

**Advantech Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2011 and 2010 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. ("Parent Company") and subsidiaries as of June 30, 2011 and 2010 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Parent Company's management. Our responsibility is to issue a report 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 - "Engagements to Review 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 financial statements, we did not review the financial statements as of and for the six months ended June 30, 2011 and 2010 of some consolidated subsidiaries. As of June 30, 2011 and 2010, the subsidiaries' total assets were 29.02% (NT\$6,409,975 thousand) and 31.32% (NT\$5,869,153 thousand), respectively, of the consolidated total assets, and their total liabilities were 15.30% (NT\$1,281,484 thousand) and 20.95% (NT\$1,436,632 thousand), respectively, of the consolidated total liabilities. In the six months ended June 30, 2011 and 2010, the operating revenues of these subsidiaries were 53.81% (NT\$7,236,590 thousand) and 55.61% (NT\$5,726,011 thousand), respectively, of the consolidated operating revenues, and the net incomes were 14.39% (NT\$270,740 thousand) and 11.54% (NT\$166,499 thousand), respectively, of the consolidated total net income. Also, as stated in Note 9 to the financial statements, we did not review the financial statements of equity-method investees as of and for the six months ended June 30, 2011 and 2010. As of June 30, 2011 and 2010, the carrying values of these investments were NT\$375,807 thousand and NT\$390,947 thousand, respectively, of the consolidated total assets, and the net investment gains were NT\$22,217 thousand and NT\$25,410 thousand in the six months ended June 30, 2011 and 2010, respectively. These investment amounts as well as additional disclosures in Note 25 required by the Securities and Futures Bureau for the Parent Company and its investees were based on the investees' unreviewed financial statements for the same reporting periods as those of the Parent 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 and accounting principles generally accepted in the Republic of China.

August 5, 2011

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' review 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' review report and consolidated financial statements shall prevail.*

## ADVANTECH CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

JUNE 30, 2011 AND 2010

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

(Reviewed, Not Audited)

ASSETS	2011		2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 2,771,581	13	\$ 3,055,613	16	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 24)	\$ 50,128	-	\$ 28,882	-
Financial assets at fair value through profit or loss (Notes 2, 5 and 24)	28,042	-	46,091	-	Short-term bank loans (Notes 12 and 24)	152,980	1	92,861	-
Available-for-sale financial assets - current (Notes 2, 6 and 24)	16,297	-	13,176	-	Accounts payable (Note 21)	2,627,677	12	2,366,415	13
Notes receivable (Note 2)	338,379	2	223,164	1	Income tax payable (Notes 2 and 18)	388,185	2	303,915	2
Accounts receivable, net of allowance for doubtful accounts of \$58,531 thousand in 2011 and \$52,200 thousand in 2010 (Note 2)	3,979,622	18	3,214,910	17	Accrued expenses (Note 16)	1,858,054	8	1,274,227	7
Accounts receivable - related parties (Notes 2 and 21)	24,276	-	40,190	-	Dividend payable (Note 16)	1,755,718	8	2,006,535	11
Other receivables	116,063	-	82,792	1	Long-term bank loans - current portion (Notes 13 and 24)	2,500	-	2,501	-
Inventories, net (Notes 2 and 7)	4,411,826	20	3,285,889	18	Advance receipts and other current liabilities	260,454	1	369,649	2
Deferred income tax assets - current (Notes 2 and 18)	64,035	-	60,679	-	Total current liabilities	7,095,696	32	6,444,985	35
Restricted current assets (Note 22)	-	-	620	-					
Prepayments and other current assets	280,746	1	372,084	2	<b>LONG-TERM LIABILITIES</b>				
Total current assets	12,030,867	54	10,395,208	55	Convertible bonds payable (Notes 14 and 24)	752,277	4	-	-
					Long-term bank loans (Notes 13 and 24)	18,347	-	20,847	-
<b>LONG-TERM FUNDS AND INVESTMENTS</b>					Total long-term liabilities	770,624	4	20,847	-
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 24)	2,456,032	11	2,417,244	13	<b>OTHER LIABILITIES</b>				
Financial assets carried at cost - noncurrent (Notes 2 and 8)	103,588	-	103,588	1	Accrued pension liabilities (Notes 2 and 15)	125,641	-	120,705	1
Equity-method investments (Notes 2 and 9)	375,807	2	390,947	2	Guarantee deposits received	7,372	-	364	-
Total long-term funds and investments	2,935,427	13	2,911,779	16	Deferred income tax liabilities - noncurrent (Notes 2 and 18)	376,249	2	270,539	1
					Deferred credits (Note 2)	162	-	1,444	-
<b>PROPERTIES (Notes 2, 10 and 22)</b>					Total other liabilities	509,424	2	393,052	2
Cost					Total liabilities	8,375,744	38	6,858,884	37
Land	2,803,077	13	1,311,274	7	<b>SHAREHOLDERS' EQUITY</b>				
Buildings	2,612,481	12	2,659,222	14	Capital stock, NT\$10.00 par value				
Machinery and equipment	987,569	4	897,679	5	Authorized - 600,000 thousand shares				
Furniture and fixtures	437,351	2	401,121	2	Issued and outstanding - 501,634 thousand shares in 2011 and 516,134 thousand shares in 2010	5,016,337	23	5,161,337	27
Leasehold improvements	269	-	-	-	For issuance	501,634	2	-	-
Other equipment	611,104	3	507,351	3	Total capital stock	5,517,971	25	5,161,337	27
Total cost	7,451,851	34	5,776,647	31	Capital surplus				
Accumulated depreciation	1,727,853	8	1,514,123	8	Additional paid-in capital from share issuance in excess of par value	3,751,469	17	4,376,041	24
Construction in progress and prepayments for equipment acquisition	123,425	1	35,150	-	Treasury stock transactions	-	-	13,612	-
Net properties	5,847,423	27	4,297,674	23	From equity-method investments	61,184	-	59,911	-
					Stock options	167,173	1	37,241	-
<b>INTANGIBLE ASSETS (Note 2)</b>					Total capital surplus	3,979,826	18	4,486,805	24
Trademarks	89,928	-	36,556	-	Retained earnings				
Goodwill, net	600,126	3	552,514	3	Legal reserve	2,359,911	11	2,102,592	11
Deferred pension cost	7,357	-	7,954	-	Special reserve	621,662	3	70,136	1
Core technology, net	103,226	1	82,715	1	Unappropriated earnings	1,882,255	8	2,072,063	11
Superficies, net	95,629	-	103,094	1	Total retained earnings	4,863,828	22	4,244,791	23
Other intangible assets, net	96,690	1	70,843	-	Other equity				
Total intangible assets	992,956	5	853,676	5	Cumulative translation adjustments	(167,138)	(1)	173,626	1
					Net loss not recognized as pension cost	(2,121)	-	(2,353)	-
<b>OTHER ASSETS</b>					Unrealized valuation loss on financial instruments	(575,945)	(2)	(919,413)	(5)
Properties leased to others, net (Notes 2 and 11)	17,928	-	19,762	-	Treasury stock - 14,500 thousand shares	-	-	(1,385,698)	(7)
Refundable deposits	30,381	-	23,955	-	Total other equity	(745,204)	(3)	(2,133,838)	(11)
Deferred expenses, net (Note 2)	229,553	1	239,931	1	Total shareholders' equity of parent company	13,616,421	62	11,759,095	63
Total other assets	277,862	1	283,648	1	Minority interest	92,370	-	124,006	-
					Total shareholders' equity	13,708,791	62	11,883,101	63
<b>TOTAL</b>	<b>\$ 22,084,535</b>	<b>100</b>	<b>\$ 18,741,985</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 22,084,535</b>	<b>100</b>	<b>\$ 18,741,985</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 5, 2011)

## ADVANTECH CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 21)				
Sales	\$ 13,303,300	99	\$ 10,254,004	100
Sales returns and allowances	<u>115,365</u>	<u>1</u>	<u>170,006</u>	<u>2</u>
Net sales	13,187,935	98	10,083,998	98
Other operating revenues	<u>260,507</u>	<u>2</u>	<u>212,180</u>	<u>2</u>
Total operating revenues	13,448,442	100	10,296,178	100
OPERATING COSTS (Notes 2, 7, 19 and 21)	<u>8,311,654</u>	<u>62</u>	<u>6,162,731</u>	<u>60</u>
GROSS PROFIT	5,136,788	38	4,133,447	40
UNREALIZED INTERCOMPANY GAINS (NOTE 2)	(162)	-	(1,444)	-
REALIZED INTERCOMPANY GAINS (LOSSES) (Note 2)	<u>(65)</u>	<u>-</u>	<u>1,788</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>5,136,561</u>	<u>38</u>	<u>4,133,791</u>	<u>40</u>
OPERATING EXPENSES (Note 19)				
Marketing	1,323,208	10	1,076,090	11
Administrative	739,779	6	730,798	7
Research and development	<u>999,488</u>	<u>7</u>	<u>764,308</u>	<u>7</u>
Total operating expenses	<u>3,062,475</u>	<u>23</u>	<u>2,571,196</u>	<u>25</u>
OPERATING INCOME	<u>2,074,086</u>	<u>15</u>	<u>1,562,595</u>	<u>15</u>
NONOPERATING INCOME AND GAINS				
Interest income	3,877	-	4,579	-
Investment income recognized under the equity method (Notes 2 and 9)	22,217	-	25,410	-
Dividend income	-	-	96,159	1
Gain on disposal of investments	14,370	-	16,647	-
Foreign exchange gain, net (Note 2)	83,782	1	-	-
Rental income	18,854	-	-	-
Valuation gain on financial instruments, net (Notes 2 and 5)	70,429	-	52,232	-
Other income (Note 21)	<u>109,853</u>	<u>1</u>	<u>58,610</u>	<u>1</u>
Total nonoperating income and gains	<u>323,382</u>	<u>2</u>	<u>253,637</u>	<u>2</u>

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# ADVANTECH CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense	\$ 5,646	-	\$ 1,252	-
Loss on disposal of property, plant and equipment	910	-	12,387	-
Foreign exchange loss, net (Note 2)	-	-	96,799	1
Valuation loss on financial instruments, net (Notes 2 and 5)	51,310	-	-	-
Other expenses (Notes 19 and 21)	<u>12,571</u>	<u>-</u>	<u>17,700</u>	<u>-</u>
Total nonoperating expenses and losses	<u>70,437</u>	<u>-</u>	<u>128,138</u>	<u>1</u>
INCOME BEFORE INCOME TAX	2,327,031	17	1,688,094	16
INCOME TAX (Notes 2 and 18)	<u>445,590</u>	<u>3</u>	<u>245,314</u>	<u>2</u>
CONSOLIDATED NET INCOME	<u>\$ 1,881,441</u>	<u>14</u>	<u>\$ 1,442,780</u>	<u>14</u>
ATTRIBUTABLE TO:				
Parent's shareholders	\$ 1,873,632	14	\$ 1,434,160	14
Minority interest	<u>7,809</u>	<u>-</u>	<u>8,620</u>	<u>-</u>
	<u>\$ 1,881,441</u>	<u>14</u>	<u>\$ 1,442,780</u>	<u>14</u>
	2011		2010	
	Pre Tax	After Tax	Pre Tax	After Tax
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 19)				
Basic	<u>\$ 3.88</u>	<u>\$ 3.40</u>	<u>\$ 2.86</u>	<u>\$ 2.60</u>
Diluted	<u>\$ 3.87</u>	<u>\$ 3.39</u>	<u>\$ 2.84</u>	<u>\$ 2.58</u>

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

(With Deloitte & Touche review report dated August 5, 2011)

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**ADVANTECH CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**SIX MONTHS ENDED JUNE 30, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)  
(Reviewed, Not Audited)

	Capital Stock - Issued (Note 16)		For Issuance (Note 16)	Capital Surplus (Notes 2, 14 and 16)				Retained Earnings (Notes 2 and 16)				Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Gain (Loss) on Financial Instruments (Notes 2 and 24)	Treasury Stock (Notes 2 and 17)	Minority Interest in Subsidiaries	Total Shareholders' Equity	
	Shares (Thousands)	Amount		Additional Paid-in Capital in Excess of Par Value	From Treasury Stock	From Long-term Equity Investments	Stock Option	Total	Legal Reserve	Special Reserve	Unappropriated Earnings							Total
BALANCE, JANUARY 1, 2011	501,634	\$ 5,016,337	\$ -	\$ 4,253,103	\$ -	\$ 59,898	\$ 79,849	\$ 4,392,850	\$ 2,102,592	\$ 70,136	\$ 2,573,186	\$ 4,745,914	\$ (215,759)	\$ (2,121)	\$ (403,782)	\$ -	\$ 94,175	\$ 13,627,614
Appropriation of the 2010 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	257,319	-	(257,319)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	551,526	(551,526)	-	-	-	-	-	-	-
Cash dividends - NTS3.5 per share	-	-	-	-	-	-	-	-	-	-	(1,755,718)	(1,755,718)	-	-	-	-	-	(1,755,718)
Issuance of common stock from capital surplus	-	-	501,634	(501,634)	-	-	-	(501,634)	-	-	-	-	-	-	-	-	-	-
Consolidated net income for the six months ended June 30, 2011	-	-	-	-	-	-	-	-	-	-	1,873,632	1,873,632	-	-	-	-	7,809	1,881,441
Issuance of convertible bonds	-	-	-	-	-	-	44,716	44,716	-	-	-	-	-	-	-	-	-	44,716
Compensation recognized for employee stock options	-	-	-	-	-	-	42,608	42,608	-	-	-	-	-	-	-	-	-	42,608
Company's proportional recognition of the changes in investee's equity in their investments	-	-	-	-	-	1,286	-	1,286	-	-	-	-	-	-	-	-	-	1,286
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(158,307)	-	-	(158,307)
Equity in the changes in unrealized valuation loss on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,856)	-	-	(13,856)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	324	324
Acquisition of minority equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,861)	(54,861)
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	48,621	-	-	-	44,923	93,544
<b>BALANCE, JUNE 30, 2011</b>	<b>501,634</b>	<b>\$ 5,016,337</b>	<b>\$ 501,634</b>	<b>\$ 3,751,469</b>	<b>\$ -</b>	<b>\$ 61,184</b>	<b>\$ 167,173</b>	<b>\$ 3,979,826</b>	<b>\$ 2,359,911</b>	<b>\$ 621,662</b>	<b>\$ 1,882,255</b>	<b>\$ 4,863,828</b>	<b>\$ (167,138)</b>	<b>\$ (2,121)</b>	<b>\$ (575,945)</b>	<b>\$ -</b>	<b>\$ 92,370</b>	<b>\$ 13,708,791</b>
BALANCE, JANUARY 1, 2010	516,134	\$ 5,161,337	\$ -	\$ 4,376,041	\$ 13,612	\$ 59,911	\$ 5,257	\$ 4,454,821	\$ 1,927,459	\$ 1,135,596	\$ 1,754,111	\$ 4,817,166	\$ 227,050	\$ (2,353)	\$ (294,833)	\$ (1,385,698)	\$ 82,444	\$ 13,059,934
Appropriation of the 2009 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	175,133	-	(175,133)	-	-	-	-	-	-	-
Cash dividends - NTS4.00 per share	-	-	-	-	-	-	-	-	-	-	(2,006,535)	(2,006,535)	-	-	-	-	-	(2,006,535)
Reversal of special reserve	-	-	-	-	-	-	-	-	-	(1,065,460)	1,065,460	-	-	-	-	-	-	-
Consolidated net income for the six months ended June 30, 2010	-	-	-	-	-	-	-	-	-	-	1,434,160	1,434,160	-	-	-	-	8,620	1,442,780
Compensation recognized for employee stock options	-	-	-	-	-	-	31,984	31,984	-	-	-	-	-	-	-	-	-	31,984
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(660,381)	-	-	(660,381)
Equity in the changes in unrealized gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,801	-	-	35,801
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,232	74,232
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	(53,424)	-	-	-	(41,290)	(94,714)
<b>BALANCE, JUNE 30, 2010</b>	<b>516,134</b>	<b>\$ 5,161,337</b>	<b>\$ -</b>	<b>\$ 4,376,041</b>	<b>\$ 13,612</b>	<b>\$ 59,911</b>	<b>\$ 37,241</b>	<b>\$ 4,486,805</b>	<b>\$ 2,102,592</b>	<b>\$ 70,136</b>	<b>\$ 2,072,063</b>	<b>\$ 4,244,791</b>	<b>\$ 173,626</b>	<b>\$ (2,353)</b>	<b>\$ (919,413)</b>	<b>\$ (1,385,698)</b>	<b>\$ 124,006</b>	<b>\$ 11,883,101</b>

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

(With Deloitte & Touche review report dated August 5, 2011)

# ADVANTECH CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 1,881,441	\$ 1,442,780
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	235,398	184,107
Amortization of discount on convertible bonds	1,334	-
Allowance for bad debts	17,614	9,586
Allowance for loss on inventories	55,798	65,624
Loss on disposal of scrap inventories	69,911	19,487
Loss on disposal of properties, net	910	12,387
Gain on the sale of investments, net	(9,335)	(16,647)
Gain on disposal of available-for-sale financial assets	(5,035)	-
Investment income recognized under the equity method	(22,217)	(25,410)
Compensation cost of employee stock options	42,608	31,984
Accrued pension liabilities	11,467	7,515
Deferred income taxes	52,630	19,552
Net changes in operating assets and liabilities		
Financial assets and liabilities at fair value through profit or loss	33,765	(6,135)
Notes receivable	9,771	(18,945)
Accounts receivable	(1,022,492)	(855,878)
Accounts receivable from related parties	(5,092)	88,323
Other receivables	(62,567)	(25,610)
Other receivables from related parties	-	14,000
Inventories	(976,238)	(1,180,654)
Prepayments and other current assets	81,618	8,048
Accounts payable	860,710	682,559
Income tax payable	(89,196)	178,831
Accrued expenses	401,314	138,898
Advance receipts and other current liabilities	(144,650)	(65,789)
Deferred credits	(151)	(95)
Net cash provided by operating activities	<u>1,419,316</u>	<u>708,518</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of capital reduction on available-for-sale financial assets	3,522	1,851
Proceeds of the sale of available-for-sale financial assets	74,238	-
Acquisition of subsidiaries	(88,810)	(605,740)
Acquisition of financial assets carried at cost	-	(70,331)
Proceeds of the disposal of investments accounted for by the equity method	25,361	7,100
Proceeds of the disposal of financial assets carried at cost	-	39,776
Acquisition of properties	(1,865,479)	(117,562)
Proceeds of the sale of properties	26,536	91

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# ADVANTECH CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2011	2010
(Increase) decrease in refundable deposits	\$ (2,331)	\$ 12,883
Increase in deferred expenses	<u>(30,359)</u>	<u>(16,737)</u>
Net cash used in investing activities	<u>(1,857,322)</u>	<u>(748,669)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of convertible bonds	800,000	-
Increase (decrease) in other liabilities	6,950	(251)
Increase in short-term bank loans	104,407	19,993
Decrease in long-term bank loans	(1,252)	(10,624)
Decrease in minority interest	<u>(12,324)</u>	<u>(70,232)</u>
Net cash provided by (used in) financing activities	<u>897,781</u>	<u>(61,114)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>23,673</u>	<u>3,990</u>
NET INCREASE (DECREASE) IN CASH	483,448	(97,275)
CASH, BEGINNING OF PERIOD	<u>2,288,133</u>	<u>3,152,888</u>
CASH, END OF PERIOD	<u>\$ 2,771,581</u>	<u>\$ 3,055,613</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid (excluding capitalized interest)	<u>\$ 5,432</u>	<u>\$ 1,826</u>
Income tax paid	<u>\$ 482,156</u>	<u>\$ 42,272</u>

(Continued)

## ADVANTECH CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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The fair values of the assets and liabilities of DLoG GmbH, a 100% subsidiary of Advantech Europe Holding B.V. (AEUH) as of the acquisition date in March 2010, 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 accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated August 5, 2011)

(Concluded)

# ADVANTECH CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

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

(Reviewed, Not Audited)

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### 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.

