

Advantech Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2010 and 2009 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and the Shareholders
Advantech Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Advantech Co., Ltd. and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 - "Review of Financial Statements" of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As stated in Note 2 to the consolidated financial statements, the financial statements of all of the Company's subsidiaries as of and for the three months ended March 31, 2010 and 2009 had not been reviewed. The total assets of these subsidiaries were 54.98% (NT\$9,481,024 thousand) and 48.05% (NT\$7,315,024 thousand) of the Company's consolidated total assets as of March 31, 2010 and 2009, respectively. The total liabilities of these subsidiaries were 64.02% (NT\$2,512,398 thousand) and 50.94% (NT\$1,611,266 thousand) of the Company's consolidated total liabilities as of March 31, 2010 and 2009, respectively. The operating revenues of these subsidiaries were 81.38% (NT\$3,527,046 thousand) and 79.96% (NT\$2,842,714 thousand) of the Company's consolidated operating revenues in the three months ended March 31, 2010 and 2009, respectively. The net income of these subsidiaries were 30.29% (NT\$152,890 thousand) and 15.20% (NT\$57,366 thousand) of the Company's consolidated net income in the three months ended March 31, 2010 and 2009, respectively. Also, as stated in Note 9 to the financial statements, Advantech Co., Ltd. had other investments accounted for by the equity method. The carrying values of these investments of NT\$378,268 thousand and NT\$398,243 thousand as of March 31, 2010 and 2009, respectively, and the Company's equity in these investees' net income amounting to NT\$8,737 thousand and NT\$15,477 thousand in the three months ended March 31, 2010 and 2009, respectively, were based on these investees' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except for the adjustments that might have been determined to be necessary had the subsidiaries and other equity-method investees' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements of Advantech Co., Ltd. and subsidiaries referred to in the first paragraph for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; order VI-0960064020 issued by the Financial Supervisory Commission under the Executive Yuan on November 15, 2007; and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the accompanying financial statements, the Company and subsidiaries adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories" on January 1, 2009.

April 19, 2010

Notice to Readers

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

For the convenience of readers, the accountants' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language accountants' report and consolidated financial statements shall prevail.

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2010 AND 2009

(In Thousands of New Taiwan Dollars, Except Par Value)

(Reviewed, Not Audited)

ASSETS	2010		2009		LIABILITIES AND SHAREHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 2,447,988	14	\$ 2,912,552	19	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 20)	1,084	-	3,766	-
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 20)	14,948	-	1,072	-	Short-term bank loans (Note 12)	67,407	-	234,008	2
Available-for-sale financial assets - current (Notes 2, 6 and 20)	12,804	-	12,763	-	Accounts payable (Note 17)	1,775,013	10	909,811	6
Notes receivable (Note 2)	232,146	1	177,397	1	Income tax payable (Note 2)	199,714	1	244,198	2
Accounts receivable, net of allowance for doubtful accounts of \$47,503 thousand in 2010 and \$76,294 thousand in 2009 (Note 2)	2,489,329	15	1,976,299	13	Accrued expenses (Note 14)	932,473	6	948,667	6
Accounts receivable from related parties (Notes 2 and 17)	9,076	-	200,488	1	Long-term bank loans - current portion (Notes 13 and 18)	10,000	-	3,375	-
Other receivables	43,553	-	35,767	-	Advance receipts and other current liabilities	494,763	3	453,842	3
Other receivables from related parties (Note 17)	-	-	13,703	-	Total current liabilities	3,480,454	20	2,797,667	19
Inventories, net (Notes 2 and 7)	2,754,458	16	2,078,122	14	LONG-TERM LIABILITIES				
Deferred income tax assets - current (Note 2)	78,769	1	62,016	1	Long-term bank loans, net of current portion (Notes 13 and 18)	23,972	-	31,500	-
Restricted assets - current (Note 18)	620	-	50,000	-	OTHER LIABILITIES				
Prepayments and other current assets	500,194	3	452,873	3	Accrued pension liabilities (Note 2)	120,833	1	119,267	1
Total current assets	8,583,885	50	7,973,052	52	Deferred income tax liabilities - noncurrent (Note 2)	297,301	2	206,783	1
LONG-TERM FUNDS AND INVESTMENTS					Deferred credits (Note 2)	1,539	-	1,441	-
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 20)	2,698,857	16	1,692,944	11	Others	542	-	6,402	-
Financial assets carried at cost - noncurrent (Notes 2 and 8)	158,005	1	155,336	1	Total other liabilities	420,215	3	333,893	2
Investments accounted for by the equity method (Notes 2 and 9)	378,268	2	398,243	3	Total liabilities	3,924,641	23	3,163,060	21
Total long-term funds and investments	3,235,130	19	2,246,523	15	SHAREHOLDERS' EQUITY (Notes 2, 14 and 15)				
PROPERTIES (Notes 2, 10 and 18)					Capital stock, NT\$10.00 par value - parent company				
Cost					Authorized - 600,000 thousand shares				
Land	1,312,631	8	1,291,284	8	Issued and outstanding - 516,134 thousand shares in 2010 and 511,366 thousand shares in 2009	5,161,337	30	5,113,658	34
Buildings	2,671,399	15	1,892,203	12	Capital surplus				
Machinery and equipment	860,271	5	894,106	6	Additional paid-in capital from share issuance in excess of par value	4,376,041	26	4,295,859	28
Furniture and fixtures	418,062	2	383,050	3	From treasury stock	13,612	-	13,612	-
Other equipment	490,267	3	429,658	3	From long-term equity investments	59,911	-	59,771	1
Total cost	5,752,630	33	4,890,301	32	Employee stock options	21,249	-	-	-
Less: Accumulated depreciation	1,484,469	8	1,355,510	9	Total capital surplus	4,470,813	26	4,369,242	29
	4,268,161	25	3,534,791	23	Retained earnings				
Construction in progress and prepayment for equipment	18,726	-	805,462	6	Legal reserve	1,927,459	11	1,673,104	11
Properties, net	4,286,887	25	4,340,253	29	Special reserve	1,135,596	7	-	-
INTANGIBLE ASSETS (Note 2)					Unappropriated earnings	2,255,755	13	3,284,198	21
Trademark	39,717	-	-	-	Total retained earnings	5,318,810	31	4,957,302	32
Goodwill, net	539,936	3	256,937	1	Others				
Core technology	93,957	1	-	-	Cumulative translation adjustments	178,649	1	414,265	3
Superficies	101,892	1	111,634	1	Net loss not recognized as pension cost	(2,353)	-	-	-
Other intangible assets	92,422	-	7,615	-	Unrealized loss on financial instruments	(585,622)	(4)	(1,494,354)	(10)
Total intangible assets	867,924	5	376,186	2	Treasury stock - 14,500 thousand shares	(1,385,698)	(8)	(1,385,698)	(9)
OTHER ASSETS					Total other equity	(1,795,024)	(11)	(2,465,787)	(16)
Assets leased to others (Notes 2 and 11)	13,371	-	29,580	-	Total shareholders' equity of parent company	13,155,936	76	11,974,415	79
Refundable deposits	33,694	-	37,844	-	MINORITY INTEREST				
Deferred expense, net (Note 2)	223,910	1	219,939	2		164,224	1	85,902	-
Total other assets	270,975	1	287,363	2	Total shareholders' equity	13,320,160	77	12,060,317	79
TOTAL	\$ 17,244,801	100	\$ 15,223,377	100	TOTAL	\$ 17,244,801	100	\$ 15,223,377	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated April 19, 2010)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 17)				
Sales	\$ 4,280,605	99	\$ 3,562,450	100
Sales returns and allowances	<u>42,776</u>	<u>1</u>	<u>66,983</u>	<u>2</u>
Net sales	4,237,829	98	3,495,467	98
Other operating revenues	<u>96,457</u>	<u>2</u>	<u>59,833</u>	<u>2</u>
Total operating revenues	4,334,286	100	3,555,300	100
OPERATING COSTS (Note 17)	<u>2,553,894</u>	<u>59</u>	<u>2,101,343</u>	<u>59</u>
GROSS PROFIT	1,780,392	41	1,453,957	41
REALIZED INTERCOMPANY GAINS (Note 2)	<u>-</u>	<u>-</u>	<u>7,854</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>1,780,392</u>	<u>41</u>	<u>1,461,811</u>	<u>41</u>
OPERATING EXPENSES				
Marketing	503,925	12	458,213	13
Administrative	276,975	6	304,218	9
Research and development	<u>405,171</u>	<u>9</u>	<u>333,190</u>	<u>9</u>
Total operating expenses	<u>1,186,071</u>	<u>27</u>	<u>1,095,621</u>	<u>31</u>
OPERATING INCOME	<u>594,321</u>	<u>14</u>	<u>366,190</u>	<u>10</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 17)	2,135	-	4,828	-
Investment income recognized under the equity method, net (Notes 2 and 9)	8,737	-	15,477	1
Gain on disposal of investments, net	15,314	-	-	-
Foreign exchange gain, net (Note 2)	-	-	49,970	1
Valuation gain on financial instruments, net (Notes 2 and 5)	26,705	1	9,416	-
Other income (Note 17)	<u>36,820</u>	<u>1</u>	<u>16,179</u>	<u>1</u>
Total nonoperating income and gains	<u>89,711</u>	<u>2</u>	<u>95,870</u>	<u>3</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	444	-	5,090	-
Valuation loss on financial instruments, net (Note 2)	59,486	1	-	-
Other expenses	<u>17,820</u>	<u>1</u>	<u>3,993</u>	<u>-</u>
Total nonoperating expenses and losses	<u>77,750</u>	<u>2</u>	<u>9,083</u>	<u>-</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 504,821	\$ 377,472
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	89,325	84,709
Provision for doubtful accounts	9,586	25,033
Provision for losses on inventories	37,873	27,102
Loss (gain) on disposal of properties, net	(6,888)	877
Gain on disposal of investments	(15,314)	-
Equity in net gain of investees, net	(8,737)	(15,477)
Employee stock option compensation cost	15,992	-
Accrued pension liabilities	7,643	5,342
Deferred income taxes	28,224	34,767
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	(2,790)	(18,992)
Notes receivable	(27,927)	85,114
Accounts receivable	(99,100)	64,966
Accounts receivable from related parties	88,240	(33,988)
Other receivables	13,629	98,565
Other receivables from related parties	14,000	(13,572)
Inventories	(601,985)	254,436
Prepayments and other current assets	(120,062)	(85,333)
Accounts payable	91,157	(91,717)
Income tax payable	74,630	(56,103)
Accrued expenses	(78,554)	(104,732)
Advance receipts and other current liabilities	59,325	174,996
Deferred credits	-	(7,854)
Net cash provided by operating activities	<u>73,088</u>	<u>805,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of capital reduction on available-for-sale financial assets	1,851	-
Proceeds of the disposal of available-for-sale financial assets	-	407
Cash proceeds of the acquisition of subsidiaries	(605,740)	-
Acquisition of financial assets carried at cost	(70,331)	-
Proceeds of disposal of investments accounted for by the equity method	4,941	-
Proceeds of disposal of financial assets carried at cost	37,553	-
Acquisition of properties	(45,289)	(45,328)
Proceeds of the disposal of properties	40	40
Decrease in refundable deposits	3,144	7,326
Increase (decrease) in deferred expenses	14,872	(5,452)
Increase in goodwill	-	(5,417)
Net cash used in investing activities	<u>(658,959)</u>	<u>(48,424)</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	\$ (5,461)	\$ (340,731)
Decrease in long-term bank loans	-	(67,486)
Increase (decrease) in other liabilities	(73)	1,302
Employee stock options	-	470
Cash bonus to employees and remuneration to directors and supervisors	(124,302)	(26,255)
Decrease in minority interest	<u>(1,200)</u>	<u>(6,252)</u>
Net cash used in financing activities	<u>(131,036)</u>	<u>(438,952)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>12,007</u>	<u>(4,211)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(704,900)	314,024
CASH, BEGINNING OF PERIOD	<u>3,152,888</u>	<u>2,598,528</u>
CASH, END OF PERIOD	<u>\$ 2,447,988</u>	<u>\$ 2,912,552</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 420</u>	<u>\$ 7,499</u>
Income tax paid	<u>\$ 110,218</u>	<u>\$ 96,841</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

The fair values of the assets and liabilities of DLoG GmbH, a 100% subsidiary of Advantech Enrope Holding B.V. (AEU) acquired in March 2010, at acquisition are summarized as follows:

Cash	\$ 4,923
Accounts receivable, net	83,647
Other receivables	11,919
Inventories, net	88,829
Other current assets	5,654
Properties, net	18,029
Intangible assets	218,142
Accounts payable	(64,638)
Other current liabilities	<u>(26,979)</u>
Net	339,526
Percentage of equity interest	<u>100%</u>
	339,526
Cost in excess of book value of subsidiary acquired	<u>209,512</u>
Total	549,038
Less: Cash balances of DLoG GmbH	<u>(4,923)</u>
Cash paid for the acquisition of DLoG GmbH	<u>\$ 544,115</u>

The fair value of the assets and liabilities of Advantech KR Co., Ltd., a 50.5% subsidiary of Advantech Co., Ltd. acquired in January 2010, at acquisition are summarized as follows:

Cash	\$ 59,029
Accounts receivable, net	106,186
Inventories, net	23,195
Other current assets	574
Properties, net	1,383
Deposits refundable	7,980
Accounts payable	(83,685)
Short-term bank loans	(14,000)
Accrued expenses	(10,511)
Income tax payable	(4,659)
Other current liabilities	<u>(4,276)</u>
Net	81,216
Percentage of equity interest	<u>50.50%</u>
	41,014
Cost in excess of book value of subsidiary acquired	<u>18,374</u>
Total	59,388
Less: Cash balances of AKR	<u>59,029</u>
Cash paid for the acquisition of AKR	<u>\$ 359</u>

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

The fair values of the assets and liabilities of Cermate Technologies Inc. a 55% subsidiary of Advantech Co., Ltd. acquired in March 2010, at acquisition are summarized as follows:

Cash	\$	8,636
Notes receivable		2,294
Accounts receivable, net		19,841
Inventories, net		33,836
Restricted assets - current		620
Other current assets		3,498
Investments accounted for by the equity method		29,287
Properties, net		31,890
Deferred expense		3,999
Accounts payable		(16,677)
Short-term bank loans		(3,887)
Accrued expenses		(498)
Long-term bank loans		(33,972)
Other current liabilities		<u>(3,242)</u>
Net		75,625
Percentage of equity interest		<u>55%</u>
		41,594
Cost in excess of book value of subsidiary acquired		<u>28,308</u>
Total		69,902
Less: Cash balances of Cermate Technologies Inc.		<u>8,636</u>
Cash paid for the acquisition of Cermate Technologies Inc.	\$	<u>61,266</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated April 19, 2010)

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED MARCH 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Advantech Co., Ltd. (the "Parent Company") was established in September 1981 and it is a listed company. It manufactures and sells embedded computing boards, industrial automation products, applied computers and industrial computers.

