43,378,981	43,593,577
Other payables to related parties	-	1,914	10,938	184,975
Provisions – current	9,232,524	11,000,810	9,454,727	10,042,398
Current tax liabilities	2,089,445	2,326,966	2,749,156	2,589,758
Current portion of bonds payable	-	4,783,589	4,781,585	-
Current portion of long-term debt	-	9,000,000	-	-
Other current liabilities	<u>2,992,320</u>	<u>2,232,140</u>	<u>4,485,166</u>	<u>4,282,274</u>
Total current liabilities	<u>107,957,449</u>	<u>142,828,987</u>	<u>136,167,531</u>	<u>145,640,660</u>
Non-current liabilities:				
Financial liabilities at fair value through profit or loss – non-current	469,971	653,583	650,246	1,216,586
Bonds payable	8,743,061	3,948,504	3,918,466	13,548,703
Long-term debt	9,000,000	-	9,000,000	9,000,000
Provisions – non-current	120,153	192,055	209,581	243,126
Deferred income tax liabilities	3,092,314	3,086,843	4,159,200	2,043,911
Other non-current liabilities	<u>1,617,084</u>	<u>1,402,156</u>	<u>1,258,653</u>	<u>1,103,032</u>
Total non-current liabilities	<u>23,042,583</u>	<u>9,283,141</u>	<u>19,196,146</u>	<u>27,155,358</u>
Total liabilities	<u>131,000,032</u>	<u>152,112,128</u>	<u>155,363,677</u>	<u>172,796,018</u>
Equity:				
Common stock	28,347,268	28,347,268	28,347,268	27,098,915
Capital surplus	43,707,727	43,403,533	43,478,932	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	(17,047,996)	(6,706,640)	(3,199,699)	(2,697,535)
Other reserves	(2,223,700)	(3,522,896)	(3,881,129)	(792,767)
Treasury stock	<u>(6,054,286)</u>	<u>(6,054,286)</u>	<u>(6,054,286)</u>	<u>(5,783,104)</u>
Equity attributable to owners of the Company	<u>62,867,955</u>	<u>74,201,686</u>	<u>77,425,793</u>	<u>75,016,741</u>
Non-controlling interests	<u>2,402</u>	<u>2,334</u>	<u>2,044</u>	<u>2,408</u>
Total equity	<u>62,870,357</u>	<u>74,204,020</u>	<u>77,427,837</u>	<u>75,019,149</u>
Total liabilities and equity	<u>\$ 193,870,389</u>	<u>226,316,148</u>	<u>232,791,514</u>	<u>247,815,167</u>

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

**For the three-month periods ended September 30, 2013 and 2012, and
for the nine-month periods ended September 30, 2013 and 2012**

