

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**  
**ACER INCORPORATED AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2017, December 31, 2016, and September 30, 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>September 30, 2017</b>		<b>December 31, 2016</b>		<b>September 30, 2016</b>		
	<b>(Reviewed)</b>		<b>(Audited)</b>		<b>(Reviewed)</b>		
<b>Assets</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	
<b>Current assets:</b>							
1100	Cash and cash equivalents	\$ 27,532,003	18	44,289,673	27	36,622,476	23
1110	Financial assets at fair value through profit or loss— current	235,381	-	1,577,442	1	458,393	-
1125	Available-for-sale financial assets— current	121,392	-	100,025	-	96,058	-
1147	Investments in debt instrument without an active market— current	218,505	-	32,279	-	31,366	-
1170	Notes and accounts receivable, net	43,818,348	29	44,230,305	27	44,169,707	28
1180	Accounts receivable from related parties	86,038	-	81,975	-	60,402	-
1200	Other receivables	764,802	1	738,719	-	801,698	1
1210	Other receivables from related parties	447	-	6,737	-	30	-
1220	Current income tax assets	297,579	-	587,864	-	751,248	1
130X	Inventories	43,764,659	29	39,095,487	24	32,154,809	21
1470	Other current assets	<u>3,425,105</u>	<u>2</u>	<u>3,122,630</u>	<u>2</u>	<u>3,084,930</u>	<u>2</u>
	<b>Total current assets</b>	<u>120,264,259</u>	<u>79</u>	<u>133,863,136</u>	<u>81</u>	<u>118,231,117</u>	<u>76</u>
<b>Non-current assets:</b>							
1510	Financial assets at fair value through profit or loss— non-current	-	-	70,340	-	126,460	-
1523	Available-for-sale financial assets— non-current	4,941,501	3	4,272,766	3	3,966,814	2
1546	Investments in debt instrument without an active market— non-current	-	-	178,238	-	170,245	-
1550	Investments accounted for using equity method	545,326	-	416,343	-	426,698	-
1600	Property, plant and equipment	4,109,597	3	4,321,152	3	4,444,209	3
1760	Investment property	1,170,333	1	1,180,317	1	1,186,465	1
1780	Intangible assets	17,442,201	12	18,595,922	11	24,713,658	16
1840	Deferred income tax assets	670,007	-	662,277	-	823,592	-
1900	Other non-current assets	1,329,439	1	1,152,928	1	1,334,412	1
1980	Other financial assets— non-current	<u>1,036,777</u>	<u>1</u>	<u>960,643</u>	<u>-</u>	<u>961,592</u>	<u>1</u>
	<b>Total non-current assets</b>	<u>31,245,181</u>	<u>21</u>	<u>31,810,926</u>	<u>19</u>	<u>38,154,145</u>	<u>24</u>
	<b>Total assets</b>	<u>\$ 151,509,440</u>	<u>100</u>	<u>165,674,062</u>	<u>100</u>	<u>156,385,262</u>	<u>100</u>

(Continued)

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**ACER INCORPORATED AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2017, December 31, 2016, and September 30, 2016**

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2017		December 31, 2016		September 30, 2016	
	(Reviewed)		(Audited)		(Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>Liabilities and Equity</b>						
<b>Current liabilities:</b>						
2100	Short-term borrowings	\$ 209,996	-	103,000	-	289,976
2120	Financial liabilities at fair value through profit or loss – current	1,128,733	1	112,606	-	326,495
2170	Notes and accounts payable	37,278,417	25	52,866,900	32	37,779,321
2180	Accounts payable to related parties	20,903	-	3,514	-	5,400
2200	Other payables	37,805,124	25	37,104,994	22	36,457,329
2250	Provisions – current	6,073,725	4	6,476,306	4	6,157,717
2322	Current portion of long-term debt	2,702,003	2	6,000,000	4	-
2399	Other current liabilities	<u>3,356,732</u>	<u>2</u>	<u>2,754,355</u>	<u>2</u>	<u>3,494,898</u>
	<b>Total current liabilities</b>	<u>88,575,633</u>	<u>59</u>	<u>105,421,675</u>	<u>64</u>	<u>84,511,136</u>
<b>Non-current liabilities:</b>						
2540	Long-term debt	3,300,544	2	-	-	6,000,000
2550	Provisions – non-current	59,253	-	60,520	-	95,633
2570	Deferred income tax liabilities	747,748	1	692,713	-	1,391,882
2600	Other non-current liabilities	<u>2,038,381</u>	<u>1</u>	<u>1,820,676</u>	<u>1</u>	<u>1,794,206</u>
	<b>Total non-current liabilities</b>	<u>6,145,926</u>	<u>4</u>	<u>2,573,909</u>	<u>1</u>	<u>9,281,721</u>
	<b>Total liabilities</b>	<u>94,721,559</u>	<u>63</u>	<u>107,995,584</u>	<u>65</u>	<u>93,792,857</u>
<b>Equity:</b>						
3110	Common stock	30,765,028	20	30,807,328	19	30,807,328
3200	Capital surplus	29,781,443	20	34,743,105	21	34,746,020
Retained earnings:						
3310	Legal reserve	-	-	145,190	-	145,190
3320	Special reserve	-	-	1,306,709	1	1,306,709
3351	Unappropriated earnings (accumulated deficit)	1,755,275	1	(4,900,296)	(3)	833,314
3400	Other equity	(2,602,014)	(2)	(1,512,785)	(1)	(2,335,784)
3500	Treasury stock	<u>(2,914,856)</u>	<u>(2)</u>	<u>(2,914,856)</u>	<u>(2)</u>	<u>(2,914,856)</u>
	<b>Equity attributable to shareholders of the Company</b>	<u>56,784,876</u>	<u>37</u>	<u>57,674,395</u>	<u>35</u>	<u>62,587,921</u>
36XX	<b>Non-controlling interests</b>	<u>3,005</u>	<u>-</u>	<u>4,083</u>	<u>-</u>	<u>4,484</u>
	<b>Total equity</b>	<u>56,787,881</u>	<u>37</u>	<u>57,678,478</u>	<u>35</u>	<u>62,592,405</u>
	<b>Total liabilities and equity</b>	<u>\$ 151,509,440</u>	<u>100</u>	<u>165,674,062</u>	<u>100</u>	<u>156,385,262</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**ACER INCORPORATED AND ITS SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income (Loss)**