In order to improve the Group's entire operating efficiency, the Parent Company's board of directors had resolved to merge with Advantech Investment and Management Service (AIMS) through short-form merger. The merger date was July 30, 2009. In this merger, the Parent Company was the survivor company and the Parent Company assumed all the assets and liabilities of AIMS.

As of March 31, 2010 and 2009, the Parent Company and the consolidated subsidiaries (collectively, the "Group") had 4,839 and 4,023 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group's financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; order VI-09600640020 issued on November 15, 2007 by the Financial Supervisory Commission under the Executive Yuan; accounting principles generally accepted in the Republic of China. Under these guidelines and principles, the Group is required to make certain estimates and assumptions that could affect the allowance for doubtful accounts, provision for loss on inventories, depreciation of properties and properties leased to others, pension cost, product warranty reserve, bonuses to employees and remuneration to directors and supervisors and income tax. Actual results could differ from these estimates.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

The Group's significant accounting policies are summarized as follows.

Basis for Consolidation

Consolidated financial statements should include direct and indirect subsidiaries in which the Parent Company has controlling interests or has voting rights of over 50%. The consolidated entities included the Parent Company and all its subsidiaries. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

Advansus Corp. for the three months ended March 31, 2010 and 2009 and Hangzhou Advantofine Automation Tech. Co., Ltd. for the three months ended March 31, 2009 were consolidated using the proportionate consolidated method. All significant accounts and transactions between the Parent and these companies have been eliminated from the consolidated financial statements.

The organization charts of intercompany relationships and percentages of ownership as of March 31, 2010 and 2009 is shown in Table 9 (attached). The names, locations and other information of investees are shown in Table 7 (attached).

The financial statements used as basis of the consolidated subsidiaries' information and related investment amounts were unreviewed.

Current and Noncurrent Assets and Liabilities

Current assets include cash and those assets held primarily for trading purposes and to be realized, sold or consumed within one year from the balance sheet date. All other assets such as properties are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Financial Assets/Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss ("FVTPL") include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Parent Company recognizes a financial asset or a financial liability on its balance sheet when the Parent Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Parent Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to issue of initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

A derivative that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: Financial assets and financial liabilities without quoted prices in an active market - at values determined using valuation techniques.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. When subsequently measured at fair value, the changes in fair value are excluded from earnings and reported as a separate component of shareholders' equity. The accumulated gains or losses are recognized as earnings when the financial asset is derecognized from the balance sheet. Purchase or sale of financial assets under customary transactions is recognized and derecognized using trading date accounting.

Cash dividends are recognized as investment income upon ex-dividend day but are accounted for as reductions of the original cost of investment if these dividends are declared on the investees' earnings before investment acquisition. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. After the receipt of stock dividends, the cost per share is recalculated on the basis of the new number of total shares.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: Publicly traded stocks - at closing prices; open-end mutual funds - at net asset values.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity. If the fair value of a debt instrument classified as available-for-sale subsequently increases as a result of an event which occurred after the impairment loss was recognized, the decrease in impairment loss is reversed to profit.

Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts

Sales are recognized when titles to products and material risks of ownerships are transferred to clients, primarily upon shipment, when the earnings process is mostly completed and profit is realized or is realizable. The Group does not recognize as sales those transactions involving the delivery of materials to subcontractors since ownership of materials is not transferred upon delivery of materials. Allowances and the related provision for sales returns are accounted for as a deduction from gross sales, and the related costs are deducted from cost of sales as they are incurred.

Sales are measured at the fair value of the consideration received or receivable and represents amounts agreed between the Group and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. This review involves the aging analysis of the outstanding receivables and assessing relevant economic circumstances.

Inventories

Inventories consist of raw materials and supplies, work-in-process, finished goods. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs. Inventory costs are determined using the weighted-average method.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Long-term Equity Investments

Investments in shares of stock of companies in which the Group owns at least 20% of their outstanding common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method.

The difference between the cost of the investment and the Group's equity in the investee's net assets when an investment is acquired or when the equity method is first adopted is amortized over five years. Effective January 1, 2006, under the revised Statement of Financial Accounting Standards, investment premiums, representing goodwill, are no longer being amortized. If the net fair value of an asset exceed its investment cost, the difference will be credited to depend on the proportion of noncurrent asset's (not include non-equity-method financial asset, dispose asset waiting for sale, deferred tax asset and prepay pension cost or other pension pay) fair value. If the fair value of a noncurrent asset is not enough for crediting purposes, it will recognize as extraordinary gain. If the unamortized long-term investment by the equity method acquired before January 1, 2006 exceeds the Group's equity in the investee's equity in the investee's assets is a deferred liability will amortized depend on its remaining useful life.

If an investee issues additional shares and the Group acquires these shares at a percentage different from its current equity in the investee, the resulting increase in the Group's equity in its investee's net assets is credited to capital surplus. Any decrease in the Group's equity in the investee's net assets is debited to capital surplus. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated earnings.

For equity-method investees over which the Group has controlling influence, if the equity in losses recognized exceeds the original investment acquisition costs, the Group recognizes its subsidiary's total losses unless other investors commit to and have the ability to assume a portion of the losses. However, when the investees return to profitable operations, the profits should be recognized by the Group totally until its previously recognized losses are covered. If the equity in losses recognized exceeds the original investment acquisition costs plus any advance given to an equity-method investee, the excess losses should be recognized proportionately and is recorded as part of other liabilities.

All profits derived from sales of products by the Parent Company to its subsidiaries are deferred but only profit in proportion to the Group's equity interest is deferred for other equity-method investees that are not majority owned. Profit from the sales of products by equity-method investees to the Group is deferred in proportion to the Group's equity interests in the investees and credited against the investment. Profits from sales of products between equity-method investees are deferred to the extent of the Group's equity interests in these investees. The deferred profits are included as part of other liabilities. All of these profits are realized through the subsequent sale of the related products to third parties.

Stock dividends received are recorded only as an increase in the number of shares held but not recognized as investment income. Cost or carrying value per share is recomputed on the basis of total shares held after stock dividends are received.

For all stock investments, costs of investments sold are determined using the weighted-average method.

Properties and Properties Leased to Others

Properties and properties leased to others are stated at cost less accumulated depreciation. Major additions, renewals and betterments are capitalized, while maintenance and repairs are charged to current expense.

Depreciation is computed using the straight-line method over service lives initially estimated as follows (plus one year to represent estimated salvage value): buildings and equipment, 10 to 60 years; machinery and equipment, 2 to 8 years; furniture and fixtures 2 to 8 years; and miscellaneous equipment, 2 to 10 years. Properties and properties leased to others still being used by the Group beyond their initially estimated service lives are depreciated over their newly estimated service lives.

Upon sale or other disposal of properties and properties leased to others, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to nonoperating income or expenses in the year of disposal.

Intangible Assets

Intangible assets arising from acquisition (excluding goodwill) are initially recorded at their fair values, and are amortized on a straight line basis over their estimated useful lives. Core technology, customer relationship and other intangible assets are amortized on a straight line basis over 1 year to 7 years; trademark is determined to have an indefinite useful life, hence it is tested for impairment annually, and the useful life of such asset is reviewed at each balance sheet date to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset.

Goodwill is an investment premium, which is the difference between the cost of investment and the net acquired equity. Effective January 1, 2006, based on the newly released Statement of Financial Accounting Standards No. 37 "Intangible Assets," goodwill is no longer amortized and instead is tested for impairment annually. Superficies refer to royalty paid for the usage of the land, and it is amortized on a straight line basis over 50 years.

Deferred Expenses

Deferred expenses, consisting of computer software costs and royalties, are amortized over 2 to 8 years using the straight-line method.

Asset Impairment

An impairment loss should be recognized if the carrying amount of properties and properties leased to others, intangible assets, deferred expenses and investments accounted for by the equity method exceeds, as of the balance sheet date, their recoverable amount, and this impairment loss should be charged to current income. An impairment loss recognized in prior years could be reversed if there is a subsequent recovery in the estimates used to determine recoverable amount since the last impairment loss was recognized. However, an impairment loss is reversed only to the extent that it does not increase the asset carrying amount that would have been determined had no impairment loss on the asset been recognized in prior years.

For the purpose of impairment testing, goodwill is allocated to each of the relevant cash-generating units (CGUs) that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually or whenever there is an indication that the CGU may be impaired. If the recoverable amount of the CGU becomes less than its carrying amount, the impairment is allocated to first reduce the carrying amount of the goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU. A reversal of an impairment loss on goodwill is disallowed.

For long-term equity investments for which the Group has significant influence but with no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing.

Stock-based Compensation

Employee stock options granted on or after January 1, 2008 are accounted for under Statement of Financial Accounting Standards No. 39 - "Share-based Payment." Under the statement, the value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus - employee stock options. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

Pension Costs

For the Parent Company and its domestic subsidiaries, pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the period in which employees render services.

Curtailement or settlement gains or losses on the defined benefit plan are recognized as part of the net pension cost for the period.

Except for the Parent Company, the subsidiaries all contribute to pension funds and recognize pension costs based on local government regulations.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity.

Income Tax

The Group applies inter-year allocations for its income tax, whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for purchases of machinery, equipment and technology, research and development expenditures, personnel training expenditures and equity investments are recognized in the current year.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

An additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Foreign-currency Transactions

The financial statements of the Parent Company's and its subsidiaries' foreign operations are translated into New Taiwan dollars at the following exchange rates:

- a. Assets and liabilities - at exchange rates prevailing on the balance sheet date;
- b. Shareholders' equity - at historical exchange rates;
- c. Dividends - at the exchange rate prevailing on the dividend declaration date; and
- d. Income and expenses - at average exchange rates for the year.

Exchange differences arising from the translation of the financial statements of foreign operations are recognized as a separate component of shareholders' equity. Such exchange differences are recognized in profit or loss in the year in which the foreign operations are disposed of.

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;
- b. Recognized in profit and loss if the changes in fair value is recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the three months ended March 31, 2009 have been reclassified to be consistent with the presentation of the consolidated financial statements as of and for the three months ended March 31, 2010.

3. ACCOUNTING CHANGE

Effective January 1, 2009, the Group adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item by item, except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. This accounting change resulted in decreases of \$7,096 thousand and \$10,983 thousand in the Parent Company's net income and consolidated net income, respectively, and of NT\$0.01 in earnings per share (after income tax) for the three months ended March 31, 2009.

4. CASH

	Three Months Ended March 31	
	2010	2009
Cash on hand	\$ 73,193	\$ 141,150
Checking and demand deposits	1,447,584	1,096,670
Time deposits: Interest - 0.13%-2.50% in 2010 and 0.10%-5.00% in 2009	<u>927,211</u>	<u>1,674,732</u>
	<u>\$ 2,447,988</u>	<u>\$ 2,912,552</u>

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Parent Company's trading-purpose assets were as follows:

	Three Months Ended March 31	
	2010	2009
<u>Financial assets resulting from trading</u>		
Forward contracts	<u>\$ 14,948</u>	<u>\$ 1,072</u>
<u>Financial liabilities resulting from trading</u>		
Forward contracts	<u>\$ 1,084</u>	<u>\$ 3,766</u>

The outstanding forward contracts as of March 31, 2010 and 2009 were as follows:

	Currency	Maturity	Amount (Thousands)
<u>March 31, 2010</u>			
Sell	USD/NTD	April 2010 to October 2010	USD41,378/NTD1,322,345
Sell	JPY/NTD	April 2010 to July 2010	JPY20,000/NTD7,192
Sell	JPY/USD	April 2010 to July 2010	JPY90,000/USD1,007
Sell	EUR/USD	April 2010 to October 2010	EUR8,000/USD10,871
Sell	EUR/NTD	April 2010 to August 2010	EUR2,000/NTD87,057
<u>March 31, 2009</u>			
Sell	EUR/USD	April 2009 to June 2009	EUR4,500/USD5,878
Sell	USD/NTD	April 2009	USD500/NTD17,591

The Parent Company entered into forward contract transactions in the three months ended March 31, 2010 and 2009 to avoid risks on exchange rate fluctuations. The hedging strategy of the Parent Company is to avoid the major portion of the market and liquidity risks.

The trading of financial assets or liabilities for the three months ended March 31, 2010 and 2009 resulted in gains of \$26,705 thousand and \$9,416 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Three Months Ended March 31			
	2010		2009	
	Current	Noncurrent	Current	Noncurrent
Quoted domestic stocks				
Chunghwa Telecom Co., Ltd.	\$ 12,804	\$ 96,537	\$ 12,763	\$ -
ASUSTEK Computer Inc.	-	2,532,172	-	1,629,146
Quoted overseas stocks				
SG Advantech Co., Ltd.	-	70,148	-	63,798
	<u>\$ 12,804</u>	<u>\$ 2,698,857</u>	<u>\$ 12,763</u>	<u>\$ 1,692,944</u>

7. INVENTORIES, NET

	Three Months Ended March 31	
	2010	2009
Finished goods	\$ 964,062	\$ 750,444
Work in process	567,256	471,722
Materials and supplies	1,060,139	729,935
Inventories in transit	<u>163,001</u>	<u>126,021</u>
	<u>\$ 2,754,458</u>	<u>\$ 2,078,122</u>

As of March 31, 2010 and 2009, the allowance for losses were \$261,526 thousand and \$272,634 thousand, respectively.

As of March 31, 2010 and 2009, the costs of goods sold related to inventories were \$2,553,894 thousand and \$2,101,343 thousand, respectively, which included allowance for losses of \$37,873 thousand and \$27,102 thousand for the three months ended March 31, 2010 and 2009, respectively.

8. FINANCIAL ASSETS CARRIED AT COST

	Three Months Ended March 31	
	2010	2009
Non-publicly traded		
Domestic		
AverMedia Information Inc.	\$ 70,331	\$ -
Avalue Technology Inc.	54,417	88,637
Foreign		
Coban Research and Technologies, Inc. (US\$1,020 thousand on March 31, 2010 and 2009)	33,257	33,257
Superior Technology Co., Ltd. (US\$1,068 thousand on March 31, 2009)	<u>-</u>	<u>33,442</u>
	<u>\$ 158,005</u>	<u>\$ 155,336</u>

All equity of Superior Technology Co., Ltd. was disposed in July 2009. Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at their original cost.

