Audit Report of Independent Certified Public Accountants

The Board of Directors Acer Incorporated:

We have audited the non-consolidated balance sheets of Acer Incorporated (the "Company") as of June 30, 2005 and 2004, and the related non-consolidated statements of income, changes in stockholders' equity, and cash flows for the six-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as stated in the third paragraph, we conducted our audits in accordance with auditing standards generally accepted in the Republic of China and the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Company's long-term equity investments of NT\$41,131,139 thousand and NT\$45,822,199 thousand, long-term equity investment credits of NT\$390,694 thousand and NT\$1,214,771 thousand, deferred inter-company profits of NT\$103,968 thousand and NT\$52,798 thousand and foreign currency translation adjustment of NT\$(846,306) thousand and NT\$195,546 thousand as of June 30, 2005 and 2004, respectively, and related net investment income of NT\$3,232,375 thousand and NT\$1,623,069 thousand and change in unrealized inter-company profits of NT\$32,862 and NT\$2,230 thousand for the six-month periods ended June 30, 2005 and 2004, respectively, were accounted for under the equity method based on the unaudited financial statements of the related investees of the Company. Therefore, we are unable to evaluate the effect on the Company's financial statements referred to in the first paragraph if such investees' financial statements were audited by independent auditors. In addition, the information related to investee companies and investments in Mainland China as stated in note 11(2) is provided by investee companies and is not audited using the audit procedures as stated in the second paragraph.

In our opinion, except for the effect of possible adjustments, if any, that might have been determined to be necessary had the investees' financial statements been audited by independent auditors, the non-consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Acer Incorporated as of June 30, 2004 and 2005, and the results of its operations and its cash flows for the six-month periods then ended, in conformity with accounting principles generally accepted in the Republic of China.

As stated in note 2(12) to the non-consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 35 "Accounting for Assets Impairment" starting from January 1, 2005. The effect of this accounting change is discussed in note 3.

We have reviewed the consolidated financial statements as of and for the six-month period ended June 30, 2005 prepared by the Company. Based on our reviews, we express an unqualified review opinion with an explanatory paragraph related to a change in accounting principles on the consolidated financial statements.

KPMG Certified Public Accountants August 22, 2005

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.

Non-Consolidated Balance Sheets June 30, 2005 and 2004

(Expressed in thousands of New Taiwan dollars)

