(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese) Reviewed only, not audited in accordance with the generally accepted auditing standards as of

June 30, 2018 and 2017

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2018, December 31, 2017, and June 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

| | | June 30, 201 | | December 31, 2 | | June 30, 201 | |
|--|----|-------------------|-----|----------------|---------------|--------------|----------|
| Assets | _ | Amount | % | Amount | <u>%</u> | Amount | <u>%</u> |
| Current assets: | | | | | | | |
| 1100 Cash and cash equivalents | \$ | 30,802,312 | 20 | 33,970,331 | 22 | 21,116,994 | 14 |
| 1110 Financial assets measured at fair value | | | | | | | |
| through profit or loss – current | | 1,598,877 | 1 | 170,803 | - | 109,055 | - |
| 1120Financial assets measured at fair value | | | | | | | |
| through other comprehensive income – | | 114.024 | | | | | |
| current | | 114,924 | - | - | - | - | - |
| 1125 Available-for-sale financial assets – curre | nt | - | - | 118,329 | - | 127,024 | - |
| 1140 Contract assets – current | | 253,144 | - | - | - | - | - |
| 1147 Investments in debt instrument without an | 1 | | | 232,466 | | 4,565 | |
| active market—current | | - | - | - | - 30 | | - 29 |
| 1170 Notes and accounts receivable, net | | 44,710,544 519 | 29 | 46,761,383 | | 42,369,144 | |
| 1180 Accounts receivable from related parties | | | - | 126,903 | - | 84,842 | - |
| 1200 Other receivables | | 695,196 | 1 | 1,024,005 | 1 | 662,006 | - |
| 1220 Current income tax assets | | 610,877 | - | 570,537 | - | 515,971 | - |
| 130X Inventories | | 42,307,910 | 27 | 40,079,221 | 25 | 47,873,301 | 32 |
| 1460 Non-current assets held for sale, net | | - | - | 161,990 | - | - | - |
| 1470 Other current assets | - | 3,555,665 | 2 | 3,078,330 | $\frac{2}{2}$ | 3,647,763 | 3 |
| Total current assets | - | 124,649,968 | 80 | 126,294,298 | 80 | 116,510,665 | 78 |
| Non-current assets: | | | | | | | |
| 1510 Financial assets measured at fair value | | 262 704 | | | | 10 504 | |
| through profit or loss – non-current | | 262,794 | - | - | - | 19,584 | - |
| 1517 Financial assets measured at fair value | | | | | | | |
| through other comprehensive income – non-current | | 5,252,364 | 3 | | | | |
| 1523 Available-for-sale financial assets – non- | | 5,252,504 | 5 | - | - | - | - |
| current | | _ | _ | 5,252,341 | 3 | 5,454,682 | 4 |
| 1546 Investments in debt instrument without a | • | | | 5,252,541 | 5 | 5,454,062 | т |
| active market – non-current | 1 | _ | _ | 308,444 | _ | 206,018 | _ |
| 1550 Investments accounted for using equity | | | | 500,111 | | 200,010 | |
| method | | 381,018 | - | 569,405 | - | 566,872 | - |
| 1600 Property, plant and equipment | | 4,006,661 | 3 | 4,106,559 | 3 | 4,133,638 | 3 |
| 1760 Investment property | | 1,127,945 | 1 | 1,141,199 | 1 | 1,173,626 | 1 |
| 1780 Intangible assets | | 17,345,388 | 11 | 17,184,151 | 11 | 17,541,753 | 12 |
| 1840 Deferred income tax assets | | 661,125 | - | 656,478 | - | 665,048 | - |
| 1900 Other non-current assets | | 1,220,108 | 1 | 1,101,079 | 1 | 1,307,872 | 1 |
| 1980 Other financial assets – non-current | | 1,016,546 | 1 | 998,817 | 1 | 984,548 | 1 |
| Total non-current assets | - | 31,273,949 | 20 | 31,318,473 | 20 | 32,053,641 | 22 |
| Total assets | \$ | 155,923,917 | 100 | 157,612,771 | 100 | 148,564,306 | 100 |

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June 30, 2018 and 2017

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets (Continued) June 30, 2018, December 31, 2017, and June 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

| | | | June 30, 201 | 8 | December 31, 2 | 017 | June 30, 2017 | | |
|------|---|--------------|--------------|-------------|----------------|------------|---------------|-------------|--|
| | Liabilities and Equity | | Amount | % | Amount | % | Amount | % | |
| | Current liabilities: | | | | | | | | |
| 2100 | Short-term borrowings | \$ | 94,048 | - | 482,894 | - | 1,557,497 | 1 | |
| 2120 | Financial liabilities measured at fair value through profit or loss – current | | 39,158 | - | 621,947 | - | 1,705,084 | 1 | |
| 2170 | Notes and accounts payable | | 41,449,708 | 27 | 42,749,799 | 27 | 34,907,963 | 24 | |
| 2180 | Accounts payable to related parties | | - | - | 1,183 | - | 2,572 | - | |
| 2200 | Other payables | | 27,233,269 | 17 | 37,219,141 | 24 | 37,564,529 | 25 | |
| 2250 | Provisions-current | | 5,174,588 | 3 | 6,656,001 | 4 | 5,836,994 | 4 | |
| 2322 | Current portion of long-term debt | | 905,839 | 1 | 2,701,958 | 2 | 1,800,803 | 1 | |
| 2365 | Refund liabilities – current | | 12,788,570 | 8 | - | - | - | - | |
| 2399 | Other current liabilities | _ | 3,390,706 | 2 | 2,807,010 | 2 | 2,741,795 | 2 | |
| | Total current liabilities | _ | 91,075,886 | 58 | 93,239,933 | <u>59</u> | 86,117,237 | 58 | |
| | Non-current liabilities: | | | | | | | | |
| 2540 | Long-term debt | | 3,318,253 | 2 | 3,300,499 | 2 | 4,203,344 | 3 | |
| 2550 | Provisions-non-current | | 55,182 | - | 45,692 | - | 59,465 | - | |
| 2570 | Deferred income tax liabilities | | 1,176,864 | 1 | 1,040,696 | 1 | 726,701 | 1 | |
| 2600 | Other non-current liabilities | _ | 2,131,943 | 2 | 2,010,545 | 1 | 1,973,042 | 1 | |
| | Total non-current liabilities | _ | 6,682,242 | 5 | 6,397,432 | 4 | 6,962,552 | 5 | |
| | Total liabilities | _ | 97,758,128 | 63 | 99,637,365 | 63 | 93,079,789 | 63 | |
| | Equity: | | | | | | | | |
| 3110 | Common stock | | 30,765,028 | 20 | 30,765,028 | 19 | 30,767,578 | 21 | |
| 3200 | Capital surplus | | 27,841,458 | 18 | 29,852,184 | 19 | 29,755,585 | 20 | |
| | Retained earnings: | | | | | | | | |
| 3310 | Legal reserve | | 281,559 | - | - | - | - | - | |
| 3320 | Special reserve | | 2,534,028 | 2 | - | - | - | - | |
| 3351 | Unappropriated earnings | | 1,606,873 | 1 | 2,815,587 | 2 | 306,561 | - | |
| 3400 | Other equity | | (2,737,318) | (2) | (3,198,500) | (2) | (2,433,299) | (2) | |
| 3500 | Treasury stock | _ | (2,914,856) | <u>(2</u>) | (2,914,856) | (2) | (2,914,856) | <u>(2</u>) | |
| | Equity attributable to shareholders of | Ī | | | | | | | |
| | the Company | _ | 57,376,772 | 37 | 57,319,443 | 36 | 55,481,569 | 37 | |
| 36XX | Non-controlling interests | _ | 789,017 | | 655,963 | 1 | 2,948 | | |
| | Total equity | | 58,165,789 | 37 | 57,975,406 | 37 | 55,484,517 | 37 | |
| | Total liabilities and equity | \$_] | 155,923,917 | <u>100</u> | 157,612,771 | <u>100</u> | 148,564,306 | <u>100</u> | |