9. LONG-TERM EQUITY INVESTMENTS

	Three Months Ended March 31			
	2010		2009	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Listed				
Axiomtek Co., Ltd.	\$ 350,852	27.63	\$ 365,900	27.96
Unlisted				
Advantech Hungary Ltd.	15,060	30.00	18,132	30.00
Advantech Corporation (Thailand) Co., Ltd.	6,787	30.00	6,115	30.00
Jan Hsiang Electronics Co., Ltd.	5,569	28.50	-	-
Timson Tech Co.	<u>-</u>	-	<u>8,096</u>	30.00
	<u>\$ 378,268</u>		<u>\$ 398,243</u>	

From 2009, Netstar Technology Co., Ltd. (“Netstar”), a subsidiary of the Parent Company, started to dispose the interest of Jan Hsiang Electronics Co., Ltd. (“Jan Hsiang”). With this reduction, Netstar lost its controlling influence on Jan Hsiang and this investee ceased to be a consolidated entity. Timson Tech Co., Ltd. had been disposed in June 2009.

The calculation of the carrying values of the equity-method investments and the equity in their net income or net loss was based on the investees’ unreviewed financial statements for the three months ended March 31, 2010 and 2009.

The investment premiums, repressing goodwill, have no change for the three months ended March 31, 2010 and 2009, respectively. As of March 31, 2010 and 2009, the goodwill was \$10,517 thousand.

The market values of the listed stocks invested in by the Parent Company, which were calculated on the basis of their closing prices as of March 31, 2010 and 2009 were \$592,416 thousand and \$454,826 thousand, respectively.

10. PROPERTIES

Accumulated depreciation were as follows:

	Three Months Ended March 31	
	2010	2009
Buildings	\$ 403,708	\$ 354,900
Machinery and equipment	505,981	498,550
Furniture and fixtures	226,455	247,278
Other equipment	<u>348,325</u>	<u>254,782</u>
	<u>\$ 1,484,469</u>	<u>\$ 1,355,510</u>

11. PROPERTIES LEASED TO OTHERS

	Three Months Ended March 31	
	2010	2009
Cost		
Buildings	\$ 19,548	\$ 41,679
Accumulated depreciation	<u>(6,177)</u>	<u>(12,099)</u>
	<u>\$ 13,371</u>	<u>\$ 29,580</u>

12. SHORT-TERM BANK LOANS

	Three Months Ended March 31	
	2010	2009
Credit loans - interest 1.306% in 2010 and 2.15%-2.80% in 2009	\$ 67,407	\$ 195,719
Materials purchase loans – interest 1.51%-3.02% in 2009	<u>-</u>	<u>38,289</u>
	<u>\$ 67,407</u>	<u>\$ 234,008</u>

To meet its financing need, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a credit loan from a bank. As of March 31, 2010, the loan carrying value was \$3,887 thousand.

Advantech Technology (China) Company Ltd., an indirect subsidiary of the Parent Company, obtained a credit loan from a bank to meet its financing need. As of March 31, 2010 and 2009, the carrying values were \$63,520 thousand and \$135,719 thousand, respectively.

Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained credit, materials purchase and mortgage loans from bank to meet its financing need. As of March 31, 2009, the carrying values was \$98,289 thousand.

13. LONG-TERM BANK LOANS

	Current	Long-term	Total
<u>March 31, 2010</u>			
Secured loans	<u>\$ 10,000</u>	<u>\$ 23,972</u>	<u>\$ 33,972</u>
<u>March 31, 2009</u>			
Secured loans	<u>\$ 3,375</u>	<u>\$ 31,500</u>	<u>\$ 34,875</u>

Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a mortgage bank loan for the capital expenditure. This loan is repayable every one or three months at various amounts from March 2006 to March 2021. As of March 31, 2010, the carrying value of the loan was \$33,972 thousand. Interest rates throughout the repayment period were 1.93% to 3.85%.

Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained a mortgage bank loan for its operation need. This loan term is from October 2006 to October 2016 and is repayable in 40 quarterly installments from January 2007. As of March 31, 2009, the carrying value was \$34,875 thousand; the interest rates were 2.25%-2.50%. This loan had been settled and paid in advance in September 2009.

14. SHAREHOLDERS' EQUITY

Capital Surplus

Based on certain laws or regulations, capital surplus from long-term equity investments accounted for by the equity method cannot be used for any purpose. Other capital surplus may be used only to offset a deficit. Capital surplus from the issue of stock in excess of par value may be capitalized by issuing new shares to shareholders in proportion to their holdings, and capitalized amounts should be within certain limits.

Appropriation of Earnings and Dividend Policy

The Parent Company's Articles of Incorporation provide that legal reserve should be set aside at 10% of annual net income less any cumulative losses. In addition, a special reserve should be appropriated as needed. The remainder of the income should be appropriated in the following order:

- a. 8% to 20% as bonus to employees;
- b. 1% or less as remuneration to directors and supervisors; and

c. Dividends, as proposed by the board of directors.

For stock bonuses, employees may include subsidiaries' employees who meet certain criteria as determined by the Parent Company's board of directors;

Any appropriations of earnings are recorded in the year of shareholders' approval following the year of earnings generation.

For the three months ended March 31, 2010 and 2009, the bonus to employees and remunerations to directors and supervisors amounted to NT\$59,517 thousand and NT\$75,000 thousand, respectively, (classified under accrued expenses) were accrued on the basis of past experience. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain shareholders' equity accounts (including unrealized gain or loss on financial instruments, cumulative transaction adjustments and net loss not recognized as pension cost) should be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under the Company Law, legal reserve should be appropriated until the accumulated reserve equals the Parent Company's paid-in capital. This reserve may be used only to offset a deficit. When the balance of the reserve reaches 50% of the Parent Company's outstanding capital stock, up to 50% thereof may be transferred to capital.

Under the Integrated Income Tax System, which took effect on January 1, 1998, noncorporate local shareholders are allowed a tax credit for the income tax paid by the Parent Company on earnings generated since 1998. An imputation credit account (ICA) is maintained by the Parent Company for such income tax and the tax credit allocated to each shareholder. The maximum credit available for allocation to each shareholder cannot exceed the ICA balance on the dividend distribution date.

The Parent Company operates in an industry related to computers, and its business related to network servers is new but with significant potential for growth. Thus, in formulating its dividend policy, the Parent Company takes into account the overall business and industry conditions and trends, its objective of enhancing the shareholders' long-term interest, and the sustainability of the Parent Company's growth. The policy also requires that stock dividends be less than 75% of total dividends to retain internally generated cash within the Parent Company to finance future capital expenditures and working capital requirements.

The appropriations of earnings for 2009 and 2008 were proposed in the Board of Directors' meeting and approved in the shareholders' meeting held on March 29, 2010 and May 15, 2009, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2009	2008	2009	2008
Legal reserve	\$ 175,133	\$ 254,355		
Special reserve	-	1,135,596		
Cash dividends	2,006,535	1,490,598	\$ 4.0	\$ 3.0
Stock dividends	-	24,843	-	0.05

At their meeting on March 29, 2010, the board of directors proposed to distribute to employees a bonus of \$178,000 thousand for 2009.

The bonus to employees of \$190,000 thousand for 2008 was approved in the shareholders' meeting on May 15, 2009. The bonus to employees included a cash bonus of \$90,000 thousand and a share bonus of \$100,000. The number of shares of 2,139 thousand was determined by dividing the amount of share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting. The approved amounts of the bonus to employees were not different from the actual amounts reflected in the financial statements for the year ended December 31, 2008.

Information on the appropriation of bonus to employees and remuneration to directors and supervisors can be accessed online through the Market Observation Post System on the Web site of the Taiwan Stock Exchange.

At their meeting on May 15, 2009, the shareholders approved the board of directors' proposal to distribute stock dividends of \$24,843 thousand and stock bonus to employees amounting to \$100,000 thousand. The appropriation of earnings for 2008 were approved by the Financial Supervisory Commission under the Executive Yuan of the ROC. The board of directors resolved August 4, 2009 as the date of distributing stock and cash dividends, and the Company had completed its revised registration from the MOEA.

Qualified employees of the Parent Company and its subsidiaries were granted stock options at 10,000 units in December 2009 and 3,000 units in August 2003. Each option entitles the holder to subscribe for one thousand common shares of the Parent Company. The options granted are valid for 5 years and 6 years issued in December 2009 and August 2003, respectively, and exercisable at certain percentages after the second anniversary year from the grant date. The options were granted at an exercise price equal to the closing price of the Parent Company's common shares listed on the grant date. For any subsequent changes in the Parent Company's paid-in capital, the exercise price and the number of options are adjusted accordingly.

When the grant date of stock-based employee compensation plans is on or before January 1, 2004, the Parent Company need not apply the accounting guideline Nos. 070, 071 and 072 for stock-based compensation issued by the Accounting Research and Development Foundation of the ROC.

Information on employee stock options is as follows:

	Three Months Ended March 31			
	2010		2009	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance, beginning of period	10,000	\$61.90	165	\$23.49
Options granted	-	-	-	-
Options exercised	-	-	(20)	23.49
Balance, end of period	<u>10,000</u>		<u>145</u>	
Options exercisable, end of period	<u>-</u>		<u>145</u>	
Weighted-average fair value of options granted (NT\$)	<u>\$16.45-\$18.13</u>		<u>\$ -</u>	

The weighted-average stock price at the date of the exercise for stock options in the three months ended March 31, 2009 was NT\$66.05.

Information on outstanding options as of March 31, 2010 and 2009 were as follows:

March 31			
2010		2009	
Range of Exercise Price (NT\$)	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted- average Remaining Contractual Life (Years)
\$61.9	4.67	\$23.49	0.42

Options granted in 2009 were priced using the Black-Scholes model, and the inputs to the model were as follows:

Grant-date share price (NT\$)	61.9
Exercise price (NT\$)	61.9
Expected volatility	33.78%-35.22%
Expected life (years)	3.5-4.5
Expected dividend yield	0%
Risk-free interest rate	0.58%-0.79%

Expected volatility is based on the historical stock price volatility over the past 5 years.

Compensation cost recognized for the three months ended March 31, 2010 was \$15,992 thousand.

15. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Period	Addition During the Period	Reduction During the Period	Number of Shares, End of Period
<u>Three months ended March 31, 2010</u>				
For transfer to employees	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>14,500</u>
<u>Three months ended March 31, 2009</u>				
For transfer to employees	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>14,500</u>

Under the Securities and Exchange Act, the Parent Company shall neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

16. EARNINGS PER SHARE

The numerators and denominators used in calculating the Parent Company's earnings per share (EPS) were as follows:

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (Thousand)</u>	<u>Earnings Per Share</u>	
	<u>Pretax</u>	<u>After-tax</u>		<u>Pretax</u>	<u>After-tax</u>
Three months ended <u>March 31, 2010</u>					
Basic EPS	\$ 570,004	\$ 501,644	501,634	<u>\$ 1.14</u>	<u>\$ 1.00</u>
The impact of dilutive potential common stock					
Employee stock options	-	-	607		
Bonuses to employees	<u>-</u>	<u>-</u>	<u>3,500</u>		
Diluted EPS	<u>\$ 570,004</u>	<u>\$ 501,644</u>	<u>505,741</u>	<u>\$ 1.13</u>	<u>\$ 0.99</u>
Three months ended <u>March 31, 2009</u>					
Basic EPS	\$ 435,740	\$ 376,027	499,343	<u>\$ 0.87</u>	<u>\$ 0.75</u>
The impact of dilutive potential common stock					
Employee stock options	-	-	68		
Bonuses to employees	<u>-</u>	<u>-</u>	<u>6,092</u>		
Diluted EPS	<u>\$ 435,740</u>	<u>\$ 376,027</u>	<u>505,503</u>	<u>\$ 0.86</u>	<u>\$ 0.74</u>

The ARDF issued Interpretation 2007-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Parent Company may settle the bonus to employees by cash or shares, the Parent Company should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The EPS was retroactively adjusted for the stock dividends declared. Thus, in the three months ended March 31, 2009, pretax and after-tax basic EPS decreased from NT\$0.88 to NT\$0.87 and from NT\$0.76 to NT\$0.75, respectively, and pretax and after-tax diluted EPS decreased from NT\$0.87 to NT\$0.86 and from NT\$0.75 to NT\$0.74, respectively.

17. RELATED-PARTY TRANSACTIONS

a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Axiomtek Co., Ltd. ("Axiomtek")	Equity-method investee of the Parent Company
Advantech Hungary Ltd. (AHG)	Equity-method investee of the Parent Company
Advantech KR Co., Ltd. (AKR)	Related party in substance (Controlling influence is acquired by the Parent Company in January 2010 and thus included in the consolidated entity)
Advantech Corporation (Thailand) Co., Ltd. (ATH)	Equity-method investee of ASG
Avalue Technology Inc. ("Avalue")	The Parent Company's chairman is Avalue's director
Advantech Brazil S/A (ABR)	Related party in substance (Controlling influence is acquired by the Parent Company in July 2009 and thus included in the consolidated entity.)
Advantech International Co., Ltd.	Advantech International Co., Ltd.'s owner is a second-degree relative of the Parent Company's chairman
K&M Investment Co., Ltd. (K&M)	The spouse of the Parent Company's chairman is K&M's director
AIDC Investment Corp. (AIDC)	The spouse of the Parent Company's chairman is AIDC's director

The Company's related parties, in addition to those listed above, were shown in Table 7.

b. The significant transactions with the above related parties, in addition to those disclosed in Note 19, were summarized as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>% to Total</u>	<u>Amount</u>	<u>% to Total</u>
<u>For the three months ended March 31</u>				
1) Sales				
ATH	\$ 5,716	-	\$ 5,282	-
Avalue	5,302	-	76,442	2
Axiomtek	3,386	-	4,335	-
AKR	-	-	91,915	3
ABR	-	-	<u>21,625</u>	<u>1</u>
	<u>\$ 14,404</u>	<u>-</u>	<u>\$ 199,599</u>	<u>6</u>

2) Purchase of materials and supplies

Axiomtek	<u>\$ 39</u>	<u>-</u>	<u>\$ 19</u>	<u>-</u>
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(Continued)

	2010		2009	
	Amount	% to Total	Amount	% to Total
3) Interest revenue				
AKR	\$ -	\$ -	\$ 54	\$ -
4) Other revenue				
AIDC	\$ 375	1	\$ -	-
K&M	125	-	-	-
	<u>\$ 500</u>	<u>1</u>	<u>\$ -</u>	<u>-</u>
<u>March 31</u>				
5) Accounts receivables - related parties				
ATH	\$ 4,053	45	\$ 1,684	1
Avalue	3,086	34	41,118	20
Axiomtek	1,937	21	5,922	3
AKR	-	-	134,636	67
ABR	-	-	17,128	9
	<u>\$ 9,076</u>	<u>100</u>	<u>\$ 200,488</u>	<u>100</u>
6) Other receivables - related parties				
Financing provided				
AKR	\$ -	-	\$ 13,703	100
7) Payables to related parties (part of accounts payable)				
Accounts				
Axiomtek	\$ 21	-	\$ 21	6
ATH	-	-	298	87
ABR	-	-	23	7
	<u>\$ 21</u>	<u>100</u>	<u>\$ 342</u>	<u>100</u>

Financing to related parties was as follows: (Part of other receivables from related parties)

Related Party	Three Months Ended March 31, 2009			
	Maximum Balance	Ending Balance	Interest Rate	Interest Revenue
AKR	\$ 13,703 (KRW555,000 thousand)	\$ 13,703 (KRW555,000 thousand)	3%	\$ 54

c. Securities transactions

Product sales were conducted under normal terms. The payment terms for related parties were 30 to 90 days. Terms for third parties were 30 to 60 days.

