Advantech Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2008 and 2007 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Advantech Co., Ltd. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, as stated in Note 2 to the financial statements, we did not audit the financial statements of these subsidiaries as of and for the years ended December 31, 2008 and 2007. The total assets of these subsidiaries were 9.03% (NT$1,382,603 thousand) and 16.48% (NT$2,967,468 thousand) of the Company's consolidated total assets as of December 31, 2008 and 2007, respectively, and there operating revenues were 10.82% (NT$1,878,871 thousand) and 29.38% (NT$4,793,617 thousand) of the Company's consolidated operating revenues in 2008 and 2007, respectively. Also, as stated in Note 9 to the financial statements, we did not audit the financial statements as of and for the years ended December 31, 2008 and 2007 of equity-method investees that are not majority owned. The carrying values of these investments were 2.29% (NT$349,915 thousand) and 2.91% (NT$524,542 thousand) of the Company's consolidated total assets as of December 31, 2008 and 2007, respectively. The equity in the investees' net loss was (0.51%) (NT$15,075 thousand) and net gain was 2.41% (NT$85,448 thousand) of the Company's consolidated income before income tax in 2008 and 2007, respectively. The financial statements of these subsidiaries and investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the subsidiaries and investees' amounts included herein, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Advantech Co., Ltd. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, effective January 1, 2008, Advantech Co., Ltd. and its subsidiaries adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued in March 2007 by the Accounting Research and Development Foundation, which requires companies to record bonuses paid to employees, directors and supervisors as expenses rather than appropriations from earnings.

March 9, 2009

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' 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 auditors' report and consolidated financial statements shall prevail.

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Par Value)

	2008		2007	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 4)	$ 2,598,528	17	$ 2,397,332	13
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	1,601	-	87	-
Available-for-sale financial assets - current (Notes 2 and 6)	13,206	-	1,356,177	8
Notes receivable (Note 2)	262,511	2	207,584	1
Accounts receivable, net of allowance for doubtful accounts of $51,261 thousand in 2008 and $58,408 thousand in 2007 (Note 2)	2,066,298	14	2,481,167	14
Receivables from related parties (Notes 2 and 20)	166,631	1	88,949	1
Other receivables	134,332	1	155,365	1
Inventories, net (Notes 2 and 7)	2,358,365	15	2,425,545	13
Deferred income tax assets - current (Notes 2 and 17)	72,522	1	84,271	-
Restricted assets - current (Note 21)	50,000	-	93,372	1
Prepayments and other current assets	367,540	2	247,068	1
Total current assets	8,091,534	53	9,536,917	53
LONG-TERM FUNDS AND INVESTMENTS				
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 9)	1,731,615	11	4,047,492	23
Financial assets carried at cost - noncurrent (Notes 2 and 8)	155,336	1	67,440	-
Equity-method investments (Notes 2 and 9)	380,814	3	565,063	3
Total long-term funds and investments	2,267,765	15	4,679,995	26
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10 and 21)				
Cost				
Land	1,288,814	9	820,900	4
Buildings	1,868,795	12	1,557,434	9
Machinery and equipment	877,231	6	780,274	4
Furniture and fixtures	363,968	2	311,231	2
Other equipment	476,288	3	411,161	2
Total cost	4,875,096	32	3,881,000	21
Accumulated depreciation	1,303,859	9	1,084,005	6
	3,571,237	23	2,796,995	15
Construction in progress and prepayments for equipment	690,057	5	460,446	3
Net properties	4,261,294	28	3,257,441	18
INTANGIBLE ASSETS				
Goodwill (Note 2)	258,180	1	169,882	1
Superficies (Note 2)	108,594	1	49,762	-
Deferred pension cost (Note 14)	7,615	-	5,961	-
Total intangible assets	374,389	2	225,605	1
OTHER ASSETS				
Assets leased to others, net (Notes 2 and 11)	28,926	-	27,676	-
Refundable deposits	45,170	-	54,905	1
Deferred expenses, net (Note 2)	236,084	2	226,963	1
Total other assets	310,180	2	309,544	2
TOTAL	$ 15,305,162	100	$ 18,009,502	100

	2008		2007	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss (Notes 2 and 5)	$ 23,287	-	$ -	-
Short-term bank loans (Note 12)	574,739	4	635,536	4
Accounts payable (Note 20)	1,001,528	6	1,483,531	8
Income tax payable (Notes 2 and 17)	300,301	2	213,572	1
Accrued expenses (Note 15)	1,079,654	7	707,392	4
Long-term bank loans - current portion (Note 13)	13,608	-	12,868	-
Advance receipts and other current liabilities	278,846	2	369,790	2
Total current liabilities	3,271,963	21	3,422,689	19
LONG-TERM LIABILITIES				
Long-term bank loans (Note 13)	88,753	1	105,073	1
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 14)	113,925	1	114,035	1
Deferred income tax liabilities - noncurrent (Notes 2 and 17)	182,522	1	228,630	1
Deferred credits (Note 2)	9,295	-	17,582	-
Others	5,100	-	9,333	-
Total other liabilities	310,842	2	369,580	2
Total liabilities	3,671,558	24	3,897,342	22
SHAREHOLDERS' EQUITY				
Capital stock, NT$10.00 par value				
Authorized - 600,000 thousand shares				
Issued - 511,346 thousand shares in 2008 and 491,577 thousand shares in 2007	5,113,458	33	4,915,770	27
Capital surplus				
Additional paid-in capital in excess of par value	4,295,589	28	4,377,157	24
From treasury stock	13,612	-	-	-
From long-term equity investments	59,771	1	65,635	1
Total capital surplus	4,368,972	29	4,442,792	25
Retained earnings				
Legal reserve	1,673,104	11	1,378,115	8
Unappropriated earnings	2,908,171	19	3,537,570	19
Total retained earnings	4,581,275	30	4,915,685	27
Others				
Cumulative translation adjustments	320,051	2	243,543	2
Unrealized gain (loss) on financial instruments	(1,455,647)	(10)	909,700	5
Treasury stock - 14,500 thousand shares	(1,385,698)	(9)	(1,385,698)	(8)
Total others	(2,521,294)	(17)	(232,455)	(1)
Total shareholders' equity of parent company	11,542,411	75	14,041,792	78
Minority interest	91,193	1	70,368	-
Total shareholders' equity	11,633,604	76	14,112,160	78
TOTAL	$ 15,305,162	100	$ 18,009,502	100

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

(With Deloitte & Touche audit report dated March 9, 2009)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 20)				
Sales	$17,410,596	100	$16,360,052	100
Sales returns and allowances	377,603	2	361,140	2
Net sales	17,032,993	98	15,998,912	98
Other operating revenues	325,225	2	315,979	2
Total operating revenues	17,358,218	100	16,314,891	100
OPERATING COSTS (Notes 18 and 20)	9,826,790	56	9,137,131	56
GROSS PROFIT	7,531,428	44	7,177,760	44
REALIZED (UNREALIZED) PROFITS ON INTERCOMPANY SALES (Note 2)	6,159	-	(9,709)	-
ADJUSTED GROSS PROFIT	7,537,587	44	7,168,051	44
OPERATING EXPENSES (Note 18)				
Marketing	1,985,255	11	1,623,907	10
Administrative	1,468,196	9	1,372,344	8
Research and development	1,198,352	7	1,078,259	7
Total operating expenses	4,651,803	27	4,074,510	25
OPERATING INCOME	2,885,784	17	3,093,541	19
NONOPERATING INCOME AND GAINS				
Interest income	39,820	-	52,109	-
Investment income recognized under the equity method, net (Notes 2 and 8)	-	-	71,753	1
Dividend revenue	105,922	1	65,218	-
Gain on disposal of investments, net	31,002	-	344,376	2
Foreign exchange gain, net (Note 2)	87,567	-	95,728	1
Valuation gain on financial instrument, net (Notes 2 and 5)	-	-	9,960	-
Reversal of loss on inventories	8,500	-	-	-
Other income	90,465	1	97,319	1
Total nonoperating income and gains	363,276	2	736,463	5

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	**%**	**Amount**	**%**
NONOPERATING EXPENSES AND LOSSES				
Interest expense	$ 24,538	-	$ 32,412	-
Investment loss recognized under the equity method, net (Notes 2 and 8)	15,039	-	-	-
Loss on disposal of scrap inventories	168,775	1	203,419	2
Provision for loss on inventories (Note 2)	-	-	12,803	-
Valuation loss on financial instrument, net (Notes 2 and 5)	31,554	-	-	-
Other expenses (Note 18)	36,707	1	31,694	-
Total nonoperating expenses and losses	276,613	2	280,328	2
INCOME BEFORE INCOME TAX	2,972,447	17	3,549,676	22
INCOME TAX (Notes 2 and 17)	413,219	2	610,973	4
CONSOLIDATED NET INCOME	$ 2,559,228	15	$ 2,938,703	18
ATTRIBUTABLE TO:				
Parent's shareholders	$ 2,556,638	15	$ 2,971,049	18
Minority interest	2,590	-	(32,346)	-
	$ 2,559,228	15	$ 2,938,703	18

	2008		2007	
	Pretax	**After-tax**	**Pretax**	**After-tax**
EARNINGS PER SHARE (Note 19)				
Basic	$ 5.74	$ 5.13	$ 6.61	$ 5.75
Diluted	$ 5.69	$ 5.08	$ 6.60	$ 5.74

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

(With Deloitte & Touche audit report dated March 9, 2009) (Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Capital Stock - Issued (Note 15)		Capital Surplus (Notes 2 and 15)				Retained Earnings (Notes 2 and 15)							
	Shares (Thousands)	Amount	Paid-in Capital in Excess of Par Value	From Treasury Stock	From Long-term Equity Investments	Total	Legal Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments (Note 2)	Unrealized Valuation Gain (Loss) on Financial Instruments (Notes 2 and 23)	Treasury Stock (Notes 2 and 16)	Minority Interest	Total Shareholders' Equity
BALANCE, JANUARY 1, 2007	463,629	$ 4,636,295	$ 4,362,548	$ -	$ 64,098	$ 4,426,646	$ 1,086,326	$ 3,254,770	$ 4,341,096	$ 114,993	$ 514,705	$ -	$ 34,412	$ 14,068,147
Appropriation of the 2006 earnings														
Legal reserve	-	-	-	-	-	-	291,789	(291,789)	-	-	-	-	-	-
Bonus to employees	4,000	40,000	-	-	-	-	-	(262,610)	(262,610)	-	-	-	-	(222,610)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(26,261)	(26,261)	-	-	-	-	(26,261)
Stock dividends - 5%	23,183	231,825	-	-	-	-	-	(231,825)	(231,825)	-	-	-	-	-
Cash dividends - NT$4.00 per share	-	-	-	-	-	-	-	(1,854,598)	(1,854,598)	-	-	-	-	(1,854,598)
Consolidated net income in 2007	-	-	-	-	-	-	-	2,971,049	2,971,049	-	-	-	(32,346)	2,938,703
Employee stock options	765	7,650	14,609	-	-	14,609	-	-	-	-	-	-	-	22,259
Increase in carrying values of equity-method investments due to not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	1,537	1,537	-	-	-	-	-	-	-	1,537
Decrease in carrying values of equity-method investments due to the acquisition of treasury stock by the investees	-	-	-	-	-	-	-	(21,166)	(21,166)	-	-	-	-	(21,166)
Changes in unrealized valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	393,929	-	-	393,929
Equity in the changes in unrealized valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	1,066	-	-	1,066
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	(1,385,698)	-	(1,385,698)
Changes in translation adjustments	-	-	-	-	-	-	-	-	-	128,550	-	-	-	128,550
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	64,597	64,597
Effect of changes in subsidiaries' equity in their investments	-	-	-	-	-	-	-	-	-	-	-	-	3,705	3,705
BALANCE, DECEMBER 31, 2007	491,577	4,915,770	4,377,157	-	65,635	4,442,792	1,378,115	3,537,570	4,915,685	243,543	909,700	(1,385,698)	70,368	14,112,160
Appropriation of the 2007 earnings														
Legal reserve	-	-	-	-	-	-	294,989	(294,989)	-	-	-	-	-	-
Bonus to employees	6,000	60,000	-	-	-	-	-	(265,490)	(265,490)	-	-	-	-	(205,490)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	(26,549)	(26,549)	-	-	-	-	(26,549)
Stock dividends - 5%	23,369	233,688	-	-	-	-	-	(233,688)	(233,688)	-	-	-	-	-
Cash dividends - NT$4.00 per share	-	-	-	-	-	-	-	(1,869,508)	(1,869,508)	-	-	-	-	(1,869,508)
Consolidated net income in 2008	-	-	-	-	-	-	-	2,556,638	2,556,638	-	-	-	2,590	2,559,228
Employee stock options	400	4,000	7,536	-	-	7,536	-	-	-	-	-	-	-	11,536
Increase (decrease) in carrying values of equity-method investments due to the acquisition of treasury stock by the investees	-	-	-	13,612	-	13,612	-	(13,091)	(13,091)	-	-	-	-	521
Increase in carrying values of equity-method investments due to not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	(5,864)	(5,864)	-	-	-	-	-	-	-	(5,864)
Changes in unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(2,365,962)	-	-	(2,365,962)
Equity in the changes in unrealized valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	615	-	-	615
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	(671,826)	-	(671,826)
Retirement of treasury stock	(10,000)	(100,000)	(89,104)	-	-	(89,104)	-	(482,722)	(482,722)	-	-	671,826	-	-
Changes in translation adjustments.	-	-	-	-	-	-	-	-	-	76,508	-	-	-	76,508
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	27,556	27,556
Acquisition of minority equity	-	-	-	-	-	-	-	-	-	-	-	-	(8,913)	(8,913)
Effect of changes in subsidiaries' equity in their investments	-	-	-	-	-	-	-	-	-	-	-	-	(408)	(408)
BALANCE, DECEMBER 31, 2008	511,346	$ 5,113,458	$ 4,295,589	$ 13,612	$ 59,771	$ 4,368,972	$ 1,673,104	$ 2,908,171	$ 4,581,275	$ 320,051	$(1,455,647)	$(1,385,698)	$ 91,193	$ 11,633,604

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

(With Deloitte & Touche audit report dated March 9, 2009)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	$ 2,559,228	$ 2,938,703
Depreciation and amortization	341,410	287,860
Provision (recovery of allowance) for bad debts	(7,147)	20,781
Provision (recovery of allowance) for losses on inventories	(8,500)	12,803
Loss on disposal of scrap inventories	168,775	203,419
Loss on disposal of properties, net	3,507	1,753
Gain on disposal of investments, net	(31,002)	(344,376)
Cash dividends received from equity-method investees	71,055	78,715
Equity in net loss (gain) of investees, net	15,039	(71,753)
Accrued pension liabilities	(1,764)	(1,866)
Deferred income taxes	(34,359)	107,862
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	21,773	(627)
Notes receivable	(54,927)	(39,906)
Accounts receivable	433,241	(219,201)
Receivables from related parties	(84,322)	(40,824)
Other receivables	21,033	(113,845)
Inventories	(71,369)	(21,966)
Prepayment and other current assets	(120,108)	(34,364)
Accounts payable	(509,094)	400,077
Income tax payable	82,279	45,255
Accrued expenses	363,359	2,792
Advance receipts and other current liabilities	(104,632)	76,706
Deferred credits	(8,287)	10,055
Net cash provided by operating activities	3,045,188	3,298,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(8,644,421)	(11,521,703)
Proceeds of the disposal of available-for-sale financial assets	10,010,523	12,033,559
Acquisition of financial assets carried at cost	(96,138)	-
Proceeds of the disposal of equity-method investments	29,074	161,238
Cash paid for acquisition of subsidiaries	(13,983)	(177,216)
Acquisition of property, plant and equipment	(1,133,836)	(565,612)
Proceeds of the disposal of properties	9,990	3,514
Acquisition of goodwill	(41,819)	(13,175)
Decrease (increase) in refundable deposits	9,735	(15,466)
Decrease in restricted assets	43,372	6,080
Increase in deferred expenses	(163,427)	(89,826)
Net cash provided by (used in) investing activities	9,070	(178,607)