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese) Reviewed only, not audited in accordance with generally accepted auditing standards

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

For the three months ended June 30, 2018 and 2017, and six months ended June 30, 2018 and 2017

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

| $ \begin{array}{ c c c c c c c c c c c c c c c c c c c$ | | | For the three months ended June 30 | | | 30 | For the six months ended June 30 | | | | | |
|--|--------|--|------------------------------------|--|-----------------|-------------------|----------------------------------|--------------|-----------------|---|---------------------|--|
| 4000 5000 Revenue 5 $5.8475.44$ 100 $5.368.474$ 100 $10.2705.87$ 100 $10.088.705$ $100.0550.750$ $10.07550.750$ $10.088.7050.750$ <th></th> <th></th> <th></th> <th colspan="2">2018</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> | | | | 2018 | | | | | | | | |
| 5000 Cost of revenue (22,023,02) (49) (47,51,857) (49) (11,21,20,05,63) (12) (11,21,12,04) (11,12,11,21) (11,12,11,2 | | | _ | Amount | % | Amount | % | Amount | % | Amount | % | |
| 5000 Cost of revenue (22,023,02) (49) (47,51,857) (49) (11,21,20,05,63) (12) (11,21,12,04) (11,12,11,21) (11,12,11,2 | 4000 | Revenue | \$ | 58,475,540 | 100 | 53,604,474 | 100 | 113,279,068 | 100 | 109,656,863 | 100 | |
| Gross profit 6.432,250 11 6.432,250 11 6.12,193,63 11 11,511,219 10 0100 Selling expenses (3,394,235) (6) (3,445,162) (6) (7,451,073) (7) (6,972,624) (6) 0300 Research and development expenses (566,238) (1) (7,162,05) (1) (1,11,123) (1) (1,11,14) (1,11,14) (1,11,14) (1,11,14) (1,11,14) (1,11,14) <td< td=""><td></td><td></td><td>•</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></td<> | | | • | | | | | | | | | |
| | | | _ | | | | | | | | _ | |
| 6100 Selling expenses $(3,394,225)$ (6) $(3,445,162)$ (6) $(7,21,97)$ (7) $(6,772,624)$ (6) 6300 Research and development expenses $(562,238)$ (1) $(757,205)$ (1) $(1,11,173)$ $(1,11,11,11)$ $(1,11,11,11,11)$ | | - | _ | <u>, </u> | | | | , | | <u>, </u> | | |
| | 6100 | | | (3,894,235) | (6) | (3,445,162) | (6) | (7,621,973) | (7) | (6,972,624) | (6) | |
| | 6200 | Administrative expenses | | (1,063,566) | (2) | (1,145,317) | (2) | (1,972,590) | (2) | (2,079,486) | (2) | |
| | 6300 | Research and development expenses | _ | (566,238) | (1) | (576,205) | (1) | (1,161,485) | (1) | (1,111,739) | | |
| Operating income 930.201 2 991.579 2 1.477.411 1 1.447.136 1 7010 Other gains and losses – net 297.47 \cdot 83.447 \cdot 168.819 \cdot 1(1.045 \cdot 7020 Other gains and losses – net 251.869 \cdot (704.956 \cdot (105.053) \cdot 7000 Income costs (37.590) $-$ (13.672) $-$ (25.225) $-$ (20.974) $-$ 7000 Income before tarses (11.164.71 2255.020 $-$ (12.0728 2 238.509 $-$ 7010 Income tarses (137.590) $-$ (13.672) $-$ (20.974) $-$ 7050 Income tarses (13.672) $-$ (12.862.7) (1) $ -$ </td <td></td> <td></td> <td></td> <td>(5,524,039)</td> <td>(9)</td> <td>(5,166,684)</td> <td><u>(9</u>)</td> <td>(10,756,048)</td> <td>(10)</td> <td>(10,163,849)</td> <td>(9)</td> | | | | (5,524,039) | (9) | (5,166,684) | <u>(9</u>) | (10,756,048) | (10) | (10,163,849) | (9) | |
| Non-operating income and loss: $ -$ <th< td=""><td>6500</td><td>Other operating income and loss</td><td>_</td><td>21,890</td><td></td><td>71,646</td><td></td><td>43,096</td><td></td><td>99,766</td><td>_</td></th<> | 6500 | Other operating income and loss | _ | 21,890 | | 71,646 | | 43,096 | | 99,766 | _ | |
| | | Operating income | | 930,201 | 2 | 991,579 | 2 | 1,477,411 | 1 | 1,447,136 | 1 | |
| 7020 Other gains and losses - net 251,869 - (704,956) (1) 729,39 1 (1,223,645) (1) 7050 Share of profits (losses) of associates and joint ventures (57,756) - (60,734) - (109,616) - (102,053) - 7060 Share of profits (losses) of associates and joint ventures (37,590) - (13,672) - (52,225) - (12,23,645) (1) 7090 Income bar (transport) benefits (37,590) - (13,672) - (12,08,69,12) (10,680,12) (10,680,12) (10,680,14) - (10,680,12) (10,680,14) - <td></td> <td>Non-operating income and loss:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> | | Non-operating income and loss: | | | | | | | | | | |
| 1050 Finance costs $(37,756)$ $(60,734)$ $(109,616)$ $(109,053)$ $(109,053)$ 7060 Share of profits (losses) of associates and joint ventures $(37,590)$ $(13,672)$ $(13,672)$ $(13,672)$ $(120,813)$ $(120,8627)$ $(120,872)$ < | 7010 | Other income | | 99,747 | - | 83,447 | - | 168,819 | - | 141,045 | - | |
| Total non-operating income and loss $(37,590)$ $(13,672)$ $(5,223)$ $(20,974)$ $(20,974)$ 7900 Income before taxes $1,186,471$ $2295,664$ $12,210,728$ $238,309$ $(1208,627)$ (11) 7950 Income tax (expense) benefits $(327,583)$ (1) $(51,756)$ $(680,192)$ $(160,6004)$ $(110,728)$ $(210,728)$ $(210,728)$ $(210,728)$ $(110,728)$ $(210,728)$ $(110,728)$ $(210,728)$ $(110,729)$ $(110,729)$ $(110,729)$ <td>7020</td> <td>Other gains and losses $-$ net</td> <td></td> <td>251,869</td> <td>-</td> <td>(704,956)</td> <td>(1)</td> <td>729,339</td> <td>1</td> <td>(1,223,645)</td> <td>(1)</td> | 7020 | Other gains and losses $-$ net | | 251,869 | - | (704,956) | (1) | 729,339 | 1 | (1,223,645) | (1) | |
| ventures (37,590) \cdot (13,672) \cdot (55,225) \cdot (20,974) \cdot 7900 Income tax (expense) benefits (32,750) \cdot (695,915) (1) 273,317 (1,208,627) (1) 7900 Income tax (expense) benefits (327,583) (1) (51,756) \cdot (680,192) (1) 68,004 \cdot 8310 Item tax will not be reclassified subsequently to profit or loss (11,49,894) \cdot \cdot (64,429) \cdot \cdot 8349 Income tax related to items that will not be reclassified subsequently to profit or loss \cdot \cdot \cdot \cdot \cdot \cdot \cdot \cdot 8360 Items that may be reclassified subsequently to profit or loss \cdot | 7050 | Finance costs | | (57,756) | - | (60,734) | - | (109,616) | - | (105,053) | - | |
