

ACER INCORPORATED
Non-Consolidated Balance Sheets
December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

Assets	<u>2011.12.31</u>	<u>2010.12.31</u>	Liabilities and Stockholders' Equity	<u>2011.12.31</u>	<u>2010.12.31</u>
	NT\$	NT\$		NT\$	NT\$
Current assets:			Current liabilities:		
Cash and cash equivalents	30,769,328	37,402,911	Financial liabilities at fair value through profit or loss – current	-	353
Available-for-sale financial assets – current	66,446	85,617	Hedging purpose derivative financial liabilities – current	27,986	427,901
Financial assets at fair value through profit or loss – current	39,221	18,945	Notes and accounts payable	62,669,700	62,868,178
Hedging purpose derivative financial assets – current	650,104	66,984	Notes and accounts payable to related parties	6,526,825	6,459,150
Notes and accounts receivable, net of allowance for impairment of NT\$69,356 and NT\$85,261 as of December 31, 2011 and 2010, respectively	7,857,933	8,864,537	Other payables to related parties	689,562	1,008,133
Notes and accounts receivables from related parties	43,467,442	48,532,715	Royalties payable	8,935,902	9,151,415
Other receivables	2,536,502	2,296,426	Accrued expenses and other current liabilities	14,192,365	14,710,399
Other receivables from related parties	1,167,106	1,935,985	Current portion of long-term debt	-	6,100,000
Inventories	15,567,695	18,428,930	Deferred inter-company profits	56,403	98,746
Prepayments and other current assets	653,868	296,655	Total current liabilities	<u>93,098,743</u>	<u>100,824,275</u>
Deferred income tax assets – current	570,749	493,170			
Total current assets	<u>103,346,394</u>	<u>118,422,875</u>	Long-term liabilities:		
Long-term investments:			Financial liabilities at fair value through profit or loss – noncurrent	1,216,586	1,338,524
Investments accounted for using equity method	75,717,724	81,374,091	Bonds Payable	14,064,997	13,103,887
Available-for-sale financial assets – noncurrent	753,057	1,986,812	Long-term debt, excluding current portion	9,000,000	6,100,000
Financial assets carried at cost – noncurrent	598,161	699,321	Other liabilities	64,194	27,971
Total long-term investments	<u>77,068,942</u>	<u>84,060,224</u>	Deferred income tax liabilities – noncurrent	1,776,203	2,836,228
			Total long-term liabilities	<u>26,121,980</u>	<u>23,406,610</u>
Property, plant and equipment:			Total liabilities	<u>119,220,723</u>	<u>124,230,885</u>
Land	734,207	699,850	Stockholders' equity:		
Buildings and improvements	976,224	1,010,699	Common stock	27,098,915	27,001,793
Computer equipment and machinery	709,328	585,920	Common stock subscribed	-	21,656
Other equipment	116,785	769,652	Capital surplus	40,219,518	39,578,915
Construction in progress and advance payments for purchases of equipment	85,441	9,072	Retained earnings:		
	2,621,985	3,075,193	Legal reserve	12,607,933	11,096,134
Less: accumulated depreciation	(771,358)	(848,218)	Special reserve	4,659,275	-
Less: accumulated impairment	(236,380)	(236,380)	Unappropriated earnings	1,782,060	24,233,146
Net property, plant and equipment	<u>1,614,247</u>	<u>1,990,595</u>	Other equity components:		
			Foreign currency translation adjustment	(3,580,136)	(5,095,919)
Intangible assets:			Minimum pension liability adjustment	(16,993)	(23,957)
Trademark	7,402,020	7,431,112	Unrealized gain (loss) on financial instruments	(630,621)	460,600
Other intangible assets	1,004,957	1,112,417	Treasury stock	(6,390,846)	(3,522,598)
Total intangible assets	<u>8,406,977</u>	<u>8,543,529</u>	Total stockholders' equity	<u>75,749,105</u>	<u>93,749,770</u>
Property not used in operation	3,348,459	3,479,214	Commitments and contingencies		
Refundable deposits	184,433	185,911			
Noncurrent receivable	49,714	82,260			
Deferred charges and other assets	950,662	1,216,047			
Total assets	<u>194,969,828</u>	<u>217,980,655</u>	Total liabilities and stockholders' equity	<u>194,969,828</u>	<u>217,980,655</u>