Assets	2005.6.30 2004.6.30 Liabilities and Stockholders' Equity NT\$ NT\$		2005.6.30 NT\$	2004.6.30 NT\$	
	1,14	1124			
Current assets:			Current liabilities:	26.500.202	10 (0(212
Cash and cash equivalents	11,397,178	2,682,003	Notes and accounts payable	26,588,303	10,696,313
Short-term investments	4,055,192	5,118,783	Payables to related parties	5,271,057	5,410,123
Notes and accounts receivable, net of allowance for doubtful			Current installments of bonds payable	3,000,000	3,000,000
accounts of NT\$89,427 thousand and NT\$47,024 thousand as			Royalties payable	2,868,866	1,362,123
of June 30, 2005 and 2004, respectively	11,598,142	2,707,643	Accrued cash dividends, employees' bonuses and directors'	4,959,163	5,107,074
Receivables from related parties	21,781,922	15,728,595	and supervisors' remuneration		
Other financial assets	1,538,109	745,548	Accrued expenses and other current liabilities	5,007,596	3,320,545
Inventories	3,948,450	3,168,968	Deferred inter-company profits	103,968	52,798
Deferred income tax asset	623,348	533,163	Total current liabilities	47,798,953	28,948,976
Prepaid expenses and other current assets	125,475	81,966			
Total current assets	55,067,816	30,766,669	Long-term liabilities:		
			Bonds payable	-	3,000,000
Long-term equity investments:			Deferred income tax liability	897,736	168,769
Accounted for using equity method	41,131,139	45,822,199	Other liabilities	85,249	80,977
Accounted for using cost method or lower-of-cost-or-market-value			Long-term equity investment credits	390,694	1,214,771
method	3,428,687	3,843,921	Total long-term liabilities	1,373,679	4,464,517
Allowance for unrealized depreciation on investments		(190,300)	Total liabilities	49,172,632	33,413,493
Net long-term equity investments	44,559,826	49,475,820			
			Stockholders' equity:		
Property and equipment:			Common stock	20,933,677	20,012,934
Land	1,722,897	1,722,897	Stock dividends to be distributed	1,611,510	1,432,537
Buildings and improvements	3,153,648	3,163,068	Capital surplus	29,480,510	31,861,182
Machinery and computer equipments	565,907	536,696	Retained earnings:		
Transportation equipments	30,213	32,246	Legal reserve	5,621,115	4,919,949
Furniture and fixtures	17,329	22,047	Special reserve	2,017,819	1,261,851
Other equipments	15,252	14,033	Unappropriated earnings	4,416,490	3,598,054
Leasehold improvements	26,357	26,684	Other stockholders' equity components:		
Construction in progress and advance payments for purchases of	•	•	Unrealized loss on long-term equity investments	-	(190,300)
property and equipment	82,532	20,839	Foreign currency translation adjustment	(846,306)	195,546
	5,614,135	5,538,510	Hedge revaluation gain	63,726	29,688
Less: accumulated depreciation	(977,169)	(780,650)	Treasury stock	(3,411,280)	(5,807,394)
accumulated impairment	(495,000)	_	Total stockholder's equity	59,887,261	57,314,047
Net property and equipment	4,141,966	4,757,860	• •		
Net property and equipment	4,141,700	4,737,000	Commitments and contingencies		
Intangible assets	414,372	464,778			
Refundable deposits	341,116	268,495			
Deferred expenses	91,876	118,598			
Long-term accounts receivable	269,496	95,680			
Property not used in operation	4,173,425	4,779,640			
Total assets	109,059,893	90,727,540	Total liabilities and stockholders' equity	<u>109,059,893</u>	90,727,540

Non-Consolidated Statements of Income

For the six-month periods ended June 30, 2005 and 2004 (Expressed in thousands of New Taiwan dollars, except per share data)

	2005 NT\$		2004 NT\$		
Revenues	84,882,31	9	54,978,2	74	
Sales return and allowances	(1,098,08		(1,523,0		
Net Revenue	83,784,23	33	53,455,20	68	
Cost of revenues	(80,209,00	<u>(</u>)7)	(50,942,34	<u>47</u>)	
Gross profit	3,575,22	26	2,512,92	21	
Changes in unrealized inter-company profits	(32,86	<u></u>	(2,2	<u>30)</u>	
Realized gross profit	3,542,36	<u></u>	2,510,69	<u>91</u>	
Operating expenses:					
Selling	(1,271,26	56)	(1,044,508)		
Administrative	(93,13		(74,393)		
Research and development	(28,39			(14,930)	
Total operating expenses	(1,392,80		(1,133,831)		
Operating income	2,149,56	<u></u>	1,376,80	<u>60</u>	
Non-operating income and gains:					
Interest income	53,08		5,524		
Investment income recognized by equity method	568,89		-		
Gain on disposal of investments, net	2,424,40		2,070,843		
Foreign exchange gain, net Other income	36,23 134,26		120 (52		
Other income	3,216,88		120,653 2,197,020		
Non anarating armaness and loss.	3,210,86		<u> </u>		
Non-operating expenses and loss:	(06.02	24)	(102.0)	00)	
Interest expense Investment loss recognized by equity method	(96,02	24)	(183,888)		
Investment loss recognized by cost method	(23,00	0)	(403,612)		
Foreign exchange gain, net	(23,00	.0)	(148,073)		
Assets impairment loss	(548,000)		(140,073)		
Other loss	(1,65		(158,362)		
	(668,67		(893,935)		
Income before income taxes	4,697,774		2,679,945		
Income tax expense	(288,060)		(279,631)		
Net income	4,409,714		2,400,314		
	Before	After	Before	After	
Earnings per common share (in New Taiwan dollars):	income		income	income	
	tax	tax	tax	THY	
	<u>tax</u> NT\$	<u>tax</u> NT\$	<u>tax</u> NT\$	tax NT\$	
		tax NT\$	NT\$	NT\$	
Basic earnings per common share					

