

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2016, December 31, 2015 and March 31, 2015**  
**(March 31, 2016 and 2015 are reviewed, not audited)**  
**(in thousands of New Taiwan dollars)**

<b>Assets</b>	<b>2016.3.31</b>	<b>2015.12.31</b>	<b>2015.3.31</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 39,199,168	44,621,527	44,199,214
Financial assets at fair value through profit or loss — current	143,178	791,575	2,291,829
Available-for-sale financial assets — current	97,743	93,313	154,285
Notes and accounts receivable, net	42,916,851	48,173,027	49,763,811
Accounts receivable from related parties	73,191	52,749	23,662
Other receivables	750,048	1,309,972	1,338,379
Other receivables from related parties	38	276	15
Current income tax assets	1,149,027	818,938	1,265,673
Inventories	30,114,376	34,043,598	37,997,454
Other current assets	<u>2,824,765</u>	<u>3,044,802</u>	<u>2,790,213</u>
<b>Total current assets</b>	<u>117,268,385</u>	<u>132,949,777</u>	<u>139,824,535</u>
<b>Non-current assets:</b>			
Available-for-sale financial assets — non-current	3,465,224	3,159,771	3,795,911
Investments in associates	421,837	155,992	129,309
Property, plant and equipment	4,739,461	4,827,412	5,113,918
Investment property	1,190,621	1,192,699	1,200,009
Intangible assets	25,890,418	26,609,427	26,130,822
Deferred income tax assets	851,703	838,146	904,910
Other non-current assets	949,271	1,065,370	615,400
Other financial assets — non-current	<u>1,041,063</u>	<u>943,609</u>	<u>1,263,109</u>
<b>Total non-current assets</b>	<u>38,549,598</u>	<u>38,792,426</u>	<u>39,153,388</u>
<b>Total assets</b>	<b>\$ <u>155,817,983</u></b>	<b><u>171,742,203</u></b>	<b><u>178,977,923</u></b>

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2016, December 31, 2015 and March 31, 2015**

**(March 31, 2016 and 2015 are reviewed, not audited)**

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

<b>Liabilities and Equity</b>	<b>2016.3.31</b>	<b>2015.12.31</b>	<b>2015.3.31</b>
<b>Current liabilities:</b>			
Short-term borrowings	\$ 1,025,692	2,584,377	30,000
Financial liabilities at fair value through profit or loss – current	1,742,234	318,934	999,806
Notes and accounts payable	31,882,185	42,736,897	44,222,543
Accounts payables to related parties	3,571	10,285	9,403
Other payables	34,870,166	38,793,970	39,331,187
Other payables to related parties	-	1,085	4,389
Current income tax liabilities	743,878	738,507	892,324
Provisions – current	6,518,651	6,979,705	7,576,536
Current portion of bonds payable	5,987,930	5,966,431	3,653,388
Current portion of long-term debt	1,800,000	1,800,000	3,600,000
Other current liabilities	<u>2,648,978</u>	<u>2,645,901</u>	<u>2,301,929</u>
<b>Total current liabilities</b>	<u>87,223,285</u>	<u>102,576,092</u>	<u>102,621,505</u>
<b>Non-current liabilities:</b>			
Bonds payable	-	-	5,901,936
Long-term debt	-	-	3,600,000
Provisions – non-current	101,755	94,946	127,239
Deferred income tax liabilities	1,414,089	1,437,179	1,385,454
Other non-current liabilities	<u>1,802,206</u>	<u>1,778,885</u>	<u>1,592,854</u>
<b>Total non-current liabilities</b>	<u>3,318,050</u>	<u>3,311,010</u>	<u>12,607,483</u>
<b>Total liabilities</b>	<u>90,541,335</u>	<u>105,887,102</u>	<u>115,228,988</u>
<b>Equity:</b>			
Common stock	30,854,428	30,854,428	30,965,678
Capital surplus	36,232,755	36,232,755	36,408,966
Retained earnings:			
Legal reserve	93,166	93,166	-
Special reserve	838,498	838,498	-
Unappropriated earnings	566,342	520,235	1,076,969
Other reserves	(396,648)	228,505	(1,518,734)
Treasury stock	<u>(2,914,856)</u>	<u>(2,914,856)</u>	<u>(3,186,038)</u>
<b>Equity attributable to shareholders of the Company</b>	<u>65,273,685</u>	<u>65,852,731</u>	<u>63,746,841</u>
<b>Non-controlling interests</b>	<u>2,963</u>	<u>2,370</u>	<u>2,094</u>
<b>Total equity</b>	<u>65,276,648</u>	<u>65,855,101</u>	<u>63,748,935</u>
<b>Total liabilities and equity</b>	<u>\$ 155,817,983</u>	<u>171,742,203</u>	<u>178,977,923</u>

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the three-month periods ended March 31, 2016 and 2015  
(in thousands of New Taiwan dollars, except earnings per share data)  
Reviewed, Not Audited