ACER INCORPORATED

Non-Consolidated Statements of Income

For the years ended December 31, 2011 and 2010

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

	<u>2011</u> NT\$	<u>2010</u> NT\$
Net Sales	405,713,868	521,545,234
Cost of sales	<u>(398,825,731)</u>	<u>(504,780,886)</u>
Gross profit	6,888,137	16,764,348
Changes in realized (unrealized) inter-company profits	<u>42,343</u>	<u>(40,394)</u>
Realized gross profit	<u>6,930,480</u>	<u>16,723,954</u>
Operating expenses:		
Selling	(3,940,782)	(5,629,069)
Administrative	(1,058,513)	(1,004,766)
Research and development	<u>(921,493)</u>	<u>(1,042,303)</u>
Total operating expenses	<u>(5,920,788)</u>	<u>(7,676,138)</u>
Operating income	<u>1,009,692</u>	<u>9,047,816</u>
Non-operating income and gains:		
Interest income	73,601	46,741
Investment gain recognized using equity method, net	-	8,708,131
Foreign currency exchange gain and valuation gain on financial instruments, net	236,922	-
Gain on disposal of investments, net	274,042	1,979,734
Other income	<u>272,998</u>	<u>317,911</u>
	<u>857,563</u>	<u>11,052,517</u>
Non-operating expenses and losses:		
Interest expense	(699,385)	(456,938)
Investment loss recognized using equity method, net	(8,952,678)	-
Other investment loss	(7,260)	-
Foreign currency exchange loss and valuation loss on financial instruments, net	-	(1,491,045)
Impairment loss of non-financial assets, net of reversal gain	-	(378,178)
Other losses	<u>(195)</u>	<u>(171,092)</u>
	<u>(9,659,518)</u>	<u>(2,497,253)</u>
Income (loss) before income taxes	(7,792,263)	17,603,080
Income tax benefit (expense)	<u>1,190,295</u>	<u>(2,485,083)</u>
Net income (loss)	<u>(6,601,968)</u>	<u>15,117,997</u>

Earnings per common share (in New Taiwan dollars):

	<u>Before</u> <u>income</u>	<u>After</u> <u>income</u>	<u>Before</u> <u>income</u>	<u>After</u> <u>income</u>
	<u>tax</u>	<u>tax</u>	<u>tax</u>	<u>tax</u>
	NT\$	NT\$	NT\$	NT\$
Basic earnings per common share—retroactively adjusted	<u>(2.97)</u>	<u>(2.52)</u>	<u>6.65</u>	<u>5.71</u>
Diluted earnings per common share – retroactively adjusted	<u>(2.97)</u>	<u>(2.52)</u>	<u>6.48</u>	<u>5.57</u>

ACER INCORPORATED

Non-Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

	<u>Retained earnings</u>						Foreign currency translation adjustment	Minimum Pension liability adjustment	Unrealized gain (loss) on financial Instruments	Treasury stock	Total stockholders' equity
	Common stock NT\$	Common stock subscribed NT\$	Capital surplus NT\$	Legal reserve NT\$	Special reserve NT\$	Unappropriated earnings NT\$					
Balance at January 1, 2010	26,882,283	-	38,494,118	9,960,796	1,991,615	16,622,600	959,621	(7,908)	1,014,317	(3,522,598)	92,394,844
Appropriation approved by the stockholders (note 1):											
Legal reserve	-	-	-	1,135,338	-	(1,135,338)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(1,991,615)	1,991,615	-	-	-	-	-
Cash dividends	-	-	-	-	-	(8,336,835)	-	-	-	-	(8,336,835)
Stock dividends to shareholders	26,893	-	-	-	-	(26,893)	-	-	-	-	-
Employees' bonuses in stock	26,483	-	173,517	-	-	-	-	-	-	-	200,000
2010 net income	-	-	-	-	-	15,117,997	-	-	-	-	15,117,997
Common stock subscribed under option plans	66,134	21,656	118,022	-	-	-	-	-	-	-	205,812
Cash dividends distributed to subsidiaries	-	-	118,419	-	-	-	-	-	-	-	118,419
Stock-based compensation cost	-	-	458,736	-	-	-	-	-	-	-	458,736
Conversion right from issuance of convertible bonds	-	-	295,494	-	-	-	-	-	-	-	295,494
Unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(179,096)	-	(179,096)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	-	-	30,507	-	30,507
Minimum pension liability adjustment	-	-	-	-	-	-	-	(16,049)	-	-	(16,049)
Foreign currency translation adjustment	-	-	-	-	-	-	(6,055,540)	-	-	-	(6,055,540)
Adjustments from investments accounted for using equity method	-	-	(79,391)	-	-	-	-	-	(405,128)	-	(484,519)
Balance at December 31, 2010	<u>27,001,793</u>	<u>21,656</u>	<u>39,578,915</u>	<u>11,096,134</u>	<u>-</u>	<u>24,233,146</u>	<u>(5,095,919)</u>	<u>(23,957)</u>	<u>460,600</u>	<u>(3,522,598)</u>	<u>93,749,770</u>
Appropriation approved by the stockholders (note 2):											
Legal reserve	-	-	-	1,511,799	-	(1,511,799)	-	-	-	-	-
Special reserve	-	-	-	-	4,659,275	(4,659,275)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,678,044)	-	-	-	-	(9,678,044)
2011 net loss	-	-	-	-	-	(6,601,968)	-	-	-	-	(6,601,968)
Common stock subscribed under option plans	97,122	(21,656)	122,081	-	-	-	-	-	-	-	197,547
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	(2,868,248)	(2,868,248)
Cash dividends distributed to subsidiaries	-	-	140,358	-	-	-	-	-	-	-	140,358
Stock-based compensation cost	-	-	400,044	-	-	-	-	-	-	-	400,044
Unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	(1,235,947)	-	(1,235,947)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	-	-	170,198	-	170,198
Minimum pension liability adjustment	-	-	-	-	-	-	-	6,964	-	-	6,964
Foreign currency translation adjustment	-	-	-	-	-	-	1,515,783	-	-	-	1,515,783
Adjustments from investments accounted for using equity method	-	-	(21,880)	-	-	-	-	-	(25,472)	-	(47,352)
Balance at December 31, 2011	<u>27,098,915</u>	<u>-</u>	<u>40,219,518</u>	<u>12,607,933</u>	<u>4,659,275</u>	<u>1,782,060</u>	<u>(3,580,136)</u>	<u>(16,993)</u>	<u>(630,621)</u>	<u>(6,390,846)</u>	<u>75,749,105</u>