Non-Consolidated Statements of Changes in Stockholders' Equity

For the six-month periods ended June 30, 2005 and 2004

(Expressed in thousands of New Taiwan dollars)

		Convertible				Retained	earnings					
	Common stock	bonds being converted to common stock	Stock dividends to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	investments	Foreign currency translation adjustment	Hedge revaluation gain (loss)	Treasury stock	Total stockholders' equity
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
Balance at January 1, 2004	\$ 20,650,877	86,121	-	33,347,630	4,188,567	1,671,291	9,512,855	(186,122)	491,763	(24,370)	(6,730,384)	63,008,228
2004 net income	-	-	-	-	-	-	2,400,314	-	-	-	-	2,400,314
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(296,217)	-	-	(296,217)
Hedge revaluation loss	-	-	-	-	-	-	-	-	-	54,058	-	54,058
Convertible bonds converted into common stock Appropriation approved by the stockholders:	255,787	(86,121)	-	515,357	-	-	-	-	-	-	-	685,023
Legal reserve	-	-	-	-	731,382	-	(731,382)	-	-	-	-	-
Stock dividends and employees' bonuses in stock	-	-	940,008	-	-	-	(940,008)	-	-	-	-	-
Capital surplus transferred to common stock	-	-	492,529	(492,529)	-	-		-	-	-	-	-
Reverse of special reserve	-	-	-	-	-	(409,440)	409,440	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(4,925,285)	-	-	-	-	(4,925,285)
Directors' and supervisors' remuneration	-	-	-	-	-	-	(69,919)	-	-	-	-	(69,919)
Employees' bonuses in cash	-	-	-	-	-	-	(111,870)	-	-	-	-	(111,870)
Unrealized loss on long-term equity investment	-	-	-	-	-	-	-	(4,178)	-	-	-	(4,178)
Increase in capital surplus resulting from long-term equity												
investments accounted for by the equity method	-	-	-	380	-	-	-	-	-	-	<u>-</u>	380
Common stock acquired by the Company	-	-	-	-	-	-	-	-	-	-	(3,761,064)	(3,761,064)
Disposal of the Company's common stock held by subsidiaries	-	-	-	-	-	-	(2,872)	-	-	-	2,202	(670)
Disposal of treasury stock	- (000 500)	-	-	- (4.500.656)	-	-	(803)	-	-	-	336,050	335,247
Cancellation of treasury stock	(893,730)			(1,509,656)	-	-	(1,942,416)	(100.200)			4,345,802	-
Balance at June 30, 2004	20,012,934		<u>1,432,537</u>	<u>31,861,182</u>	<u>4,919,949</u>	<u>1,261,851</u>	<u>3,598,054</u>	<u>(190,300</u>)	<u>195,546</u>	29,688	<u>(5,807,394</u>)	<u>57,314,047</u>
Balance at January 1, 2005 2005 net income	\$ 20,933,677	-	-	30,541,968	4,919,949	1,261,851	7,029,767 4,409,714	(214,814)	132,516	(516,611)	(3,411,280)	60,677,023 4,409,714
Foreign currency translation adjustment	_	_	_	_	_	_	-	_	(978,822)	_	_	(978,822)
Hedge revaluation gain	-	-	-	-	-	_	_	-	-	580,337	-	580,337
Appropriation approved by the stockholders:										,		,
Legal reserve	-	-	-	-	701,166	-	(701,166)	-	-	-	-	-
Stock dividends and employees' bonuses in stock	-	-	606,694	-	- 1	-	(606,694)	-	-	-	-	-
Special reserve	-	-	-	-	-	755,968	(755,968)	-	-	-	-	-
Capital surplus transferred to common stock	-	-	1,004,816	(1,004,816)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(4,814,746)	-	-	-	-	(4,814,746)
Directors' and supervisors' remuneration	-	-	-	-	-	-	(55,545)	-	-	-	-	(55,545)
Employees' bonuses in cash	-	-	-	-	-	-	(88,872)	-	-	-	-	(88,872)
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	214,814	-	-	-	214,814
Decrease in capital surplus resulting from long-term equity												
investments accounted for by the equity method				(56,642)						<u>-</u>		(56,642)
Balance at June 30, 2005	20,933,677		1,611,510	<u>29,480,510</u>	<u>5,621,115</u>	<u>2,017,819</u>	4,416,490		(846,306)	63,726	(3,411,280)	<u>59,887,261</u>