18. ASSETS PLEDGED OR MORTGAGED

- a. As of March 31, 2010, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, pledged assets for a letter of credit and long-term bank loans, as follows:

Restricted assets - current (reserve account)	\$ 620
Properties - land	13,047
Properties - buildings - cost	<u>20,926</u>
	<u>\$ 33,973</u>

- b. As of March 31 2009, Netstar Technologies Co., Ltd. an indirect subsidiary of the Parent Company, pledged assets for certificates of long-term bank loans, as follows:

Properties - land	\$ 35,506
Properties - buildings - cost	<u>22,417</u>
	<u>\$ 57,923</u>

- c. As of March 31, 2009, Advansus Corp., a subsidiary of the Parent Company consolidated under the proportionate consolidated method, pledged certificates of deposits of \$100,000 thousand to meet certain tariff-related requirements.

19. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. As of March 31, 2010, the Parent Company had the following guarantees for affiliates' loans:

	Amount
AKMC	<u>\$ 336,656 thousand</u>
Netstar	<u>\$ 120,000 thousand</u>
Advansus Corp.	<u>\$ 100,000 thousand</u>

- b. As of March 31, 2009, the guarantee notes issued by Netstar Technology Co., Ltd. for its bank loan amounted to \$119,875 thousand.

20. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	Three Months Ended March 31			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Available-for-sale financial assets - current	\$ 12,804	\$ 12,804	\$ 12,763	\$ 12,763
Available-for-sale financial assets - noncurrent	2,698,857	2,698,857	1,692,944	1,692,944
<u>Liabilities</u>				
Long-term bank loans (including current portion)	33,972	33,972	34,875	34,875
<u>Derivative financial instruments location</u>				
Financial assets at fair value through profit or loss - current				
Domestic	4,545	4,545	-	-
Foreign (foreign corporation operating in domestic district included)	10,403	10,403	1,072	1,072
Financial liabilities at fair value through profit or loss - current				
Domestic	256	256	2,224	2,224
Foreign (foreign corporation operating in domestic district included)	828	828	1,542	1,542

b. Methods and assumptions used in the determination of fair values of financial instruments

- 1) For financial instruments such as cash, notes and accounts receivables, receivables from related parties, other receivables, restricted assets-current, short-term bank loans, accounts payable and refundable deposits, the carrying amounts of these financial instruments approximate their fair values.
- 2) Fair values of available-for-sale financial assets were based on their quoted market price.
- 3) The fair value of the long-term bank loans (including current portion) is determined using the present value based of the projected cash flows discounted at interest rates for similar long-term debts.
- 4) Fair values of derivatives were determined using the quoted market prices, using valuation techniques incorporating estimates and assumptions that are consistent with those prevailing in the market.

- c. The fair values of financial assets and liabilities were based on the quoted market prices or determined using certain valuation techniques, as follows:

	Based on the Quoted Market Price		Determined Using Valuation Techniques	
	March 31		March 31	
	2010	2009	2010	2009
<u>Asset</u>				
Financial assets at fair value through profit or loss - current	\$ -	\$ -	\$ 14,948	\$ 1,072
Available-for-sale financial assets - current	12,804	12,763	-	-
Available-for-sale financial assets - noncurrent	2,698,857	1,692,944	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	1,084	3,766

- d. As of March 31, 2010 and 2009, financial assets exposed to fair value risk from interest rate fluctuation amounted to \$927,831 thousand and \$1,724,732 thousand, respectively. As of March 31, 2010 and 2009, financial liabilities exposed to fair value risk from interest rate fluctuation amounted to \$101,379 thousand and \$268,883 thousand, respectively. As of March 31, 2010 and 2009, financial assets exposed to cash flow interest rate risk amounted to \$1,126,595 thousand and \$1,037,061 thousand, respectively.
- e. The Parent Company recognized unrealized losses of \$290,304 thousand and \$38,671 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the three months ended March 31, 2010 and 2009, respectively. The Parent Company also recognized unrealized losses of \$485 thousand and \$36 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for the three months ended March 31, 2010 and 2009, respectively.
- f. Financial risks
- 1) Market risk. The derivative financial instruments categorized as financial assets at fair value through profit or loss are mainly used to hedge exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the market risk of derivatives will be offset by the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Group are mainly mutual funds and publicly traded stocks. Thus, price fluctuations in the open market would result in changes in fair values of these financial instruments.
 - 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Group if the counter-parties breach the contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. Since the counter-parties to the foregoing derivative financial instruments are reputable financial institutions, management believes its exposure to default by counter-parties is low.
 - 3) Liquidity risk. The Group has sufficient operating capital to meet cash needs upon settlements of derivative financial instruments. Therefore, the cash flow risk is low. In addition, for long-term equity-method investments (mutual funds and publicly traded stocks), the Group keeps liquidity reserves, which are available on a short-term basis. Additionally, the contracted forward rate is decided on the contract starting dates. Thus, the cash flow risk on forward contracts is low.

21. ADDITIONAL DISCLOSURES

- a. Except for those mentioned in Note 17 and Tables 1 to 7, no additional disclosures are required by the Securities and Futures Bureau for the Parent Company and its investees and on investment in Mainland China.
- b. Investments in mainland China
 - 1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of March 31, 2010, accumulated inward remittance of earnings as of March 31, 2010 and upper limit on investment: Please see Table 8 attached.
 - 2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 17 and 19 and Tables 1, 2, 5 and 6.
- c. Intercompany relationships and significant intercompany transactions: Please see Table 10 attached.

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Nature of Financing	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can be Provided by the Financier
											Item	Value		
0	ACL	AKR	Other receivable - related parties	\$ 14,000 (KRW 500,000 thousand)	\$ -	3%	Service intercourse	Sale \$64,785	Financing need	\$ -	-	-	\$ 95,280 (Note B)	\$ 95,280 (Note B)
1	AEU	ADL	Other receivable - related parties	29,904 (EUR 700 thousand)	29,904 (EUR 700 thousand)	4%	Short-term financing	-	Financing need	-	-	-	1,315,593 (Note C)	2,631,187 (Note C)
2	SHHQ	ACN	Other receivable - related parties	74,896 (RMB 16,097 thousand)	-	2%	Short-term financing	-	Financing need	-	-	-	139,584 (Note D)	139,584 (Note D)
3	ACN	AKMC	Other receivable - related parties	95,275 (RMB 20,477 thousand)	95,275 (RMB 20,477 thousand)	2%	Short-term financing	-	Financing need	-	-	-	139,584 (Note D)	139,584 (Note D)
4	ANA	AESC	Other receivable - related parties	52,404 (US\$ 1,650 thousand)	36,524 (US\$ 1,150 thousand)	2%	Short-term financing	-	Financing need	-	-	-	1,315,593 (Note C)	2,631,187 (Note C)
		AKMC	Other receivable - related parties	92,104 (US\$ 2,900 thousand)	92,104 (US\$ 2,900 thousand)	2%	Short-term financing	-	Financing need	-	-	-	1,315,593 (Note C)	2,631,187 (Note C)
5	AISC	ACN	Other receivable - related parties	84,030 (RMB 18,060 thousand)	50,190 (RMB 10,787 thousand)	2%	Short-term financing	-	Financing need	-	-	-	139,584 (Note D)	139,584 (Note D)
6	Netstar Technology Co., Ltd.	Netstar Electronics Co., Ltd.	Other receivable - related parties	66,554	66,554	-	Service intercourse	Purchase 280,510	Service intercourse	-	-	-	280,510 (Note E)	280,510 (Note E)
		LANSONIC (BVI)	Other receivable - related parties	3,676	3,676	-	Short-term financing	-	Financing need	-	-	-	47,601 (Note F)	47,601 (Note F)
7	Broadwin Technology, Inc.	Netstar Technology Co., Ltd.	Other receivable - related parties	40,000	40,000	2%	Short-term financing	-	Financing need	-	-	-	42,889 (Note F)	42,889 (Note F)
8	Advantech Fund-A	Netstar Technology Co., Ltd.	Other receivable - related parties	60,000	55,000	2%	Short-term financing	-	Financing need	-	-	-	332,575 (Note F)	332,575 (Note F)

Notes: A. The exchange rate was EUR1=NT\$42.72; US\$1=NT\$31.76; KRW1=NT\$0.028; RMB1= NT\$4.6528.

B. Based on the resolution of the board of directors of Advantech Co., Ltd. (ACL), the maximum amount of financing provided by ACL was US\$3,000 thousand.

C. The maximum amount of financing and the maximum amount of financing to individual counter-party that can be provided by the financier are 20% and 10% of the parent company's net asset value, respectively.

D. For more efficient use of capital among subsidiaries in Mainland China, the maximum amount of financing that can be provided by the financier is RMB30,000 thousand and will be handled over the Citibank account of ACN.

E. The maximum amount of financing for service transactions is equal to the amount provided in the recent year and the confirmed service intercourse to be in the future.

F. 40% of the net asset value of the financier.

G. All the transactions above have been eliminated from the consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

THREE MONTHS ENDED MARCH 31, 2010

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Year	Ending Balance	Value of Collaterals Property, Plant, and Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%)	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Advantech Co., Ltd. (the "Company")	AKMC	Indirect subsidiary	\$ 1,315,593 (Note A)	\$ 336,656 (US\$ 10,600 thousand)	\$ 336,656 (US\$ 10,600 thousand)	\$ -	2.56	\$ 3,946,781 (Note B)
		Netstar Technology Co., Ltd.	Indirect subsidiary	1,315,593 (Note A)	120,000	120,000	-	0.91	3,946,781 (Note B)
		Advansus Corp.	Equity-method investee	1,315,593 (Note A)	100,000	100,000	-	0.76	3,946,781 (Note B)

Note: A. 10% of the Company's net asset value.

B. 30% of the Company's net asset value.

C. The exchange rate was US\$1.00 = NT\$31.76.

D. All the transactions above have been eliminated from the consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS

MARCH 31, 2010

(In Thousands of New Taiwan Dollars/ Foreign Currency)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2010				Note	
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value		
Advantech Co., Ltd. (the "Company")	<u>Stock</u>								
	AAC (BVI)	Investee	Long-term equity investments	32,606,500	\$ 1,878,820	100.00	\$ 1,878,820	Note A	
	ATC	"	"	32,750,000	2,012,750	100.00	2,012,750	Note A	
	Advansus Corp.	"	"	18,000,000	224,808	50.00	224,808	Note A	
	Advantech Fund-A	"	"	90,000,000	829,587	100.00	829,587	Note A	
	Axiomtek	"	"	21,779,984	350,852	27.63	350,852	Note A	
	AEU	"	"	9,572,024	764,709	100.00	764,709	Note A	
	ASG	"	"	1,450,000	65,433	100.00	65,433	Note A	
	AAU	"	"	500,204	95,608	100.00	95,608	Note A	
	AJP	"	"	1,200	121,882	100.00	121,882	Note A	
	AYS	"	"	12,300,000	76,662	100.00	76,662	Note A	
	AMY	"	"	2,000,000	45,247	100.00	45,247	Note A	
	AHG	"	"	30	15,060	30.00	15,060	Note A	
	ABR	"	"	971,055	6,887	43.28	6,887	Note A	
	AKR	"	"	303,000	69,662	50.50	69,662	-	
	AiST	"	"	5,000,000	49,964	100.00	49,964	-	
	AHK	"	"	Other liability - others	999,999	(7,734)	100.00	(7,734)	Notes A and C
	ASUSTek Computer Inc.	-	-	Available for sale financial assets - noncurrent	45,789,735	2,532,172	1.08	2,532,172	Note B
	SGA	-	-	"	1,556,064	70,148	7.19	70,148	Note B
Chunghwa Telecom Co., Ltd.	-	-	"	1,554,545	96,537	-	96,537	Note B	
Advantech Fund-A	<u>Stock</u>								
	Netstar Technology Co., Ltd.	Investee	Long-term equity investments	19,929,222	187,354	79.72	187,354	Note A	
	BCM Embedded Computer Inc.	"	"	4,500,000	14,830	100.00	14,830	Note A	
	Broadwin Technology, Inc.	"	"	6,851,782	110,225	70.08	110,225	Note A	
	Cermate Technologies Inc.	"	"	5,500,000	69,901	55.00	69,901	-	
	Avalue Technology Inc.	-	-	Financial assets carried at cost - noncurrent	2,040,250	54,417	5.27	54,417	-
	AverMedia Information Inc.	-	-	"	700,000	70,331	0.94	70,331	-
	COBAN Research and Technologies, Inc.	-	-	"	600,000	33,257	6.86	33,257	-
Chunghwa Telecom Co., Ltd.	-	-	Available for sale financial assets - current	226,811	12,804	-	12,804	Note B	
ATC	<u>Stock</u>								
ATC (HK)	ATC (HK)	Investee	Long-term equity investments	35,650,001	1,251,077	100.00	1,251,077	Note A	
ATC (HK)	<u>Shares</u>								
	AKMC	"	"	-	1,251,293	100.00	1,251,293	Note A	

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2010				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AYS	<u>Shares</u> ADMC	Investee	Long-term equity investments	-	\$ 53,949	100.00	\$ 53,949	Note A
AAC (BVI)	<u>Stock</u> ANA	"	"	10,952,606	991,909	100.00	991,909	Note A
	AAC (HK)	"	"	15,230,001	885,738	100.00	885,738	Note A
ANA	<u>Stock</u> ABR	-	Financial assets carried at cost - noncurrent	375,192	6,664	16.72	6,664	-
AAC (HK)	<u>Shares</u> ACN	Investee	Long-term equity investments	-	490,132	100.00	490,132	Note A
	SHHQ	"	"	-	90,058	100.00	90,058	Note A
	AiSC	"	"	-	286,381	100.00	286,381	Note A
	AXA	"	"	-	18,269	100.00	18,269	Note A
ACN	<u>Shares</u> Hangzhou Advantofine Automation Co., Ltd.	"	"	-	12,772	60.00	12,772	Note A
AEU	<u>Stock</u> AESC	"	"	8,314,280	91,338	100.00	91,338	Note A
	ADL	"	"	1,142,000	(141,268)	100.00	(141,268)	Note A and C
	APL	"	"	6,530	34,677	92.89	34,677	Note A
	DLoG	"	"	1	552,099	100.00	552,099	Note A
ASG	<u>Stock</u> ATH	"	"	30,000	6,787	30.00	6,787	Note A
	APN	"	"	570,570	5,543	55.00	5,543	Note A
	AKL	"	"	418,000	3,654	55.00	3,654	Note A
Netstar Technology Co., Ltd.	<u>Stock</u> LANSONIC (BVI)	"	Other liability - others	3,527,529	(45,792)	94.83	(45,792)	Notes A and C
	Jan Hsiang Electronics Co., Ltd.	"	Long-term equity investments	950,000	5,569	28.50	5,569	Note A
	Lantech Communications Inc.	"	Other liability - others	1,159,500	-	77.30	-	Note A
Broadwin Technology, Inc.	<u>Stock</u> Broadwin Technology Inc.	"	Long-term equity investments	5,643,650	17,344	100.00	17,344	Note A
LANSONIC (BVI)	<u>Shares</u> Netstar Electronics Corporation	"	Other liability - others	-	HK\$ (29,326)	100.00	HK\$ (29,326)	Notes A and C
Cermate Technologies Inc.	<u>Stock</u> Land Mark	"	Long-term equity investments	1,000,000	29,287	100.00	29,287	Note A
Land Mark	<u>Stock</u> Cermate (Shanghai)	"	Long-term equity investments	-	18,335	100.00	18,335	Note A
	Cermate (Shenzhen)	"	"	-	10,952	90.00	10,952	Note A

(Continued)

Note A: The financial statements used as basis of net asset values were not reviewed by CPA.