**For the three-month periods ended September 30, 2017 and 2016, and**

**For the nine-month periods ended September 30, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

	For the three-month periods ended September 30				For the nine-month periods ended September 30				
	2017		2016		2017		2016		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Revenue</b>	\$ 60,578,749	100	58,592,567	100	170,235,612	100	171,070,410	100
5000	<b>Cost of revenue</b>	53,876,275	89	53,015,406	90	152,021,919	89	153,421,688	90
	<b>Gross profit</b>	6,702,474	11	5,577,161	10	18,213,693	11	17,648,722	10
	<b>Operating expenses :</b>								
6100	Selling expenses	3,931,385	6	3,591,586	6	10,904,009	7	11,840,576	7
6200	Administrative expenses	1,291,214	2	1,104,808	2	3,370,700	2	3,415,672	2
6300	Research and development expenses	602,087	1	441,190	1	1,713,826	1	1,524,020	1
	<b>Total operating expenses</b>	5,824,686	9	5,137,584	9	15,988,535	10	16,780,268	10
6500	<b>Other operating income and loss — net</b>	55,021	-	31,653	-	154,787	-	190,689	-
	<b>Operating income</b>	932,809	2	471,230	1	2,379,945	1	1,059,143	-
	<b>Non-operating income and loss:</b>								
7010	Other income	293,431	-	219,498	-	434,476	-	366,526	-
7020	Other gains and losses — net	674,500	1	(281,689)	-	(549,145)	-	(32,762)	-
7050	Finance costs	(86,352)	-	(40,890)	-	(191,405)	-	(171,764)	-
7060	Share of losses of associates and joint ventures	(14,596)	-	(7,905)	-	(35,570)	-	(8,931)	-
	<b>Total non-operating income and loss</b>	866,983	1	(110,986)	-	(341,644)	-	153,069	-
7900	<b>Income before taxes</b>	1,799,792	3	360,244	1	2,038,301	1	1,212,212	-
7950	<b>Less: Income tax expense</b>	350,985	1	111,657	-	282,981	-	378,982	-
	<b>Net income</b>	1,448,807	2	248,587	1	1,755,320	1	833,230	-
	<b>Other comprehensive income (loss):</b>								
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange differences on translation of foreign operations	324,486	1	(1,790,090)	(3)	(1,678,136)	(1)	(3,069,565)	(1)
8362	Change in fair value of available-for-sale financial assets	(496,630)	(1)	209,277	-	576,915	-	497,582	-
8399	Income tax expense related to items that may be reclassified subsequently to profit or loss	(164)	-	(1)	-	(223)	-	(118)	-
		(172,308)	-	(1,580,814)	(3)	(1,101,444)	(1)	(2,572,101)	(1)
	<b>Total comprehensive income (loss) for the period</b>	\$ <b>1,276,499</b>	<b>2</b>	<b>(1,332,227)</b>	<b>(2)</b>	<b>653,876</b>	<b>-</b>	<b>(1,738,871)</b>	<b>(1)</b>
	<b>Net income attributable to:</b>								
8610	Shareholders of the Company	\$ 1,448,714	2	248,730	1	1,755,275	1	833,314	
8620	Non-controlling interests	93	-	(143)	-	45	-	(84)	-
		\$ <b>1,448,807</b>	<b>2</b>	<b>248,587</b>	<b>1</b>	<b>1,755,320</b>	<b>1</b>	<b>833,230</b>	
	<b>Total comprehensive income (loss) attributable to:</b>								
8710	Shareholders of the Company	\$ 1,276,442	2	(1,333,716)	(2)	654,954	-	(1,740,985)	(1)
8720	Non-controlling interests	57	-	1,489	-	(1,078)	-	2,114	-
		\$ <b>1,276,499</b>	<b>2</b>	<b>(1,332,227)</b>	<b>(2)</b>	<b>653,876</b>	<b>-</b>	<b>(1,738,871)</b>	<b>(1)</b>
	<b>Earnings per share (in New Taiwan dollars) :</b>								
9750	Basic earnings per share	\$ <b>0.48</b>		<b>0.08</b>		<b>0.58</b>		<b>0.28</b>	
9850	Diluted earnings per share	\$ <b>0.48</b>		<b>0.08</b>		<b>0.58</b>		<b>0.27</b>	

