Stock Code:2353

ACER INCORPORATED

Parent-Company-Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors
Acer Incorporated:

Opinion

We have audited the parent-company-only financial statements of Acer Incorporated (the "Company"), which comprise the parent-company-only balance sheets as of December 31, 2018 and 2017, and the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2018 and 2017, and its parent-company-only financial performance and its parent-company-only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

We draw attention to Note 3(a) to the parent-company-only financial statements which describes that the Company initially adopted the IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" on January 1, 2018, with no restatement of comparative period financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent-company-only financial statements for the year ended December 31, 2018 are stated as follows:

1. Revenue recognition

   Refer to Note 4(q) for the accounting policies on recognizing revenue, and Note 5(a) for uncertainty of accounting estimations and assumptions for sales returns and allowances.

Description of key audit matter:

The Company engaged primarily in the sale of brand-name IT products. Revenue is recognized depending on the various trade terms agreed with customers. This exposes the Company to the risk that the sales transactions made close to the balance sheet date are not recorded in the appropriate period. Furthermore, the accrual of sales allowances and returns based on business practice is subject to management's judgment, which involves significant uncertainty. Consequently, the revenue recognition and accrual of sales allowances and returns have been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matters above, we have performed certain audit procedures including, among others, testing the design and operating effectiveness of the Company's internal controls over the timing of revenue recognition; performing a sample test of sales transactions taking place before and after the balance sheet date to ensure that revenue was recognized in the appropriate period; assessing the methodology used by management in estimating sales allowances and returns, including the reasonableness of key assumptions; and inspecting the historical payments of sales allowances and returns to evaluate the reasonableness of the sales allowances and returns estimated by management.

2. Valuation of inventories

Refer to Note 4(g) for the accounting policies on inventory valuation, Note 5(b) for uncertainty of accounting estimations and assumptions for inventory valuation and Note 6(h) for the details of related disclosures.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid innovation of technology and fierce market competition, the Company's product price may fluctuate rapidly. Furthermore, the stocks for products and components may exceed customers' demands thus becoming obsolete. These factors expose the Company to significant level of uncertainty particularly in the area of estimating net realizable value, which is subject to management's judgments. Therefore, the valuation of inventories has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, evaluating whether valuation of inventories was accounted for in accordance with the Company's accounting policies; obtaining the inventory aging report, analyzing the fluctuation of inventory aging and selecting samples to verify the accuracy of inventory aging classification; and testing the net realizable value of inventories to evaluate the reasonableness of inventory provisions.

3. Impairment of goodwill from investment in subsidiaries

Refer to Note 4(n) for the accounting policies on goodwill impairment, Note 5(c) for uncertainty of accounting estimations and assumptions for goodwill impairment and Note 6(i) for the evaluation of goodwill impairment.

Description of key audit matter:

Goodwill arising from past acquisition of subsidiaries, which are included within the carrying amount of investments accounted for using equity method, are subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management' s judgment and estimation with respect to the future cash flows and key assumptions which are complex and involve significant uncertainty. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, among others, assessing the basis used by management for identifying the cash-generating units and whether book value of assets belonging to respective cash-generating units have been completely covered; assessing the appropriateness of the valuation model and key assumptions (in particular projected sales growth rate and weighted-average cost of capital) used by the management in measuring the recoverable amount; assessing the historical reasonableness of management's estimates of business forecasts, and performing a sensitivity analysis of key assumptions. In addition to the above audit procedures, we have also involved a valuation specialist to evaluate the appropriateness of the weighted-average cost of capital used and its underlying assumptions; and assessing the adequacy of the Company' s disclosures of its policy on impairment of non-financial assets (including goodwill) and other related disclosures.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent-company-only financial statements, management is responsible for assessing the Company' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent-company-only financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent-company-only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investee companies accounted for using equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Huei-Chen Chang and Tzu-Chieh Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 20, 2019

Notes to Readers

The accompanying parent-company-only financial statements are intended only to present the parent-company-only financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent-company-only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent-company-only financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2018		December 31, 2017	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,625,154	3	13,708,705	12
1110	Financial assets measured at fair value through profit or loss－current (note 6(b))	266,951	-	58,407	-
1120	Financial assets measured at fair value through other comprehensive income－current (note 6(c))	39,908	-	-	-
1125	Available-for-sale financial assets－current (note 6(d))	-	-	67,077	-
1140	Contract assets－current (note 6(u))	84,450	-	-	-
1147	Investments in debt instrument without an active market－current (note 6(e))	-	-	227,243	-
1170	Notes and accounts receivable, net (notes 6(f) & (u))	3,352,271	3	4,246,340	4
1180	Accounts receivable from related parties (notes 6(f) & (u) and 7)	23,075,104	20	14,186,704	12
1200	Other receivables (note 6(g))	574,460	-	341,721	-
1210	Other receivables from related parties (notes 6(g) and 7)	87,697	-	260,738	-
130X	Inventories (note 6(h))	13,591,184	12	13,344,712	11
1470	Other current assets	157,176	-	196,659	-
	Total current assets	44,854,355	38	46,638,306	39
	Non-current assets:				
1517	Financial assets measured at fair value through other comprehensive income－non-current (note 6(c))	2,882,001	3	-	-
1523	Available-for-sale financial assets－non-current (note 6(d))	-	-	3,244,501	3
1550	Investments accounted for using equity method (note 6(i))	67,463,925	57	66,001,978	56
1600	Property, plant and equipment (note 6(j))	1,355,056	1	1,358,581	1
1760	Investment property (note 6(k))	1,269,699	1	1,288,312	1
1780	Intangible assets (note 6(l))	229,136	-	261,992	-
1840	Deferred income tax assets (note 6(q))	327,949	-	47,725	-
1900	Other non-current assets	69,880	-	109,598	-
1980	Other financial assets－non-current (note 8)	108,484	-	149,704	-
	Total non-current assets	73,706,130	62	72,462,391	61
	Total assets	**$ 118,560,485**	**100**	**119,100,697**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Balance Sheets (Continued)

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2018		December 31, 2017	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2120	Financial liabilities measured at fair value through profit or loss－current (note 6(b))	183,413	-	326,006	-
2130	Contract liabilities－current (note 6(u))	122,994	-	-	-
2170	Notes and accounts payable	33,237,981	28	34,216,562	29
2180	Accounts payable to related parties (note 7)	131,574	-	94,524	-
2200	Other payables (note 6(w))	15,108,645	13	17,226,533	15
2220	Other payables to related parties (note 7)	1,368,927	1	1,146,233	1
2250	Provisions－current (note 6(n))	758,541	1	728,546	-
2230	Current tax liabilities	359,576	1	128,512	-
2322	Current portion of long-term debt (note 6(m))	-	-	2,700,000	3
2365	Refund liabilities－current	2,611,223	2	-	-
2399	Other current liabilities	196,752	-	142,911	-
	Total current liabilities	54,079,626	46	56,709,827	48
	Non-current liabilities:				
2527	Contract liabilities－non-current (note 6(u))	491,976	-	-	-
2540	Long-term debt (note 6(m))	3,300,000	3	3,300,000	3
2570	Deferred income tax liabilities (note 6(q))	1,450,536	1	788,259	-
2600	Other non-current liabilities (note 6(p))	869,655	1	813,161	1
2622	Long-term payables to related parties (note 7)	100,598	-	170,007	-
	Total non-current liabilities	6,212,765	5	5,071,427	4
	Total liabilities	60,292,391	51	61,781,254	52
	Equity (note 6(r)):				
3110	Common stock	30,749,338	26	30,765,028	26
3200	Capital surplus	27,913,351	24	29,852,184	25
	Retained earnings:				
3310	Legal reserve	281,559	-	-	-
3320	Special reserve	2,534,028	2	-	-
3351	Unappropriated earnings	3,085,863	3	2,815,587	2
3400	Other equity	(3,381,189)	(3)	(3,198,500)	(3)
3500	Treasury stock	(2,914,856)	(3)	(2,914,856)	(2)
	Total equity	58,268,094	49	57,319,443	48
	Total liabilities and equity	**$ 118,560,485**	**100**	**119,100,697**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
4000	**Net revenue (notes 6(u) & (v) and 7)**	$ 177,953,077	100	174,273,511	100
5000	**Cost of revenue (notes 6(h) & (n) and 7)**	(169,518,256)	(95)	(165,762,193)	(95)
	Gross profit before unrealized gross profit on sales to subisidiaries, associates and joint ventures	8,434,821	5	8,511,318	5
5920	Unrealized gross profit on sales to subsidiaries, associates and joint ventures	35,372	-	(37,114)	-
	Gross profit	8,470,193	5	8,474,204	5
	Operating expenses(notes 6(f), (j), (k), (l), (n), (o), (p), (s) & (w), 7 and 12):				
6100	Selling expenses	(3,166,653)	(2)	(2,746,507)	(1)
6200	General and administrative expenses	(1,017,665)	-	(1,262,074)	(1)
6300	Research and development expenses	(1,689,954)	(1)	(1,545,541)	(1)
	Total operating expenses	(5,874,272)	(3)	(5,554,122)	(3)
6500	**Other operating income and expenses, net (notes 6(o) & (x) and 7)**	130,946	-	107,859	-
	Operating income	2,726,867	2	3,027,941	2
	Non-operating income and loss:				
7010	Other income (notes 6(y) and 7)	260,297	-	290,090	-
7020	Other gains and losses － net (notes 6(i) & (y) and 7)	375,077	-	260,352	-
7050	Finance costs (notes 6(m) & (y) and 7)	(123,094)	-	(217,933)	-
7060	Share of profits (losses) of subsidiaries, associates and joint ventures (note 6(i))	673,443	-	(334,231)	-
	Total non-operating income and loss	1,185,723	-	(1,722)	-
7900	**Income before taxes**	3,912,590	2	3,026,219	2
7950	**Income tax expense** (note 6(q))	(852,161)	-	(210,632)	-
	Net income	3,060,429	2	2,815,587	2
	Other comprehensive income (loss) (note 6(r)):				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(54,185)	-	(48,457)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(384,772)	-	-	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures	(154,199)	-	21,195	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	18,024	-	8,238	-
		(575,132)	-	(19,024)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign operations	396,272	-	(2,141,164)	(1)
8362	Change in fair value of available-for-sale financial assets	-	-	494,936	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures	(1,847)	-	(35,131)	-
8399	Income tax related to items that may be reclassified to profit or loss	(3,429)	-	18	-
		390,996	-	(1,681,341)	(1)
	Other comprehensive loss, net of taxes	(184,136)	-	(1,700,365)	(1)
	Total comprehensive income for the year	**$ 2,876,293**	**2**	**1,115,222**	**1**
	Earnings per share (in New Taiwan dollars) (note 6(t)):				
9750	Basic earnings per share	$	**1.01**		**0.93**
9850	Diluted earnings per share	$	**1.01**		**0.93**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated 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	Remeasurements of defined benefit plans	Unearned compensation cost arising from restricted shares of stock issued to employees	Total	Treasury stock	Total equity
Balance at January 1, 2017	$ 30,807,328	34,743,105	145,190	1,306,709	(4,900,296)	(3,448,397)	(1,061,015)	-	(347,770)	(77,257)	(26,743)	(1,512,785)	(2,914,856)	57,674,395
Net income for the year	-	-	-	-	2,815,587	2,815,587	-	-	-	-	-	-	-	2,815,587
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(2,141,146)	-	459,805	(19,024)	-	(1,700,365)	-	(1,700,365)
Total comprehensive income (loss) for the year	-	-	-	-	2,815,587	2,815,587	(2,141,146)	-	459,805	(19,024)	-	(1,700,365)	-	1,115,222
Appropriation approved by the stockholders:														
Decrease in legal reserve to offset accumulated deficit	-	-	(145,190)	-	145,190	-	-	-	-	-	-	-	-	-
Decrease in special reserve to offset 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	-	(1,515,071)	-	-	-	-	-	-	-	-	-	-	-	(1,515,071)
Changes in equity of investments in subsidiaries and associates	-	30,247	-	-	-	-	-	-	-	-	-	-	-	30,247
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	-	14,650	14,650	-	14,650
Retirement of restricted shares of stock issued to employees	(42,300)	42,300	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2017	30,765,028	29,852,184	-	-	2,815,587	2,815,587	(3,202,161)	-	112,035	(96,281)	(12,093)	(3,198,500)	(2,914,856)	57,319,443
Effects of retrospective application	-	-	-	-	(7,231)	(7,231)	-	112,035	(112,035)	-	-	-	-	(7,231)
Adjusted balance at January 1, 2018	30,765,028	29,852,184	-	-	2,808,356	2,808,356	(3,202,161)	112,035	-	(96,281)	(12,093)	(3,198,500)	(2,914,856)	57,312,212
Net income for the year	-	-	-	-	3,060,429	3,060,429	-	-	-	-	-	-	-	3,060,429
Other comprehensive income (loss) for the year	-	-	-	-	-	-	390,996	(601,596)	-	26,464	-	(184,136)	-	(184,136)
Total comprehensive income (loss) for the year	-	-	-	-	3,060,429	3,060,429	390,996	(601,596)	-	26,464	-	(184,136)	-	2,876,293
Appropriation approved by the stockholders:														
Legal reserve	-	-	281,559	-	(281,559)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,534,028	(2,534,028)	-	-	-	-	-	-	-	-	-
Cash distributed from capital surplus	-	(2,120,798)	-	-	-	-	-	-	-	-	-	-	-	(2,120,798)
Changes in equity of investments in associates	-	44,225	-	-	-	-	-	-	-	-	-	-	-	44,225
Changes in ownership interests in subsidiaries	-	34,504	-	-	-	-	-	-	-	-	-	-	-	34,504
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	100,600	-	-	-	-	-	-	-	-	-	-	-	100,600
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	-	-	(1,705)	(1,705)	-	(1,705)
Retirement of restricted shares of stock issued to employees	(15,690)	1,892	-	-	-	-	-	-	-	-	13,798	13,798	-	-
Disposal of investments accounted for using equity method	-	744	-	-	-	-	22,019	-	-	-	-	22,019	-	22,763
Disposal of financial assets measured at fair value through other comprehensive income	-	-	-	-	32,665	32,665	-	(32,665)	-	-	-	(32,665)	-	-
Balance at December 31, 2018	$ 30,749,338	27,913,351	281,559	2,534,028	3,085,863	5,901,450	(2,789,146)	(522,226)	-	(69,817)	-	(3,381,189)	(2,914,856)	58,268,094

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from operating activities:		
Income before income tax	$ 3,912,590	3,026,219
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	72,016	82,761
Amortization	41,838	67,589
Effects of exchange rate changes in investments in debt instrument without an active market	-	(7,000)
Interest expense	123,094	217,933
Interest income	(75,548)	(107,821)
Dividend income	(184,749)	(182,269)
Share-based compensation cost	(1,705)	14,650
Share of (profits) losses of subsidiaries, associates and joint ventures	(673,443)	334,231
Gain on disposal of property, plant and equipment	(236)	(1,893)
Gain on disposal of intangible assets	-	(32)
Loss on disposal of investments accounted for using equity method	29,531	209
Gain on bargain purchase	(4,358)	(1,130)
Intangible assets and equipment reclassified to expenses	351	519
Change in unrealized profit on sales to subsidiaries, associates and joint ventures	(35,372)	37,114
Other investment loss	3,696	-
Total profit and loss	(704,885)	454,861
Changes in operating assets and liabilities:		
Changes in operating assets:		
Derivative financial instruments measured at fair value through profit or loss	(87,397)	1,374,447
Contract assets	(84,450)	-
Notes and accounts receivable	891,332	269,953
Receivables from related parties	(8,928,039)	8,400,358
Inventories	(269,224)	(965,874)
Other receivables and other current assets	(192,449)	165,383
Changes in operating assets	(8,670,227)	9,244,267
Changes in operating liabilities:		
Notes and accounts payable	(937,549)	(9,998,776)
Payables to related parties	179,759	(18,909)
Refund liabilities	(258,067)	-
Other payables and other current liabilities	1,559,970	(2,200,743)
Provisions	29,995	33,052
Contract liabilities	(139,182)	-
Other non-current liabilities and long-term payables to related parties	(43,529)	131
Changes in operating liabilities	391,397	(12,185,245)
Total changes in operating assets and liabilities	(8,278,830)	(2,940,978)
Total adjustments	(8,983,715)	(2,486,117)
Cash provided by (used in) operations	(5,071,125)	540,102
Interest received	75,785	82,054
Income taxes (paid) refunded	(226,341)	71,384
Net cash provided by (used in) operating activities	(5,221,681)	693,540

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Parent-Company-Only Statements of Cash Flows (Continued)

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from investing activities:		
Proceeds from capital return of financial assets measured at fair value through other comprehensive income	4,898	-
Proceeds from repayments of financial assets measured at fair value through profit or loss	14,418	-
Proceeds from capital return of available-for-sale financial assets	-	455
Additions to investments accounted for using equity method	(592,056)	(1,279,994)
Proceeds from disposal of investments accounted for using equity method	159,755	-
Additions to property, plant and equipment	(39,371)	(16,004)
Proceeds from disposal of property, plant and equipment	2,825	4,377
Decrease in receivables from related parties	153,289	560,867
Additions to intangible assets	(200)	(2,137)
Proceeds from disposal of intangible assets	524	2,298
Decrease in other non-current financial assets and other non-current assets	80,940	89,598
Cash outflows from business demerger	(65,640)	-
Dividends received	308,272	241,831
Net cash flows from (used in) investing activities	27,654	(398,709)
Cash flows from financing activities:		
Increase in long-term debt	-	3,300,000
Repayment of long-term debt	(2,700,000)	(3,300,000)
Increase in loans from related parties	89,000	999,000
Cash distributed from capital surplus	(2,153,552)	(1,538,379)
Interest paid	(124,972)	(223,157)
Net cash flows used in financing activities	(4,889,524)	(762,536)
Net decrease in cash and cash equivalents	(10,083,551)	(467,705)
Cash and cash equivalents at beginning of period	13,708,705	14,176,410
Cash and cash equivalents at end of period	$ **3,625,154**	**13,708,705**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Organization and business

Acer Incorporated (the "Company") was incorporated on August 1, 1976, as a company limited by shares under the laws of the Republic of China ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C.

The Company primarily engages in marketing and sale of brand-name IT products, as well as providing electronic information services to its clients. The Company aims at the integrated applications of Internet of Things (IoT) and service-oriented technology in the future to provide more products and integrated applications combining software, hardware and service for consumer and commercial markets.

2. Authorization of the Parent-Company-Only Financial Statements

These parent-company-only financial statements were authorized for issuance by the Board of Directors on March 20, 2019.

3. Application of New and Revised Accounting Standards and Interpretations

(a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC").

In preparing the accompanying parent-company-only financial statements, the Company has adopted the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations that have been issued by the International Accounting Standards Board ("IASB") (collectively, "IFRSs") and endorsed by the FSC, with effective date from January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*	January 1, 2018
Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	January 1, 2018
IFRS 9 *Financial Instruments*	January 1, 2018
IFRS 15 *Revenue from Contracts with Customers*	January 1, 2018
Amendment to IAS 7 *Statement of Cash Flows—Disclosure Initiative*	January 1, 2017
Amendment to IAS 12 *Income Taxes—Recognition of Deferred Tax Assets for Unrealized Losses*	January 1, 2017
Amendments to IAS 40 *Transfers of Investment Property*	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	January 1, 2018

Except for the following items, the initial application of the above IFRSs did not have any material impact on the parent-company-only's financial statements. The extent and impact of changes are as follows:

(i) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a five-step model framework to determine the method, timing and amount of revenue recognized. This Standard replaces the existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations. The Company applies this standard retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application. The Company elected not to restate the comparative information for the prior reporting period; but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Company recognizes the cumulative effect upon the initial application of this Standard as an adjustment to the opening balance of its retained earnings on January 1, 2018.

The Company uses the practical expedients for completed contracts, meaning, it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on the changes of accounting policies:

Under IAS 18, revenue for the sale of goods was recognized when the related significant risks and rewards of ownership of the goods have been transferred to the customers, the revenue and the cost incurred, or to be incurred, can be measured reliably, the economic benefits of the transaction will probably flow to the Company, and there is neither continuing managerial involvement to the degree usually associated with ownership nor effect control over the goods sold. Under IFRS 15, revenue is recognized when a customer obtains control of the goods.

For certain contracts that give customers rebates or marketing support, revenue is recognized under IAS 18 when relevant allowance could be reasonably estimated and all revenue recognition criteria were met. Under IFRS 15, revenue is recognized for these contracts to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. A refund liability will be recognized for the estimated sales allowance and presented separately in the statement of financial position.

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

1) Impacts on financial statements

The following tables summarize the impacts of adopting IFRS15 on the Company's parent-company-only financial statements.

	December 31, 2018			January 1, 2018			
Impacted line items on the balance sheet	**Balance prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balance prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Note**
Notes and accounts receivable, net	$ 3,436,721	(84,450)	3,352,271	4,246,340	-	4,246,340	Note 1
Contract assets－current	-	84,450	84,450	-	-	-	Note 1
Impact on assets		$ -			-		
Other payables	$ (18,334,838)	3,226,193	(15,108,645)	(17,226,533)	3,623,442	(13,603,091)	Note 2
Contract liabilities－current	-	(122,994)	(122,994)	-	(150,830)	(150,830)	Note 1
Refund liabilities－current	-	(2,611,223)	(2,611,223)	-	(2,869,290)	(2,869,290)	Note 2
Contract liabilities－non-current	-	(491,976)	(491,976)	-	(603,322)	(603,322)	Note 1
Impact on liabilities		$ -			-		

	For the year ended December 31, 2018		
Impacted line items on the statement of cash flows	**Balance prior to the adoption of IFRS 15**	**Impact of changes in accounting polices**	**Balance upon adoption of IFRS 15**
Cash flows from operating activities:			
Income before income tax	$ 3,912,590	-	3,912,590
Adjustments:			
Changes in operating assets and liabilities:			
Contract assets	-	(84,450)	(84,450)
Notes and accounts receivable, net	806,882	84,450	891,332
Other payables and other current liabilities	1,162,721	397,249	1,559,970
Refund liabilities	-	(258,067)	(258,067)
Contract liabilities	-	(139,182)	(139,182)
Impact on net cash flows provided by (used in) operating activities		$ -	

(Continued)

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

Note 1: For certain contracts, the Company recognizes revenue when it satisfied a performance obligation but does not have an unconditional right to the considerations. Under IFRS 15, contract assets and revenue are recognized for such situation, different from accounts receivable and revenue that would be recognized prior to the adoption of IFRS 15. On the other hand, for certain contracts, the Company has received a part of the considerations but does not satisfy its obligations. Under IFRS 15, contract liabilities are recognized for such situation, different from other payables recognized prior to the adoption of IFRS 15.

Note 2: Prior to the adoption of IFRS 15, rebate payables were recognized under other payables. Under IFRS 15, they are recognized under refund liabilities.

(ii) IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* which contains classification and measurement of financial instruments, impairment, and hedge accounting.

As a result of the adoption of IFRS 9, the Company adopted the consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The details of new significant accounting policies and the nature and effect of the changes to IFRS 9 are as follows:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which financial assets are managed and their contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale. Under IFRS 9, if a hybrid contract contains a host that is within the scope of IFRS 9, the embedded derivatives would not be separated from the host contract; instead, the entire hybrid contract is assessed for classification. Please refer to note 4(f) for an explanation of how the Company classifies and measures its financial assets and accounts for related gains and losses under IFRS 9.

The adoption of IFRS 9 did not have any significant impact on the Company’s accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” (“ECL”) model. The new impairment model applies to financial assets measured at amortized cost, contract assets, and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. Please refer to note 4(f) for more details.

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

3) Transition

The adoption of IFRS 9 has generally been applied retrospectively, except as described below:

- Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings and other equity on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, and therefore, is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  — The determination of the business model within which a financial asset is held.

  — The designation and revocation of financial assets and financial liabilities previously designated as measured at FVTPL.

  — The designation of investments in equity instruments not held for trading as measured at FVOCI.

- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, the Company shall assume that the credit risk on the asset had no significant increase since its initial recognition.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the measurement categories and carrying amounts under IAS 39 and IFRS 9 for each class of the Company's financial assets as of January 1, 2018. There is no change in measurement categories and carrying amounts for financial liabilities.