Note B: Market value was based on the closing price on March 31, 2010.

Note C: The credit balance on investment carrying value is shown as part of other liabilities.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 THREE MONTHS ENDED MARCH 31, 2010
 (In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Name/Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount (cost)	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount (cost)
Advantech Co., Ltd. (the "Company")	Stock													
	Advantech Fund - A	Long-term equity investments	-	Subsidiary	70,000,000	\$ 700,000	20,000,000	\$ 200,000	-	\$ -	\$ -	\$ -	90,000,000	\$ 900,000
	AEU	Long-term equity investments	-	Subsidiary	9,572,024	439,782	-	553,536	-	-	-	-	9,572,024	993,318
AEU	DLoG	Long-term equity investments	-	Subsidiary	-	-	1	553,536	-	-	-	-	1	553,536

ADVANTECH CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

THREE MONTHS ENDED MARCH 31, 2010

(In Thousands of New Taiwan Dollars/ Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd.	ANA	Indirect subsidiary	Sale	\$ (836,394)	(27)	Set for 45 days a month	\$ -	-	\$ 303,072	18	
	ACN	Indirect subsidiary	Sale	(382,885)	(12)	Set for 45 days a month	-	-	312,474	18	
	AESC	Indirect subsidiary	Sale	(406,509)	(13)	Set for 45 days a month	-	-	497,678	30	
	AiSC	Indirect subsidiary	Sale	(313,922)	(10)	Set for 45 days a month	-	-	266,489	16	
	ATC	Subsidiary	Purchase	992,280	41	Set for 60 days a month	-	-	(831,696)	(80)	
	Advansus Corp.	Subsidiary	Purchase	409,494	17	Set for 30 days a month	-	-	(157,532)	(15)	
	ATC	Advantech Co., Ltd.	Parent company	Sale	(992,280)	(98)	Set for 60 days a month	-	-	831,696	96
AKMC		Subsidiary	Purchase	856,872	100	Set for 30 days after a month	-	-	(118,670)	(93)	
ANA	Advantech Co., Ltd.	Ultimate parent company	Purchase	836,394	87	Set for 45 days a month	-	-	(303,072)	(76)	
AESC	Advantech Co., Ltd.	Ultimate parent company	Purchase	406,509	81	Set for 45 days a month	-	-	(497,678)	(95)	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	382,885	76	Set for 45 days a month	-	-	(312,474)	(70)	
AiSC	Advantech Co., Ltd.	Ultimate parent company	Purchase	313,922	69	Set for 45 days a month	-	-	(266,489)	(61)	
Advansus Corp.	AKMC	Related enterprise	Sale	(289,542)	(32)	Set for 30 days after a month	-	-	151,290	34	
	Advantech Co., Ltd.	Parent company	Sale	(409,494)	(45)	Set for 30 days a month	-	-	157,532	36	
AKMC	Advansus Corp.	Related enterprise	Purchase	289,542	33	Set for 30 days after a month	-	-	(151,290)	(15)	
	ATC	Related enterprise	Sale	(856,872)	(90)	Set for 30 days after a month	-	-	118,670	61	

Note: All the transactions above have been eliminated from the consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2010

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Advantech Co., Ltd.	AESC	Indirect subsidiary	\$ 497,678	3.63	\$ -	-	\$ -	\$ -
	ANA	Indirect subsidiary	303,072	13.89	-	-	1,488	-
	ACN	Indirect subsidiary	312,474	4.88	-	-	-	-
	AiSC	Indirect subsidiary	266,489	4.16	-	-	-	-
	AKMC	Indirect subsidiary	128,164	4.03	-	-	-	-
ATC	Advantech Co., Ltd.	Parent company	831,696	4.49	-	-	147,640	-
Advansus Corp.	Advantech Co., Ltd.	Parent company	157,532	11.70	-	-	-	-
	AKMC	Related enterprise	151,290	7.69	-	-	4,148	-
AKMC	ATC	Related enterprise	118,670	15.95	-	-	118,670	-

Note: All the transactions above have been eliminated from the consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd.	AAC (BVI)	BVI	Investment holding company	\$ 1,078,934	\$ 1,078,934	32,606,500	100.00	\$ 1,878,820	\$ 24,518	\$ 27,858	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,044,818	1,044,818	32,750,000	100.00	2,012,750	94,816	94,349	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	180,000	180,000	18,000,000	50.00	224,808	23,769	11,842	Equity-method investee
	AEU	Helmond, The Netherlands	Investment holding company	993,318	439,782	9,572,024	100.00	764,709	(10,427)	(10,427)	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment and management service	900,000	700,000	90,000,000	100.00	829,587	281	(1,570)	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	269,222	269,222	21,779,984	27.63	350,852	31,903	8,984	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	65,433	2,994	2,994	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	95,608	214	214	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	121,882	5,048	5,048	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	51,662	51,662	12,300,000	100.00	76,662	(526)	(483)	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	45,247	1,934	1,934	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	15,060	-	-	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	58,173	-	303,000	50.50	69,662	20,344	10,274	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	6,887	2,464	1,479	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	49,964	(36)	(36)	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(7,734)	(619)	(619)	Subsidiary (Note A)
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	243,868	242,668	19,929,222	79.72	187,354	(14,781)	(11,765)	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	14,830	149	149	Indirect subsidiary
	Broadwin Technology, Inc. Cermate Technologies Inc.	Taipei, Taiwan Taipei, Taiwan	Assembly and production of computers	99,783 71,500	99,783 -	6,851,782 5,500,000	70.08 55.00	110,225 69,901	(833) (6,135)	(584) (1,534)	Indirect subsidiary Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	1,026,430	1,026,430	35,650,001	100.00	1,251,077	24,124	24,124	Indirect subsidiary
ATC (HK)	AKMC	Kunshan, China	Production and sale of components of industrial automation products	1,026,430	1,026,430	-	100.00	1,251,293	24,124	24,124	Indirect subsidiary
AYS	ADMC	Guangzhou, China	Production and sale of industrial automation products	51,662	51,662	-	100.00	53,949	(471)	(471)	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	991,909	17,014	17,014	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	539,146	15,230,001	100.00	885,738	7,561	7,561	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	185,356	185,356	-	100.00	490,132	6,448	6,448	Indirect subsidiary
	SHHQ	Shanghai, China	Sale of industrial automation products	96,750	96,750	-	100.00	90,058	150	150	Indirect subsidiary
	AiSC	Shanghai, China	Sale of industrial automation products	257,040	257,040	-	100.00	286,381	7,299	7,299	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	18,269	(6,335)	(6,335)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processes and sale of peripherals	13,727	13,727	-	60.00	12,772	(333)	(200)	Equity-method investee
AEU	AESC	Eindhoven, The Netherlands	Sale of industrial automation products	90,450	90,450	8,314,280	100.00	91,338	(8,243)	(8,243)	Indirect subsidiary
	ADL	Munich, Germany	Sale of industrial automation products	46,028	46,028	1,142,000	100.00	(141,268)	(5,580)	(5,580)	Indirect subsidiary (Note A)
	APL DLoG	Warsaw, Poland Munich, Germany	Sale of industrial automation products Sale of industrial automation products	10,285 553,536	10,285 -	6,530 1	92.89 100.00	34,677 552,099	(151) 7,689	(140) 3,173	Indirect subsidiary Indirect subsidiary
ASG	APN	Penang, Malaysia	Sale of industrial automation products	8,181	8,181	570,570	55.00	5,543	-	-	Indirect subsidiary
	ATH	Thailand	Production of computers	2,495	2,495	30,000	30.00	6,787	(647)	(194)	Indirect subsidiary
	AKL	Kuala Lumpur, Malaysia	Sale of industrial automation products	7,264	7,264	418,000	55.00	3,654	-	-	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value			
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	\$ 3,719	\$ 7,188	950,000	28.50	\$ 5,569	\$ (284)	\$ (53)	Indirect subsidiary (Note A)
	Lantech Communications Inc.	Taipei, Taiwan	Retail sale of electronic materials	11,595	11,595	1,159,500	77.30	-	-	-	Indirect subsidiary
	LANSONIC (B.V.I.)	BVI	General investment	101,188	101,188	3,527,529	94.83	(45,792)	HK\$ (2,128)	HK\$ (2,128)	Indirect subsidiary (Note A)
LANSONIC (B.V.I.)	Netstar Electronics Corporation (Dongguan)	Guangzhou, China	Network and UPS product manufacture business	HK\$ 2,935	HK\$ 2,935	-	100.00	HK\$ (29,326)	HK\$ (2,128)	HK\$ (2,128)	Indirect subsidiary (Note A)
Broadwin Technology, Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of Webaccess software	69,492	69,492	5,643,650	100.00	17,344	462	462	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	-	1,000,000	100.00	29,287	1,347	1,347	Indirect subsidiary
LandMark	Cermate (Shanghai)	Shanghai, China	Sale of industrial electronic products	US\$ 572	-	-	100.00	18,335	160	160	Indirect subsidiary
	Cermate (Shenzhen)	Shenzhen, China	Manufacture of LCD touch panel, USB data cable and industrial automation products	US\$ 308	-	-	90.00	10,952	1,780	1,187	Indirect subsidiary

Note A: The carrying value is shown as part of other liabilities.

Note B: The financial statements used as basis of net asset values were not reviewed by CPA.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

THREE MONTHS ENDED MARCH 31, 2010

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of March 31, 2010	Accumulated Inward Remittance of Earnings as of March 31, 2010
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US\$35,650 thousand	Indirect	\$ 994,088 (US\$ 31,300 thousand)	\$ -	\$ -	\$ 994,088 (US\$ 31,300 thousand)	100%	\$ 24,124	\$ 1,251,293	\$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US\$3,000 thousand	Indirect	95,280 (US\$ 3,000 thousand)	-	-	95,280 (US\$ 3,000 thousand)	100%	150	90,058	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US\$4,230 thousand	Indirect	169,344 (US\$ 5,332 thousand)	-	-	169,344 (US\$ 5,332 thousand)	100%	6,448	490,132	356,824 (US\$ 11,235 thousand)
Advantech Electronic Technology (Dongguan) Co., Ltd. (ADMC)	Production and sale of industrial automation products	US\$1,400 thousand	Indirect	(Note C)	-	-	(Note C)	100%	(471)	53,949	-
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US\$8,000 thousand	Indirect	254,080 (US\$ 8,000 thousand)	-	-	254,080 (US\$ 8,000 thousand)	100%	7,299	286,381	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US\$1,000 thousand	Indirect	(Note D)	-	-	-	100%	(6,335)	18,269	-

Accumulated Investment in Mainland China as of March 31, 2010	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,519,144 (US\$47,832 thousand) (Note E)	\$2,302,600 (US\$72,500 thousand)	\$7,992,096 (Note G)

(Continued)

Note A: The financial statements used as basis of net asset values were not reviewed by CPA.

Note B: The significant events, prices, payment terms and unrealized gains or losses generated on trading between Advantech Co., Ltd. and its investees in Mainland China are described in Note 17 to the financial statements and Tables 1, 2, 5 and 6.

Note C: Remittance by Advantech Technology Co., Ltd.

Note D: Remittance by Advantech Automation Corp. (H.K.) Limited.

Note E: Included the outflow on investment in Yan Hua (Guang Zhou Bao Shui Qu) Co., Ltd. (AGZ) of US\$200 thousand. This company had liquidated already, after the capitals of the original investment is inflow back, the Company will submit this incident to MOEA for approving and terminating this case under the regulation.

Note F: The exchange rate was US\$1.00=NT\$31.76.

Note G: The upper limit on investment was based on 60% of the consolidated net asset value of Advantech Co., Ltd. (the "Company").