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

Reviewed, Not Audited

	July 1, 2013 ~ September 30, 2013	July 1, 2012 ~ September 30, 2012	January 1, 2013 ~ September 30, 2013	January 1, 2012 ~ September 30, 2012
Revenue	\$ 92,145,560	104,449,718	273,496,296	328,086,946
Cost of sales	<u>85,872,246</u>	<u>95,821,309</u>	<u>251,912,467</u>	<u>301,723,678</u>
Gross profit	<u>6,273,314</u>	<u>8,628,409</u>	<u>21,583,829</u>	<u>26,363,268</u>
Operating expenses:				
Selling expenses	5,286,841	6,677,294	17,003,969	19,834,297
Administrative expenses	2,849,418	941,243	5,618,887	3,785,418
Research and development expenses	<u>752,296</u>	<u>703,040</u>	<u>2,235,937</u>	<u>2,172,638</u>
	<u>8,888,555</u>	<u>8,321,577</u>	<u>24,858,793</u>	<u>25,792,353</u>
Other operating income and loss – net	<u>45,572</u>	<u>36,347</u>	<u>120,728</u>	<u>242,727</u>
Operating income (loss)	<u>(2,569,669)</u>	<u>343,179</u>	<u>(3,154,236)</u>	<u>813,642</u>
Non-operating income and loss:				
Other income	282,216	258,991	459,433	558,386
Other non-operating income and loss – net	(248,759)	(188,786)	456,087	997,952
Finance cost	(145,376)	(183,503)	(531,453)	(686,255)
Share of gains of associates	(463)	3,802	4,673	105,099
Loss on impairment of intangible assets	<u>(9,943,350)</u>	<u>-</u>	<u>(9,943,350)</u>	<u>-</u>
	<u>(10,055,732)</u>	<u>(109,496)</u>	<u>(9,554,610)</u>	<u>975,182</u>
Earnings (losses) before taxes	(12,625,401)	233,683	(12,708,846)	1,788,824
Less: income taxes	<u>494,241</u>	<u>110,826</u>	<u>239,680</u>	<u>825,979</u>
Net earnings (losses)	<u>(13,119,642)</u>	<u>122,857</u>	<u>(12,948,526)</u>	<u>962,845</u>
Other comprehensive income (loss):				
Foreign currency translation differences	(681,779)	(895,947)	1,104,651	(1,907,998)
Change in fair value of available-for-sale financial assets	15,014	46,619	(202,858)	88,339
Change in fair value of cash flow hedges	(73,446)	(929,975)	396,085	(1,266,826)
Actuarial gain from defined benefit plans	(490)	16	24,898	16
Less: Income taxes	<u>532</u>	<u>(83)</u>	<u>12,107</u>	<u>(233)</u>
Other comprehensive income (loss) for the period, net of tax	<u>(741,233)</u>	<u>(1,779,204)</u>	<u>1,310,669</u>	<u>(3,086,236)</u>
Total comprehensive loss for the period	\$ <u>(13,860,875)</u>	\$ <u>(1,656,347)</u>	\$ <u>(11,637,857)</u>	\$ <u>(2,123,391)</u>
Earnings attributable to:				
Shareholders of the Company	\$ (13,119,673)	124,109	(12,948,612)	965,319
Non-controlling interests	<u>31</u>	<u>(1,252)</u>	<u>86</u>	<u>(2,474)</u>
	\$ <u>(13,119,642)</u>	\$ <u>122,857</u>	\$ <u>(12,948,526)</u>	\$ <u>962,845</u>
Total comprehensive income (loss) attributable to:				
Shareholders of the Company	\$ (13,861,065)	(1,656,237)	(11,637,925)	(2,123,027)
Non-controlling interests	<u>190</u>	<u>(110)</u>	<u>68</u>	<u>(364)</u>
	\$ <u>(13,860,875)</u>	\$ <u>(1,656,347)</u>	\$ <u>(11,637,857)</u>	\$ <u>(2,123,391)</u>
Earnings per common share (in New Taiwan dollars):				
Basic earnings per common share	\$ <u>(4.82)</u>	<u>0.05</u>	<u>(4.76)</u>	<u>0.35</u>
Diluted earnings per common share	\$ <u>(4.82)</u>	<u>0.05</u>	<u>(4.76)</u>	<u>0.35</u>

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine-month periods ended September 30, 2013 and 2012

(Expressed in thousands of New Taiwan dollars)

Reviewed, Not Audited

	Attributable to shareholders of the Company													
	Retained earnings						Other reserves				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	Total				
Balance at January 1, 2012	\$ 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
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(271,182)	(271,182)	-	(271,182)
Other changes in capital surplus:														
Share-based compensation cost	-	163,650	-	-	-	-	-	-	-	-	-	163,650	-	163,650
Adjustments from investments in associates	-	(104,043)	-	-	-	-	-	-	-	-	-	(104,043)	-	(104,043)
Appropriation approved by the stockholders:														
Special reserve	-	-	-	1,467,499	(1,467,499)	-	-	-	-	-	-	-	-	-
Net earnings for the period	-	-	-	-	965,319	965,319	-	-	-	-	-	965,319	(2,474)	962,845
Other comprehensive income (loss) for the period	-	-	-	-	16	16	(1,909,875)	88,339	(1,266,826)	(3,088,362)	-	(3,088,346)	2,110	(3,086,236)
Total comprehensive income (loss) for the period	-	-	-	-	965,335	965,335	(1,909,875)	88,339	(1,266,826)	(3,088,362)	-	(2,123,027)	(364)	(2,123,391)
Balance at September 30, 2012	\$ 28,347,268	43,478,932	12,607,933	6,126,774	(3,199,699)	15,535,008	(2,098,969)	(750,276)	(1,031,884)	(3,881,129)	(6,054,286)	77,425,793	2,044	77,427,837
Balance at January 1, 2013	\$ 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 losses for the period	-	-	-	-	(12,948,612)	(12,948,612)	-	-	-	-	-	(12,948,612)	86	(12,948,526)
Other comprehensive income (loss) for the period	-	-	-	-	11,491	11,491	1,105,969	(202,858)	396,085	1,299,196	-	1,310,687	(18)	1,310,669
Total comprehensive income (loss) for the period	-	-	-	-	(12,937,121)	(12,937,121)	1,105,969	(202,858)	396,085	1,299,196	-	(11,637,925)	68	(11,637,857)
Balance at September 30, 2013	\$ 28,347,268	43,707,727	10,012,168	6,126,774	(17,047,996)	(909,054)	(1,124,996)	(1,092,356)	(6,348)	(2,223,700)	(6,054,286)	62,867,955	2,402	62,870,357