To improve the entire operating efficiency of the group, the Company’s board of directors resolved to have a short-form merger with Advantech Investment and Management Service (AIMS). The effective merger date was July 30, 2009. As the survivor entity, the Company assumed all of the assets and liabilities of AIMS.

As of June 30, 2011 and 2010, the Parent Company and the consolidated subsidiaries (collectively, the “Group”) had 5,735 and 4,961 employees, respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Group’s consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the ROC. 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 Group 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.

The financial statements of Advansus Corp. for the six months ended June 30, 2011 and 2010 had been consolidated under the proportionate consolidated method. All significant accounts and transactions between the Parent and this company have been eliminated from the consolidated financial statements.

The organization chart of intercompany relationships and percentages of ownership as of June 30, 2011 and 2010 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, except those of Advantech Technology Co., Ltd., Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd., Advantech Technology (China) Company Ltd., and Shanghai Advantech Intelligent Services Co., Ltd.

### **Current and Noncurrent Assets and Liabilities**

Current assets include cash, 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. The Group recognizes a financial asset or a financial liability on its balance sheet when a Group member becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Group member loses 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.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are the same with those of financial assets at FVTPL.

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.

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.

As discussed in Note 3 to the financial statements, the Group early adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Company should be covered by SFAS No. 34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- The accounts receivable becoming overdue; or
- Probability that the debtor will enter into bankruptcy or undergo financial reorganization.

Accounts receivable that are assessed as not impaired individually are further assessed for collective impairment. Objective evidence of impairment for a portfolio of accounts receivable could include the Group's past difficulty in collecting payments and an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collaterals and guarantees, discounted at the receivable's original effective interest rate. The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

## **Inventories**

Inventories consist of raw materials and supplies, work-in-process, finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made 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.

## **Investments Accounted for by the Equity Method**

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 acquisition cost is allocated to the assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition, and the acquisition cost in excess of the fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not being amortized. The fair value of the net identifiable assets acquired in excess of the acquisition cost is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, noncurrent assets held for sale, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain.

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 investee'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 Group 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, 15 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 this 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 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 on which the Group has significant influence but over which it has 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.

### **Convertible Bonds Payable**

For convertible bonds issued on or after January 1, 2006, the Parent Company first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component, then determines the carrying amount of the equity component, representing the equity conversion option, by deducting the fair value of the liability component from the fair value of the convertible bonds as a whole. The liability component (excluding embedded derivatives) is measured at amortized cost using the effective interest method, while the embedded non-equity derivatives are measured at fair value. Upon conversion, the Parent Company uses the aggregate carrying amount of the liability and equity components of the bonds at the time of conversion as a basis to record the common shares issued.

Pursuant to a newly released Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement," transaction costs of bonds issued on or after January 1, 2006, net of related income tax benefit, are allocated in proportion to the liability and equity components of the bonds.

### **Pension Cost**

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 year in which employees render services.

Curtailment or settlement gains or losses on the defined benefit plan are recognized as part of the net periodic pension cost for the year.

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.

Upon treasury share disposal, the selling price in excess of the book value is recorded under capital surplus - treasury stock transaction. If the selling price is lower than book value, the difference is charged against capital surplus from treasury stock, and any deficit is debited to unappropriated retained earnings. Upon write-off, the capital surplus- additional paid-in capital from share issuance in excess of par is debited pro rata. If the book value exceeds the premium on issuance of capital stock, the difference is offset against capital surplus - treasury stock and any deficit is charged against unappropriated retained earnings. If the book value of treasury stock is lower than the total of capital stock and premium on stock issuance, the difference is credited to capital surplus - treasury stock.

### **Income Tax**

The Group uses inter-period allocation to account for income tax. Deferred tax assets are recognized for the tax effects of deductible temporary differences, investment tax credits, and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. Valuation allowance is provided for deferred income tax assets that are not certain to be realized. Deferred income tax assets or liabilities are classified as current or noncurrent according to the nature of related assets or liabilities for financial reporting. But, if a deferred asset or liability cannot be related to an asset or liability in the financial statements, it is classified as current or noncurrent depending on the expected realization date of the temporary difference.

Investment tax credits for certain equipment or technology purchases, research expenditure, employee and trainings are recognized in the current period.

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

Income taxes (10%) on undistributed earnings generated since January 1, 1998 are recorded as expense in the year when the shareholders resolve to retain the earnings.

### **Foreign-currency Transactions**

The financial statements of 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.

Nonderivative 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 at 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 Parent 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 at 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.

### 3. ACCOUNTING CHANGES

#### Financial Instruments

On January 1, 2011, the Group adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." The main revisions include (1) impairment on finance lease receivables being now covered by SFAS No. 34; (2) amendment of the scope of the applicability of SFAS No. 34 to insurance contracts; (3) inclusion of loans and receivables originated by the Parent Company in the items covered by SFAS No. 34; (4) the requirement to disclose additional guidelines on impairment testing of financial assets carried at amortized cost if the asset issuer or obligor has financial difficulties and the terms of obligations on the assets have been modified; and (5) the requirement to disclose the Parent Company's accounting treatment for modifications in the terms of its obligations. This accounting change had no significant impact on the Group's financial statements as of and for the six months ended June 30, 2011.

#### Operating Segments

On January 1, 2011, the Group adopted the newly issued SFAS No. 41 - "Operating Segments." SFAS No. 41 regulates the disclosure of segment information that management uses to make decisions on operating matters. It requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 - "Segment Reporting." For this accounting change, the Group restated its segment disclosures as of and for the six-month ended June 30, 2010 to conform to the disclosures as of and for the six-month ended June 30, 2011.

### 4. CASH

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
Cash on hand	\$ 4,612	\$ 4,858
Checking and demand deposits	2,211,849	2,319,839
Time deposits: Interest - 0.41%-5.50% in 2011 and 0.115%-2.55% in 2010	<u>555,120</u>	<u>730,916</u>
	<u>\$ 2,771,581</u>	<u>\$ 3,055,613</u>

## 5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The trading assets and liabilities of the Parent Company were as follows:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
<u>Financial assets resulting from trading</u>		
Forward contracts	<u>\$ 28,042</u>	<u>\$ 46,091</u>
<u>Financial liabilities resulting from trading</u>		
Forward contracts	<u>\$ 50,128</u>	<u>\$ 28,882</u>

On June 30, 2011 and 2010, the outstanding forward contracts were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Amount (Thousands)</b>
<u>June 30, 2011</u>			
Sell	EUR/NTD	2011.12-2012.4	EUR3,000/NTD119,158
	EUR/USD	2011.7-2012.5	EUR21,500/USD29,574
	USD/NTD	2011.7-2012.5	USD70,014/NTD2,032,728
	JPY/NTD	2012.1-2012.3	JPY50,000/NTD17,780
	JPY/USD	2011.7-2012.4	JPY370,000/USD4,530
<u>June 10, 2010</u>			
Sell	EUR/NTD	2010.7-2011.1	EUR1,500/NTD65,064
	EUR/USD	2010.7-2011.5	EUR15,000/USD19,609
	USD/NTD	2010.7-2011.5	USD55,406/NTD1,757,064
	JPY/NTD	2010.7	JPY10,000/NTD3,615
	JPY/USD	2010.7-2011.3	JPY310,000/USD3,411

The Parent Company entered into forward contract transactions for the six months ended June 30, 2011 and 2010 to avoid risks on exchange rate fluctuations. The hedging strategy of the Parent Company is to avoid the major portion of the fair value risks.

The trading of financial assets or liabilities for the six months ended June 30, 2011 and 2010, there were a net gain of \$19,119 thousand and a net gain of \$52,232 thousand, respectively.

## 6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>June 30</u>			
	<u>2011</u>		<u>2010</u>	
	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>
Quoted domestic stock				
Chunghwa Telecom Co., Ltd.	\$ 16,297	\$ 122,871	\$ 13,176	\$ 99,335
ASUSTek Computer Inc.	-	1,771,406	-	1,644,996
Pegatron Corp.	-	549,976	-	555,522
Avalue Technology Inc.	-	-	-	88,464
Quoted overseas stocks				
SG Advantech Co., Ltd.	-	11,779	-	28,927
	<u>\$ 16,297</u>	<u>\$ 2,456,032</u>	<u>\$ 13,176</u>	<u>\$ 2,417,244</u>

The Parent Company and its subsidiary, Advantech Fund-A, classified their shares in Chunghwa Telecom Co., Ltd. as available-for-sale financial assets - noncurrent and current, respectively, in accordance to the nature and the purpose of the company holding the shares.

## 7. INVENTORIES, NET

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
Finished goods	\$ 1,482,712	\$ 1,058,881
Work in process	736,658	636,339
Materials and supplies	1,925,781	1,291,829
Inventories in transit	<u>266,675</u>	<u>298,840</u>
	<u>\$ 4,411,826</u>	<u>\$ 3,285,889</u>

As of June 30, 2011 and 2010, the allowances for loss were \$406,745 thousand and \$295,474 thousand, respectively.

The costs of goods sold pertaining to inventories as of June 30, 2011 and 2010 were \$8,311,654 thousand and \$6,162,731 thousand, respectively. In addition, the foregoing amounts for the six months ended June 30, 2011 included an allowance for losses of \$55,798 thousand and a loss of \$69,911 thousand on inventory scrap disposal, and the foregoing amounts for the six months ended June 30, 2010 included an allowance for losses of \$65,624 thousand and a loss of \$19,487 thousand on inventory scrap disposal.

## 8. FINANCIAL ASSETS CARRIED AT COST

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
Non-publicly traded		
Domestic		
AverMedia Information Inc.	\$ 70,331	\$ 70,331
Foreign		
Coban Research and Technologies, Inc. (US\$1,020 thousand as of June 30, 2011 and 2010)	<u>33,257</u>	<u>33,257</u>
	<u>\$ 103,588</u>	<u>\$ 103,588</u>

Investments with no quoted market prices in an active market and with fair values that cannot be reliably measured are carried at their original cost.

## 9. LONG-TERM EQUITY INVESTMENTS

	<b>June 30</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Carrying Value</b>	<b>% of Ownership</b>	<b>Carrying Value</b>	<b>% of Ownership</b>
Listed				
Axiomtek Co., Ltd.	\$ 359,070	26.62	\$ 362,547	27.53
Unlisted				
Advantech Hungary Ltd.	9,347	30.00	15,245	30.00
Jan Hsiang Electronics Co., Ltd.	7,390	28.50	5,908	28.50
Advantech Corporation (Thailand) Co., Ltd.	<u>-</u>	-	<u>7,247</u>	30.00
	<u>\$ 375,807</u>		<u>\$ 390,947</u>	

In 2010, Advantech Co., Singapore Pte, Ltd. (ASG), a subsidiary of the Parent Company, increased its interest in Advantech Corporation (Thailand) Co., Ltd. (ATH) to 51%. As a result, ASG obtained a controlling influence over ATH, and the latter was included in the consolidation.

The calculation of the carrying values of the equity-method investments and the equity in their net income or net loss were based on the investees' unreviewed financial statements for the six months ended June 30, 2011 and 2010.

Changes in goodwill as of June 30, 2011 and 2010 were as follows:

	<b>Six Months Ended June 30</b>	
	<b>2011</b>	<b>2010</b>
Cost		
Balance, beginning of period	\$ 10,299	\$ 10,517
Amount derecognized on disposal of investments	<u>(333)</u>	<u>-</u>
Balance, end of period	<u>\$ 9,966</u>	<u>\$ 10,517</u>

The market values of the listed stocks invested in by the Parent Company, which were calculated on the basis of the closing prices as of June 30, 2011 and 2010, were \$638,197 thousand and \$539,394 thousand, respectively.

## 10. PROPERTIES

Accumulated depreciation was as follows:

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
Buildings	\$ 477,465	\$ 410,060
Machinery and equipment	582,903	524,430
Furniture and fixtures	265,061	234,729
Other equipment	<u>402,424</u>	<u>344,904</u>
	<u>\$ 1,727,853</u>	<u>\$ 1,514,123</u>

## 11. PROPERTIES LEASED TO OTHERS

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Cost		
Buildings	\$ 27,503	\$ 29,166
Accumulated depreciation	<u>9,575</u>	<u>9,404</u>
	<u>\$ 17,928</u>	<u>\$ 19,762</u>

## 12. SHORT-TERM BANK LOANS

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Credit loans - interest: 0.89%-5.30% in 2011 and 1.10%-3.85% in 2010	\$ 147,980	\$ 80,738
Bank overdraft - interest: 4.9%-9% in 2010	-	12,123
Secured loans - interest: 2.16% in 2011	<u>5,000</u>	<u>-</u>
	<u>\$ 152,980</u>	<u>\$ 92,861</u>

To meet its financing need, the Parent Company obtained a bank credit loan. As of June 30, 2011, the loan carrying value was \$86,175 thousand and its unused short-term credit lines amounted to \$2,100,075 thousand.

To meet its financing need, DLoG GmbH, an indirect subsidiary of the Parent Company, obtained a bank credit loan. As of June 30, 2011, the loan carrying value was \$31,805 thousand. DLoG GmbH also applied to its local financial institutions for an overdraft as of June 30, 2010, with a carrying value of \$12,123 thousand.

To meet its financing need, Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained a bank credit loan. As of June 30, 2011, the loan carrying value was \$10,000 thousand.

To meet its financing need, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained credit and secured loans from a bank. As of June 30, 2011, the carrying values were \$20,000 thousand for the credit loan and \$5,000 for the secured loan. As of June 30, 2010, the credit loan carrying value was \$16,438 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 June 30, 2010, the carrying value was \$64,300 thousand.

## 13. LONG-TERM BANK LOANS

	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>June 30, 2011</u>			
Mortgage loans	<u>\$ 2,500</u>	<u>\$ 18,347</u>	<u>\$ 20,847</u>
<u>June 30, 2010</u>			
Mortgage loans	<u>\$ 2,501</u>	<u>\$ 20,847</u>	<u>\$ 23,348</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 June 30, 2011 and 2010, the carrying value of the loan were \$20,847 thousand and \$23,348 thousand, respectively. Interest rates throughout the repayment period were 2.19% to 2.23% and 1.93% to 2.01%, respectively.

#### 14. BONDS PAYABLE

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Unsecured domestic convertible bonds	\$ 800,000	\$ -
Deduct: Unamortized discount on bonds payable	<u>(47,723)</u>	<u>-</u>
	<u>\$ 752,277</u>	<u>\$ -</u>

On May 26, 2011, the Company issued 3-year unsecured convertible bonds, with an aggregate face value of \$800,000 thousand and a coupon rate of 0%, the effective interest rate was 2.13%. If the bonds are not converted, the Company should redeem the bonds at their face value upon maturity. According to Statement of Financial Accounting Standard (SFAS) No. 36 - "Financial Instruments: Disclosure and Presentation," the Company has bifurcated the bonds into liability and equity components. As of June 30, 2011, the bonds had been recorded as stock options from capital surplus amounting to \$44,716 thousand and bonds payable amounting to \$750,943 thousand.

#### 15. PENSION PLANS

Based on the Labor Pension Act, the rate of monthly contributions to the individual pension accounts of the employees of the Parent Company and its domestic subsidiaries is at 6% of monthly wages and salaries. For these contributions, the Parent Company and domestic subsidiaries recognized pension costs of \$39,239 thousand and \$27,979 thousand for the six months ended June 30, 2011 and 2010, respectively.

The Parent Company and its subsidiaries, Netstar Technology Co., Ltd. and Broadwin Technology, Inc., have a defined benefit pension plan under the Labor Standards Law (the "Law"). Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulate up to 45 based points, and the benefits based on employee's average monthly salary for the six-month period prior to retirement. Under the Law, the Parent Company accrues pension costs individually on the basis of actuarial calculations and make monthly contributions at 2% of salaries and wages to each company's pension fund, which is administered by each company's pension plan committee and deposited in the respective committees' names in the Bank of Taiwan.

