

Advantech Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2010 and 2009 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheets of Advantech Co., Ltd. ("Parent Company") and subsidiaries as of June 30, 2010 and 2009 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Parent Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

As stated in Note 2 to the financial statements, we did not review the financial statements as of and for the six months ended June 30, 2010 and 2009 of some consolidated subsidiaries. As of June 30, 2010 and 2009, the subsidiaries' total assets were 31.32% (NT\$5,869,153 thousand) and 21.78% (NT\$3,465,652 thousand), respectively, of the consolidated total assets, and their total liabilities were 20.95% (NT\$1,436,632 thousand) and 20.16% (NT\$944,938 thousand), respectively, of the consolidated total liabilities. In the six months ended June 30, 2010 and 2009, the operating revenues of these subsidiaries were 55.61% (NT\$5,726,011 thousand) and 48.40% (NT\$3,479,470 thousand), respectively, of the consolidated operating revenues, and the net income was 11.54% (NT\$166,499 thousand) and net loss was -8.77% (NT\$64,691 thousand), respectively, of the consolidated total net income. Also, as stated in Note 9 to the financial statements, we did not review the financial statements of equity-method investees as of and for the six months ended June 30, 2010 and 2009. As of June 30, 2010 and 2009, the carrying values of these investments were NT\$390,947 thousand and NT\$354,541 thousand, respectively, of the consolidated total assets, and the net investment gains were NT\$25,410 thousand and NT\$16,192 thousand in the six months ended June 30, 2010 and 2009, respectively. These investment amounts as well as additional disclosures in Note 24 required by the Securities and Futures Bureau for the Parent Company and its investees were based on the investees' unreviewed financial statements for the same reporting periods as those of the Parent Company.

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

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

August 5, 2010

Notice to Readers

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

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2010 AND 2009

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

(Reviewed, Not Audited)

ASSETS	2010		2009		LIABILITIES AND SHAREHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 3,055,613	16	\$ 3,407,219	21	Short-term bank loans (Notes 12 and 21)	\$ 92,861	-	\$ 65,610	1
Financial assets at fair value through profit or loss (Notes 2, 5 and 23)	46,091	-	1,234	-	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 23)	28,882	-	11,459	-
Available-for-sale financial assets - current (Notes 2 and 6)	13,176	-	13,505	-	Accounts payable (Note 20)	2,366,415	13	1,171,096	7
Notes receivable (Note 2)	223,164	1	255,135	2	Income tax payable (Notes 2 and 17)	303,915	2	147,263	1
Accounts receivable, net of allowance for doubtful accounts of \$52,200 thousand in 2010 and \$63,521 thousand in 2009 (Note 2)	3,214,910	17	1,996,368	13	Accrued expenses (Note 15)	1,274,227	7	1,000,283	6
Accounts receivable - related parties (Notes 2 and 20)	40,190	-	146,934	1	Dividend payable	2,006,535	11	1,490,598	9
Other receivables	82,792	1	85,251	-	Long-term bank loans - current portion (Notes 13 and 21)	2,501	-	3,375	-
Other receivables - related parties (Note 20)	-	-	86,425	1	Advance receipts and other current liabilities	369,649	2	451,136	3
Inventories, net (Notes 2 and 7)	3,285,889	18	1,853,577	12	Total current liabilities	6,444,985	35	4,340,820	27
Deferred income tax assets - current (Notes 2 and 17)	60,679	-	56,941	-	LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
Restricted current assets (Note 21)	620	-	-	-	Long-term bank loans (Notes 13 and 21)	20,847	-	25,875	-
Prepayments and other current assets	372,084	2	511,558	3	OTHER LIABILITIES				
Total current assets	10,395,208	55	8,414,147	53	Accrued pension liabilities (Notes 2 and 14)	120,705	1	114,600	1
LONG-TERM FUNDS AND INVESTMENTS					Deferred income tax liabilities - noncurrent (Notes 2 and 17)	270,539	1	196,571	1
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 23)	2,417,244	13	1,997,119	13	Deferred credits (Note 2)	1,444	-	1,615	-
Financial assets carried at cost - noncurrent (Notes 2 and 8)	103,588	1	161,645	1	Others	364	-	6,212	-
Equity-method investments (Notes 2 and 9)	390,947	2	354,541	2	Total other liabilities	393,052	2	318,998	2
Total long-term funds and investments	2,911,779	16	2,513,305	16	Total liabilities	6,858,884	37	4,685,693	29
PROPERTIES (Notes 2, 10 and 21)					SHAREHOLDERS' EQUITY				
Cost					Capital stock, NTS10.00 par value				
Land	1,311,274	7	1,288,885	8	Authorized - 600,000 thousand shares				
Buildings	2,659,222	14	2,329,934	15	Issued and outstanding - 516,134 thousand shares in 2010 and 511,386 thousand shares in 2009	5,161,337	27	5,113,858	32
Machinery and equipment	897,679	5	913,635	6	For issuance	-	-	46,229	-
Furniture and fixtures	401,121	2	376,489	2	Total capital stock	5,161,337	27	5,160,087	32
Other equipment	507,351	3	448,587	3	Capital surplus				
Total cost	5,776,647	31	5,357,530	34	Additional paid-in capital from share issuance in excess of par value	4,376,041	24	4,374,743	28
Accumulated depreciation	1,514,123	8	1,391,642	9	Treasury stock transactions	13,612	-	13,612	-
	4,262,524	23	3,965,888	25	From equity-method investments	59,911	-	60,230	-
Construction in progress and prepayments for equipment acquisition	35,150	-	368,159	2	Employee stock options	37,241	-	-	-
Net properties	4,297,674	23	4,334,047	27	Total capital surplus	4,486,805	24	4,448,585	28
INTANGIBLE ASSETS (Note 2 and 14)					Retained earnings				
Trademarks	36,556	-	-	-	Legal reserve	2,102,592	11	1,927,458	12
Goodwill, net	552,514	3	271,053	2	Special reserve	70,136	1	1,135,596	7
Core technology, net	82,715	1	-	-	Unappropriated earnings	2,072,063	11	736,573	5
Superficies, net	103,094	1	107,116	-	Total retained earnings	4,244,791	23	3,799,627	24
Other intangible assets, net	70,843	-	-	-	Other equity				
Deferred pension cost	7,954	-	7,615	-	Cumulative translation adjustments	173,626	1	317,990	2
Total intangible assets	853,676	5	385,784	2	Net loss not recognized as pension cost	(2,353)	-	-	-
OTHER ASSETS					Unrealized valuation loss on financial instruments	(919,413)	(5)	(1,189,437)	(7)
Properties leased to others, net (Notes 2 and 11)	19,762	-	28,382	-	Treasury stock - 14,500 thousand shares	(1,385,698)	(7)	(1,385,698)	(9)
Refundable deposits	23,955	-	30,911	-	Total other equity	(2,133,838)	(11)	(2,257,145)	(14)
Deferred expenses, net (Note 2)	239,931	1	207,928	2	Total shareholders' equity of parent company	11,759,095	63	11,151,154	70
Total other assets	283,648	1	267,221	2	Minority interest	124,006	-	77,657	1
TOTAL	\$ 18,741,985	100	\$ 15,914,504	100	Total shareholders' equity	11,883,101	63	11,228,811	71
					TOTAL	\$ 18,741,985	100	\$ 15,914,504	100