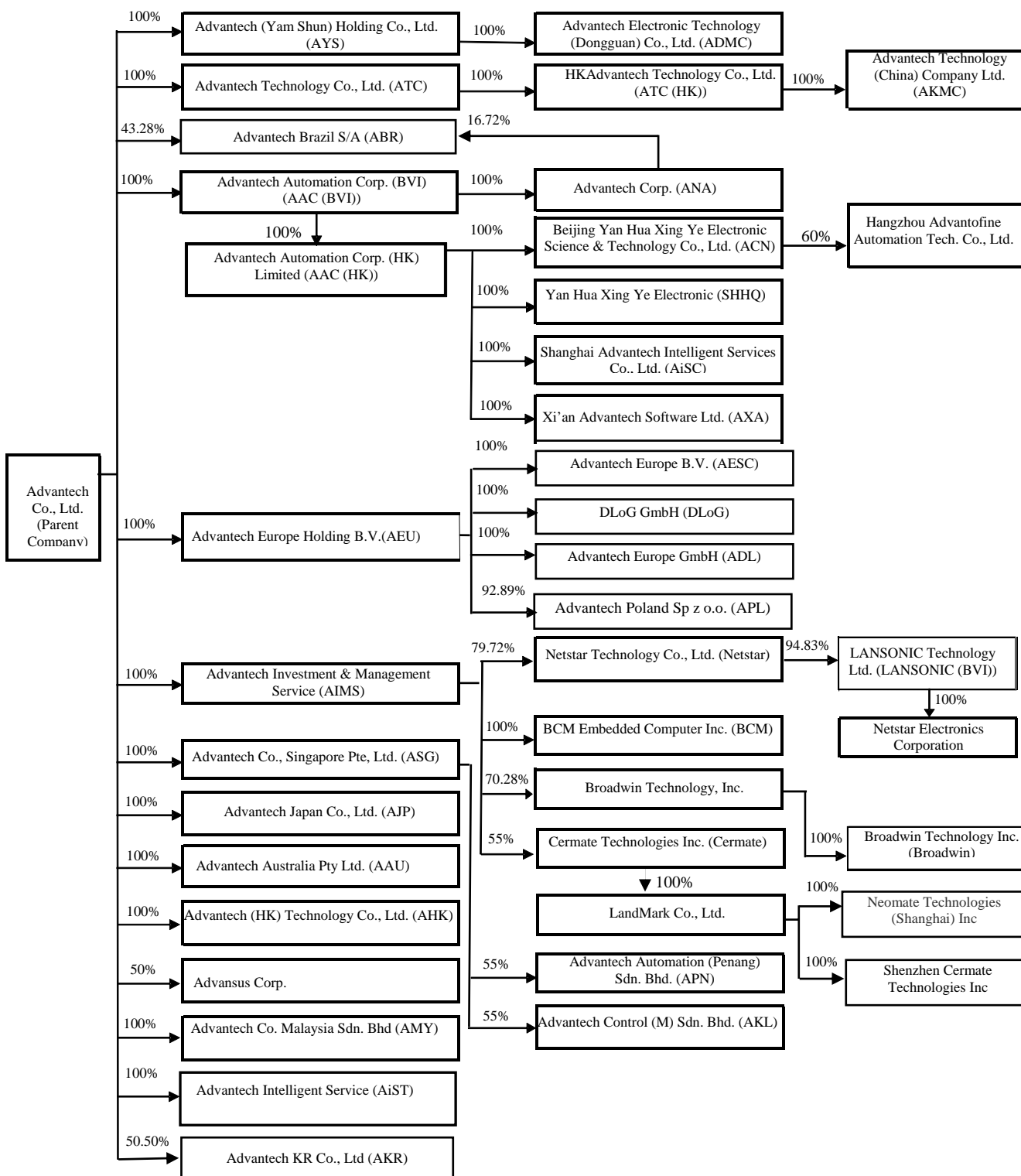
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TABLE 9

ADVANTECH CO., LTD. AND SUBSIDIARIES

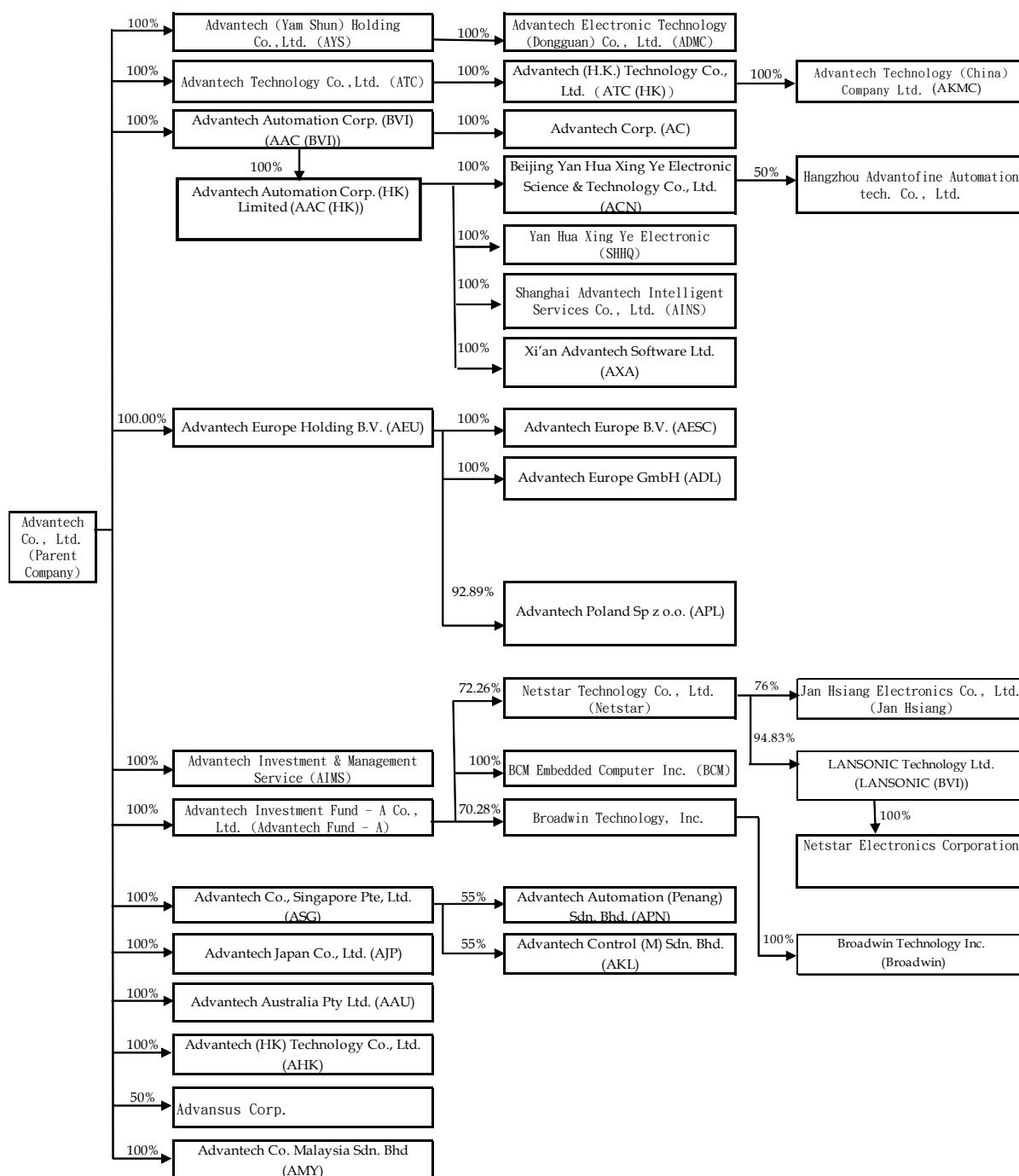
**ORGANIZATION CHART
MARCH 31, 2010 AND 2009**

Intercompany relationships and percentages of ownership as of March 31, 2010 are shown below:



Note: Advansus Corp. was consolidated using the proportionate consolidated method.

Intercompany relationships and percentages of ownership as of March 31, 2009 are shown below:



Note: Advansus Corp. and Hangzhou Advantofine Automation tech. Co., Ltd. were consolidated using the proportionate consolidated method.

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

March 31, 2010

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd	AESC	1	Sales	\$ 406,509	Normal	9%
		AESC	1	Receivables from related parties	497,733	30 days	3%
		AESC	1	Purchase	464	Normal	-
		AESC	1	Payables to related parties	87	30 days	-
		ACN	1	Sales	382,885	Normal	9%
		ACN	1	Receivables from related parties	318,885	45 days	2%
		ACN	1	Purchase	299	Normal	-
		ACN	1	Payables to related parties	146	30 days	-
		ATC	1	Purchase	992,280	Normal	23%
		ATC	1	Payables to related parties	831,696	60 days	5%
		ATC	1	Royalty income	49,689	Normal	1%
		AKMC	1	Sales	97,172	Normal	2%
		AKMC	1	Receivables from related parties	128,516	45 days	1%
		AKMC	1	Payables to related parties	355	60 days	-
		AAU	1	Sales	41,247	Normal	1%
		AAU	1	Receivables from related parties	36,154	60-90 days	-
		AAU	1	Purchase	9	Normal	-
		AAU	1	Payables to related parties	8	60-90 days	-
		ASG	1	Sales	28,977	Normal	1%
		ASG	1	Receivables from related parties	21,996	60-90 days	-
		ASG	1	Payables to related parties	51	60-90 days	-
		AJP	1	Sales	81,933	Normal	2%
		AJP	1	Receivables from related parties	61,311	60-90 days	-
		AJP	1	Payables to related parties	1	60-90 days	-
		Advansus Corp.	1	Sales	1,960	Normal	-
		Advansus Corp.	1	Receivables from related parties	2,582	60-90 days	-
		Advansus Corp.	1	Purchase	409,494	Normal	9%
		Advansus Corp.	1	Payables to related parties	157,532	60-90 days	1%
		Advansus Corp.	1	Rental revenue	1,755	Normal	-
		Advansus Corp.	1	Other revenue	2,303	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	195	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	451	30 days	-
		BCM Embedded Computer Inc.	1	Purchase	37	Normal	-
		BCM Embedded Computer Inc.	1	Sales	307	Normal	-
		Advantech Fund - A	1	Rental revenue	9	Normal	-
		Broadwin Technology, Inc.	1	Sales	241	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	400	60 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Broadwin Technology, Inc.	1	Purchase	\$ 172	Normal	-
		Broadwin Technology, Inc.	1	Payables to related parties	167	60 days	-
		Broadwin Technology, Inc.	1	Other revenue	140	Normal	-
		ADL	1	Receivables from related parties	796	30 days	-
		ADL	1	Payables to related parties	511	30 days	-
		AMY	1	Sales	8,800	Normal	-
		AMY	1	Receivables from related parties	5,476	45 days	-
		AMY	1	Payables to related parties	501	Normal	-
		APL	1	Sales	2,000	Normal	-
		APL	1	Receivables from related parties	1,923	45 days	-
		APL	1	Payables to related parties	14	30 days after invoice date	-
		APL	1	Purchase	15	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	12,739	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	9,816	60 days	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	5,189	25th of every quarter	-
		Netstar Technology Co., Ltd.	1	Sales	2,392	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	160	Normal	-
		Jan Hsiang	1	Purchase	5,391	Normal	-
		Jan Hsiang	1	Payables to related parties	2,058	60 days	-
		AYS	1	Payables to related parties	22,764	90 days	-
		AiSC	1	Sales	313,922	Normal	7%
		AiSC	1	Receivables from related parties	266,489	45 days	2%
		AiSC	1	Payables to related parties	8,162	45 days	-
		ANA	1	Sales	836,394	Normal	19%
		ANA	1	Purchase	12,600	Normal	-
		ANA	1	Receivables from related parties	304,387	45 days	2%
		ANA	1	Payables to related parties	6,086	45 days	-
		AHK	1	Payables to related parties	4	60 days	-
		AHK	1	Receivables from related parties	41	60 days	-
		ABR	1	Receivables from related parties	14,495	90 days	-
		ABR	1	Sales	16,231	Normal	-
		ABR	1	Payables to related parties	55	Normal	-
		Cermate	1	Receivables from related parties	42	Every 6 months (June and December)	-
		Cermate	1	Other revenue	40	Normal	-
1	ANA	Advantech Co., Ltd	2	Sales	12,600	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	6,086	45 days	-
		Advantech Co., Ltd	2	Purchase	836,394	Normal	19%
		Advantech Co., Ltd	2	Payables to related parties	304,387	45 days	2%
		ASG	3	Sales	42	Normal	-
		AESC	3	Sales	577	Normal	-
		AESC	3	Receivables from related parties	36,761	60-90 days	-
		AESC	3	Purchase	613	Normal	-
		AESC	3	Interest revenue	249	Normal	-
		AAU	3	Sales	68	Normal	-
		AAU	3	Payables to related parties	11	30 days after invoice date	-
		ACN	3	Sales	236	Normal	-
		AMY	3	Sales	110	60 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AKMC	3	Receivables from related parties	\$ 92,104	30 days after invoice date	1%
		AKMC	3	Interest revenue	463	30 days	-
		AJP	3	Sales	12	Normal	-
		AJP	3	Receivables from related parties	12	15 days after invoice date	-
		ADL	3	Payables to related parties	9	30 days	-
		AMY	3	Receivables from related parties	47	30 days	-
2	AESC	Advantech Co., Ltd	2	Sales	464	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	87	30 days	-
		Advantech Co., Ltd	2	Purchase	406,509	Normal	9%
		Advantech Co., Ltd	2	Payables to related parties	497,733	30 days	3%
		ADL	3	Sales	1,327	Normal	-
		ADL	3	Commission expense	94,810	Normal	2%
		ADL	3	Receivables from related parties	37,921	30 days after invoice date	-
		ADL	3	Payables to related parties	(36,453)	30 days after invoice date	-
		APL	3	Receivables from related parties	279	30 days	-
		APL	3	Payables to related parties	18,150	30 days after invoice date	-
		AAU	3	Receivables from related parties	44	30 days	-
		AJP	3	Payables to related parties	12	45 days	-
		ANA	3	Sales	613	Normal	-
		ANA	3	Purchase	577	Normal	-
		ANA	3	Interest expense	249	Normal	-
		ANA	3	Payables to related parties	36,761	60-90 days	-
		APL	3	Sales	194	30 days	-
		AAU	3	Sales	45	Normal	-
3	ACN	Advantech Co., Ltd	2	Sales	299	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	146	30 days	-
		Advantech Co., Ltd	2	Purchase	382,885	Normal	9%
		Advantech Co., Ltd	2	Payables to related parties	318,885	45 days	2%
		ANA	3	Purchase	236	Normal	-
		AHK	3	Sales	18	Every two months	-
		AKMC	3	Purchase	7,494	Normal	-
		AKMC	3	Payables to related parties	5,684	60-90 days	-
		AKMC	3	Sales	3,097	Normal	-
		AKMC	3	Rental expense	927	Normal	-
		AKMC	3	Interest revenue	478	Normal	-
		SHHQ	3	Interest expense	157	Normal	-
		AXA	3	Receivables from related parties	16,447	Prompt collection	-
		AXA	3	Payables to related parties	36	25th of every month	-
		AiSC	3	Interest expense	425	60 days	-
		AiSC	3	Receivables from related parties	126,227	25th of every month	1%
		AiSC	3	Sales	45,452	Normal	1%
		AiSC	3	Purchase	37,559	Normal	1%
		AiSC	3	Payables to related parties	76,981	25th of every month	-
		AAU	3	Sales	366	Normal	-
		AAC(BVI)	3	Dividend payable	14,598	Cash on delivery	-
		AEU	3	Sales	288	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
4	ATC	Advantech Co., Ltd	2	Receivables from related parties	\$ 831,696	60 days	5%
		Advantech Co., Ltd	2	Royalty expense	49,689	Normal	1%
		Advantech Co., Ltd	2	Sales	992,280	Normal	23%
		AKMC	3	Purchase	856,872	Normal	20%
		AKMC	3	Payables to related parties	118,670	60-90 days	1%
		AKMC	3	Sales	16,289	Normal	-
		AKMC	3	Receivables from related parties	15,201	60-90 days	-
		ADL	3	Payables to related parties	8,522	7 days after invoice date	-
5	AKMC	Advantech Co., Ltd	2	Purchase	97,172	Normal	2%
		Advantech Co., Ltd	2	Payables to related parties	128,516	45 days	1%
		Advantech Co., Ltd	2	Receivables from related parties	355	60 days	-
		ACN	3	Purchase	3,097	Normal	-
		ACN	3	Rental revenue	927	Normal	-
		ACN	3	Sales	7,494	Normal	-
		ACN	3	Receivables from related parties	5,684	60-90 days	-
		ACN	3	Interest expense	478	Normal	-
		ATC	3	Payables to related parties	15,201	60-90 days	-
		ATC	3	Sales	856,872	Normal	20%
		ATC	3	Purchase	16,289	Normal	-
		ATC	3	Receivables from related parties	118,670	60-90 days	1%
		AiSC	3	Receivables from related parties	17,926	Prompt collection	-
		AiSC	3	Sales	34,818	Normal	1%
		AiSC	3	Purchase	1,317	Normal	-
		AiSC	3	Payables to related parties	938	30 days	-
		AJP	3	Payables to related parties	108	45 days	-
		ANA	3	Payables to related parties	92,104	30 days after invoice date	1%
		ANA	3	Interest expense	463	30 days	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	45,791	Per quarter	-
		Netstar Technology Co., Ltd.	3	Sales	47,093	Per quarter	1%
		Netstar Technology Co., Ltd.	3	Purchase	15,000	Every two months	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	12,672	Every two months	-
		Advansus Corp.	3	Receivables from related parties	3,300	Prompt collection	-
Advansus Corp.	3	Payables to related parties	151,290	60-90 days	1%		
Advansus Corp.	3	Sales	3,287	Normal	-		
Advansus Corp.	3	Purchase	289,542	Normal	7%		
6	APL	Advantech Co., Ltd	2	Purchase	2,000	Normal	-
		Advantech Co., Ltd	2	Sales	15	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	1,923	45 days	-
		Advantech Co., Ltd	2	Receivables from related parties	14	30 days after invoice date	-
		AESC	3	Payables to related parties	279	30 days	-
		AESC	3	Receivables from related parties	18,150	30 days after invoice date	-
		AESC	3	Purchase	194	30 days	-
7	AEU	ACN	3	Purchase	288	Normal	-
		ADL	3	Receivables from related parties	86,307	30 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
8	ADL	Advantech Co., Ltd	2	Receivables from related parties	\$ 511	30 days	-
		Advantech Co., Ltd	2	Payables to related parties	796	30 days	-
		ANA	3	Receivables from related parties	9	30 days	-
		ATC	3	Receivables from related parties	8,522	7 days after invoice date	-
		AESC	3	Commission revenue	94,810	Normal	2%
		AESC	3	Purchase	1,327	Normal	-
		AESC	3	Receivables from related parties	(36,453)	30 days after invoice date	-
		AESC	3	Payables to related parties	37,921	30 days after invoice date	-
		AEU	3	Payables to related parties	86,307	30 days after invoice date	-
9	ASG	Advantech Co., Ltd	2	Receivables from related parties	51	60-90 days	-
		Advantech Co., Ltd	2	Purchase	28,977	Normal	1%
		Advantech Co., Ltd	2	Payables to related parties	21,996	60-90 days	-
		AMY	3	Receivables from related parties	380	30 days	-
		AMY	3	Sales	755	Normal	-
		AMY	3	Other expense	10	Normal	-
		ANA	3	Purchase	42	Normal	-
10	AJP	Advantech Co., Ltd	2	Receivables from related parties	1	60-90 days	-
		Advantech Co., Ltd	2	Purchase	81,933	Normal	2%
		Advantech Co., Ltd	2	Payables to related parties	61,311	60-90 days	-
		ANA	3	Purchase	12	Normal	-
		AKMC	3	Receivables from related parties	108	45 days	-
AESC	3	Receivables from related parties	12	45 days	-		
11	AAU	Advantech Co., Ltd	2	Purchase	41,247	Normal	1%
		Advantech Co., Ltd	2	Payables to related parties	36,154	60-90 days	-
		Advantech Co., Ltd	2	Sales	9	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	8	60-90 days	-
		AESC	3	Purchase	45	Normal	-
		AESC	3	Payables to related parties	44	30 days	-
		ANA	3	Purchase	68	Normal	-
		ANA	3	Receivables from related parties	11	30 days after invoice date	-
		ACN	3	Purchase	366	Normal	-
12	Advansus Corp.	Advantech Co., Ltd	2	Sales	409,494	Normal	9%
		Advantech Co., Ltd	2	Receivables from related parties	157,532	60-90 days	1%
		Advantech Co., Ltd	2	Purchase	1,960	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	2,582	60-90 days	-
		Advantech Co., Ltd	2	Rental expense	1,755	Normal	-
		Advantech Co., Ltd	2	Other expense	2,303	Normal	-
		AKMC	3	Payables to related parties	3,300	Cash on delivery	-
		AKMC	3	Purchase	3,287	Normal	-
		AKMC	3	Receivables from related parties	151,290	60-90 days	1%
		AKMC	3	Sales	289,542	Normal	7%
		BCM Embedded Computer Inc.	3	Receivables from related parties	5,239	60-90 days	-
		BCM Embedded Computer Inc.	3	Sales	12,578	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
13	Advantech Fund - A	Advantech Co., Ltd	2	Rental expense	\$ 9	Normal	-
14	AMY	Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd ASG ASG ANA	2 2 2 3 3 3	Purchase Payables to related parties Receivables from related parties Payables to related parties Other revenue Purchase	8,800 5,476 501 380 10 110	Normal 45 days Normal 30 days Normal 60 days	- - - - - -
15	SHHQ	ACN	3	Interest revenue	157	Normal	-
16	Netstar Technology Co., Ltd.	Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Broadwin Technology, Inc. Broadwin Technology, Inc. AKMC AKMC AKMC AKMC	2 2 2 2 2 3 3 3 3 3 3	Sales Purchase Receivables from related parties Payables to related parties Other expense Interest expense Payables to related parties Receivables from related parties Sales Payables to related parties Purchase	12,739 2,392 9,816 5,189 160 200 40,200 12,672 15,000 45,791 47,093	Normal Normal 60 days 25th of every quarter Normal Per quarter Per quarter Every two months Every two months Per quarter Per quarter	- - - - - - - - - - - 1%
17	Jan Hsiang	Advantech Co., Ltd Advantech Co., Ltd	2 2	Sales Receivables from related parties	5,391 2,058	Normal 60 days	- -
18	AYS	Advantech Co., Ltd	2	Receivables from related parties	22,764	90 days	-
19	BCM Embedded Computer Inc.	Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd AiSC Advansus Corp. Advansus Corp.	2 2 2 2 3 3 3	Rental expense Payables to related parties Purchase Sales Payables to related parties Payables to related parties Purchase	195 451 307 37 1,536 5,239 12,578	Normal 30 days Normal Normal Cash on delivery 60-90 days Normal	- - - - - - -
20	Broadwin Technology, Inc.	Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Netstar Technology Co., Ltd. Netstar Technology Co., Ltd.	2 2 2 2 2 3 3	Purchase Receivables from related parties Sales Payables to related parties Other expense Interest revenue Receivables from related parties	241 167 172 400 140 200 40,200	Normal 60 days Normal 60 days Normal Per quarter Per quarter	- - - - - - -
21	AHK	Advantech Co., Ltd Advantech Co., Ltd ACN AiSC	2 2 3 3	Receivables from related parties Payables to related parties Purchase Payables to related parties	4 41 18 11,598	60 days 60 days Normal 30 days	- - - -