| Total non-operating income and loss $256,270$ $ (692,95)$ (1) $733,317$ 1 $(1,208,627)$ (1) 7900 Income before taxes $(1,186,471$ 2 $295,664$ $2,210,728$ 2 $238,509$ $-$ 7900 Income tax (expense) benefits $(327,583)$ (1) $(51,756)$ $ (68,004)$ $-$ 8310 Items that will not be reclassified subsequently to profit or loss $ -$ | 7060 | Share of profits (losses) of associates and joint | | | | | | | | | | |
| 7900 Income before taxes 1,186,471 2 295,664 1 2,210,728 2 238,099 - 7950 Income tax (expense) benefits (327,585) (1) (51,756) - (680,192) (1) 68,004 - Net income (ascent accord) (ascent ac | | ventures | _ | (37,590) | | (13,672) | | (55,225) | | (20,974) | | |
| 7950 Income tax (expense) benefits $(327,585)$ (1) $(51,756)$ $(680,192)$ (1) $68,004$ $-$ 8310 Items that vill not be reclassified subsequently to profit or loss $358,886$ 1 $243,908$ 1 $1,530,536$ 1 $306,513$ $-$ 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income $(149,894)$ $ (64,429)$ $ -$ 8349 Income tax related to items that will not be reclassified subsequently to profit or loss $ -$ | | Total non-operating income and loss | _ | 256,270 | | (695,915) | (1) | 733,317 | 1 | (1,208,627) | <u>(1</u>) | |
| Net income 858,886 1 243,908 1 1,530,536 1 306,513 - 8310 Items that vill not be reclassified subsequently to profit or loss 1 243,908 1 1,530,536 1 306,513 - 8310 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (149,894) - - 6(64,429) - | 7900 | Income before taxes | | 1,186,471 | 2 | 295,664 | 1 | 2,210,728 | 2 | 238,509 | - | |
| Other comprehensive income (loss): Image: comprehensive income (loss): Image: comprehensive income (loss): 8310 Items that will not be reclassified subsequently to profit or loss . | 7950 | | _ | (327,585) | <u>(1</u>) | (51,756) | | (680,192) | (1) | | | |
| 8310 Items that will not be reclassified subsequently to profit or loss (149,894) - - - 8349 Income tax related to items that will not be reclassified subsequently to profit or loss - | | Net income | _ | 858,886 | 1 | 243,908 | 1 | 1,530,536 | 1 | 306,513 | | |
| profit or loss8316Unrealized gais (losses) from investments in equity instruments measured at fair value through other comprehensive income(149,894)(64,429)8349Income tax related to items that will not be reclassified subsequently to profit or loss8360Items that may be reclassified subsequently to profit or loss(149,894)< | | Other comprehensive income (loss): | | | | | | | | | | |
| 8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (149,894) - - (64,429) - - - 8349 Income tax related to items that will not be reclassified subsequently to profit or loss - - - 8,923 - | 8310 | | | | | | | | | | | |
| instruments measured at fair value through other comprehensive income (149,894) - - (64,429) - | 8316 | 1 | | | | | | | | | | |
| 8349 Income tax related to items that will not be reclassified subsequently to profit or loss . </td <td></td> <td>instruments measured at fair value through other</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> | | instruments measured at fair value through other | | | | | | | | | | |
| reclassified subsequently to profit or loss - - - 8,923 - | 0240 | - | | (149,894) | - | - | - | (64,429) | - | - | - | |
| $\begin{array}{c c c c c c c c c c c c c c c c c c c $ | 8349 | | | _ | _ | _ | _ | 8 923 | _ | _ | _ | |
| will not be reclassified to profit or loss $(149,894)$ - - - (55,506) - | | | - | | | | | 0,725 | · | | | |
| 8360 Items that may be reclassified subsequently to profit or loss 1,225,618 2 1,118,104 2 499,097 1 (2,002,972) (2) 8361 Exchange differences on translation of foreign operation 1,225,618 2 1,118,104 2 499,097 1 (2,002,972) (2) 8362 Change in fair value of available-for-sale financial assets - - 694,215 1 - - 1,073,545 1 8370 Share of other comprehensive income of associates subsequently to profit or loss 1,224 - 718 - (3,071) - 350 - 8399 Income tax related to items that may be reclassified subsequently to profit or loss 89 - (121) - (3,429) - (59) - Components of other comprehensive income that will be reclassified to profit or loss 1,226,950 2 1,812,916 3 492,597 1 (929,136) (1) Net income attributable to: \$ 1,935,942 3 2,056,824 4 1,967,627 2 (622,623) (1) 8610 Shareholders of the Company \$ | | | | (149,894) | - | - | - | (55,506) | - | - | - | |
| profit or loss8361Exchange differences on translation of foreign operation8362Change in fair value of available-for-sale financial assets1,225,61821,118,1042499,0971 $(2,002,972)$ (2) 8362Change in fair value of available-for-sale financial assets $694,215$ 11,073,54518370Share of other comprehensive income of associates subsequently to profit or loss1,243- 718 - $(3,071)$ - 350 -8399Income tax related to items that may be reclassified subsequently to profit or loss 89 - (121) - $(3,429)$ - (59) -Components of other comprehensive income that will be reclassified to profit or loss $1,226,950$ 2 $1,812,916$ 3 $492,597$ 1 $(929,136)$ (1) Dther comprehensive income (loss), net of taxes Net income attributable to: $1,935,942$ 3 $2,056,824$ 4 $1,967,627$ 2 $(622,623)$ (1) 8610Shareholders of the Company\$ $880,932$ 1 $243,889$ 1 $1,588,962$ 1 $306,561$ -8710Shareholders of the Company\$ $1,963,575$ 3 $2,056,800$ 4 $2,043,029$ 2 $(621,488)$ (1) 8720Non-controlling interests $(27,633)$ - 24 - $(75,402)$ - $(1,135)$ -8710Shareholders of the Company\$ $1,963,575$ | 8360 | 1 | - | | | | | | | | | |