Non-Consolidated Statements of Cash Flows

For the six-month periods ended June 30, 2005 and 2004 (Expressed in thousands of New Taiwan dollars)

Cash flows from operating activities: Net income 4,409,714 2,400,314 Adjustments to reconcile net income to cash provided by operating activities: Lepreciation 119,247 128,312 Depreciation 113,5081 111,263 Casin on disposal of investments, net (2,424,403) (2,078,434) Cadin on disposal of investments, net (2,424,403) (2,078,434) Realized translation loss 1,2074 115,234 Net investment loss on long-term equity investments accounted for by equity method, net of each dividends received 1,2074 2,3000 Assets impairment loss 2,6542 2,6542 2,6542 Cleared income tax expenses 2,86,660 279,425 2,6542 Changes in operating assets and liabilities: - 6,542 2,65667 (75,981) Receivables from related parties (1,476,676) 1,350,999 1,557,838 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,157,5783 0,		<u>2005</u> NT\$	<u>2004</u> NT\$
Ner income	Cash flows from operating activities:	1	1 ч 1 ф
Depreciation		4 409 714	2 400 314
Depreciation		7,707,717	2,400,514
Amortization		119 247	128 312
Case on disposal of investments, net 9.55 9.90	•		· · · · · · · · · · · · · · · · · · ·
Canin on disposal of investments, net Canin on disposal of investment income on long-term equity investments accounted for by equity method, net of cash dividends received Investment loss on long-term equity investments accounted for by east method 23,000		*	
Net investment income on long-term equity investments accounted for by equity method, net of cash dividends received investment loss on long-term equity investments accounted for by cost method 23,000			
Note investment income on long-term equity investments accounted for by equity method net of cash dividends received investment loss on long-term equity investments accounted for by cost method 23,000 - 1			(2,070,043)
Investment loss on long-term equity investments accounted for by cost method \$23,000 \$-7 Assets impairment loss \$-48,000 \$-7 Provision for redemption of convertible bonds \$-7 \$6,542 Deferred income tax expense \$288,060 \$279,425 Changes in operating assets and liabilities: \$-7 Notes and accounts receivable \$(659,667) \$(75,981) Receivables from related parties \$(1,119,079) \$(1,557,838) Receivables from related parties \$(1,119,079) \$(1,557,838) Chur financial assets, prepaid expenses and other current assets \$(1,119,079) \$(1,557,838) Chur financial assets, prepaid expenses and other current assets \$(1,49,060) \$(95,680) Notes and accounts payable \$(3,75,734) \$(4,230) Payables to related parties \$(3,2362) \$(2,331) Payables to related parties \$(3,3862) \$(2,331) Payables to related parties \$(4,40) \$(4,242) Cother liabilities \$(4,242) \$(4,242) \$(4,242) Other liabilities \$(4,242) \$(*	115 234
Provision for redemption of convertible bonds	net of cash dividends received		113,234
Provision for redemption of convertible bonds - 6,542 Deferred income tax expenses 279,425 Changes in operating assets and liabilities: - Notes and accounts receivable (69,667) (75,981) Receivables from related parties (1,119,079) (1,557,338) Other financial assets, prepaid expenses and other current assets (757,312) 46,230 Other financial assets, prepaid expenses and other current assets (757,312) 46,230 Notes and accounts payable 7,438,585 (375,734) Payables to related parties 24,980 (241,352) Deferred inter-company profits 32,862 2,231 Royalties payable, accrued expenses and other current liabilities 867,367 (412,442) Other liabilities 4,171 (17,109) Cash provided by (used in) operating activities 867,367 4,171,448 Pocceas in short-term investments 7,779,732 4,171,448 Proceeds from disposal of long-term investments 5 959,066 Proceeds from disposal of property and equipment 2,119 2,597 Additions to property and equipment		· ·	=