	January 1, 2016 ~ March 31, 2016	January 1, 2015 ~ March 31, 2015
<b>Revenue</b>	\$ 56,315,625	67,947,548
<b>Cost of revenue</b>	<u>49,644,504</u>	<u>61,284,280</u>
<b>Gross profit</b>	<u>6,671,121</u>	<u>6,663,268</u>
<b>Operating expenses:</b>		
Selling expenses	4,243,122	4,541,067
Administrative expenses	1,144,842	1,261,885
Research and development expenses	<u>530,864</u>	<u>587,258</u>
<b>Total operating expenses</b>	<u>5,918,828</u>	<u>6,390,210</u>
<b>Other operating income and loss – net</b>	<u>114,131</u>	<u>31,052</u>
<b>Operating income</b>	<u>866,424</u>	<u>304,110</u>
<b>Non-operating income and loss:</b>		
Other income	52,581	72,589
Other gains and losses – net	(759,967)	90,746
Finance costs	(83,174)	(130,304)
Share of profits (losses) of associates and joint venture	<u>1,078</u>	<u>(3,413)</u>
<b>Total non-operating income and loss</b>	<u>(789,482)</u>	<u>29,618</u>
<b>Income before taxes</b>	76,942	333,728
<b>Income tax expenses</b>	<u>30,819</u>	<u>160,594</u>
<b>Net income for the period</b>	<u>46,123</u>	<u>173,134</u>
<b>Other comprehensive loss:</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	(672,054)	(2,339,577)
Change in fair value of available-for-sale financial assets	44,170	(131,225)
Income tax (expense) benefit related to items that may be reclassified subsequently to profit or loss	<u>(439)</u>	<u>727</u>
<b>Total amounts of items that may be subsequently reclassified to profit or loss</b>	<u>(628,323)</u>	<u>(2,470,075)</u>
<b>Other comprehensive loss for the year, net of taxes</b>	<u>(628,323)</u>	<u>(2,470,075)</u>
<b>Total comprehensive loss for the year</b>	\$ <u><u>(582,200)</u></u>	\$ <u><u>(2,296,941)</u></u>
<b>Net income attributable to:</b>		
Shareholders of the Company	\$ 46,107	173,320
Non-controlling interests	<u>16</u>	<u>(186)</u>
	\$ <u><u>46,123</u></u>	\$ <u><u>173,134</u></u>
<b>Total comprehensive loss attributable to:</b>		
Shareholders of the Company	\$ (582,793)	(2,296,778)
Non-controlling interests	<u>593</u>	<u>(163)</u>
	\$ <u><u>(582,200)</u></u>	\$ <u><u>(2,296,941)</u></u>
<b>Earnings per share (in New Taiwan dollars):</b>		
Basic earnings per share	\$ <u><u>0.02</u></u>	<u><u>0.06</u></u>
Diluted earnings per share	\$ <u><u>0.02</u></u>	<u><u>0.06</u></u>

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2016 and 2015

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

	Attributable to shareholders of the Company														
	Retained earnings						Other reserves						Treasury stock	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	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				
<b>Balance at January 1, 2015</b>	\$ 27,965,678	34,098,396	-	-	903,649	903,649	1,183,808	(114,205)	28,015	(251,710)	845,908	(3,186,038)	60,627,593	2,257	60,629,850
Other changes in capital surplus:															
Change in equity of investments in associates	-	(3,755)	-	-	-	-	-	-	-	-	-	-	(3,755)	-	(3,755)
Issuance of new shares for cash	3,000,000	2,400,000	-	-	-	-	-	-	-	-	-	-	5,400,000	-	5,400,000
Compensation cost arising from restricted shares of stock issued to employees	-	(85,675)	-	-	-	-	-	-	-	105,456	105,456	-	19,781	-	19,781
Net income for the period	-	-	-	-	173,320	173,320	-	-	-	-	-	-	173,320	(186)	173,134
Other comprehensive income for the period	-	-	-	-	-	-	(2,338,873)	(131,225)	-	-	(2,470,098)	-	(2,470,098)	23	(2,470,075)
Total comprehensive income for the period	-	-	-	-	173,320	173,320	(2,338,873)	(131,225)	-	-	(2,470,098)	-	(2,296,778)	(163)	(2,296,941)
<b>Balance at March 31, 2015</b>	<b>\$ 30,965,678</b>	<b>36,408,966</b>	<b>-</b>	<b>-</b>	<b>1,076,969</b>	<b>1,076,969</b>	<b>(1,155,065)</b>	<b>(245,430)</b>	<b>28,015</b>	<b>(146,254)</b>	<b>(1,518,734)</b>	<b>(3,186,038)</b>	<b>63,746,841</b>	<b>2,094</b>	<b>63,748,935</b>
<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
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	3,747	3,747	-	3,747	-	3,747
Net income for the period	-	-	-	-	46,107	46,107	-	-	-	-	-	-	46,107	16	46,123
Other comprehensive income for the period	-	-	-	-	-	-	(673,070)	44,170	-	-	(628,900)	-	(628,900)	577	(628,323)
Total comprehensive income for the period	-	-	-	-	46,107	46,107	(673,070)	44,170	-	-	(628,900)	-	(582,793)	593	(582,200)
<b>Balance at March 31, 2016</b>	<b>\$ 30,854,428</b>	<b>36,232,755</b>	<b>93,166</b>	<b>838,498</b>	<b>566,342</b>	<b>1,498,006</b>	<b>764,342</b>	<b>(1,060,395)</b>	<b>(64,376)</b>	<b>(36,219)</b>	<b>(396,648)</b>	<b>(2,914,856)</b>	<b>65,273,685</b>	<b>2,963</b>	<b>65,276,648</b>