Some consolidated entities, which include foreign subsidiaries ATC, AEU, AAC (BVI), AYS, ATC (HK), AAC (HK) and LANSONIC (BVI) and are mainly in investments, have either very few or even no staff. These subsidiaries have no pension plans and thus do not contribute to pension funds and do not recognize pension costs.

Except for the foregoing companies, the overseas consolidated entities all contribute to defined benefit pension funds and recognize pension costs based on local government regulations.

For the six months ended June 30, 2011 and 2010, the pension expenses of these overseas consolidated entities were \$35,533 thousand and \$29,743 thousand, respectively.

## 16. 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. 1% to 20% as bonus to employees;
- b. 1% or less as remuneration to directors and supervisors;
- 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.

The bonus to employees and remunerations to directors and supervisors of \$25,000 thousand and \$182,016 thousand for the six months ended June 30, 2011 and 2010, respectively (classified under accrued expenses) were estimated and accrued on the basis of past experience. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. 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 and cumulative transaction adjustments) 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 2010 and 2009 were approved in the shareholders' meeting held on May 25, 2011 and May 18, 2010, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (Dollars)</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Legal reserve	\$ 257,319	\$ 175,133		
Special reserve	551,526	-		
Cash dividends	1,755,718	2,006,535	\$3.5	\$4.0

The bonus to employees and the remuneration to directors and supervisors for 2010 and 2009 approved in the shareholders' meetings on May 25, 2011 and May 18, 2010, respectively, were as follows:

	<u>Cash</u>	
	<u>Six Months Ended June 30</u>	
	<u>2010</u>	<u>2009</u>
Bonus to employees	\$ 20,000	\$ 175,000
Remuneration to directors and supervisors	10,000	3,000

The amounts of the bonus to employees and the remuneration to directors and supervisors were not different from the accrual amounts reflected in the financial statements.

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 25, 2011, the shareholders approved the issuance of common stock from capital surplus, which amounted to \$501,634 thousand (recorded as capital stock for issuance). This issuance was approved by the Financial Supervisory Commission under the Executive Yuan of the ROC. The board of directors resolved July 17, 2011 as the date of issuance, and the Parent Company then completed its revised registration with the Ministry of Economic Affairs.

Qualified employees of the Parent Company and its subsidiaries were granted stock options at 3,000 units in July 2010 and 10,000 units in December 2009. Each option entitles the holder to subscribe for one thousand common shares of the Parent Company. Options issued in July 2010 and December 2009 are valid for five years. Both are 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.

The status of employee stock options is as follows:

	<b>Six Months Ended June 30</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance, beginning of period	13,000	\$60.35	10,000	\$61.90
Options granted	-		-	-
Options exercised	-		-	-
Balance, end of period	<u>13,000</u>		<u>10,000</u>	
Options exercisable, end of period	<u>-</u>		<u>-</u>	
Weighted-average fair value of options granted (NT\$)		<u>\$16.45-\$20.25</u>		<u>\$16.45-\$18.13</u>

Information on outstanding options as of June 30, 2011 and 2010 is as follows:

	<b>June 30</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Range of Exercise Price (NT\$)</b>	<b>Weighted- average Remaining Contractual Life (Years)</b>	<b>Range of Exercise Price (NT\$)</b>	<b>Weighted- average Remaining Contractual Life (Years)</b>
Issuance in 2010	\$67.40	4.03	\$ -	-
Issuance in 2009	58.24	3.42	61.9	4.42

Options granted in 2010 were priced using the Black-Scholes model, and the inputs to the model were as follows:

Grant-date share price (NT\$)	\$67.4
Exercise price (NT\$)	\$67.4
Expected volatility	34.11%-35.15%
Expected life (years)	3.5-4.5
Expected dividend yield	0%
Risk-free interest rate	0.92%-1.10%

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 five years.

Compensation costs recognized were \$42,608 thousand and \$31,984 thousand for the six months ended June 30, 2011 and 2010, respectively.

## 17. 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>Six months ended June 30, 2010</u>				
For transfer to employees	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>14,500</u>

At their meeting on November 2, 2010, the board of directors approved the retirement of the Parent Company's treasury stock since this treasury stock had not been transferred for three years since the date of acquisition. The Parent Company completed the registration of this retirement with the Ministry of Economic Affairs.

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

## 18. INCOME TAX

- a. Reconciliation of income tax expense based on income tax at statutory income tax rates to income tax expense, and current income tax payable were as follows:

	<u>Six Months Ended June 30</u>	
	<u>2011</u>	<u>2010</u>
Tax on pretax income	\$ 530,697	\$ 362,173
Deduct tax effects of:		
Permanent differences		
Tax-exempt income	(20,954)	(1,124)
Other	(14,622)	(27,587)
Temporary differences	(18,145)	(49,515)
Additional 10% income tax on unappropriated earnings	862	-
Investment tax credit used	<u>(84,878)</u>	<u>(58,185)</u>
Income tax currently payable	<u>\$ 392,960</u>	<u>\$ 225,762</u>

- b. Income tax expense consisted of the following:

	<u>Six Months Ended June 30</u>	
	<u>2011</u>	<u>2010</u>
Income tax currently payable	\$ 392,960	\$ 225,762
Income tax expense - deferred	<u>52,630</u>	<u>19,552</u>
	<u>\$ 445,590</u>	<u>\$ 245,314</u>

The tax law changes mentioned above refer to the Legislative Yuan's passing of the following amendments to tax laws:

- 1) Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive took effect from January 1, 2010 and is effective till December 31, 2019.
  - 2) In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.
- c. The change in the income tax payable of balance sheet consisted of the following:

	<b>Six Months Ended June 30</b>	
	<b>2011</b>	<b>2010</b>
Balance, beginning of period	\$ 477,381	\$ 120,425
Income tax currently payable	392,960	225,762
Payment	<u>(482,156)</u>	<u>(42,272)</u>
Balance, end of period	<u>\$ 388,185</u>	<u>\$ 303,915</u>

- d. Net deferred income tax assets (liabilities) as of June 30, 2011 and 2010 were as follows:

	<b>June 30</b>	
	<b>2011</b>	<b>2010</b>
<b>Current</b>		
Deferred income tax assets		
Allowance for loss on inventories	\$ 30,006	\$ 25,787
Unrealized product warranty reserve	19,272	8,837
Unrealized foreign exchange loss	4,832	-
Excess provisions for doubtful accounts	4,548	2,587
Loss carryforwards	-	12,523
Investment tax credits	-	6,265
Others	<u>10,039</u>	<u>21,333</u>
	68,697	77,332
Valuation allowance	<u>(3,680)</u>	<u>(10,391)</u>
	65,017	66,941
Deferred income tax liabilities		
Others	<u>(982)</u>	<u>(6,262)</u>
Deferred income tax assets, net	<u>\$ 64,035</u>	<u>\$ 60,679</u>
<b>Noncurrent</b>		
Deferred income tax assets:		
Investment tax credits	\$ 90,978	\$ 56,559
Loss carryforward	80,068	39,266
Deferred income	36,340	24,263
Accumulated equity in the net loss of foreign investees	35,688	43,882

(Continued)

	<u>June 30</u>	
	<b>2011</b>	<b>2010</b>
Pension cost	\$ 17,724	\$ 17,571
Others	<u>1,738</u>	<u>14,489</u>
	262,536	196,030
Valuation allowance	<u>(183,286)</u>	<u>(114,935)</u>
	79,250	81,095
Deferred income tax liabilities:		
Accumulated equity in the net gains of foreign investees	(455,265)	(343,646)
Others	<u>(234)</u>	<u>(7,988)</u>
	<u>(455,499)</u>	<u>(351,634)</u>
Deferred income tax liabilities, net	<u>\$ (376,249)</u>	<u>\$ (270,539)</u> (Concluded)

e. As of June 30, 2011, investment tax credits of subsidiaries consisted of the following:

<b>Law</b>	<b>Item</b>	<b>Remaining Creditable Amounts</b>
<u>Netstar Technology Co., Ltd.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 41,941</u>
<u>Advansus Corp.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 12,127</u>
<u>Cermate Technologies Inc.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 8,652</u>
<u>ACA Digital Corporation</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 28,258</u>

f. Information on the domestic loss carryforwards of three subsidiaries, Netstar Technology Co., Ltd., Cermate Technologies Inc. and ACA Digital Corporation, as of June 30, 2011 is as follows:

<u>Year of loss carryforward</u>	<u>Loss Carryforward Amount</u>			<b>Expiry Year</b>
	<b>Netstar</b>	<b>Cermate</b>	<b>ACA</b>	
2003	\$ 884	\$ -	\$ -	2013
2004	3,052	-	-	2014
2005	489	-	571	2015
2006	-	57	8,502	2016
2007	454	2,516	19,350	2017
2008	9,128	-	16,114	2018
2009	-	1,251	9,641	2019
2010	<u>-</u>	<u>-</u>	<u>8,059</u>	2020
	<u>\$ 14,007</u>	<u>\$ 3,824</u>	<u>\$ 62,237</u>	

g. As of June 30, 2011, the status of the Group's five years' exemption from income was as follows:

<u>Exemption Item: Investment Plan</u>	<u>Exemption Period</u>
<u>The Parent Company</u>	
Manufacturing products that integrate life science and business intelligence	From 2011 to 2015

h. The Group's ICA balances as of June 30, 2011 and 2010 were as follows:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Parent Company	\$ <u>254,454</u>	\$ <u>319,519</u>
Broadwin	\$ <u>18,929</u>	\$ <u>20,190</u>
Netstar	\$ <u>6,808</u>	\$ <u>6,807</u>
Advantech Fund - A	\$ <u>12,730</u>	\$ <u>8,914</u>
Advansus Corp.	\$ <u>5,598</u>	\$ <u>2,532</u>
AiST	\$ <u>14</u>	\$ <u>-</u>

The ICA balances for Cermate Technologies Inc., BCM Embedded Computer Inc. and ACA Digital Corporation were zero as of June 30, 2011.

The balances of unappropriated retained earnings as of 1997 were as follows:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
The Parent Company	\$ <u>-</u>	\$ <u>2,779</u>

The expected and actual creditable tax ratios for earnings were 9.89% and 11.34%, as of December 31, 2010 and 2009, respectively. The imputation credit allocated to the shareholders is based on its balance as of the date of dividend distribution. The expected creditable ratio may change when the actual allocation of the imputation credits is made.

i. The Parent Company's Income tax returns through 2005 had been examined and cleared by the tax authorities.

## 19. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	<u>Six Months Ended June 30</u>					
	<u>2011</u>			<u>2010</u>		
	<u>Included in Cost of Goods Sold</u>	<u>Included in Operating Expenses</u>	<u>Total</u>	<u>Included in Cost of Goods Sold</u>	<u>Included in Operating Expenses</u>	<u>Total</u>
Personnel expenses						
Payroll	\$ 801,585	\$ 1,245,785	\$ 2,047,370	\$ 322,860	\$ 1,285,707	\$ 1,608,567
Insurance	76,463	72,563	149,026	30,771	72,523	103,294
Pension	28,633	46,139	74,772	8,681	49,041	57,722
Others	<u>74,177</u>	<u>119,352</u>	<u>193,529</u>	<u>26,441</u>	<u>80,911</u>	<u>107,352</u>
	<u>\$ 980,858</u>	<u>\$ 1,483,839</u>	<u>\$ 2,464,697</u>	<u>\$ 388,753</u>	<u>\$ 1,488,182</u>	<u>\$ 1,876,935</u>
Depreciation	<u>\$ 62,520</u>	<u>\$ 103,394</u>	<u>\$ 165,914</u>	<u>\$ 49,208</u>	<u>\$ 92,540</u>	<u>\$ 141,748</u>
Amortization	<u>\$ 8,600</u>	<u>\$ 60,530</u>	<u>\$ 69,130</u>	<u>\$ 2,305</u>	<u>\$ 39,684</u>	<u>\$ 41,989</u>

Expenses for properties leased to others (included in nonoperating expenses and losses - other expenses) were not included in the above depreciation expenses. These expenses were \$354 thousand and \$370 thousand as of June 30, 2011 and 2010, respectively.

## 20. 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) (Thousands)</u>	<u>Earnings Per Share</u>	
	<u>Pretax</u>	<u>After-tax</u>		<u>Pretax</u>	<u>After-tax</u>
<u>Six months ended June 30, 2011</u>					
Basic EPS	\$ 2,138,638	\$ 1,873,632	551,797	<u>\$ 3.88</u>	<u>\$ 3.40</u>
Impact of dilutive potential common stock					
Bonuses to employees	<u>-</u>	<u>-</u>	<u>244</u>		
Diluted EPS	<u>\$ 2,138,638</u>	<u>\$ 1,873,632</u>	<u>552,041</u>	<u>\$ 3.87</u>	<u>\$ 3.39</u>
<u>Six months ended June 30, 2010</u>					
Basic EPS	\$ 1,576,306	\$ 1,434,160	551,797	<u>\$ 2.86</u>	<u>\$ 2.60</u>
Impact of dilutive potential common stock					
Bonuses to employees	<u>-</u>	<u>-</u>	<u>3,174</u>		
Diluted EPS	<u>\$ 1,576,306</u>	<u>\$ 1,434,160</u>	<u>544,971</u>	<u>\$ 2.84</u>	<u>\$ 2.58</u>

The amount of earnings per share increases when the employee's stock option is taken into consideration, which means that the employee's stock option works against the dilution effect. Therefore, the employee's stock option should not be considered when calculating the diluted earnings per share.

The Accounting Research and Development Foundation 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 weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock from capital surplus. This adjustment caused the basic before and after income tax EPS for the six months ended June 30, 2010 to decrease from NT\$3.14 to NT\$2.86 and from NT\$2.86 to NT\$2.60, respectively, and for the diluted before and after income tax EPS for the six months ended June 30, 2010 to decrease from NT\$3.12 to NT\$2.84 and from NT\$2.84 to NT\$2.58, respectively.

## 21. RELATED-PARTY TRANSACTIONS

### a. Related parties

Related Party	Relationship with the Group
Axiomtek Co., Ltd. (“Axiomtek”)	Equity-method investee of the Parent Company
Advantech Hungary Ltd. (AHG)	Equity-method investee of the Parent Company
SG Advantech Co., Ltd. (former name: Advantech Technologies Co., Ltd.) (SGA)	The Parent Company’s chairman is SGA’s board member; SGA was an equity-method investee of the Parent Company until December 2008
Advantech Corporation (Thailand) Co., Ltd. (ATH)	Equity-method investee of Advantech Co., Singapore Pte, Ltd., a 100% subsidiary of the Parent Company.
Avalue Technology Inc. (“Avalue”)	The Parent Company’s chairman is Avalue’s director
K&M Investment Co., Ltd. (K&M)	The spouse of the Parent Company’s chairman is K&M’s director
Jan Hsiang Electronics Co., Ltd. (“Jan Hsiang”)	Equity-method investee of Netstar, an indirect subsidiary of the Parent Company
AIDC Investment Corp. (AIDC)	AIDC’s owner is a second-degree relative of the Parent Company’s chairman

The Parent Company’s related parties, in addition to those listed above, are shown in Table 7.

### b. The significant transactions with the above related parties, in addition to those disclosed in Note 23 and Table 2 (Attached), are summarized as follows:

	2011		2010	
	Amount	% to Total	Amount	% to Total
<u>For the six months ended June 30</u>				
Sales				
Avalue	\$ 80,237	1	\$ 153,907	1
Axiomtek	13,838	-	8,780	-
Jan Hsiang	30	-	-	-
ATH	<u>-</u>	<u>-</u>	<u>13,060</u>	<u>-</u>
	<u>\$ 94,105</u>	<u>1</u>	<u>\$ 175,747</u>	<u>1</u>
Purchase of materials and supplies				
Jan Hsiang	\$ 11,703	-	\$ -	-
Axiomtek	<u>79</u>	<u>-</u>	<u>125</u>	<u>-</u>
	<u>\$ 11,782</u>	<u>-</u>	<u>\$ 125</u>	<u>-</u>
Operating expense				
Rental expense				
K&M	\$ 2,233	18	\$ 670	2
AIDC	<u>1,746</u>	<u>14</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,979</u>	<u>32</u>	<u>\$ 670</u>	<u>2</u>

	2011		2010	
	Amount	% to Total	Amount	% to Total
Nonoperating income and gains				
Other revenue				
AIDC	\$ 750	1	\$ 750	1
K&M	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>
	<u>\$ 1,000</u>	<u>1</u>	<u>\$ 1,000</u>	<u>1</u>
 <u>June 30</u>				
Accounts receivable - related parties				
Avalue	\$ 21,010	87	\$ 33,348	83
Axiomtek	3,266	13	3,591	9
ATH	-	-	3,214	8
AHG	<u>-</u>	<u>-</u>	<u>37</u>	<u>-</u>
	<u>\$ 24,276</u>	<u>100</u>	<u>\$ 40,190</u>	<u>100</u>
Payables to related parties (part of accounts payable)				
Accounts payable				
Jan Hsiang	\$ 2,565	100	\$ -	-
Axiomtek	<u>3</u>	<u>-</u>	<u>67</u>	<u>100</u>
	<u>\$ 2,568</u>	<u>100</u>	<u>\$ 67</u>	<u>100</u>

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.

## 22. ASSETS PLEDGED OR MORTGAGED

As of June 30, 2011 and 2010, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, had pledged assets for a letter of credit and long-term bank loans, as follows:

	Six Months Ended June 30	
	2011	2010
Restricted assets - current (reserve account)	\$ -	\$ 620
Properties - land	13,047	13,047
Properties - buildings - cost	<u>16,462</u>	<u>17,430</u>
	<u>\$ 29,509</u>	<u>\$ 31,097</u>

## 23. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. As of June 30, 2010, the Parent Company had the following guarantees for affiliates' loans:

	<b>Amount</b>
AKMC	<u>\$ 304,485 thousand</u>
Advantech Fund-A	<u>\$ 300,000 thousand</u>
AiST	<u>\$ 200,000 thousand</u>
Advansus Corp.	<u>\$ 100,000 thousand</u>
ACA	<u>\$ 50,000 thousand</u>
Cermate	<u>\$ 40,000 thousand</u>
AAU	<u>\$ 5,745 thousand</u>

- b. As of June 30, 2011, the guarantee notes issued by Cermate Technologies Co., Ltd. for its bank loan amounted to \$25,000 thousand.