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
22	AiSC	Advantech Co., Ltd	2	Purchase	\$ 313,922	Normal	7%
		Advantech Co., Ltd	2	Payables to related parties	266,489	60 days	2%
		Advantech Co., Ltd	2	Receivables from related parties	8,162	45 days	-
		AKMC	3	Sales	1,317	Normal	-
		AKMC	3	Purchase	34,818	Normal	1%
		AKMC	3	Payables to related parties	17,926	Cash on delivery	-
		AKMC	3	Receivables from related parties	938	30 days	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	1,536	Prompt collection	-
		ACN	3	Interest revenue	425	60 days	-
		ACN	3	Sales	37,559	Normal	1%
		ACN	3	Receivables from related parties	76,981	25th of every month	-
		ACN	3	Purchase	45,452	Normal	1%
		ACN	3	Payables to related parties	126,227	25th of every month	1%
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Receivables from related parties	5,395	Prompt collection	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Sales	5,147	Normal	-
AHK	3	Receivables from related parties	11,598	30 days	-		
23	Hangzhou Advantofine Automation tech. Co., Ltd.	AiSC	3	Payables to related parties	5,395	Cash on delivery	-
		AiSC	3	Purchase	5,147	Normal	-
24	AXA	ACN	3	Receivables from related parties	36	25th of every month	-
		ACN	3	Payables to related parties	16,447	Cash on delivery	-
25	AAC(BVI)	ACN	3	Dividend receivable	14,598	Prompt collection	-
26	ABR	Advantech Co., Ltd	2	Purchase	16,231	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	55	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	14,495	90 days	-
27	Cermate	Advantech Co., Ltd	2	Payables to related parties	42	Every 6 months (June and December)	-
		Advantech Co., Ltd	2	Other expense	40	Normal	-

(Continued)

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Number	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd.	AESC	1	Sales	\$ 381,442	Normal.	11%
		AESC	1	Receivables from related parties	389,272	30 days.	3%
		AESC	1	Purchase	165	Normal.	-
		AESC	1	Payables to related parties	374	30 days.	-
		ACN	1	Sales	453,594	Normal.	13%
		ACN	1	Receivables from related parties	411,628	45 days.	3%
		ACN	1	Purchase	578	Normal.	-
		ACN	1	Payables to related parties	952	30 days.	-
		ATC	1	Purchase	793,592	Normal.	22%
		ATC	1	Payables to related parties	596,714	60 days.	4%
		ATC	1	Royalty revenue	39,983	Normal.	1%
		AKMC	1	Sales	31,839	Normal.	1%
		AKMC	1	Receivables from related parties	10,519	45 days.	-
		AKMC	1	Payables to related parties	156	60 days.	-
		AAU	1	Sales	34,297	Normal.	1%
		AAU	1	Receivables from related parties	55,215	60-90 days.	-
		ASG	1	Sales	20,354	Normal.	1%
		ASG	1	Receivables from related parties	11,849	60-90 days.	-
		ASG	1	Payables to related parties	310	60-90 days.	-
		AJP	1	Sales	59,322	Normal.	2%
		AJP	1	Receivables from related parties	29,153	60-90 days.	-
		AJP	1	Payables to related parties	47	60-90 days.	-
		AJP	1	Purchase	49	Normal.	-
		Advansus Corp.	1	Sales	1,533	Normal.	-
		Advansus Corp.	1	Receivables from related parties	122,643	60-90 days.	1%
		Advansus Corp.	1	Purchase	239,971	Normal.	7%
		Advansus Corp.	1	Payables to related parties	35,480	60-90 days.	-
		Advansus Corp.	1	Rental revenue	1,755	Normal.	-
		Advansus Corp.	1	Other revenue	1,612	Normal.	-
		Advansus Corp.	1	Rental expense	2,664	Normal.	-
		AIMS	1	Rental revenue	75	Normal.	-
		AIMS	1	Other revenue	6	Normal.	-
		BCM Embedded Computer Inc.	1	Rental revenue	195	Normal.	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	173	30 days.	-
		BCM Embedded Computer Inc.	1	Payables to related parties	116	30 days.	-
		BCM Embedded Computer Inc.	1	Purchase	114	Normal.	-
		BCM Embedded Computer Inc.	1	Sales	100	Normal.	-
		Advantech Fund-A	1	Rental revenue	9	Normal.	-
		Broadwin Technology, Inc.	1	Sales	1,491	Normal.	-
		Broadwin Technology, Inc.	1	Receivables from related parties	1,539	60 days.	-
ADL	1	Purchase	56	Normal.	-		
ADL	1	Receivables from related parties	3,565	30 days.	-		
ADL	1	Payables to related parties	2,213	30 days.	-		

(Continued)

Number	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AMY	1	Sales	\$ 3,186	Normal.	-
		AMY	1	Receivables from related parties	4,155	45 days.	-
		AMY	1	Payables to related parties	2,718	60 days.	-
		AMY	1	Purchase	61	Normal.	-
		APL	1	Sales	2,467	Normal.	-
		APL	1	Receivables from related parties	9,376	45 days.	-
		APL	1	Payables to related parties	1,087	30 days after invoice date.	-
		APL	1	Purchase	3	Normal.	-
		Netstar Technology Co., Ltd.	1	Purchase	6,492	Normal.	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	4,845	60 days.	-
		Jan Hsiang	1	Purchase	3,403	Normal.	-
		Jan Hsiang	1	Payables to related parties	1,774	60 days.	-
		Jan Hsiang	1	Receivables from related parties	8	30 days.	-
		Jan Hsiang	1	Sales	12	Normal.	-
		AYS	1	Purchase	98,132	Normal.	3%
		AYS	1	Payables to related parties	58,041	90 days.	-
		AINS	1	Sales	163,030	Normal.	5%
		AINS	1	Receivables from related parties	154,390	45 days.	1%
		ADMC	1	Receivables from related parties	314	45 days.	-
		ADMC	1	Payables to related parties	80	60 days.	-
		ADMC	1	Sales	3	Normal.	-
		ANA	1	Sales	567,807	Normal.	16%
		ANA	1	Purchase	10,799	Normal.	-
		ANA	1	Receivables from related parties	155,872	45 days.	1%
		ANA	1	Payables to related parties	6,672	45 days.	-
		AHK	1	Purchase	317	Normal.	-
1	ANA	Advantech Co., Ltd.	2	Sales	10,799	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	6,672	45 days.	-
		Advantech Co., Ltd.	2	Purchase	567,807	Normal.	16%
		Advantech Co., Ltd.	2	Payables to related parties	155,872	45 days.	1%
		ASG	3	Sales	240	Normal.	-
		AESC	3	Sales	2,631	Normal.	-
		AESC	3	Receivables from related parties	102,947	60-90 days.	1%
		AESC	3	Purchase	2,013	Normal.	-
		AESC	3	Interest revenue	340	Normal.	-
		ATC	3	Receivables from related parties	2,606	60-90 days.	-
		ATC	3	Sales	93	Normal.	-
		AAU	3	Sales	7	Normal.	-
		AAU	3	Receivables from related parties	1	60-90 days.	-
		ACN	3	Sales	205	Normal.	-
		AKMC	3	Receivables from related parties	101,730	30 days after invoice date.	1%
		Advansus Corp.	3	Payables to related parties	12	Prompt payment.	-
		Advansus Corp.	3	Purchase	239	Normal.	-