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in bank loans - short-term	$ (60,797)	$ 159,385
Decrease in long-term bank loans	(15,580)	(1,894)
Increase (decrease) in other liabilities	(4,387)	518
Employee stock options	11,536	22,259
Cash dividends paid	(1,869,508)	(1,854,598)
Bonus paid to employees and remuneration to directors and supervisors	(228,536)	(210,536)
Cash paid for acquisition of treasury stock	(671,826)	(1,385,698)
Decrease in minority equity	(9,321)	(1,745)
Net cash used in financing activities	(2,848,419)	(3,272,309)
EFFECT OF EXCHANGE RATE CHANGES	(4,643)	23,820
NET INCREASE (DECREASE) IN CASH	201,196	(129,043)
CASH, BEGINNING OF YEAR	2,397,332	2,526,375
CASH, END OF YEAR	$ 2,598,528	$ 2,397,332
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	$ 31,176	$ 35,412
Income tax paid	$ 359,023	$ 457,856
NONCASH INVESTING AND FINANCING ACTIVITIES		
Cash dividends from investments accounted for by the equity method	$ -	$ 6,640

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

Fair values of assets and liabilities of Broadwin Technology, Inc., a 70% subsidiary of Advantech Investment Fund-A Co., Ltd. acquired in April 2008, at acquisition are summarized as follows:

Cash	$ 85,397
Accounts receivable	11,225
Inventories, net	20,307
Other current assets	364
Properties, net	22,909
Other assets	2,434
Accounts payable	(27,091)
Income tax payable	(4,450)
Accrued expenses	(5,400)
Other current liabilities	(13,688)
Other liabilities	(154)
Net	91,853
Percentage of equity interest	70%
	64,297
Cost in excess of book value of subsidiary acquired	35,083
Total	99,380
Less: Cash balances of Broadwin Technology, Inc.	85,397
Cash paid for the acquisition of Broadwin Technology, Inc. in 2008	$ 13,983

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

Fair values of assets and liabilities of Netstar Technology Co., Ltd., a 67% subsidiary of Advantech Investment Fund-A Co., Ltd. acquired in May 2007, at acquisition are summarized as follows:

Cash	$ 27,596
Accounts receivable	95,589
Inventories, net	120,118
Restricted assets	47,852
Other current assets	54,198
Investments accounted for by the equity method	9,057
Properties, net	159,875
Other assets	57,533
Short-term bank loans	(186,512)
Accounts payable	(61,572)
Accrued expenses	(23,183)
Other current liabilities	(50,948)
Long-term liabilities	(42,750)
Other liabilities	(5,816)
Net	201,037
Percentage of equity interest	67%
	134,695
Cost in excess of book value of subsidiary acquired	77,576
Total	212,271
Less: Cash balances of Netstar Technology Co., Ltd.	27,596
Cash paid for acquisition of Netstar Technology Co., Ltd. in 2006	7,459
Cash paid for the acquisition of Netstar Technology Co., Ltd. in 2007	$ 177,216

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

(With Deloitte & Touche audit report dated March 9, 2009) (Concluded)

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.

As of December 31, 2008 and 2007, the Parent Company and the consolidated subsidiaries (collectively, the "Group") had 4,329 and 3,417 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Basis for Consolidation

Consolidated financial statements should include direct and indirect subsidiaries in which the Parent Company has controlling interests or has voting rights of over 50%. In 2008 and 2007, the consolidated entities included the Parent Company and its all subsidiaries. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

Advansus Corp. and Hangzhou Advantofine Automation Tech. Co., Ltd. in 2008 and 2007, which were consolidated using the proportionate consolidated method. All significant accounts and transactions between the Parent and this company have been eliminated from the consolidated financial statements.

The diagram of intercompany relationships and percentages of ownership as of December 31, 2008 and 2007 is shown in Table 10 (attached). The names, locations and other information of investees are shown in Table 8 (attached).

The financial statements of the following companies for 2008 and 2007 were audited by other auditors, i.e., not the Parent Company's auditors: Advansus Corp., Advantech Europe Holding B.V. (but its subsidiary, Advantech Europe B.V., was audited by the Parent Company's CPAs in 2008), Advantech Japan Co., Ltd., Advantech Australia Pty Ltd., Advantech Co. Singapore Pte, Ltd., Advantech Co., Malaysia Sdn. Bhd., Advantech (HK) Technology Co., Ltd. and Netstar Technology Co., Ltd., a subsidiary of Advantech Investment Fund-A Co., Ltd.

The calculation of the investment carrying value and the Parent Company's equity in the net income of the following companies was based on unaudited financial statements: (a) for 2008 - Hangzhou Advantofine Automation Co., Ltd. and Xi'an Advantech Software Ltd.; and (b) for 2007 - Hangzhou Advantofine Automation Tech. Co., Ltd. and BCM Embedded Computer Inc. The Parent Company believes that had these investees' financial statements been audited, any adjustments would have had no major effects on the consolidated financial statements.

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 property, plant and equipment are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Financial Assets/Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss ("FVTPL") include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Parent Company recognizes a financial asset or a financial liability on its balance sheet when the Parent Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Parent Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired. Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to issue of initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

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

Available-for-sale Financial Assets

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

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

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

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

Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts

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

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

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

Inventories

Inventories consist of raw materials and supplies, work in process and finished goods. Inventories are stated at the lower of weighted-average cost or market. Market value refers to replacement value of raw materials and supplies and net realizable value of finished goods and work in process.

Besides an assessment if technological changes would result in stock obsolescence, the inventories at the balance sheet date are also evaluated for estimated excess quantities and obsolescence on the basis of a demand forecast. Estimated losses on scrap and slow-moving items are recognized as an allowance for inventory obsolescence.

Financial Assets Carried at Cost

Investments with no quoted market prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks, are carried at their original costs. The costs of non-publicly traded stocks are determined using the weighted-average method. If there is objective evidence of financial asset impairment, a loss is recognized. A reversal of this impairment loss is not allowed.

Long-term Equity Investments

Investments in shares of stock of companies in which the Group owns at least 20% of their outstanding common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method. The difference between the cost of the investment and the Group's equity in the investee's net assets when an investment is acquired or when the equity method is first adopted is amortized over five years. Effective January 1, 2006, under the revised Statement of Financial Accounting Standards, investment premiums, representing goodwill, are no longer being amortized. If the net fair value of an asset exceed its investment cost, the difference will be credited to depend on the proportion of noncurrent asset's (not include non-equity-method financial asset, dispose asset waiting for sale, deferred tax asset and prepay pension cost or other pension pay) fair value. If the fair value of a noncurrent asset is not enough for crediting purposes, it will recognize as extraordinary gain. If the unamortized long-term investment by the equity method acquired before January 1, 2006 exceeds the Group's equity in the investee's equity in the investee's assets is a deferred liability will amortized depend on its remaining useful life.

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

For equity-method investees over which the Group has controlling influence, if the equity in losses recognized exceeds the original investment acquisition costs, the Group recognizes its 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 Parent Company to its subsidiaries are deferred but only profit in proportion to the Group's equity interest is deferred for other equity-method investees that are not majority owned. Profit from the sales of products by equity-method investees to the Group is deferred in proportion to the Group's equity interests in the investees and credited against the investment. Profits from sales of products between equity-method investees are deferred to the extent of the Group's equity interests in these investees. The deferred profits are included as part of other liabilities. All of these profits are realized through the subsequent sale of the related products to third parties.

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

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

Properties and Properties Leased to Others

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

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

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

Intangible Assets

Goodwill represents the excess of the consideration paid for acquisition over the fair value of identifiable net assets acquired. Goodwill was previously amortized using the straight-line method over the estimated life of five years. Effective January 1, 2006, based on the newly revised Statement of Financial Accounting Standards No. 25 - "Business Combinations - Accounting Treatment under the Purchase Method" (SFAS No. 25), goodwill is no longer amortized and is instead assessed for impairment at least annually. Superficies, which represent royalty payment for using land, are amortized over 50 years using the straight-line method.

Deferred Expenses

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

Asset Impairment

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

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

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

Pension Costs

The Group has two types of pension plans: Defined benefit and defined contribution.

Under the defined benefit pension plan, net pension costs are recognized on the basis of actuarial calculations, and, under the defined contribution pension plan, on contribution basis throughout the employees' service period.

If the defined benefit pension plan is curtailed or settled, the resulting gains or losses should be recognized as part of the net pension cost for the period.

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

Treasury Stock

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

Income Tax

The Group 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 year.

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

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

Foreign currency transactions (except derivative transactions) are recorded in New Taiwan dollars at the spot rates of exchange in effect when the transactions occur.

At year-end, the balances of foreign-currency assets and liabilities ("Balances") which carried at fair value are restated at the prevailing exchange rates, and the resulting differences are recorded as follows: Equity-method stock investments - as cumulative translation adjustments under shareholders' equity; other assets and liabilities - as credits or charges to current income.

At year-end, the balances of foreign-noncurrency assets and liabilities are restated at the prevailing exchange rates, the resulting differences are recognized as current earnings or a separate component of shareholders' equity, and Balances carried at cost are restated at the history rates and recognized as the rate of the trading rate.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2007 have been reclassified to be consistent with the presentation of the consolidated financial statements as of and for the year ended December 31, 2008.

3. ACCOUNTING CHANGES

In March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052 - "Accounting for Bonuses to Employees, Directors and Supervisors," which requires the Group to recognize bonuses to employees and remunerations to directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in a decrease in net income of the Parent company and the Group of $135,859 thousand and $138,022 thousand, respectively, and in earnings per share (after income tax) of NT$0.27 for the year ended December 31, 2008.

4. CASH

	December 31	
	2008	2007
Cash on hand	$ 98,255	$ 3,325
Checking and demand deposits	1,149,943	1,473,326
Time deposits: Interest - 0.11%-3.20% in 2008 and 1.95%-4.50% in 2007	1,350,330	920,681
	$ 2,598,528	$ 2,397,332

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The trading assets or liabilities of the Parent Company are shown as follows:

	December 31	
	2008	2007
Financial assets resulted from trading		
Forward contracts	$ 1,601	$ 87
Financial liabilities resulted from trading		
Forward contracts	$ 23,287	$ -

On December 31, 2008 and 2007, information about outstanding forward contracts is shown as follows:

	Currency	Maturity	Amount (Thousand)
December 31, 2008			
Sell	EUR/USD	February - March 2009	EUR8,000/USD10,594
December 31, 2007			
Sell	JPY/USD	January 2008	JPY55,615/USD500

The Parent Company entered into forward contract transactions for the years ended December 31, 2008 and 2007 is to avoid risks on exchange rate fluctuations. The hedging strategy of the Parent Company is to avoid the major portion of the market and liquidity risks.

Net gain and loss arising from trading financial assets or liabilities for the years ended December 31, 2008 and 2007 were loss $31,554 thousand and gain $9,960 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31			
	2008		2007	
	Current	Noncurrent	Current	Noncurrent
Mutual funds	$ -	$ -	$ 1,342,735	$ -
Quoted domestic stocks				
Chunghwa Telecom Co., Ltd.	13,206	-	13,442	-
ASUSTEK Computer Inc.	-	1,681,699	-	4,047,492
Quoted overseas stocks				
SG Advantech Co., Ltd.	-	49,916	-	-
	$ 13,206	$ 1,731,615	$ 1,356,177	$ 4,047,492

7. INVENTORIES, NET

	December 31	
	2008	2007
Finished goods	$ 1,225,167	$ 1,149,628
Work in process	578,989	541,774
Materials and supplies	851,831	980,381
	2,655,987	2,671,783
Allowance for losses	(297,622)	(246,238)
	$ 2,358,365	$ 2,425,545

8. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2008	2007
Non-publicly traded		
Domestic and foreign		
Avalue Technology Inc.	$ 88,637	$ -
Superior Technology Co., Ltd. (US$1,068 thousand on December 31, 2008 and 2007)	33,442	33,442
Coban Research and Technologies, Inc. (US$1,020 thousand on December 31, 2008 and 2007)	33,257	33,257
Visual Systems GmbH (US$23 thousand in 2007)	-	741
	$ 155,336	$ 67,440

Investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at their original cost.

9. LONG-TERM EQUITY INVESTMENTS

	December 31			
	2008		2007	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Listed				
Axiomtek Co., Ltd.	$ 349,915	27.96	$ 350,156	28.90
Unlisted				
Advantech Hungary Ltd.	16,369	30.00	14,438	30.00
Timson Tech Co.	7,831	30.00	7,743	30.00
Advantech Corporation (Thailand) Co., Ltd.	6,699	30.00	5,855	30.00
Advantech Technologies Co., Ltd.	-	-	174,386	23.89
Supercom Technology Corporation	-	-	12,485	33.33
	$ 380,814		$ 565,063	

An equity-method investee of the Parent Company. Advantech Technologies Co., Ltd., merged with Scanny Global Co., Ltd., and this merger resulted in the establishment of a new company named SG Advantech Co., Ltd. (SG) in December 2008. After this merger, the Parent Company's equity in SG decreased to 10.63% and the Parent Company ceased to have significant influence over SG. Thus, the investment in SG was reclassified as an available-for-sale financial asset - noncurrent.

The financial statements used as basis for calculating the investment carrying value and the Parent Company's equity in the net income of two of its equity-method investees, Axiomtek Co., Ltd., Advantech Technologies Co., Ltd., in 2008 and 2007 were audited by other CPAs.

Also, the calculation of the investment carrying value and the Parent Company's equity in the net income of Advantech Hungary Ltd., Advantech Corporation (Thailand) Co., Ltd., Timson Tech Co. and Supercom Technology Corporation in 2008 and 2007 was based on unaudited financial statements. The Parent Company believes that had these investees' financial statements been audited, any adjustments would not have had a major effect on the consolidated financial statements.

Movements of the aforementioned difference allocated to goodwill for the years ended December 31, 2008 and 2007 were as follows:

	Years Ended December 31	
	2008	2007
Cost		
Balance, beginning of period	$ 10,571	$ 11,849
Amount derecognized on disposal of investments	(54)	(1,278)
Balance, end of period	$ 10,517	$ 10,571

The market values of the listed stocks invested in by the Parent Company, which were calculated on the basis of their closing prices as of December 31, 2008 and 2007 were $352,330 thousand and $968,805 thousand, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

Accumulated depreciation was as follows:

	December 31	
	2008	2007
Buildings	$ 333,316	$ 282,211
Machinery and equipment	458,112	367,933
Furniture and fixtures	227,917	185,997
Other equipment	284,514	247,864
	$ 1,303,859	$ 1,084,005

11. PROPERTIES LEASED TO OTHERS

	December 31	
	2008	2007
Cost		
Buildings	$ 40,392	$ 37,307
Accumulated depreciation	(11,466)	(9,631)
	$ 28,926	$ 27,676

12. SHORT-TERM BANK LOANS

	December 31	
	2008	2007
Materials purchase loans - interest: 1.96%-3.9% in 2008 and 8.7% in 2007	$ 47,568	$ 67,653
Secured loans - interest: 3%-3.5% in 2008 and 2.7%-6.5% in 2007	7,500	5,000
Credit loans - interest: 1.96%-6.79% in 2008 and 5.09%-6.56% in 2007	519,671	562,883
	$ 574,739	$ 635,536

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 December 31, 2008 and 2007, the carrying values were $459,671 thousand and $415,883 thousand, respectively.

Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained credit, materials purchase and mortgage loans from bank to meet its financing need. As of December 31, 2008 and 207, the carrying values were $115,068 thousand and $219,653 thousand, respectively.

13. LONG-TERM BANK LOANS

	Current	Long-term	Total
December 31, 2008			
Credit loans	$ 9,108	$ 51,253	$ 66,361
Secured loans	4,500	31,500	36,000
	$ 13,608	$ 88,753	$ 102,361
December 31, 2007			
Credit loans	$ 8,368	$ 69,073	$ 77,441
Secured loans	4,500	36,000	40,500
	$ 12,868	$ 105,073	$ 117,941

Advantech Europe B.V., an indirect subsidiary of the Parent Company, obtained a mortgage loan from a bank to acquire a building. This loan is repayable quarterly till loan maturity in June 2010. As of December 31, 2008 and 2007, the carrying values were $66,361 thousand and $77,441 thousand, respectively, and the implicit interest rates were 7.115% and 6.42%, respectively.

Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained a mortgage loan from a bank for its operation need. This loan is repayable from October 2006 to October 2016 in 40 quarterly installments from January 2007. As of December 31, 2008 and 2007, the carrying value were $36,000 thousand and $40,500 thousand, respectively; interest rate was 3.25%.

14. PENSION PLAN

The Labor Pension Act (the "Act") was enforced on July 1, 2005. The employees of the Parent Company subject to the Labor Standards Law before July 1, 2005 may choose to continue to be subject to the Labor Standards Law or to be subject to the pension mechanism under this Act, with their service years accumulated until June 30, 2005 to be retained. Those hired on or after July 1, 2005 automatically become subject to the Act.

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. For these contributions, the Parent Company and domestic subsidiaries recognized pension costs of $59,745 thousand and $51,504 thousand in 2008 and 2007, respectively.

The Parent Company and Netstar Technology Co., Ltd. and its subsidiaries, 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 accumulated 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 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 (the Central Trust of China merged with the Bank of Taiwan in July 2007, with the Bank of Taiwan as the survivor entity).

Some consolidated entities, which are mainly in investments, have either very few or even no staff including foreign subsidiaries ATC, AYS, AEU, AAC (BVI), AAC (HK), ATC (HK) and LANSONIC (BVI). 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 years ended December 31, 2008 and 2007, the pension expense were $39,181 thousand and $40,365 thousand, respectively, which were based on the defined benefit pension and overseas subsidiaries' local government regulations.

The Parent Company, Netstar and it subsidiaries have the defined benefit pension plan. Other pension information is summarized as follows:

	2008		2007	
	The Parent Company	**Netstar and Its Subsidiaries**	**The Parent Company**	**Netstar and Its Subsidiaries**
a. Components of pension cost:				
Service cost	$ 3,634	$ 19	$ 3,940	$ 16
Interest cost	4,843	502	3,812	489
Projected return on plan assets	(2,426)	(239)	(2,020)	(219)
Amortization of unrecognized net transition obligation and net pension plan gains or losses	(93)	601	(2,206)	610
	$ 5,958	$ 883	$ 3,526	$ 896
b. Reconciliation between the funded status of the pension plan and accrued pension liabilities:				
Benefit obligation				
Vested benefit obligation	$ 4,397	$ 1,374	$ 1,287	$ 360
Non-vested benefit obligation	102,135	14,344	115,970	11,536
Accumulated benefit obligation	106,532	15,718	117,257	11,896
Additional benefits based on future salaries	52,142	4,223	44,182	3,533
Projected benefit obligation	158,944	19,941	161,439	15,429
Fair value of plan assets	(92,083)	(8,158)	(80,882)	(7,331)
Funded status	66,861	11,783	80,557	8,098
Unrecognized net transition obligation	(12,755)	(704)	(14,577)	(791)
Unrecognized net loss (gain)	52,259	(11,611)	42,953	(8,166)
Additional liabilities	-	8,092	-	5,961
Accrued pension liabilities	$ 106,365	$ 7,560	$ 108,933	$ 5,102
Vested benefit	$ 5,752	$ 1,374	$ 1,680	$ 360
c. Actuarial assumptions				
Discount rate used in determining present values	2.50%	3.25%	3.00%	3.25%
Future salary increase rate	2.00%	2.00%	2.00%	2.00%
Expected rate of return on plan assets	2.50%	3.25%	3.00%	3.25%

	2008		2007	
	The Parent Company	Netstar and Its Subsidiaries	The Parent Company	Netstar and Its Subsidiaries
d. The changes in the accrued pension liability are summarized as follows:				
Balance, beginning of period	$ 108,933	$ 5,102	$ 110,964	$ 5,568
Accruals base on defined benefit pension plan	5,958	883	3,526	896
Additional liabilities	-	2,130	-	-
Contribution	(8,526)	(555)	(5,557)	(1,362)
Balance, end of period	$ 106,365	$ 7,560	$ 108,933	$ 5,102

15. SHAREHOLDERS' EQUITY

Capital Surplus

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

Appropriation of Earnings and Dividend Policy

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

a. 8% to 20% as bonus to employees;
b. 1% or less as remuneration to directors and supervisors; and
c. Dividends, as proposed by the board of directors.

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

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

For the year ended December 31, 2008, the bonus to employees and remunerations to directors and supervisors, amounted to NT$190,000 thousand (classified under accrued expenses) were accrued on the basis of past experiences. 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 2007 and 2006 were proposed in the Board of Directors' meeting and approved in the shareholders' meeting held on June 12, 2008 and June 15, 2007, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2007	2006	2007	2006
Legal reserve	$ 294,989	$ 291,789	$ -	$ -
Cash dividends	1,869,508	1,854,598	4.0	4.0
Stock dividends	233,688	231,825	0.5	0.5
Remuneration to directors and supervisors	26,549	26,261	-	-
Bonus to employees - stock	60,000	40,000	-	-
Bonus to employees - cash	205,490	222,610	-	-

At their meeting on June 12, 2008, the shareholders approved the board of directors' proposal to distribute stock dividends of $233,688 thousand and stock bonus to employees amounting to $60,000 thousand. The appropriation of earnings for 2007 were approved by the Financial Supervisory Commission under the Executive Yuan of the ROC. The board of directors resolved August 8, 2008 as the date of distributing stock and cash dividends, and the Parent Company had completed its revised registration from the MOEA.

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.

On April 1, 2003, the Securities and Futures Bureau approved the Parent Company's stock option plan. There were 3,000 thousand units authorized to be issued, which may be converted to 3,000 thousand common shares. Employees may exercise a certain percentage of the option within two and four years of the newly grant date, and will expire six years from the grant date. The stock options were had issued on August 14, 2003, and the exercise price was set at NT$23.49 as of December 31, 2008.

As of December 31, 2008, there were 2,475 thousand units of stock options exercised, which were converted to 2,475 thousand common shares; thus, the unexercised stock options consisted of 165 thousand units.

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

16. 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
Year ended December 31, 2008				
For transfer to employees	14,500	-	-	14,500
To maintain the Parent Company's credibility and shareholders' interest	-	10,000	10,000	-
Year ended December 31, 2007				
For transfer to employees	-	14,500	-	14,500

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.

17. INCOME TAX

a. The 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:

	2008	2007
Tax on pretax income at statutory rate	$ 844,460	$ 1,017,875
Add (deduct) tax effects of:		
Permanent differences		
Tax-exempt income	(246,868)	(334,721)
Other	(51,374)	(9,509)
Temporary differences	31,967	(45,237)
Income tax (10%) on undistributed earnings	26,639	30,282
Investment tax credit used	(148,581)	(152,614)
Loss carryforwards used	(10,491)	(2,965)
Income tax currently payable	$ 445,752	$ 503,111

b. Income tax expense consisted of the following:

Income tax currently payable	$ 445,752	$ 503,111
Income tax expense - deferred	(34,359)	107,862
Withholding tax of dividends	1,826	-
	$ 413,219	$ 610,973

c. The change of income tax payable prepaid income tax of balance sheet consisted of the following:

	December 31	
	2008	2007
Balance, beginning of year	$ 213,572	$ 168,317
Income tax currently payable	445,752	503,111
Payment	(359,023)	(457,856)
Balance, end of year	$ 300,301	$ 213,572

d. Net deferred income taxes as of December 31, 2008 and 2007 consisted of the following:

	December 31	
	2008	2007
Current		
Deferred income tax assets:		
Allowance for loss on inventories	$ 29,734	$ 46,084
Unrealized product warranty reserve	11,319	10,292
Investment tax credit	10,008	19,639
Excess provisions for doubtful accounts	3,406	9,586
Loss carryforward	-	15,426
Others	27,267	12,559
	81,734	113,586
Valuation allowance	(8,216)	(18,945)
	73,518	94,641
Deferred income tax liabilities:		
Unrealized foreign exchange gain	(722)	(10,370)
Others	(274)	-
Net deferred income tax assets	$ 72,522	$ 84,271
Noncurrent		
Deferred income tax assets:		
Investment tax credits	$ 49,004	$ 27,483
Deferred credits	46,660	44,739
Loss carryforward	38,842	17,874
Excess of pension cost	27,061	28,135
Accumulated equity in the net loss of foreign investees	25,560	24,829
Others	122	4,314
	187,249	147,374
Valuation allowance	(80,804)	(47,685)
	106,445	99,689
Deferred income tax liabilities:		
Gain of foreign investees by equity method	(288,739)	(328,094)
Others	(288)	(225)
	(288,967)	(328,319)
Net deferred income tax liabilities	$ (182,522)	$ (228,630)

The income tax rate used by the Parent Company and domestic subsidiaries used to recognize deferred income tax was 25%.

e. As of December 31, 2008 investment tax credits consisted of the following:

Law/Statute	Tax Credit Source	Remaining Creditable Amounts
Netstar Technology Co., Ltd.		
Statute for Upgrading Industries	Research and development expenditures	$ 48,008
Advansus Corp.		
Statute for Upgrading Industries	Research and development expenditures	$ 17,365

f. Information on the domestic subsidiary - loss carryforward of Netstar Technology Co., Ltd. as of December 31, 2008 is as follows:

Loss Year	Loss Carryforward Amount	Expiry Year
Netstar Technology Co., Ltd.		
2003	$ 33,870	2013
2004	33,195	2014
2005	11,270	2015
2006	21,007	2016
2007	2,670	2017
2008	53,354	2018
	$ 155,366	

g. As of December 31, 2008, the Parent Company's five years exemption on the income was as follows:

Investment Plan	Exemption Period
The Parent Company	
The industry 500 MHz thin client production	From 2006 to 2010

h. Based on Article 70-1 of the Statute for Upgrading Industries, companies will be exempt from the profit-seeking enterprise tax on the following incomes if they use worldwide resources and set up an international operating network or if they establish operating headquarters within the territory of the Republic of China that is of a specific size and will bring about significant economic benefits:

1) Income from providing management services or R&D services to its affiliates abroad;
2) Royalty payment received from its affiliates abroad; and/or
3) Returns on investments and gains on asset disposal by overseas affiliates.

i. The Group's ICA balances as of December 31, 2008 and 2007 were as follows:

	December 31	
	2008	2007
Parent Company	$ 236,042	$ 269,712
Advantech Fund-A	$ 5,586	$ 4,913
Advansus Corp.	$ 846	$ 240
Netstar Technology Co., Ltd.	$ 6,620	$ 6,174

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

	December 31	
	2008	2007
Parent Company	$ 81,329	$ 81,329

The expected and actual creditable tax ratios for earnings of the Parent Company were 14.25% and 9.64%, as of December 31, 2008 and 2007, respectively. The creditable tax ratio should be based on the balance in the ICA on the date of dividend distribution. Thus, the expected creditable ratio for the 2008 earnings may differ from the actual ratio depending on the ICA balance on the dividend distribution date.

j. Income tax returns through 2005 had been examined and cleared by the tax authorities. However, the tax authorities made an assessment on the Parent Company's 2003 return, but the Parent Company disagreed with this assessment. Thus, the Parent Company requested for a reexamination of its return. As of March 9, 2009, the date of the accompanying auditors' report, the reexamination was in progress; nevertheless, the Parent Company recognized the payable on this case.

18. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	2008			2007		
	Included in Cost of Goods Sold	Included in Operating Expenses	Total	Included in Cost of Goods Sold	Included in Operating Expenses	Total
Personnel expenses						
Payroll	$ 546,121	$ 2,243,711	$ 2,789,832	$ 435,560	$ 1,906,381	$ 2,341,941
Insurance	46,554	212,570	259,124	30,460	185,715	216,175
Pension	20,233	85,534	105,767	19,250	77,041	96,291
Others	54,397	196,446	250,843	38,147	151,944	190,091
	$ 667,305	$ 2,738,261	$ 3,405,566	$ 523,417	$ 2,321,081	$ 2,844,498
Depreciation	$ 100,476	$ 149,168	$ 249,644	$ 88,737	$ 140,571	$ 229,308
Amortization	9,847	80,940	90,787	6,554	51,201	57,755

For properties leased to others, expenses of $979 thousand and $797 thousand for the years ended December 31, 2008 and 2007, respectively (included in nonoperating expenses - other expenses), were not included in the above depreciation expenses.

19. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share (EPS) were as follows:

	Amount (Numerator)		Shares (Denominator)	Earnings Per Share	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
2008					
Basic EPS	$ 2,862,961	$ 2,556,638	498,631	$ 5.74	$ 5.13
The impact of dilutive potential					
Employee stock options	-	-	146		
Bonuses to employees	-	-	4,291		
Diluted EPS	$ 2,862,961	$ 2,556,638	503,068	$ 5.69	$ 5.08
2007					
Basic EPS	$ 3,415,906	$ 2,971,049	516,558	$ 6.61	$ 5.75
The impact of dilutive potential					
Stock options	-	-	855		
Diluted EPS	$ 3,415,906	$ 2,971,049	517,413	$ 6.60	$ 5.74

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. The dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The EPS was retroactively adjusted for the stock dividends declared. Thus, in 2007, pretax and after-tax basic EPS decreased from NT$7.02 to NT$6.61 and from NT$6.11 to $5.75, respectively, and pretax and after-tax diluted EPS decreased from NT$7.01 to NT$6.60 and from $6.10 to $5.74, respectively.