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Payables to related parties 24,980 (241,352) Deferred inter-company profits 32,862 2,231 Royalties payable, accrued expenses and other current liabilities 867,367 (412,442) Other liabilities (1,79) (17,109) Cash provided by (used in) operating activities 4,131,740 395,448 Cash flows from investing activities 7,779,732 4,171,448 Procease in short-term investments 56 959,066 Proceeds from disposal of long-term investments 56 959,066 Proceeds from disposal of property and equipment (55,242) (41,033) Increase in intangible assets (58,884) (16,511) Increase in intangible assets (58,884) (16,511) Increase in loans and advances to related parties 82,610 136,356 Decrease in loans and advances to related parties 82,610 30,32,173 Cash flows from financing activities 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash flows from financing activities (131,917) (979,400)		* * *	
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Royalties payable, accrued expenses and other current liabilities 867,367 (412,424) Other liabilities (1,791) (17,109) Cash provided by (used in) operating activities 4,131,740 (395,448) Cash flows from investing activities: Decrease in short-term investments 7,779,732 4,171,448 Proceeds from disposal of long-term investments 56 959,066 Proceeds from disposal of property and equipment 2,119 2,597 Additions to property and equipment (65,242) (41,033) Increase in intangible assets (58,884) (15,511) Increase in jong-term equity investments (440,404) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash flows from financing activities 8,713,600 50,321,73 Eccrease in short-term borrowings (131,917) (979,400) Redemption of bonds payable (3,000,000) (3,761,064)			
Other liabilities (1,791) (17,109) Cash provided by (used in) operating activities 4,131,740 395,448 Cash flows from investing activities: Tope crease in short-term investments 7,779,732 4,171,448 Proceeds from disposal of long-term investments 56 959,066 Proceeds from disposal of property and equipment (56,242) 41,033 Additions to property and equipment (65,242) 41,033 Increase in intangible assets (58,884) (16,511) Increase in long-term equity investments (440,440) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in Inclans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 82,610 86,697 Cash flows from financing activities (311,917) (979,400) Redeemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock			
Cash provided by (used in) operating activities 4,131,740 (395,448) Cash flows from investing activities: Topecrease in short-term investments 7,779,732 4,171,448 Proceeds from disposal of long-term investments 56 959,066 Proceeds from disposal of property and equipment 2,119 2,597 Additions to property and equipment (65,242) (41,033) Increase in intangible assets (58,884) (16,511) Increase in long-term equity investments (440,440) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash flows from financing activities 8,713,600 503,173 Cash flows from financing activities (300,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - (3,761,064) Disposal of treasury stock - - (3,761,064) Cash used in financing activities 9,71			
Cash flows from investing activities: Decrease in short-term investments 7,779,732 4,171,448 Proceeds from disposal of long-term investments 56 959,066 Proceeds from disposal of property and equipment 2,119 2,597 Additions to property and equipment (65,242) (41,033) Increase in intangible assets (58,884) (16,511) Increase in long-term equity investments (440,440) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in long-term equity investments 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities 8,713,600 5,032,173 Cash flows from financing activities (131,917) (979,400) Redemption of bonds payable (3,000,000) - Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (37,61,064) Disposal of treasury stock - (3,781,064) Cash used in financing activities 9,713,423	Other liabilities	(1,791)	(17,109)
Decrease in short-term investments 7,779,732 4,171,448 Proceeds from disposal of long-term investments 56 959,066 Proceeds from disposal of property and equipment 2,119 2,597 Additions to property and equipment (65,242) (41,033) Increase in intangible assets (58,884) (16,511) Increase in long-term equity investments (440,440) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities 8,713,600 5,032,173 Cash flows from financing activities (131,917) (979,400) Redemption of bonds payable (3,000,000) - Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - (3,761,064) Disposal of treasury stock - (3,782,000) Cash and cash equivalents at begin		4,131,740	(395,448)
