

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2015, December 31, 2014, and March 31, 2014
(March 31, 2015 and 2014 are reviewed, not audited)
(in thousands of New Taiwan dollars)

Assets	2015.3.31	2014.12.31 (Restated)	2014.3.31 (Restated)
Current assets:			
Cash and cash equivalents	\$ 44,199,214	47,558,651	42,746,540
Financial assets at fair value through profit or loss – current	2,291,829	1,899,626	178,396
Available-for-sale financial assets – current	154,285	146,479	127,679
Notes and accounts receivable, net	49,763,811	59,167,731	60,509,657
Accounts receivables from related parties	23,662	23,837	24,377
Other receivables	1,338,379	1,261,631	1,681,235
Other receivables from related parties	15	9	26
Current income tax assets	1,265,673	1,244,873	1,306,879
Inventories	37,997,454	36,600,487	28,222,631
Other current assets	<u>2,790,213</u>	<u>2,981,846</u>	<u>2,861,600</u>
Total current assets	<u>139,824,535</u>	<u>150,885,170</u>	<u>137,659,020</u>
Non-current assets:			
Available-for-sale financial assets – non-current	3,795,911	3,859,807	3,225,084
Investments in associates	129,309	142,461	184,620
Property, plant and equipment	5,113,918	5,484,061	6,036,062
Investment property	1,200,009	1,113,067	1,458,270
Intangible assets	26,130,822	26,727,547	28,819,181
Deferred income tax assets	904,910	1,018,564	2,083,119
Other non-current assets	615,400	701,834	709,722
Other financial assets – non-current	<u>1,263,109</u>	<u>1,162,526</u>	<u>1,351,753</u>
Total non-current assets	<u>39,153,388</u>	<u>40,209,867</u>	<u>43,867,811</u>
Total assets	\$ <u>178,977,923</u>	<u>191,095,037</u>	<u>181,526,831</u>

(Continued)

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2015 December 31, 2014, and March 31, 2014
(March 31, 2015 and 2014 are reviewed, not audited)
(in thousands of New Taiwan dollars)

Liabilities and Equity	2015.3.31	2014.12.31 (Restated)	2014.3.31 (Restated)
Current liabilities:			
Short-term borrowings	\$ 30,000	317,000	1,079,738
Financial liabilities at fair value through profit or loss — current	999,806	624,227	495,483
Notes and accounts payable	44,222,543	54,824,412	45,988,884
Accounts payables to related parties	9,403	13,961	2,088
Other payables	39,331,187	42,165,243	40,066,282
Other payables to related parties	4,389	788	-
Current income tax liabilities	892,324	927,296	858,248
Provisions — current	7,576,536	8,972,446	9,945,130
Current portion of bonds payable	3,653,388	3,634,818	-
Current portion of long-term debt	3,600,000	3,600,000	1,800,000
Other current liabilities	<u>2,301,929</u>	<u>2,675,700</u>	<u>3,152,563</u>
Total current liabilities	<u>102,621,505</u>	<u>117,755,891</u>	<u>103,388,416</u>
Non-current liabilities:			
Financial liabilities at fair value through profit or loss			
— non-current	-	-	507,597
Bonds payable	5,901,936	5,880,437	9,112,768
Long-term debt	3,600,000	3,600,000	7,200,000
Provisions — non-current	127,239	127,752	150,754
Deferred income tax liabilities	1,385,454	1,397,284	1,988,188
Other non-current liabilities	<u>1,592,854</u>	<u>1,703,823</u>	<u>1,528,592</u>
Total non-current liabilities	<u>12,607,483</u>	<u>12,709,296</u>	<u>20,487,899</u>
Total liabilities	<u>115,228,988</u>	<u>130,465,187</u>	<u>123,876,315</u>
Equity:			
Common stock	30,965,678	27,965,678	28,347,268
Capital surplus	36,408,966	34,098,396	43,707,727
Retained earnings:			
Legal reserve	-	-	10,012,168
Special reserve	-	-	6,126,774
Unappropriated earnings (accumulated deficit)	1,076,969	903,649	(24,548,680)
Other reserves	(1,518,734)	845,908	57,159
Treasury stock	<u>(3,186,038)</u>	<u>(3,186,038)</u>	<u>(6,054,286)</u>
Equity attributable to shareholders of the Company	<u>63,746,841</u>	<u>60,627,593</u>	<u>57,648,130</u>
Non-controlling interests	<u>2,094</u>	<u>2,257</u>	<u>2,386</u>
Total equity	<u>63,748,935</u>	<u>60,629,850</u>	<u>57,650,516</u>
Total liabilities and equity	<u>\$ 178,977,923</u>	<u>191,095,037</u>	<u>181,526,831</u>