	IAS 39		IFRS 9		
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount	Note
Financial Assets					
Cash and cash equivalents	Loans and receivables	$ 13,708,705	Amortized cost	13,708,705	Note 3
Derivative instruments	Held-for-trading	55,374	Mandatorily measured at FVTPL	55,374	
	FVTPL	3,033	Mandatorily measured at FVTPL	-	Note 1
Debt instruments	Loan and receivables (Investments in debt instrument without an active market)	227,243	Mandatorily measured at FVTPL	281,191	Note 1
Equity instruments	Available-for-sale	3,311,578	FVOCI	3,311,578	Note 2
Receivables, net	Loans and receivables	19,034,654	Amortized cost	19,033,019	Note 3
	Loans and receivables (interest receivable)	849	Mandatorily measured at FVTPL	-	Note 1
Other financial assets (Refundable deposits)	Loans and receivables	149,704	Amortized cost	149,704	Note 3

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

Note1: Convertible bonds and conversion right were previously categorized as investments in debt instrument without an active market amounting to $227,243 and financial asset measured at fair value through profit or loss amounting to $3,033, respectively, under IAS 39. The cash flows of these financial assets are not solely payments of principal and interest on the principal amount outstanding. Therefore, the Company has classified these assets at the date of initial application of IFRS 9 as mandatorily measured at FVTPL amounting to $281,191, and has eliminated the interest receivables amounting to $849. As a result, an increase of $50,066 in retained earnings on January 1, 2018 was recognized.

Note2: These equity instruments represent investments that the Company intends to hold for long-term strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI.

Note3: Notes receivable, accounts receivable, other receivables (including receivables from related parties) and other financial assets that were previously classified as loans and receivables under IAS 39 are now classified as financial assets measured at amortized cost upon the initial application of IFRS 9. In addition, an allowance for impairment of $1,635 was recognized in retained earnings on January 1, 2018.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on January 1, 2018.

	IAS 39 Carrying Amount as of December 31, 2017	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained earnings effect on January 1, 2018	Other equity effect on January 1, 2018
Financial assets measured at FVTPL						
Beginning balance of FVTPL (IAS 39)	$ 58,407	-	-	58,407	-	-
Additions – debt instruments:						
From loans and receivables (Investments in debt instrument without an active market and interest receivable)	-	228,092	50,066	278,158	50,066	-
Total	**$ 58,407**	**228,092**	**50,066**	**336,565**	**50,066**	**-**
Financial assets measured at FVOCI						
Beginning balance (IAS 39)	$ -	-	-	-	-	-
Additions:						
From available-for-sale	3,311,578	-	-	3,311,578	-	-
Total	**$ 3,311,578**	**-**	**-**	**3,311,578**	**-**	**-**
Financial assets measured at amortized cost						
Beginning balance of cash and cash equivalents, investments in debt instrument without an active market, receivables and other financial assets (IAS 39)	$ 33,121,155	-	-	33,121,155	-	-
Adjustments for allowance of impairment	-	-	(1,635)	(1,635)	(1,635)	-
Reclassified to FVTPL	-	(228,092)	-	(228,092)	-	-
Total	**$ 33,121,155**	**(228,092)**	**(1,635)**	**32,891,428**	**(1,635)**	**-**

There is no material impact on the Company's basic and diluted earnings per share for the year ended December 31, 2018.

(Continued)

(iii) Amendments to IAS 7 *Disclosure Initiative*

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Company presents a reconciliation between the beginning and ending balances for liabilities with changes arising from financing activities in note 6(ac).

(b) Impact of IFRSs endorsed by the FSC but not yet in effect

According to Ruling No. 1070324857 issued by the FSC on July 17, 2018, commencing from 2019, the Company is required to adopt the IFRSs that have been endorsed by the FSC with effective date from January 1, 2019. The related new, revised or amended standards and interpretations are set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 *Leases*	January 1, 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	January 1, 2019
Amendments to IFRS 9 *Prepayment features with negative compensation*	January 1, 2019
Amendments to IAS 19 *Plan Amendment, Curtailment or Settlement*	January 1, 2019
Amendments to IAS 28 *Long-term interests in associates and joint ventures*	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the items discussed below, the Company believes that the initial adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 *Leases*

IFRS 16 replaces the existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Company can choose to apply either of the following:

- IFRS 16 definition of lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Company plans to apply IFRS 16 definition of a lease to all its contracts upon transition.

2) Transition

As a lessee, the Company can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The Company plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment in the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics;
- apply the exemption, and not to recognize the right-of-use asset and lease liabilities with lease term that ends within 12 months at the date of initial application;
- exclude the initial direct costs from measuring the right-of-use asset at the date of initial application; and
- use hindsight to determine the lease term while the contract contains options to extend or terminate the lease.

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

3) So far, the most significant impact identified is that the Company will have to recognize the right-of-use assets and lease liabilities for the operating leases of its offices and warehouses, which will result in an increase of $187,485 in its right-of-use assets and lease liabilities on January 1, 2019. Besides, the Company does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the maximum leverage threshold loan covenant. Also, the Company is not required to make any adjustments for leases in which the Company is the intermediate lessor in a sub-lease.

The actual impacts of adopting the amended standards and new interpretations may change depending on the economic conditions and events which may occur in the future.

(c) Impact of IFRS issued by IASB but not yet endorsed by the FSC

A summary of new and amended standards issued by the IASB but not yet endorsed by the FSC is set out below:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 *Definition of a Business*	January 1, 2020
Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture*	Effective date to be determined by IASB
IFRS 17 *Insurance Contracts*	January 1, 2021
Amendments to IAS 1 and IAS 8 *Definition of Material*	January 1, 2020

Those which may be relevant to the Company are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
October 31, 2018	Amendments to IAS 1 and IAS 8 *Definition of Material*	The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The Company is currently evaluating the impact on its financial position and financial performance upon the initial adoption of the abovementioned standards. The results thereof will be disclosed when the Company completes its evaluation.

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

4. **Summary of significant accounting policies**

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows and have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The Company's accompanying parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(b) Basis of preparation

(i) Basis of measurement

The accompanying parent-company-only financial statements have been prepared on a historical cost basis except for the following items:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments);
2) Financial assets measured at fair value through other comprehensive income (Available-for-sale financial assets measured at fair value); and
3) Net defined benefit liability measured at present value of defined benefit obligation less the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The Company's parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Except when otherwise indicated, all financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates at the end of the period (the "reporting date") of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

ACER INCORPORATED

Notes to Parent-Company-Only Financial Statements

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated at the exchange rate prevailing at the date when the fair value is determined. Exchange differences arising on the translation of non-monetary items are recognized in profit or loss, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items denominated in foreign currencies that are measured at historical cost are not retranslated.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency of the Company's parent-company-only financial statements at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency of the Company's parent-company-only financial statements at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation which involves a loss of control over a subsidiary or loss of significant influence over an associate that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are entirely reclassified to profit or loss. In the case of a partial disposal that does not result in the Company losing control over a subsidiary, the proportionate share of accumulated exchange differences is reclassified to non-controlling interests. For a partial disposal of the Company' s ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, the monetary item is, in substance, a part of net investment in that foreign operation, and the related foreign exchange gains and losses thereon are recognized as other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current when one of the following criteria is met; all other assets are classified as non-current assets:

(i) It is expected to be realized, or intended to be sold or consumed in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is expected to be realized within twelve months after the reporting period; or
(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when one of the following criteria is met; all other liabilities are classified as non-current liabilities:

(i) It is expected to be settled in the normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or

(Continued)

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash consists of cash on hand, checking deposits, and demand deposits. Cash equivalents consist of short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the aforesaid criteria and are not held for investing purposes are also classified as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Financial instruments

(i) Financial assets (applicable commencing January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). A regular way purchase or sale of financial assets is recognized and derecognized on a trade-date basis.

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

2) Financial assets measured at fair value through other comprehensive income

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Foreign exchange gains and losses, interest income calculated using the effective interest method, and impairment losses deriving from debt investments, are recognized in profit or loss; whereas dividends deriving from equity investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of an investment. Other changes in the carrying amount of financial assets measured at FVOCI are recognized in other comprehensive income and accumulated in other equity as unrealized gain (loss) from financial assets measured at fair value through other comprehensive income. On derecognition, gains and losses accumulated in other equity of debt investments are reclassified to profit or loss. However, gains and losses accumulated in other equity of equity investments are reclassified to retained earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive the dividends is established (usually the ex-dividend date).

3) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at FVOCI described as above are measured at FVTPL, including derivative financial assets and non-derivative financial assets (e.g., convertible bond). On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are initially recognized at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value, any changes therein, including any dividend and interest income, are recognized in profit or loss.

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4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, and other financial assets) and contract assets.

The Company measures loss allowances for accounts receivable, contract assets and other financial assets at an amount equal to lifetime expected credit loss (“ECL”), except for the following financial assets which are measured using 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The information includes both quantitative and qualitative information and analysis based on the Company’s historical experience and credit assessment, as well as forward-looking information.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

The gross carrying amount of a financial asset is written off, either partially or in full, to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

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5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a debt instrument in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in "other equity–unrealized gain (loss) from financial assets measured at fair value through other comprehensive income" is recognized in profit or loss, and included in non-operating income and loss.

On derecognition of a debt instrument other than in its entirety, the Company allocates the previous carrying amount of the debt instrument between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received or receivable for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and included in non-operating income and loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial assets (applicable before January 1, 2018)

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. A regular way purchase or sale of financial assets is recognized or derecognized on a trade-date basis.

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of financial assets held for trading and those designated as at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedges. The Company designates financial assets, other than ones classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;
- Performance of the financial asset is evaluated on a fair value basis;
- A hybrid instrument contains one or more embedded derivatives.

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At initial recognition, financial assets carried at fair value through profit or loss are recognized at fair value. Any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to the initial recognition, changes in fair value (including dividend income and interest income) are recognized in profit or loss and included in non-operating income and loss.

2) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise accounts receivable, other receivables and investments in debt instrument without an active market. At initial recognition, such assets are recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short-term receivables are measured at amortized cost using the effective interest method less any impairment losses. Interest income is recognized as non-operating income in profit or loss.

3) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these assets are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on monetary financial assets, are recognized in other comprehensive income and accumulated in other equity as unrealized gain (loss) from available-for-sale financial assets. When the financial asset is derecognized, the gain or loss previously accumulated in equity is reclassified to profit or loss.

Dividends received from equity investments are recognized as non-operating income on the date of entitlement to receive the dividends (usually the ex-dividend date).

4) Impairment of financial assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, their estimated future cash flows have been affected.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, indications that the debtor or issuer will probably enter bankruptcy or other financial reorganization, and the disappearance of an active market for that financial asset because of financial difficulties. For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

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If the Company determines that no objective evidence of impairment exists for an individually assessed account receivable, whether significant or not, such account receivable is included in a group of accounts receivable with similar credit risk characteristics which are then collectively assessed for impairment. Objective evidence that receivables are impaired includes the Company's collection experience in the past, an increase of delayed payments, and national or local economic conditions that correlate with arrears of receivables.

An impairment loss is recognized by reducing the carrying amount of the respective financial assets with the exception of receivables, where the carrying amount is reduced through an allowance account. Except for the write-off of uncollectible receivables against the allowance account, changes in the amount of the allowance account are recognized in profit or loss.

An impairment loss in respect of a financial asset measured at amortized cost is measured as the excess of the asset's carrying amount over the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the financial assets at the date the impairment loss is reversed does not exceed what the amortized cost would have been had the impairment loss not been recognized.

When an impairment loss is recognized for an available-for-sale asset, the cumulative gains or loss that had been recognized in other comprehensive income is reclassified from equity to profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries of accounts receivable are recognized as operating expenses. Impairment losses and recoveries of other financial assets are recognized as other gains and losses under non-operating income and loss.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when the Company transfers out substantially all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in "other equity – unrealized gain (loss) from available-for-sale financial assets" is recognized in profit or loss, and included in non-operating income and loss.

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On derecognition of part of a financial asset, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of relative fair values of those parts on the date of transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received or receivable for the part of the financial asset derecognized and the cumulative gain or loss that has been recognized in other comprehensive income allocated to the part derecognized is charged to profit or loss and included in non-operating income and loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

Interest and gain or loss related to the financial liability are recognized in profit or loss and included in non-operating income and loss.

2) Financial liabilities measured at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as a financial liability measured at fair value through profit or loss on initial recognition. A financial liability is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorized as financial liabilities at fair value through profit or loss unless they are designated as hedges. The Company designates financial liabilities, other than those classified as held for trading, as measured at fair value through profit or loss at initial recognition under one of the following situations:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;
- Performance of the financial liabilities is evaluated on a fair value basis;
- A hybrid instrument contains one or more embedded derivatives.

At initial recognition, the financial liability is recognized at fair value, and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any interest expense, are recognized in profit or loss and included in non-operating income and loss.

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3) Financial liabilities measured at amortized cost

Financial liabilities not classified as held for trading or not designated as at fair value through profit or loss, which comprise loans and borrowings, accounts payable, and other payables, are measured at fair value plus any directly attributable transaction costs at initial recognition. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been fulfilled or cancelled, or has expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss and included in non-operating income and loss.

5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iv) Derivative financial instruments and hedge accounting (applicable commencing January 1, 2018)

The Company uses derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and included in non-operating income and loss, unless the derivative financial instruments are designated as effective hedging instruments, in which the timing of the recognition in profit or loss depends on the nature of the hedge relationship. If the valuation of a derivative instrument results in a positive fair value, it is classified as a financial asset; otherwise, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract that is a non-financial asset are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

Certain derivatives are designated as either (i) hedges of the fair value of recognized assets or liabilities (fair value hedge) or (ii) hedges of highly probable forecast transactions (cash flow hedge). The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

The Company shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after

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taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

1) Fair value hedge

Changes in the fair value of a hedging instrument that is qualified as a fair value hedge are recognized in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument measured at FVOCI).

2) Cash flow hedge

When a derivative is designated and qualified as a cash flow hedging instrument, the effective portion of changes in the fair value is recognized in other comprehensive income and accumulated in “other equity — gains (losses) on hedging instruments”, and is limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, and included in non-operating income and loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the same periods when the hedged item is recognized in profit or loss, and are included in the same account in the statements of comprehensive income as the hedged item.

(v) Derivative financial instruments and hedge accounting (applicable before January 1, 2018)

Except for the following items, the Company applied the same accounting policies as applicable commencing January 1, 2018.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risk of the host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

For all cash flow hedges including hedges of expected transactions recognized in non-financial assets or non-financial liabilities, amounts previously recognized in other comprehensive income, and accumulated in equity, are reclassified to profit or loss in the same periods when expected cash flow of hedged items are recognized in profit or loss. In addition, for the cash flow hedge that is discontinuing before January 1, 2018, changes in fair value of forward position are recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and necessary selling expenses.

(h) Investments in associates and interests in joint venture

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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A joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The operating results as well as assets and liabilities of associates and joint venture are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the balance sheet at cost, and adjusted thereafter, to recognize the Company's share of profit or loss and other comprehensive income (loss) of the associate and joint venture, as well as the distribution received. The Company also recognizes its share in the changes in the equities of associates and joint venture.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture recognized at the date of acquisition, is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value, less, costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of equity method from the date when the Company ceases to have significant influence over an associate. When the Company retains an interest in the former associate, the Company measures the retained interest at fair value at that date. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate, is included in the determination of the gain or loss on disposal of the associate. In addition, the Company shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. If the Company's ownership interest in an associate is reduced as a result of disposal, with the investment continues to be an associate, the Company should reclassify only a proportionate amount of the gain or loss previously recognized in other comprehensive income to profit or loss.

When the Company subscribes to additional shares in an associate or a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate or joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate or joint venture by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate or joint venture shall be reclassified to profit or loss on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities.

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Unrealized profits resulting from transactions between the Company and an associate or joint venture are eliminated to the extent of the Company’s interest in the associate or joint venture. Unrealized losses on transactions with associates or joint venture are eliminated in the same way, except to the extent that the underlying asset is impaired.

Adjustments are made to associates’ and joint ventures’ financial statements to conform to the accounting polices applied by the Company.

(i) Investments in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Carrying amount of investments in subsidiaries includes goodwill arising from initial recognition less any accumulated impairment losses, which is recognized as a reduction of carry amount. Under equity method, profit or loss and other comprehensive income recognized in parent-company-only financial statement is the same as total comprehensive income attributable to shareholders of the Company in the consolidated financial statements. In addition, changes in equity recognized in parent-company-only financial statement is the same as changes in equity attributable to owners of parent in the consolidated financial statements. Changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

The Company uses acquisition method for acquisitions of new subsidiaries. Goodwill is measured at the excess of the acquisition-date fair value of consideration transferred (including any non-controlling interest in the acquiree) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter. For each acquisition, non-controlling interest in the acquiree is measured either at fair value or at the non-controlling interest’s proportionate share of the fair value of the acquiree’s identifiable net assets.

In an acquisition of new subsidiary achieved in batches, the previously held equity interest in the acquiree at its acquisition date fair value is remeasured, and the resulting gain or loss, if any, is recognized in profit or loss. For all amounts recognized in other comprehensive income arising from change in equity of acquiree prior to acquisition date, the Company shall treat it on the same basis as if the Company directly dispose of the previously held equity interest. If the amounts previously recognized in other comprehensive income shall be reclassified to profit or loss as would be required while disposal of such interest, the Company shall reclassify it to profit or loss.

If the initial accounting for an acquisition is incomplete by the end of the reporting period in which the acquisition occurs, provisional amounts for the items which the accounting is incomplete are reported in the financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

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(j) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset and bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The gain or loss arising from the disposal of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized as non-operating income and loss.

(ii) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the purpose of the property changes from owner-occupied to investment.

(iii) Subsequent costs

Subsequent costs are capitalized only when it is probable that future economic benefits associated with the costs will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized in profit and loss. All other repairs and maintenance are charged to expense as incurred.

(iv) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized on a straight line basis over the estimated useful lives. When an item of property, plant and equipment comprises significant individual components for which different depreciation methods or useful lives are appropriate, each component is depreciated separately. Land is not depreciated. The depreciation is recognized in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows: buildings—main structure - 30 to 50 years; air-conditioning system - 10 years; other equipment pertaining to buildings - 20 years; computer and communication equipment - 3 to 5 years; and other equipment - 3 to 10 years.

Depreciation methods, useful lives, and residual values are reviewed at each financial year-end, with the effect of any changes in estimate accounted for on a prospective basis.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment property is measured at initial acquisition cost less accumulated depreciation and accumulated impairment losses. The methods for depreciating and determining the useful life and residual value of investment property are the same as those adopted for property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property, bringing the investment property to the condition necessary for intend use, and any borrowing cost that is eligible for capitalization.

An investment property is reclassified to property, plant and equipment at its carrying amount when the purpose of the investment property has been changed from investment to owner-occupied.

(l) Leases

Leases are classified as finance leases when the Company assumes substantially all the risks and rewards incidental to ownership of the assets. All other leases are classified as operating leases.

(i) The Company as lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as expense over the lease term on a straight-line basis. Incentives granted to the lessee to enter into the operating lease are recognized as a reduction of rental income over the lease term on a straight-line basis. Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) The Company as lessee

Payments made under operating leases (excluding insurance and maintenance expenses) are charged to expense over the lease term on a straight-line basis. Lease incentives received from the lessor are recognized as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents are recognized as expense in the period when the lease adjustments are confirmed.

(m) Intangible assets

(i) Goodwill

Goodwill arising from the Company acquiring subsidiaries is included in intangible assets. Refer to note 4(i) for the description of the measurement of goodwill at initial recognition. Goodwill arising from acquisitions of subsidiaries and associates are included in the carrying amount of investments in associates. Goodwill is not amortized but is measured at cost less accumulated impairment losses.

(ii) Trademarks

Trademarks are measured at cost. Subsequent to the initial recognition, trademarks with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Trademarks with indefinite useful lives are carried at cost less any accumulated impairment losses and are tested for impairment annually. The useful life of an intangible asset not subject to amortization is reviewed annually at each financial year-end to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Any change in the useful life assessment from indefinite to definite is accounted for as a change in accounting estimate.

(iii) Other intangible assets

Other separately acquired intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the following estimated useful lives: patents - 4 to 15 years; acquired software - 1 to 3 years.

The residual value, amortization period, and amortization method are reviewed at least at each financial year-end. Any changes shall be accounted for as changes in accounting estimates.

(n) Impairment of non-financial assets

(i) Goodwill

For the purpose of impairment testing, goodwill arising from an acquisition of subsidiary is allocated to each of the Company's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination. The CGUs with goodwill are tested annually (or when there are indications that a CGU may have been impaired) for impairment. When the recoverable amount of a CGU is less than the carrying amount of the CGU, the impairment loss is recognized firstly by reducing the carrying amount of any goodwill allocated to the CGU and then proportionately allocated to the other assets of the CGU on the basis of the carrying amount of each asset in the CGU. Any impairment loss is recognized immediately in profit or loss. A subsequent reversal of the impairment loss on goodwill is prohibited.

(ii) Other tangible and intangible assets

Non-financial assets other than inventories, deferred income tax assets, and assets arising from employee benefits are reviewed for impairment at each reporting date to determine whether there is any indication of impairment. When there exists an indication of impairment for an asset, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be determined, the Company estimates the recoverable amount of the CGU to which the asset has been allocated.

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The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell or its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the evaluation of current market on the time values of money and on the risks specific to the asset. When the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and an impairment loss is recognized in profit or loss immediately.

The Company assesses at each reporting date whether there is any evidence that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If so, an impairment loss recognized in prior periods for an asset other than goodwill is reversed, and the carrying amount of the asset or CGU is increased to its revised estimate of recoverable amount. The increased carrying amount shall not exceed the carrying amount (net of amortization or depreciation) that would have been determined had no impairment loss been recognized in prior years.

Intangible assets with indefinite useful lives or those not yet available for use are tested annually for impairment. An impairment loss is recognized for the excess of the asset' s carrying amount over its recoverable amount.

(o) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold. This provision reflects the historical warranty claim rate and the weighting of all possible outcomes against their associated probabilities.

(ii) Others

Provisions for litigation claims and environmental restoration are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(p) Treasury stock

Common stock repurchased by the Company treated as treasury stock (a contra-equity account) is reported at acquisition cost (including all directly accountable costs). When treasury stock is sold, the excess of sales proceeds over cost is accounted for as capital surplus－treasury stock. If the sales proceeds are less than cost, the deficiency is accounted for as a reduction of the remaining balance of capital surplus－treasury stock. If the remaining balance of capital surplus－treasury stock is insufficient to cover the deficiency, the remainder is recorded as a reduction of retained earnings. The cost of treasury stock is computed using the weighted-average cost of different types of repurchase.

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If treasury stock is retired, the weighted-average cost of the retired treasury stock is written off against the par value and the capital surplus premium, if any, of the stock retired on a pro rata basis. If the weighted-average cost written off exceeds the sum of the par value and the capital surplus, the difference is accounted for as a reduction of capital surplus－treasury stock, or a reduction of retained earnings for any deficiency where capital surplus－treasury stock is insufficient to cover the difference. If the weighted-average cost written off is less than the sum of the par value and capital surplus, if any, of the stock retired, the difference is accounted for as an increase in capital surplus－treasury stock.

(q) Revenue recognition

(i) Revenue from contracts with customers (policy applicable commencing January 1, 2018)

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company recognizes revenue based on the price specified in the contract, net of the estimated volume discounts and rebates. Accumulated experience is used to estimate the discounts and rebates using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected sales discounts and rebate payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term from 30 to 90 days, which is consistent with the market practice.

The Company's obligation to provide a refund for faulty goods under the standard warranty terms is recognized as a provision for warranty. Please refer to note 6(o) for more explanation.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Revenue from service rendered

The Company provides system implementation or integration services to enterprise customers. Revenue from providing services is recognized in the accounting periods in which the services are rendered. For performance obligations that are satisfied over time, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the portion of the work performed, the time passed by, or the milestone reached.

Estimates of revenues, costs, or extent of progress toward completion, are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the accumulated revenue recognized by the Company exceed the payments, a contract asset is recognized. If the payments exceed the accumulated revenue recognized, a contract liability is recognized.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Revenue recognition (applicable before January 1, 2018)

Revenue from the sale of goods or services is measured at the fair value of consideration received or receivable, net of returns, rebates, and other similar discounts.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied: (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and (e) the cost incurred or to be incurred, in respect of the transaction, can be measured reliably.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Revenue is not recognized for the sale of key components to an original design manufacturer for manufacture or assembly as the significant risks and rewards of the ownership of materials are not transferred.

Revenue from extended warranty contracts is deferred and amortized as earned over the contract period, ranging from one to three years.

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2) Services

Revenue from services rendered is recognized by reference to the stage of completion at the reporting date.

3) Rental income, interest income, and dividend income

Rental income from investment property is recognized over the lease term on a straight-line basis.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(iii) Contract costs (applicable commencing January 1, 2018)

1) Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred, regardless of whether the contract was obtained, shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 *Inventories*, IAS 16 *Property, Plant and Equipment* or IAS 38 *Intangible Assets*), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations) are recognized as expenses when incurred.

(r) Government grant

A government grant is recognized only when there is reasonable assurance that the Company will comply with the conditions attached to it and that the grant will be received.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs is recognized in profit or loss in the period in which it becomes receivable.