20. RELATED-PARTY TRANSACTIONS

a. Related parties

Related Party	Relationship with the Group
Axiomtek Co., Ltd. (“Axiomtek”)	Equity-method investee
Advantech Hungary Ltd. (AHG)	Equity-method investee
SG Advantech Co., Ltd. (former name: Advantech Technologies Co., Ltd.) (AKR)	The Parent Company was AKR’s director (AKR was an equity-method investee until December 2008)
Advantech Corporation (Thailand) Co., Ltd. (ATH)	Equity-method investee of ASG
Timson Tech Co. (TTC)	Equity-method investee of Advantech Fund-A
Avalue Technology Inc. (“Avalue”)	The Parent Company’s chairman is a director of the Avalue

(Continued)

Related Party	Relationship with the Group
Advantech Brazil S/A (ABR)	Related party in substance
Mr. Peter Marek	Manager of ADL
Mr. Stavors Kostelidis	Manager of ADL
Mr. Andrea Zolli	Manager of AEU (formerly maneger of AIT)
Immoibiliare Verdi Srl	Manager of AEU (formerly maneger of AIT)

(Concluded)

b. The significant transactions with the above related parties, in addition to those disclosed in Note 22 and Tables 1 and 2, are summarized as follows:

	2008		2007	
	Amount	% of Total	Amount	% of Total
For the year				
1) Sales				
AKR	$ 360,164	2	$ 327,131	2
Avalue	133,024	1	-	-
ABR	95,918	1	73,339	1
ATH	34,258	-	22,531	-
Axiomtek	10,935	-	14,036	-
Others	22	-	1,872	-
	$ 634,321	4	$ 438,909	3
2) Purchase of materials and supplies				
Axiomtek	$ 838	-	$ 3,228	-
At end of year				
3) Accounts receivable				
AKR	$ 117,465	70	$ 39,600	45
Avalue	27,497	17	-	-
ABR	16,517	10	21,333	24
Axiomtek	1,664	1	1,725	2
Others	3,357	2	1,718	2
	166,500	100	64,376	73
Dividends receivable				
AKR	-	-	6,640	7
Other receivables				
ABR	131	-	-	-
Axiomtek	-	-	17,933	20
	$ 166,631	100	$ 88,949	100
4) Payables				
Accounts				
ABR	$ 495	100	$ -	-
Axiomtek	2	-	371	97
ATH	1	-	13	3
	$ 498	100	$ 384	100

c. Share transactions

The Parent Company bought AEU shares from managers of ADL and AEU in June 2008 and July 2007, respectively. The related transaction is summarized as follows:

	Common Stock Issuer	Shares	Cost
June 2008	AEU	75,000	$ 34,712
July 2007	AEU	81,329	$ 14,920

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.

d. Compensation of directors, supervisors and management personnel:

	December 31	
	2008	2007
Salaries	$ 70,977	$ 91,312
Bonus	17,247	21,491
	$ 88,224	$ 112,803

The compensation of directors, supervisors and management personnel for the year ended December 31, 2007 included the bonuses appropriated from earnings for 2007 which had been approved by shareholders in their annual meeting held in 2008.

21. ASSETS PLEDGED OR MORTGAGED

a. As of December 31, 2008 and 2007, the subsidiary - Netstar Technology Co., Ltd. offered assets for certificates of short-term and long-term bank loans as follows:

	December 31	
	2008	2007
Restricted current assets (time deposits)	$ -	$ 43,372
Properties - land	35,506	40,336
Properties - buildings - cost	22,355	27,437
Machinery - cost	-	706
	$ 57,861	$ 111,851

b. In 2008 and 2007, Advansus Corp., a subsidiary of the Parent Company consolidated under the proportionate consolidated method, pledged certificates of deposits of $100,000 thousand as collaterals for tariffs.

22. SIGNIFICANT COMMITMENT AND CONTINGENCIES

a. As of December 31, 2008, the Parent Company had the following guarantees for affiliates' loans:

Guarantees for affiliates' loans:

	Amount
AKMC	$610,080 thousand

b. As of December 31, 2008 and 2007, the unused amount of the L/C for purchasing, which was opened by Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, was $6,502 thousand and $4,751 thousand, respectively.

d. As of December 31, 2008 and 2007, the guarantee notes issued by Netstar Technology Co., Ltd. for the bank loan amounted to $121,000 thousand and $267,000 thousand, respectively.

23. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31			
	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Nonderivative financial instruments				
Assets				
Available-for-sale financial assets - current	$ 13,206	$ 13,206	$ 1,356,177	$ 1,356,177
Available-for-sale financial assets - noncurrent	1,731,615	1,731,615	4,047,492	4,047,492
Liabilities				
Bonds payable (including current portion)	102,361	102,361	117,941	117,941
Derivative financial instruments location				
Financial assets at fair value through profit or loss - current				
Domestic	737	737	-	-
Foreign (foreign corporation operating in domestic district included)	864	864	87	87
Financial liabilities at fair value through profit or loss - current				
Domestic	12,357	12,357	-	-
Foreign (foreign corporation operating in domestic district included)	10,930	10,930	-	-

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

1) For financial instruments such as cash, notes and accounts receivables, receivables from related parties, other receivables, restricted assets-current, short-term bank loans, accounts payable and refundable deposits, the carrying amounts of these financial instruments approximate their fair values.

2) Fair values of available-for-sale financial assets were based on their quoted market price.

3) The fair value of the long-term bank loans is determined using the present value based of the projected cash flows discounted at interest rates for similar long-term debts.

4) Fair values of derivatives were determined using the quoted market prices, using valuation techniques incorporating estimates and assumptions that are consistent with those prevailing in the market.

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

	Based on the Quoted Market Price		Determined Using Valuation Techniques	
	December 31		December 31	
	2008	2007	2008	2007
Asset				
Financial assets at fair value through profit or loss - current	$ -	$ -	$ 1,601	$ 87
Available-for-sale financial assets - current	13,206	1,356,177	-	-
Available-for-sale financial assets - noncurrent	1,731,615	4,047,492	-	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	23,287	-

d. As of December 31, 2008 and 2007, financial assets exposed to fair value risk from interest rate fluctuation amounted to $1,400,330 thousand and $1,014,053 thousand, respectively. As of December 31, 2008 and 2007, financial liabilities exposed to fair value risk from interest rate fluctuation amounted to $677,100 thousand and $753,477 thousand, respectively. As of December 31, 2008 and 2007, financial assets exposed to cash flow interest rate risk amounted to $1,066,531 thousand and $1,373,663 thousand, respectively.

e. The Parent Company recognized unrealized losses of $2,365,962 thousand and unrealized gains of $393,929 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the years ended December 31, 2008 and 2007, respectively. The Parent Company also recognized unrealized gains of $615 thousand and $1,066 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for the years ended December 31, 2008 and 2007, respectively.

f. Financial risks

1) Market risk. The derivative financial instruments categorized as financial assets at fair value through profit or loss are mainly used to hedge exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the market risk of derivatives will be offset by the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Group are mainly mutual funds and publicly traded stocks. Thus, price fluctuations in the open market would result in changes in fair values of these financial instruments.

2) Credit risk. Credit risk represents the potential loss that would be incurred by the Group if the counter-parties breach the contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. Since the counter-parties to the foregoing derivative financial instruments are reputable financial institutions, management believes its exposure to default by counter-parties is low.

3) Liquidity risk. The Group has sufficient operating capital to meet cash needs upon settlements of derivative financial instruments. Therefore, the cash flow risk is low. In addition, for long-term equity-method investments (mutual funds and publicly traded stocks), the Group keeps liquidity reserves, which are available on a short-term basis. Additionally, the contracted forward rate is decided on the contract starting dates. Thus, the cash flow risk on forward contracts is low.

24. ADDITIONAL DISCLOSURES

a. Except for those mentioned in Note 20 and Tables 1 to 8, 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 December 31, 2008, accumulated inward remittance of earnings as of December 31, 2008 and upper limit on investment: Please see Table 9 attached.

2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 20, 22 and Tables 1, 2, 6 and 7.

c. Intercompany relationships and significant intercompany transactions: Please see Table 11 attached.

25. SEGMENT INFORMATION

a. Industry: The Group is engaged only in a single industry: The manufacture and sale of embedded computing boards, applied panel computing, industrial automation and industrial and network computing,

b. Foreign operations: Please see Table 12 attached.

c. Export sales

Geographic Area	2008	2007
Asia	$ 5,861,836	$ 4,713,504
America	5,525,621	6,710,535
Europe	3,850,006	3,229,509
	$ 15,237,463	$ 14,653,548

d. Major customers

No single customer accounted for at least 10% of the Group's sales.

TABLE 1

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
YEAR ENDED DECEMBER 31, 2008
(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	AEU	ADL	Receivables from related parties	$ 32,368 (EUR 700 thousand)	$ 32,368 (EUR 700 thousand)	4.00%	Short-term financing	$ -	Financing need	$ -	-	$ -	$ 767,019 (Note B)	$ 1,534,038 (Note B)
2	AESC	AEU	Receivables from related parties	12,022 (EUR 260 thousand)	-	2.50%	Short-term financing	-	Financing need	-	-	-	767,019 (Note B)	1,534,038 (Note B)
3	AKMC	ACN	Receivables from related parties	226 (RMB 47 thousand)	-	3.00%	Short-term financing	-	Financing need	-	-	-	767,019 (Notes B and C)	1,534,038 (Notes B and C)
4	SHHQ	ACN	Receivables from related parties	52,857 (RMB 10,989 thousand)	12,304 (RMB 2,558 thousand)	3.00%	Short-term financing	-	Financing need	-	-	-	767,019 (Notes B and C)	1,534,038 (Notes B and C)
5	ACN	AKMC	Receivables from related parties	96,825 (RMB 20,130 thousand)	96,825 (RMB 20,130 thousand)	3.50%	Short-term financing	-	Financing need	-	-	-	767,019 (Notes B and C)	1,534,038 (Notes B and C)
6	Netstar Technology Co., Ltd.	Netstar Electronics Co., Ltd.	Receivables from related parties	132,029	72,071	-	Service intercourse	Purchase 323,661 thousand	Service intercourse	-	-	-	323,661 (Note D)	323,661 (Note D)
7	Netstar Technology Co., Ltd.	LANSONIC (BVI)	Receivables from related parties	3,607	-	-	Short-term financing	-	Financing need	-	-	-	27,336 (Note E)	54,672 (Note F)

Notes:

A. The exchange rate was EUR1.00=NT$46.24; RMB1.00= NT$4.81.

B. The maximum amount of financing to individual counter-party and the maximum amount of financing that can be provided by the financier are 15% and 30% of the Parent Company' issue capital stock, 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 ACN handle the overall planning on the capital by Citibank account.

D. The amount of the service intercourse between Netstar and its subsidiary.

E. 20% of the net asset value of Netstar Technology Co., Ltd.

F. 40% of the net asset value of Netstar Technology Co., Ltd.

G. All intercompany investments and investment gains (losses) have been eliminated.

TABLE 2

ADVANTECH CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2008
(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, or 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 "Parent Company")	AKMC	Indirect subsidiary	$ 767,019 (Note A)	$ 610,080 (US$ 18,600 thousand)	$ 610,080 (US$ 18,600 thousand)	$ -	5.29	$ 1,534,038 (Note B)
1	SHHQ	AKMC	Related enterprise	767,019 (Note A)	25,781 (US$ 786 thousand)	25,781 (US$ 786 thousand)	-	0.22	1,534,038 (Note B)

Note: A. 15% of the Parent Company's issued capital stock.

B. 30% of the Parent Company's issued capital stock.

C. The exchange rate was US$1.00=NT$32.8.

D. All intercompany investments and investment gains (losses) have been eliminated.

TABLE 3

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS
DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Advantech Co., Ltd. (the "Company")	Stock							
	AAC (BVI)	Investee	Long-term equity investments	32,606,500	$ 1,787,540	100.00	$ 1,787,540	Note A
	ATC	"	"	32,750,000	1,576,784	100.00	1,576,784	Note A
	Advansus Corp.	"	"	30,000,000	303,998	50.00	303,998	Note A
	Advantech Fund-A	"	"	70,000,000	624,712	100.00	624,712	Note A
	Axiomtek	"	"	21,353,345	349,915	27.96	349,915	Note A
	AEU	"	"	9,572,024	420,184	100.00	420,184	Note A
	ASG	"	"	1,450,000	71,404	100.00	71,404	Note A
	AAU	"	"	500,204	68,755	100.00	68,755	Note A
	AJP	"	"	1,200	137,516	100.00	137,516	Note A
	AYS	"	"	12,300,000	90,703	100.00	90,703	Note A
	AMY	"	"	2,000,000	40,183	100.00	40,183	Note A
	AHG	"	"	30	16,369	30.00	16,369	Note A
	AIMS	"	"	500,000	5,811	100.00	5,811	Note A
	AHK	"	Other liability - others	999,999	(4,234)	100.00	(4,234)	Notes A and D
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	45,698,339	1,681,699	1.08	1,681,699	Note C
	AKR	"	"	778,032	49,916	10.63	49,916	Note A
Advantech Fund-A	Stock							
	Timson Tech Co. (TTC)	Investee	Long-term equity investments	270,000	7,831	30.00	7,831	Note E
	Netstar Technology Co., Ltd.	"	"	16,897,511	168,792	67.59	168,792	Note A
	BCM Embedded Computer Inc.	"	"	3,000,000	15,286	100.00	15,286	Note A
	Broadwin Technology, Inc.	"	"	6,652,210	109,625	70.28	109,625	Note A
	Avalue Technology Inc.	-	Financial assets carried at cost - noncurrent	3,165,000	88,637	8.77	88,637	-
	Superior Technology Co., Ltd.	-	"	1,095,910	33,441	13.22	33,441	-
	COBAN Research and Technologies, Inc.	-	"	600,000	33,257	7.00	33,257	-
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	246,840	13,206	-	13,206	Note C
TTC	Shares							
	Kunshan Timson Tech Co., Ltd.	Investee	Long-term equity investments	-	25,940	100.00	25,940	Note E
ATC	Stock							
	ATC (HK)	"	"	35,650,000	1,272,822	100.00	1,272,822	Note A
ATC (HK)	Shares							
	AKMC	"	"	-	1,273,018	100.00	1,273,018	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AYS	Shares							
	ADMC	Investee	Long-term equity investments	-	$ 72,483	100.00	$ 72,483	Note A
AAC (BVI)	Stock							
	AC	”	”	10,952,606	981,952	100.00	981,952	Note A
	AAC (HK)	”	”	7,230,000	805,157	100.00	805,157	Note A
AAC (HK)	Shares							
	ACN	”	”	-	419,117	100.00	419,117	Note A
	SHHQ	”	”	-	91,307	100.00	91,307	Note A
	AINS			-	266,133	100.00	266,133	Note A
	AXA			-	27,485	100.00	27,485	Note E
ACN	Shares							
	Hangzhou Advantofine Automation Co., Ltd.	”	”	-	4,296	50.00	4,296	Note E
AEU	Stock							
	AESC	”	”	8,314,280	135,701	100.00	135,701	Note A
	ADL	”	”	1,142,000	17,933	100.00	17,933	Note A
	APL	”	”	6,350	28,220	92.89	28,220	Note A
ASG	Stock							
	ATH	”	”	30,000	6,699	30.00	6,699	Note A
	APN	”	”	570,570	5,527	55.00	5,527	Note A
	AKL	”	”	418,000	3,643	55.00	3,643	Note A
Netstar Technology Co., Ltd.	Stock							
	LANSONIC (BVI)	Investee	Other liability - others	3,527,529	(36,429)	94.83	(36,429)	Notes A and D
	Jan Hsiang Electronics Co., Ltd.	”	Long-term equity investments	1,520,000	13,782	76.00	13,782	Note A
	Lantech Communications Inc.	”	Other liability - others	1,159,500	-	77.30	-	Note A
Broadwin Technology, Inc.	Stock							
	Broadwin Technology Inc.	Investee	Long-term equity investments	1,916,475	19,315	100.00	19,315	Note A
LANSONIC (BVI)	Shares							
	Netstar Electronics Corporation	”	Other liability - others	-	HK$ (27,678)	100.00	HK$ (27,678)	Notes A and D

Note A: The net asset value were based on audited financial statements.

Note B: Market values were based on the net asset values of the-open-end mutual funds on the balance sheet date.

Note C: Market value was based on the closing price on December 31, 2008.