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three-month periods ended March 31, 2015 and 2014
(in thousands of New Taiwan dollars, except earnings per share data)
Reviewed, Not Audited

	January 1, 2015 ~ March 31, 2015	January 1, 2014 ~ March 31, 2014
Revenue	\$ 67,947,548	76,724,224
Cost of revenue	<u>61,284,280</u>	<u>70,349,801</u>
Gross profit	<u>6,663,268</u>	<u>6,374,423</u>
Operating expenses:		
Selling expenses	4,541,067	4,548,073
Administrative expenses	1,261,885	1,163,156
Research and development expenses	<u>587,258</u>	<u>672,818</u>
Total operating expenses	<u>6,390,210</u>	<u>6,384,047</u>
Other operating income and loss – net	<u>31,052</u>	<u>136,868</u>
Operating income	<u>304,110</u>	<u>127,244</u>
Non-operating income and loss:		
Other income	72,589	57,386
Other gains and losses – net	90,746	113,461
Finance costs	(130,304)	(153,739)
Share of profits (losses) of associates and joint ventures	<u>(3,413)</u>	<u>1,592</u>
Total non-operating income and loss	<u>29,618</u>	<u>18,700</u>
Income before taxes	333,728	145,944
Income tax expenses	<u>(160,594)</u>	<u>(144,817)</u>
Net income for the period	<u>173,134</u>	<u>1,127</u>
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(2,339,577)	1,135,913
Change in fair value of available-for-sale financial assets	(131,225)	262,861
Income taxes related to items that may be subsequently reclassified to profit or loss	<u>727</u>	<u>(755)</u>
Total amount of items that may be subsequently reclassified to profit or loss	<u>(2,470,075)</u>	<u>1,398,019</u>
Other comprehensive income for the period, net of taxes	<u>(2,470,075)</u>	<u>1,398,019</u>
Total comprehensive income for the period	<u>\$ (2,296,941)</u>	<u>1,399,146</u>
Net income attributable to:		
Shareholders of the Company	\$ 173,320	1,118
Non-controlling interests	<u>(186)</u>	<u>9</u>
	<u>\$ 173,134</u>	<u>1,127</u>
Total comprehensive income attributable to:		
Shareholders of the Company	\$ (2,296,778)	1,399,149
Non-controlling interests	<u>(163)</u>	<u>(3)</u>
	<u>\$ (2,296,941)</u>	<u>1,399,146</u>
Earnings per share (in New Taiwan dollars):		
Basic earnings per share	<u>\$ 0.06</u>	<u>0.0004</u>
Diluted earnings per share	<u>\$ 0.06</u>	<u>0.0004</u>

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2015 and 2014

(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 (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				
Balance at January 1, 2014	\$ 28,347,268	43,707,727	10,012,168	6,126,774	(24,464,794)	(8,325,852)	(262,231)	(1,163,645)	-	-	(1,425,876)	(6,054,286)	56,248,981	2,389	56,251,370
Effects of retrospective restatements	-	-	-	-	(85,004)	(85,004)	-	-	85,004	-	85,004	-	-	-	-
Restated balance at January 1, 2014	<u>28,347,268</u>	<u>43,707,727</u>	<u>10,012,168</u>	<u>6,126,774</u>	<u>(24,549,798)</u>	<u>(8,410,856)</u>	<u>(262,231)</u>	<u>(1,163,645)</u>	<u>85,004</u>	<u>-</u>	<u>(1,340,872)</u>	<u>(6,054,286)</u>	<u>56,248,981</u>	<u>2,389</u>	<u>56,251,370</u>
Net income for the period	-	-	-	-	1,118	1,118	-	-	-	-	-	-	1,118	9	1,127
Other comprehensive income for the period	-	-	-	-	-	-	1,135,170	262,861	-	-	1,398,031	-	1,398,031	(12)	1,398,019
Total comprehensive income for the period	-	-	-	-	1,118	1,118	1,135,170	262,861	-	-	1,398,031	-	1,399,149	(3)	1,399,146
Restated Balance at March 31, 2014	<u>\$ 28,347,268</u>	<u>43,707,727</u>	<u>10,012,168</u>	<u>6,126,774</u>	<u>(24,548,680)</u>	<u>(8,409,738)</u>	<u>872,939</u>	<u>(900,784)</u>	<u>85,004</u>	<u>-</u>	<u>57,159</u>	<u>(6,054,286)</u>	<u>57,648,130</u>	<u>2,386</u>	<u>57,650,516</u>
Balance at January 1, 2015	\$ 27,965,678	34,098,396	-	-	931,664	931,664	1,183,808	(114,205)	-	(251,710)	817,893	(3,186,038)	60,627,593	2,257	60,629,850
Effects of retrospective restatements	-	-	-	-	(28,015)	(28,015)	-	-	28,015	-	28,015	-	-	-	-
Restated balance at January 1, 2015	<u>27,965,678</u>	<u>34,098,396</u>	<u>-</u>	<u>-</u>	<u>903,649</u>	<u>903,649</u>	<u>1,183,808</u>	<u>(114,205)</u>	<u>28,015</u>	<u>(251,710)</u>	<u>845,908</u>	<u>(3,186,038)</u>	<u>60,627,593</u>	<u>2,257</u>	<u>60,629,850</u>
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)
Balance at March 31, 2015	<u>\$ 30,965,678</u>	<u>36,408,966</u>	<u>-</u>	<u>-</u>	<u>1,076,969</u>	<u>1,076,969</u>	<u>(1,155,065)</u>	<u>(245,430)</u>	<u>28,015</u>	<u>(146,254)</u>	<u>(1,518,734)</u>	<u>(3,186,038)</u>	<u>63,746,841</u>	<u>2,094</u>	<u>63,748,935</u>