Proceeds from disposal of long-term investments 56 959,066 Proceeds from disposal of property and equipment 2,119 2,597 Additions to property and equipment (65,242) (41,033) Increase in intangible assets (58,884) (16,511) Increase in long-term equity investments (440,440) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities 8,713,600 5.032,173 Cash flows from financing activities (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - (3,761,064) Disposal of treasury stock - (3,761,064) Cash used in financing activities 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and c	Cash flows from investing activities:		
Proceeds from disposal of property and equipment 2,119 2,597 Additions to property and equipment (65,242) (41,033) Increase in intangible assets (58,884) (16,511) Increase in long-term equity investments (440,440) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities 8,713,600 5,032,173 Cash flows from financing activities (131,917) (979,400) Decrease in short-term borrowings (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - (3,761,064) Disposal of treasury stock - 335,247 Cash used in financing activities 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equiv	Decrease in short-term investments	7,779,732	4,171,448
Additions to property and equipment (65,242) (41,033) Increase in intangible assets (58,884) (16,511) Increase in long-term equity investments (440,440) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities 8,713,600 5,032,173 Cash flows from financing activities (3,000,000) - Decrease in short-term borrowings (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - (3,761,064) Disposal of treasury stock - (3,131,917) (4,405,217) Net increase in cash and cash equivalents 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 1,82,051	Proceeds from disposal of long-term investments	56	959,066
Increase in intangible assets	Proceeds from disposal of property and equipment	2,119	
Increase in long-term equity investments (440,440) (266,447) Refund from reduction in investees' share capital 1,320,483 - Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities 8,713,600 5,032,173 Cash flows from financing activities: (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - (3,761,064) Disposal of treasury stock - (3,781,904) Cash used in financing activities (3,131,917) (4,405,217) Net increase in cash and cash equivalents 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 11,397,178 2,682,003 Supplemental disclosures of cash flow information: Income taxes paid 182,051 185,298 Supplementary schedules of non-cash in	Additions to property and equipment	(65,242)	(41,033)
Refund from reduction in investees' share capital 1,320,483 - Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities 8,713,600 5,032,173 Cash flows from financing activities: Usercase in short-term borrowings (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - (3,761,064) Disposal of treasury stock - (3,313,917) (4,405,217) Net increase in cash and cash equivalents 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 11,397,178 2,682,003 Supplemental disclosures of cash flow information: Interest paid 182,051 185,298 Income taxes paid 5,610 86,673 Supplementary schedules of non-cash investing and financing activities: 4,959,163	Increase in intangible assets	(58,884)	(16,511)
Decrease in loans and advances to related parties 82,610 136,356 Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities 8,713,600 5,032,173 Cash flows from financing activities: (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - 335,247 Cash used in financing activities (3,131,917) (4,405,217) Net increase in cash and cash equivalents 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 11,397,178 2,682,003 Supplemental disclosures of cash flow information: Interest paid 185,298 185,298 Income taxes paid 5,610 86,673 Supplementary schedules of non-cash investing and financing activities: 4,959,163 5,107,074 Foreign currency translation adjustment (296,217)	Increase in long-term equity investments	(440,440)	(266,447)