Government grant is recognized in other gains and losses.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed during the year in which employees render services.

(ii) Defined benefit plans

The liability recognized in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The discount rate for calculating the present value of the defined benefit obligation refers to the interest rate of high-quality government bonds at the financial reporting date that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

The defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total amount of the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The minimum funding requirements of any plans applicable to the Company should be taken into consideration when determining the present value of the economic benefits. An economic benefit is available to the Company if it is realizable during the life of the plan or upon settlement of the plan liabilities.

When the benefits of a plan are improved, the expenses related to the increased obligations resulting from the services rendered by employees in the past years are recognized in profit or loss immediately.

The remeasurements of the net defined benefit liability (asset) comprise (i) actuarial gains and losses; (ii) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income and reflected in other equity.

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Notes to Parent-Company-Only Financial Statements

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed during the period in which employees render services. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to make such payments as a result of past service provided by the employees, and the obligation can be estimated reliably.

(t) Share-based payment

Share-based payment awards granted to employees are measured at fair value at the date of grant. The fair value determined at the grant date is expensed over the period that the employees become unconditionally entitled to the awards, with a corresponding increase in equity. The compensation cost is adjusted to reflect the number of awards given to employees for which the performance and non-market conditions are expected to be met, such that the amount ultimately recognized shall be based on the number of equity instruments that eventually vested.

The grant date of options for employees to subscribe new shares for a cash injection is the date when the Board of Directors approves the exercise price and the shares to which employees can subscribe.

(u) Income taxes

Income tax expenses include both current taxes and deferred taxes. Current and deferred taxes are recognized in profit or loss unless they relate to business combinations or items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for:

(i) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
(ii) Temporary differences arising from investments in subsidiaries and joint ventures to the extent that the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future; and
(iii) Temporary differences arising from initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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Deferred tax is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when where is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Earnings per share ("EPS")

The basic and diluted EPS attributable to stockholders of the Company are disclosed in the financial statements. Basic EPS is calculated by dividing net income attributable to stockholders of the Company by the weighted-average number of common shares outstanding during the year. In calculating diluted EPS, the net income attributable to stockholders of the Company and weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common shares. The Company' s dilutive potential common shares include restricted shares of stock issued to employees and profit sharing for employees to be settled in the form of common stock.

(w) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent-company-only financial statements.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the parent-company-only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in the future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included as follows:

(a) Revenue recognition (accrual of sales allowance)

The Company recognizes revenue when the earning process is completed. The Company also records a provision for estimated future sales allowances in the same period the related revenue is recorded. Provision for estimated sales allowances is generally made and adjusted based on historical experience, market and economic conditions, and any other known factors that would significantly affect the allowance. The adequacy of estimations is reviewed periodically. The fierce market competition and rapid evolution of technology could result in significant adjustments to the provision made.

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Notes to Parent-Company-Only Financial Statements

(b) Valuation of inventory

Inventories are measured at the lower of cost or net realizable value. The Company uses judgment and estimates to determine the net realizable value of inventory at each reporting date.

Due to rapid technological changes, the Company estimates the net realizable value of inventory, taking obsolescence and unmarketable items into account at the reporting date, and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon, which could result in significant adjustments. Refer to note 6(h) for further description of inventory write-downs.

(c) Impairment of goodwill from investments in subsidiaries

The assessment of impairment of goodwill requires the Company to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Refer to note 6(i) for further description of the impairment of goodwill.

6. Significant account disclosures

(a) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand	$ 664	659
Bank deposits	1,155,350	3,071,658
Time deposits	2,469,140	10,636,388
	$ 3,625,154	**13,708,705**

(b) Financial assets and liabilities measued at fair value through profit or loss

	December 31, 2018	December 31, 2017
Financial assets held for trading－current:		
Derivatives－Foreign currency forward contracts	$ -	55,374
Financial assets at fair value through profit or loss－current:		
Conversion rights of investments in convertible bonds	-	3,033
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Foreign currency forward contracts	$ 255,524	-
Non-derivative financial assets		
Convertible bonds	11,427	-
	266,951	-
	$ 266,951	**58,407**

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	December 31, 2018	December 31, 2017
Financial liabilities held for trading－current:		
Derivatives－Foreign currency forward contracts	$ (183,413)	(326,006)

Convertible bonds held by the Company were issued by StarBreeze Publishing AB ("StarBreeze"). StarBreeze filed for reconstruction with the court due to its shortage of liquidity, and the court approved the application in 2018. Accordingly, the Company recognized a loss of $255,345 (arising from the fair value measurement of the convertible bonds) which was presented in other gains and losses in the accompanying parent-company-only statements of comprehensive income.

The Company entered into derivative contracts to manage foreign currency exchange risk arising from operating activities. At each reporting date, the outstanding foreign currency forward contracts that did not conform to the criteria for hedge accounting consisted of the following (the contract amount was presented in USD; the contracts were classified as mandatorily measured at FVTPL on December 31, 2018, and were classified as financial assets held for trading on December 31, 2017) :

(i) Foreign currency forward contracts

December 31, 2018			
Contract amount (in thousands)		Currency	Maturity period
USD	681,000	USD / NTD	2019/01
USD	406,661	EUR / USD	2019/01~2019/05
USD	11,456	NZD / USD	2019/01~2019/06
USD	73,641	AUD / USD	2019/01~2019/07
USD	49,655	USD / JPY	2019/01~2019/09
USD	159,217	USD / INR	2019/01~2019/07

December 31, 2017			
Contract amount (in thousands)		Currency	Maturity period
USD	650,000	USD / NTD	2018/01
USD	342,678	EUR / USD	2018/01~2018/05
USD	1,739	NZD / USD	2018/05~2018/06
USD	19,124	AUD / USD	2018/06~2018/08

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(c) Financial assets measued at fair value through other comprehensive income

		December 31, 2018
Equity investments at fair value through other comprehensive income		
Domestic listed stock	$	2,844,861
Unlisted stock		77,048
	$	**2,921,909**
Current	$	39,908
Non-current		2,882,001
	$	**2,921,909**

The Company designated the investments shown above financial assets measured as at fair value through other comprehensive income because these equity instruments are held for long-term strategic purposes and not for trading. These investments were classified as available-for-sale financial assets on December 31, 2017.

The Company did not dispose of the investments in 2018.

(d) Available-for-sale financial assets

		December 31, 2017
Domestic listed stock	$	3,242,483
Unlisted stock		69,095
	$	**3,311,578**
Current	$	67,077
Non-current		3,244,501
	$	**3,311,578**

(e) Investments in debt instrument without an active market

		December 31, 2017
Convertible bond	**$**	**227,243**

Investments in debt instrument shown above were classified as financial assets measured at fair value through profit or loss on December 31, 2018. Please refers to note 6(b).

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(f) Notes and accounts receivable–net (measured at amortized cost)

	December 31, 2018	December 31, 2017
Notes receivable	$ 15,410	30,551
Accounts receivable	3,339,559	4,228,297
Notes and accounts receivable from related parties	23,075,104	14,186,704
	26,430,073	18,445,552
Less: Loss allowance	(2,698)	(12,508)
	$ 26,427,375	18,433,044

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, and days past due, as well as incorporated forward looking information. Analysis of expected credit losses on notes and accounts receivable for trade receivables as of December 31, 2018 was as follows:

	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 3,024,218	0.06%	(1,901)
Past due 1-30 days	304,645	0.08%	(250)
Past due 31-60 days	11,360	0.77%	(87)
Past due 61-90 days	13,049	0.36%	(47)
Past due 91-180 days	1,137	3.34%	(38)
Past due 181 days or over	560	66.96%	(375)
	$ 3,354,969		(2,698)

As of December 31, 2018, no expected credit losses was provided for abovementioned notes and accounts receivable from related parties after the management's assessment.

	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 20,440,233	-	-
Past due 1-30 days	1,844,757	-	-
Past due 31-60 days	582,276	-	-
Past due 61-90 days	51,651	-	-
Past due 91-180 days	64,429	-	-
Past due 181 days or over	91,758	-	-
	$ 23,075,104		-

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As of December 31, 2017, the Company applied the incurred loss model to measure the loss allowance for notes and accounts receivable. The aging analysis of notes and accounts receivable which were past due but not impaired was as follows:

	December 31, 2017
Past due 1-30 days	$ 580,869
Past due 31-60 days	33,123
Past due 61-90 days	10,382
Past due 91 days or over	6,359
	$ 630,733

As of December 31, 2017, the Company's aging analysis of notes and accounts receivable from related parties which were past due but not impaired was as follows:

	December 31, 2017
Past due 1-30 days	$ 62,395
Past due 31-60 days	113
Past due 61-90 days	-
Past due 91 days or over	89,116
	$ 151,624

In principle, the average credit term granted to customers for the sale of goods ranged from 30 to 90 days. While assessing the recoverability of the notes and accounts receivable, the Company consider any changes in the credit quality between the initial transaction date and the reporting date. The allowance for doubtful receivables was assessed by referring to the collectability of receivables based on an individual trade term analysis, the historical payment behavior and current financial condition of customers, credit insurance and the provision for sales returns and allowances. Notes and accounts receivable that were past due but for which the Company had not recognized a specific allowance for doubtful receivables after the assessment were still considered recoverable.

Movements of the allowance for notes and accounts receivable was as follows:

		2017	
	2018	**Individually assessed impairment**	**Collectively assessed impairment**
Balance at January 1 (per IAS 39)	$ 12,508	7,056	12,648
Adjustment on initial application of IFRS 9	1,635		
Balance at January 1 (per IFRS 9)	14,143		
Impairment losses reversed	(11,077)	(81)	(7,115)
Write-off	(368)	-	-
Balance at December 31	**$ 2,698**	**6,975**	**5,533**

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(g) Other receivables

	December 31, 2018	December 31, 2017
Other receivables from related parties	$ 87,697	260,738
Reimbursement of advertising expense	393,522	168,072
Purchase discount	101,337	142,340
Others	79,601	31,309
	662,157	602,459
Less: Loss allowance	-	-
	$ 662,157	**602,459**

As of December 31, 2018, no loss allowance was provided for other receivables after management's assessment.

As of December 31, 2017, the Company expected that other receivables could be collected within one year, and no loss allowance was provided for after management's assessment.

(h) Inventories

	December 31, 2018	December 31, 2017
Raw materials	$ 12,054,086	12,183,186
Finished goods and merchandise	1,297,990	1,013,436
Spare parts	71,579	78,422
Inventories in transit	167,529	69,668
	$ 13,591,184	**13,344,712**

For the years ended December 31, 2018 and 2017, the amounts of inventories recognized as cost of revenue were as follows：

	2018	2017
Cost of inventories sold	$ 154,242,588	149,763,488
Inventories transferred to repairing cost	531,424	503,299
Write-down of (reversal of) inventories	82,558	(76,519)
	$ 154,856,570	**150,190,268**

The reversal of write-down of inventories arose from the increase in the net realizable value or use of raw materials or sale of inventories.

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(i) Investments accounted for using equity method

A summary of the Company's investments accounted for using equity method is as follows:

	December 31, 2018	December 31, 2017
Subsidiaries	$ 67,325,012	65,921,777
Associates	11,917	80,201
Joint Ventures	126,996	-
	$ 67,463,925	**66,001,978**

(i) For the information of subsidiaries, please refer to the consolidated financial statements for the year ended December 31, 2018.

(ii) Acquisition of Bluechip Infotech Pty Ltd. (Bluechip)

In order to strengthen the Group's connection with upstream and downstream industries of 3C products, the Company acquired 152 thousand shares of Bluechip, formerly an associate of the Company, for a cash consideration of $8,739 on March 14, 2018. After the acquisition, the Company's interest in Bluechip increased from 30.23% to 34.52%, and the Group's total ownership of Bluechip reached 50.58% after taking AOI's 16.06% interest in Bluechip into account. The Company therefore became the largest shareholder of Bluechip and obtained control over it since then.

In accordance with IFRSs, the identifiable assets and liabilities assumed at the acquisition date are measured at fair value. Based on the evaluation performed by a specialist, the consideration paid for the acquisition and fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Purchase consideration		$ 8,739
Add: Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)		105,682
Fair value of pre-existing interest in the acquiree		93,164
Less: Fair value of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	$ 7,668	
Accounts receivable, net	280,568	
Inventories	201,195	
Other current assets	14,537	
Financial assets measured at fair value through other comprehensive income－non-current	13,157	
Property, plant and equipment	5,729	
Intangible assets	24,759	
Other non-current assets	9,676	
Short-term borrowings	(79,409)	
Accounts payable	(225,487)	
Other current liabilities	(19,968)	
Other non-current liabilities	(18,455)	(213,970)
Gain on bargain purchase		**$ (6,385)**

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The Company remeasured the fair value of its existing 30.23% ownership of Bluechip at the acquisition date, and recognized a loss on disposal of investments of $29,531 accordingly. The resulting loss, as well as the gain on bargain purchase of $6,385, of which $4,358 were attributed to the Company, were classified under non-operating income and loss in the accompanying 2018 parent-company-only statement of comprehensive income.

(iii) Acquisition of AOPEN Inc. and its subsidiaries (AOI)

In order to enhance resource integration and competitiveness of digital signage business, on November 24, 2017, the Company subscribed to 28,970 thousand shares of AOI through the private placement conducted by AOI for cash of $333,155 ($11.5 New Taiwan dollars per share), resulting in 40.55% ownership of AOI. The Company became the largest shareholder of AOI and obtained control over it since then.

In accordance with IFRSs, the identifiable assets acquired and liabilities assumed at the acquisition date are measured at fair value. Based on the evaluation performed by a specialist, the consideration paid for the acquisition and fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Purchase consideration		$ 333,155
Add: Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)		489,747
Less: Fair value of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	$ 820,168	
Notes and accounts receivable, net	264,898	
Other receivables	18,168	
Inventories	178,523	
Other current assets	117,723	
Available-for-sale financial assets－non-current	330,473	
Investments accounted for using equity method	48,783	
Property, plant and equipment	16,504	
Intangible assets	4,880	
Other non-current assets	9,549	
Short-term borrowings	(430,722)	
Notes and accounts payable	(206,440)	
Other payables	(130,813)	
Provisions－current	(29,772)	
Current income tax liabilities	(8,885)	
Other current liabilities	(94,624)	
Deferred income tax liabilities	(57,941)	
Other non-current liabilities	(26,718)	(823,754)
Gain on bargain purchase		**$ (852)**

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The above-mentioned gain on bargain purchase of $852 was included in non-operating income and loss in the accompanying 2017 parent-company-only statement of comprehensive income.

(iv) Acquisition of StarVR Corporation (ASBZ)

To enhance development on design, manufacture, and marketing of virtual reality (VR) products, the Company subscribed to 16,000 thousand shares of ASBZ, formerly a joint venture of the Company, for cash of $160,000 on October 20, 2017, resulting in an increase in its ownership of ASBZ from 50% to 66.67%, and the Company obtained control over ASBZ thereafter.

In accordance with IFRSs, the identifiable assets and liabilities assumed at the acquisition date are measured at fair value. Based on the evaluation performed by a specialist, the consideration paid for the acquisition and fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Purchase consideration		$ 160,000
Add: Non-controlling interest in the acquiree (proportionate share of the fair value of the identifiable net assets)		160,139
Fair value of pre-existing interest in the acquiree		160,000
Less: Fair value of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	$ 185,746	
Notes and accounts receivable, net	83,891	
Other receivables	164	
Inventories	14,514	
Other current assets	20,007	
Property, plant and equipment	6,551	
Other non-current assets	360	
Investments in debt instrument without an active market －non-current	296,555	
Notes and accounts payable	(31,809)	
Other payables	(86,019)	
Provisions－current	(9,541)	
Other current liabilities	(2)	(480,417)
		$ (278)

The Company remeasured the fair value of its existing 50% ownership of ASBZ at the acquisition date, and recognized a loss on disposal of investments of $209 accordingly. The resulting loss, as well as the gain on bargain purchase of $278, were classified under non-operating income and loss in the accompanying 2017 parent-company-only statement of comprehensive income.

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(v) The Company has processed an impairment test for Goodwill of investment in subsidiaries, and there was no impairment as of the test result. Refer to the consolidated financial statements for the year ended December 31, 2018 for the evaluation of goodwill impairment.

(vi) Associates and joint ventures

Name of Associates and Joint Ventures	December 31, 2018 Percentage of ownership	December 31, 2018 Carrying amount	December 31, 2017 Percentage of ownership	December 31, 2017 Carrying amount
Associates:				
Aegis Semiconductor Technology Inc. ("ATI")	19.39	$ 3,068	19.39	3,068
Bluechip Infotech Pty Ltd. ("Bluechip", note(i))	-	-	30.23	69,399
Others	-	8,849	-	7,734
Joint Ventures:				
Smart Frequency Technology Inc. ("SFT", note(ii))	55.00	126,996	-	-
		$ 138,913		80,201

Note (i): On March 14, 2018, the Company obtained control over Bluechip; therefore, Bluechip became a subsidiary of the Company since then. Please refer to abovementioned (ii) for further details.

Note (ii): On August 3, 2018, the Company entered into a joint venture agreement with a third party, whereby the Company and the other party have joint control over SFT. This investment is accounted for using equity method.

	2018	2017
The Company's share of net income (loss) of the associates:		
Net income	$ 1,164	890
Other comprehensive income	(1,847)	(105)
Total comprehensive income	$ (683)	785

	2018	2017
The Company's share of net income (loss) of the joint ventures:		
Net loss	$ (5,004)	(838)
Other comprehensive income	-	-
Total comprehensive income	$ (5,004)	(838)

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(j) Property, plant and equipment

The movements of cost, and accumulated depreciation and impairment loss of the property, plant and equipment were as follows:

	Land	Buildings	Computer and communication equipment	Other equipment	Total
Cost or deemed cost:					
Balance at January 1, 2018	$ 962,261	1,401,612	652,313	259,262	3,275,448
Additions	-	2,830	10,359	26,182	39,371
Disposals	-	-	(68,631)	(4,260)	(72,891)
Reclassification	1,281	8,643	13,399	(386)	22,937
Balance at December 31, 2018	**$ 963,542**	**1,413,085**	**607,440**	**280,798**	**3,264,865**
Balance at January 1, 2017	$ 962,261	1,400,910	731,396	259,535	3,354,102
Additions	-	702	10,339	4,963	16,004
Disposals	-	-	(106,631)	(5,336)	(111,967)
Reclassification	-	-	17,209	100	17,309
Balance at December 31, 2017	**$ 962,261**	**1,401,612**	**652,313**	**259,262**	**3,275,448**
Accumulated depreciation and impairment loss:					
Balance at January 1, 2018	$ 126,540	961,048	598,856	230,423	1,916,867
Depreciation	-	25,326	26,106	10,693	62,125
Disposals	-	-	(67,291)	(3,011)	(70,302)
Reclassification	-	1,202	-	(83)	1,119
Balance at December 31, 2018	**$ 126,540**	**987,576**	**557,671**	**238,022**	**1,909,809**
Balance at January 1, 2017	$ 126,540	936,555	669,181	225,019	1,957,295
Depreciation	-	24,493	34,552	10,010	69,055
Disposals	-	-	(104,877)	(4,606)	(109,483)
Balance at December 31, 2017	**$ 126,540**	**961,048**	**598,856**	**230,423**	**1,916,867**
Carrying amounts:					
Balance at December 31, 2018	**$ 837,002**	**425,509**	**49,769**	**42,776**	**1,355,056**
Balance at December 31, 2017	**$ 835,721**	**440,564**	**53,457**	**28,839**	**1,358,581**

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(k) Investment property

	Land	Buildings	Total
Cost or deemed cost:			
Balance at January 1, 2018	$ 1,306,347	3,219,986	4,526,333
Reclassification from property, plant and equipment	(1,281)	(2,361)	(3,642)
Balance at December 31, 2018	**$ 1,305,066**	**3,217,625**	**4,522,691**
Balance at January 1, 2017 (at December 31, 2017)	**$ 1,306,347**	**3,219,986**	**4,526,333**
Accumulated depreciation and impairment loss:			
Balance at January 1, 2018	$ 427,047	2,810,974	3,238,021
Depreciation	-	9,891	9,891
Other reclassification	-	5,080	5,080
Balance at December 31, 2018	**$ 427,047**	**2,825,945**	**3,252,992**
Balance at January 1, 2017	$ 427,047	2,797,268	3,224,315
Depreciation	-	13,706	13,706
Balance at December 31, 2017	**$ 427,047**	**2,810,974**	**3,238,021**
Carrying amounts:			
Balance at December 31, 2018	**$ 878,019**	**391,680**	**1,269,699**
Balance at December 31, 2017	**$ 879,300**	**409,012**	**1,288,312**
Fair value:			
Balance at December 31, 2018			**$ 1,610,930**
Balance at December 31, 2017			**$ 1,620,518**

The fair value of the investment property is determined by referring to the market price of similar real estate transaction, the valuation (the inputs used in the fair value measurement were classified to level 3) by an independent appraiser or the value in use of the investment property. The value in use is the present value of the future cash flows from continuous lease activities. On December 31, 2018 and 2017, the estimated discount rate used for calculating the present value of the future cash flows was 6.13% and 4.90%, respectively.

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(l) Intangible assets

(i) The movements of costs, and accumulated amortization and impairment loss of intangible assets were as follows:

	Goodwill	Patent	Software	Total
Net balance at January 1, 2018	$ 166,604	75,394	19,994	261,992
Additions	-	-	200	200
Disposals	-	-	(524)	(524)
Reclassification	-	-	9,306	9,306
Amortization	-	(25,582)	(16,256)	(41,838)
Net balance at December 31, 2018	**$ 166,604**	**49,812**	**12,720**	**229,136**
Net balance at December 31, 2018:				
Cost	$ 166,604	1,360,680	658,246	2,185,530
Accumulated amortization and impairment loss	-	(1,310,868)	(645,526)	(1,956,394)
	$ 166,604	**49,812**	**12,720**	**229,136**
Net balance at January 1, 2017:				
Cost	$ 166,604	1,360,680	738,921	2,266,205
Accumulated amortization and impairment loss	-	(1,243,718)	(702,172)	(1,945,890)
Net balance at January 1, 2017	166,604	116,962	36,749	320,315
Additions	-	-	2,137	2,137
Disposals	-	-	(2,266)	(2,266)
Reclassification	-	-	9,395	9,395
Amortization	-	(41,568)	(26,021)	(67,589)
Net balance at December 31, 2017	**$ 166,604**	**75,394**	**19,994**	**261,992**
Net balance at December 31, 2017:				
Cost	$ 166,604	1,360,680	655,726	2,183,010
Accumulated amortization and impairment loss	-	(1,285,286)	(635,732)	(1,921,018)
	$ 166,604	**75,394**	**19,994**	**261,992**

The amortization and impairment loss of intangible assets were included in the line item, operating expense, of the parent-company-only statements of comprehensive income.

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(m) Long-term debt

Type of Loan	Creditor	Credit Line	Term	December 31, 2018	December 31, 2017
Unsecured loan	Bank of Taiwan and other banks	The term tranche of $6 billion may be withdrawn separately within twelve months from the date of the initial withdrawal; three-year limit, during which, revolving credits are disallowed.	The loan is repayable in 6 quarterly installments ($0.9 billion for the first to the fifth installments, and $1.5 billion for the sixth installment) starting February 2018. The Company early repaid $3.3 billion in November 2017, and repaid $2.7 billion in August 2018.	-	2,700,000
		Revolving tranche of $6 billion; three-year limit.	One-time repayment in full when due. The credit facility has not been used.	-	-
Unsecured loan	Bank of Taiwan	The term tranche of $4 billion may be withdrawn separately within six months from the contract date; revolving credits are allowed.	The interest is paid monthly starting November 2017. The principal will be repaid in lump sum amount when due in August 2020. Interest rate is adjusted quarterly.	3,300,000	3,300,000
Less: current portion of long-term debt				-	(2,700,000)
				$ 3,300,000	3,300,000
Unused credit facilities				$ 2,400,000	6,700,000
Interest rate				1.30%	1.30%~1.84%

The Company entered into a syndicated loan agreement with Bank of Taiwan (the lead bank of the syndicated loan) and other banks in April 2016. According to the syndicated loan agreements, the Company is required to maintain certain financial ratios calculated based on its annual and semi-annual consolidated financial statements. The Company was in compliance with the financial covenants on December 31, 2017. Furthermore, there were no financial covenants required for the unsecured loan agreements with Bank of Taiwan in November 2017. Please refer to note 6(y) for related interest expense from the abovementioned bank loans.