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

Note E: The net asset values were based on un-audited financial statement. (Concluded)

TABLE 4

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Name/Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Advantech Co., Ltd. (the "Company")	Fund													
	Capital Income Fund	Available for sale financial assets - current	-	-	16,373,844.40	$ 247,671	53,235,749.38	$ 812,293	69,609,593.78	$ 1,061,785	$ 1,059,964	$ 1,821	-	$ -
	Fuh-Hwa Yuli Bond Fund	"	-	-	-	-	24,677,988.30	315,114	24,677,998.30	315,395	315,114	281	-	-
	Fuh-Hwa Bond Fund	"	-	-	-	-	78,538,324.70	1,070,932	78,538,324.70	1,073,396	1,070,932	2,464	-	-
	James Bond Fund	"	-	-	-	-	81,210,754.30	1,279,469	81,210,754.30	1,282,354	1,279,469	2,885	-	-
	Prudential Bond Fund	"	-	-	22,055,731.70	280,602	74,842,073.80	959,871	96,897,805.50	1,244,353	1,240,473	3,880	-	-
	Mega Diamond Bond Fund	"	-	-	16,743,993.45	195,746	15,979,604.45	187,880	32,723,597.90	384,260	383,626	634	-	-
	NITC Taiwan Bond Fund	"	-	-	8,357,665.30	119,628	85,793,264.30	1,236,154	94,150,929.60	1,358,075	1,355,782	2,293	-	-
	ING Taiwan Bond Fund	"	-	-	-	-	21,122,365.90	326,700	21,122,365.90	327,278	326,700	578	-	-
	ING Taiwan Income Fund	"	-	-	7,903,346.71	127,120	57,549,984.01	932,135	65,453,330.72	1,061,268	1,059,255	2,013	-	-
	Stock													
	Advantech Fund-A	Long-term equity investments	-	Subsidiary	50,000,000.00	414,083	20,000,000.00	200,000 (Note A)	-	-	-	-	70,000,000	624,712
	ATC	"	-	"	13,450,000.00	981,854	19,300,000.00	617,037 (Note A)	-	-	-	-	32,750,000	1,576,784
	Advansus Corp.	"	-	Investee	50,000,000.00	476,793	-	-	20,000,000.00	200,000 (Note B)	200,000 (Note B)	-	30,000,000	303,998
	AAC (BVI)	"	-	Subsidiary	24,606,500.00	1,423,850	8,000,000.00	257,040 (Note A)	-	-	-	-	32,606,500	1,787,540
Advansus Corp.	Fund													
	Capital Income Fund	Available for sale financial assets - current	-	-	24,940,897.50	377,241	42,154,827.60	641,783	67,095,725.10	1,021,440	1,019,024	2,416	-	-
	NITC Taiwan Bond Fund	"	-	-	1,217,909.60	17,436	29,853,768.40	430,684	31,071,678.00	448,986	448,120	866	-	-
Advantech Fund-A	Stock													
	Capital Income Fund	Available for sale financial assets - current	-	-	7,320,151.50	110,449	831,896.20	12,709	8,152,047.70	123,640	123,158	482	-	-
	NITC Taiwan Bond Fund	"	-	-	-	-	17,955,912.70	258,400	17,955,912.70	259,551	258,400	1,151	-	-

Note A: Issuance of common stock for cash to investees.

Note B: Proceeds of the investees' return of capital in cash.

Note C: All intercompany investments and investment gains (losses) have been eliminated.

TABLE 5

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
YEAR ENDED DECEMBER 31, 2008
(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			
Shanghai Advantech Intelligent Services Co., Ltd.	Office building	2008.11	$ 201,265 (RMB 41,843 thousand)	Paid in full by contract requirements	Shanghai Shibei Industrial Park Invest Promotion Center	None	-	-	-	$ -	Quotations on the market locally	For business use	None

Note: The exchange rate was RMB1.00=NT$4.81.

TABLE 6

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
YEAR ENDED DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars)

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.	AC	Indirect subsidiary	Sale	$ (2,960,193)	(24)	Set for 45 days a month	$ -	-	$ 231,874	12	
	AESC	Indirect subsidiary	Sale	(1,845,950)	(15)	Set for 45 days a month	-	-	491,107	24	
	ACN	Indirect subsidiary	Sale	(2,634,032)	(22)	Set for 45 days a month	-	-	458,564	23	
	AINS	Indirect subsidiary	Sale	(137,159)	(1)	Set for 45 days a month	-	-	-	-	
	ASG	Subsidiary	Sale	(109,994)	(1)	Set for 45 days a month	-	-	18,864	1	
	AKR	The Company is the AKR's director	Sale	(280,348)	(2)	Set for 45 days a month	-	-	87,749	4	
	AJP	Subsidiary	Sale	(262,408)	(2)	Set for 45 days a month	-	-	31,290	2	
	AAU	Subsidiary	Sale	(160,167)	(1)	Set for 45 days a month	-	-	28,789	1	
	ATC	Subsidiary	Purchase	3,695,260	42	Set for 60 days a month	-	-	(554,721)	(56)	
	Advansus Corp.	Investee	Purchase	632,143	8	Set for 30 days a month	-	-	(50,999)	(5)	
	AYS	Subsidiary	Purchase	528,184	6	Set for 90 days a month	-	-	(73,887)	(7)	
ATC	Advantech Co., Ltd.	Parent company	Sale	(3,695,260)	(100)	Set for 60 days a month	-	-	554,721	96	
Advansus Corp.	Advantech Co., Ltd.	Parent company	Sale	(632,143)	(33)	Set for 30 days a month	-	-	50,999	29	
AC	Advantech Co., Ltd.	Ultimate parent company	Purchase	2,960,193	81	Set for 45 days a month	-	-	(231,874)	(89)	
AESC	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,845,950	71	Set for 45 days a month	-	-	(491,107)	(81)	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	2,634,032	81	Set for 45 days a month	-	-	(458,564)	(81)	
AINS	Advantech Co., Ltd.	Ultimate parent company	Purchase	137,159	100	Set for 45 days a month	-	-	-	-	
ASG	Advantech Co., Ltd.	Parent company	Purchase	109,994	69	Set for 45 days a month	-	-	(18,864)	(1)	
AKR	Advantech Co., Ltd.	The Company is the AKR's director	Purchase	280,348	1	Set for 45 days a month	-	-	(87,749)	(9)	
AJP	Advantech Co., Ltd.	Parent company	Purchase	262,408	87	Set for 45 days a month	-	-	(31,290)	(97)	
AAU	Advantech Co., Ltd.	Parent company	Purchase	160,167	49	Set for 45 days a month	-	-	(28,789)	(43)	
AYS	Advantech Co., Ltd.	Parent company	Sale	(528,184)	(99)	Set for 45 days a month	-	-	73,887	100	
SHHQ	ACN	Related enterprise	Purchase	505,906	97	Set for 30 days a month	-	-	-	-	

(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	
AYS	ADMC	Subsidiary	Purchase	$ 467,873	100	Set for 30 days after a month	$ -	-	$ (50,247)	(92)	
AKMC	Advansus Corp.	Related enterprise	Purchase	945,201	32	Set for 30 days after a month	-	-	(49,083)	(12)	
ACN	SHHQ	Related enterprise	Sale	(505,906)	(13)	Set for 30 days a month	-	-	-	-	
ADMC	AYS	Parent company	Sale	(467,873)	(100)	Set for 30 days after a month	-	-	50,247	90	
Advansus Corp.	AKMC	Related enterprise	Sale	(945,201)	(49)	Set for 30 days after a month	-	-	49,083	28	
Netstar Technology Co., Ltd.	Netstar Electronics Corporation	Subsidiary	Purchase	323,661	99	Set for 30 days a month	-	-	-	-	

Note: All significant intercompany accounts and transactions have been eliminated upon consolidation. (Concluded)

TABLE 7

ADVANTECH CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Advantech Co., Ltd.	AESC	Indirect subsidiary	$ 491,107	3.21	$ -	-	$ 266,022	$ -
	ACN	Indirect subsidiary	458,564	5.93	-	-	758	-
	AC	Indirect subsidiary	231,874	7.94	-	-	228,705	-
ATC	Advantech Co., Ltd.	Parent company	554,721	5.84	-	-	21	-

Note: All significant intercompany accounts and transactions have been eliminated upon consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				December 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd.	AAC (BVI)	BVI	Investment holding company	$ 1,078,934	$ 821,894	32,606,500	100.00	$ 1,787,540	$ 214,131	$ 214,131	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,044,818	427,781	32,750,000	100.00	1,576,784	385,127	385,127	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	300,000	500,000	30,000,000	50.00	303,998	45,794	27,238	Equity-method investee
	AEU	Helmond, the Netherlands	Investment holding company	426,930	392,218	9,572,024	100.00	420,184	(1,769)	(1,769)	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	General investment	700,000	500,000	70,000,000	100.00	624,712	7,598	7,598	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	269,222	270,611	21,353,345	27.96	349,915	198,445	66,555	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	32,989	32,989	778,032	10.63	49,916	(272,764)	(81,630)	Included in available-for-sale financial assets - noncurrent
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	71,404	2,070	2,070	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	68,755	5,418	5,418	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	137,516	6,956	6,956	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	51,662	51,662	12,300,000	100.00	90,703	76,652	76,652	Subsidiary
	AMY	Kuala Lumpur, Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	40,183	(361)	(361)	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	16,369	1,913	574	Equity-method investee
	AIMS	Taipei, Taiwan	Investment and management service	5,000	5,000	500,000	100.00	5,811	172	172	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(4,234)	4,690	4,690	Subsidiary (Note A)
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei	Production and sale of industrial automation products	212,272	212,272	16,897,511	67.59	168,792	10,937	7,392	Indirect subsidiary
	TTC	Brunei	Investment holding company	8,323	8,323	270,000	30.00	7,831	-	-	Equity-method investee
	BCM Embedded Computer Inc.	Taipei	Telecommunications equipment and electronic parts manufacturing	30,500	10,000	2,000,000	100.00	15,286	(16,429)	(12,932)	Indirect subsidiary
	Broadwin Technology, Inc.	Taipei, Taiwan	Assembly and production of computers	99,783	-	6,652,210	70.28	109,625	13,545	9,519	Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	1,211,470	-	35,650,000	100.00	1,272,822	(21,422)	(21,422)	Indirect subsidiary (Note C)
	AKMC	Kunshan, China	Production and sale of components of industrial automation products	-	409,393	-	100.00	-	(9,524)	10,390	Indirect subsidiary (Note C)
ATC (HK)	AKMC	Kunshan, China	Production and sale of components of industrial automation products	1,211,470	-	-	100.00	1,273,018	(9,524)	(19,914)	Indirect subsidiary (Note C)
AYS	ADMC	Guangzhou, China	Production and sale of components of industrial automation products	51,662	51,662	-	100.00	72,483	14,583	14,583	Indirect subsidiary
Timson Tech Co. (TTC)	Kunshan Timson Tech Co., Ltd.	Kunshan, China	Processes and sale of peripherals	30,222	30,222	-	100.00	25,940	-	-	Equity-method investee
AAC (BVI)	AC	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	981,952	61,789	61,789	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	-	12,230,000	100.00	805,157	(7,573)	(7,573)	Indirect subsidiary (Note D)
	ACN	Beijing, China	Sale of industrial automation products	-	185,356	-	100.00	-	171,743	161,065	Indirect subsidiary (Note D)
	SHHQ	Shanghai, China	Sale of industrial automation products	-	96,750	-	100.00	-	(20,916)	(6,473)	Indirect subsidiary (Note D)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				December 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	$ 185,356	$ -	-	100.00	$ 419,117	$ 171,743	$ 10,678	Indirect subsidiary (Note D)
	SHHQ	Shanghai, China	Sale of industrial automation products	96,750	-	-	100.00	91,307	(20,916)	(14,443)	Indirect subsidiary (Note D)
	AINS	Shanghai, China	Sale of industrial automation products	257,040	-	-	100.00	266,133	3,366	3,366	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	-	-	100.00	27,485	(5,109)	(5,109)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processes and sale of peripherals	6,660	6,660	-	50.00	4,296	(4,734)	(2,367)	Equity-method investee
AEU	AESC	Eindhoven, the Netherlands	Sale of industrial automation products	90,450	90,450	8,314,280	100.00	135,701	10,602	10,602	Indirect subsidiary
	ADL	Munich, Germany	Sale of industrial automation products	46,028	46,028	1,142,000	100.00	17,933	(13,909)	(13,909)	Indirect subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	10,285	10,285	6,350	92.89	28,220	740	740	Indirect subsidiary
ASG	APN	Penang, Malaysia	Sale of industrial automation products	8,181	8,181	570,570	55.00	5,527	(78)	(43)	Indirect subsidiary
	ATH	Thailand	Production of computers	2,495	2,495	30,000	30.00	6,699	4,805	1,441	Indirect subsidiary
	AKL	Kuala Lumpur, Malaysia	Sale of industrial automation products	7,264	7,264	418,000	55.00	3,643	-	-	Indirect subsidiary
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei	Electronic parts and components manufacturing	11,500	14,950	1,520,000	76.00	13,782	3,125	2,375	Indirect subsidiary
	Supercom Technology Corporation	Taipei	Telecommunication equipment and electronic parts manufacturing	-	16,250	-	-	-	(5,944)	(1,980)	Equity-method investee
	Lantech Communications Inc.	Taipei	Retail sale of electronic materials	11,595	11,595	1,159,500	77.30	-	-	-	Indirect subsidiary
	LANSONIC (BVI)	Akara Building 24 DeCastro Street, Wickhams Cay I, Road fown Tortola, British Virgin Islands	General investment	101,188	101,188	3,527,529	94.83	(36,429)	30,105	30,105	Indirect subsidiary (Note A)
LANSONIC (BVI)	Netstar Electronics Corporation (Dongguan)	Guangzhou, China	Network and UPS product manufacture business	HK$ 2,935	HK$ 2,935	-	100.00	HK$ (27,678)	HK$ 10,136	HK$ 7,191	Indirect subsidiary (Note A)
Broadwin Technology, Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of webaccess software	22,491	22,491	1,916,475	100.00	19,315	(341)	(341)	Indirect subsidiary

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

Note B: The financial statements used as basis for calculating of investment gain (loss) had all been audited except those mentioned in Note E of Table 3.

Note C: AKMC was restructured and became a subsidiary of ATC (HK) in June 2008.

Note D: ACN and SHHQ were restructured and became subsidiaries of AAC (HK) in June 2008.

Note E: All intercompany investments and investment gains (losses) have been eliminated. (Concluded)

TABLE 9

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2008	Accumulated Inward Remittance of Earnings as of December 31, 2008
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$29,650 thousand	Indirect	$ 393,600 (US$ 12,000 thousand)	$ 436,240 (US$13,300 thousand)	$ -	$ 829,840 (US$ 25,300 thousand)	100%	$ (9,524)	$ 1,273,018	$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US$3,000 thousand	Indirect	98,400 (US$ 3,000 thousand)	-	-	98,400 (US$ 3,000 thousand)	100%	(20,916)	91,307	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$4,230 thousand	Indirect	174,890 (US$ 5,332 thousand)	-	-	174,890 (US$ 5,332 thousand)	100%	171,743	419,117	368,508 (US$ 11,235 thousand)
Advantech Electronic Technology (Dongguan) Co., Ltd.	Production and sale of industrial automation products	US$1,400 thousand	Indirect	(Note C)	-	-	(Note C)	100%	14,583	72,483	-
Shanghai Advantech Intelligent Services Co., Ltd.	Production and sale of industrial automation products	US$8,000 thousand	Indirect	-	262,400 (US$ 8,000 thousand)	-	262,400 (US$ 8,000 thousand)	100%	3,366	266,133	-
Xi'an Advantech Software Ltd.	Development and production of software products	US$1,000 thousand	Indirect	-	(Note D)	-	-	100%	(5,109)	27,485	-

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$1,372,090 (US$41,832 thousand) (Note E)	$2,378,000 (US$72,500 thousand)	$6,980,162 (Note G)

(Continued)

Note A: The financial statements used as basis for calculating investment gain (loss) were all audited financial statements, except those for Xi'an Advantech Software Ltd.