Decrease in refundable deposits, deferred expenses and other assets 93,166 86,697 Cash provided by investing activities Cash flows from financing activities: Decrease in short-term borrowings (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - 335,247 Cash used in financing activities (3,131,917) (4,405,217) Net increase in cash and cash equivalents 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 11,397,178 2,682,003 Supplemental disclosures of cash flow information: Interest paid 182,051 185,298 Income taxes paid 5,610 86,673 Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration 4,959,163 5,107,074 Foreign currency translation adjustment (296,217)	Refund from reduction in investees' share capital	1,320,483	-
Cash provided by investing activities 8,713,600 5,032,173 Cash flows from financing activities: (131,917) (979,400) Decrease in short-term borrowings (3,000,000) - Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - 335,247 Cash used in financing activities (3,131,917) (4,405,217) Net increase in cash and cash equivalents 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 11,397,178 2,682,003 Supplemental disclosures of cash flow information: Interest paid 182,051 185,298 Income taxes paid 5,610 86,673 Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration 4,959,163 5,107,074 Foreign currency translation adjustment (290,896) (296,217)	Decrease in loans and advances to related parties	82,610	136,356
Cash flows from financing activities: Decrease in short-term borrowings (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - 335,247 Cash used in financing activities (3,131,917) (4,405,217) Net increase in cash and cash equivalents 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 11,397,178 2,682,003 Supplemental disclosures of cash flow information: Interest paid 182,051 185,298 Income taxes paid 5,610 86,673 Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration 4,959,163 5,107,074 Foreign currency translation adjustment (990,896) (296,217)	Decrease in refundable deposits, deferred expenses and other assets	93,166	86,697
Decrease in short-term borrowings (131,917) (979,400) Redemption of bonds payable (3,000,000) - Purchase of treasury stock - (3,761,064) Disposal of treasury stock - 335,247 Cash used in financing activities (3,131,917) (4,405,217) Net increase in cash and cash equivalents 9,713,423 231,508 Cash and cash equivalents at beginning of period 1,683,755 2,450,495 Cash and cash equivalents at end of period 11,397,178 2,682,003 Supplemental disclosures of cash flow information: Interest paid 182,051 185,298 Income taxes paid 5,610 86,673 Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration 4,959,163 5,107,074 Foreign currency translation adjustment (990,896) (296,217)	Cash provided by investing activities	<u>8,713,600</u>	5,032,173
Redemption of bonds payable Purchase of treasury stock Disposal of treasury stock Cash used in financing activities Cash used in financing activities Other increase in cash and cash equivalents Cash and cash equivalents Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period Cash and cash equivalents at end of period Disposal of treasury stock Cash and cash equivalents Cash and cash equivalents Cash and cash equivalents at beginning of period Disposal of treasury stock Disposal of treasury stock Acash used in financing activities Line cash and cash equivalents Disposal of treasury stock Disposal	Cash flows from financing activities:		
Purchase of treasury stock Disposal of treasury stock Cash used in financing activities Cash used in financing activities (3,131,917) Net increase in cash and cash equivalents Cash and cash equivalents Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period Cash and cash equivalents at end of period Disposal of treasury stock 1,335,247 (4,405,217) 1,683,755 2,450,495 1,683,755 2,450,495 Cash and cash equivalents at end of period Disposal of treasury stock 1,683,755 2,450,495 1,397,178 2,682,003 Supplemental disclosures of cash flow information: Interest paid Income taxes paid Disposal of treasury stock 1,683,755 2,450,495 1,397,178 1,85,298 1,86,673 Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration Foreign currency translation adjustment - (3,761,064) - (4,405,217) 1,683,755 2,450,495 2,682,003 Supplemental disclosures of cash flow information: 4,959,163 5,107,074 5,107,074 1,959,163 1,959,16	Decrease in short-term borrowings	(131,917)	(979,400)