## 24. FINANCIAL INSTRUMENTS

- a. Fair values of financial instruments were as follows:

	<b>June 30</b>			
	<b>2011</b>		<b>2011</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Nonderivative financial instruments</u>				
Assets				
Available-for-sale financial assets - current	\$ 16,297	\$ 16,297	\$ 13,176	\$ 13,176
Available-for-sale financial assets - noncurrent	2,456,032	2,456,032	2,417,244	2,417,244
Liabilities				
Long-term bank loans (including current portion)	20,847	20,847	23,348	23,348
Convertible bonds payable	752,777	835,284	-	-
<u>Derivative financial instruments and location</u>				
Financial assets at fair value through profit or loss - current				
Domestic	4,690	4,690	6,733	6,733
Foreign (including foreign corporation operating locally)	23,352	23,352	39,358	39,358
Financial liabilities at fair value through profit or loss - current				
Domestic	5,661	5,661	11,030	11,030
Foreign (including foreign corporation operating locally)	44,467	44,467	17,852	17,852

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

- 1) For financial instruments such as cash and notes and accounts receivables, receivables from related parties, other receivables, other receivables from related parties, refundable deposits, restricted assets - current, short-term bank loans, accounts payables and expense payables, 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 quoted market prices or estimated using certain valuation techniques, as follows:

	Based on the Quoted Market Price		Estimated Using Valuation Techniques	
	June 30		June 30	
	2011	2010	2011	2010
<u>Asset</u>				
Financial assets at fair value through profit or loss - current	\$ -	\$ -	\$ 28,042	\$ 46,091
Available-for-sale financial assets - current	16,297	13,176	-	-
Available-for-sale financial assets - noncurrent	2,456,032	2,417,244	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	50,128	28,882
Convertible bonds payable	835,284	-	-	-

- d. As of June 30, 2011 and 2010, financial assets exposed to fair value risk from interest rate fluctuation amounted to \$555,120 thousand and \$730,916 thousand, respectively. As of June 30, 2011 and 2010, financial liabilities exposed to fair value risk from interest rate fluctuation amounted to \$173,827 thousand and \$116,209 thousand, respectively. As of June 30, 2011 and 2010, financial assets exposed to cash flow risk from interest rate fluctuation amounted to \$1,903,368 thousand and \$2,104,589 thousand, respectively.
- e. The Parent Company recognized an unrealized gain of \$158,307 thousand and an unrealized loss of \$660,381 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the six months ended June 30, 2011 and 2010, respectively. The Parent Company also recognized unrealized gains of \$13,856 thousand and \$35,801 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for the six months ended June 30, 2011 and 2010, 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 Parent Company 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.

## 25. ADDITIONAL DISCLOSURES

- a. Except for those mentioned in Note 21 and 23 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 June 30, 2011, accumulated inward remittance of earnings as of June 30, 2011 and maximum allowance limit on investment: Table 8 attached.
  - 2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 21 and 23 and Tables 1, 2, 5 and 6.
- c. Intercompany relationships and significant intercompany transactions: Please see Table 10 attached.

## 26. SEGMENT INFORMATION

- a. General information

Segment information is provided to the Group's chief operating decision maker for allocating resources to the segments and assessing their performance. The information puts emphasis on every type of products sold or services provided. The Group's segment information disclosed in accordance with Statement of Financial Accounting Standards No. 41 - "Operating Segments" is as follows:

- 1) Industrial automation services: Services cover various industries;
- 2) Embedded board and design-in services: Including services involving embedded boards, systems and peripheral hardware and software;
- 3) Intelligent services: Referring to integrated intelligent applications that can be used in various areas;
- 4) Design and manufacturing services: Customized design and services based on customers' requirements;
- 5) Global customer services: Global repair, technical support and warranty services.

b. Segment information

		June 30, 2011							
		Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Income									
From outside customers	\$	2,306,232	3,893,014	1,321,073	3,567,390	1,611,347	127,912	621,474	13,448,442
Income from sales between segments	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	3,877	3,877
Income total	<u>\$</u>	<u>2,306,232</u>	<u>3,893,014</u>	<u>1,321,073</u>	<u>3,567,390</u>	<u>1,611,347</u>	<u>127,912</u>	<u>625,351</u>	<u>13,452,319</u>
Interest expense	\$	-	-	-	-	-	-	5,646	5,646
Depreciation and amortization	-	-	-	-	-	-	-	235,398	235,398
Income from equity-method investments	-	-	-	-	-	-	-	22,217	22,217
Segmental profit or loss	<u>\$</u>	<u>662,063</u>	<u>911,143</u>	<u>107,243</u>	<u>527,435</u>	<u>98,376</u>	<u>3,545</u>	<u>17,226</u>	<u>2,327,031</u>
Investments accounted for by the equity method	\$	-	-	-	-	-	-	375,807	375,807
Capital expense from noncurrent assets	-	-	-	-	-	-	-	1,954,289	1,954,289
Segment assets	<u>\$</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,084,535</u>	<u>22,084,535</u>
		June 30, 2010							
		Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Income									
From outside customers	\$	1,825,306	3,140,674	948,808	2,447,840	1,434,344	89,184	410,022	10,296,178
Income from sales between segments	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	4,579	4,579
Income total	<u>\$</u>	<u>1,825,306</u>	<u>3,140,674</u>	<u>948,808</u>	<u>2,447,840</u>	<u>1,434,344</u>	<u>89,184</u>	<u>414,601</u>	<u>10,300,757</u>
Interest expense	\$	-	-	-	-	-	-	1,252	1,252
Depreciation and amortization	-	-	-	-	-	-	-	184,107	184,107
Income from equity-method investments	-	-	-	-	-	-	-	25,410	25,410
Segmental profit or loss	<u>\$</u>	<u>532,489</u>	<u>635,994</u>	<u>58,148</u>	<u>288,317</u>	<u>118,210</u>	<u>9,814</u>	<u>45,122</u>	<u>1,688,094</u>
Investments accounted for by the equity method	\$	-	-	-	-	-	-	390,947	390,947
Capital expense from noncurrent assets	-	-	-	-	-	-	-	793,633	793,633
Segment assets	<u>\$</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,741,985</u>	<u>18,741,985</u>

The income above was generated from transactions with external customers. There were no sales between segments in the six months ended June 30, 2011 and 2010.

Segment income refers to the profits made, excluding net investment gains accounted for by the equity method, stock dividends, gains from disposal of investments, net foreign exchange gains, other income, interest expense, impairment losses and other expenses. The information above is provided to the Parent Company's chief operating decision maker for allocating resources to the segments and assessing their performance.

## 27. OTHER

Information on the Group's foreign currency-denominated financial assets and liabilities with significant effect on the financial statements is as follows:

	June 30					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
AUD	\$ 4,000	30.825	\$ 123,300	\$ 3,221	27.47	\$ 88,481
BRL	2,563	18.45	47,287	2,545	17.894	45,540
RMB	349,829	4.465	1,561,986	239,062	4.7356	1,132,102
EUR	4,466	41.63	185,920	3,527	39.32	138,682
GBP	1,309	46.19	60,463	52	48.4	2,517
JPY	562,553	0.357	200,831	406,139	0.363	147,428
KRW	8,900,018	0.027	240,300	7,800,981	0.026	202,826
MYR	3,449	9.521	32,838	3,377	9.88	33,365
SGD	2,758	23.38	64,482	3,367	22.99	77,407
THB	24,936	0.9391	23,417	13,006	0.9968	12,964
USD	206,457	28.725	5,930,477	154,340	32.15	4,962,031
Nonmonetary items						
KRW	436,253	0.027	11,779	1,112,586	0.026	28,927
USD	976	28.725	28,042	898	32.15	28,882
Investments accounted for by the equity method						
USD	479	28.725	13,759	474	32.15	15,239
<u>Financial liabilities</u>						
Monetary items						
BRL	601	18.45	11,088	428	17.894	7,659
RMB	184,937	4.465	825,744	140,568	4.7356	665,674
EUR	6,445	41.63	268,305	2,712	39.32	106,636
JPY	71,061	0.357	25,369	48,893	0.363	17,748
KRW	777,033	0.027	20,980	1,867,703	0.026	48,560
SGD	265	23.38	6,196	756	22.99	17,380
USD	63,650	28.725	1,828,346	39,858	32.15	1,281,435
Nonmonetary items						
USD	1,846	28.73	53,026	1,464	32.15	46,091

## ADVANTECH CO., LTD. AND SUBSIDIARIES

## FINANCING PROVIDED

SIX MONTHS ENDED JUNE 30, 2011

(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		
1	AEUH	AEU	Other receivable - related parties	\$ 39,965 (EUR 960 thousand)	\$ 39,965 (EUR 960 thousand)	4%	Short-term financing		Financing need	\$ -	-	-	\$ 1,361,642 (Note B)	\$ 2,723,284 (Note B)
2	ANA	AEU	Other receivable - related parties	28,725 (US\$ 1,000 thousand)	28,725 (US\$ 1,000 thousand)	2%	Short-term financing		Financing need	-			1,361,642 (Note B)	2,723,284 (Note B)
		AKMC	Other receivable - related parties	166,605 (US\$ 5,800 thousand)	166,605 (US\$ 5,800 thousand)	2%	Short-term financing		Financing need	-	-	-	1,361,642 (Note B)	2,723,284 (Note B)
3	AiSC	ACN	Other receivable - related parties	176,719 (RMB 39,576 thousand)	96,839 (RMB 21,687 thousand)	2%	Short-term financing		Financing need	-	-	-	133,959 (Note C)	133,959 (Note C)
4	Netstar Technology Co., Ltd.	LANSONIC (B.V.I.)	Other receivable - related parties	3,676	3,676	-	Short-term financing		Financing need	-			38,100 (Note D)	38,100 (Note D)
5	Broadwin Technology Inc.	Netstar Technology Co., Ltd.	Other receivable - related parties	20,000	20,000	2%	Short-term financing		Financing need	-	-	-	29,700 (Note D)	29,700 (Note D)
6	Advantech Fund-A	Netstar Technology Co., Ltd.	Other receivable - related parties	12,000	12,000	2%	Short-term financing		Financing need	-			350,739 (Note D)	350,739 (Note D)
		Advantech Co., Ltd. (the "Company")	Other receivable - related parties	200,000	200,000	1.20%	Short-term financing		Financing need	-	-	-	350,739 (Note D)	350,739 (Note D)
		ACA	Other receivable - related parties	20,000	20,000	1.20%	Short-term financing		Financing need	-			350,739 (Note D)	350,739 (Note D)

Notes: A. The exchange rate was EUR1=41.63, US\$1 = 28.725 and RMB1=4.4653.

B. 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.

C. 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.

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

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

## ADVANTECH CO., LTD. AND SUBSIDIARIES

## ENDORSEMENT/GUARANTEE PROVIDED

SIX MONTHS ENDED JUNE 30, 2011

(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	\$ 1,361,642 (Note A)	\$ 304,485 (US\$ 10,600 thousand)	\$ 304,485 (US\$ 10,600 thousand)	\$ -	2.24%	\$ 4,084,926 (Note B)
		Cermate Technologies Inc.	Indirect subsidiary	1,361,642 (Note A)	40,000	40,000	-	0.29%	4,084,926 (Note B)
		Advansus Corp.	Equity-method investee	1,361,642 (Note A)	100,000	100,000	-	0.73%	4,084,926 (Note B)
		Advantech Fund-A	Subsidiary	1,361,642 (Note A)	300,000	300,000	-	2.20%	4,084,926 (Note B)
		ACA	Subsidiary	1,361,642 (Note A)	50,000	50,000	-	0.37%	4,084,926 (Note B)
		AiST	Subsidiary	1,361,642 (Note A)	200,000	200,000	-	1.47%	4,084,926 (Note B)
		AAU	Subsidiary	1,361,642 (Note A)	5,745 (US\$ 200 thousand)	5,745 (US\$ 200 thousand)	-	0.04%	4,084,926 (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\$28.725.

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

## ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS  
SIX MONTHS ENDED JUNE 30, 2011

(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note	
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value		
Advantech Co., Ltd. (the "Company")	<u>Stock</u>								
	AAC (BVI)	Subsidiary	Long-term equity investments	29,623,834	\$ 2,130,481	100.00	\$ 2,134,413	Note A	
	ATC	"	"	38,750,000	2,351,421	100.00	2,358,901	Note A	
	Advansus Corp.	Equity-method investee	"	18,000,000	218,384	50.00	228,346	Note A	
	Advantech Fund-A	Subsidiary	"	90,000,000	873,342	100.00	876,848	Note A	
	Axiomtek	Equity-method investee	"	20,586,984	359,070	26.62	359,070	Note A	
	AEUH	Subsidiary	"	9,572,024	954,512	100.00	954,512	Note A	
	ASG	"	"	1,450,000	88,958	100.00	88,958	Note A	
	AAU	"	"	500,204	82,209	100.00	82,209	Note A	
	AJP	"	"	1,200	168,392	100.00	168,392	Note A	
	AMY	"	"	2,000,000	38,372	100.00	38,372	Note A	
	AHG	"	"	30	9,347	30.00	9,347	Note A	
	AKR	"	"	600,000	132,762	100.00	132,762	Note A	
	ABR	"	"	971,055	27,483	43.28	27,483	-	
	AiST	"	"	5,000,000	81,320	100.00	81,320	-	
	ACA	"	"	30,378,900	95,064	98.59	95,064	Note A	
	AHK	"	"	Other liability - others	999,999	(5,457)	100.00	(5,457)	Notes A and C
	ASUSTek Computer Inc.	-	-	Available for sale financial assets - noncurrent	6,215,460	1,771,406	0.99	1,771,406	Note B
	SGA	-	-	"	1,264,500	11,779	3.22	11,779	Note B
	Chunghwa Telecom Co., Ltd.	-	-	"	1,243,636	122,871	-	122,871	Note B
Pegatron Corp.	-	-	"	18,486,570	549,976	-	549,976	Note B	
Advantech Fund-A	<u>Stock</u>								
	Netstar Technology Co., Ltd.	Subsidiary	Long-term equity investments	21,613,597	187,781	86.45	187,781	Note A	
	BCM Embedded Computer Inc.	"	"	4,500,000	17,517	100.00	17,517	Note A	
	Broadwin Technology Inc.	"	"	6,777,571	149,470	100.00	149,470	Note A	
	Cermate Technologies Inc.	"	"	5,500,000	77,284	55	77,284	Note A	
	Chunghwa Telecom Co., Ltd.	-	-	Available for sale financial assets- current	164,952	16,297	-	16,297	Note B
	AverMedia Information Inc.	-	-	Financial assets carried at cost - noncurrent	770,000	70,331	0.93	70,331	-
COBAN Research and Technologies, Inc.	-	-	"	600,000	33,257	6.85	33,257	-	

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
ATC	<u>Stock</u> ATC (HK)	Subsidiary	Long-term equity investments	41,650,001	\$ 1,648,983	100.00	\$ 1,648,983	Note A
ATC (HK)	<u>Stock</u> AKMC	Subsidiary	Long-term equity investments	-	1,649,206	100.00	1,649,206	Note A
AAC (BVI)	<u>Stock</u> ANA	Subsidiary	Long-term equity investments	10,952,606	1,126,985	100.00	1,126,985	Note A
	AAC (HK)	"	"	15,230,001	1,003,715	100.00	1,003,715	Note A
ANA	<u>Stock</u> ABR	-	Financial assets carried at cost - noncurrent	375,192	5,524	16.72	5,524	-
AAC (HK)	<u>Stock</u> ACN	Subsidiary	Long-term equity investments	-	572,275	100.00	572,275	Note A
	AiSC	"	"	-	437,382	100.00	437,382	Note A
	AXA	"	"	-	(6,730)	100.00	(6,730)	Notes A and C
ACN	<u>Stock</u> Hangzhou Advantofine Automation Co., Ltd.	"	"	-	15,209	60.00	15,209	Note A
AEUH	<u>Stock</u> AEU	"	"	8,314,280	94,611	100.00	94,611	Note A
	APL	"	"	6,836	40,986	100.00	40,986	Note A
	DLoG	"	"	1	601,054	100.00	601,054	Note A
AEU	<u>Stock</u> Innocore	"	"	251,111	160,173	100.00	160,173	Note A
Innocore	<u>Stock</u> IGL	"	"	501,000	45,017	100.00	45,017	Note A
ASG	<u>Stock</u> ATH	"	"	51,000	14,850	51.00	14,879	Note A
Netstar Technology Co., Ltd.	<u>Stock</u> Jan Hsiang Electronics Co., Ltd.	"	Long-term equity investments	570,000	7,390	28.50	7,390	Note A
Broadwin Technology Inc.	<u>Stock</u> Broadwin Technology Inc.	"	Long-term equity investments	5,643,650	14,095	100.00	14,095	Note A
Cermate Technologies Inc.	<u>Stock</u> Land Mark	"	Long-term equity investments	972,284	36,153	100.00	36,153	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
LandMark	<u>Stock</u>	"	Long-term equity investments	-	\$ 21,401	100.00	\$ 21,401	Note A
	Cermate (Shanghai)							
	Cermate (Shenzhen)		"	-	14,633	90.00	14,633	Note A

Note A: The financial statements used as basis of net asset values were all unaudited, except those of ATC, ACN, AKMC and AiSC.

Note B: Market value was based on the closing price on June 30, 2011.