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three-month periods ended March 31, 2015 and 2014

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

	January 1, 2015~ March 31, 2015	January 1, 2014~ March 31, 2014
Cash flows from operating activities:		
Income before taxes	\$ <u>333,728</u>	<u>145,944</u>
Adjustments for:		
Depreciation	177,918	221,141
Amortization	253,633	328,038
Valuation loss (gain) on derivative financial assets and liabilities	(16,624)	111,572
Interest expense	130,304	153,739
Interest income	(72,529)	(56,518)
Dividend income	(60)	(868)
Share-based compensation cost	72,059	50,242
Effects of exchange rate changes on bonds payable	(36,617)	59,994
Share of losses (profits) of associates and joint ventures	3,413	(1,592)
Loss (gain) on disposal of property, plant and equipment, net	172	(32,709)
Loss on disposal of subsidiaries	-	13,291
Other investments loss (gain)	(11,948)	7,131
Total profit and loss	<u>499,721</u>	<u>853,461</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes and accounts receivable	9,403,920	1,571,372
Receivables from related parties	175	(1,665)
Inventories	(1,401,461)	7,329,232
Other receivables and other current assets	118,913	238,344
Non-current accounts receivable	45,075	727
Net changes in operating assets	<u>8,166,622</u>	<u>9,138,010</u>
Net changes in operating liabilities:		
Notes and accounts payable	(10,601,869)	(9,228,477)
Payables to related parties	(957)	767
Other payables and other current liabilities	(3,184,043)	(1,440,831)
Provisions	(1,396,423)	(552,633)
Other non-current liabilities	(110,969)	(71,320)
Net changes in operating liabilities	<u>(15,294,261)</u>	<u>(11,292,494)</u>
Total changes in operating assets and liabilities	<u>(7,127,639)</u>	<u>(2,154,484)</u>
Cash used in operations	(6,294,190)	(1,155,079)
Interest received	68,388	56,191
Income taxes paid	(160,542)	(128,135)
Net cash used in operating activities	<u>(6,386,344)</u>	<u>(1,227,023)</u>

(Continued)

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three-month periods end March 31, 2015 and 2014

(in thousands of New Taiwan dollars)

Reviewed, Not Audited

	January 1, 2015~ March 31, 2015	January 1, 2014~ March 31, 2014
Cash flows from investing activities:		
Purchase of available-for-sale financial assets	(110,591)	(70,000)
Proceeds from capital return of available-for-sale investment	33,699	-
Proceeds from disposal of available-for-sale financial assets	11,948	-
Additions to property, plant and equipment	(33,687)	(67,395)
Proceeds from disposal of property, plant and equipment	1,898	171,351
Increase in advances to related parties	(6)	-
Additions to intangible assets	(2,390)	(10,753)
Increase in other non-current financial assets and other non-current assets	(170,573)	(150,743)
Dividend received	<u>60</u>	<u>868</u>
Net cash used in investing activities	<u>(269,642)</u>	<u>(126,672)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(287,000)	689,749
Issuance of new shares for cash	5,400,000	-
Interest paid	<u>(73,877)</u>	<u>(62,943)</u>
Net cash provided by financing activities	<u>5,039,123</u>	<u>626,806</u>
Effects of foreign exchange rate changes	<u>(1,742,574)</u>	<u>489,766</u>
Net decrease in cash and cash equivalents	(3,359,437)	(237,123)
Cash and cash equivalents at beginning of period	<u>47,558,651</u>	<u>42,983,663</u>
Cash and cash equivalents at end of period	\$ <u>44,199,214</u>	<u>42,746,540</u>