Note B: The significant events, prices, payment terms and unrealized gains or losses generated on trading between Advantech Co., Ltd. and its investees in Mainland China are described in Note 17 to the financial statements and Tables 1, 2, 6 and 7.

Note C: Which remittance by Advantech Technology Co., Ltd.

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

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

Note F: The exchange rate was US$1.00=NT$32.8.

Note F: The upper limit on investment was based on 60% of the consolidated net asset value of Advantech Co., Ltd. (the "Company"). However, if the Company can get the approval of the Industrial Development Bureau under the Ministry of Economic Affairs to establish operating headquarters in China, there will be no limit on the amount that may be invested in Mainland China.

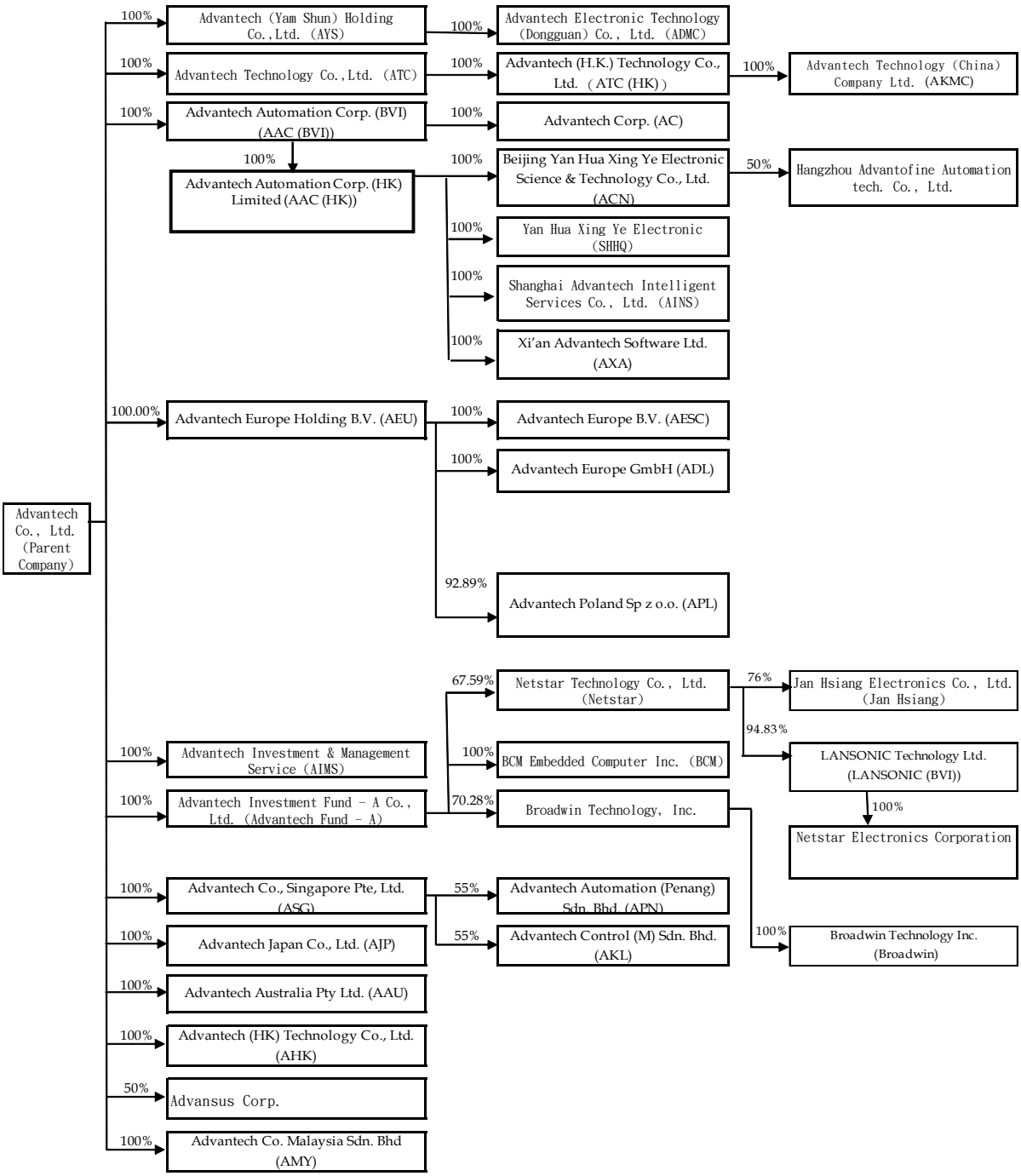
(Concluded)

TABLE 10

ADVANTECH CO., LTD. AND SUBSIDIARIES

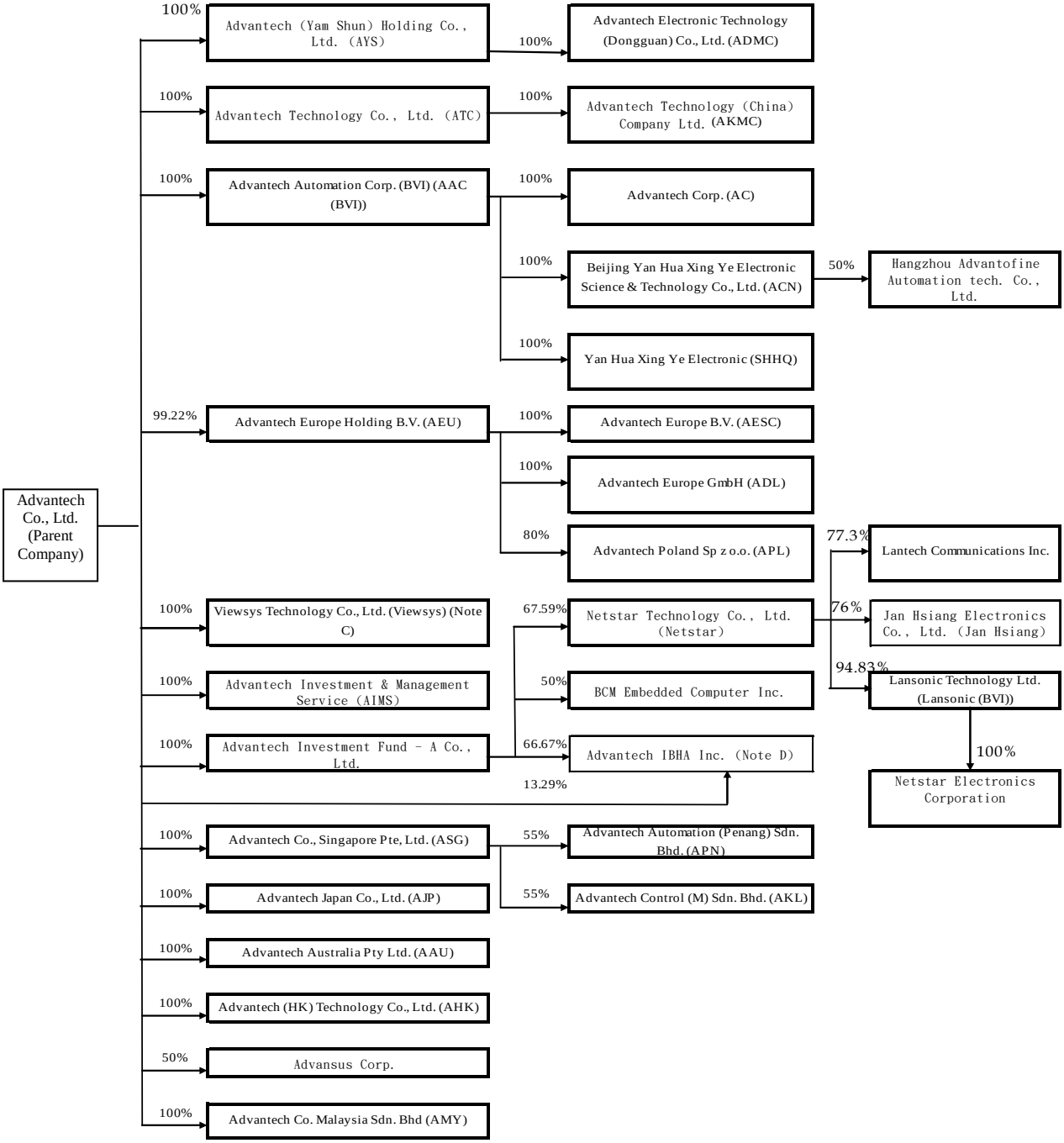
ORGANIZATION CHART
DECEMBER 31, 2008 AND 2007

Intercompany relationships and percentages of ownership as of December 31, 2008 are shown below:



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

Intercompany relationships and percentages of ownership as of December 31, 2007 are shown below:



Note A: ABB and AUK merged with ADL in January 2007.
Note B: Advansus Corp. and Hangzhou Advantofine Automation tech. Co., Ltd. were consolidated using the proportionate consolidated method.
Note C: Viewsys was liquidated in September 2007.
Note D: Advantech IBHA Inc. was liquidated in May 2007.

TABLE 11

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

2008

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)
0	Advantech Co., Ltd.	AC	1	Sales	$ 2,960,193	Normal	17%
		AC	1	Receivables from related parties	231,874	45 days	2%
		AC	1	Purchase	22,583	Normal	-
		AC	1	Payables to related parties	2,158	45 days	-
		AESC	1	Sales	1,845,950	Normal	11%
		AESC	1	Receivables from related parties	498,238	30 days	3%
		AESC	1	Purchase	1,586	Normal	-
		AESC	1	Payables to related parties	777	30 days	-
		ACN	1	Sales	2,634,032	Normal	15%
		ACN	1	Receivables from related parties	458,600	45 days	3%
		ACN	1	Purchase	5,464	Normal	-
		ACN	1	Payables to related parties	391	30 days	-
		ATC	1	Purchase	3,695,260	Normal	21%
		ATC	1	Payables to related parties	554,721	60 days	4%
		ATC	1	Royalty income	185,533	Normal	1%
		AKMC	1	Sales	50,671	Normal	-
		AKMC	1	Receivables from related parties	17,513	45 days	-
		AKMC	1	Payables to related parties	22	60 days	-
		AAU	1	Sales	160,167	Normal	1%
		AAU	1	Purchase	502	Normal	-
		AAU	1	Receivables from related parties	28,789	60-90 days	-
		ASG	1	Sales	109,994	Normal	1%
		ASG	1	Receivables from related parties	18,956	60-90 days	-
		ASG	1	Purchase	3,643	Normal	-
		ASG	1	Payables to related parties	300	60-90 days	-
		AJP	1	Sales	262,408	Normal	2%
		AJP	1	Receivables from related parties	31,290	60-90 days	-
		AJP	1	Purchase	147	Normal	-
		AJP	1	Payables to related parties	561	60-90 days	-
		AJP	1	Commission revenue	5,727	Normal	-
		Advansus Corp.	1	Sales	4,921	Normal	-
		Advansus Corp.	1	Receivables from related parties	799	60-90 days	-
		Advansus Corp.	1	Purchase	632,143	Normal	4%
		Advansus Corp.	1	Payables to related parties	50,999	60-90 days	-
		Advansus Corp.	1	Rental revenue	4,225	Normal	-
		Advansus Corp.	1	Other revenue	3,000	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)
		AIMS	1	Rental revenue	$ 300	Normal	-
		AIMS	1	Receivables from related parties	5	60-90 days	-
		BCM Embedded Computer Inc.	1	Sales	61	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	460	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	76	30 days	-
		Advantech Fund - A	1	Rental revenue	36	Normal	-
		Advantech Fund - A	1	Receivables from related parties	3	5th of every month	-
		Broadwin Technology, Inc.	1	Sales	6,532	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	539	60 days	-
		Broadwin Technology, Inc.	1	Purchase	956	Normal	-
		Broadwin Technology, Inc.	1	Payables to related parties	1,105	60 days	-
		ADL	1	Receivables from related parties	2,815	30 days	-
		ADL	1	Purchase	550	Normal	-
		ADL	1	Payables to related parties	1,585	30 days	-
		AMY	1	Sales	24,724	Normal	-
		AMY	1	Receivables from related parties	2,143	45 days	-
		AMY	1	Purchase	40	Normal	-
		AMY	1	Payables to related parties	140	60 days	-
		APL	1	Sales	8,505	Normal	-
		APL	1	Purchase	28	Normal	-
		APL	1	Receivables from related parties	8,617	45 days	-
		APL	1	Payables to related parties	725	30 days after invoice date	-
		Netstar Technology Co., Ltd.	1	Purchase	22,958	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	5,590	60 days	-
		Jan Hsiang	1	Sales	27	Normal	-
		Jan Hsiang	1	Purchase	19,067	Normal	-
		Jan Hsiang	1	Payables to related parties	446	60 days	-
		Jan Hsiang	1	Receivables from related parties	8	30 days	-
		AYS	1	Purchase	528,184	Normal	3%
		AYS	1	Payables to related parties	73,887	90 days	-
		AINS	1	Sales	137,159	Normal	1%
		AHK	1	Purchase	319	Normal	-
		AHK	1	Payables to related parties	316	60 days	-
		ADMC	1	Sales	70	Normal	-
		ADMC	1	Receivables from related parties	959	45 days	-
1	AC	Advantech Co., Ltd.	2	Sales	22,583	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	2,158	45 days	-
		Advantech Co., Ltd.	2	Purchase	2,960,193	Normal	17%
		Advantech Co., Ltd.	2	Payables to related parties	231,874	45 days	2%
		ASG	3	Sales	878	Normal	-
		ASG	3	Receivables from related parties	232	15 days after invoice date	-
		AESC	3	Sales	5,101	Normal	-
		AESC	3	Receivables from related parties	495	60-90 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)
		ATC	3	Receivables from related parties	$ 1,929	60-90 days	-
		ATC	3	Sales	1,865	Normal	-
		AMY	3	Sales	183	Normal	-
		AAU	3	Sales	172	Normal	-
		AAU	3	Receivables from related parties	4	60-90 days	-
		AJP	3	Sales	48	Normal	-
		AJP	3	Receivables from related parties	10	15 days after invoice date	-
		ACN	3	Sales	871	Normal	-
		ACN	3	Payables to related parties	912	Note E	-
		ACN	3	Purchase	2,212	Normal	-
2	AESC	Advantech Co., Ltd.	2	Sales	1,586	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	777	30 days	-
		Advantech Co., Ltd.	2	Purchase	1,845,950	Normal	11%
		Advantech Co., Ltd.	2	Payables to related parties	498,238	30 days	3%
		ADL	3	Commission expense	532,468	Normal	3%
		ADL	3	Sales	15,921	Normal	-
		APL	3	Sales	1,250	Normal	-
		AC	3	Purchase	5,101	Normal	-
		AC	3	Payables to related parties	495	60-90 days	-
		ASG	3	Payables to related parties	53	30 days	-
3	ACN	Advantech Co., Ltd.	2	Sales	5,464	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	391	30 days	-
		Advantech Co., Ltd.	2	Purchase	2,634,032	Normal	15%
		Advantech Co., Ltd.	2	Payables to related parties	458,600	45 days	3%
		AEU	3	Receivables from related parties	1,641	60-90 days	-
		AEU	3	Sales	3,458	Normal	-
		AC	3	Sales	2,212	Normal	-
		AC	3	Receivables from related parties	912	Note E	-
		AC	3	Purchase	871	Normal	-
		AJP	3	Sales	17	Normal	-
		AKMC	3	Receivables from related parties	105,074	60-90 days	1%
		AKMC	3	Purchase	55,127	Normal	-
		AKMC	3	Payables to related parties	47,856	60-90 days	-
		AKMC	3	Sales	22,028	Normal	-
		AKMC	3	Rental expense	3,625	Normal	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Receivables from related parties	1,139	60-90 days	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Sales	57,815	Normal	-
		ASG	3	Sales	2	Normal	-
		ASG	3	Purchase	26	Normal	-
		ADMC	3	Sales	99	Normal	-
		SHHQ	3	Purchase	669	Normal	-
		SHHQ	3	Payables to related parties	19,312	60-90 days	-
		SHHQ	3	Sales	506,097	Normal	3%
		ATC	3	Other expense	10,721	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)
		AXA	3	Receivables from related parties	$ 1,852	Prompt collection	-
		AMY	3	Receivables from related parties	74	Prompt collection	-
		AINS	3	Sales	48,460	Normal	-
		AINS	3	Purchase	121,972	Normal	1%
		AINS	3	Payables to related parties	148,461	25th of every month	1%
		AHK	3	Sales	6	Normal	-
		AHK	3	Receivables from related parties	5,945	60-90 days	-
4	ATC	Advantech Co., Ltd.	2	Sales	3,695,260	Normal	21%
		Advantech Co., Ltd.	2	Receivables from related parties	554,721	60 days	4%
		Advantech Co., Ltd.	2	Royalty expense	185,533	Normal	1%
		AKMC	3	Purchase	3,032,792	Normal	17%
		AKMC	3	Sales	2,485	Normal	-
		AKMC	3	Payables to related parties	254,264	60-90 days	2%
		AKMC	3	Receivables from related parties	137	60-90 days	-
		ACN	3	Other revenue	10,721	Normal	-
		AC	3	Purchase	1,865	Normal	-
		AC	3	Payables to related parties	1,929	60-90 days	-
5	AKMC	Advantech Co., Ltd.	2	Purchase	50,671	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	17,513	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	22	60 days	-
		ACN	3	Purchase	22,028	Normal	-
		ACN	3	Rental revenue	3,625	Normal	-
		ACN	3	Sales	55,127	Normal	-
		ACN	3	Receivables from related parties	47,856	60-90 days	-
		ACN	3	Payables to related parties	105,074	60-90 days	1%
		AHK	3	Payables to related parties	1	30 days	-
		AAU	3	Sales	816	Normal	-
		AMY	3	Receivables from related parties	3	Prompt collection	-
		AMY	3	Sales	180	Normal	-
		ASG	3	Sales	396	Normal	-
		ASG	3	Payables to related parties	7	30 days	-
		ASG	3	Purchase	6	Normal	-
		ADMC	3	Receivables from related parties	18,701	60-90 days	-
		ADMC	3	Sales	57,195	Normal	-
		ATC	3	Purchase	2,485	Normal	-
		ATC	3	Payables to related parties	137	60-90 days	-
		ATC	3	Sales	3,032,792	Normal	17%
		ATC	3	Receivables from related parties	254,264	60-90 days	2%
		SHHQ	3	Receivables from related parties	123	60-90 days	-
		AINS	3	Receivables from related parties	8,952	Prompt collection	-
		AINS	3	Sales	7,213	Normal	-
		AINS	3	Purchase	52	Normal	-
		Advansus Corp.	3	Payables to related parties	49,812	60-90 days	-
		Advansus Corp.	3	Purchase	945,201	Normal	5%