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Notes to Parent-Company-Only Financial Statements

(n) Provisions

	Warranties	Litigation	Environmental protection	Total
Balance at January 1, 2018	$ 453,232	208,936	66,378	728,546
Additions	246,921	-	47,845	294,766
Amount utilized	(233,431)	-	(40,319)	(273,750)
Effect of exchange rate changes	2,784	6,195	-	8,979
Balance at December 31, 2018	**$ 469,506**	**215,131**	**73,904**	**758,541**
Current	$ 469,506	215,131	73,904	758,541
Non-current	-	-	-	-
	$ 469,506	**215,131**	**73,904**	**758,541**
Balance at January 1, 2017	$ 410,301	225,953	59,240	695,494
Additions	204,410	-	40,506	244,916
Amount utilized	(161,437)	-	(33,368)	(194,805)
Effect of exchange rate changes	(42)	(17,017)	-	(17,059)
Balance at December 31, 2017	**$ 453,232**	**208,936**	**66,378**	**728,546**
Current	$ 453,232	208,936	66,378	728,546
Non-current	-	-	-	-
	$ 453,232	**208,936**	**66,378**	**728,546**

(i) Warranties

The provision for warranties is made based on the number of units sold currently under warranty, historical rates of warranty claim on those units, and cost per claim to satisfy the warranty obligation. The Company reviews the estimation basis on an ongoing basis and revises it when appropriate.

(ii) Litigation

Litigation provisions are recorded for pending litigation when it is determined that an unfavorable outcome is probable and the amount of loss can be reasonably estimated.

(iii) Environmental protection

An environmental protection provision is made when products are sold and is estimated based on historical experience.

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(o) Operating lease

(i) Lessee

The Company leased offices and warehouses under operating leases. The future minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than 1 year	$ 83,652	43,016
Later than 1 year but not later than 5 years	129,866	100,559
	$ **213,518**	**143,575**

For the years ended December 31, 2018 and 2017, rental expenses of $90,363 and $78,024, respectively, were recognized and included in the operating expenses.

(ii) Lessor

The Company leased its investment property under operating leases. The future minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than 1 year	$ 85,471	53,087
Later than 1 year but not later than 5 years	97,256	78,086
Later than 5 years	903	873
	$ **183,630**	**132,046**

In 2018 and 2017, the rental income from investment property amounted to $115,359 and $100,701, respectively. Related repair and maintenance expenses recognized were as follows:

	2018	2017
Arising from investment property that generated rental income during the period	$ 31,998	27,001
Arising from investment property that did not generate rental income during the period	27,731	34,326
	$ **59,729**	**61,327**

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Notes to Parent-Company-Only Financial Statements

(p) Employee benefits

(i) Defined benefit plans

The reconciliation between the present value of defined benefit obligations and the net defined benefit liabilities for defined benefit plans was as follows:

	December 31, 2018	December 31, 2017
Present value of benefit obligations	$ 895,574	838,932
Fair value of plan assets	(358,844)	(350,932)
Net defined benefit liabilities (reported under other non-current liabilities)	$ **536,730**	**488,000**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pension benefits for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive a payment based on years of service and average salary for the six months prior to the employee's retirement.

1) Composition of plan assets

The pension fund (the "Fund") contributed by the Company is managed and administered by the Bureau of Labor Funds of the Ministry of Labor (the Bureau of Labor Funds). According to the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", with regard to the utilization of the Fund, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks. The Company also established pension funds in accordance with the "Regulations Governing the Management, Investment, and Distribution of the Employees' Retirement Fund Established by a Profit-seeking Enterprise", which are funded by time deposits and bank deposits deposited in the designated financial institutions. The administration of pension funds is separate from the Company, and the principal and interest from such funds shall not be used in any form except for the payment of pension and severance to employees.

As of December 31, 2018 and 2017, the balances of aforementioned pension funds were $358,844 and $350,932, respectively. For information on the domestic labor pension fund assets (including the asset portfolio and yield of the fund), please refer to the website of the Bureau of Labor Funds.

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Notes to Parent-Company-Only Financial Statements

2) Movements in present value of the defined benefit obligations

	2018	2017
Defined benefit obligations at January 1	$ 838,932	892,418
Current service costs	12,150	13,949
Interest expense	11,484	12,178
Remeasurement on the net defined benefit liabilities (assets):		
Actuarial loss (gain) arising from experience adjustments	35,510	47,478
Actuarial loss (gain) arising from changes in financial assumption	25,845	-
Benefits paid by the plan	(29,761)	(67,425)
Liabilities assumed (transferred) due to the Group's employee shift	1,414	(59,666)
Defined benefit obligations at December 31	**$ 895,574**	**838,932**

3) Movements in fair value of plan assets

	2018	2017
Fair value of plan assets at January 1	$ 350,932	273,692
Remeasurement on the net defined benefit liabilities		
Return on plan assets (excluding amounts included in net interest expense)	7,170	(979)
Benefits paid by the plan	(29,761)	(67,425)
Interest income	3,527	3,708
Contributions by the employer	30,353	31,091
Adjustments due to employee transfer to related parties	-	110,845
Loss on curtailment	(3,377)	-
Fair value of plan assets at December 31	**$ 358,844**	**350,932**

4) Changes in the effect of the asset ceiling

In 2018 and 2017, there was no effect of the asset ceiling.

5) Expenses recognized in profit or loss

	2018	2017
Current service costs	$ 12,150	13,949
Net interest expense	7,957	8,470
Loss on curtailment	3,377	-
	$ 23,484	**22,419**
Classified under operating expense	**$ 23,484**	**22,419**

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6) Remeasurement of the net defined benefit liabilities recognized in other comprehensive income

	2018	2017
Cumulative amount at January 1	$ (239,567)	(191,110)
Recognized during the period	(54,185)	(48,457)
Cumulative amount at December 31	**$ (293,752)**	**(239,567)**

7) Actuarial assumptions

The principal assumptions of the actuarial valuation were as follows:

	December 31, 2018	December 31, 2017
Discount rate	1.125 %	1.375 %
Future salary increases rate	3.000 %	3.000 %

The Company expects to make contribution of $28,885 to the defined benefit plans in the year following December 31, 2018. The weighted average duration of the defined benefit plans is ranged in 14.59 years.

8) Sensitivity analysis

The following table summarizes the impact of a change in the assumptions on the present value of the defined benefit obligation on December 31, 2018 and 2017.

	December 31, 2018		December 31, 2017	
	0.25% Increase	0.25% Decrease	0.25% Increase	0.25% Decrease
Discount rate	**$ (25,845)**	**26,847**	**(25,574)**	**26,651**
Future salary change	**$ 25,812**	**(25,005)**	**25,707**	**(24,815)**

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets. The method used to carry out the sensitivity analysis is the same as in the prior year.

(ii) Defined contribution plans

The Company contribute monthly an amount equal to 6% of each employee's monthly wages to the employee' s individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company has no legal or constructive obligation to pay additional amounts after contributing a fixed amount to the Bureau of Labor Insurance.

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For the years ended December 31, 2018 and 2017, the Company recognized pension expenses of $81,147 and $79,407, respectively, and had contributed to the Bureau of Labor Insurance, in relation to the defined contribution plans.

(q) Income taxes

(i) According to the amendments to the "Income Tax Act” enacted by the office of the President of the R.O.C. on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing 2018.

The components of income tax expense were as follows:

		2018	2017
Current income tax expense			
Current period	$	433,038	157,463
Adjustments for prior years		22,475	(166,902)
		455,513	(9,439)
Deferred tax expense			
Origination and reversal of temporary differences		378,120	309,822
Adjustment in tax rate		111,211	-
Change in unrecognized deductible temporary differences and tax losses		(92,683)	(89,751)
		396,648	220,071
Income tax expense	$	**852,161**	**210,632**

The components of income tax benefit (expense) recognized in other comprehensive income were as follows:

		2018	2017
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans	$	18,024	8,238
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(3,429)	18
	$	**14,595**	**8,256**

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Reconciliation between the expected income tax expense calculated based on the Company's statutory tax rate and the actual income tax expense reported in the statements of comprehensive income was as follows:

	2018	2017
Income before taxes	$ 3,912,590	3,026,219
Income tax using the Company’s statutory tax rate	$ 782,518	514,457
Adjustments for prior-year income tax expense	22,475	(166,902)
Adjustment in tax rate	111,211	-
Change in unrecognized temporary differences and tax losses	(92,683)	(89,751)
Others	28,640	(47,172)
	$ 852,161	210,632

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

	December 31, 2018	December 31, 2017
Unrecognized deferred income tax assets:		
Loss associated with investments in subsidiaries	$ 3,260,493	2,818,394
Summary amount of deductible temporary differences	1,860,844	1,831,773
	$ 5,121,337	4,650,167

The above deferred income tax assets were not recognized as management believed that it is not probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

2) Unrecognized deferred income tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2018 and 2017. As management believed that it is probable that the temporary differences will not reverse in the foreseeable future, such temporary differences were not recognized as deferred income tax liabilities. The related amounts were as follows:

	December 31, 2018	December 31, 2017
Profits associated with investments in subsidiaries	$ 3,193,633	4,161,413

3) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities were as follows:

Deferred income tax assets:

	Foreign currency translation differences	Remeasurements of defined benefit plans	Accrued expenses and costs	Total
Balance at January 1, 2018	$ 3,429	44,296	-	47,725
Recognized in profit or loss	-	-	265,000	265,000
Recognized in other comprehensive income (loss)	(3,429)	18,653	-	15,224
Balance at December 31, 2018	**$ -**	**62,949**	**265,000**	**327,949**
Balance at January 1, 2017	$ 3,411	36,058	-	39,469
Recognized in other comprehensive income (loss)	18	8,238	-	8,256
Balance at December 31, 2017	**$ 3,429**	**44,296**	**-**	**47,725**

Deferred income tax liabilities:

	Income from investments accounted for using equity method	Others	Total
Balance at January 1, 2018	$ 639,023	149,236	788,259
Recognized in profit or loss	735,360	(73,712)	661,648
Recognized in other comprehensive loss (income)	-	629	629
Balance at December 31, 2018	**$ 1,374,383**	**76,153**	**1,450,536**
Balance at January 1, 2017	$ 564,619	3,569	568,188
Recognized in profit or loss	74,404	145,667	220,071
Balance at December 31, 2017	**$ 639,023**	**149,236**	**788,259**

(iii) No income tax was recognized directly in equity for 2018 and 2017.

(iv) Except for 2015, the Company's income tax returns for the years through 2016 were examined and approved by the R.O.C. income tax authorities.

(r) Capital and other equity

(i) Common stock

The Company had issued 17,460 thousand shares of restricted stock to its employees on August 26, 2014. In 2018 and 2017, the Company recalled 1,569 thousand shares and 4,230 thousand shares, respectively, of restricted stock for certain employees due to their resignation and retirement, as well as failing to meet certain vesting conditions. The Board of Directors had approved the capital reductions for retirement of restricted shares issued to employees and the related registration process has been completed.

As of December 31, 2018 and 2017, the Company had issued 5,858 thousand units and 6,446 thousand units, respectively, of global depository receipts (GDRs). The GDRs were listed on the London Stock Exchange, and each GDR represents five common shares.

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As of December 31, 2018 and 2017, the Company's authorized shares of common stock consisted of 3,500,000 thousand shares, of which 3,074,934 thousand shares and 3,076,503 thousand shares, respectively, were issued. The par value of the Company's common stock is $10 per share. All issued shares were paid up upon issuance.

Certain shares of common stock were not outstanding as they were held by the Company's subsidiaries or were non-vested restricted stock. The movements in outstanding shares of common stock in 2018 and 2017 were as follows (in thousands of shares):

	2018	2017
Balance at January 1	3,026,277	3,026,277
Vested restricted stock	1,911	-
Balance at December 31	**3,028,188**	**3,026,277**

(ii) Capital surplus

		December 31, 2018	December 31, 2017
Paid-in capital in excess of par value	$	11,101,376	13,173,098
Surplus from mergers		16,027,221	16,027,221
Surplus related to treasury stock transactions and cash dividend		340,556	307,802
Difference between consideration and carrying amount of subsidiaries acquired or disposed		100,600	-
Employee share options		90,000	90,000
Surplus from equity-method investments		253,598	173,516
Restricted stock issued to employees		-	80,547
	$	**27,913,351**	**29,852,184**

Pursuant to the Company Act, any realized capital surplus is initially used to cover accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends or distributed by cash based on the original shareholding ratio. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations received by the Company. In accordance with the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers", distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(iii) Legal reserve, special reserve, and dividend policy

The Company's Articles of Incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, after retaining a certain portion of it for business considerations, can be distributed as dividends to stockholders. Except for the distribution of capital surplus and legal reserve in accordance with applicable laws and regulations, the Company cannot distribute any earnings when there are no retained earnings.

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Since the Company operates in an industry experiencing rapid change and development, earnings are distributed in consideration of the current year's earnings, the overall economic environment, related laws and decrees, and the Company's long-term development and stability in its financial position. The Company has adopted a stable dividend policy, in which a cash dividend comprises at least 10% of the total dividend distribution.

Additionally, according to the Company Act, a company shall first retain 10% of its income after taxes as legal reserve until such retention equals the amount of paid-in capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion of legal reserve which exceeds 25% of the paid-in capital.

In accordance with Ruling No. 1010047490 issued by the FSC on November 21, 2012, a special reserve shall be retained at an amount equal to the proportionate share of the carrying value of the treasury stock held by subsidiaries in excess of the market value at the reporting date. The special reserve may be reversed when the market value recovers in subsequent periods.

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a special reserve equal to the total amount of items that are accounted for as deductions from stockholders' equity shall be set aside from current and prior-year earnings. This special reserve shall revert to retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

On June 15, 2018, the Company's shareholders approved an appropriation of legal reserve and special reserve of \$281,559 and \$2,534,028, respectively. Additionally, the Company's shareholders decided to distribute cash deriving from the capital surplus of \$2,153,552 (\$0.7 dollars per share), of which \$32,754 was distributed to the subsidiaries holding the Company's common shares.

On June 21, 2017, the Company's shareholders approved a decrease in its special reserve, legal reserve and capital surplus of \$1,306,709, \$145,190 and \$3,448,397, respectively, to offset the accumulated deficit. Additionally, the Company's shareholders decided to distribute cash deriving from the capital surplus of \$1,538,379 (\$0.5 dollars per share), of which \$23,308 was distributed to the subsidiaries holding the Company's common shares. Related information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

The appropriation of 2018 earnings had been proposed by the Company's Board of Directors on March 20, 2019, which included the appropriations of legal reserve and special reserve of \$306,043 and \$406,544, respectively, as well as the distribution of cash dividends amounting to \$2,367,699 (at \$0.77 dollars per share).

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(iv) Treasury stock

As of December 31, 2018 and 2017, details of the GDRs (for the implementation of an overseas employee stock option plan) held by subsidiary AWI and the Company's common stock held by subsidiaries AWI (to maintain the Company's shareholders' equity), CCI (to maintain the Company's shareholders' equity), and ETEN (resulting from the acquisition of ETEN) were as follows (expressed in thousands of shares):

	December 31, 2018		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	424,185
GDRs	24,937	1,969,617	475,167
		$ 2,914,856	**899,352**

	December 31, 2017		
	Number of shares	**Carrying amount**	**Market value**
Common stock	21,809	$ 945,239	526,687
GDRs	24,937	1,969,617	558,991
		$ 2,914,856	**1,085,678**

According to the Securities and Exchange Act, treasury stock cannot be collateralized. In addition, treasury shares do not bear shareholder rights prior to being sold to third parties. Moreover, the number of treasury shares shall not exceed 10% of the number of common shares issued. The total amount of treasury stock shall not exceed the sum of retained earnings, paid-in capital in excess of par value, and other realized capital surplus.

(v) Other equity items (net after tax)

1) Foreign currency translation differences:

	2018	**2017**
Balance at January 1	$ (3,202,161)	(1,061,015)
Generated by the Company:		
Foreign exchange differences arising from translation of foreign operations	392,843	(2,141,041)
Share of other comprehensive income (loss) of associates	(1,847)	(105)
Foreign exchange differences reclassified to profit or loss as a result of disposal of associates	22,019	-
Balance at December 31	**$ (2,789,146)**	**(3,202,161)**

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2) Unrealized gain (loss) from available-for-sale financial assets:

	2018	2017
Balance at January 1 (per IAS 39)	$ 112,035	(347,770)
Adjustment on initial application of IFRS 9	(112,035)	
Balance at January 1 (per IFRS 9)	-	
Generated by the Company:		
Changes in fair value of available-for-sale financial assets	-	494,936
Share of other comprehensive loss of subsidiaries accounted for using equity method	-	(35,131)
Balance at December 31	**$ -**	**112,035**

3) Unrealized gain (loss) from financial assets measured at fair value through other comprehensive income:

	2018
Balance at January 1 (per IAS 39)	$ -
Adjustment on initial application of IFRS 9	112,035
Balance at January 1 (per IFRS 9)	112,035
Generated by the Company:	
Change in fair value of financial assets measured at fair value through other comprehensive income	(384,772)
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	(216,824)
Disposal of financial assets measured at fair value through other comprehensive income of subsidiaries	(32,665)
Balance at December 31	**$ (522,226)**

4) Remeasurement of defined benefit plans:

	2018	2017
Balance at January 1	$ (96,281)	(77,257)
Change in the period (generated by the Company)	(36,161)	(40,219)
Share of other comprehensive income of subsidiaries accounted for using equity method	62,625	21,195
Balance at December 31	**$ (69,817)**	**(96,281)**

5) Unearned compensation cost:

	2018	2017
Balance at January 1	$ (12,093)	(26,743)
Change in the period	12,093	14,650
Balance at December 31	**$ -**	**(12,093)**

(Continued)

(s) Share-based payment

During their meeting on June 18, 2014, the Company's shareholders approved a resolution to issue 50,000 thousand shares of restricted stock to full-time employees who conformed to certain requirements. The Company has filed an effective registration with the Securities and Futures Bureau of the FSC for the issuance.

On August 26, 2014, the Company issued 17,460 thousand shares of restricted stock to its employees. The employees who were granted restricted stock are entitled to purchase the shares of restricted stock at the exercise price of $0. The vesting period of the restricted stock is 1~4 years subsequent to the grant date, and the restricted shares of stock will be vested from 0% to 25% considering the Company's and individual employee's performance conditions. The restricted stock received by the employees shall be deposited and held in an escrow account and could not be sold, pledged, transferred, gifted, or disposed of in any other forms during the vesting period; nevertheless, the rights of a shareholder (such as voting and election at the shareholders' meeting) are the same as the rights of the Company's shareholders but are executed by the custodian. During the vesting period, the restricted shares of stock are entitled to any earnings distribution. The Company will take back the restricted stock from employees and retire those shares when the vesting conditions cannot be met.

The movements in number of restricted shares of stock issued (in thousands) in 2018 and 2017 were as follows:

	2018	**2017**
Unvested shares at January 1	3,360	7,500
Forfeited during the period	(1,449)	(4,140)
Vested shares	(1,911)	-
Unvested shares at December 31	**-**	**3,360**

The fair value of the restricted stock was $24.15 (in New Taiwan dollars) per share, which was determined by reference to the closing price of the Company's common stock traded on the Taiwan Stock Exchange at the grant date. For the years ended December 31, 2018 and 2017, the compensation cost (reversed) recognized for the restricted stock amounted to $(1,705) and $14,650, respectively, which was reported in the operating expenses.

(t) Earnings per share ("EPS")

(i) Basic earnings per share

The basic earnings per share were calculated as the earnings attributable to the shareholders of the Company divided by the weighted-average number of common shares outstanding as follows:

	2018	**2017**
Net income attributable to the shareholders of the Company	$ **3,060,429**	**2,815,587**
Weighted-average number of ordinary shares outstanding (in thousands)	**3,026,914**	**3,026,277**
Basic earnings per share (in New Taiwan dollars)	$ **1.01**	**0.93**

(Continued)

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(ii) Diluted earnings per share

	2018	2017
Net income attributable to the shareholders of the Company	$ **3,060,429**	**2,815,587**
Weighted-average number of ordinary shares outstanding (in thousands)	3,026,914	3,026,277
Effect of dilutive potential common stock (in thousands):		
Restricted stock issued to employees	2,143	5,163
Effect of employee remuneration in stock	9,387	5,261
Weighted-average shares of common stock outstanding (including effect of dilutive potential common stock) (in thousands)	**3,038,444**	**3,036,701**
Diluted earnings per share (in New Taiwan dollars)	$ **1.01**	**0.93**

(u) Revenue from contracts with customers (applicable from January 1, 2018)

(i) Disaggregation of revenue

	2018		
	IT Hardware Products	**Others**	**Total**
Primary geographical markets:			
EMEA	$ 64,576,128	3,816,252	68,392,380
Pan America	42,253,228	8,384,824	50,638,052
Asia Pacific	47,572,412	11,350,233	58,922,645
	$ **154,401,768**	**23,551,309**	**177,953,077**

Refer to note 6(v), for details on revenue for 2017.

(ii) Contract balances

	December 31, 2018	**January 1, 2018**
Notes and accounts receivable (including receivables from related parties)	$ 26,430,073	18,445,552
Less: loss allowance	(2,698)	(14,143)
	$ **26,427,375**	**18,431,409**
Contract assets－current	$ **84,450**	**-**
Contract liabilities－current	$ **122,994**	**150,830**
Contract liabilities－non-current	$ **491,976**	**603,322**

Please refer to note 6(f) for details on notes and accounts receivable and related loss allowance.

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The major changes in the balance of contract assets primarily resulted from the timing difference between obtaining the rights to consideration in exchange for transferring products or providing services to a customer and the billing to the customer (i.e., the rights to consideration become unconditional). The major changes in the balance of contract liabilities were due to the timing difference between the satisfaction of performance obligation and the receipt of customer's payment.

(v) Revenue

	2017
Revenue from sale of goods	$ 172,806,860
Revenue from services rendered	918,777
Others	547,874
	$ 174,273,511

Please refer to note 6(u), for details on revenue for 2018.

(w) Remuneration to employees and directors

The Company's Articles of Incorporation require that annual earning shall first be offset against any deficit, then, a minimum of 4% shall be allocated as employee remuneration and a maximum of 0.8% be allocated as directors' remuneration. Employees who are entitled to receive the abovementioned employee remuneration, in share or cash, include the employees of subsidiaries of the Company who meet certain specific requirements.

For the years ended December 31, 2018 and 2017, the Company accrued its remuneration to employees amounting to $163,313 and $121,049, respectively, and the remuneration for directors of $6,911 and $4,263, respectively. The said amounts, which were recognized as operating expenses, were calculated based on pre-tax net profit for each year before deducting the amount of the remuneration to employees and directors, multiplied by the proposed distribution ratio of remuneration to employees and directors. The difference between accrual and actual payment, if any, will be treated as change in accounting estimate and recognized in profit or loss in the following year.

The aforementioned accrued remunerations to employees and directors were same as the amounts approved by the Board of Directors on March 20, 2019 and March 21, 2018, respectively, which were paid in cash.

Related information is available on the Market Observation Post System website of Taiwan Stock Exchange.

(x) Other operating income and loss – net

	2018	2017
Rental income (note 6(o))	$ 129,896	107,859
Government grants	1,050	-
	$ 130,946	**107,859**

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(y) Non-operating income and loss

(i) Other income

	2018	2017
Interest income from bank deposits	$ 73,172	41,746
Interest income from convertible bonds	-	57,556
Other interest income	2,376	8,519
Dividend income	184,749	182,269
	$ 260,297	**290,090**

(ii) Other gains and losses

	2018	2017
Gain on disposal of property, plant and equipment	$ 236	1,893
Gain on disposal of intangible assets	-	32
Foreign currency exchange (loss) gain	(824,296)	2,016,790
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	1,196,992	(1,853,840)
Gain on bargain purchase (note 6(i))	4,358	1,130
Loss on disposal of investments accounted for using equity method (note 6(i))	(29,531)	(209)
Other investment loss	(3,696)	-
Others	31,014	94,556
	$ 375,077	**260,352**

(iii) Finance costs

	2018	2017
Interest expense from bank loans	$ 112,096	204,791
Others	10,998	13,142
	$ 123,094	**217,933**

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(z) Financial instruments and fair value information

(i) Categories of financial instruments

1) Financial assets

	December 31, 2018	December 31, 2017
Financial assets measured at fair value through profit or loss:		
Financial assets mandatorily measured at FVTPL	$ 266,951	-
Held-for-trading	-	58,407
Financial assets measured at fair value through other comprehensive income	2,921,909	-
Available-for-sale financial assets	-	3,311,578
Financial assets measured at amortized cost (loans and receivables):		
Cash and cash equivalents	3,625,154	13,708,705
Notes and accounts receivable and other receivables (including receivables from related parties)	27,089,532	19,035,503
Investments in debt instrument without an active market	-	227,243
Other financial assets – non-current	108,484	149,704
	$ **34,012,030**	**36,491,140**

2) Financial liabilities

	December 31, 2018	December 31, 2017
Financial liabilities measued at fair value through profit or loss	$ 183,413	326,006
Financial liabilities measured at amortized cost:		
Notes and accounts payable (including payables to related parties)	33,369,555	34,311,086
Other payables (including payables to related parties)	14,672,434	16,768,897
Long-term debt (including current portion)	3,300,000	6,000,000
	$ **51,525,402**	**57,405,989**

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(ii) Fair value information－financial instruments not measured at fair value

Except for those described in the table below, the Company considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values:

	December 31, 2017	
	Carrying Amount	**Fair Value**
Financial assets:		
Investments in debt instrument without an active market	227,243	229,488

The hierarchy of the abovementioned fair value is as below:

	December 31, 2017			
	Fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments in debt instrument without an active market	$ -	229,488	-	229,488

The abovementioned fair value of investments categorized as level 2 is measured on Multifactor Evaluation Model.