| operation $1,225,618$ 2 $1,118,104$ 2 $499,097$ 1 $(2,002,972)$ (2) 8362Change in fair value of available-for-sale financial assetsassets $ 694,215$ 1 $ 1,073,545$ 1 8370Share of other comprehensive income of associates subsequently to profit or loss Components of other comprehensive income that will be reclassified to profit or loss $1,223,92$ $ (3,071)$ $ 350$ $-$ 8399Income tax related to items that may be reclassified subsequently to profit or loss Components of other comprehensive income that will be reclassified to profit or loss 89 $ (121)$ $ (3,429)$ $ (59)$ $-$ Total comprehensive income (loss) for the period Net income attributable to: $1,226,950$ 2 $1,812,916$ 3 $492,597$ 1 $(929,136)$ (1) 8610Shareholders of the Company $\$$ $880,932$ 1 $243,889$ 1 $1,588,962$ 1 $306,561$ $-$ 8620Non-controlling interests $(22,046)$ $ 19$ $ (58,426)$ $ (48)$ $-$ 8710Shareholders of the Company $\$$ $1,963,575$ 3 $2,056,824$ 4 $1,967,627$ 2 $(621,488)$ (1) 8720Non-controlling interests $(27,633)$ $ 24$ $ (75,402)$ $ (1,135)$ $-$ 8720Basic earnings per share $$$ $0,29$ $0,08$ | | | | | | | | | | | | |
| 8362 Change in fair value of available-for-sale financial assets - - 694,215 1 - - 1,073,545 1 8370 Share of other comprehensive income of associates subsequently to profit or loss 1,243 - 718 - (3,071) - 350 - 8399 Income tax related to items that may be reclassified subsequently to profit or loss . . 718 - (3,071) - 350 - Components of other comprehensive income that will be reclassified to profit or loss . . 1,226,950 2 1,812,916 3 492,597 1 (929,136) (1) Other comprehensive income (loss) attributable to: 1,077,056 2 1,812,916 3 492,597 1 (929,136) (1) Net income attributable to: 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) 8610 Shareholders of the Company \$ 880,932 1 243,889 1 1,588,962 1 306,561 - 8710 Shareholders of the Company \$ 1,963,575 3 | 8361 | • | | | | | | | | | | |
| assets - - 694,215 1 - - 1,073,545 1 8370 Share of other comprehensive income of associates 1,243 - 718 - (3,071) - 350 - 8399 Income tax related to items that may be reclassified subsequently to profit or loss 89 - (121) - (3,429) - (59) - Components of other comprehensive income that will be reclassified to profit or loss 1,226,950 2 1,812,916 3 492,597 1 (929,136) (1) Other comprehensive income (loss), net of taxes 1,077,056 2 1,812,916 3 492,597 1 (929,136) (1) Net income attributable to: 1,077,056 2 1,812,916 3 492,597 1 (929,136) (1) 8610 Shareholders of the Company \$ 880,932 1 2,43,889 1 1,588,962 1 306,561 - 8620 Non-controlling interests (22,046) - 19 - (58,426) - (48) - <tr< td=""><td></td><td>operation</td><td></td><td>1,225,618</td><td>2</td><td>1,118,104</td><td>2</td><td>499,097</td><td>1</td><td>(2,002,972)</td><td>(2)</td></tr<> | | operation | | 1,225,618 | 2 | 1,118,104 | 2 | 499,097 | 1 | (2,002,972) | (2) | |
| 8370 Share of other comprehensive income of associates $1,243$ - 718 - $(3,071)$ - 350 - 8399 Income tax related to items that may be reclassified subsequently to profit or loss 899 - (121) - $(3,429)$ - (59) - Components of other comprehensive income that will be reclassified to profit or loss 899 - (121) - $(3,429)$ - (59) - Other comprehensive income (loss), net of taxes $1,226,950$ 2 $1,812,916$ 3 $492,597$ 1 $(929,136)$ (1) Net income attributable to: 1,077,056 2 $1,812,916$ 3 $437,091$ 1 $(929,136)$ (1) Net income attributable to: 8 880,932 1 $243,889$ 1 $1,588,962$ 1 $306,561$ - 8610 Shareholders of the Company \$ 888,886 1 $243,908$ 1 $1,530,536$ 1 $306,561$ - 8710 Shareholders of the Company \$ $1,963,575$ 3 $2,056,824$ | 8362 | Change in fair value of available-for-sale financial | | | | | | | | | | |
| 8399 Income tax related to items that may be reclassified subsequently to profit or loss 89 - (121) - (3,429) - (59) - Components of other comprehensive income that will be reclassified to profit or loss 1,226,950 2 1,812,916 3 492,597 1 (929,136) (1) Other comprehensive income (loss), net of taxes 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) Net income attributable to: 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) 8610 Shareholders of the Company \$ 880,932 1 243,889 1 1,588,962 1 306,561 - 8620 Non-controlling interests (22,046) - 19 - (58,426) - (48) - 8710 Shareholders of the Company \$ 1,963,575 3 2,056,820 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) | | assets | | - | - | 694,215 | 1 | - | - | 1,073,545 | 1 | |
| subsequently to profit or loss 89 - (121) - (3,429) - (59) - Components of other comprehensive income that will be reclassified to profit or loss 1,226,950 2 1,812,916 3 492,597 1 (929,136) (1) Other comprehensive income (loss), net of taxes 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) Net income attributable to: 1,035,942 3 2,056,824 4 1,967,627 2 (622,623) (1) 8610 Shareholders of the Company \$ 880,932 1 243,889 1 1,588,962 1 306,561 - 8620 Non-controlling interests (22,046) - 19 - (58,426) - (48) - 8710 Shareholders of the Company \$ 1,963,575 3 2,056,824 4 1,967,627 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - 8720 Non-contro | 8370 | | | 1,243 | - | 718 | - | (3,071) | - | 350 | - | |
| Components of other comprehensive income that will be reclassified to profit or loss 1,226,950 2 1,812,916 3 492,597 1 (929,136) (1) Other comprehensive income (loss), net of taxes 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) Net income attributable to: 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) Net income attributable to: 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) 8610 Shareholders of the Company \$ 880,932 1 243,889 1 1,588,962 1 306,561 - 8620 Non-controlling interests (22,046) - 19 - (58,426) - (48) - 8710 Shareholders of the Company \$ 1,963,575 3 2,056,824 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - 8720 < | 8399 | 5 | | | | | | | | | | |