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine-month periods ended September 30, 2013 and 2012

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

	2013	2012
Cash flows from operating activities:		
Earnings (losses) before taxes	\$ (12,708,846)	1,788,824
Adjustments for:		
Non-cash profit and loss:		
Depreciation	698,662	667,569
Amortization	1,349,393	1,976,787
Share-based compensation cost	255,148	366,785
Valuation loss (gain) on derivative financial assets and liabilities	(220,659)	1,729,895
Interest expense	531,453	686,255
Interest income	(256,361)	(393,253)
Effects of exchange rate changes on bonds payable	208,191	(347,225)
Share of gains of associates	(4,673)	(105,099)
Gain on disposal of property, plant and equipment, non-current assets held for sale and investment property, net	(106,792)	(656,234)
Gain on disposal of available-for-sale financial assets	(218,705)	(7,752)
Gain on disposal of investments in associates	-	(475,312)
Impairment loss on non-financial assets	9,943,350	-
Loss on purchase and redemption of bonds payable	73,972	69,164
Cash dividends from associates	5,976	7,014
Total non-cash profit and loss	<u>12,258,955</u>	<u>3,518,594</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Trade and notes receivable	3,967,905	2,932,952
Receivables from related parties	14,304	56,968
Inventories	1,299,401	(8,053,167)
Other receivables and other current assets	(1,066,623)	1,359,937
Non-current trade receivables	17,771	23,362
Net changes in operating assets	<u>4,232,758</u>	<u>(3,679,948)</u>
Net changes in operating liabilities:		
Trade and notes payable	(19,184,716)	(8,399,727)
Payables to related parties	(406)	(7,430,992)
Other payables and other current liabilities	1,027,028	(93,506)
Provisions	(1,840,188)	(621,216)
Other non-current liabilities	214,928	90,911
Net changes in operating liabilities	<u>(19,783,354)</u>	<u>(16,454,530)</u>
Total changes in operating assets and liabilities	<u>(15,550,596)</u>	<u>(20,134,478)</u>
Cash used in operations	(16,000,487)	(14,827,060)
Interest received	256,632	393,097
Interest paid	(231,536)	(318,971)
Income taxes paid	(821,909)	(649,016)
Net cash used in operating activities	<u>(16,797,300)</u>	<u>(15,401,950)</u>

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ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine-month periods ended September 30, 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	264,045	7,752
Proceeds from capital return of investees	85,817	239,115
Additions to property, plant and equipment	(298,649)	(575,092)
Proceeds from disposal of property, plant and equipment, non-current assets held for sale, and investment property	658,046	2,677,927
Decrease in advances to related parties	6	15,336
Additions to intangible assets	(146,635)	(109,577)
Acquisition of a subsidiary, net of cash acquired	-	(4,464,660)
Decrease (increase) in other non-current assets	<u>157,461</u>	<u>(329,958)</u>
Net cash provided by (used in) investing activities	<u>720,091</u>	<u>(2,539,157)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(284,974)	(153,140)
Issuance of bonds payable	6,000,000	-
Purchase of bonds payable	(6,669,074)	(5,283,113)
Proceeds from exercise of employee stock option	-	100,880
Purchase of treasury stock	<u>-</u>	<u>(271,182)</u>
Net cash used in financing activities	<u>(954,048)</u>	<u>(5,606,555)</u>
Effects of foreign exchange rate changes	367,673	(990,967)
Net decrease in cash and cash equivalents	(16,663,584)	(24,538,629)
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>33,948,980</u>	<u>33,553,952</u>