(iii) Fair value information－Financial instruments measured at fair value

1) Fair value hierarchy

The following financial instruments are measured at fair value on a recurring basis.

The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3, based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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	December 31, 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	255,524	-	255,524
Convertible bonds	-	11,427	-	11,427
	$ -	266,951	-	266,951
Financial assets measured at fair value through other comprehensive income:				
Publicly traded domestic stock	$ 2,844,861	-	-	2,844,861
Non-publicly traded stock	-	-	77,048	77,048
	$ 2,844,861	-	77,048	2,921,909
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	(183,413)	-	(183,413)

	December 31, 2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	55,374	-	55,374
Conversion right of investments in convertible bonds	-	3,033	-	3,033
	$ -	58,407	-	58,407
Available-for-sale financial assets:				
Publicly traded domestic stock	$ 3,242,483	-	-	3,242,483
Non-publicly traded stock	-	-	69,095	69,095
	$ 3,242,483	-	69,095	3,311,578
Financial liabilities measured at fair value through profit or loss:				
Foreign currency forward contracts	$ -	(326,006)	-	(326,006)

There were no transfers among fair value hierarchies for the years ended December 31, 2018 and 2017.

2) Movement in financial assets included Level 3 fair value hierarchy

	2018	2017
	Financial assets measured at fair value through other comprehensive income	Available-for-sale financial assets
Balance at January 1	$ -	71,872
Adjustment on initial application of IFRS 9 on January 1, 2018	69,095	
	69,095	
Total gains or losses:		
Recognized in other comprehensive income	7,953	(2,322)
Disposal	-	(455)
Balance at December 31	$ 77,048	69,095

(Continued)

The abovementioned total gains or losses were included in "unrealized gain (loss) from financial assets measured at fair value through other comprehensive income" and "unrealized gain (loss) from available-for-sale financial assets", respectively. The gains or losses attributable to the financial assets held on December 31, 2018 and 2017 were as follows:

	2018	2017
Total gains or losses:		
Recognized in other comprehensive income (included in "unrealized gain (loss) from available-for-sale financial assets")	$ -	(2,322)
Recognized in other comprehensive income (included in "unrealized gain (loss) from financial assets measured at fair value through other comprehensive income")	7,953	-
	$ 7,953	(2,322)

3) Valuation techniques and assumptions used for fair value measurement

The Company uses the following methods in determining the fair value of its financial assets and liabilities:

a) The fair values of financial assets with standard terms and conditions and traded on active markets are determined with reference to quoted market prices (e.g. publicly traded stocks).

b) The fair value of derivative financial instruments is determined using a valuation technique, with estimates and assumptions consistent with those used by market participants that are readily available to the Company. The fair value of foreign currency forward contracts is computed individually by each contract using the valuation technique.

c) The fair value of privately held stock without an active market is estimated by using the market approach and is determined by reference to recent financing activities, valuations of similar companies, market conditions, and other economic indicators. The significant unobservable input is the liquidity discount. No quantitative information is disclosed due to the possible changes in liquidity discount would not cause significant potential financial impact.

(iv) Offsetting of financial assets and liabilities

The Company has financial instrument transactions which are set off in accordance with paragraph 42 of IAS 32; the related financial assets and liabilities are presented in the balance sheets on a net basis.

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The table below summarizes the related information of offsetting of financial assets and liabilities:

December 31, 2018

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts receivable, net	$ 34,712,088	31,359,817	3,352,271	-	-	3,352,271

December 31, 2018

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 64,597,798	31,359,817	33,237,981	-	-	33,237,981

December 31, 2017

Financial assets subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts receivable, net	$ 37,520,016	33,273,676	4,246,340	-	-	4,246,340

December 31, 2017

Financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Amount not set off in the balance sheet (d)		Net amounts
				Financial instruments	Cash collateral received	
	(a)	(b)	(c)=(a)-(b)			(e)=(c)-(d)
Notes and accounts payable	$ 67,490,238	33,273,676	34,216,562	-	-	34,216,562

(aa) Financial risk management

The Company is exposed to credit risk, liquidity risk, and market risk (including currency risk, interest rate risk, and other market price risk). The Company has disclosed the information on exposure to the aforementioned risks and the Company's policies and procedures to measure and manage those risks as well as the quantitative information below.

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The Board of Directors are responsible for developing and monitoring the Company' s risk management policies. The Company' s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to the controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's operations.

The Company' s management monitors and reviews the financial activities in accordance with procedures required by relevant regulations and internal controls. Internal auditors undertake reviews of risk management controls and procedures, and the results of which are reported to the Board of Directors on a regular basis.

(i) Credit risk

1) The maximum exposure to credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty of a financial instrument fails to meet its contractual obligations, and arises principally from the Company' s cash and cash equivalents, derivative instruments, receivables from customers, and other receivables. The maximum exposure to credit risk is equal to the carrying amount of the Company's financial assets.

2) Concentration of credit risk

The Company primarily sells and markets its multi-branded IT products through its subsidiaries and distributors in different geographic areas. The Company believes that there is no significant concentration of credit risk due to the Company's large number of customers and their wide geographical spread.

3) Credit risk from receivables

Refer to note 6(f) for credit risk exposure of notes and accounts receivable. Other financial assets at amortized cost includes other receivables (refer to note 6(g)), time deposits (classified as other financial assets), etc. Abovementioned financial assets are considered low-credit-risk financial assets, and thus, the loss allowance are measured using 12 months ECL. Please refer to note 4(f) for descriptions about how the Company determines the credit risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in settling its financial liabilities by delivering cash or another financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements. As of December 31, 2018 and 2017, the Company had unused credit facilities of $28,740,628 and $32,218,342, respectively.

The table below is the maturity profile of the Company' s financial liabilities based on contractual undiscounted payments, including the estimating interest.

(Continued)

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	Contractual cash flows	Within 1 year	1-2 years	2-5 years
December 31, 2018				
Non-derivative financial liabilities:				
Long-term borrowings carrying floating interest rates	$ 3,375,075	42,900	3,332,175	-
Notes and accounts payable (including related parties)	33,369,555	33,354,379	15,176	-
Other payables (including related parties)	14,672,434	12,752,013	1,920,421	-
	$ 51,417,064	**46,149,292**	**5,267,772**	**-**
Derivative financial instruments:				
Foreign currency forward contracts－settled in gross				
Outflow	$ 53,217,864	53,217,864	-	-
Inflow	(53,404,905)	(53,404,905)	-	-
	$ (187,041)	**(187,041)**	**-**	**-**
December 31, 2017				
Non-derivative financial liabilities:				
Long-term borrowings carrying floating interest rates	$ 6,092,103	2,763,551	3,328,552	-
Notes and accounts payable (including related parties)	34,311,086	34,280,734	15,176	15,176
Other payables (including related parties)	16,768,897	14,999,725	1,599,165	170,007
	$ 57,172,086	**52,044,010**	**4,942,893**	**185,183**
Derivative financial instruments:				
Foreign currency forward contracts－settled in gross				
Outflow	$ 45,499,769	45,499,769	-	-
Inflow	(45,329,827)	(45,329,827)	-	-
	$ 169,942	**169,942**	**-**	**-**

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company’ s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company utilizes derivative financial instruments to manage market risks and the volatility of profit or loss. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the Company. The foreign currencies used in these transactions are mainly the US dollar (USD), Euro (EUR), Indian Rupee (INR), Australian Dollar (AUD), Japanese yen (JPY), etc.

The Company utilizes foreign currency forward contracts to hedge its foreign currency exposure with respect to its forecast sales and purchases over the following 12 months.

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Exposure to foreign currency risk and sensitivity analysis:

The Company's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (including related-party receivables), notes and accounts payable (including related-party payables), other receivables (including related-party receivables) and other payables (including related-party payables) that are denominated in foreign currency. At the reporting date, the carrying amounts of the Company's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of the Company and their sensitivity analysis were as follows:

(in thousands)

	December 31, 2018				
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
Financial assets					
Monetary items					
EUR	$ 81,111	35.2415	2,858,473	1 %	28,585
USD	589,710	30.7330	18,123,557	1 %	181,236
INR	9,600,425	0.4405	4,228,987	1 %	42,290
AUD	83,560	21.6637	1,810,219	1 %	18,102
JPY	4,015,196	0.2802	1,125,058	1 %	11,251
Financial liabilities					
Monetary items					
EUR	1,790	35.2415	63,082	1 %	631
USD	1,464,142	30.7330	44,997,476	1 %	449,975

(in thousands)

	December 31, 2017				
	Foreign currency	Exchange rate	NTD	Change in magnitude	Pre-tax effect on profit or loss
Financial assets					
Monetary items					
EUR	$ 14,541	35.8325	521,041	1 %	5,210
USD	990,174	29.8480	29,554,714	1 %	295,547
Financial liabilities					
Monetary items					
EUR	1,039	35.8325	37,230	1 %	372
USD	1,477,846	29.8480	44,110,747	1 %	441,107

With varieties of foreign currencies, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. Please refer to note 6(y) for further information.

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2) Interest rate risk

The Company's short-term borrowing and long-term debt carried floating interest rates, and the Company has not entered into interest rate swap contracts to convert floating interest rates to fixed interest rates. To manage the interest rate risk, the Company periodically assesses the interest rates of bank loans and maintains good relationships with financial institutions to obtain lower financing costs. The Company also strengthens the management of working capital to reduce the dependence on bank loans as well as the risk arising from fluctuation of interest rates.

Please refer to the note on liquidity risk management for details on interest rate exposure of the Company's financial liabilities. The following sensitivity analysis is based on the risk exposure to non-derivative financial instruments on the reporting date. The sensitivity analysis assumes the liabilities carrying floating interest rates recorded at the reporting date had been outstanding for the entire period. The change in interest rate reported to the key management in the Company is based on 100 basis points (1%), which is consistent with the assessment made by the key management in respect of the possible change in interest rate.

If the interest rate had been 100 basis points (1%) higher/lower with all other variables held constant, pre-tax income (loss) for the years ended December 31, 2018 and 2017 would have been $33,000 and $60,000, respectively, lower/higher, which mainly resulted from the borrowings with floating interest rates.

3) Other market price risk

The Company is exposed to the risk of price fluctuation in securities market resulting from its investment in publicly traded stocks. The Company supervises the equity price risk actively and manages the risk based on fair value. The Company also has strategic investments in privately held stocks, in which the Company does not actively participate in their trading.

Assuming a hypothetical increase or decrease of 5% in equity prices of the equity investments at each reporting date, the other comprehensive income for the years ended December 31, 2018 and 2017, would have increased or decreased by $146,095 and $165,579, respectively.

(ab) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations and to reward shareholders and take into consideration the interests of other stakeholders.

(Continued)

(ac) Changes in liabilities from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2018	Cash flows	December 31, 2018
Long-term debts	$ 6,000,000	(2,700,000)	3,300,000

7. Related-party transactions

(a) Related party name and categories

The followings are subsidiaries and other related parties that have had transactions with the Company during the reporting periods.

Name of related party	Relationship with the Company
Acer Greater China (B.V.I.) Corp. (AGC)	Subsidiaries
Acer Market Services Limited (AMS)	Subsidiaries
Acer Computer (Far East) Limited (AFE)	Subsidiaries
Acer Information (Zhong Shan) Co., Ltd. (AIZS)	Subsidiaries
Acer Computer (Shanghai) Ltd. (ACCN)	Subsidiaries
Acer (Chongqing) Ltd. (ACCQ)	Subsidiaries
Acer European Holdings SA (AEH)	Subsidiaries
Acer Europe B.V. (AHN)	Subsidiaries
Acer CIS Incorporated (ACR)	Subsidiaries
Acer Computer (M.E.) Limited (AME)	Subsidiaries
Acer Africa (Proprietary) Limited (AAF)	Subsidiaries
AGP Insurance (Guernsey) Limited (AGU)	Subsidiaries
Acer Sales International SA (ASIN)	Subsidiaries
Acer Europe SA (AEG)	Subsidiaries
Sertec 360 SA (SER)	Subsidiaries
Acer Computer France S.A.S.U. (ACF)	Subsidiaries
Acer U.K. Limited (AUK)	Subsidiaries
Acer Italy S.R.L. (AIT)	Subsidiaries
Acer Computer GmbH (ACG)	Subsidiaries
Acer Austria GmbH (ACV)	Subsidiaries
Acer Czech Republic S.R.O. (ACZ)	Subsidiaries
Acer Computer Iberica, S.A. (AIB)	Subsidiaries
Acer Computer (Switzerland) AG (ASZ)	Subsidiaries
Acer Slovakia s.r.o. (ASK)	Subsidiaries
Asplex Sp. z o.o. (APX)	Subsidiaries
Acer Marketing Services LLC (ARU)	Subsidiaries
Acer Poland sp. z o.o. (APL)	Subsidiaries

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
Acer Bilisim Teknolojileri Limited Sirketi (ATR)	Subsidiaries
Acer Computer B.V. (ACH)	Subsidiaries
Acer Computer Norway AS (ACN)	Subsidiaries
Acer Computer Finland Oy (AFN)	Subsidiaries
Acer Computer Sweden AB (ACW)	Subsidiaries
Acer Denmark A/S (ACD)	Subsidiaries
Boardwalk Capital Holdings Limited (Boardwalk)	Subsidiaries
Acer Computec Mexico, S.A. de C.V. (AMEX)	Subsidiaries
Acer American Holdings Corp. (AAH)	Subsidiaries
AGP Tecnologia em Informatica do Brasil Ltda. (ATB)	Subsidiaries
Aurion Tecnologia, S.A. de C.V. (Aurion)	Subsidiaries
Acer Cloud Technology Inc. (ACTI)	Subsidiaries
Acer Cloud Technology (US), Inc. (ACTUS)	Subsidiaries
Gateway, Inc. (GWI)	Subsidiaries
Acer America Corporation (AAC)	Subsidiaries
Acer Service Corporation (ASC)	Subsidiaries
Acer Holdings International, Incorporated (AHI)	Subsidiaries
Acer Computer Co., Ltd. (ATH)	Subsidiaries
Acer Japan Corp. (AJC)	Subsidiaries
Acer Computer Australia Pty. Limited (ACA)	Subsidiaries
Acer Sales and Services SDN BHD (ASSB)	Subsidiaries
Acer Asia Pacific Sdn Bhd (AAPH)	Subsidiaries
Acer Computer (Singapore) Pte. Ltd. (ACS)	Subsidiaries
Acer Computer New Zealand Limited (ACNZ)	Subsidiaries
PT. Acer Indonesia (AIN)	Subsidiaries
PT. Acer Manufacturing Indonesia (AMI)	Subsidiaries
Acer India Private Limited (AIL)	Subsidiaries
Acer Vietnam Co., Ltd. (AVN)	Subsidiaries
Acer Philippines, Inc. (APHI)	Subsidiaries
Highpoint Services Network Philippines, Inc. (HSNP)	Subsidiaries
Acer Infotech Pvt Ltd. (AIP)	Subsidiaries
HighPoint Service Network Sdn Bhd (HSN)	Subsidiaries
Servex (Malaysia) Sdn Bhd (SMA)	Subsidiaries
Weblink International Inc. (WLII)	Subsidiaries
Weblink (H.K.) International Ltd. (WHI)	Subsidiaries
Wellife Inc. (WELL)	Subsidiaries
Acer Synergy Tech Corp. (AST)	Subsidiaries
Shanghai AST Technology Service Ltd. (ASTS)	Subsidiaries
Acer Digital Service Co., (ADSC)	Subsidiaries

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
Acer Property Development Inc. (APDI)	Subsidiaries
Aspire Service & Development Inc. (ASDI)	Subsidiaries
Acer Worldwide Incorporated (AWI)	Subsidiaries
Cross Century Investment Limited (CCI)	Subsidiaries
Acer Digital Services (B.V.I.) Holding Corp. (ADSBH)	Subsidiaries
Acer Digital Services (Cayman Islands) Corp. (ADSCC)	Subsidiaries
Longwick Enterprises Inc. (LONG)	Subsidiaries
S. Excel. Co., Ltd. (SURE)	Subsidiaries
Acer SoftCapital Incorporated (ASCBVI)	Subsidiaries
ASC Cayman, Limited (ASCCAM)	Subsidiaries
E-ten Information Systems Co., Ltd. (ETEN)	Subsidiaries
Acer BeingWare Holding Inc. (ABH)	Subsidiaries
Acer Cloud Technology (Taiwan) Inc. (ACTTW)	Subsidiaries
Altos Computing Inc. (ALT)	Subsidiaries
Beijing Altos Computing Ltd. (BJAC)	Subsidiaries
MPS Energy Inc. (MPS)	Subsidiaries
Acer e-Enabling Service Business Inc. (AEB)	Subsidiaries
Acer ITS Inc. (ITS)	Subsidiaries
Acer Being Health Inc. (ABHI)	Subsidiaries
Acer Gerontechnology Inc.(AGI)	Subsidiaries
Acer Cloud Technology(Chongqing) Ltd. (ACTCQ)	Subsidiaries
Acer Being Communication Inc. (ABC)	Subsidiaries
Acer Being Signage Inc. (ABST)	Subsidiaries
Acer Being Signage GmbH (ABSG)	Subsidiaries
Xplova Inc. (XPL)	Subsidiaries
Xplova (Shanghai) Ltd. (XPLSH)	Subsidiaries
Pawbo, Inc. (PBC)	Subsidiaries
Acer Cyber Security Incorporated (ACSI)	Subsidiaries
Acer e-Enabling Data Center Incorporated (EDC)	Subsidiaries
TWP International Inc. (TWPBVI)	Subsidiaries
Acer Third Wave Software (Beijing) Co. Ltd (TWPBJ)	Subsidiaries
Acer China Venture Corp (ACVC)	Subsidiaries
Acer China Venture Partnership (ACVP)	Subsidiaries
Sertec (Beijing) Ltd. (SEB)	Subsidiaries
StarVR Corporation (ASBZ)	Subsidiaries
StarVR Europe SA (VRE)	Subsidiaries
StarVR France SAS (VRF)	Subsidiaries
AOPEN Inc. (AOI)	Subsidiaries
AOPEN America Inc.(AOA)	Subsidiaries

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
AOPEN Computer B.V.(AOE)	Subsidiaries
AOPEN Technology Inc.(AOTH)	Subsidiaries
AOPEN Japan Inc.(AOJ)	Subsidiaries
Aopen SmartVision Incorporated (AOSV)	Subsidiaries
Heartware Alliance and Integration Limited (HTW)	Subsidiaries
AOPEN GLOBAL SOLUTIONS PTY LTD.(AOGS)	Subsidiaries
AOPEN SmartView Incorporated (AOSD)	Subsidiaries
Great Connection LTD.(GCL)	Subsidiaries
AOPEN International (ShangHai) Co., Ltd (AOC)	Subsidiaries
AOPEN Information Products (Zhongshan) Inc. (AOZ)	Subsidiaries
AOPEN Australia & New Zealand Pty Ltd (AOAU)	Subsidiaries
Bluechip Infotech Pty Ltd. (Bluechip)	Prior to March 14, 2018, Bluechip was an associate of the Company accounted for using equity method. The Company obtained control over Bluechip on March 14, 2018 and Bluechip became one of the consolidated entities since then.
GadgeTek Inc. (GTI)	Subsidiaries
Highpoint Service Network Corporation (HSNC)	Subsidiaries
Highpoint Service Network (Thailand) Co., Ltd (HSNT)	Subsidiaries
PT HSN Tech Indonesia (HSNI)	Subsidiaries
Smart Frequency Technology Inc. (SFT)	Joint venture
Aegis Semiconductor Technology Inc. (ATI)	Associates
Piovision International Inc. (HPT)	Associates
ECOM Software Inc. (ECS)	Associates
Kbest Technology Inc. (KBest)	Associates
Erics Co., LTD (erics)	The entity’s chairman is the second-degree relatives of one of the key management of the Company
iD Softcapital Inc. (iDSC)	The entity’s chairman is one of the key management of the Company

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

(b) Significant related-party transactions

(i) Revenue

The amounts of significant sales to related parties were as follows:

	2018	2017
Subsidiaries		
AEG	$ 68,217,538	64,880,178
AAC	50,515,776	53,002,734
AAPH	3,062,235	30,853,237
Others	43,095,987	14,360,771
Joint venture	-	33,506
Other related parties	5	169
	$ 164,891,541	**163,130,595**

The sales prices and trade term with related parties depend on the economic environment and market competition, and are not comparable to those with third-party customers.

(ii) Purchases

The amounts of significant purchases from related parties were as follows:

	2018	2017
Subsidiaries	**$ 1,098,760**	**2,134,579**

The purchase price with related parties are not comparable to the purchase price with third-party vendors as the specifications of products are different.

(iii) Operating costs and expenses

The operating costs and expenses related to services including management consulting, system maintenance, and product development and design provided by related parties were as follows:

Account	Related-party categories	2018	2017
Operating cost	Subsidiaries	$ 198,488	318,871
Operating expense	Subsidiaries	81,542	89,500
Operating expense	Associates	3,710	3,710
Operating expense	Other related parties	-	625
		$ 283,740	**412,706**

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

(iv) Lease

The Company leased investment property and rental offices to its related parties. The related rental income was included in "other operating income and loss－net" and summarized as follows:

		2018	2017
Subsidiaries:			
ASDI	$	36,034	37,234
Others		26,161	6,936
Associates		1,818	124
Joint venture		247	41
	$	**64,260**	**44,335**

(v) Service income

The service income related to the management consulting service and system maintenance service provided to related parties was included in " other gains and losses－ net" and summarized as follows:

		2018	2017
Subsidiaries	$	20,970	19,924
Associates		42	48
Joint venture		321	4,524
Other related parties		-	1,584
	$	**21,333**	**26,080**

(vi) Loans to related parties

The actually drawndown amounts were as follows:

		December 31, 2018	December 31, 2017
Subsidiaries:			
ABST	$	10,000	-
AEB		-	224,000
	$	**10,000**	**224,000**
Interest rate		**1.08%**	**1.26%**

Interest revenues related to loans to subsidiaries in 2018 and 2017 were $2,376 and $8,519, respectively.

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

(vii) Borrowings from related parties

The borrowings from related parties were as follows:

		December 31, 2018	December 31, 2017
Subsidiaries:			
ACTTW	$	45,000	115,000
CCI		107,000	100,000
ADSC		741,000	710,000
ETEN		181,000	-
Others		14,000	74,000
	$	**1,088,000**	**999,000**
Interest rate		**1.02%**	**1.20%**

Interest expenses related to borrowings from subsidiaries in 2018 and 2017 were $10,998 and $13,142, respectively.

(viii) Defined benefit liabilities due to personnel transfer to subsidiaries

The net defined benefit liabilities have been transferred while some employees transferred from the Company to AEB, ACSI, ACTTW and other subsidiaries. Related payables were classified under other payables to related parties and long-term accounts payables to related parties.

(ix) Receivables from related parties

Account	Related-party categories		December 31, 2018	December 31, 2017
Accounts receivable	Subsidiaries:			
	AAC	$	7,579,129	7,235,970
	AAPH		-	4,282,878
	AEG		4,440,629	458,625
	AIL		4,221,850	103
	Others		6,833,496	2,209,128
Other receivables	Subsidiaries		77,457	36,732
Other receivables (financing)	Subsidiaries:			
	ABST		10,000	-
	AEB		-	224,000
Other receivables	Associates		222	6
Other receivables	Joint venture		18	-
		$	**23,162,801**	**14,447,442**

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

(x) Payables to related parties

Account	Related party categories	December 31, 2018	December 31, 2017
Accounts payable to related parties	Subsidiaries	$ 131,574	94,524
Other payables to related parties	Subsidiaries	280,927	147,233
Other payables to related parties (financing)	Subsidiaries	1,088,000	999,000
Long-term accounts payable to related parties	Subsidiaries	100,598	170,007
		$ 1,601,099	**1,410,764**

(xi) Guarantees and endorsements provided to related parties

As of December 31, 2018 and 2017, the balances of guarantees and endorsements provided to subsidiaries were $25,283,412 and $23,040,614, and the amounts actually drawn were $3,153,245 and $3,125,826 respectively.