| will be reclassified to profit or loss 1,226,950 2 1,812,916 3 492,597 1 (929,136) (1) Other comprehensive income (loss), net of taxes 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) Net income attributable to: 1,035,942 3 2,056,824 4 1,967,627 2 (622,623) (1) 8610 Shareholders of the Company \$ 880,932 1 243,889 1 1,588,962 1 306,561 - 8620 Non-controlling interests (22,046) - 19 - (58,426) - (48) - 8710 Shareholders of the Company \$ 1,963,575 3 2,056,824 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - 8720 Non-controlling interests | | | _ | 89 | | (121) | | (3,429) | | (59) | | |
| Other comprehensive income (loss), net of taxes 1,077,056 2 1,812,916 3 437,091 1 (929,136) (1) Total comprehensive income attributable to: \$ 1,935,942 3 2,056,824 4 1,967,627 2 (622,623) (1) 8610 Shareholders of the Company \$ 880,932 1 243,889 1 1,588,962 1 306,561 - 8620 Non-controlling interests (22,046) - 19 - (58,426) - (48) - 8710 Shareholders of the Company \$ 1,963,575 3 2,056,800 4 2,043,029 2 (621,488) (1) 8710 Shareholders of the Company \$ 1,963,575 3 2,056,800 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - | | | | | | | | | | | | |
| Total comprehensive income (loss) for the period Net income attributable to: \$ 1,935,942 3 2,056,824 4 1,967,627 2 (622,623) (1) 8610 Shareholders of the Company \$ 880,932 1 243,889 1 1,588,962 1 306,561 - 8620 Non-controlling interests (22,046) - 19 - (58,426) - (48) - 8620 Non-controlling interests 858,886 1 243,908 1 1,530,536 1 306,561 - 8710 Shareholders of the Company \$ 1,963,575 3 2,056,800 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - 8750 Basic earnings per share (in New Taiwan dollars) : 92 0.08 0.53 0.10 | | | _ | | | | 3 | | <u> </u> | | <u> </u> | |
| Net income attributable to: 8610 Shareholders of the Company\$ 880,9321 $243,889$ 1 $1,588,962$ 1 $306,561$ 8620 Non-controlling interests $(22,046)$ - 19 - $(58,426)$ - (48) -Total comprehensive income (loss) attributable to: $858,886$ 1 $243,908$ 1 $1,530,536$ 1 $306,513$ -8710Shareholders of the Company\$ 1,963,5753 $2,056,800$ 4 $2,043,029$ 2 $(621,488)$ (1) 8720Non-controlling interests $(27,633)$ - 24 - $(75,402)$ - $(1,135)$ - Earnings per share (in New Taiwan dollars) : 9750Basic earnings per share $$$ 0.29 0.08 0.53 0.10 | | | _ | | 2 | | 3 | | <u> </u> | | / | |
| 8610 Shareholders of the Company \$ 880,932 1 243,889 1 1,588,962 1 306,561 - 8620 Non-controlling interests (22,046) - 19 - (58,426) - (48) - 8710 Shareholders of the Company \$ 1,963,575 3 2,056,800 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests \$ 1,963,575 3 2,056,800 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - 8720 Basic earnings per share (in New Taiwan dollars) : 1,935,942 3 2,056,824 4 1,967,627 2 (622,623) (1) 9750 Basic earnings per share \$ 0.29 0.08 0.53 0.10 | | | \$_ | 1,935,942 | 3 | 2,056,824 | | 1,967,627 | <u> </u> | (622,623) | <u>(1</u>) | |
| 8620 Non-controlling interests $(22,046)$ $ 19$ $ (58,426)$ $ (48)$ $-$ Total comprehensive income (loss) attributable to: 8710 Shareholders of the Company $\$$ $1,963,575$ 3 $2,056,800$ 4 $2,043,029$ 2 $(621,488)$ (1) 8720 Non-controlling interests $(27,633)$ $ 24$ $ (75,402)$ $ (1,135)$ $-$ Earnings per share (in New Taiwan dollars) : $\$$ 0.29 0.08 0.53 0.10 | 0.64.0 | | <i>•</i> | | | • • • • • • • • | | | | | | |
| Stareholders of the Company \$ 858,886 1 243,908 1 1,530,536 1 306,513 - 8710 Shareholders of the Company \$ 1,963,575 3 2,056,800 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - Earnings per share (in New Taiwan dollars) : Basic earnings per share \$ 0.29 0.08 0.53 0.10 | | | \$ | | 1 | - | 1 | | 1 | | - | |
| Total comprehensive income (loss) attributable to: Total comprehensive income (loss) attributable to: 8710 Shareholders of the Company \$ 1,963,575 3 2,056,800 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - Earnings per share (in New Taiwan dollars) : Solution Solution Solution Solution Solution Solution 9750 Basic earnings per share \$ 0.29 0.08 0.53 0.10 | 8620 | Non-controlling interests | | | | | <u> </u> | | <u> </u> | / | | |
| 8710 Shareholders of the Company \$ 1,963,575 3 2,056,800 4 2,043,029 2 (621,488) (1) 8720 Non-controlling interests (27,633) - 24 - (75,402) - (1,135) - Earnings per share (in New Taiwan dollars) : 9750 Basic earnings per share \$ 0.29 0.08 0.53 0.10 | | | \$_ | 858,886 | $\underline{1}$ | 243,908 | $\underline{1}$ | 1,530,536 | $\underline{1}$ | 306,513 | <u> </u> | |
| 8720 Non-controlling interests $(27,633)$ - 24 - $(75,402)$ - $(1,135)$ - Earnings per share (in New Taiwan dollars) : 9750 Basic earnings per share 9750 Basic earnings per share | | | <i>•</i> | | | • • • • • • • • • | | | | | <i>(</i> 1) | |
| Earnings per share (in New Taiwan dollars) : \$ 1,935,942 3 2,056,824 4 1,967,627 2 (622,623) (1) 9750 Basic earnings per share \$ 0.29 0.08 0.53 0.10 | | 1 1 | \$ | | 3 | | 4 | | 2 | | (1) | |
| Earnings per share (in New Taiwan dollars) :9750Basic earnings per share\$0.290.080.53 | 8720 | Non-controlling interests | _ | | | | <u> </u> | | <u> </u> | / | | |
| 9750 Basic earnings per share § 0.29 0.08 0.53 0.10 | | | \$_ | 1,935,942 | 3 | 2,056,824 | 4 | 1,967,627 | | (622,623) | <u>(1</u>) | |
| | | | | | | | - | | | | | |
| 9850 Diluted earnings per share § 0.29 0.08 0.52 0.10 | | • • | \$ | | | | | | | | | |
| | 9850 | Diluted earnings per share | \$_ | | 0.29 | | 0.08 | | 0.52 | | 0.10 | |