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

(Concluded)

## ADVANTECH CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 SIX MONTHS ENDED JUNE 30, 2011  
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction made by Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Advantech Co., Ltd. (the "Company")	Real estate	2011.01	\$ 1,511,941	Paid in full by contract requirements	Tung Ho Steel Enterprise Corporation	None	-	-	-	\$ -	Real estate appraisal	For the Company's expansion need	None

## 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  
SIX MONTHS ENDED JUNE 30, 2011  
(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. (the "Company")	AEU	Indirect subsidiary	Sale	\$ (1,206,787)	12.71	Set for 45 days a month	Contract price	No significant difference from terms for related parties	\$ 875,722	25.72	
	ACN	Indirect subsidiary	Sale	(1,203,369)	12.67	Set for 45 days a month	Contract price	No significant difference from terms for related parties	555,571	16.32	
	AKMC	Indirect subsidiary	Sale	(217,138)	2.29	Set for 30 days after a month	Contract price	No significant difference from terms for related parties	-	-	
	AJP	Subsidiary	Sale	(182,013)	1.92	Set for 45 days a month	Contract price	No significant difference from terms for related parties	30,294	0.89	
	AiSC	Indirect subsidiary	Sale	(905,654)	9.54	Set for 45 days a month	Contract price	No significant difference from terms for related parties	442,297	12.99	
	ANA	Indirect subsidiary	Sale	(2,462,336)	25.92	Set for 45 days a month	Contract price	No significant difference from terms for related parties	371,349	10.91	
	AKR	Subsidiary	Sale	(191,864)	2.02	Set for 45 days a month	Contract price	No significant difference from terms for related parties	50,880	1.49	
	ATC	Subsidiary	Purchase	3,242,778	47.04	Set for 60 days a month	Contract price	No significant difference from terms for related parties	(1,077,103)	54.66	
	Advansus Corp.	Subsidiary	Purchase	657,362	9.54	Set for 30 days a month	Contract price	No significant difference from terms for related parties	(121,195)	6.15	
	AiST	Subsidiary	Purchase	325,744	4.73	Set for 30 days a month	Contract price	No significant difference from terms for related parties	(10,045)	0.51	
ATC	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Sale	(3,242,778)	98.20	Set for 60 days a month	Contract price	No significant difference from terms for related parties	1,077,103	95.16	
Advansus Corp.	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Sale	(657,362)	84.15	Set for 30 days a month	Contract price	No significant difference from terms for related parties	121,195	67.01	
AiST	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Sale	(325,744)	41.70	Set for 30 days a month	Contract price	No significant difference from terms for related parties	10,045	7.59	
ANA	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	2,462,336	85.98	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(371,349)	71.48	
AEU	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	1,206,787	82.53	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(875,722)	95.22	
ACN	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	1,203,369	74.97	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(555,571)	83.37	

(Continued)

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	
AKMC	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	\$ 217,138	6.81	Set for 30 days after a month	Contract price	No significant difference from terms for related parties	\$ -	-	
AJP	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	182,013	91.29	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(30,294)	94.53	
AiSC	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	905,654	69.67	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(442,297)	83.57	
AKR	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	191,864	53.61	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(50,880)	50.67	
ACN	AiSC	Related enterprise	Sale	(130,996)	7.09	Set for 45 days a month	Mark-up pricing	No significant difference from terms for related parties	27,488	3.39	
AKMC	ATC	Related enterprise	Sale	(3,131,392)	(93.16)	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	402,127	81.58	
	AiSC	Related enterprise	Sale	-	-	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	-	-	
	Netstar Technology Co., Ltd.	Related enterprise	Sale	(143,181)	(4.26)	Set for 60 days after a month	Mark-up pricing	No significant difference from terms for related parties	65,936	13.38	
Advansus Corp.	AKMC	Related enterprise	Sale	(258,630)	(33.11)	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	78,353	43.32	
	AiST	Related enterprise	Sale	(108,680)	(13.91)	About 60 to 90 days	Mark-up pricing	No significant difference from terms for related parties	18,557	10.26	
AiST	AKMC	Related enterprise	Sale	(240,222)	(30.75)	Set for 30 days a month	Mark-up pricing	No significant difference from terms for related parties	55,395	41.84	
	Advansus Corp.	Related enterprise	Sale	(236,735)	(30.30)	Set for 30 days a month	Mark-up pricing	No significant difference from terms for related parties	66,811	50.47	
AiSC	ACN	Related enterprise	Purchase	130,996	10.08	Set for 45 days a month	Mark-up pricing	No significant difference from terms for related parties	(27,488)	5.19	
	AKMC	Related enterprise	Purchase	-	-	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	-	-	
ATC	AKMC	Related enterprise	Purchase	3,131,392	100.00	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	(402,127)	100.00	
Netstar Technology Co., Ltd.	AKMC	Related enterprise	Purchase	143,181	97.77	Set for 60 days after a month	Mark-up pricing	No significant difference from terms for related parties	(65,936)	75.60	
AKMC	Advansus Corp.	Related enterprise	Purchase	258,630	8.12	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	(78,353)	5.49	
AiST	Advansus Corp.	Related enterprise	Purchase	108,680	14.21	About 60 to 90 days	Mark-up pricing	No significant difference from terms for related parties	(18,557)	12.14	

(Continued)

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	
AKMC	AiST	Related enterprise	Purchase	\$ 240,222	7.54	Set for 30 days a month	Mark-up pricing	No significant difference from terms for related parties	\$ (55,395)	3.88	
Advansus Corp.	AiST	Related enterprise	Purchase	236,735	32.93	Set for 30 days a month	Mark-up pricing	No significant difference from terms for related parties	(66,811)	22.54	

(Concluded)

**ADVANTECH CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SIX MONTHS ENDED JUNE 30, 2011  
(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. (the "Company")	AEU	Indirect subsidiary	\$ 875,722	3.13	\$ -	-	\$ 164,278	\$ -
	AiSC	Indirect subsidiary	442,297	5.41	-	-	174,341	-
	ACN	Indirect subsidiary	555,571	5.50	-	-	230,721	-
	ANA	Indirect subsidiary	371,349	10.86	-	-	371,349	-
ATC	Advantech Co., Ltd. (the "Company")	Parent company	1,077,103	6.29	-	-	680,475	-
Advansus Corp.	Advantech Co., Ltd. (the "Company")	Parent company	121,195	10.13	-	-	116,394	-
AKMC	ATC	Parent company	402,127	19.92	-	-	402,127	-

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  
SIX MONTHS ENDED JUNE 30, 2011  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				June 30, 2011	December 31, 2010	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd. (the "Company")	AAC (BVI)	BVI	Investment holding company	\$ 993,108	\$ 1,078,934	\$ 29,623,834	100.00	\$ 2,130,481	\$ 217,256	\$ 215,356	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	2,351,421	(27,131)	(27,099)	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	180,000	180,000	18,000,000	50.00	218,384	33,048	13,318	Equity-method investee
	AEUH	Helmond, The Netherlands	Investment holding company	1,146,489	1,146,489	9,572,024	100.00	954,512	56,900	56,900	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment and management service	900,000	900,000	90,000,000	100.00	873,342	13,519	13,485	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	249,059	261,681	20,586,984	26.62	359,070	76,384	20,765	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	88,958	6,457	6,457	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	82,209	7,485	7,485	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	168,392	14,703	14,703	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	-	5,927	-	-	-	-	-	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	38,372	3,238	3,238	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	9,347	-	152	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	132,762	31,365	31,365	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	27,483	11,479	6,887	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	81,320	31,133	31,133	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(5,457)	181	181	Subsidiary (Note A)
ACA	Taipei, Taiwan	Production and sale of portable industrial computing products	91,650	-	30,378,900	98.59	95,064	3,462	3,414	Subsidiary	
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	264,081	245,068	21,613,597	86.45	187,781	(13,150)	(11,139)	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	17,517	1,120	1,120	Indirect subsidiary
	Broadwin Technology Inc. Cermate Technologies Inc.	Taipei, Taiwan Taipei, Taiwan	Assembly and production of computers Production and sale of electrical equipment, telecommunications equipment and electronic parts manufacturing	172,063 71,500	172,063 71,500	6,777,571 5,500,000	100.00 55.00	149,470 77,284	3,779 6,466	3,779 3,556	Indirect subsidiary Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	1,212,730	1,212,730	41,650,001	100.00	1,648,983	32,846	32,846	Indirect subsidiary
ATC (HK)	AKMC	Jiangsu, China	Production and sale of industrial automation products	1,212,730	1,212,730	-	100.00	1,649,206	32,846	32,846	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,126,985	86,049	86,049	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	539,146	15,230,001	100.00	1,003,715	131,257	131,257	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale and fabrication of industrial automation products	185,356	185,356	-	100.00	572,275	63,340	63,340	Indirect subsidiary
	SHHQ	Shanghai, China	Sale and fabrication of industrial automation products	-	96,750	-	-	-	10	10	Indirect subsidiary
	AiSC	Shanghai, China	Sale and fabrication of industrial automation products	257,040	257,040	-	100.00	437,382	82,787	82,787	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	(6,730)	(14,880)	(14,880)	Indirect subsidiary (Note A)
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processes and sale of peripherals	13,727	13,727	-	60.00	15,209	1,015	609	Equity-method investee
AEUH	AEU	Eindhoven, The Netherlands	Sale and fabrication of industrial automation products	256,473	256,473	8,314,280	100.00	94,611	14,541	14,541	Indirect subsidiary
	APL	Warsaw, Poland	Sale and fabrication of industrial automation products	14,176	10,285	6,836	100.00	40,986	1,744	1,645	Indirect subsidiary
	DLoG	Munich, Germany	Design, R&D and sale of industrial automation vehicles and related products	553,536	553,536	1	100.00	601,054	52,499	37,972	Indirect subsidiary
AEU	Innocore	England	Design, R&D and sale of gaming computing products	166,023	166,023	251,111	100.00	160,173	10,539	3,761	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				June 30, 2011	December 31, 2010	Shares	Percentage of Ownership	Carrying Value			
Innocore	IGL	England	Design, R&D and sale of gaming computing products	\$ 33,914	\$ 33,914	\$ 501,000	100.00	\$ 45,017	\$ 10,540	\$ 10,540	
ASG	ATH	Thailand	Production of computers	7,537	7,537	51,000	51.00	14,850	3,158	1,611	Indirect subsidiary
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	3,719	3,719	570,000	28.50	7,390	4,560	1,300	Indirect subsidiary
	LANSONIC (B.V.I.)	BVI	General investment	-	101,188	-	-	-	3,287	3,117	Indirect subsidiary
Broadwin Technology Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of Webaccess software	69,492	69,492	5,643,650	100.00	14,095	(167)	(167)	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	28,200	972,284	100.00	36,153	4,715	4,715	Indirect subsidiary
LandMark	Cermate (Shanghai)	Shanghai, China	Sale of industrial electronic products	US\$ 572	US\$ 572	-	100.00	21,401	1,716	1,716	Indirect subsidiary
	Cermate (Shenzhen)	Shenzhen, China	Manufacture of LCD touch panel, USB data cable and industrial automation products	US\$ 308	US\$ 308	-	90.00	14,633	3,332	2,999	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 all unaudited, except those of ATC, ACN, AKMC and AiSC..

(Concluded)

## ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA  
SIX MONTHS ENDED JUNE 30, 2011

(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 January 1, 2011	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2011	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of June 30, 2011	Accumulated Inward Remittance of Earnings as of June 30, 2011
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US\$41,650 thousand	Indirect	\$ 1,071,443 (US\$ 37,300 thousand)	\$ -	\$ -	\$ 1,071,443 (US\$ 37,300 thousand)	100%	\$ 32,846	\$ 1,649,206	\$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US\$3,000 thousand	Indirect	86,175 (US\$ 3,000 thousand)	-	86,175 (US\$ 3,000 thousand)	-	100%	-	-	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US\$4,230 thousand	Indirect	153,162 (US\$ 5,332 thousand)	-	-	153,162 (US\$ 5,332 thousand)	100%	63,340	572,275	322,725 (US\$ 11,235 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US\$8,000 thousand	Indirect	229,800 (US\$ 8,000 thousand)	-	-	229,800 (US\$ 8,000 thousand)	100%	82,787	437,382	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US\$1,000 thousand	Indirect	(Note C)	-	-	(Note C)	100%	(14,880)	(6,730)	-

Accumulated Investment in Mainland China as of June 30, 2011	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Allowable Limit on Investment
\$1,460,149 (US\$50,832 thousand) (Note D)	\$2,527,800 (US\$88,000 thousand)	\$8,225,275 (Note F)

Note A: Only the financial statements of AKMC, ACN and AiSC used as basis of net asset values had been audited by independent CPAs; the other investees' financial statements were unaudited.

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 23 to the financial statements and Tables 1, 2, 5 and 6.

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

Note D: 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 E: The exchange rate was US\$1.00=NT\$28.725.

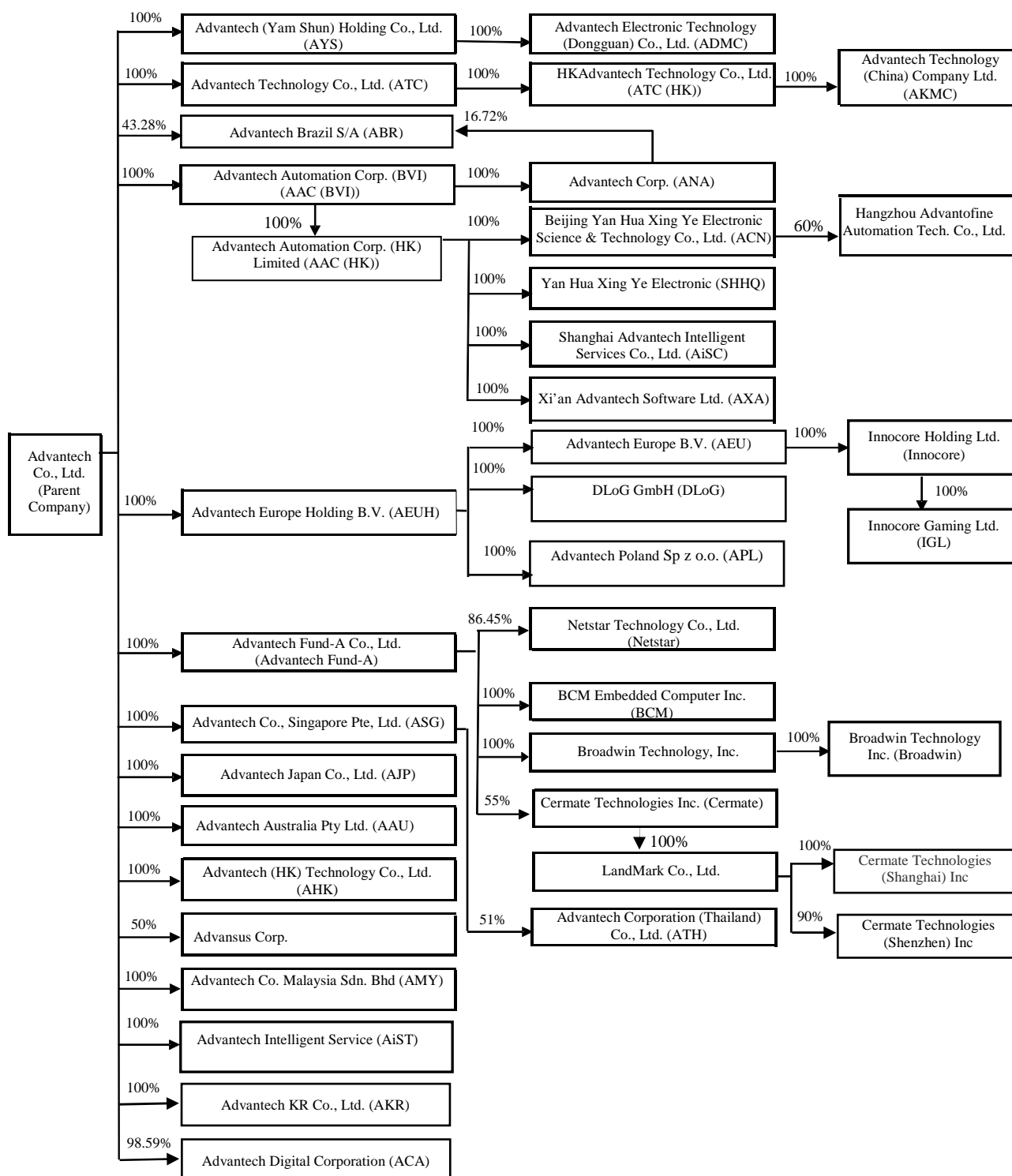
Note F: The maximum allowable limit on investment was based on 60% of the consolidated net asset value of Advantech Co., Ltd. (the "Company").