(c) Compensation for key management personnel

	2018	2017
Short-term employee benefits	$ 147,231	123,152
Post-employment benefits	3,423	3,531
Share-based payments	1,288	2,242
	$ 151,942	**128,925**

Refer to note 6(s) for the information related to share-based payments.

8. Pledged assets

The carrying values of pledged assets (reported under other financial assets－non-current) were as follows:

Assets	Pledged to secure	December 31, 2018	December 31, 2017
Cash in bank and time deposits	Contract bidding and project fulfillment guarantee	**$ 26,485**	**40,769**

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

9. Significant commitments and contingencies

(a) The Company has entered into software and royalty license agreements with Microsoft, IBM, and other companies. The Company has fulfilled its obligations according to the contracts.

(b) In the ordinary course of its business from time to time, the Company received notices from third parties asserting that Acer has infringed certain patents and demanded that Acer should obtain certain patent licenses. Although the Company does not expect that the outcome of any of these legal proceedings (individually or collectively) will have a material adverse effect on the Company's business operations and finance, the litigation is inherently unpredictable. Therefore, the Company could incur judgments or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

(c) As of December 31, 2018 and 2017, the Company had outstanding stand-by letters of credit provided by the banks totaling $49,978 and $43,319, respectively, for purposes of bids and contracts.

(d) As of December 31, 2018 and 2017, the Company had issued promissory notes amounting to $33,773,827 and $43,410,809, respectively, as collateral for obtaining credit facilities from financial institutions.

10. Significant loss from disaster: None

11. Significant subsequent events: None

12. Others

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	2018			2017		
	Cost of revenue	**Operating expenses**	**Total**	**Cost of revenue**	**Operating expenses**	**Total**
Employee benefits:						
Salaries	-	2,648,032	2,648,032	-	2,612,747	2,612,747
Insurance	-	155,245	155,245	-	151,756	151,756
Pension	-	104,631	104,631	-	101,826	101,826
Remuneration of directors	-	21,911	21,911	-	18,363	18,363
Others	-	183,001	183,001	-	176,260	176,260
Depreciation	-	72,016	72,016	-	82,761	82,761
Amortization	-	41,838	41,838	-	67,589	67,589

As of December 31, 2018 and 2017, the Company had 1,623 and 1,607 employees, respectively. Futhermore, there were 7 non-employee directors for both years.

(Continued)

ACER INCORPORATED
Notes to Parent-Company-Only Financial Statements

13. Additional disclosures

(a) Information on significant transactions:

(i) Financing provided to other parties: See Table 1 attached;

(ii) Guarantees and endorsements provided to other parties: See Table 2 attached;

(iii) Marketable securities held at reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities): See Table 3 attached;

(iv) Marketable securities for which the accumulated purchase or sale amounts for the period exceed $300 million or 20% of the paid-in capital: See Table 4 attached;

(v) Acquisition of real estate at costs which exceeds $300 million or 20% of the paid-in capital: None;

(vi) Disposal of real estate at prices which exceeds $300 million or 20% of the paid-in capital: None;

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: See Table 5 attached;

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: See Table 6 attached;

(ix) Information about derivative instruments transactions: See notes 6(b);

(b) Information on investees: See Table 7 attached;

(c) Information on investments in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investees, share of profits (losses) of investees, ending balance, amount received as earnings distributions from the investment, and limitation on investment: See Table 8 attached;

(ii) Significant direct or indirect transactions with investee companies, the prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: For the Company' s significant direct or indirect transactions (eliminated when compiling the consolidated financial report) with investee companies in Mainland China for the year ended December 31, 2018, please refer to “Information on significant transactions” above.

14. Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2018.

Acer Incorporated
Financing provided to other parties
For the year ended December 31, 2018

Table 1

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	The Company	APDI	Other receivables from related parties	Yes	40,000	40,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ABH	Other receivables from related parties	Yes	30,000	30,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	CCI	Other receivables from related parties	Yes	6,000	6,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ADSC	Other receivables from related parties	Yes	37,000	37,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	AEB	Other receivables from related parties	Yes	329,000	329,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ALT	Other receivables from related parties	Yes	19,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	XPL	Other receivables from related parties	Yes	17,000	17,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ACTTW	Other receivables from related parties	Yes	244,000	244,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ASDI	Other receivables from related parties	Yes	89,000	89,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ABC	Other receivables from related parties	Yes	17,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	MPS	Other receivables from related parties	Yes	16,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ACSI	Other receivables from related parties	Yes	824,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ETEN	Other receivables from related parties	Yes	181,000	181,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	AGI	Other receivables from related parties	Yes	7,000	7,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	ABST	Other receivables from related parties	Yes	100,000	100,000	10,000	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
0	The Company	AST	Other receivables from related parties	Yes	42,000	42,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
1	GWI	AAC	Other receivables from related parties	Yes	173,118	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
1	GWI	AAC	Other receivables from related parties	Yes	387,100	384,163	384,163	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
2	AAH	AAC	Other receivables from related parties	Yes	1,044,680	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
2	AAH	AAC	Other receivables from related parties	Yes	3,375,512	3,349,897	3,349,897	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307

No.	Financing Company	Counter-party	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
2	AAH	AAC	Other receivables from related parties	Yes	1,099,364	1,091,022	1,091,022	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
3	AIZS	ACCN	Other receivables from related parties	Yes	213,452	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
3	AIZS	ACCN	Other receivables from related parties	Yes	217,463	207,761	207,761	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
4	ACTTW	ABSG	Other receivables from related parties	Yes	10,856	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
4	ACTTW	ABSG	Other receivables from related parties	Yes	7,237	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
4	ACTTW	ABSG	Other receivables from related parties	Yes	72,374	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
4	ACTTW	ABSG	Other receivables from related parties	Yes	59,911	59,911	59,911	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
4	ACTTW	The Company	Other receivables from related parties	Yes	244,000	244,000	45,000	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
5	APDI	The Company	Other receivables from related parties	Yes	40,000	40,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
6	ABH	The Company	Other receivables from related parties	Yes	611,000	611,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
7	CCI	The Company	Other receivables from related parties	Yes	127,000	127,000	107,000	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
7	CCI	ASBZ	Other receivables from related parties	Yes	20,000	20,000	15,000	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
8	ADSC	The Company	Other receivables from related parties	Yes	741,000	741,000	741,000	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
9	AEB	The Company	Other receivables from related parties	Yes	224,000	219,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
10	ALT	The Company	Other receivables from related parties	Yes	19,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
11	XPL	The Company	Other receivables from related parties	Yes	17,000	17,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
12	ASDI	The Company	Other receivables from related parties	Yes	89,000	89,000	14,000	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
12	ASDI	APDI	Other receivables from related parties	Yes	50,000	48,000	35,000	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
13	ABC	The Company	Other receivables from related parties	Yes	17,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
14	MPS	The Company	Other receivables from related parties	Yes	16,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
15	ACSI	The Company	Other receivables from related parties	Yes	824,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
16	ITS	The Company	Other receivables from related parties	Yes	117,000	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
17	AGU	AEG	Other receivables from related parties	Yes	723,736	-	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307

No.	Financing Company	Counter-party	Financial Statement Account (Note 3)	Related Party	Maximum Balance for the Period	Ending Balance	Actually drawndown Amounts	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
18	ETEN	The Company	Other receivables from related parties	Yes	181,000	181,000	181,000	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
18	ETEN	XPL	Other receivables from related parties	Yes	25,000	25,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
18	ETEN	PBC	Other receivables from related parties	Yes	10,000	10,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
19	AGI	The Company	Other receivables from related parties	Yes	7,000	7,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
20	ABST	The Company	Other receivables from related parties	Yes	100,000	100,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
20	ABST	ABSG	Other receivables from related parties	Yes	22,907	22,907	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
21	AST	The Company	Other receivables from related parties	Yes	28,000	28,000	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
22	ACG	ABSG	Other receivables from related parties	Yes	71,582	70,483	70,483	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
22	ACG	ABSG	Other receivables from related parties	Yes	70,483	70,483	-	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
23	AHI	Bluechip	Other receivables from related parties	Yes	24,774	24,586	24,586	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
24	ACCN	SEB	Other receivables from related parties	Yes	8,936	8,936	8,936	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307
25	VRE	VRF	Other receivables from related parties	Yes	27,488	27,488	27,488	0%~4%	2	-	Operating requirements	-	None	-	5,772,261	28,861,307

Note 1: Nature for Financing：

Type 2: Short-term financing purpose

Note 2: The aggregate financing amount shall not exceed 50% of the most recent audited or reviewed net worth of the Company (the amount shown above is based on the net worth as of September 30, 2018), within which the short-term financing amount shall not exceed 20% of the most recent audited or reviewed net worth of the Company.

For an entity which the Company owns more than 50% of its outstanding common shares, the individual financing amounts shall not exceed 10% of the most recent audited or reviewed net worth of the Company.

When a subsidiary is directly or indirectly wholly owned by the Company who provides financing to other parties, the aforementioned limitation of aggregate amount and individual financing amount is applied.

Note 3: The above transactions are eliminated when preparing the consolidated financial statements.

Acer Incorporated
Guarantees and endorsements provided to other parties
For the year ended December 31, 2018

Table 2

(Amounts in Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 2)(Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)(Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	The Company	AJC	2	11,544,523	840,542	840,542	-	-	1.46%	57,722,613	Y		
0	The Company	ATH	2	11,544,523	164,130	162,885	4,059	-	0.28%	57,722,613	Y		
0	The Company	Acer Asia Pacific subsidiaries	2	11,544,523	4,180,680	4,148,955	126,835	-	7.19%	57,722,613	Y		
0	The Company	AEG	2	11,544,523	404,435	402,155	402,155	-	0.70%	57,722,613	Y		
0	The Company	Acer EMEA subsidiaries	2	11,544,523	4,025,840	3,995,290	100,856	-	6.92%	57,722,613	Y		
0	The Company	ACN/ACD/ACW/AFN	2	11,544,523	14,799	13,885	13,885	-	0.02%	57,722,613	Y		
0	The Company	ATB	2	11,544,523	929,040	921,990	281,334	-	1.60%	57,722,613	Y		
0	The Company	Acer Pan America subsidiaries	2	11,544,523	5,264,560	5,224,610	354,284	-	9.05%	57,722,613	Y		
0	The Company	AMEX	2	11,544,523	278,712	276,597	-	-	0.48%	57,722,613	Y		
0	The Company	Acer Greater China subsidiaries	2	11,544,523	1,703,240	1,690,315	96,117	-	2.93%	57,722,613	Y		Y
0	The Company	ACSI	2	11,544,523	305,850	5,850	5,850	-	0.01%	57,722,613	Y		
0	The Company	AEB	2	11,544,523	1,850,000	1,850,000	653,126	-	3.20%	57,722,613	Y		
0	The Company	SMA	2	11,544,523	113,285	111,527	9,845	-	0.19%	57,722,613	Y		
0	The Company	ACA	2	11,544,523	309,680	307,330	307,330	-	0.53%	57,722,613	Y		
0	The Company	AIL	2	11,544,523	2,607,120	2,477,078	623,892	-	4.29%	57,722,613	Y		
0	The Company	ACCN/ACCQ/BJAC/ASTS	2	11,544,523	1,231,112	893,596	-	-	1.55%	57,722,613	Y		Y
0	The Company	AME	2	11,544,523	46,452	46,100	32,711	-	0.08%	57,722,613	Y		
0	The Company	ACTTW	2	11,544,523	61,936	61,466	-	-	0.11%	57,722,613	Y		
0	The Company	AST	2	11,544,523	500,000	500,000	-	-	0.87%	57,722,613	Y		
0	The Company	ABSG	2	11,544,523	367,815	294,631	140,966	-	0.51%	57,722,613	Y		
0	The Company	ITS	2	11,544,523	500,000	500,000	-	-	0.87%	57,722,613	Y		
0	The Company	ASBZ	2	11,544,523	138,310	138,310	-	-	0.24%	57,722,613	Y		
0	The Company	AIP	2	11,544,523	89,322	88,101	-	-	0.15%	57,722,613	Y		
0	The Company	ALT	2	11,544,523	200,000	200,000	-	-	0.35%	57,722,613	Y		
0	The Company	GTI	2	11,544,523	10,000	10,000	-	-	0.02%	57,722,613	Y		
0	The Company	HSNC	2	11,544,523	30,000	30,000	-	-	0.05%	57,722,613	Y		
0	The Company	HSNP	2	11,544,523	30,850	30,733	-	-	0.05%	57,722,613	Y		
0	The Company	HSNI	2	11,544,523	30,850	30,733	-	-	0.05%	57,722,613	Y		
0	The Company	HSNT	2	11,544,523	30,850	30,733	-	-	0.05%	57,722,613	Y		
1	AOI	AOA	2	230,181	13,936	13,830	-	-	1.80%	767,270	Y		

Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:

Type 2: an entity directly or indirectly owned by the Company over 50%

Note 2: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of the Company (the amount shown above is based on the net worth as of September 30, 2018).

The endorsement/guarantee provided to individual guarantee party shall not exceed 20% of the most recent audited or reviewed net worth of the Company.

Note 3: The aggregate endorsement/guarantee amount provided shall not exceed the most recent audited or reviewed net worth of AOI (the amount shown above is based on the net worth as of December 31, 2018).

The endorsement/guarantee provided to individual guarantee party shall not exceed 30% of the most recent audited or reviewed net worth of AOI.

Acer Incorporated
Marketable securities held
(Excluding investments in subsidiaries, associates, and joint controlled entities)
December 31, 2018

Table 3

(Amounts in Thousands of New Taiwan Dollars / Shares)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2018		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
The Company	Stock: Hon Hai	-	Financial assets measured at fair value through other comprehensive income－current	564	39,908	-	39,908	705	-	
The Company	Stock: Qisda	-	Financial assets measured at fair value through other comprehensive income－non-current	81,713	1,609,740	4.15%	1,609,740	81,713	4.15%	
The Company	Stock: WPG Holdings	-	Financial assets measured at fair value through other comprehensive income－non-current	4,012	148,227	0.24%	148,227	4,360	0.24%	
The Company	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income－non-current	54,816	1,046,986	1.93%	1,046,986	54,816	1.93%	
The Company	Stock: iDSoftCapital Inc.	-	Financial assets measured at fair value through other comprehensive income－non-current	398	3,675	19.90%	3,675	398	19.90%	
The Company	Stock: World Venture, Inc.	-	Financial assets measured at fair value through other comprehensive income－non-current	8,505	52,047	19.35%	52,047	8,505	19.35%	
The Company	Stock: Dragon Investment Co. Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	13,459	21,313	19.94%	21,313	13,459	19.94%	
The Company	Stock: Venture Power	-	Financial assets measured at fair value through other comprehensive income－non-current	15	13	4.15%	13	15	4.15%	
The Company	Convertible bonds: Starbreeze	-	Financial assets measured at fair value through profit or loss－current	-	11,427	-	11,427	-	-	
ADSC	Stock: Wistron	-	Financial assets measured at fair value through other comprehensive income－non-current	13,046	249,181	0.46%	249,181	13,046	0.46%	
ADSC	Stock: PChome Pay	-	Financial assets measured at fair value through other comprehensive income－non-current	12,600	126,000	14.82%	126,000	12,600	14.82%	
ADSC	Stock: Benepet Biomedical Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	700	14,000	18.92%	14,000	700	18.92%	
ASCBVI	Stock: ID5 Fund L.P.	-	Financial assets measured at fair value through other comprehensive income－non-current	3,800	171,854	19.39%	171,854	3,800	19.39%	
ASCBVI	Stock: IP Cathay One, L.P.	-	Financial assets measured at fair value through other comprehensive income－non-current	5,442	1,204	8.00%	1,204	5,442	8.00%	
ASCBVI	Stock: ID5 Annex I fund	-	Financial assets measured at fair value through other comprehensive income－non-current	565	8,324	19.15%	8,324	565	19.15%	
ASCBVI	Stock: Trutag	-	Financial assets measured at fair value through other comprehensive income－non-current	1,346	92,214	1.69%	92,214	1,346	1.69%	
ASCBVI	Stock: Gorilla	-	Financial assets measured at fair value through other comprehensive income－non-current	244	61,466	1.92%	61,466	244	2.19%	
ASCBVI	Stock: GCR	-	Financial assets measured at fair value through other comprehensive income－non-current	600	36,880	8.89%	36,880	600	10.00%	
ASCBVI	Stock: Locix	-	Financial assets measured at fair value through other comprehensive income－non-current	1,000	46,100	5.44%	46,100	1,000	6.27%	
ASCBVI	Stock: BoniO	-	Financial assets measured at fair value through other comprehensive income－non-current	463	122,932	14.07%	122,932	463	14.07%	
ASCBVI	Stock: Delight	-	Financial assets measured at fair value through other comprehensive income－non-current	13	61,478	11.50%	61,478	13	11.50%	

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	Ending Balance				Maximum ownership during 2018		Note
				Shares/ Units (in thousands)	Carrying Value	Percentage of Ownership	Fair Value	Shares/ Units (in thousands)	Percentage of Ownership	
AWI	Stock: Acer Inc.	Parent/Subsidiary	Treasury stock	12,730	522,237	0.41%	247,596	12,730	0.41%	
AWI	GDR: Acer Inc.	Parent/Subsidiary	Treasury stock	4,987	1,969,617	0.81%	475,167	4,987	0.81%	
CCI	Stock: China Development Financial Holding Co.	-	Financial assets measured at fair value through other comprehensive income－current	5,049	49,081	0.03%	49,081	5,049	0.03%	
CCI	Stock: Acer Inc.	Parent/Subsidiary	Financial assets measured at fair value through other comprehensive income－non-current	4,774	92,849	0.16%	92,849	4,774	0.16%	
ETEN	Stock: RoyalTek	-	Financial assets measured at fair value through other comprehensive income－non-current	1,015	17,060	2.01%	17,060	1,015	2.01%	
ETEN	Stock: Acer Inc.	Parent/Subsidiary	Financial assets measured at fair value through other comprehensive income－non-current	4,305	83,740	0.14%	83,740	4,305	0.14%	
ETEN	Stock: Abico Shi-pro Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	284	2,931	7.89%	2,931	284	7.89%	
WLII	Stock: Antung Trading Co.	-	Financial assets measured at fair value through other comprehensive income－non-current	3,000	67,227	10.00%	67,227	3,000	10.00%	
ACTI	Stock: Physiosigns Inc., DE	-	Financial assets measured at fair value through other comprehensive income－non-current	800	245,864	12.50%	245,864	800	12.50%	
ABST	Stock: PilotTV Holdings	-	Financial assets measured at fair value through other comprehensive income－non-current	2,676	57,461	19.18%	57,461	2,676	19.18%	
ACVP	Stock: Thinputer Technology Corporation	-	Financial assets measured at fair value through other comprehensive income－non-current	-	35,744	13.79%	35,744	-	13.79%	
ACVP	Stock: Shenzhen Mlizhi Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	-	30,740	19.99%	30,740	-	19.99%	
Bluechip	Stock: Pier DC Pty Ltd.	-	Financial assets measured at fair value through other comprehensive income－non-current	960	9,796	8.82%	9,796	960	8.82%	

Acer Incorporated
Marketable securities for which the accumulated purchase or sale amounts for the period exceed NT$300 million or 20% of the paid-in capital
For the year ended December 31, 2018

Table 4

(Amounts in Thousands of New Taiwan Dollars / Shares)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Nature of Relationship	Beginning Balance		Acquisitions		Disposal				Ending Balance	
					Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Shares/ Units (in thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/ Units (in thousands)	Amount
ACCN	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss－current	China Merchants Bank	None	-	-	965,000	4,376,840	965,000	4,385,668	4,376,840	8,828	-	-
ACCN	Fubon Bank (China) CNY SDRMBC 16030000	Financial assets measured at fair value through profit or loss－current	Fubon Bank (China) Co., Ltd.	None	-	-	5,595,000	25,422,179	5,595,000	25,493,279	25,422,179	71,100	-	-
ACCQ	China Merchants Bank CNY Financial Plan	Financial assets measured at fair value through profit or loss－current	China Merchants Bank	None	-	-	420,000	1,911,376	420,000	1,914,320	1,911,376	2,944	-	-
AHN	AEG	Investments accounted for using equity method	AEH	Parent	1,650	2,122,696	-	-	1,650	2,271,763	2,271,763	-	-	-
AEH	AEG	Investments accounted for using equity method	AHN	Subsidiary	-	-	1,650	2,271,763	-	-	-	-	1,650	2,271,763

Acer Incorporated
Total purchases from and sales to related parties which exceed NT$100 million or 20% of the paid-in capital
For the year ended December 31, 2018