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Attributable to shareholders of the Company

| | | | | Retaine | ed earnings | A | tributable to sh | arenoiders of the | | equity | | | | | | |
|---|-------------------------------|------------------------------------|------------------|--------------------|---|--------------------------------------|---|---|---|--|---|-------------|--------------|------------------------------|----------------------------------|------------------------|
| | Common stock | Capital surplus | Legal reserve | Special reserve | Unappropriate d earnings (accumulated deficit) | Total | Foreign currency translation differences | Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income | Unrealized gain (loss) from available-for- sale financial assets | Remeasurement s of defined benefit plans | Unearned compensation cost arising from restricted shares of stock issued to employees | Total | Treasury | parent | Non- controlling interests | <u>Total equity</u> |
| Balance at January 1, 2017 | \$ <u>30,807,328</u> | 34,743,105 | 145,190 | 1,306,709 | $\frac{(4,900,296)}{306,561}$ - | <u>(3,448,397)</u> <u>306,561</u> | (1,061,015 |) | (347,770) | (77,257) | (26,743) | (1,512,785) | (2,914,856) | <u>57,674,395</u> 306,561 | 4,083 | 57,678,478 |
| Net income for the period Other comprehensive income (loss) for | - r | - | - | - | 500,501 | 300,301 | - | - | - | - | - | - | - | 500,501 | (48) | 500,515 |
| the period Total comprehensive income (loss) for | | <u> </u> | - | | | | (2,001,594 |) | 1,073,545 | | | (928,049) | | (928,049) | (1,087) | (929,136) |
| the period | | | - | | 306,561 | 306,561 | (2,001,594 |) | 1,073,545 | | | (928,049) | | (621,488) | (1,135) | (622,623) |
| Appropriation approved by the stockholders: | | | | | | | | | | | | | | | | |
| Decrease in legal reserve to offset accumulated deficit Decrease in special reserve to offset | - | - | (145,190) | - | 145,190 | - | - | - | - | - | - | - | - | - | - | - |
| 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 | _ | _ | _ | _ | _ | _ | _ | _ | _ | _ |
| Cash distributed from capital surplus | - | (1,538,379) | - | - | - | - | - | - | - | - | - | - | - | (1,538,379) | - | (1,538,379) |
| Change in equity of investments in associates | - | (40,494) | - | - | - | - | - | - | - | - | - | - | - | (40,494) | - | (40,494) |
| Compensation cost arising from restricted shares of stock issued to employees | | | | | | | | | | | 7,535 | 7,535 | | 7,535 | | 7,535 |
| Retirement of restricted shares of stock | - | - | - | - | - | - | - | - | - | - | 1,000 | 7,555 | - | 7,555 | - | 7,555 |
| issued to employees Balance at June 30, 2017 | (39,750) 30,767,578 | <u>39,750</u> 29,755,585 | - | - | 306,561 | 306,561 | (3,062,609 | | 725,775 | (77,257) | (19,208) | (2,433,299) | (2,914,856) | 55,481,569 | 2,948 | 55,484,517 |
| Balance at January 1, 2018 Effects of retrospective application | \$ 30,765,028 | 29,852,184 | - | - | 2,815,587 (10,694) | 2,815,587 (10,694) | (3,202,161 |) - 112.035 | 112,035 | (96,281) | (12,093) | (3,198,500) | (2,914,856) | 57,319,443 (10,694) | 655,963 | 57,975,406 (10,694) |
| Adjusted balance at January 1, 2018 | 30,765,028 | 29,852,184 | - | | 2,804,893 | 2,804,893 | (3,202,161 | $) \frac{112,035}{112,035}$ | (112,035) | (96,281) | (12,093) | (3,198,500) | (2,914,856) | 57,308,749 | 655,963 | 57,964,712 |
| Net income for the period Other comprehensive income (loss) for | - | - | - | - | 1,588,962 | 1,588,962 | - | - | - | - | - | - | - | 1,588,962 | (58,426) | 1,530,536 |
| the period | | | - | | | _ | 492,734 | (47,588) | _ | 8,921 | | 454,067 | | 454,067 | (16,976) | 437,091 |
| Total comprehensive income (loss) for the period | _ | - | - | - | 1,588,962 | 1,588,962 | 492,734 | (47,588) | - | 8,921 | - | 454,067 | - | 2,043,029 | (75,402) | 1,967,627 |
| Appropriation approved by the stockholders: | | | 281 550 | | | 1,000,00 | | (17,000) | | | | | | | (,0,102) | |
| Legal reserve Special reserve | - | - | 281,559 | 2,534,028 | (281,559) (2,534,028) | - | - | - | - | - | - | - | - | - | - | - |
| Cash distributed from capital surplus Change in equity of investments in | - | (2,153,552) | - | - | - | - | - | - | - | - | - | - | - | (2,153,552) | - | (2,153,552) |
| associates | - | 44,544 | - | - | - | - | - | - | - | - | - | - | - | 44,544 | (19) | 44,525 |
| Acquisition of subsidiaries Issuance of common stock from | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 178.880 | 178.880 |
| exercise of employee stock options by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 59,387 | 59,387 |
| Changes in ownership interests in subsidiaries | - | 96,425 | - | - | - | - | - | - | - | - | - | - | - | 96,425 | (27,762) | 68,663 |
| Stock option compensation cost of subsidiaries | - | 1,857 | _ | - | - | - | - | - | - | - | - | - | - | 1,857 | 97 | 1,954 |
| Cash dividends paid to non-controlling | ξ | 1.00 / | | | | | | | | | | | | 1.007 | | |
| interests by subsidiaries Compensation cost arising from restricted shares of stock issued to | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (2,127) | (2,127) |
| employees Disposal of financial assets measured | - | - | - | - | - | - | - | - | - | - | 7,115 | 7,115 | - | 7,115 | - | 7,115 |
| at fair value through other comprehensive income | | | | | 28,605 | 28,605 | | | | | | | | 28,605 | | 28,605 |
| Balance at June 30, 2018 | \$ 30,765,028 | 27,841,458 | 281,559 | 2,534,028 | 1,606,873 | 4,422,460 | (2,709,427 |) 64,447 | - | (87,360) | (4,978) | (2,737,318) | (2,914,856) | 57,376,772 | 789,017 | 58,165,789 |