Note1: Directors' and supervisors' remuneration of \$122,096 and employee bonuses of \$1,000,000 have been deducted in the 2009 net income.

Note2: Directors' and supervisors' remuneration of \$89,469 and employee bonuses of \$1,500,000 have been deducted in the 2010 net income.

ACER INCORPORATED

Non-Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2010
(Expressed in thousands of New Taiwan dollars)

	<u>2011</u> NT\$	<u>2010</u> NT\$
Cash flows from operating activities:		
Net income (loss)	(6,601,968)	15,117,997
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation	200,312	190,524
Amortization	523,485	490,624
Stock-based compensation cost	398,243	453,861
Valuation loss (gain) on financial assets and liabilities	(955,404)	1,412,907
Investment loss (gain) recognized using equity method, net	8,196,068	(9,171,921)
Cash dividends received from equity method investments	909,636	380,478
Other investment gain	(11,751)	(27,058)
Gain on disposal of investments, net	(274,042)	(1,979,734)
Amortization of bonds payable discount and transaction cost	426,830	171,597
Unrealized exchange loss (gain) on bonds payable	534,280	(1,239,955)
Loss (gain) on disposal of property and equipment, net	(5,738)	25,771
Other investment loss	7,260	-
Impairment loss of non-financial assets, net of reversal gain	-	378,178
Deferred income tax expense (benefit)	(2,241,593)	1,347,370
Changes in operating assets and liabilities:		
Notes and accounts receivable	1,006,604	4,091,812
Receivables from related parties	5,065,273	39,182,923
Inventories	2,757,757	510,235
Other receivables, prepayments and other current assets	(770,012)	(411,444)
Noncurrent receivable	32,546	(64,507)
Notes and accounts payable	(198,478)	(8,838,448)
Payables to related parties	(250,896)	(2,398,059)
Royalties payable, accrued expenses and other current liabilities	(716,649)	(7,629,459)
Deferred inter-company profits	(42,343)	40,394
Other liabilities	4,081	(888)
Cash provided by operating activities	<u>7,993,501</u>	<u>32,033,198</u>
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	572,403	1,188,027
Proceeds from disposal of investments	15,379	2,139,635
Increase in long-term investments	(1,269,200)	(4,530,000)
Proceeds from capital return and liquidation of investees	382,437	1,023,596
Additions to property, plant and equipment and property not used in operation	(162,592)	(413,022)
Proceeds from disposal of property, plant and equipment and property not used in operation	109,971	345,367
Decrease (increase) in loans and advances to related parties	1,771,819	(1,820,372)
Additions to intangible assets	(129,037)	(5,009,933)
Decrease (increase) in refundable deposits, deferred charges and other assets	(369,519)	58,423
Cash provided by (used in) investing activities	<u>921,661</u>	<u>(7,018,279)</u>
Cash flows from financing activities:		
Issuance of convertible bonds	-	15,865,788
Increase in long-term debt	9,000,000	-
Repayment of long-term debt	(12,200,000)	-
Distribution of cash dividends	(9,678,044)	(8,336,835)
Proceeds from exercise of employee stock option	197,547	205,812
Purchase of treasury stock	(2,868,248)	-
Cash provided by (used in) financing activities	<u>(15,548,745)</u>	<u>7,734,765</u>
Net increase (decrease) in cash and cash equivalents	(6,633,583)	32,749,684
Cash and cash equivalents at beginning of period	37,402,911	4,653,227
Cash and cash equivalents at end of period	<u><u>30,769,328</u></u>	<u><u>37,402,911</u></u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>296,764</u>	<u>264,704</u>
Income taxes paid	<u>556,269</u>	<u>2,665,082</u>
Supplementary disclosures of non-cash investing and financing activities:		
Current portion of long-term debt	-	<u>6,100,000</u>
Change in unrealized valuation loss on financial instruments	<u>1,091,221</u>	<u>553,717</u>
Change in foreign currency translation adjustment	<u>1,515,783</u>	<u>(6,055,540)</u>
Additions to property and equipment included in other current liabilities	-	<u>99,670</u>
Proceeds from disposal of property, equipment and deferred charges included in other receivables from related parties	<u>1,053,087</u>	-