Table 5

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/(Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	AAC	Parent/Subsidiary	(Sales)	(50,515,776)	(28.39)%	OA90	-	-	7,579,129	28.68%	
The Company	AAPH	Parent/Subsidiary	(Sales)	(3,062,235)	(1.72)%	OA60	-	-	-	-	
The Company	ACA	Parent/Subsidiary	(Sales)	(5,811,391)	(3.27)%	OA60	-	-	1,797,861	6.80%	
The Company	ACCQ	Parent/Subsidiary	(Sales)	(8,802,986)	(4.95)%	OA60	-	-	708,325	2.68%	
The Company	ACNZ	Parent/Subsidiary	(Sales)	(828,120)	(0.47)%	OA60	-	-	241,942	0.92%	
The Company	ACS	Parent/Subsidiary	(Sales)	(2,052,404)	(1.15)%	OA60	-	-	215,311	0.81%	
The Company	AEG	Parent/Subsidiary	(Sales)	(68,217,538)	(38.33)%	OA60	-	-	4,440,629	16.80%	
The Company	AFE	Parent/Subsidiary	(Sales)	(872,402)	(0.49)%	OA60	-	-	296,727	1.12%	
The Company	AIL	Parent/Subsidiary	(Sales)	(5,267,353)	(2.96)%	OA180	-	-	4,221,850	15.98%	
The Company	AIN	Parent/Subsidiary	(Sales)	(4,972,243)	(2.79)%	OA90	-	-	576,474	2.18%	
The Company	AJC	Parent/Subsidiary	(Sales)	(2,269,934)	(1.28)%	OA180	-	-	1,124,979	4.26%	
The Company	AMI	Parent/Subsidiary	(Sales)	(228,615)	(0.13)%	OA90	-	-	12,077	0.05%	
The Company	APHI	Parent/Subsidiary	(Sales)	(1,179,925)	(0.66)%	OA60	-	-	144,347	0.55%	
The Company	APX	Parent/Subsidiary	(Sales)	(174,841)	(0.10)%	OA60	-	-	13,407	0.05%	
The Company	ASC	Parent/Subsidiary	(Sales)	(122,276)	(0.07)%	OA60	-	-	9,021	0.03%	
The Company	ASSB	Parent/Subsidiary	(Sales)	(3,038,779)	(1.71)%	OA60	-	-	251,933	0.95%	
The Company	ATH	Parent/Subsidiary	(Sales)	(4,611,010)	(2.59)%	OA60	-	-	765,255	2.90%	
The Company	AVN	Parent/Subsidiary	(Sales)	(137,060)	(0.08)%	OA60	-	-	43,118	0.16%	
The Company	ALT	Parent/Subsidiary	(Sales)	(225,803)	(0.13)%	OA60	-	-	154,339	0.58%	
The Company	WLII	Parent/Subsidiary	(Sales)	(2,110,557)	(1.19)%	EM45	-	-	243,284	0.92%	
The Company	AST	Parent/Subsidiary	(Sales)	(172,628)	(0.10)%	OA90	-	-	109,795	0.42%	
The Company	AIL	Parent/Subsidiary	Purchases	136,809	0.08%	OA60	-	-	276	-	
The Company	APHI	Parent/Subsidiary	Purchases	165,015	0.10%	OA60	-	-	(14,714)	(0.04)%	
The Company	EDC	Parent/Subsidiary	Purchases	216,183	0.13%	OA60	-	-	(46,281)	(0.14)%	
The Company	ACTTW	Parent/Subsidiary	Purchases	123,757	0.07%	OA60	-	-	(2,545)	(0.01)%	
The Company	AEB	Parent/Subsidiary	Purchases	674,836	0.40%	EM60	-	-	(30,993)	(0.09)%	
ALT	The Company	Parent/Subsidiary	Purchases	225,803	97.42%	OA60	-	-	(154,339)	(95.53)%	
EDC	The Company	Parent/Subsidiary	(Sales)	(216,183)	(47.73)%	OA60	-	-	46,281	67.43%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ACTTW	The Company	Parent/Subsidiary	(Sales)	(123,757)	(35.70)%	OA60	-	-	2,545	1.80%	
ACTTW	AGI	Parent/Subsidiary	(Sales)	(200,436)	(57.83)%	EM180	-	-	138,434	97.93%	
AEB	The Company	Parent/Subsidiary	(Sales)	(674,836)	(16.26)%	EM60	-	-	30,993	3.52%	
AEB	WLII	Fellow subsidiary	Purchases	143,483	3.74%	EM60	-	-	(39,744)	(4.70)%	
AGI	AOI	Fellow subsidiary	(Sales)	(213,767)	(93.09)%	OA60	-	-	54,819	62.02%	
AGI	ACTTW	Parent/Subsidiary	Purchases	200,436	100.00%	EM180	-	-	(138,434)	(100.00)%	
AOI	AOA	Parent/Subsidiary	(Sales)	(380,775)	(38.55)%	OA60	-	-	100,763	30.19%	
AOI	AOE	Parent/Subsidiary	(Sales)	(325,828)	(32.99)%	OA90	-	-	112,535	33.71%	
AOI	AOTH	Parent/Subsidiary	Purchases	549,334	53.98%	OA60	-	-	57,275	17.16%	
AOI	AGI	Fellow subsidiary	Purchases	213,767	21.00%	OA60	-	-	(54,819)	(18.73)%	
WLII	AEB	Fellow subsidiary	(Sales)	(143,483)	(1.16)%	EM60	-	-	39,744	1.78%	
WLII	The Company	Parent/Subsidiary	Purchases	2,110,557	17.37%	EM45	-	-	(243,284)	(15.88)%	
AST	The Company	Parent/Subsidiary	Purchases	172,628	21.43%	OA90	-	-	(109,795)	(35.43)%	
AAC	AMEX	Fellow subsidiary	(Sales)	(1,827,202)	(3.27)%	OA60	-	-	918,821	10.48%	
AAC	ASC	Fellow subsidiary	(Sales)	(253,698)	(0.45)%	OA60	-	-	10,029	0.11%	
AAC	ATB	Fellow subsidiary	(Sales)	(403,279)	(0.72)%	OA60	-	-	71,223	0.81%	
AAC	The Company	Parent/Subsidiary	Purchases	50,515,776	92.40%	OA90	-	-	(7,579,129)	(92.59)%	
AAPH	AIL	Fellow subsidiary	(Sales)	(1,950,456)	(53.66)%	OA60	-	-	-	-	
AAPH	ASSB	Fellow subsidiary	(Sales)	(120,761)	(3.59)%	OA60	-	-	-	-	
AAPH	ATH	Fellow subsidiary	(Sales)	(1,439,662)	(42.75)%	OA60	-	-	-	-	
AAPH	The Company	Parent/Subsidiary	Purchases	3,062,235	95.68%	OA60	-	-	-	-	
ACA	ACNZ	Fellow subsidiary	(Sales)	(147,471)	(2.13)%	OA60	-	-	64,020	5.11%	
ACA	Bluechip	Fellow subsidiary	(Sales)	(211,895)	(3.06)%	EM30	-	-	17,929	1.43%	
ACA	The Company	Parent/Subsidiary	Purchases	5,811,391	98.39%	OA60	-	-	(1,797,861)	(98.26)%	
ACCN	ACCQ	Fellow subsidiary	(Sales)	(106,875)	(0.84)%	OA60	-	-	121,098	9.39%	
ACCN	ACCQ	Fellow subsidiary	Purchases	11,116,373	90.42%	OA60	-	-	(2,014,452)	(99.77)%	
ACCQ	ACCN	Fellow subsidiary	(Sales)	(11,116,373)	(99.98)%	OA60	-	-	2,014,452	100.00%	
ACCQ	The Company	Parent/Subsidiary	Purchases	8,802,986	72.42%	OA60	-	-	(708,325)	(49.60)%	
ACCQ	ACCN	Fellow subsidiary	Purchases	106,875	0.88%	OA60	-	-	(121,098)	(8.48)%	
ACF	AEG	Fellow subsidiary	(Sales)	(303,489)	(3.00)%	OA60	-	-	754,118	20.25%	
ACF	AEG	Fellow subsidiary	Purchases	8,871,711	90.78%	OA60	-	-	(1,869,324)	(97.52)%	
ACF	APX	Fellow subsidiary	Purchases	138,568	1.42%	OA60	-	-	(11,009)	(0.57)%	
ACG	AEG	Fellow subsidiary	(Sales)	(488,850)	(2.01)%	OA60	-	-	1,807,526	23.53%	
ACG	APX	Fellow subsidiary	(Sales)	(118,240)	(0.49)%	OA60	-	-	16,381	0.21%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ACG	AEG	Fellow subsidiary	Purchases	22,082,010	94.02%	OA60	-	-	(3,780,236)	(98.01)%	
ACG	APX	Fellow subsidiary	Purchases	271,385	1.16%	OA45	-	-	(42,407)	(1.10)%	
ACH	AEG	Fellow subsidiary	(Sales)	(190,042)	(3.03)%	OA60	-	-	412,856	22.85%	
ACH	AEG	Fellow subsidiary	Purchases	5,690,277	93.94%	OA60	-	-	(902,644)	(98.25)%	
ACNZ	ACA	Fellow subsidiary	Purchases	147,471	14.80%	OA60	-	-	(64,020)	(19.83)%	
ACNZ	The Company	Parent/Subsidiary	Purchases	828,120	83.13%	OA60	-	-	(241,942)	(74.93)%	
ACS	The Company	Parent/Subsidiary	Purchases	2,052,404	91.46%	OA60	-	-	(215,311)	(97.35)%	
ACZ	ASIN	Fellow subsidiary	(Sales)	(250,848)	(44.54)%	OA30	-	-	23,126	31.52%	
ACZ	APX	Fellow subsidiary	Purchases	195,162	38.19%	OA90	-	-	(26,040)	(93.14)%	
AEG	ACF	Fellow subsidiary	(Sales)	(8,871,711)	(11.48)%	OA60	-	-	1,869,324	13.83%	
AEG	ACG	Fellow subsidiary	(Sales)	(22,082,010)	(28.57)%	OA60	-	-	3,780,236	27.97%	
AEG	ACH	Fellow subsidiary	(Sales)	(5,690,277)	(7.36)%	OA60	-	-	902,644	6.68%	
AEG	AIB	Fellow subsidiary	(Sales)	(3,736,066)	(4.83)%	OA60	-	-	400,343	2.96%	
AEG	AIT	Fellow subsidiary	(Sales)	(4,957,276)	(6.41)%	OA60	-	-	915,474	6.77%	
AEG	APX	Fellow subsidiary	(Sales)	(596,882)	(0.77)%	OA60	-	-	124,988	0.92%	
AEG	ASIN	Fellow subsidiary	(Sales)	(21,290,215)	(27.54)%	OA60	-	-	3,711,577	27.46%	
AEG	ASZ	Fellow subsidiary	(Sales)	(2,269,570)	(2.94)%	OA60	-	-	346,678	2.56%	
AEG	AUK	Fellow subsidiary	(Sales)	(7,295,708)	(9.44)%	OA60	-	-	1,080,021	7.99%	
AEG	SER	Fellow subsidiary	(Sales)	(452,215)	(0.59)%	OA60	-	-	111,082	0.82%	
AEG	The Company	Parent/Subsidiary	Purchases	68,217,538	90.97%	OA60	-	-	(4,440,629)	(41.81)%	
AEG	ACF	Fellow subsidiary	Purchases	303,489	0.40%	OA60	-	-	(754,118)	(7.10)%	
AEG	ACG	Fellow subsidiary	Purchases	488,850	0.65%	OA60	-	-	(1,807,526)	(17.02)%	
AEG	ACH	Fellow subsidiary	Purchases	190,042	0.25%	OA60	-	-	(412,856)	(3.89)%	
AEG	AIB	Fellow subsidiary	Purchases	253,805	0.34%	OA60	-	-	(397,728)	(3.74)%	
AEG	AIT	Fellow subsidiary	Purchases	255,747	0.34%	OA60	-	-	(406,067)	(3.82)%	
AEG	APX	Fellow subsidiary	Purchases	391,133	0.52%	OA60	-	-	(25,760)	(0.24)%	
AFE	The Company	Parent/Subsidiary	Purchases	872,402	97.92%	OA60	-	-	(296,727)	(98.73)%	
AIB	AEG	Fellow subsidiary	(Sales)	(253,805)	(5.87)%	OA60	-	-	397,728	25.97%	
AIB	AEG	Fellow subsidiary	Purchases	3,736,066	89.85%	OA60	-	-	(400,343)	(95.55)%	
AIB	APX	Fellow subsidiary	Purchases	110,576	2.66%	OA60	-	-	(18,381)	(4.39)%	
AIL	AIN	Fellow subsidiary	(Sales)	(148,796)	(1.32)%	OA60	-	-	23,902	0.81%	
AIL	The Company	Parent/Subsidiary	(Sales)	(136,809)	(1.21)%	OA60	-	-	(276)	(0.01)%	
AIL	The Company	Parent/Subsidiary	Purchases	5,267,353	58.85%	OA180	-	-	(4,221,850)	(93.93)%	
AIL	AAPH	Fellow subsidiary	Purchases	1,950,456	21.79%	OA60	-	-	-	-	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
AIN	AMI	Parent/Subsidiary	(Sales)	(950,261)	(13.89)%	OA60	-	-	57,704	63.42%	
AIN	The Company	Parent/Subsidiary	Purchases	4,972,243	72.78%	OA90	-	-	(576,474)	(91.82)%	
AIN	AIL	Fellow subsidiary	Purchases	148,796	2.18%	OA60	-	-	(23,902)	(3.81)%	
AIN	AMI	Parent/Subsidiary	Purchases	1,225,609	17.94%	OA90	-	-	(19,877)	(3.17)%	
AIT	AEG	Fellow subsidiary	(Sales)	(255,747)	(4.65)%	OA60	-	-	406,067	17.41%	
AIT	AEG	Fellow subsidiary	Purchases	4,957,276	94.00%	OA60	-	-	(915,474)	(99.02)%	
AJC	The Company	Parent/Subsidiary	Purchases	2,269,934	95.37%	OA180	-	-	(1,124,979)	(98.37)%	
AMEX	AAC	Fellow subsidiary	Purchases	1,827,202	96.44%	OA60	-	-	(918,821)	(100.00)%	
AMI	AIN	Parent/Subsidiary	(Sales)	(1,225,609)	(98.14)%	OA90	-	-	19,877	98.76%	
AMI	AIN	Parent/Subsidiary	Purchases	950,261	76.56%	OA60	-	-	(57,704)	(79.05)%	
AMI	The Company	Parent/Subsidiary	Purchases	228,615	18.42%	OA90	-	-	(12,077)	(16.54)%	
AOTH	AOZ	Parent/Subsidiary	(Sales)	(451,945)	(37.88)%	OA60	-	-	110,562	47.39%	
AOTH	AOI	Parent/Subsidiary	(Sales)	(549,334)	(46.04)%	OA60	-	-	(57,275)	(16.21)%	
AOZ	AOTH	Parent/Subsidiary	(Sales)	(505,145)	(99.22)%	OA60	-	-	128,609	98.35%	
AOA	AOI	Parent/Subsidiary	Purchases	380,775	58.29%	OA90	-	-	(100,763)	(91.73)%	
AOE	AOI	Parent/Subsidiary	Purchases	325,828	96.78%	OA60	-	-	(112,535)	(98.29)%	
AOTH	AOZ	Parent/Subsidiary	Purchases	505,145	39.39%	OA60	-	-	(128,609)	(36.40)%	
AOZ	AOTH	Parent/Subsidiary	Purchases	451,945	92.68%	OA60	-	-	(110,562)	(87.13)%	
APHI	The Company	Parent/Subsidiary	(Sales)	(165,015)	(11.15)%	OA60	-	-	14,714	29.19%	
APHI	The Company	Parent/Subsidiary	Purchases	1,179,925	99.04%	OA60	-	-	(144,347)	(80.87)%	
APX	ACF	Fellow subsidiary	(Sales)	(138,568)	(6.63)%	OA60	-	-	11,009	5.65%	
APX	ACG	Fellow subsidiary	(Sales)	(271,385)	(12.99)%	OA45	-	-	42,407	21.76%	
APX	ACZ	Fellow subsidiary	(Sales)	(195,162)	(9.34)%	OA90	-	-	26,040	13.36%	
APX	AEG	Fellow subsidiary	(Sales)	(391,133)	(18.73)%	OA60	-	-	25,760	13.22%	
APX	AIB	Fellow subsidiary	(Sales)	(110,576)	(5.29)%	OA60	-	-	18,381	9.43%	
APX	ACG	Fellow subsidiary	Purchases	118,240	6.81%	OA60	-	-	(16,381)	(6.89)%	
APX	AEG	Fellow subsidiary	Purchases	596,882	34.38%	OA60	-	-	(124,988)	(52.57)%	
APX	The Company	Parent/Subsidiary	Purchases	174,841	10.07%	OA60	-	-	(13,407)	(5.64)%	
ARU	ASIN	Fellow subsidiary	(Sales)	(133,701)	(100.00)%	OA60	-	-	10,915	100.00%	
ASC	AAC	Fellow subsidiary	Purchases	253,698	35.88%	OA60	-	-	(10,029)	(10.80)%	
ASC	The Company	Parent/Subsidiary	Purchases	122,276	17.29%	OA60	-	-	(9,021)	(9.72)%	
ASIN	ACZ	Fellow subsidiary	Purchases	250,848	1.13%	OA30	-	-	(23,126)	(0.62)%	
ASIN	AEG	Fellow subsidiary	Purchases	21,290,215	96.30%	OA60	-	-	(3,711,577)	(98.72)%	
ASIN	ARU	Fellow subsidiary	Purchases	133,701	0.60%	OA60	-	-	(10,915)	(0.29)%	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others (Note 1)		Notes/Accounts Receivable or (Payable)		Note
			Purchases/ (Sales)	Amount	% of Total Purchases/(Sales)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
ASSB	SMA	Parent/Subsidiary	(Sales)	(553,595)	(16.41)%	OA60	-	-	1,833	0.83%	
ASSB	AAPH	Fellow subsidiary	Purchases	120,761	3.86%	OA60	-	-	-	-	
ASSB	The Company	Parent/Subsidiary	Purchases	3,038,779	96.14%	OA60	-	-	(251,933)	(92.22)%	
ASZ	AEG	Fellow subsidiary	Purchases	2,269,570	89.63%	OA60	-	-	(346,678)	(98.45)%	
ATB	AAC	Fellow subsidiary	Purchases	403,279	5.03%	OA60	-	-	(71,223)	(3.50)%	
ATH	AAPH	Fellow subsidiary	Purchases	1,439,662	21.52%	OA60	-	-	-	-	
ATH	The Company	Parent/Subsidiary	Purchases	4,611,010	68.92%	OA60	-	-	(765,255)	(93.18)%	
AUK	AEG	Fellow subsidiary	Purchases	7,295,708	95.60%	OA60	-	-	(1,080,021)	(98.90)%	
AVN	The Company	Parent/Subsidiary	Purchases	137,060	70.24%	OA60	-	-	(43,118)	(86.65)%	
Bluechip	ACA	Fellow subsidiary	Purchases	211,895	9.73%	EM30	-	-	(17,929)	(7.16)%	
SER	AEG	Fellow subsidiary	Purchases	452,215	100.00%	OA60	-	-	(111,082)	(99.51)%	
SMA	ASSB	Parent/Subsidiary	Purchases	553,595	16.67%	OA60	-	-	(1,833)	(3.92)%	

Note 1: The trade terms and price of sales with related parties are not comparable to the trading terms and prices with third-party customers as they are determined by the economic environment and market competition of specific locations. The trading terms of purchase with related parties are not comparable to the trading terms with third-party vendors as the specifications of products are different.

Note 2: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

Acer Incorporated
Receivables from related parties which exceed NT$100 million or 20% of the paid-in capital
December 31, 2018

Table 6

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
The Company	AAC	Parent/Subsidiary	7,579,129	6.82	-		7,565,877		
The Company	ACA	Parent/Subsidiary	1,797,861	3.23	758,836	Under collection	953,203		
The Company	ACCQ	Parent/Subsidiary	708,325	8.82	-		708,325		
The Company	ACNZ	Parent/Subsidiary	241,942	3.42	37,512	Under collection	204,430		
The Company	ACS	Parent/Subsidiary	215,311	9.53	-		215,311		
The Company	AEG	Parent/Subsidiary	4,440,629	27.85	-		4,440,629		
The Company	AFE	Parent/Subsidiary	296,902	3.70	162,036	Under collection	134,866		
The Company	AIL	Parent/Subsidiary	4,221,850	1.25	642,532	Under collection	1,091,078		
The Company	AIN	Parent/Subsidiary	576,474	8.63	-		576,474		
The Company	AJC	Parent/Subsidiary	1,124,979	2.02	-		341,162		
The Company	APHI	Parent/Subsidiary	144,347	10.92	-		144,347		
The Company	ASSB	Parent/Subsidiary	251,933	12.92	-		251,933		
The Company	ATH	Parent/Subsidiary	765,255	6.03	-		765,255		
The Company	ALT	Parent/Subsidiary	155,606	2.50	67,642	Under collection	87,964		
The Company	WLII	Parent/Subsidiary	252,621	8.31	-		252,621		
The Company	AST	Parent/Subsidiary	112,120	3.14	59,237	Under collection	43,747		
ABH	AEB	Parent/Subsidiary	156,775	-	-		-		
AEB	The Company	Parent/Subsidiary	119,359	13.88	-		-		
ACTTW	AGI	Parent/Subsidiary	138,434	2.05	-		82,590		
AOI	AOA	Parent/Subsidiary	100,763	3.92	-		104,093		Note 2
AOI	AOE	Parent/Subsidiary	112,535	3.81	55,336	Under collection	80,549		Note 2
ETEN	The Company	Parent/Subsidiary	182,356	71.08	-		-		
ADSC	The Company	Parent/Subsidiary	745,017	-	-		-		
CCI	The Company	Parent/Subsidiary	107,057	-	-		-		
GTI	The Company	Parent/Subsidiary	100,074	1.98	-		35,244		
AAC	AMEX	Fellow subsidiary	919,005	1.62	304,456	Under collection	385,368		

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Loss Allowance	Note
					Amount	Action Taken			
AAC	ASC	Fellow subsidiary	325,013	13.68	-		10,029		
AAH	AAC	Parent/Subsidiary	4,511,575	-	-		-		
ACCN	ACCQ	Fellow subsidiary	121,098	0.86	-		121,098		
ACCQ	ACCN	Fellow subsidiary	2,014,452	5.74	-		2,014,452		
ACF	AEG	Fellow subsidiary	766,201	0.42	-		75,304		
ACG	AEG	Fellow subsidiary	2,306,197	0.26	-		102,788		
ACH	AEG	Fellow subsidiary	415,237	0.46	-		15,298		
AEG	ACF	Fellow subsidiary	1,869,324	5.31	-		1,858,553		
AEG	ACG	Fellow subsidiary	3,780,281	5.13	-		3,734,522		
AEG	ACH	Fellow subsidiary	902,644	6.92	-		899,233		
AEG	AIB	Fellow subsidiary	400,343	10.56	-		397,933		
AEG	AIT	Fellow subsidiary	915,474	4.64	-		915,474		
AEG	APX	Fellow subsidiary	124,988	5.68	-		124,988		
AEG	ASIN	Fellow subsidiary	3,720,027	5.00	126	Under collection	3,644,728		
AEG	ASZ	Fellow subsidiary	346,678	5.86	51	Under collection	341,354		
AEG	AUK	Fellow subsidiary	1,080,021	6.83	-		858,981		
AEG	SER	Fellow subsidiary	111,082	5.28	-		65,827		
AIB	AEG	Fellow subsidiary	430,911	0.66	-		71,692		
AIT	AEG	Fellow subsidiary	406,067	0.66	-		-		
AIZS	ACCN	Fellow subsidiary	209,966	-	-		-		
AOZ	AOTH	Parent/Subsidiary	128,609	4.20	42,817	Under collection	49,173		
ASCBVI	LONG	Fellow subsidiary	307,330	-	-		-		
ASIN	AEG	Fellow subsidiary	530,585	0.02	-		25,010		
ASZ	AEG	Fellow subsidiary	213,435	0.31	-		11,656		
AUK	AEG	Fellow subsidiary	643,910	0.10	-		21,678		
GWI	AAC	Parent/Subsidiary	384,711	-	-		-		

Note 1: The above transactions between parent and subsidiary are eliminated when preparing the consolidated financial statements.

Note 2: The ending balance of receivables has been deducted by the credit amount of investments accounted for using equity method.

Acer Incorporated

Names, Locations, and Related Information of Investees over which The Company Exercises Significant Influence

December 31, 2018

Table 7

(Amounts in Thousands of New Taiwan Dollars/Shares)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2018			Maximum ownership during 2018		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
The Company	ADSC	Taiwan	Investment and holding activity	1,746,549	1,746,549	128,282	100.00	1,708,174	128,282	100.00	(32,073)	(32,073)	Parent/Subsidiary
The Company	Boardwalk	British Virgin Islands	Investment and holding activity	41,496,383	41,496,383	1,263,432	92.02	25,795,473	1,263,432	92.02	242,295	222,949	Parent/Subsidiary
The Company	AEH	Switzerland	Investment and holding activity	2,464,262	2,464,262	150	100.00	17,072,262	150	100.00	394,097	394,097	Parent/Subsidiary
The Company	AHI	British Virgin Islands	Investment and holding activity	1,130,566	1,130,566	33,550	100.00	9,243,042	33,550	100.00	478,068	478,068	Parent/Subsidiary
The Company	Bluechip	Australia	Sale of computer peripherals and software system	32,988	24,249	1,225	33.39	68,313	1,225	34.52	2,248	174	Parent/Subsidiary
The Company	AWI	British Virgin Islands	Investment and holding activity	4,069,764	4,069,764	1,326,193	100.00	317,471	1,326,193	100.00	360	360	Parent/Subsidiary
The Company	ASCBVI	British Virgin Islands	Investment and holding activity	1,900,347	1,900,347	43,067	100.00	1,137,501	43,067	100.00	30,323	30,323	Parent/Subsidiary
The Company	CCI	Taiwan	Investment and holding activity	1,299,817	1,299,817	-	100.00	550,229	-	100.00	5,900	5,900	Parent/Subsidiary
The Company	ADSBH	British Virgin Islands	Investment and holding activity	1,175,933	1,175,933	2,246	100.00	(299,677)	2,246	100.00	(190)	(190)	Parent/Subsidiary
The Company	ACSI	Taiwan	Cyber security service	1,188,445	1,242,578	10,999	87.09	187,348	11,500	100.00	57,988	52,898	Parent/Subsidiary
The Company	AGC	British Virgin Islands	Investment and holding activity	5,012,454	4,941,292	163,369	100.00	5,010,165	163,369	100.00	256,703	256,703	Parent/Subsidiary
The Company	WLII	Taiwan	Sale of computers and communication products	1,087,987	1,115,474	68,358	97.33	1,316,492	70,088	99.79	97,047	96,388	Parent/Subsidiary
The Company	ATI	Taiwan	Integrated circuit test service	819,792	819,792	1,203	19.39	3,068	1,203	19.39	-	-	Associate
The Company	ETEN	Taiwan	Research, design and sale of smart handheld products	6,800,751	6,800,751	20,000	100.00	2,000,757	20,000	100.00	(48,315)	(163,236)	Parent/Subsidiary
The Company	ABH	Taiwan	Investment and holding activity	2,128,004	1,919,004	176,368	100.00	1,471,504	236,105	100.00	(264,011)	(264,011)	Parent/Subsidiary
The Company	ASBZ	Taiwan	Solutions provider of B2B virtual reality	311,820	320,000	30,628	63.52	30,713	32,000	66.67	(413,529)	(263,667)	Parent/Subsidiary
The Company	EDC	Taiwan	Data center and cloud services	1,700,466	1,700,466	186,593	100.00	1,565,945	186,593	100.00	(133,365)	(133,365)	Parent/Subsidiary
The Company	AOI	Taiwan	Sale, manufacture, import and export of commercial computer products, software, components, peripheral equipment and apparatus; repair and maintenance service of computer products	333,155	333,155	28,970	40.55	316,531	28,970	40.55	(13,453)	(6,855)	Parent/Subsidiary
The Company	GTI	Taiwan	Sale of peripheral 3C products	45,000	-	4,500	83.64	48,806	4,500	100.00	150	150	Parent/Subsidiary
The Company	HSNC	Taiwan	Repair and maintenance of IT products	50,000	-	5,000	100.00	49,543	5,000	100.00	(457)	(457)	Parent/Subsidiary
The Company	SFT	Taiwan	Research, manufacturing and sale of radio-detection and civilian technology application products related to distance	132,000	-	13,200	55.00	126,996	13,200	55.00	(9,099)	(5,004)	Joint Venture
The Company	AST	Taiwan	System integration service	82,600	-	7,000	91.74	89,902	7,000	91.74	21,893	8,197	Parent/Subsidiary
EDC	TWPBVI	British Virgin Islands	Investment and holding activity	32,298	32,298	11,068	100.00	1,177	11,068	100.00	(3,068)	(3,068)	Parent/Subsidiary
ASBZ	VRE	Switzerland	Research of solutions to B2B virtual reality	38,979	-	100	100.00	1,595	100	100.00	(37,218)	(37,218)	Parent/Subsidiary
HSNC	HSNT	Thailand	Repair and maintenance of IT products	577	-	24	100.00	493	24	100.00	(84)	(84)	Parent/Subsidiary
ADSC	ECS	Taiwan	Business integration system	40,851	40,851	1,244	24.88	23,939	1,244	24.88	26,353	7,326	Associate
ADSC	APDI	Taiwan	Property development	29,577	29,577	2,958	100.00	104,927	2,958	100.00	3,615	3,615	Parent/Subsidiary
ADSC	ASDI	Taiwan	Property development	500,000	500,000	22,593	100.00	222,155	22,593	100.00	(727)	(727)	Parent/Subsidiary
ADSC	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	129,293	129,293	4,427	28.03	24,064	4,427	28.03	(50,951)	(64,050)	Associate
ASDI	Kbest	Taiwan	Development and manufacturing of radio and microwave equipment	3,997	3,997	286	1.81	1,552	286	1.81	(50,951)	(1,430)	Associate