(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)
6	ADMC	Advantech Co., Ltd.	2	Purchase	$ 70	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	959	45 days	-
		AKMC	3	Purchase	57,195	Normal	-
		AKMC	3	Payables to related parties	18,701	60-90 days	-
		ACN	3	Purchase	99	Normal	-
		AYS	3	Sales	468,049	Normal	3%
		AYS	3	Receivables from related parties	53,322	60-90 days	-
7	APL	Advantech Co., Ltd.	2	Purchase	8,505	Normal	-
		Advantech Co., Ltd.	2	Sales	28	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	8,617	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	725	30 days after invoice date	-
		AESC	3	Purchase	1,250	Normal	-
8	ASG	Advantech Co., Ltd.	2	Sales	3,643	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	300	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	109,994	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	18,956	60-90 days	-
		ACN	3	Sales	26	Normal	-
		ACN	3	Purchase	2	Normal	-
		AMY	3	Other revenue	91	Normal	-
		AMY	3	Payables to related parties	21	30 days	-
		AMY	3	Sales	145	Normal	-
		AESC	3	Receivables from related parties	53	30 days	-
		AEU	3	Sales	51	Normal	-
		AC	3	Purchase	878	Normal	-
		AC	3	Payables to related parties	232	15 days after invoice date	-
		AKMC	3	Sales	6	Normal	-
		AKMC	3	Receivables from related parties	7	30 days	-
		AKMC	3	Purchase	396	Normal	-
9	AJP	Advantech Co., Ltd.	2	Sales	147	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	561	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	262,408	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	31,290	60-90 days	-
		Advantech Co., Ltd.	2	Commission expense	5,727	Normal	-
		ACN	3	Purchase	17	Normal	-
		AC	3	Purchase	49	Normal	-
		AC	3	Payables to related parties	10	15 days after invoice date	-
10	AAU	Advantech Co., Ltd.	2	Purchase	160,167	Normal	1%
		Advantech Co., Ltd.	2	Sales	502	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	28,789	60-90 days	-
		AKMC	3	Purchase	816	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)
		AMY	3	Payables to related parties	$ 26	30 days after invoice date	-
		AC	3	Purchase	172	Normal	-
		AC	3	Payables to related parties	4	60-90 days	-
11	ADL	Advantech Co., Ltd.	2	Sales	550	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,585	30 days	-
		Advantech Co., Ltd.	2	Payables to related parties	2,815	30 days	-
		AESC	3	Purchase	15,921	Normal	-
		AESC	3	Commission revenue	532,468	Normal	3%
12	Advansus Corp.	Advantech Co., Ltd.	2	Sales	632,143	Normal	4%
		Advantech Co., Ltd.	2	Receivables from related parties	50,999	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	4,921	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	799	60-90 days	-
		Advantech Co., Ltd.	2	Rental expense	4,225	Normal	-
		Advantech Co., Ltd.	2	Other expense	3,000	Normal	-
		AKMC	3	Receivables from related parties	49,812	60-90 days	-
		AKMC	3	Sales	945,201	Normal	5%
		BCM Embedded Computer Inc.	3	Receivables from related parties	1,648	60-90 days	-
		BCM Embedded Computer Inc.	3	Sales	15,135	Normal	-
13	AIMS	Advantech Co., Ltd.	2	Rental expense	300	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	5	60-90 days	-
14	Advantech Fund - A	Advantech Co., Ltd.	2	Rental expense	36	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	3	5th of every month	-
15	AMY	Advantech Co., Ltd.	2	Sales	40	Normal	-
		Advantech Co., Ltd.	2	Purchase	24,724	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,143	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	140	60 days	-
		AC	3	Purchase	183	Normal	-
		ACN	3	Payables to related parties	74	Cash on delivery	-
		AKMC	3	Payables to related parties	3	Cash on delivery	-
		AKMC	3	Purchase	180	Normal	-
		AAU	3	Receivables from related parties	26	30 days after invoice date	-
		ASG	3	Receivables from related parties	21	30 days	-
		ASG	3	Purchase	145	Normal	-
		ASG	3	Other expense	91	Normal	-
16	AEU	ACN	3	Payables to related parties	1,641	60-90 days	-
		ACN	3	Purchase	3,458	Normal	-
		ASG	3	Purchase	51	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)
17	SHHQ	AKMC	3	Payables to related parties	$ 123	60-90 days	-
		AHK	3	Receivables from related parties	7,529	60 days	-
		AINS	3	Receivables from related parties	1,587	25th of every month	-
		ACN	3	Sales	669	Normal	-
		ACN	3	Receivables from related parties	19,312	60-90 days	-
		ACN	3	Purchase	506,097	Normal	3%
18	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	22,958	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	5,590	60 days	-
19	Jan Hsiang	Advantech Co., Ltd.	2	Sales	19,067	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	446	60 days	-
		Advantech Co., Ltd.	2	Payables to related parties	8	30 days	-
		Advantech Co., Ltd.	2	Purchase	27	Normal	-
20	AYS	Advantech Co., Ltd.	2	Sales	528,184	Normal	3%
		Advantech Co., Ltd.	2	Receivables from related parties	73,887	90 days	-
		ADMC	3	Purchase	468,049	Normal	3%
		ADMC	3	Payables to related parties	53,322	60-90 days	-
21	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Rental expense	460	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	76	30 days	-
		Advantech Co., Ltd.	2	Purchase	61	Normal	-
		Advansus Corp.	3	Payables to related parties	1,648	60-90 days	-
		Advansus Corp.	3	Purchase	15,135	Normal	-
22	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Sales	956	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,105	60 days	-
		Advantech Co., Ltd.	2	Purchase	6,532	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	539	60 days	-
23	AHK	Advantech Co., Ltd.	2	Sales	319	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	316	60 days	-
		ACN	3	Payables to related parties	5,945	60-90 days	-
		ACN	3	Purchase	6	Normal	-
		AKMC	3	Receivables from related parties	1	30 days	-
		SHHQ	3	Payables to related parties	7,529	60 days	-
24	AINS	Advantech Co., Ltd.	2	Purchase	137,159	Normal	1%
		AKMC	3	Sales	52	Normal	-
		AKMC	3	Payables to related parties	8,952	Cash on delivery	-
		AKMC	3	Purchase	7,213	Normal	-
		SHHQ	3	Payables to related parties	1,587	25th of every month	-
		AESC	3	Purchase	2	Normal	-
		ACN	3	Sales	121,972	Normal	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)
		ACN ACN	3 3	Purchase Receivables from related parties	$ 48,460 148,461	Normal 25th of every month	- 1%
25	AXA	ACN	3	Payables to related parties	1,852	Note F	-
26	Hangzhou Advantofine Automation tech. Co., Ltd.	ACN ACN	3 3	Payables to related parties Purchase	1,139 57,815	60-90 days Normal	- -