Disposal of treasury stock Cash used in financing activities (3,131,917) Net increase in cash and cash equivalents Cash and cash equivalents Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period Cash and cash equivalents at end of period Supplemental disclosures of cash flow information: Interest paid Income taxes paid Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration Foreign currency translation adjustment - 335,247 (4,405,217) (4,405,217) (2,450,495) (2,450,495) (1,397,178) (2,682,003) (1,397,178) (2,682,003	Redemption of bonds payable	(3,000,000)	-
Cash used in financing activities(3,131,917)(4,405,217)Net increase in cash and cash equivalents9,713,423231,508Cash and cash equivalents at beginning of period1,683,7552,450,495Cash and cash equivalents at end of period11,397,1782,682,003Supplemental disclosures of cash flow information:Interest paid182,051185,298Income taxes paid5,61086,673Supplementary schedules of non-cash investing and financing activities:Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration4,959,1635,107,074Foreign currency translation adjustment(990,896)(296,217)	Purchase of treasury stock	-	(3,761,064)
Net increase in cash and cash equivalents9,713,423231,508Cash and cash equivalents at beginning of period1,683,7552,450,495Cash and cash equivalents at end of period11,397,1782,682,003Supplemental disclosures of cash flow information:Interest paid182,051185,298Income taxes paid5,61086,673Supplementary schedules of non-cash investing and financing activities:Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration4,959,1635,107,074Foreign currency translation adjustment(990,896)(296,217)	Disposal of treasury stock		335,247
Net increase in cash and cash equivalents9,713,423231,508Cash and cash equivalents at beginning of period1,683,7552,450,495Cash and cash equivalents at end of period11,397,1782,682,003Supplemental disclosures of cash flow information:Interest paid182,051185,298Income taxes paid5,61086,673Supplementary schedules of non-cash investing and financing activities:Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration4,959,1635,107,074Foreign currency translation adjustment(990,896)(296,217)	Cash used in financing activities	(3,131,917)	(4,405,217)
Cash and cash equivalents at beginning of period1,683,7552,450,495Cash and cash equivalents at end of period11,397,1782,682,003Supplemental disclosures of cash flow information:Interest paid182,051185,298Income taxes paid5,61086,673Supplementary schedules of non-cash investing and financing activities:4,959,1635,107,074Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration4,959,1635,107,074Foreign currency translation adjustment(990,896)(296,217)		9,713,423	231,508
Cash and cash equivalents at end of period11,397,1782,682,003Supplemental disclosures of cash flow information:Interest paid182,051185,298Income taxes paid5,61086,673Supplementary schedules of non-cash investing and financing activities:Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration4,959,1635,107,074Foreign currency translation adjustment(990,896)(296,217)	<u>•</u>		
Interest paid 182,051 185,298 Income taxes paid 5,610 86,673 Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration Foreign currency translation adjustment 999,896 (296,217)		11,397,178	2,682,003
Income taxes paid Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration Foreign currency translation adjustment 5,610 86,673 4,959,163 5,107,074 (990,896) (296,217)			
Supplementary schedules of non-cash investing and financing activities: Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration Foreign currency translation adjustment 4,959,163 5,107,074 (296,217)	•		
Accrued cash dividends, employees' bonuses and directors' and supervisors' remuneration Foreign currency translation adjustment 4,959,163 5,107,074 (296,217)	•	<u>5,610</u>	<u>86,673</u>
Foreign currency translation adjustment (990,896) (296,217)			
			<u>5,107,074</u>
Accounts receivable transferred to investments in a subsidiary company <u> </u>		<u>(990,896</u>)	
	Accounts receivable transferred to investments in a subsidiary company	<u>-</u>	<u>998,070</u>