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese) Reviewed only, not audited in accordance with generally accepted auditing standards

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

| Zash flows from operating activities: Income before income taxZ0182017Cash flows from operating activities: Income before income tax\$2.210.728238.5Adjustments for: Adjustments to reconcile profit (loss): Depreciation212.980260.1Amortization233,688288.9Net loss on financial assets measured at fair value through profit or loss63,616-Interest expense109,616105,0Interest income-(1.5Share-based compensation cost9,0697,5Effects of exchange rate changes in investments in debt instrument without an active market-(3.9Uoss (gain) on disposal of property, plan and equipment and non- current assets neclassified to costs63,999-Other non-current assets reclassified to costs63,999-Net loss on disposal of investments75,033-Gain on bargain purchase(6,385)-Other investment loss3.60618,66Total profit and loss3.60618,66Changes in operating assets2.00,816560,66Changes in operating assets2.04,522)-Net sand accounts receivable2.281,5401.861,11Receivables from related parties126,384(2.84Case2.281,5401.861,11Receivables from related parties126,384(2.707) |
|---|
| Income before income tax\$2,210,728238,5Adjustments for: Adjustments for: Depreciation212,980260,1Mortization212,980260,1Amortization233,688288,9Net loss on financial assets measured at fair value through profit or loss63,616-Interest expense109,616105,0Interest expense109,616105,0Interest expense109,616105,0Interest expense9,0697,5Effects of exchange rate changes in investments in debt instrument without an active market-(3,9Share of losses of associates and joint ventures55,22520,9Loss (gain) on disposal of property, plan and equipment and non- current assets held for sale(902)4,4Intangible assets reclassified to expensesOther non-current assets reclassified to costs63,999-Net loss on disposal of investments75,033-Gain on bargain purchase(6,385)-Other investment loss3,69618,6Total profit and loss650,816560,6Changes in operating assets: Derivative financial instruments measured at fair value through profit or loss(1,740,732)3,111,6Contract assets(240,522)Notes and accounts receivable2,281,5401,861,1Receivables from related parties126,384(2,88 |
| Adjustments for:Adjustments to reconcile profit (loss):Depreciation212,980Adjustments to reconcile profit (loss):Depreciation233,688Met loss on financial assets measured at fair value through profit or lossloss63,616Interest expense109,616Interest income(168,819)Dividend income-(1,5Share-based compensation cost9,0697,5Effects of exchange rate changes in investments in debt instrument without an active market-(3,9)Share of losses of associates and joint ventures55,22520,9Loss (gain) on disposal of property, plan and equipment and non- current assets held for sale(902)4,4Intangible assets reclassified to expenses-Other non-current assets reclassified to costs63,399Other investment loss75,033Total profit and loss650,81650,816560,61Changes in operating assets-Derivative financial instruments measured at fair value through profit or loss(1,740,732)Other struct assets(240,522)Notes and accounts receivable2,281,540Notes and accounts receivable2,281,540Notes and accounts receivable2,281,540I,861,1Receivables from related parties126,384(2,88 |
| Adjustments to reconcile profit (loss):Depreciation212,980260,1Amortization233,688288,9Net loss on financial assets measured at fair value through profit or loss63,616-Interest expense109,616105,0Interest income(168,819)(139,4)Dividend income-(1,5)Share-based compensation cost9,0697,5Effects of exchange rate changes in investments in debt instrument without an active market-(3,9)Share of losses of associates and joint ventures55,22520,9Loss (gain) on disposal of property, plan and equipment and non- current assets held for sale(902)4,4Intangible assets reclassified to expensesOther non-current assets reclassified to costs63,999-Other investment loss3,69618,6Total profit and loss650,816560,60Changes in operating assets: Derivative financial instruments measured at fair value through profit or loss(1,740,732)3,111,6Contract assets(240,522)Notes and accounts receivable2,281,5401,861,1Receivables from related parties126,384(2,8 |
| Depreciation212,980260,1Amortization233,688288,9Net loss on financial assets measured at fair value through profit or loss233,688288,9Net loss on financial assets measured at fair value through profit or loss63,616-Interest expense109,616105,0Interest income(168,819)(139,4)Dividend income-(1,5)Share-based compensation cost9,0697,5Effects of exchange rate changes in investments in debt instrument without an active market-(3,9)Loss (gain) on disposal of property, plan and equipment and non- current assets reclassified to expenses-(902)Loss (gain) on disposal of property, plan and equipment and non- current assets reclassified to costs63,999-Net loss on disposal of investments75,033-Other non-current assets reclassified to costs63,999-Net loss on disposal of investments75,033-Gain on bargain purchase(6,385)-Other investment loss3,69618,6Total profit and loss650,816560,6Changes in operating assets:Derivative financial instruments measured at fair value through profit or loss(1,740,732)3,111,6Contract assets(240,522)Notes and accounts receivable2,281,5401,861,1Receivables from related parties126,384(2,8 |