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2018			Maximum ownership during 2018		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
WLII	HPT	Taiwan	Retail service of software	23,668	23,668	882	30.22	15,022	882	30.22	6,199	1,873	Associate
WLII	WHI	Hong Kong	Sale of computers and communication products	-	55,895	-	-	-	12,872	100.00	36	36	Parent/Subsidiary
WLII	WELL	Taiwan	Matchmaking of professional services, platform of client service and sale of products, and providing of professional seminars and courses	10,000	10,000	1,000	100.00	(1,137)	1,000	100.00	(4,388)	(4,388)	Parent/Subsidiary
WLII	AST	Taiwan	System integration service	-	70,000	-	-	-	7,000	100.00	21,893	11,843	Fellow subsidiaries
AEH	Boardwalk	British Virgin Islands	Investment and holding activity	3,333,032	3,333,032	109,639	7.98	2,235,224	109,639	7.98	242,295	19,346	Fellow subsidiaries
ACTI	GrandPAD	U.S.A.	Development of user-friendly IoT device	350,477	350,477	436	37.75	246,389	436	43.28	(153,388)	(68,542)	Associate
ABH	AEB	Taiwan	Cloud ticketing system, electronic book, online payment service, customized system development and integration services, and sale of commercial and cloud application software and technical services	334,025	549,650	32,000	100.00	392,370	53,563	100.00	88,472	88,472	Parent/Subsidiary
ABH	ACTTW	Taiwan	Development of Internet of Beings and cloud technology, and integration of cloud technology, software and hardware	1,153,000	1,125,400	64,314	100.00	418,161	112,540	100.00	(216,195)	(216,195)	Parent/Subsidiary
ABH	MPS	Taiwan	Research, development, and sale of batteries	141,711	81,711	7,249	100.00	64,234	16,000	100.00	(8,253)	(8,253)	Parent/Subsidiary
ABH	ALT	Taiwan	High performance computing, cloud computing, software-defined storage, and IT solution	40,200	48,000	4,020	71.79	49,648	4,800	100.00	11,958	7,888	Parent/Subsidiary
ABH	ITS	Taiwan	Programs and services of intelligent transportation and electronic ticketing	394,772	300,000	34,308	94.41	269,462	34,308	94.41	(94,839)	(92,066)	Parent/Subsidiary
ABH	ABHI	Taiwan	Intelligent medical examination and data interpretation analysis, medical big data, and health management and related information exchange	50,000	-	5,000	100.00	49,893	5,000	100.00	(107)	(107)	Parent/Subsidiary
ABH	ABC	Taiwan	Software design service	18,500	-	1,989	49.00	12,878	1,989	49.00	(10,945)	(5,199)	Parent/Subsidiary
ABH	XPL	Taiwan	Design, development and sale of smart bicycle speedometer	38,173	-	4,401	100.00	22,102	4,401	100.00	(20,916)	(15,772)	Parent/Subsidiary
ABH	PBC	Taiwan	Pet interaction device and social networking service	50,676	-	5,825	100.00	27,989	5,825	100.00	(30,258)	(22,688)	Parent/Subsidiary
AEB	XPL	Taiwan	Design, development and sale of smart bicycle speedometer	-	131,640	-	-	-	8,372	100.00	(20,916)	(5,144)	Fellow subsidiaries
AEB	PBC	Taiwan	Pet interaction device and social networking service	-	102,400	-	-	-	6,742	100.00	(30,258)	(7,570)	Fellow subsidiaries
ACTTW	ABC	Taiwan	Software design service	76,371	76,371	2,071	51.00	13,404	2,071	51.00	(10,945)	(5,582)	Parent/Subsidiary
ACTTW	AGI	Taiwan	Development of user-friendly IoT device	29,000	29,000	2,900	100.00	32,609	2,900	100.00	13,869	13,869	Parent/Subsidiary
ACTTW	ABST	Taiwan	Technical service and research of aBeing cloud digital content management	300,000	272,400	30,000	100.00	121,956	30,000	100.00	(156,606)	(156,606)	Parent/Subsidiary
ABST	ABSG	Germany	Technical service and research of aBeing cloud digital content management	202,401	148,347	6,029	100.00	23,992	6,029	100.00	(157,614)	(157,614)	Parent/Subsidiary
AOI	Bluechip	Australia	Sale of computer peripherals and software system	36,915	36,915	570	15.54	31,787	570	16.06	2,248	(1,194)	Fellow subsidiaries
AOI	AOA	U.S.A.	Sale of computer, apparatus system, and peripheral equipment	295,771	295,771	15,000	100.00	(166,273)	15,000	100.00	17,428	17,428	Parent/Subsidiary
AOI	AOE	the Netherlands	Sale of computer, apparatus system, and peripheral equipment	214,094	214,094	1	100.00	(23,375)	1	100.00	6,476	6,476	Parent/Subsidiary
AOI	AOTH	British Virgin Islands	Sale of computer, apparatus system, and peripheral equipment	1,623	1,623	50	100.00	216,570	50	100.00	3,990	3,990	Parent/Subsidiary
AOI	AOJ	Japan	Sale of computer, apparatus system, and peripheral equipment	2,899	2,899	1	100.00	29,495	1	100.00	2,465	2,465	Parent/Subsidiary

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balances as of December 31, 2018			Maximum ownership during 2018		Net Income (Loss) of the Investee	Share of profits/ losses of investee	Note
				December 31, 2018	December 31, 2017	Shares (in thousands)	Percentage of Ownership	Carrying Value	Shares (in thousands)	Percentage of Ownership			
AOI	AOSV	Taiwan	Sale of computer, apparatus system, and peripheral equipment	60,000	60,000	6,000	100.00	39,119	6,000	100.00	915	915	Parent/Subsidiary
AOI	AOGS	Australia	Sale of computer, apparatus system, and peripheral equipment	2,956	2,956	105	70.00	21,428	105	70.00	7,044	4,932	Parent/Subsidiary
AOI	HTW	Hong Kong	Software development and agency	405	405	100	100.00	1,066	100	100.00	119	119	Parent/Subsidiary
AOI	AOSD	Taiwan	Sale of computer, apparatus system, and peripheral equipment	2,000	-	2,000	80.00	19,920	2,000	80.00	(100)	(80)	Parent/Subsidiary
AOI	MPL	Australia	Sale of computer, apparatus system, and peripheral equipment	22,887	23,444	39	39.00	12,634	40	40.00	(21,119)	(9,047)	Associate
AOI	AMTC	Taiwan	Manufacturing and sale of touch display, touch controller and its driver	376,238	-	66,664	20.07	382,766	66,664	20.07	259,205	6,332	Associate
AOTH	GCL	Hong Kong	Sale of computer, apparatus system, and peripheral equipment	2,675	2,675	300	100.00	3,876	300	100.00	10	10	Parent/Subsidiary
AOGS	AOAU	Australia	Sale of computer, apparatus system, and peripheral equipment	3	3	1	100.00	27,984	1	100.00	7,899	7,899	Parent/Subsidiary

Acer Incorporated
Information on Investment in Mainland China
For the year ended December 31, 2018

Table 8

(Amounts in Thousands of New Taiwan Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net Income (Losses) of Investee	% of Ownership of Direct or Indirect Investment	Maximum ownership during 2018		Share of profits/ losses of investee	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow				Shares	Percentage of Ownership			
Acer Third Wave Software (Beijing) Co. Ltd.	Sale of commercial and cloud application software and technical service	92,199	2	92,199	-	-	92,199	(3,025)	100.00	-	100.00	(3,025)	(3,388)	-
Acer Information (Zhong Shan) Co.,	Sale of brand-name IT products	46,100	2	-	-	-	-	1,386	100.00	-	100.00	1,386	210,549	-
Acer Computer (Shanghai) Ltd.	Sale of brand-name IT products	61,466	2	61,466	-	-	61,466	(125,564)	100.00	-	100.00	(125,564)	673,236	-
Acer (Chongqing) Ltd.	Sale of brand-name IT products	4,609,950	2	4,732,882 (Note 2)	-	-	4,732,882	499,658	100.00	-	100.00	499,658	3,979,679	-
Acer Cloud Technology (Chongqing) Ltd.	Design, development, sale, and advisory of computer software and hardware	153,665	1	153,665	-	-	153,665	(24,423)	100.00	-	100.00	(24,423)	63,061	-
Innovation and Commercialization Accelerator Inc.	Development, design, manufacturing, sale, and maintenance of intelligent terminal devices	26,808	1	(Note 3)	-	-	(Note 3)	(16,587)	30.00	-	30.00	(4,976)	15,949	-
Xplova (Shanghai) Ltd.	Sale of smart bicycle speedometer and operating social platform for bicycle riding and sports	9,238	1	9,238	-	-	9,238	(894)	100.00	-	100.00	(894)	6,933	-
Consumer Insights Research (Chongqing) Inc.	Collection, analysis and research of data information	13,404	1	(Note 3)	-	-	(Note 3)	(5,994)	30.00	-	30.00	(1,798)	10,251	-
Acer China Venture Corp	Fund company management	22,340	1	22,340	-	-	22,340	(5,684)	100.00	-	100.00	(5,684)	15,899	-
Acer China Venture Partnership	Investment fund	67,020	1	31,276	31,276	-	62,552 (Note 4)	(13)	100.00	-	100.00	(13)	67,008	-
Sertec (Beijing) Ltd.	Repair and maintenance of IT products	4,468	1	4,468	-	-	4,468	732	100.00	-	100.00	732	5,530	-
Beijing Altos Computing Ltd.	High performance computing, cloud computing, software-defined storage, and IT solution	19,659	1	-	19,659	-	19,659	30,810	100.00	-	100.00	30,810	50,469	-
Shanghai AST Technology Service Ltd.	System integration service	19,659	1	-	19,659	-	19,659	206	100.00	-	100.00	206	19,865	-
AOPEN International (ShangHai) Co., Ltd	Sale of computer, apparatus system, and peripheral equipment	161,322	2	161,322	-	-	161,322 (USD 4,800,000)	967	100.00	-	100.00	967	19,428	-
AOPEN Information Products (Zhongshan) Inc.	Manufacture and sale of computer parts and components	450,261	2	450,261	-	-	450,261 (USD 13,500,000)	6,552	100.00	-	100.00	6,552	291,488	-

Note 1: Method of Investment:

Type 1: Direct investment in Mainland China.

Type 2: Indirect investment in Mainland China through a holding company established in other countries.

Note 2: Acer Intellectual (Chongqing) Limited had merged with Acer (Chongqing) Ltd. in 2014, and Acer (Chongqing) Ltd. was the surviving entity from the merger. This amount included the original investment in Acer Intellectual (Chongqing) Limited of $ 122,932 (US $4,000 thousand).

Note 3: Innovation and Commercialization Accelerator Inc. and Consumer Insights Research (Chongqing) Inc. were reinvested by Acer Colud Technology(Chongqing) Ltd.

Note 4: Acer China Venture Partnership was invested by the Company and Acer China Venture Corp of $62,552 and $4,468, respectively.

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2018 (Note 5)(Note 6)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)(Note 6)	Upper Limit on Investment Authorized by Investment Commission, MOEA
The Company and Subsidiaries	$5,792,856 (US$188,489,759)	$7,414,714 (US$241,262,284.5)	(Note)

Note 5: In September, 2008, AOI had disposed all shares of JNS Technology Co., Ltd., and the proceeds from the disposal of US$730,000 had been remitted to AOI in March 2010. AOI has not yet to report to MOEA, therefore, the amout of US$ 1,645,200 was still included the original investment in JNS Technology Co., Ltd.

Note 6: T-Conn Precision(Zhongshan) Co., Ltd., indirectly invested by AOI, had been dissolved and the related liquidation process has been completed. The liquidation proceeds of US$31,549.06 (according to ownership percentage of 19%) has been remitted to Super Elite Ltd., a holding company established in other countries. On March 12, 2010, AOI has obtained MOEA's approval to withdraw its investment. However, the amount of accumulated investment in Mainland China still included the amount of US$57,000 due to the liquidation of capital which has yet to be remitted to Taiwan.

The above amounts were translated into New Taiwan dollars at the exchange rate of US$1＝NT$30.733 as of December 31, 2018.

Note: Since the Company has obtained the Certificate of Headquarter Operation, there is no upper limitation on investment in Mainland China.

ACER INCORPORATED

Statement of Cash and Cash Equivalents

December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 664
Bank deposits	Note 1	1,155,350
Time deposits (mature within a year)	Interest rate at 1.045%~2.85%; Note 2	2,469,140
		$ 3,625,154

Note 1: Foreign currency deposits and their exchange rates were as follows:

CNY $ 9,997 thousand	CNY: NTD=1 : 4.4680
EUR $ 1,675 thousand	EUR: NTD=1 : 35.2415
USD $ 19,391 thousand	USD: NTD=1 : 30.7330
JPY $ 1 thousand	JPY: NTD=1 : 0.2802
SEK $ 14 thousand	SEK: NTD=1 : 3.4714
AUD $ 571 thousand	AUD: NTD=1 : 21.6637
NZD $ 5 thousand	NZD: NTD=1 : 20.6495

Note 2: Including USD $80,000 thousand

Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income－Current

(Expressed in Thousands of New Taiwan Dollars /Shares)

Name of Financial Instrument	Description	Shares or Units	Acquisition Cost	Fair Value Unit Price (In Dollars)	Fair Value Total Amount
Domestic listed stock	Hon Hai Precision Industry Co., Ltd.	564	$ **5,084**	70.8	**39,908**

(Continued)

ACER INCORPORATED

Statement of Notes and Accounts Receivable

December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Notes and accounts receivable:	
Client A	$ 1,172,056
Client B	595,325
Client C	311,030
Others (the amount of individual client does not exceed 5% of the account balance)	1,276,558
Less: Loss allowance	(2,698)
	$ 3,352,271

Statement of Inventories

Item	Amount: Carrying Amount	Amount: Market Value	Note
Raw materials	$ 12,054,086	12,097,125	Market value at net realizable value
Finished goods and merchandise	1,297,990	1,434,221	Market value at net realizable value
Spare parts	71,579	71,579	Market value at net realizable value
Inventories in transit (raw materials)	167,529	167,529	Market value at net realizable value
	$ 13,591,184	**13,770,454**	

(Continued)

ACER INCORPORATED

Statement of Other Current Assets

December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Prepaid expenses	$ 84,160
Prepaid royalty	1,216
Input VAT	68,033
Current income tax assets	3,767
	$ 157,176

(Continued)

ACER INCORPORATED

Statement of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars /Shares)

	Beginning Balance		Addition		Decrease					Ending balance			Market Value or Net Assets Value		
Name of Investee	Shares	Amount	Shares	Amount	Shares	Amount (note)	Others	Investment Income (Loss)	Translation Adjustment	Shares	Percentage of Ownership	Amount	Unit Price (In Dollars)	Total Amount	Collateral
ADSC	128,282	$ 1,854,630	-	-	-	(59,439)	(54,944)	(32,073)	-	128,282	100.00 %	1,708,174	13.32	1,708,174	-
Boardwalk	1,263,432	24,939,560	-	-	-	-	41,398	222,949	591,566	1,263,432	92.02 %	25,795,473	20.42	25,795,473	-
AEH	150	16,788,129	-	-	-	-	75,590	394,097	(185,554)	150	100.00 %	17,072,262	113,815	17,072,262	-
AHI	33,550	8,717,637	-	-	-	-	(48,585)	478,068	95,922	33,550	100.00 %	9,243,042	275.50	9,243,042	-
Bluechip	1,073	69,399	152	8,739	-	(1,383)	(5,246)	174	(3,370)	1,225	33.39 %	68,313	55.77	68,313	-
AWI	1,326,193	282,289	-	-	-	-	26,399	360	8,423	1,326,193	100.00 %	317,471	0.24	317,471	-
ASCBVI	43,067	1,236,767	-	-	-	-	(161,020)	30,323	31,431	43,067	100.00 %	1,137,501	26.41	1,137,501	-
CCI	-	543,159	-	-	-	-	1,170	5,900	-	-	100.00 %	550,229	-	550,229	-
ADSBH	2,246	(290,863)	-	-	-	-	-	(190)	(8,624)	2,246	100.00 %	(299,677)	(133.43)	(299,677)	-
ACSI	4,000	124,226	7,500	-	(501)	(39,960)	50,184	52,898	-	10,999	87.09 %	187,348	17.03	187,348	-
AGC	160,989	4,803,049	2,380	71,162	-	-	-	256,703	(120,749)	163,369	100.00 %	5,010,165	30.67	5,010,165	-
WLII	70,088	1,318,664	15	285	(1,745)	(95,757)	(3,408)	96,388	320	68,358	97.33 %	1,316,492	19.26	1,316,492	-
ATI	1,203	3,068	-	-	-	-	-	-	-	1,203	19.39 %	3,068	2.55	3,068	-
ETEN	20,000	2,166,180	-	-	-	-	(2,187)	(163,236)	-	20,000	100.00 %	2,000,757	100.04	2,000,757	-
ABH	215,205	1,529,848	20,900	209,000	(59,737)	-	(91)	(264,011)	(3,242)	176,368	100.00 %	1,471,504	8.34	1,471,504	-
ASBZ	32,000	300,689	128	6,820	(1,500)	(86,739)	73,718	(263,667)	(108)	30,628	63.52 %	30,713	1.00	30,713	-
AOI	28,970	331,350	-	-	-	-	(82)	(6,855)	(7,882)	28,970	40.55 %	316,531	18.80	544,636	-
EDC	186,593	1,700,905	-	-	-	-	(1,720)	(133,365)	125	186,593	100.00 %	1,565,945	8.39	1,565,945	-
ACVC	-	22,159	-	-	-	-	-	(5,811)	(449)	-	100.00 %	15,899	-	15,899	-
ACVP	-	32,112	-	31,450	-	-	44	(12)	(1,053)	-	93.33 %	62,541	-	62,541	-
SEB	-	4,926	-	-	-	-	-	801	(197)	-	100.00 %	5,530	-	5,530	-
SFT	-	-	13,200	132,000	-	-	-	(5,004)	-	13,200	55.00 %	126,996	9.62	126,996	-
GTI	-	-	4,500	45,000	-	-	3,656	150	-	4,500	83.64 %	48,806	10.85	48,806	-
HSNC	-	-	5,000	50,000	-	-	-	(457)	-	5,000	100.00 %	49,543	9.91	49,543	-
AST	-	-	7,000	82,600	-	-	(608)	8,197	(287)	7,000	91.74 %	89,902	12.84	89,902	-
Others	-	7,598	-	-	-	-	-	1,116	-	-	-	8,714	-	-	-
Subtotal		66,485,481		637,056		(283,278)	(5,732)	673,443	396,272			67,903,242			
Less: Treasury stock held by subsidiaries		(423,002)		-		-	-	-	-			(423,002)			
Adjustments of unrealized profits or losses resulting from transactions with subsidiaries and associates		(351,364)		35,372		-	-	-	-			(315,992)			
		65,711,115		672,428		(283,278)	(5,732)	673,443	396,272			67,164,248			
Credit balance of investments accounted for using equity method reclassified to other liabilities:															
ADSBH		290,863										299,677			-
		$ 66,001,978										67,463,925			

Note: The amount included cash dividend $123,523 distributed from the investees (including $62,701 from WLII, $1,383 from Bluechip and $59,439 from ADSC).

(Continued)

ACER INCORPORATED

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income －Non-current

For the year ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars /Shares)

	Beginning balance		Addition		Decrease			Ending Balance		
Name of Financial Instrument	Shares	Amount	Shares	Amount	Shares	Amount	Unrealized Gain (Loss)	Shares	Amount	Collateral
Common Stock of Qisda	81,713	$ 1,728,223	-	-	-	-	(118,483)	81,713	1,609,740	-
Common Stock of Wistron	53,252	1,275,384	1,564	-	-	-	(228,398)	54,816	1,046,986	-
Common Stock of WPG Holdings	4,360	171,799	-	-	(348)	(3,488)	(20,084)	4,012	148,227	-
Stock of iD SoftCapital Inc.	398	3,675	-	-	-	-	-	398	3,675	-
Stock of World Venture, Inc.	8,505	44,318	-	-	-	-	7,729	8,505	52,047	-
Stock of Dragon Investment Co. Ltd.	13,459	20,711	-	-	-	-	602	13,459	21,313	-
Stock of Venture Power	15	391	-	-	-	-	(378)	15	13	-
		$ 3,244,501		**-**		**(3,488)**	**(359,012)**		**2,882,001**	

Statement of Other Non-current Assets

December 31, 2018

Item	Amount
Prepaid patent development expense	$ 45,012
Deferred cost－e-commerce	24,868
	$ 69,880

(Continued)

Acer Incorporated

Statement of Other Financial Assets－Non-current

For the year ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Tender deposits and refundable deposits	**$ 108,484**

Statement of Notes and Accounts Payable

Vendor Name	Amount
Vendor A	$ 4,116,238
Vendor B	3,366,057
Vendor C	3,051,112
Vendor D	2,093,086
Vendor E	2,213,921
Vendor F	1,752,420
Others (the amount of individual vendor does not exceed 5% of the account balance)	16,645,147
	$ 33,237,981

(Continued)

ACER INCORPORATED

Statement of Other Payables

December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Royalty payable	$ 4,356,266
Accrued compensation for price difference	2,415,256
Accrued product development costs	3,840,842
Salaries and bonus payable	1,792,100
Others (the amount of individual item does not exceed 5% of the account balance)	2,704,181
	$ 15,108,645

Statement of Other Current Liabilities

Items	Amount
Temporary received and collection in advance	$ 196,631
Others (the amount of individual item does not exceed 5% of the account balance)	121
	$ 196,752

(Continued)

ACER INCORPORATED

Statement of Other Non-current Liabilities

December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Defined benefit liabilities	$ 536,730
Credit balance of investments accounted for using equity method reclassified to other liabilities	299,677
Guarantee deposits	33,248
	$ 869,655

(Continued)

ACER INCORPORATED

Statement of Cost of Revenue

For the year ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	Amount Subtotal	Amount Total
Cost of goods sold from purchase		$ 168,536,783
Beginning inventory	$ 14,040,348	
Net purchase for the period	154,103,276	
Ending inventory	(14,303,049)	
Reclassified to property, plant and equipment	(13,399)	
Reclassified to intangible assets-software	(9,354)	
Royalty for software and technology	13,914,920	
Write-down of inventories	82,558	
ODM stock provision	143,071	
Others	578,412	
Cost of e-commerce service and repair and maintenance		981,473
Cost of revenue		**$ 169,518,256**

(Continued)

ACER INCORPORATED

Statement of Operating Expenses

For the year ended December 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salaries	$ 1,218,699	506,359	922,974
Depreciation	25,359	27,443	19,214
Amortization	508	39,611	1,719
Advertising and promotion expense	698,895	(106,826)	22
Utilities expense	34,677	9,077	10,942
Professional service expense	718,788	307,970	409,948
Others	469,727	234,031	325,135
	$ 3,166,653	**1,017,665**	**1,689,954**

Statement of Financial Assets Measured at Fair Value through Profit or Loss – Current: Note 6(b).
Statement of Other Receivable: Note 6(g).
Statement of Changes in Property, Plant and Equipment: Note 6(j).
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment: Note 6(j).
Statement of Changes in Investment Property: Note 6(k).
Statement of Changes in Intangible Assets: Note 6(l).
Statement of Long-term Debt: Note 6(m).
Statement of Financial Liabilities Measured at Fair Value through Profit or Loss – Current: Note 6(b).
Statement of Provisions – Current: Note 6(n).
Statement of Deferred Tax assets/liabilities: Note 6(g).
Statement of Revenue: Note 6(u).
Statement of Other Operating Income and Loss: Note 6(x).
Statement of Other Income: Note 6(y).
Statement of Non-operating Income and Loss: Note 6(y).
Statement of Financial Costs: Note 6(y).