2007

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)
0	Advantech Co., Ltd.	AC	1	Sales	$ 2,858,246	Normal.	18
		AC	1	Receivables from related parties	517,441	45 days.	3
		AC	1	Purchase	28,688	Normal.	-
		AC	1	Payables to related parties	7,557	45 days.	-
		AESC	1	Sales	1,787,884	Normal.	11
		AESC	1	Receivables from related parties	658,171	30 days.	4
		AESC	1	Purchase	28,215	Normal.	-
		AESC	1	Payables to related parties	1,710	30 days.	-
		ACN	1	Sales	1,967,251	Normal.	12
		ACN	1	Receivables from related parties	428,063	45 days.	2
		ATC	1	Purchase	3,222,352	Normal.	20
		ATC	1	Payables to related parties	709,984	60 days.	4
		ATC	1	Royalty revenue	162,395	Normal.	1
		AKMC	1	Sales	59,861	Normal.	-
		AKMC	1	Receivables from related parties	50,822	45 days.	-
		AAU	1	Sales	134,001	Normal.	1
		AAU	1	Receivables from related parties	21,333	60-90 days.	-
		ASG	1	Sales	110,454	Normal.	1
		ASG	1	Receivables from related parties	4,508	60-90 days.	-
		AJP	1	Sales	266,028	Normal.	2
		AJP	1	Purchase	139	Normal.	-
		AJP	1	Receivables from related parties	91,889	60-90 days.	1
		Advansus Corp.	1	Sales	25,573	Normal.	-
		Advansus Corp.	1	Purchase	460,580	Normal.	3
		Advansus Corp.	1	Rental revenue	2,915	Normal.	-
		Advansus Corp.	1	Payables to related parties	129,404	60-90 days.	1
		Advansus Corp.	1	Other revenue	2,971	Normal.	-
		Advansus Corp.	1	Receivables from related parties	4,638	60-90 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)
		AIMS	1	Rental revenue	$ 270	Normal.	-
		AIMS	1	Receivables from related parties	26	60-90 days.	-
		Advantech Fund-A	1	Rental revenue	36	Normal.	-
		Advantech Fund-A	1	Receivables from related parties	3	60-90 days.	-
		ADL (former name: AEBC)	1	Receivables from related parties	5,020	30 days.	-
		ADL (former name: AEBC)	1	Payables to related parties	2,029	30 days.	-
		SHHQ	1	Sales	371,138	Normal.	2
		SHHQ	1	Receivables from related parties	21,110	45 days.	-
		AMY	1	Sales	59,908	Normal.	-
		AMY	1	Purchase	19	Normal.	-
		AMY	1	Receivables from related parties	5,337	45 days.	-
		AMY	1	Payables to related parties	18	60 days.	-
		APL	1	Sales	12,592	Normal.	-
		APL	1	Receivables from related parties	23,712	45 days.	-
		AIT	1	Receivables from related parties	462	30 days after invoice date.	-
		AIT	1	Payables to related parties	606	30 days after invoice date.	-
		Netstar Technology Co., Ltd.	1	Purchase	8,458	Normal.	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	5,032	60 days.	-
		Jan Hsiang	1	Sales	5	Normal.	-
		Jan Hsiang	1	Purchase	14,146	Normal.	-
		Jan Hsiang	1	Payables to related parties	1,750	60 days.	-
		AYS	1	Purchase	212,958	Normal.	1
		AYS	1	Payables to related parties	115,712	90 days.	1
		ADMC	1	Sales	298	Normal.	-
		ADMC	1	Receivables from related parties	747	45 days.	-
		ABB	1	Receivables from related parties	90	30 days after invoice date.	-
		AFR	1	Receivables from related parties	491	30 days.	-
		AUK	1	Receivables from related parties	57	30 days.	-
		AUK	1	Payables to related parties	65	90 days.	-
		Viewsys	1	Purchase	113	Normal.	-
		Viewsys	1	Receivables from related parties	3	60-90 days.	-
1	AC	Advantech Co., Ltd.	2	Payables to related parties	517,441	45 days.	3
		Advantech Co., Ltd.	2	Purchase	2,858,246	Normal.	18
		Advantech Co., Ltd.	2	Sales	28,688	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	7,557	45 days.	-
		ASG	3	Purchase	37	Normal.	-
		ASG	3	Sales	1,255	Normal.	-
		AESC	3	Receivables from related parties	103	60 days after invoice date.	-
		AESC	3	Sales	2,398	Normal.	-
		ATC	3	Receivables from related parties	442	30 days after invoice date.	-
		ATC	3	Sales	1,164	Normal.	-
		AMY	3	Receivables from related parties	11	30 days after invoice date.	-
		AMY	3	Sales	487	Normal.	-
		AAU	3	Sales	108	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)
		AAU	3	Receivables from related parties	$ 47	30 days after invoice date.	-
		APN	3	Sales	10	Normal.	-
		ACN	3	Sales	31	Normal.	-
2	AESC	Advantech Co., Ltd.	2	Purchase	1,787,884	Normal.	11
		Advantech Co., Ltd.	2	Payables to related parties	658,171	30 days.	4
		Advantech Co., Ltd.	2	Sales	28,215	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,710	30 days.	-
		ADL	3	Receivables from related parties	103,648	30 days after invoice date.	1
		ADL	3	Commission expense	196,334	Normal.	1
		ADL	3	Sales	18,370	Normal.	-
		AEU	3	Receivables from related parties - financing need	12,433	Follow the contract.	-
		AIT	3	Sales	20,209	Normal.	-
		AIT	3	Receivables from related parties	17,367	30 days after invoice date.	-
		AIT	3	Commission expense	64,887	Normal.	-
		APL	3	Receivables from related parties	8,979	30 days after invoice date.	-
		APL	3	Sales	2,748	Normal.	-
		AUK	3	Sales	747	Normal.	-
		AUK	3	Receivables from related parties	40,314	30 days after invoice date.	-
		AUK	3	Commission expense	78,600	Normal.	-
		AC	3	Purchase	2,398	Normal.	-
		AC	3	Payables to related parties	103	60 days.	-
		ABB	3	Sales	1,791	Normal.	-
		ABB	3	Receivables from related parties	60,521	30 days after invoice date.	-
		ABB	3	Commission expense	112,622	Normal.	1
		ACN	3	Payables to related parties	167	30 days.	-
		ACN	3	Purchase	378	Normal.	-
		AKMC	3	Payables to related parties	896	30 days after invoice date.	-
		ASG	3	Purchase	481	Normal.	-
		Advansus Corp.	3	Purchase	27	Normal.	-
		AFR	3	Sales	1,711	Normal.	-
		AFR	3	Commission expense	78,049	Normal.	-
3	ACN	Advantech Co., Ltd.	2	Purchase	1,967,251	Normal.	12
		Advantech Co., Ltd.	2	Payables to related parties	428,063	45 days.	2
		AESC	3	Receivables from related parties	167	30 days.	-
		AESC	3	Sales	378	Normal.	-
		ADMC	3	Receivables from related parties	24	30 days.	-
		ADMC	3	Sales	20	Normal.	-
		AC	3	Purchase	31	Normal.	-
		AJP	3	Receivables from related parties	27	45 days.	-
		AJP	3	Sales	51	Normal.	-
		AKMC	3	Receivables from related parties	3,599	30 days.	-
		AKMC	3	Purchase	3,536	Normal.	-
		AKMC	3	Payables to related parties	10,358	30 days.	-
		AKMC	3	Sales	17,417	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)
		ASG	3	Purchase	$ 120	Normal.	-
		SHHQ	3	Purchase	113,701	Normal.	1
		SHHQ	3	Payables to related parties	19,654	30 days.	-
		SHHQ	3	Sales	270,668	Normal.	2
		SHHQ	3	Receivables from related parties	56,553	30 days.	-
4	ATC	Advantech Co., Ltd.	2	Sales	3,222,352	Normal.	20
		Advantech Co., Ltd.	2	Royalty expense	162,395	Normal.	1
		Advantech Co., Ltd.	2	Receivables from related parties	709,984	60 days.	4
		AKMC	3	Purchase	2,195,414	Normal.	13
		AKMC	3	Sales	3,169	Normal.	-
		AKMC	3	Payables to related parties	339,560	30 days.	2
		AKMC	3	Receivables from related parties	4,051	30 days.	-
		AC	3	Purchase	1,164	Normal.	-
		AC	3	Payables to related parties	442	30 days after invoice date.	-
		ADMC	3	Purchase	335,622	Normal.	2
		ADMC	3	Receivables from related parties	22,530	14 days.	-
5	AKMC	Advantech Co., Ltd.	2	Purchase	59,861	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	50,822	45 days.	-
		ACN	3	Sales	3,536	Normal.	-
		ACN	3	Receivables from related parties	10,358	30 days.	-
		ACN	3	Purchase	17,417	Normal.	-
		ACN	3	Payables to related parties	3,599	30 days.	-
		AAU	3	Sales	377	Normal.	-
		AKL	3	Sales	169	Normal.	-
		APN	3	Sales	129	Normal.	-
		ASG	3	Sales	402	Normal.	-
		ADMC	3	Receivables from related parties	26,825	30 days.	-
		ADMC	3	Sales	70,582	Normal.	-
		AESC	3	Receivables from related parties	896	30 days after invoice date.	-
		ATC	3	Purchase	3,169	Normal.	-
		ATC	3	Payables to related parties	4,051	30 days.	-
		ATC	3	Sales	2,195,414	Normal.	13
		ATC	3	Receivables from related parties	339,560	30 days.	2
		SHHQ	3	Purchase	1,731	Normal.	-
		SHHQ	3	Receivables from related parties	18,513	30 days.	-
		Advansus Corp.	3	Payables to related parties	105,744	30 days.	1
		Advansus Corp.	3	Purchase	478,733	Normal.	3
6	ADMC	Advantech Co., Ltd.	2	Purchase	298	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	747	45 days.	-
		ATC	3	Sales	335,622	Normal.	2
		ATC	3	Payables to related parties	22,530	14 days.	-
		ACN	3	Payables to related parties	24	30 days.	-
		ACN	3	Purchase	20	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)
		AKMC	3	Purchase	$ 70,582	Normal.	-
		AKMC	3	Payables to related parties	26,825	30 days.	-
		AYS	3	Sales	187,564	Normal.	1
		AYS	3	Receivables from related parties	91,158	14 days.	1
7	APL	Advantech Co., Ltd.	2	Purchase	12,592	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	23,712	45 days.	-
		AESC	3	Purchase	2,748	Normal.	-
		AESC	3	Payables to related parties	8,979	30 days after invoice date.	-
		ADL	3	Maintenance revenue	45,068	Normal.	-
8	ASG	Advantech Co., Ltd.	2	Purchase	110,454	Normal.	1
		Advantech Co., Ltd.	2	Payables to related parties	4,508	60-90 days.	-
		AMY	3	Sales	155	Normal.	-
		AESC	3	Sales	481	Normal.	-
		CAN	3	Sales	120	Normal.	-
		ATH	3	Receivables from related parties	398	45 days after invoice date.	-
		ATH	3	Sales	6	Normal.	-
		AAU	3	Sales	140	Normal.	-
		AC	3	Sales	37	Normal.	-
		AC	3	Purchase	1,255	Normal.	-
		AKMC	3	Purchase	402	Normal.	-
9	AJP	Advantech Co., Ltd.	2	Purchase	266,028	Normal.	2
		Advantech Co., Ltd.	2	Sales	139	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	91,889	60-90 days.	1
		CAN	3	Payables to related parties	27	45 days.	-
		CAN	3	Purchase	51	Normal.	-
10	AAU	Advantech Co., Ltd.	2	Purchase	134,001	Normal.	1
		Advantech Co., Ltd.	2	Payables to related parties	21,333	60-90 days.	-
		AKMC	3	Purchase	377	Normal.	-
		AC	3	Purchase	108	Normal.	-
		AC	3	Payables to related parties	47	30 days after invoice date.	-
		ASG	3	Purchase	140	Normal.	-
11	ADL (former name: AEBC)	Advantech Co., Ltd.	2	Payables to related parties	5,020	30 days.	-
		Advantech Co., Ltd.	2	Receivables from related parties	2,029	30 days.	-
		AESC	3	Payables to related parties	103,648	30 days after invoice date.	1
		AESC	3	Commission revenue	196,334	Normal.	1
		AESC	3	Purchase	18,370	Normal.	-
		AEU	3	Payables from related parties - financing need	11,955	Follow the contract	-
		APL	3	Maintenance expense	45,068	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)
12	Advansus Corp.	Advantech Co., Ltd.	2	Sales	$ 460,580	Normal.	3
		Advantech Co., Ltd.	2	Rental expense	2,915	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	129,404	60-90 days.	1
		Advantech Co., Ltd.	2	Purchase	25,573	Normal.	-
		Advantech Co., Ltd.	2	Other expense	2,971	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	4,638	60-90 days.	-
		AESC	3	Sales	27	Normal.	-
		AKMC	3	Receivables from related parties	105,744	30 days.	1
		AKMC	3	Sales	478,733	Normal.	3
13	Viewsys	Advantech Co., Ltd.	2	Sales	113	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	3	60-90 days.	-
14	AIMS	Advantech Co., Ltd.	2	Rental expense	270	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	26	60-90 days.	-
15	Advantech Fund-A	Advantech Co., Ltd.	2	Rental expense	36	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	3	60-90 days.	-
16	AMY	Advantech Co., Ltd.	2	Sales	19	Normal.	-
		Advantech Co., Ltd.	2	Purchase	59,908	Normal.	-
		Advantech Co., Ltd.	2	Payables to related parties	5,337	45 days.	-
		Advantech Co., Ltd.	2	Receivables from related parties	18	60 days.	-
		AC	3	Purchase	487	Normal.	-
		AC	3	Payables to related parties	11	30 days.	-
		ASG	3	Purchase	155	Normal.	-
17	AEU	AESC	3	Payables from related parties - financing need	12,433	Follow the contract.	-
		ADL	3	Receivables from related parties - financing need	11,955	Follow the contract.	-
18	SHHQ	Advantech Co., Ltd.	2	Purchase	371,138	Normal.	2
		Advantech Co., Ltd.	2	Payables to related parties	21,110	45 days.	-
		AKMC	3	Payables to related parties	18,513	30 days.	-
		AKMC	3	Sales	1,731	Normal.	-
		ACN	3	Sales	113,701	Normal.	1
		ACN	3	Receivables from related parties	19,654	30 days.	-
		ACN	3	Purchase	270,668	Normal.	2
		ACN	3	Payables to related parties	56,553	30 days.	-
19	AIT	Advantech Co., Ltd.	2	Receivables from related parties	606	30 days after invoice date.	-
		Advantech Co., Ltd.	2	Payables to related parties	462	30 days after invoice date.	-
		AESC	3	Purchase	20,209	Normal.	-
		AESC	3	Commission revenue	64,887	Normal.	-
		AESC	3	Payables to related parties	17,367	30 days after invoice date.	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
20	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	$ 8,458	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	5,032	60 days.	-
		Netstar Electronics Corporation	3	Purchase	274,322	Normal.	2
		Netstar Electronics Corporation	3	Receivables from related parties	115,389	60 days.	1
		Netstar Electronics Corporation	3	Sales	22,438	Normal.	-
		Lantech Communications Inc.	3	Purchase	16,730	Normal.	-
		Lantech Communications Inc.	3	Receivables from related parties	9,148	45 days.	-
21	Jan Hsiang	Advantech Co., Ltd.	2	Sales	14,146	Normal.	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,750	60 days.	-
		Advantech Co., Ltd.	2	Purchase	5	Normal.	-
22	Netstar Electronics Corporation	Netstar Technology Co., Ltd.	3	Sales	274,322	Normal.	2
		Netstar Technology Co., Ltd.	3	Payables to related parties	115,389	60 days.	1
		Netstar Technology Co., Ltd.	3	Purchase	22,438	Normal.	-
23	Lantech Communications Inc.	Netstar Technology Co., Ltd.	3	Sales	16,730	Normal.	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	9,148	45 days.	-
24	ATH	ASG	3	Payables to related parties	398	45 days after invoice date.	-
		ASG	3	Purchase	6	Normal.	-
25	APN	AC	3	Purchase	10	Normal.	-
		AKMC	3	Purchase	129	Normal.	-
26	AKL	AKMC	3	Purchase	169	Normal.	-
27	AYS	Advantech Co., Ltd.	2	Sales	212,958	Normal.	1
		Advantech Co., Ltd.	2	Receivables from related parties	115,712	90 days.	1
		ADMC	3	Purchase	187,564	Normal.	1
		ADMC	3	Payables to related parties	91,158	A month after 30 days.	1
28	AFR	Advantech Co., Ltd.	2	Payables to related parties	491	30 days.	-
		AESC	3	Purchase	1,711	Normal.	-
		AESC	3	Commission revenue	78,049	Normal.	-
29	AUK	Advantech Co., Ltd.	2	Receivables from related parties	65	90 days.	-
		Advantech Co., Ltd.	2	Payables to related parties	57	30 days.	-
		AESC	3	Purchase	747	Normal.	-
		AESC	3	Payables to related parties	40,314	30 days after invoice date.	-
		AESC	3	Commission revenue	78,600	Normal.	-
30	ABB	Advantech Co., Ltd.	2	Payables to related parties	90	30 days after invoice date.	-
		AESC	3	Purchase	1,791	Normal.	-
		AESC	3	Payables to related parties	60,521	30 days after invoice date.	-
		AESC	3	Commission revenue	112,622	Normal.	1

(Continued)

Note A: The Parent Company and its subsidiaries are numbered as follows:

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

Note B: The flow of related-party transactions is as follows:

1. From the Parent Company to its subsidiary.
2. From the subsidiary to its Parent Company.
3. Between subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2008; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the years ended December 31, 2008.

Note D: All intercompany transactions have been written off.

Note E: On the first day of the month immediately following the transaction month.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

GEOGRAPHIC INFORMATION
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

	2008							2007						
	Taiwan	Asia	Europe	America	Oceania	Adjustments and Elimination	Consolidated	Taiwan	Asia	Europe	America	Oceania	Adjustments and Elimination	Consolidated
Sales to other than consolidated entities	$ 4,952,824	$ 4,799,418	$ 2,744,611	$ 4,595,330	$ 266,035	$ -	$ 17,358,218	$ 4,151,428	$ 4,399,408	$ 2,832,486	$ 4,670,532	$ 261,037	$ -	$ 16,314,891
Sales among consolidated entities	9,042,038	4,376,187	2,164	30,830	502	(13,451,721)	-	8,120,116	3,486,841	29,884	34,142	-	(11,670,983)	-
Total sales	$ 13,994,862	$ 9,175,605	$ 2,746,775	$ 4,626,160	$ 266,537	$ (13,451,721)	$ 17,358,218	$ 12,271,544	$ 7,886,249	$ 2,862,370	$ 4,704,674	$ 261,037	$ (11,670,983)	$ 16,314,891
Operating income	$ 1,926,290	$ 620,548	$ 5,477	$ 108,899	$ 14,682	$ 209,888	$ 2,885,784	$ 1,885,030	$ 765,779	$ 49,695	$ 180,913	$ 17,419	$ 194,705	$ 3,093,541
Interest revenue							39,820							52,109
Equity in net income (loss) of investees, net							(15,039)							71,753
Other non-operating income and gains							323,456							620,888
Interest expense							(24,538)							(32,412)
Other non-operating expenses and losses							(237,036)							(256,203)
Income before income tax							$ 2,972,447							$ 3,549,676
Identifiable assets	$ 15,216,549	$ 5,166,595	$ 1,053,988	$ 1,379,008	$ 105,783	$ (7,997,575)	$ 14,924,348	$ 17,712,678	$ 3,881,091	$ 1,363,288	$ 1,562,781	$ 146,730	$ (7,222,129)	$ 17,444,439
Long-term investments							380,814							565,063
Total assets							$ 15,305,162							$ 18,009,502

Notes:

A. The Corporation operates principally in Republic of China (domestic), Asia, Oceania, Europe and America.

B. Revenues from inter-division goods and services.

C. Representing revenues minus costs and operating expenses. Operating expenses include costs and expenses that directly correspond to a geographic area, excluding general and administrative expenses and interest expense.

D. Representing tangible assets that are used by the geographic area directly, excluding.

a. Assets maintained for general corporate purposes;
b. Advances or loans to, or investments in, another geographic area; and
c. Equity-method investments in shares of stock.