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**ACER INCORPORATED AND ITS SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the nine-month periods ended September 30, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	Attributable to shareholders of the Company														
	Retained earnings						Other equity								
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings (accumulated deficit)	Total	Foreign currency translation differences	Unrealized gain (loss) from available- for-sale financial assets	Remeasurements of defined benefit plans	Unearned compensation cost arising from restricted shares of stock issued to employees	Total	Treasury stock	Total	Non- controlling interests	Total equity
<b>Balance at January 1, 2016</b>	\$ 30,854,428	36,232,755	93,166	838,498	520,235	1,451,899	1,437,412	(1,104,565)	(64,376)	(39,966)	228,505	(2,914,856)	65,852,731	2,370	65,855,101
Net income for the period	-	-	-	-	833,314	833,314	-	-	-	-	-	-	833,314	(84)	833,230
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(3,071,881)	497,582	-	-	(2,574,299)	-	(2,574,299)	2,198	(2,572,101)
Total comprehensive income (loss) for the period	-	-	-	-	833,314	833,314	(3,071,881)	497,582	-	-	(2,574,299)	-	(1,740,985)	2,114	(1,738,871)
Appropriation approved by the stockholders:															
Legal reserve	-	-	52,024	-	(52,024)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	468,211	(468,211)	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:															
Cash distributed from capital surplus	-	(1,519,523)	-	-	-	-	-	-	-	-	-	-	(1,519,523)	-	(1,519,523)
Change in equity of investments in associates	-	(14,312)	-	-	-	-	-	-	-	-	-	-	(14,312)	-	(14,312)
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	10,010	10,010	-	10,010	-	10,010
Retirement of restricted shares of stock issued to employees	(47,100)	47,100	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at September 30, 2016</b>	<b>\$ 30,807,328</b>	<b>34,746,020</b>	<b>145,190</b>	<b>1,306,709</b>	<b>833,314</b>	<b>2,285,213</b>	<b>(1,634,469)</b>	<b>(606,983)</b>	<b>(64,376)</b>	<b>(29,956)</b>	<b>(2,335,784)</b>	<b>(2,914,856)</b>	<b>62,587,921</b>	<b>4,484</b>	<b>62,592,405</b>
<b>Balance at January 1, 2017</b>	<b>\$ 30,807,328</b>	<b>34,743,105</b>	<b>145,190</b>	<b>1,306,709</b>	<b>(4,900,296)</b>	<b>(3,448,397)</b>	<b>(1,061,015)</b>	<b>(347,770)</b>	<b>(77,257)</b>	<b>(26,743)</b>	<b>(1,512,785)</b>	<b>(2,914,856)</b>	<b>57,674,395</b>	<b>4,083</b>	<b>57,678,478</b>
Net income for the period	-	-	-	-	1,755,275	1,755,275	-	-	-	-	-	-	1,755,275	45	1,755,320
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(1,677,236)	576,915	-	-	(1,100,321)	-	(1,100,321)	(1,123)	(1,101,444)
Total comprehensive income (loss) for the period	-	-	-	-	1,755,275	1,755,275	(1,677,236)	576,915	-	-	(1,100,321)	-	654,954	(1,078)	653,876
Appropriation approved by the stockholders:															
Decrease in legal reserve to offset accumulated deficit	-	-	(145,190)	-	145,190	-	-	-	-	-	-	-	-	-	-
Decrease in special reserve to offset accumulated deficit	-	-	-	(1,306,709)	1,306,709	-	-	-	-	-	-	-	-	-	-
Decrease in capital surplus to offset accumulated deficit	-	(3,448,397)	-	-	3,448,397	3,448,397	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:															
Cash distributed from capital surplus	-	(1,515,071)	-	-	-	-	-	-	-	-	-	-	(1,515,071)	-	(1,515,071)
Change in equity of investments in associates	-	(40,494)	-	-	-	-	-	-	-	-	-	-	(40,494)	-	(40,494)
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	11,092	11,092	-	11,092	-	11,092
Retirement of restricted shares of stock issued to employees	(42,300)	42,300	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at September 30, 2017</b>	<b>\$ 30,765,028</b>	<b>29,781,443</b>	<b>-</b>	<b>-</b>	<b>1,755,275</b>	<b>1,755,275</b>	<b>(2,738,251)</b>	<b>229,145</b>	<b>(77,257)</b>	<b>(15,651)</b>	<b>(2,602,014)</b>	<b>(2,914,856)</b>	<b>56,784,876</b>	<b>3,005</b>	<b>56,787,881</b>