**TABLE 9**

**ADVANTECH CO., LTD. AND SUBSIDIARIES**

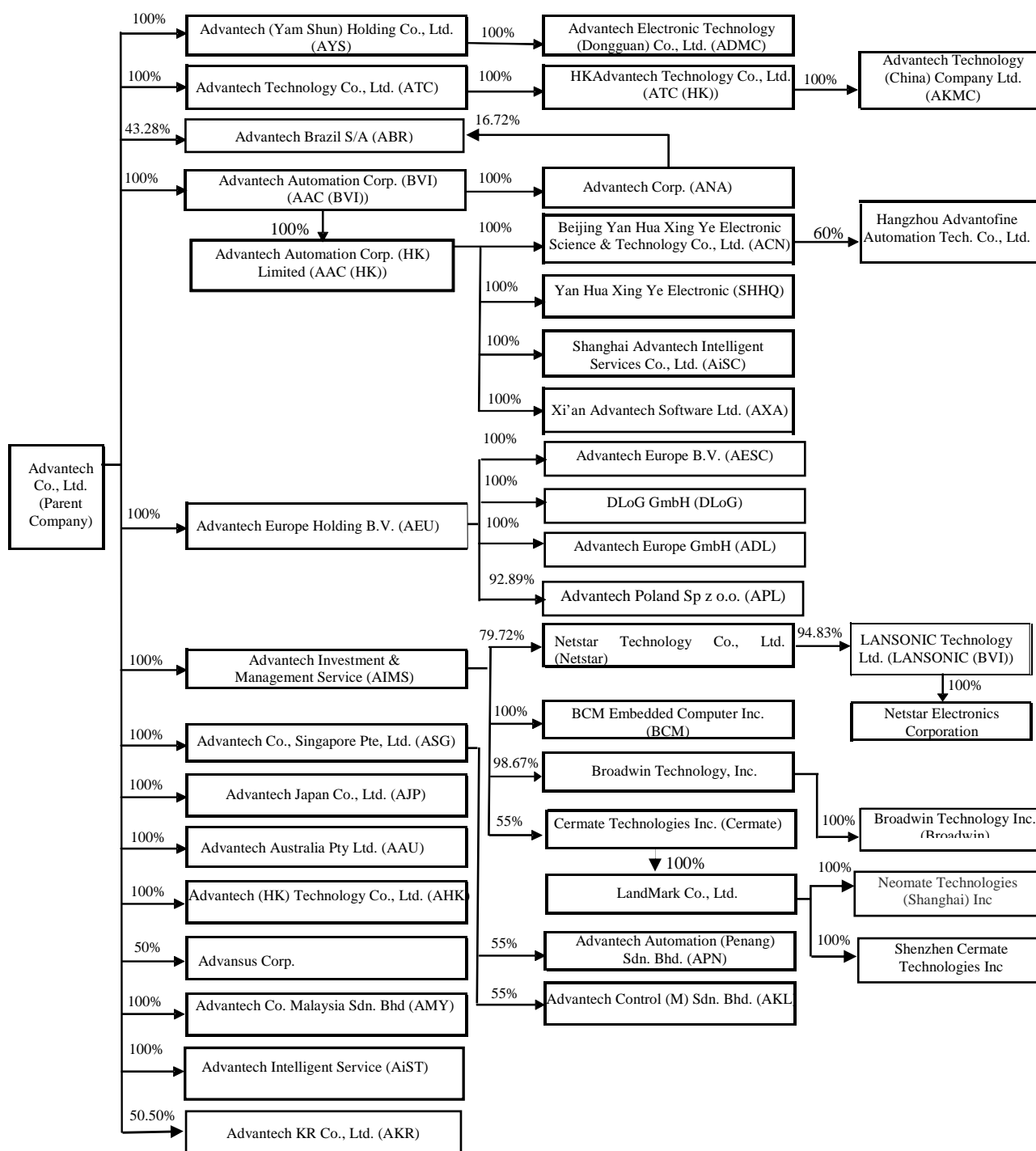
**ORGANIZATION CHART  
JUNE 30, 2011 AND 2010**

Intercompany relationships and percentages of ownership as of June 30, 2011 are shown below:



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

Intercompany relationships and percentages of ownership as of June 30, 2010 are shown below:



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

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES  
SIX MONTHS ENDED JUNE 30, 2011 AND 2010  
(In Thousands of New Taiwan Dollars)

June 30, 2011

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.	ATC	1	Purchase	\$ 3,242,778	Normal	24%
		ANA	1	Sales	2,462,336	Normal	18%
		AEU	1	Sales	1,206,787	Normal	9%
		ACN	1	Sales	1,203,369	Normal	9%
		ATC	1	Payables to related parties	1,077,103	60 days	5%
		AiSC	1	Sales	905,654	Normal	7%
		AEU	1	Receivables from related parties	882,282	30 days	4%
		Advansus Corp.	1	Purchase	657,362	Normal	5%
		ACN	1	Receivables from related parties	564,023	45 days	3%
		AiSC	1	Receivables from related parties	442,524	45 days	2%
		ANA	1	Receivables from related parties	375,495	45 days	2%
		AiST	1	Purchase	325,744	Normal	2%
		AKMC	1	Sales	217,138	Normal	2%
		AKR	1	Sales	191,864	Normal	1%
		AJP	1	Sales	182,013	Normal	1%
		ATC	1	Royalty income	163,543	Normal	1%
		Advansus Corp.	1	Payables to related parties	121,195	60-90 days	1%
		AAU	1	Sales	83,096	Normal	1%
		ANA	1	Purchase	65,213	Normal	-
		ASG	1	Sales	64,790	Normal	-
		AKR	1	Receivables from related parties	51,805	Prompt collection	-
		ABR	1	Sales	41,479	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	39,282	Normal	-
		AAU	1	Receivables from related parties	38,259	60-90 days	-
		AJP	1	Receivables from related parties	31,916	60-90 days	-
		ATH	1	Sales	29,224	Normal	-
		ASG	1	Receivables from related parties	27,596	60-90 days	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	19,403	60 days	-
		ACA	1	Purchase	19,086	Normal	-
		AMY	1	Sales	18,478	Normal	-
		ABR	1	Receivables from related parties	17,377	90 days	-
		ACN	1	Other revenue	14,255	Normal	-
		ACA	1	Sales	13,094	Normal	-
AiST	1	Sales	11,989	Normal	-		
ANA	1	Other revenue	10,731	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)
	Advantech Co., Ltd.	ANA	1	Payables to related parties	\$ 10,334	45 days	-
		AiST	1	Payables to related parties	10,045	30 days	-
		Cermate	1	Purchase	8,949	Normal	-
		Advansus Corp.	1	Other revenue	8,941	Normal	-
		AJP	1	Other revenue	8,169	Normal	-
		Advansus Corp.	1	Sales	7,838	Normal	-
		AMY	1	Receivables from related parties	6,517	45 days	-
		ATH	1	Receivables from related parties	6,439	30 days after invoice date	-
		ACN	1	Purchase	6,383	Normal	-
		Innocore	1	Sales	6,151	Normal	-
		AEU	1	Other revenue	5,863	Normal	-
		DLoG	1	Sales	5,624	Normal	-
		APL	1	Sales	5,606	Normal	-
		AKR	1	Purchase	4,713	Normal	-
		Advansus Corp.	1	Receivables from related parties	4,179	60-90 days	-
		ACA	1	Receivables from related parties	3,981	30 days	-
		Advansus Corp.	1	Rental revenue	3,510	Normal	-
		AHK	1	Operating expense	2,782	Normal	-
		Innocore	1	Receivables from related parties	2,411	30 days	-
		ASG	1	Operating expense	2,407	Normal	-
		BCM Embedded Computer Inc.	1	Purchase	2,285	Normal	-
		AKR	1	Other revenue	2,284	Normal	-
		AiST	1	Receivables from related parties	2,098	Normal	-
		DLoG	1	Receivables from related parties	1,691	30 days after invoice date	-
		APL	1	Receivables from related parties	1,623	45 days	-
		Cermate	1	Payables to related parties	1,470	Half-year payment (June, December)	-
		AEU	1	Payables to related parties	1,409	30 days	-
		AAU	1	Other revenue	1,160	Normal	-
		Broadwin Technology, Inc.	1	Sales	1,135	Normal	-
		ACN	1	Payables to related parties	1,106	30 days	-
		ADL	1	Interest revenue	1,099	Normal	-
		ASG	1	Other revenue	967	Normal	-
		ASG	1	Payables to related parties	880	60-90 days	-
		Advantech Fund-A	1	Interest expense	832	Normal	-
		DLG	1	Other revenue	635	Normal	-
		AMY	1	Other revenue	618	Normal	-
		BCM Embedded Computer Inc.	1	Sales	596	Normal	-
		ABR	1	Other revenue	526	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	499	60 days	-
		AHK	1	Payables to related parties	491	60 days	-
		Broadwin Technology, Inc.	1	Other revenue	480	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	480	Normal	-
		AEU	1	Purchase	417	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	390	Normal	-
		AMY	1	Operating expense	384	Normal	-
		Netstar Technology Co., Ltd.	1	Sales	369	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)
	Advantech Co., Ltd.	Cermate	1	Other revenue	\$ 360	Normal	-
		AJP	1	Payables to related parties	302	60-90 days	-
		BCM Embedded Computer Inc.	1	Payables to related parties	270	30 days	-
		ACA	1	Payables to related parties	261	30 days	-
		ATH	1	Other revenue	204	Normal	-
		ADL	1	Receivables from related parties	168	30 days	-
		ABR	1	Payables to related parties	144	Normal	-
		APL	1	Payables to related parties	130	30 days after invoice date	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	68	30 days	-
		Broadwin Technology, Inc.	1	Purchase	50	Normal	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	48	25th of every quarter	-
		ATH	1	Purchase	39	Normal	-
		ATH	1	Payables to related parties	38	Normal	-
		Cermate	1	Sales	31	Normal	-
		APL	1	Purchase	27	Normal	-
		AAU	1	Purchase	22	Normal	-
		AAU	1	Payables to related parties	21	60-90 days	-
		Advantech Fund-A	1	Rental revenue	18	Normal	-
		Cermate	1	Receivables from related parties	7	Half-year payment (June, December)	-
		Advantech Fund-A	1	Receivables from related parties	6	Normal	-
		AJP	1	Purchase	1	Normal	-
1	ACN	Advantech Co., Ltd.	2	Purchase	1,203,369	Normal	9%
	ACN	Advantech Co., Ltd.	2	Payables to related parties	564,023	45 days	3%
	ACN	AiSC	3	Sales	130,996	Normal	1%
	ACN (ABJ)	AiSC	3	Payables to related parties	130,568	25th of every month	1%
	ACN (ABJ)	AiSC	3	Purchase	95,298	Normal	1%
	ACN (ASZ)	AiSC	3	Purchase	35,319	Normal	-
	ACN	AXA	3	Receivables from related parties	29,185	60 days	-
	ACN	AiSC	3	Receivables from related parties	28,788	Prompt collection	-
	ACN	Advantech Co., Ltd.	2	Other expense	14,255	Normal	-
	ACN	AKMC	3	Sales	12,411	Normal	-
	ACN	AKMC	3	Purchase	11,295	Normal	-
	ACN	Advantech Co., Ltd.	2	Sales	6,383	Normal	-
	ACN	AKMC	3	Receivables from related parties	5,031	60-90 days	-
	ACN	AKMC	3	Payables to related parties	4,553	60-90 days	-
	ACN	ASZ (ACN)	3	Receivables from related parties	3,595	45 days	-
	ACN (ASZ)	ACN	3	Payables to related parties	3,595	45 days	-
	ACN	AKMC	3	Rental expense	1,763	Normal	-
	ACN	Advantech Co., Ltd.	2	Receivables from related parties	1,106	30 days	-
	ACN (ABJ)	AiSC	3	Interest expense	946	Normal	-
	ACN	AEU	3	Sales	670	Normal	-
	ACN	AAU	3	Sales	566	Normal	-
	ACN	AEU	3	Receivables from related parties	443	30 days	-
	ACN	ANA	3	Purchase	257	Normal	-
	ACN	AAU	3	Receivables from related parties	205	30th of every month	-

(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)
	ACN	ANA BCM AJP AMY AiSC	3 3 3 3 3	Payables to related parties Receivables from related parties Sales Sales Interest revenue	\$ 104 36 32 25 21	30 days 45 days Normal Normal Normal	- - - - -
2	AAU	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. DLoG DLoG ACN ACN AEU AEU ASG Advantech Co., Ltd. Advantech Co., Ltd. ANA ANA AEU ANA	2 2 2 3 3 3 3 3 3 3 2 2 3 3 3 3	Purchase Payables to related parties Other expense Payables to related parties Purchase Purchase Payables to related parties Purchase Payables to related parties Receivables from related parties Sales Receivables from related parties Purchase Receivables from related parties Receivables from related parties Payables to related parties	83,096 38,259 1,160 581 570 566 205 156 33 22 22 21 14 12 6 5	Normal 60-90 days Normal 30 days after invoice date Normal Normal 30th of every month Normal 30 days 30 days Normal 60-90 days Normal 30 days after invoice date 30 days after invoice date 60-90 days	1% - - - - - - - - - - - - - - - -
3	ABR	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd.	2 2 2 2	Purchase Payables to related parties Other expense Receivables from related parties	41,479 17,377 526 144	Normal 90 days Normal Normal	- - - -
4	ACA	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Fund-A	2 2 2 2 3	Sales Purchase Payables to related parties Receivables from related parties Interest expense	19,086 13,094 3,981 261 44	Normal Normal 30 days 30 days Normal	- - - - -
5	ADL ADL (AIT) ADL (AUK) ADL ADL (AIT) ADL (AIT) ADL ADL (AFR) ADL (AFR) ADL (AFR) ADL (AUK) ADL (AFR) ADL (AIT) ADL (AIT)	AEU AEU AEU ADL (AIT) ADL AEU ADL (AFR) ADL ADL AEU AEU ADL (AIT) ADL (AFR)	3 3 3 3 3 3 3 3 3 3 3 3 3 3	Commission revenue Payables to related parties Receivables from related parties Receivables from related parties Payables to related parties Receivables from related parties Payables to related parties Receivables from related parties Receivables from related parties Receivables from related parties Payables to related parties Receivables from related parties Payables to related parties Payables to related parties	111,360 42,768 22,982 19,996 19,996 9,312 4,916 4,916 4,916 4,916 3,341 3,275 3,275	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 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 30 days after invoice date 30 days after invoice date 30 days after invoice date	1% - - - - - - - - - - - - -

(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)
	ADL	AEU	3	Purchase	\$ 2,309	Normal	-
	ADL	AEUH	3	Payables to related parties	1,333	30 days after invoice date	-
	ADL	Advantech Co., Ltd.	2	Interest expense	1,099	Normal	-
	ADL (AFR)	AEUH	3	Payables to related parties	1,038	30 days after invoice date	-
	ADL (AUK)	AEUH	3	Payables to related parties	633	30 days after invoice date	-
	ADL (ABN)	AEU	3	Payables to related parties	361	30 days after invoice date	-
	ADL	ADL (AIT)	3	Payables to related parties	327	30 days after invoice date	-
	ADL (AIT)	ADL	3	Receivables from related parties	327	30 days after invoice date	-
	ADL (ABN)	ANA	3	Purchase	175	Normal	-
	ADL	Advantech Co., Ltd.	2	Payables to related parties	168	30 days	-
	ADL (AFR)	AEU	3	Payables to related parties	18	30 days after invoice date	-
	ADL (AFR)	AEU	3	Receivables from related parties	(21,702)	30 days after invoice date	-
	ADL	AEU	3	Receivables from related parties	(48,021)	30 days after invoice date	-
	ADL (AUK)	AEU	3	Commission revenue	8,888	Normal	-
6	AEUH	Advantech Co., Ltd.	2	Purchase	1,206,787	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	882,282	30 days	4%
		ADL	3	Commission expense	111,360	Normal	1%
		Advantech Co., Ltd.	2	Other expense	5,863	Normal	-
		ADL	3	Sales	2,309	Normal	-
		APL	3	Sales	1,411	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,409	30 days	-
		ADL	3	Receivables from related parties	1,333	30 days after invoice date	-
		ADL (AFR)	3	Receivables from related parties	1,038	30 days after invoice date	-
		ACN	3	Purchase	670	Normal	-
		ADL (AUK)	3	Receivables from related parties	633	30 days after invoice date	-
		ACN	3	Payables to related parties	443	30 days	-
		Advantech Co., Ltd.	2	Sales	417	Normal	-
		ANA	3	Sales	298	Normal	-
		AAU	3	Sales	156	Normal	-
		ASG	3	Sales	66	Normal	-
		DLoG	3	Payables to related parties	58	30 days	-
		DLoG	3	Purchase	56	Normal	-
		AiSC	3	Sales	32	Normal	-
7	AHK	Advantech Co., Ltd.	2	Other revenue	2,782	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	491	60 days	-
		AiSC	3	Payables to related parties	281	30 days	-
8	AiSC	Advantech Co., Ltd.	2	Purchase	905,654	Normal	7%
		Advantech Co., Ltd.	2	Payables to related parties	442,524	45 days	2%
		ACN	3	Purchase	130,996	Normal	1%
		ABJ (ACN)	3	Receivables from related parties	130,568	25th of every month	1%
		ABJ (ASZ)	3	Sales	95,298	Normal	1%
		AKMC	3	Purchase	47,358	Normal	-
		ACN (ASZ)	3	Sales	35,319	Normal	-
		ACN	3	Payables to related parties	28,788	25th of every month	-

(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)
	AISC	Hangzhou Advantofine Automation tech. Co., Ltd. AKMC AKMC AKMC ABJ (ACN) AHK BCM AEU ACN	3 3 3 3 3 3 3 3 3	Receivables from related parties Payables to related parties Sales Receivables from related parties Interest revenue Receivables from related parties Receivables from related parties Purchase Interest expense	\$ 26,914 15,605 6,931 2,197 946 281 143 32 21	Prompt collection Prompt payment Normal 30 days Normal 30 days Prompt collection Normal Normal	- - - - - - - - -
9	AJP	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. AKMC ACN ANA ANA AEU Advantech Co., Ltd. ANA (AASC)	2 2 2 2 3 3 3 3 3 2 3	Purchase Payables to related parties Other expense Receivables from related parties Receivables from related parties Purchase Purchase Payables to related parties Payables to related parties Sales Receivables from related parties	182,013 31,916 8,169 302 111 32 22 22 4 1 1	Normal 60-90 days Normal 60-90 days 45 days Normal Normal 15 days after invoice date 90 days Normal 30 days	1% - - - - - - - - - -
10	AKMC	ATC ANA ATC Advansus Corp. AiST Advantech Co., Ltd. Netstar Technology Co., Ltd. Advansus Corp. Netstar Technology Co., Ltd. AiST AiSC ATC ATC AiSC Advansus Corp. ACN ACN AiSC ACN ACN Advansus Corp. Netstar Technology Co., Ltd. AiSC ACN	3 3 3 3 3 2 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	Sales Payables to related parties Receivables from related parties Purchase Purchase Purchase Sales Payables to related parties Payables to related parties Sales Purchase Payables to related parties Receivables from related parties Sales Purchase Payables to related parties Receivables from related parties Sales Purchase Sales Purchase Payables to related parties Receivables from related parties Sales Purchase Sales Purchase Payables to related parties Receivables from related parties Purchase Payables to related parties Rental revenue	3,131,392 1,666,050 402,127 258,630 240,222 217,138 143,181 78,353 66,435 55,395 47,358 20,476 16,641 15,605 15,307 12,411 11,295 6,931 5,031 4,553 2,803 2,379 2,197 1,763	Normal 30 days after invoice date 60-90 days Normal Normal Normal Normal 60-90 days 60th of every month 60th of every month Normal Normal 60-90 days Prompt collection Normal Normal Normal Normal 60-90 days 60-90 days Prompt collection Normal 30 days Normal	23% 8% 2% 2% 2% 2% 1% - - - - - - - - - - - - - - - - -