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three-month periods ended March 31, 2016 and 2015**

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

**Reviewed, Not Audited**

	<b>January 1, 2016 ~ March 31, 2016</b>	<b>January 1, 2015 ~ March 31, 2015</b>
<b>Cash flows from operating activities:</b>		
<b>Income before taxes</b>	\$ <u>76,942</u>	<u>333,728</u>
<b>Adjustments for:</b>		
Depreciation	164,202	177,918
Amortization	233,113	253,633
Interest expense	83,174	130,304
Interest income	(50,253)	(72,529)
Dividend income	(2,328)	(60)
Share-based compensation cost	3,747	72,059
Effects of exchange rate changes on bonds payable	-	(36,617)
Share of profits (loss) of associates and joint venture	(1,078)	3,413
Loss on disposal of property, plant and equipment	5,315	172
Other investment gain	(183)	(11,948)
Total profit and loss	<u>435,709</u>	<u>516,345</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Net changes in operating assets:</b>		
Derivative financial assets and liabilities	2,071,697	(16,624)
Notes and accounts receivable	5,256,176	9,403,920
Receivables from related parties	(20,442)	175
Inventories	3,929,222	(1,401,461)
Other receivables and other current assets	778,381	118,913
Non-current accounts receivable	-	45,075
Net changes in operating assets	<u>12,015,034</u>	<u>8,149,998</u>
<b>Net changes in operating liabilities:</b>		
Notes and accounts payable	(10,854,712)	(10,601,869)
Payables to related parties	(7,799)	(957)
Other payables and other current liabilities	(3,906,511)	(3,184,043)
Provisions	(454,245)	(1,396,423)
Other non-current liabilities	23,321	(110,969)
Net changes in operating liabilities	<u>(15,199,946)</u>	<u>(15,294,261)</u>
Total changes in operating assets and liabilities	<u>(3,184,912)</u>	<u>(7,144,263)</u>
Cash used in operations	<u>(2,672,261)</u>	<u>(6,294,190)</u>
Interest received	49,617	68,388
Income taxes paid	<u>(242,580)</u>	<u>(160,542)</u>
<b>Net cash used in operating activities</b>	<u>(2,865,224)</u>	<u>(6,386,344)</u>

(Continued)

**ACER INCORPORATED AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three-month periods ended March 31, 2016 and 2015**

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

**Reviewed, Not Audited**

	<b>January 1, 2016 ~ March 31, 2016</b>	<b>January 1, 2015 ~ March 31, 2015</b>
<b>Cash flows from investing activities:</b>		
Purchase of available-for-sale financial assets	(274,932)	(110,591)
Proceeds from disposal of available-for-sale financial assets	-	11,948
Proceeds from capital return of available-for-sale investments	-	33,699
Additions to investments in associates	(258,256)	-
Additions to property, plant and equipment	(43,202)	(33,687)
Proceeds from disposal of property, plant and equipment	1,702	1,898
Decrease (increase) in advances to related parties	238	(6)
Additions to intangible assets	(1,385)	(2,390)
Proceeds from disposal of intangible assets	310	-
Increase in other non-current financial assets and other non-current assets	(133,510)	(170,573)
Dividend received	<u>2,328</u>	<u>60</u>
<b>Net cash used in investing activities</b>	<u>(706,707)</u>	<u>(269,642)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term borrowings	(1,558,685)	(287,000)
Issuance of new shares for cash	-	5,400,000
Interest paid	<u>(72,367)</u>	<u>(73,877)</u>
<b>Net cash (used in) provided by financing activities</b>	<u>(1,631,052)</u>	<u>5,039,123</u>
<b>Effects of foreign exchange rate changes</b>	<u>(219,376)</u>	<u>(1,742,574)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(5,422,359)</u>	<u>(3,359,437)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>44,621,527</u>	<u>47,558,651</u>
<b>Cash and cash equivalents at end of period</b>	<b>\$ <u>39,199,168</u></b>	<b><u>44,199,214</u></b>