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**ACER INCORPORATED AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the nine-month periods ended September 30, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	For the nine-month periods ended September 30	
	2017	2016
<b>Cash flows from operating activities:</b>		
<b>Income before income taxes</b>	\$ 2,038,301	1,212,212
<b>Adjustments for:</b>		
Depreciation	390,860	470,843
Amortization	436,868	662,108
Interest expense	191,405	171,764
Interest income	(213,311)	(145,574)
Dividend income	(221,165)	(220,952)
Share-based compensation cost	11,092	10,010
Effects of exchange rate changes in investments in debt instrument without an active market	(11,173)	-
Share of losses of associates and joint ventures	35,570	8,931
Loss on disposal of property, plant and equipment	5,653	6,754
Intangible assets reclassified to expenses	83	-
Other investment loss (gain)	57,387	(2,841)
Total profit and loss	683,269	961,043
<b>Changes in operating assets and liabilities:</b>		
<b>Net changes in operating assets:</b>		
Derivative financial instruments	2,428,528	214,283
Notes and accounts receivable	412,137	4,003,320
Receivables from related parties	(4,063)	(7,653)
Inventories	(4,692,841)	1,878,894
Other receivables and other current assets	(322,470)	467,248
Net changes in operating assets	(2,178,709)	6,556,092
<b>Net changes in operating liabilities:</b>		
Notes and accounts payable	(15,588,483)	(4,957,576)
Payables to related parties	17,389	(5,970)
Other payables and other current liabilities	1,153,180	(2,259,341)
Provisions	(403,848)	(821,301)
Other non-current liabilities	217,705	15,321
Net changes in operating liabilities	(14,604,057)	(8,028,867)
Total changes in operating assets and liabilities	(16,782,766)	(1,472,775)
Cash provided by (used in) operations	(14,061,196)	700,480
Interest received	169,671	140,769
Income taxes refunded (paid)	16,816	(499,643)
<b>Net cash provided by (used in) operating activities</b>	(13,874,709)	341,606

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**ACER INCORPORATED AND ITS SUBSIDIARIES (Continued)**

**Consolidated Statements of Cash Flows**

**For the nine-month periods ended September 30, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the nine-month periods ended September 30</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from investing activities:</b>		
Purchase of available-for-sale financial assets	(198,125)	(381,167)
Proceeds from capital return of available-for-sale financial assets	7,236	43,252
Purchase of investments in debt instrument without an active market	(4,546)	(204,556)
Proceeds from repayments of investments in debt instrument without an active market	10,229	-
Decrease in advances to related parties	6,290	246
Acquisition of investments accounted for using equity method	(236,089)	(295,056)
Additions to property, plant and equipment	(133,711)	(112,949)
Proceeds from disposal of property, plant and equipment	18,951	5,245
Additions to intangible assets	(31,019)	(3,802)
Proceeds from disposal of intangible assets	2,236	-
Acquisition of business, net of cash acquired	(16,085)	-
Increase in other non-current financial assets and other non-current assets	(187,034)	(183,161)
Dividend received	223,610	220,952
<b>Net cash used in investing activities</b>	<b>(538,057)</b>	<b>(910,996)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	106,996	(2,294,401)
Repurchase of bonds payable	-	(6,000,000)
Increase in long-term debt	-	6,000,000
Repayment of long-term debt	(244)	(1,800,000)
Cash distributed from capital surplus	(1,515,071)	(1,519,523)
Interest paid	(219,827)	(155,455)
<b>Net cash used in financing activities</b>	<b>(1,628,146)</b>	<b>(5,769,379)</b>
<b>Effects of foreign exchange rate changes</b>	<b>(716,758)</b>	<b>(1,660,282)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(16,757,670)</b>	<b>(7,999,051)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>44,289,673</b>	<b>44,621,527</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 27,532,003</b>	<b>36,622,476</b>