(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	ANA ANA ANA Cermate AJP Hangzhou Advantofine Automation tech. Co., Ltd. ANA AEU AKR	3 3 3 3 3 3 3 3 3	Interest expense Sales Purchase Sales Payables to related parties Receivables from related parties Receivables from related parties Receivables from related parties Receivables from related parties	\$ 1,686 559 343 136 111 66 53 46 19	Normal Normal Normal Normal 45 days 60th of every month 60-90 days 30 days after invoice date 30 days after invoice date	- - - - - - - - -
11	AKR	Advantech Co., Ltd. Advansus Corp. Advantech Co., Ltd. Advansus Corp. Advantech Co., Ltd. Advantech Co., Ltd. AKMC	2 3 2 3 2 2 3	Purchase Purchase Payables to related parties Payables to related parties Sales Other expense Payables to related parties	191,864 54,822 51,805 19,900 4,713 2,284 19	Normal Normal Prompt payment 60-90 days Normal Normal 30 days after invoice date	1% - - - - - -
12	AMY	Advantech Co., Ltd. Advantech Co., Ltd. ASG ASG Advantech Co., Ltd. Advantech Co., Ltd. ATH ATH ASG ACN ANA	2 2 3 3 2 2 3 3 3 3 3	Purchase Payables to related parties Purchase Payables to related parties Other expense Other revenue Sales Receivables from related parties Other revenue Purchase Purchase	18,478 6,517 3,291 659 618 384 170 169 62 25 174	Normal 45 days Normal 30 days Normal Normal Normal Prompt payment Normal Normal Normal	- - - - - - - - - - -
13	ANA  ANA (AASC) ANA	Advantech Co., Ltd. AKMC Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. AKMC AEU AKMC AKMC AEU ACN AEU AEU ADL (ABN) ACN	2 3 2 2 2 2 3 3 3 3 3 3 3 3 3 3 3	Purchase Receivables from related parties Payables to related parties Sales Other expense Receivables from related parties Interest revenue Sales Purchase Sales Purchase Sales Purchase Sales Interest revenue Receivables from related parties Sales Receivables from related parties	2,462,336 1,666,050 375,495 65,213 10,731 10,334 1,686 934 559 343 298 257 199 183 175 104	Normal 30 days after invoice date 45 days Normal Normal 45 days Normal Normal Normal Normal Normal Normal Normal Normal 60-90 days Normal 30 days	18% 8% 2% - - - - - - - - - - - - -

(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)
	ANA	AKMC	3	Payables to related parties	\$ 53	60-90 days	-
		AJP	3	Sales	22	Normal	-
		AJP	3	Receivables from related parties	22	15 days after invoice date	-
		AEU	3	Sales	14	Normal	-
		AAU	3	Payables to related parties	12	30 days after invoice date	-
		AAU	3	Receivables from related parties	5	60-90 days	-
	ANA (AASC)	AJP	3	Payables to related parties	1	30 days	-
	ANA	AMY	3	Sales	174	Normal	-
14	APL	AEU	3	Sales	22,350	Normal	-
		Advantech Co., Ltd.	2	Purchase	5,606	Normal	-
		AEU	3	Receivables from related parties	5,004	30 days after invoice date	-
		Advantech Co., Ltd.	2	Payables to related parties	1,623	45 days	-
		AEU	3	Purchase	1,411	Normal	-
		AEU	3	Payables to related parties	963	30 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	130	30 days after invoice date	-
		Advantech Co., Ltd.	2	Sales	27	Normal	-
15	ASG	Advantech Co., Ltd.	2	Purchase	64,790	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	27,596	60-90 days	-
		AMY	3	Sales	3,291	Normal	-
		ATH	3	Sales	2,434	Normal	-
		Advantech Co., Ltd.	2	Other revenue	2,407	Normal	-
		Advantech Co., Ltd.	2	Other expense	967	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	880	60-90 days	-
		AMY	3	Receivables from related parties	659	30 days	-
		ATH	3	Receivables from related parties	326	30 days	-
		AEU	3	Payables to related parties	72	30 days after invoice date	-
		AEU	3	Purchase	66	Normal	-
		AMY	3	Other expense	62	Normal	-
		AAU	3	Payables to related parties	22	30th of every month	-
16	ATC	Advantech Co., Ltd.	2	Sales	3,242,778	Normal	24%
		AKMC	3	Purchase	3,131,392	Normal	23%
		Advantech Co., Ltd.	2	Receivables from related parties	1,077,103	60 days	5%
		AKMC	3	Payables to related parties	402,127	60-90 days	2%
		Advantech Co., Ltd.	2	Royalty expense	163,543	Normal	1%
		AKMC	3	Sales	20,476	Normal	-
		AKMC	3	Receivables from related parties	16,641	60-90 days	-
		AEU	3	Payables to related parties	1,683	30 days after invoice date	-
17	ATH	Advantech Co., Ltd.	2	Purchase	29,224	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	6,439	30 days after invoice date	-
		ASG	3	Purchase	2,434	Normal	-
		ASG	3	Payables to related parties	326	30 days	-
		Advantech Co., Ltd.	2	Other expense	204	Normal	-
		AMY	3	Purchase	170	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)
	ATH	AMY Advantech Co., Ltd. Advantech Co., Ltd.	3 2 2	Payables to related parties Sales Receivables from related parties	\$ 169 39 38	30 days after invoice date Normal Normal	- - -
18	AXA	ACN	3	Payables to related parties	29,185	Prompt payment	-
20	BCM	AISC ACN	3 3	Payables to related parties Payables to related parties	143 36	60 days 30 days after invoice date	- -
21	DLoG	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. AAU AAU AEU AEU AEU	2 2 2 3 3 3 3 3	Purchase Payables to related parties Other expense Receivables from related parties Sales Receivables from related parties Sales Payables to related parties	5,624 1,691 635 581 570 58 56 3	Normal 30 days after invoice date Normal 30 days after invoice date Normal 30 days Normal 30 days after invoice date	- - - - - - - -
22	Innocore	Advantech Co., Ltd. Advantech Co., Ltd. AEU	2 2 3	Purchase Payables to related parties Payables to related parties	6,151 2,411 107	Normal 30 days 30 days after invoice date	- - -
24	BCM Embedded Computer Inc.	Advansus Corp. Advansus Corp. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd.	3 3 2 2 2 2 2	Purchase Payables to related parties Sales Purchase Rental expense Receivables from related parties Payables to related parties	52,715 24,488 2,285 596 390 270 68	Normal 60-90 days Normal Normal Normal 30 days 30 days	- - - - - - -
25	Cermate (Shanghai)	Cermate (Shenzhen)	3	Purchase	14,387	Normal	-
26	Cermate (Shenzhen)	Cermate Cermate Cermate (Shanghai) Cermate Cermate	3 3 3 3 3	Purchase Payables to related parties Sales Sales Receivables from related parties	34,471 20,012 14,387 2,243 1,559	Normal 30 days Normal Normal 60 days	- - - - -
27	Cermate	Cermate (Shenzhen) Cermate (Shenzhen) Advantech Co., Ltd. Cermate (Shenzhen) Cermate (Shenzhen) Advantech Co., Ltd. Advantech Co., Ltd.	3 3 2 3 3 2 2	Sales Receivables from related parties Sales Purchase Payables to related parties Receivables from related parties Other expense	34,471 20,012 8,949 2,243 1,559 1,470 360	Normal 30 days Normal Normal 60 days Half-year payment (June, December) Normal	- - - - - - -

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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)
	Cermate	AKMC Advantech Co., Ltd. Advantech Co., Ltd.	3 2 2	Purchase Purchase Payables to related parties	\$ 136 31 7	Normal Normal Half-year payment (June, December)	- - -
28	Broadwin Technology, Inc.	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Netstar Technology Co., Ltd. Advantech Co., Ltd.	2 2 2 3 2	Purchase Payables to related parties Other expense Interest revenue Sales	1,135 499 480 163 50	Normal 60 days Normal Normal Normal	- - - - -
29	Hangzhou Advantofine Automation tech. Co., Ltd.	AiSC AKMC	3 3	Payables to related parties Payables to related parties	26,914 66	Prompt payment 60th of every month	- -
30	Advantech Fund-A	Advantech Co., Ltd. Netstar Technology Co., Ltd. ACA Advantech Co., Ltd. Advantech Co., Ltd.	2 3 3 2 2	Interest revenue Interest revenue Interest revenue Rental expense Payables to related parties	832 120 44 18 6	Normal Normal Normal Normal Normal	- - - - -
31	AiST	Advantech Co., Ltd. AKMC Advansus Corp. Advansus Corp. Advansus Corp. AKMC Advansus Corp. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd.	2 3 3 3 3 3 3 2 2 2	Sales Sales Sales Purchase Receivables from related parties Receivables from related parties Payables to related parties Purchase Receivables from related parties Payables to related parties	325,744 240,222 236,735 108,680 66,811 55,395 18,557 11,989 10,045 2,098	Normal Normal Normal Normal 30 days 30 days 30 days Normal 30 days Normal	2% 2% 2% 1% - - - - - -
32	Advansus Corp.	Advantech Co., Ltd. AKMC AiST Advantech Co., Ltd. AiST AKMC AiST AKR BCM Embedded Computer Inc. BCM Embedded Computer Inc. AKR AiST AKMC Advantech Co., Ltd. Advantech Co., Ltd.	2 3 3 2 3 3 3 3 3 3 3 3 3 2 2	Sales Sales Purchase Receivables from related parties Sales Receivables from related parties Payables to related parties Sales Sales Receivables from related parties Receivables from related parties Receivables from related parties Purchase Other expense Purchase	657,362 258,630 236,735 121,195 108,680 78,353 66,811 54,822 52,715 24,488 19,900 18,557 15,307 8,941 7,838	Normal Normal Normal 60-90 days Normal 60-90 days 60-90 days Normal Normal 60-90 days 60-90 days 60-90 days Normal Normal Normal	5% 2% 2% 1% 1% - - - - - - - - - -

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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)
	Advansus Corp.	Advantech Co., Ltd. Advantech Co., Ltd. AKMC	2 2 3	Payables to related parties Rental expense Payables to related parties	\$ 4,179 3,510 2,803	60-90 days Normal Prompt payment	- - -
33	Netstar Technology Co., Ltd.	AKMC AKMC Advantech Co., Ltd. Advantech Co., Ltd. AKMC Advantech Co., Ltd. Advantech Co., Ltd. Broadwin Technology, Inc. Advantech Fund-A Advantech Co., Ltd.	3 3 2 2 3 2 2 3 3 2	Purchase Payables to related parties Sales Receivables from related parties Sales Other expense Purchase Interest expense Interest expense Payables to related parties	143,181 66,435 39,282 19,403 2,379 480 369 163 120 48	Normal 60th of every month Normal 60 days Normal Normal Normal Normal Normal 25th of every quarter	1% - - - - - - - - -
35	AEU	ADL (AUK) ADL (AIT) ADL (AUK) APL ADL (AIT) APL ADL (AFR) ADL (AUK) ATC APL ANA ADL ANA ANA Innocore ASG AKMC AAU ADL (AFR) AAU AJP DLoG ADL (AFR) ADL	3 3	Commission expense Receivables from related parties Payables to related parties Purchase Payables to related parties Payables to related parties Payables to related parties Receivables from related parties Receivables from related parties Receivables from related parties Purchase Receivables from related parties Interest expense Payables to related parties Receivables from related parties Receivables from related parties Receivables from related parties Payables to related parties Receivables from related parties Payables to related parties Receivables from related parties Receivables from related parties Payables to related parties Payables to related parties	8,888 42,768 22,982 22,350 9,312 5,004 4,916 3,341 1,683 963 934 361 199 183 107 72 46 33 18 6 4 3 (21,702) (48,021)	Normal 30 days after invoice date 30 days after invoice date 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 30 days Normal 30 days after invoice date Normal 60-90 days 60 days 30 days after invoice date 60-90 days 30 days 30 days after invoice date 30 days after invoice date 90 days 30 days after invoice date 30 days after invoice date 30 days after invoice date	- -

(Continued)

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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	\$ 905,164	Normal	9%
		AESC	1	Receivables from related parties	619,883	30 days	3%
		AESC	1	Purchase	688	Normal	-
		AESC	1	Payables to related parties	75	30 days	-
		ACN	1	Sales	923,640	Normal	9%
		ACN	1	Receivables from related parties	453,591	45 days	2%
		ACN	1	Purchase	1,317	Normal	-
		ACN	1	Payables to related parties	1,043	30 days	-
		ACN	1	Other revenue	8,246	Normal	-
		ATC	1	Purchase	2,510,186	Normal	24%
		ATC	1	Payables to related parties	1,022,596	60 days	5%
		ATC	1	Royalty income	125,808	Normal	1%
		AKMC	1	Sales	240,232	Normal	2%
		AKMC	1	Receivables from related parties	130,397	45 days	1%
		AKMC	1	Payables to related parties	248	60 days	-
		AAU	1	Sales	76,111	Normal	1%
		AAU	1	Receivables from related parties	36,413	60-90 days	-
		AAU	1	Purchase	60	Normal	-
		AAU	1	Payables to related parties	50	60-90 days	-
		ASG	1	Sales	72,775	Normal	1%
		ASG	1	Receivables from related parties	36,168	60-90 days	-
		AJP	1	Sales	160,233	Normal	2%
		AJP	1	Receivables from related parties	23,702	60-90 days	-
		AJP	1	Payables to related parties	179	60-90 days	-
		AJP	1	Purchase	10	Normal	-
		AJP	1	Other revenue	4,954	Normal	-
		Advansus Corp.	1	Sales	8,148	Normal	-
		Advansus Corp.	1	Receivables from related parties	4,759	60-90 days	-
		Advansus Corp.	1	Purchase	893,047	Normal	9%
		Advansus Corp.	1	Payables to related parties	178,321	60-90 days	1%
		Advansus Corp.	1	Rental revenue	3,510	Normal	-
		Advansus Corp.	1	Other revenue	5,209	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	390	Normal	-
BCM Embedded Computer Inc.	1	Receivables from related parties	68	30 days	-		
BCM Embedded Computer Inc.	1	Payables to related parties	28	30 days	-		
BCM Embedded Computer Inc.	1	Purchase	327	Normal	-		
BCM Embedded Computer Inc.	1	Sales	391	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)
		Advantech Fund-A	1	Rental revenue	\$ 18	Normal	-
		Advantech Fund-A	1	Receivables from related parties	13	Normal	-
		Broadwin Technology, Inc.	1	Sales	659	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	788	60 days	-
		Broadwin Technology, Inc.	1	Purchase	259	Normal	-
		Broadwin Technology, Inc.	1	Payables to related parties	91	60 days	-
		Broadwin Technology, Inc.	1	Other revenue	350	Normal	-
		ADL	1	Receivables from related parties	541	30 days	-
		ADL	1	Payables to related parties	269	30 days	-
		AMY	1	Sales	19,206	Normal	-
		AMY	1	Receivables from related parties	7,983	45 days	-
		AMY	1	Payables to related parties	408	Normal	-
		APL	1	Sales	4,083	Normal	-
		APL	1	Receivables from related parties	2,961	45 days	-
		APL	1	Payables to related parties	683	30 days after invoice date	-
		APL	1	Purchase	17	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	32,749	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	16,905	60 days	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	1,701	25th of every quarter	-
		Netstar Technology Co., Ltd.	1	Sales	3,587	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	400	Normal	-
		Jan Hsiang	1	Purchase	11,921	Normal	-
		Jan Hsiang	1	Payables to related parties	3,851	60 days	-
		AYS	1	Payables to related parties	22,914	90 days	-
		AiSC	1	Sales	720,131	Normal	7%
		AiSC	1	Receivables from related parties	262,982	45 days	1%
		AiSC	1	Payables to related parties	256	45 days	-
		ANA	1	Sales	1,961,724	Normal	19%
		ANA	1	Purchase	50,683	Normal	-
		ANA	1	Receivables from related parties	373,618	45 days	2%
		ANA	1	Payables to related parties	18,373	45 days	-
		ANA	1	Other revenue	11,120	Normal	-
		AHK	1	Payables to related parties	4	60 days	-
		AHK	1	Receivables from related parties	12	60 days	-
		ABR	1	Receivables from related parties	21,069	90 days	-
		ABR	1	Sales	40,249	Normal	-
		ABR	1	Payables to related parties	56	Normal	-
		AKR	1	Sales	175,807	Normal	2%
		AKR	1	Receivables from related parties	95,585	Prompt collection	1%
		AKR	1	Interest revenue	21	Normal	-
		AKR	1	Other revenue	15,923	Normal	-
		DLoG	1	Sales	202	Normal	-
		DLoG	1	Receivables from related parties	180	30 days after invoice date	-
		Cermate	1	Receivables from related parties	126	Every 6 months (June and December)	-
		Cermate	1	Purchase	4,480	Normal	-
		Cermate	1	Payables to related parties	1,560	Every 6 months (June and December)	-
		Cermate	1	Other revenue	160	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)
1	ANA	Advantech Co., Ltd.	2	Sales	\$ 50,683	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	18,373	45 days	-
		Advantech Co., Ltd.	2	Purchase	1,961,724	Normal	19%
		Advantech Co., Ltd.	2	Payables to related parties	373,618	45 days	2%
		Advantech Co., Ltd.	2	Other expense	11,120	Normal	-
		ASG	3	Sales	218	Normal	-
		AESC	3	Sales	958	Normal	-
		AESC	3	Receivables from related parties	37,370	60-90 days	-
		AESC	3	Purchase	1,033	Normal	-
		AESC	3	Interest revenue	432	Normal	-
		ATC	3	Receivables from related parties	1,804	60-90 days	-
		ATC	3	Sales	1,597	Normal	-
		AAU	3	Sales	86	Normal	-
		AAU	3	Receivables from related parties	1	60-90 days	-
		AAU	3	Payables to related parties	445	30 days after invoice date	-
		ACN	3	Sales	374	Normal	-
		AMY	3	Sales	117	60 days	-
		ACN	3	Receivables from related parties	140	30 days	-
		AKMC	3	Receivables from related parties	189,685	30 days after invoice date	1%
		AKMC	3	Interest revenue	1,297	30 days	-
AJP	3	Sales	12	Normal	-		
AMY	3	Receivables from related parties	117	30 days	-		
2	AESC	Advantech Co., Ltd.	2	Sales	688	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	75	30 days	-
		Advantech Co., Ltd.	2	Purchase	905,164	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	619,883	30 days	3%
		ADL	3	Sales	3,983	Normal	-
		ADL	3	Purchase	110,268	Normal	1%
		ADL	3	Commission expense	207	Normal	-
		ADL	3	Receivables from related parties	36,681	30 days after invoice date	-
		ADL	3	Payables to related parties	-32,417	30 days after invoice date	-
		APL	3	Purchase	22,322	Normal	-
		APL	3	Receivables from related parties	412	30 days	-
		APL	3	Payables to related parties	20,697	30 days after invoice date	-
		AAU	3	Receivables from related parties	133	30 days	-
		ACN	3	Receivables from related parties	603	30 days after invoice date	-
		ASG	3	Receivables from related parties	40	30 days after invoice date	-
		AJP	3	Receivables from related parties	11	30 days	-
		AJP	3	Sales	9	Normal	-
		ANA	3	Sales	1,033	Normal	-
		ANA	3	Purchase	958	Normal	-
		ANA	3	Interest expense	432	Normal	-
ANA	3	Payables to related parties	37,370	60-90 days	-		
APL	3	Sales	612	30 days	-		
AAU	3	Sales	187	Normal	-		
ASG	3	Payables to related parties	2	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)
		ASG	3	Sales	\$ 43	Normal	-
		AiSC	3	Sales	553	Normal	-
		AKMC	3	Sales	98	Normal	-
3	ACN	Advantech Co., Ltd.	2	Sales	1,317	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,043	30 days	-
		Advantech Co., Ltd.	2	Purchase	923,640	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	453,591	45 days	2%
		Advantech Co., Ltd.	2	Other expense	8,246	Normal	-
		ANA	3	Purchase	374	Normal	-
		AHK	3	Sales	18	Every two months	-
		AHK	3	Receivables from related parties	5,858	60-90 days	-
		AKMC	3	Purchase	17,967	Normal	-
		ANA	3	Payables to related parties	140	Prompt collection	-
		AKMC	3	Payables to related parties	6,200	60-90 days	-
		AKMC	3	Sales	7,007	Normal	-
		AKMC	3	Rental expense	1,852	Normal	-
		AKMC	3	Receivables from related parties	6,373	60-90 days	-
		AKMC	3	Interest revenue	589	Normal	-
		SHHQ	3	Interest expense	157	Normal	-
		AXA	3	Receivables from related parties	5,914	Prompt collection	-
		AXA	3	Purchase	10,994	25th of every month	-
		AXA	3	Payables to related parties	76	25th of every month	-
		AiSC	3	Interest expense	857	60 days	-
		AiSC	3	Receivables from related parties	153,921	25th of every month	1%
		AiSC	3	Sales	111,927	Normal	1%
		AiSC	3	Purchase	82,325	Normal	1%
		AiSC	3	Payables to related parties	111,503	25th of every month	1%
		AAU	3	Receivables from related parties	204	30th of every month	-
		AAU	3	Sales	501	Normal	-
		ASZ (ACN)	3	Receivables from related parties	2,528	45 days	-
		AJP	3	Receivables from related parties	87	45 days	-
		AJP	3	Sales	73	Normal	-
		AKR	3	Receivables from related parties	43	45 days	-
		AKR	3	Sales	36	Normal	-
		AUH1	3	Sales	37	Normal	-
		ABJ (ACN)	3	Receivables from related parties	78	45 days	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	4,237	45 days	-
		AEU	3	Receivables from related parties	675	60-90 days	-
		AEU	3	Sales	721	Normal	-
	ASZ (ACN)	ACN	3	Payables to related parties	2,528	45 days	-
	ABJ (ACN)	ACN	3	Payables to related parties	78	45 days	-
	ACN	AESC	3	Payables to related parties	603	30 days after invoice date	-
4	ATC	Advantech Co., Ltd.	2	Receivables from related parties	1,022,596	60 days	5%
		Advantech Co., Ltd.	2	Royalty expense	125,808	Normal	1%
		Advantech Co., Ltd.	2	Sales	2,510,186	Normal	24%