(Continued)

Number	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
2	AESC	Advantech Co., Ltd.	2	Sales	\$ 165	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	374	30 days.	-
		Advantech Co., Ltd.	2	Purchase	381,442	Normal.	11%
		Advantech Co., Ltd.	2	Payables to related parties	389,272	30 days.	3%
		ADL	3	Sales	2,091	Normal.	-
		ADL	3	Interest revenue	789	Normal.	-
		ADL	3	Purchase	11	Normal.	-
		ADL	3	Commission expense	104,875	Normal.	3%
		ADL	3	Receivables from related parties	29,808	30 days after invoice date.	-
		ADL	3	Prepayments	51,785	30 days after invoice date.	-
		ADL	3	Payables to related parties	15,655	30 days after invoice date.	-
		APL	3	Sales discount	121	Normal.	-
		APL	3	Purchase	10,360	Normal.	-
		APL	3	Payables to related parties	7,060	30 days after invoice date.	-
		AEU	3	Payables to related parties	4,503	30 days after invoice date.	-
		ANA	3	Sales	2,013	Normal.	-
		ANA	3	Purchase	2,631	Normal.	-
		ANA	3	Interest expense	340	Normal.	-
		ANA	3	Payables to related parties	102,947	60-90 days.	1%
		AAU	3	Sales	21	Normal.	-
ACN	3	Sales	940	Normal.	-		
3	ACN	Advantech Co., Ltd.	2	Sales	578	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	952	30 days.	-
		Advantech Co., Ltd.	2	Purchase	453,594	Normal.	13%
		Advantech Co., Ltd.	2	Payables to related parties	411,628	45 days.	3%
		ANA	3	Purchase	205	Normal.	-
		AHK	3	Sales	12	Normal.	-
		AHK	3	Receivables from related parties	6,148	60-90 days.	-
		AKMC	3	Purchase	3,905	Normal.	-
		AKMC	3	Payables to related parties	3,645	60-90 days.	-
		AKMC	3	Sales	4,915	Normal.	-
		AKMC	3	Rental expense	985	Normal.	-
		AKMC	3	Receivables from related parties	104,876	60-90 days.	1%
		AKMC	3	Interest revenue	568	Normal.	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Receivables from related parties	778	60-90 days.	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Sales discount	1,984	Normal.	-
		SHHQ	3	Receivables from related parties	7,301	60-90 days.	-
		SHHQ	3	Sales	58,710	Normal.	2%
		SHHQ	3	Purchase	51	Normal.	-
SHHQ	3	Interest expense	155	Normal.	-		
SHHQ	3	Payables to related parties	20,075	60-90 days.	-		

(Continued)

Number	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AXA	3	Receivables from related parties	\$ 7,011	Prompt collection.	-
		AINS	3	Receivables from related parties	57,535	25th of every month.	-
		AINS	3	Sales	62,096	Normal.	2%
		AINS	3	Purchase	10,360	Normal.	-
		AINS	3	Payables to related parties	1,758	25th of every month.	-
		AAU	3	Receivables from related parties	743	30th of every month.	-
		AAU	3	Sales	2,165	Normal.	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	531	Prompt collection.	-
		AAC(BVI)	3	Dividend payable	2,134	Prompt payment.	-
		AEU	3	Receivables from related parties	429	60-90 days.	-
		AEU	3	Sales	807	Normal.	-
		AESC	3	Purchase	940	Normal.	-
4	ATC	Advantech Co., Ltd.	2	Receivables from related parties	596,714	60 days.	4%
		Advantech Co., Ltd.	2	Royalty expene	39,983	Normal.	1%
		Advantech Co., Ltd.	2	Sales	793,592	Normal.	22%
		AKMC	3	Purchase	648,046	Normal.	18%
		AKMC	3	Payables to related parties	222,200	60-90 days.	1%
		AKMC	3	Receivables from related parties	141	60-90 days.	-
		ANA	3	Purchase	93	Normal.	-
		ANA	3	Payables to related parties	2,606	60-90 days.	-
		ADL	3	Purchase	4,063	Normal.	-
		ADL	3	Payables to related parties	5,976	7 days after invoice date.	-
5	AKMC	Advantech Co., Ltd.	2	Purchase	31,839	Normal.	1%
		Advantech Co., Ltd.	2	Payables to related parties	10,519	45 days.	-
		Advantech Co., Ltd.	2	Receivables from related parties	156	60 days.	-
		ACN	3	Purchase	4,915	Normal.	-
		ACN	3	Rental revenue	985	Normal.	-
		ACN	3	Sales	3,905	Normal.	-
		ACN	3	Receivables from related parties	3,645	60-90 days.	-
		ACN	3	Payables to related parties	104,876	60-90 days.	1%
		ACN	3	Interest expense	568,258	Normal.	16%
		AAU	3	Sales	182	Normal.	-
		AAU	3	Receivables from related parties	100	Prompt collection.	-
		ADMC	3	Receivables from related parties	9,945	60-90 days.	-
		ADMC	3	Sales	1,121	Normal.	-
		ATC	3	Payables to related parties	141	60-90 days.	-
		ATC	3	Sales	648,046	Normal.	18%
		ATC	3	Receivables from related parties	222,200	60-90 days.	1%
		SHHQ	3	Receivables from related parties	36	60-90 days.	-
		AINS	3	Receivables from related parties	16,439	Prompt collection.	-
		AINS	3	Sales	18,412	Normal.	1%
		AINS	3	Purchase	282	Normal.	-
		AINS	3	Payables to related parties	330	30 days.	-
		ANA	3	Payables to related parties	101,730	30 days after invoice date.	1%

(Continued)

Number	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advansus Corp. Advansus Corp.	3 3	Payables to related parties Purchase	\$ 163,799 325,898	60-90 days. Normal.	1% 9%
6	ADMC	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. AYS AYS AKMC AKMC	2 2 2 3 3 3 3	Purchase Payables to related parties Receivables from related parties Sales Receivables from related parties Payables to related parties Purchase	3 314 80 97,373 33,716 9,945 1,121	Normal. 45 days. 60 days. Normal. 60-90 days. 60-90 days. Normal.	- - - 3% - - -
7	APL	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. ADL AESC AESC AESC	2 2 2 2 3 3 3 3	Purchase Sales Payables to related parties Receivables from related parties Receivables from related parties Sales Receivables from related parties Receivables from related parties	2,467 3 9,376 1,087 12 10,360 7,060 7,060	Normal. Normal. 45 days. 30 days after invoice date. 30 days after invoice date. Normal. 30 days after invoice date. 30 days after invoice date.	- - - - - - - -
8	AEU	ACN ACN ADL AESC	3 3 3 3	Payables to related parties Purchase Receivables from related parties Receivables from related parties	429 807 74,607 4,503	60-90 days. Normal. 30 days after invoice date. 30 days after invoice date.	- - - -
9	ADL	ATC ATC AESC AESC AESC AESC AESC AESC AESC AESC AEU APL	3 3 3 3 3 3 3 3 3 3 3 3	Sales Receivables from related parties Sales Commission revenue Purchase Interest expense Receivables from related parties Payables to related parties Advance receipts Payables to related parties Payables to related parties	4,063 5,976 11 104,875 2,091 789 15,655 29,808 51,785 74,607 12	Normal. 7 days after invoice date. Normal. Normal. Normal. Normal. 30 days after invoice date. 30 days after invoice date. 30 days after invoice date. 30 days after invoice date. 30 days after invoice date.	- - - 3% - - - - - - -
10	ASG	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. AMY ANA	2 2 2 3 3	Receivables from related parties Purchase Payables to related parties Receivables from related parties Purchase	310 20,354 11,849 43 240	60-90 days. Normal. 60-90 days. 30 days. Normal.	- 1% - - -
11	AJP	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd.	2 2 2 2	Sales Receivables from related parties Purchase Payables to related parties	49 47 59,322 29,153	Normal. 60-90 days. Normal. 60-90 days.	- - 2% -

(Continued)

Number	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
12	AAU	Advantech Co., Ltd.	2	Purchase	\$ 34,297	Normal.	1%
		Advantech Co., Ltd.	2	Payables to related parties	55,215	60-90 days.	-
		AKMC	3	Purchase	182	Normal.	-
		AKMC	3	Payables to related parties	100	Prompt payment.	-
		AESC	3	Purchase	21	Normal.	-
		ANA	3	Purchase	7	Normal.	-
		ANA	3	Payables to related parties	1	60-90 days.	-
		ACN	3	Payables to related parties	743	30th of every month.	-
		ACN	3	Purchase	2,165	Normal.	-
13	Advansus Corp.	Advantech Co., Ltd.	2	Sales	239,971	Normal.	7%
		Advantech Co., Ltd.	2	Receivables from related parties	35,480	60-90 days.	-
		Advantech Co., Ltd.	2	Purchase	1,533	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	122,643	60-90 days.	1%
		Advantech Co., Ltd.	2	Rental expense	1,755	Normal.	-
		Advantech Co., Ltd.	2	Rental revenue	2,664	Normal.	-
		Advantech Co., Ltd.	2	Other expense	1,612	Normal.	-
		ANA	3	Receivables from related parties	12	Prompt collection.	-
		ANA	3	Sales	239	Normal.	-
		AKMC	3	Receivables from related parties	163,799	60-90 days.	1%
		AKMC	3	Sales	325,898	Normal.	9%
		BCM Embedded Computer Inc.	3	Receivables from related parties	3,546	60-90 days.	-
		BCM Embedded Computer Inc.	3	Sales	6,314	Normal.	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	42	30 days.	-
		Netstar Technology Co., Ltd.	3	Sales	47	Normal.	-
		14	AIMS	Advantech Co., Ltd.	2	Rental expense	75
Advantech Co., Ltd.	2			Other expense	6	Normal.	-
15	Advantech Fund-A	Advantech Co., Ltd.	2	Rental expense	9	Normal.	-
16	AMY	Advantech Co., Ltd.	2	Sales	61	Normal.	-
		Advantech Co., Ltd.	2	Purchase	3,186	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	4,155	45 days.	-
		Advantech Co., Ltd.	2	Receivables from related parties	2,718	60 days.	-
		ASG	3	Payables to related parties	43	30 days.	-
17	SHHQ	ASG	3	Purchase	156	Normal.	-
		AKMC	3	Payables to related parties	36	60-90 days.	-
		AHK	3	Receivables from related parties	8,773	60 days.	-
		AINS	3	Receivables from related parties	5,110	25th of every month.	-
		ACN	3	Purchase	58,710	Normal.	2%
		ACN	3	Payables to related parties	7,301	60-90 days.	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	79	Prompt collection.	-
		ACN	3	Receivables from related parties	20,075	60-90 days.	-
		ACN	3	Sales	51	Normal.	-
		ACN	3	Interest revenue	155	Normal.	-

(Continued)

Number	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
18	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	\$ 6,492	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	4,845	60 days.	-
		Advansus Corp.	3	Payables to related parties	42	30 days.	-
		Advansus Corp.	3	Purchase	47	Normal.	-
19	Jan Hsiang	Advantech Co., Ltd.	2	Sales	3,403	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,774	60 days.	-
		Advantech Co., Ltd.	2	Payables to related parties	8	30 days.	-
		Advantech Co., Ltd.	2	Purchase	12	Normal.	-
20	AYS	Advantech Co., Ltd.	2	Sales	98,132	Normal.	3%
		Advantech Co., Ltd.	2	Receivables from related parties	58,041	90 days.	-
		ADMC	3	Purchase	97,373	Normal.	3%
		ADMC	3	Payables to related parties	33,716	60-90 days.	-
21	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Rental expense	195	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	173	30 days.	-
		Advantech Co., Ltd.	2	Purchase	100	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	116	30 days.	-
		Advantech Co., Ltd.	2	Sales	114	Normal.	-
		Advansus Corp.	3	Payables to related parties	3,546	60-90 days.	-
		Advansus Corp.	3	Purchase	6,314	Normal.	-
		SHHQ	3	Payables to related parties	79	Prompt payment.	-
		ACN	3	Payables to related parties	531	Prompt payment.	-
		AINS	3	Payables to related parties	80	Prompt payment.	-
		22	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Purchase	1,491
Advantech Co., Ltd.	2			Payables to related parties	1,539	60 days.	-
23	AHK	Advantech Co., Ltd.	2	Sales	317	Normal.	-
		ACN	3	Payables to related parties	6,148	60-90 days.	-
		ACN	3	Purchase	12	Normal.	-
		SHHQ	3	Payables to related parties	8,773	60 days.	-
		AINS	3	Payables to related parties	47	30 days.	-
24	AINS	Advantech Co., Ltd.	2	Purchase	163,030	Normal.	5%
		Advantech Co., Ltd.	2	Payables to related parties	154,390	60 days.	1%
		AKMC	3	Sales	282	Normal.	-
		AKMC	3	Purchase	18,412	Normal.	1%
		AKMC	3	Payables to related parties	16,439	Prompt payment.	-
		AKMC	3	Receivables from related parties	330	30 days.	-
		SHHQ	3	Payables to related parties	5,110	25th of every month.	-
		ACN	3	Sales	10,360	Normal.	-
		ACN	3	Receivables from related parties	1,758	25th of every month.	-
		ACN	3	Purchase	62,096	Normal.	2%
		ACN	3	Payables to related parties	57,535	25th of every month.	-
		AHK	3	Receivables from related parties	47	30 days.	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	80	Prompt collection.	-

(Continued)

Number	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
25	Hangzhou Advantofine Automation Tech. Co., Ltd.	ACN	3	Payables to related parties	\$ 778	60-90 days.	-
		ACN	3	Purchase discount	1,984	Normal.	-
26	AXA	ACN	3	Payables to related parties	7,011	Prompt collection.	-
27	AAC (BVI)	ACN	3	Dividend receivable	2,134	Prompt collection.	-

Note A: Significant transactions between parent company and its subsidiaries or among subsidiaries are numbered as follows:

1. "0" for Advantech Co., Ltd.
2. Subsidiaries are numbered from "1".

Note B: Flow of related-party transactions is as follows:

1. From parent company Advantech Co., Ltd. to its subsidiary.
2. Subsidiary to its parent company, Advantech Co., Ltd.
3. Among subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of March 31, 2010 and 2009, respectively; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the three months ended March 31, 2010 and 2009, respectively.

Note D: All intercompany transactions have been eliminated.

(Concluded)