| Amortization233,688288,9Net loss on financial assets measured at fair value through profit or loss63,616-Interest expense109,616105,0Interest income(168,819)(139,4Dividend income-(1,5Share-based compensation cost9,0697,5Effects of exchange rate changes in investments in debt instrument without an active market-(3,9Loss (gain) on disposal of property, plan and equipment and non- current assets held for sale(902)4,4Intangible assets reclassified to expenses-(0,385)-Other non-current assets reclassified to costs63,69618,6Total profit and loss3,69618,6560,6Changes in operating assets: Derivative financial instruments measured at fair value through profit or loss(1,740,732)3,111,6Contract assets(240,522)-Notes and accounts receivable2,281,5401,861,1Receivables from related parties126,384(2,88 |
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| Notes and accounts receivable2,281,5401,861,1Receivables from related parties126,384(2,8) |
| Receivables from related parties 126,384 (2,8 |
| |
| Inventories (2,592,340) (8,797,8) |
| Other receivables and other current assets 460,694 (439,5 |
| Other non-current assets (68,702) 24,6 |
| Net changes in operating assets |
| Net changes in operating liabilities: |
| Notes and accounts payable (1,530,011) (17,958,9 |
| Payables to related parties (1,183) (9 |
| Refund liabilities (699,600) - |
| Other payables and other current liabilities 341,361 (1,016,3) |
| Provisions (190,800) (640,3 |
| Other non-current liabilities 121,398 152,3 |
| Net changes in operating liabilities (1,958,835) (19,464,2 |
| Total changes in operating assets and liabilities (3,732,513) (23,707,0 |
| Total adjustments (3,081,697) (23,146,3) |
| Cash used in operations (870,969) (22,907,8 |
| Interest received 171,313 112,7 |
| Income taxes paid (461,446) (65,6) |
| Net cash used in operating activities (1,161,102) (22,860,7 |

(Continued)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese) Reviewed only, not audited in accordance with generally accepted auditing standards

ACER INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

| | For the six months | ended June 30 |
|--|--------------------|---------------|
| - | 2018 | 2017 |
| Cash flows from investing activities: | | |
| Purchase of financial assets measured at fair value through other | | |
| comprehensive income | (86,605) | - |
| Proceeds from capital return of financial assets measured at fair value through other comprehensive income | 11,821 | _ |
| Purchase of available-for-sale financial assets | - | (184,125) |
| Proceeds from capital return of available-for-sale financial assets | - | 7,236 |
| Proceeds from disposal of financial assets | 71,034 | - |
| Purchase of investments in debt instrument without active market | - | (4,565) |
| Proceeds from repayments of investments in debt instrument without | | (1,000) |
| active market | - | 10,229 |
| Acquisition of investments accounted for using equity method | - | (234,674) |
| Proceeds from disposal of investments accounted for using equity method | 557 | - |
| Proceeds from disposal of non-current assets held for sale | 163,974 | - |
| Additions to property, plant and equipment | (121,582) | (71,844) |
| Proceeds from disposal of property, plant and equipment | 5,927 | 38,793 |
| Additions to intangible assets | (77,188) | (8,937) |
| Net cash received from (paid for) acquisition of subsidiaries | 8,012 | (16,085) |
| Increase in other non-current financial assets | (7,321) | (135,839) |
| Dividends received | 3,122 | 3,996 |
| Net cash flows used in investing activities | (28,249) | (595,815) |
| Cash flows from financing activities: | | |
| Increase (decrease) in short-term borrowings | (482,894) | 1,454,497 |
| Increase in long-term debt | 21,915 | - |
| Repayment of long-term debt | (1,800,183) | (334) |
| Cash dividends paid to non-controlling interests by subsidiaries | (2,127) | - |
| Issuance of common stock from exercise of employee stock options by | | |
| subsidiaries | 59,387 | - |
| Increase in non-controlling interests | 68,663 | - |
| Interest paid | (101,336) | (103,815) |
| Net cash flows from (used in) financing activities | (2,236,575) | 1,350,348 |
| Effect of foreign exchange rate changes | 257,907 | (1,066,461) |
| Net decrease in cash and cash equivalents | (3,168,019) | (23,172,679) |
| Cash and cash equivalents at beginning of period | 33,970,331 | 44,289,673 |
| Cash and cash equivalents at end of period | <u> </u> | 21,116,994 |