(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	Purchase	\$ 2,250,096	Normal	22%
		AKMC	3	Payables to related parties	273,894	60-90 days	1%
		AKMC	3	Sales	58,601	Normal	1%
		AKMC	3	Receivables from related parties	44,996	60-90 days	-
		ANA	3	Purchase	1,597	Normal	-
		ANA	3	Payables to related parties	1,804	60-90 days	-
		ADL	3	Payables to related parties	6,860	7 days after invoice date	-
5	AKMC	Advantech Co., Ltd.	2	Purchase	240,232	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	130,397	45 days	1%
		Advantech Co., Ltd.	2	Receivables from related parties	248	60 days	-
4	ATC	ADL	3	Other expense	23,341	Normal	-
5	AKMC	ACN	3	Purchase	7,007	Normal	-
		ACN	3	Rental revenue	1,852	Normal	-
		ACN	3	Sales	17,967	Normal	-
		ACN	3	Receivables from related parties	6,200	60-90 days	-
		ACN	3	Payables to related parties	6,373	60-90 days	-
		ACN	3	Interest expense	589	Normal	-
		ATC	3	Payables to related parties	44,996	60-90 days	-
		ATC	3	Sales	2,250,096	Normal	22%
		ATC	3	Purchase	58,601	Normal	1%
		ATC	3	Receivables from related parties	273,894	60-90 days	1%
		AiSC	3	Receivables from related parties	49,439	Prompt collection	-
		AiSC	3	Sales	137,046	Normal	1%
		AESC	3	Purchase	98	Normal	-
		AiSC	3	Purchase	2,172	Normal	-
		AiSC	3	Payables to related parties	363	30 days	-
		AJP	3	Payables to related parties	298	45 days	-
		ANA	3	Payables to related parties	189,685	30 days after invoice date	1%
		ANA	3	Interest expense	1,297	30 days	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	67,146	Per quarter	-
		Netstar Technology Co., Ltd.	3	Sales	126,984	Per quarter	1%
		Netstar Technology Co., Ltd.	3	Purchase	18,997	Every two months	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	7,512	Every two months	-
		Advansus Corp.	3	Receivables from related parties	6,668	Prompt collection	-
		Advansus Corp.	3	Payables to related parties	221,904	60-90 days	1%
		Advansus Corp.	3	Sales	9,772	Normal	-
		Advansus Corp.	3	Purchase	683,023	Normal	7%
6	APL	Advantech Co., Ltd.	2	Purchase	4,083	Normal	-
		Advantech Co., Ltd.	2	Sales	17	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,961	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	683	30 days after invoice date	-
		AESC	3	Payables to related parties	412	30 days	-
		AESC	3	Receivables from related parties	20,697	30 days after invoice date	-
		AESC	3	Sales	22,322	Normal	-
		AESC	3	Purchase	612	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)
7	AEU	ACN	3	Payables to related parties	\$ 675	60-90 days	-
		ACN	3	Purchase	721	Normal	-
		ADL	3	Receivables from related parties	377	30 days after invoice date	-
		ADL	3	Interest revenue	1,714	Normal	-
8	ADL	Advantech Co., Ltd.	2	Receivables from related parties	269	30 days	-
		Advantech Co., Ltd.	2	Payables to related parties	541	30 days	-
		ATC	3	Other revenue	23,341	Normal	-
		ATC	3	Receivables from related parties	6,860	7 days after invoice date	-
		AESC	3	Sales	110,268	Normal	1%
		AESC	3	Commission revenue	207	Normal	-
		AESC	3	Purchase	3,983	Normal	-
		ADL	3	Payables to related parties	23,480	30 days after invoice date	-
		ADL	3	Receivables from related parties	23,480	30 days after invoice date	-
		AESC	3	Receivables from related parties	-32,417	30 days after invoice date	-
		AESC	3	Payables to related parties	36,681	30 days after invoice date	-
		AEU	3	Payables to related parties	377	30 days after invoice date	-
		AEU	3	Interest expense	1,714	Normal	-
		9	ASG	Advantech Co., Ltd.	2	Purchase	72,775
Advantech Co., Ltd.	2			Payables to related parties	36,168	60-90 days	-
AMY	3			Receivables from related parties	243	30 days	-
AMY	3			Sales	2,649	Normal	-
AMY	3			Other expense	52	Normal	-
AESC	3			Receivables from related parties	2	30 days	-
ANA	3			Purchase	218	Normal	-
AESC	3			Payables to related parties	40	30 days after invoice date	-
AESC	3			Purchase	43	Normal	-
10	AJP			Advantech Co., Ltd.	2	Sales	10
		Advantech Co., Ltd.	2	Receivables from related parties	179	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	160,233	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	23,702	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	4,954	Normal	-
		ANA	3	Purchase	12	Normal	-
		AESC	3	Payables to related parties	11	30 days	-
		ACN	3	Payables to related parties	87	60-90 days	-
		AKMC	3	Receivables from related parties	298	45 days	-
		ACN	3	Purchase	73	Normal	-
AESC	3	Purchase	9	Normal	-		
11	AAU	Advantech Co., Ltd.	2	Purchase	76,111	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	36,413	60-90 days	-
		Advantech Co., Ltd.	2	Sales	60	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	50	60-90 days	-
		AESC	3	Purchase	187	Normal	-
AESC	3	Payables to related parties	133	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)
		ANA	3	Purchase	\$ 86	Normal	-
		ANA	3	Payables to related parties	1	60-90 days	-
		ANA	3	Receivables from related parties	445	30 days after invoice date	-
		ACN	3	Payables to related parties	204	30th of every month	-
		ACN	3	Purchase	501	Normal	-
12	Advansus Corp.	Advantech Co., Ltd.	2	Sales	893,047	Normal	9%
		Advantech Co., Ltd.	2	Receivables from related parties	178,321	60-90 days	1%
		Advantech Co., Ltd.	2	Purchase	8,148	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	4,759	60-90 days	-
		Advantech Co., Ltd.	2	Rental expense	3,510	Normal	-
		Advantech Co., Ltd.	2	Other expense	5,209	Normal	-
		AKMC	3	Payables to related parties	6,668	Prompt payment	-
		AKMC	3	Purchase	9,772	Normal	-
		AKMC	3	Receivables from related parties	221,904	60-90 days	1%
		AKMC	3	Sales	683,023	Normal	7%
		BCM Embedded Computer Inc.	3	Receivables from related parties	6,966	60-90 days	-
		BCM Embedded Computer Inc.	3	Sales	34,340	Normal	-
13	Advantech Fund-A	Advantech Co., Ltd.	2	Rental expense	18	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	13	Prompt payment	-
14	AMY	Advantech Co., Ltd.	2	Purchase	19,206	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	7,983	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	408	Normal	-
		ASG	3	Payables to related parties	243	30 days	-
		ASG	3	Other revenue	52	Normal	-
		ASG	3	Purchase	2,649	Normal	-
		ANA	3	Purchase	117	60 days	-
		ANA	3	Payables to related parties	117	30 days	-
15	SHHQ	ACN	3	Interest revenue	157	Normal	-
16	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	32,749	Normal	-
		Advantech Co., Ltd.	2	Purchase	3,587	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	16,905	60 days	-
		Advantech Co., Ltd.	2	Payables to related parties	1,701	25th of every quarter	-
		Advantech Co., Ltd.	2	Other expense	40	Normal	-
		Broadwin Technology, Inc.	3	Interest expense	375	Per quarter	-
		Broadwin Technology, Inc.	3	Payables to related parties	35,178	Per quarter	-
		Lansonic	3	Receivables from related parties	3,676	60 days	-
		Netstar Electronics Corporation	3	Receivables from related parties	67,513	60 days	-
		AKMC	3	Receivables from related parties	7,512	Every two months	-
		AKMC	3	Sales	18,997	Every two months	-
		AKMC	3	Payables to related parties	67,146	Per quarter	-
		AKMC	3	Purchase	126,984	Per quarter	1%

(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)
17	Jan Hsiang	Advantech Co., Ltd.	2	Sales	\$ 11,921	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	3,851	60 days	-
18	AYS	Advantech Co., Ltd.	2	Receivables from related parties	22,914	90 days	-
19	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Rental expense	390	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	68	30 days	-
		Advantech Co., Ltd.	2	Purchase	391	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	28	30 days	-
		Advantech Co., Ltd.	2	Sales	327	Normal	-
		ACN	3	Payables to related parties	4,237	60 days	-
		AISC	3	Payables to related parties	664	60 days	-
		Advansus Corp.	3	Payables to related parties	6,966	60-90 days	-
		Advansus Corp.	3	Purchase	34,340	Normal	-
20	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Purchase	659	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	91	60 days	-
		Advantech Co., Ltd.	2	Sales	259	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	788	60 days	-
		Advantech Co., Ltd.	2	Other expense	350	Normal	-
		Netstar Technology Co., Ltd.	3	Interest revenue	375	Per quarter	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	35,178	Per quarter	-
21	AHK	Advantech Co., Ltd.	2	Receivables from related parties	4	60 days	-
		Advantech Co., Ltd.	2	Payables to related parties	12	60 days	-
		ACN	3	Payables to related parties	5,858	60-90 days	-
		ACN	3	Purchase	18	Normal	-
		AISC	3	Payables to related parties	12,585	30 days	-
22	AISC	Advantech Co., Ltd.	2	Purchase	720,131	Normal	7%
		Advantech Co., Ltd.	2	Payables to related parties	262,982	60 days	1%
		Advantech Co., Ltd.	2	Receivables from related parties	256	45 days	-
		AKMC	3	Sales	2,172	Normal	-
		AKMC	3	Purchase	137,046	Normal	1%
		AKMC	3	Payables to related parties	49,439	Prompt payment	-
		AKMC	3	Receivables from related parties	363	30 days	-
		AESC	3	Purchase	553	Normal	-
		ACN	3	Interest revenue	857	60 days	-
		ACN	3	Sales	82,325	Normal	1%
		ACN	3	Receivables from related parties	111,503	25th of every month	1%
		ACN	3	Purchase	111,927	Normal	1%
		ACN	3	Payables to related parties	153,921	25th of every month	1%
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Receivables from related parties	11,334	Prompt collection	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Sales	18,234	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	664	45 days	-
AHK	3	Receivables from related parties	12,585	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)
23	Hangzhou Advantofine Automation tech. Co., Ltd.	AiSC	3	Payables to related parties	\$ 11,334	Prompt payment	-
		AiSC	3	Purchase	18,234	Normal	-
24	AXA	ACN	3	Receivables from related parties	76	25th of every month	-
		ACN	3	Sales	10,994	Normal	-
		ACN	3	Payables to related parties	5,914	Prompt payment	-
26	ABR	Advantech Co., Ltd.	2	Purchase	40,249	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	56	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	21,069	90 days	-
28	Netstar Electronics Corporation	Netstar Technology Co., Ltd.	3	Payables to related parties	67,513	30 days	-
27	Cermate	Advantech Co., Ltd.	2	Payables to related parties	126	Every 6 months (June and December)	-
		Advantech Co., Ltd.	2	Sales	4,480	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,560	Every 6 months (June and December)	-
		Advantech Co., Ltd.	2	Other expense	160	Normal	-
		Cermate (Shenzhen)	3	Purchase	15,805	Normal	-
		Cermate (Shenzhen)	3	Payables to related parties	1,688	60 days	-
		Cermate (Shenzhen)	3	Receivables from related parties	297,513	30 days	2%
		Cermate (Shenzhen)	3	Sales	543,812	Normal	5%
30	AKR	Advantech Co., Ltd.	2	Purchase	175,807	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	95,585	Prompt payment	1%
		Advantech Co., Ltd.	2	Interest expense	21	Normal	-
		Advantech Co., Ltd.	2	Other expense	15,923	Normal	-
		ACN	3	Payables to related parties	43	90 days	-
		ACN	3	Purchase	36	Normal	-
31	DLoG	Advantech Co., Ltd.	2	Purchase	202	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	180	30 days	-
32	Cermate (Shenzhen)	Cermate	3	Receivables from related parties	1,688	60 days	-
		Cermate	3	Sales	15,805	Normal	-
		Cermate	3	Purchase	543,812	Normal	5%
		Cermate	3	Payables to related parties	297,513	30 days	2%
		Cermate (Shanghai)	3	Sales	69,216	Normal	1%
		Cermate (Shanghai)	3	Purchase	852	Normal	-
33	Cermate (Shanghai)	Cermate (Shenzhen)	3	Purchase	69,216	Normal	1%
		Cermate (Shenzhen)	3	Sales	852	Normal	-
34	AUH1	ACN	3	Sales	37	Normal	-
36	Lansonic	Netstar Technology Co., Ltd.	3	Payables to related parties	3,676.47	60 days	-

(Continued)

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 June 30, 2011 and 2010, respectively; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended June 30, 2011 and 2010, respectively.

Note D: All intercompany transactions have been eliminated.

(Concluded)