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

(With Deloitte & Touche review report dated August 5, 2010)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 20)				
Sales	\$ 10,254,004	100	\$ 7,163,055	100
Sales returns and allowances	<u>170,006</u>	<u>2</u>	<u>109,656</u>	<u>2</u>
Net sales	10,083,998	98	7,053,399	98
Other operating revenues	<u>212,180</u>	<u>2</u>	<u>135,417</u>	<u>2</u>
Total operating revenues	10,296,178	100	7,188,816	100
OPERATING COSTS (Notes 2, 3, 7, 18 and 20)	<u>6,162,731</u>	<u>60</u>	<u>4,287,564</u>	<u>59</u>
GROSS PROFIT	4,133,447	40	2,901,252	41
REALIZED INTERCOMPANY GAINS (Note 2)	<u>344</u>	<u>-</u>	<u>7,680</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>4,133,791</u>	<u>40</u>	<u>2,908,932</u>	<u>41</u>
OPERATING EXPENSES (Note 18)				
Marketing	1,076,090	11	886,932	13
Administrative	730,798	7	588,283	8
Research and development	<u>764,308</u>	<u>7</u>	<u>655,278</u>	<u>9</u>
Total operating expenses	<u>2,571,196</u>	<u>25</u>	<u>2,130,493</u>	<u>30</u>
OPERATING INCOME	<u>1,562,595</u>	<u>15</u>	<u>778,439</u>	<u>11</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 20)	4,579	-	7,590	-
Investment income recognized under the equity method (Notes 2 and 9)	25,410	-	16,192	-
Dividend income	96,159	1	-	-
Gain on disposal of investments, net	16,647	-	1,068	-
Foreign exchange gain, net (Note 2)	-	-	28,230	-
Valuation gain on financial instruments, net (Notes 2 and 5)	52,232	-	-	-
Other income (Note 20)	<u>58,610</u>	<u>1</u>	<u>39,168</u>	<u>1</u>
Total nonoperating income and gains	<u>253,637</u>	<u>2</u>	<u>92,248</u>	<u>1</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense	\$ 1,252	-	\$ 2,137	-
Foreign exchange loss, net (Note 3)	96,799	1	-	-
Valuation loss on financial instruments, net (Notes 2 and 5)	-	-	6,258	-
Other expenses (Note 18)	30,087	-	4,884	-
Total nonoperating expenses and losses	128,138	1	13,279	-
INCOME BEFORE INCOME TAX	1,688,094	16	857,408	12
INCOME TAX (Notes 2 and 17)	245,314	2	119,816	2
CONSOLIDATED NET INCOME	<u>\$ 1,442,780</u>	<u>14</u>	<u>\$ 737,592</u>	<u>10</u>
ATTRIBUTABLE TO:				
Parent's shareholders	\$ 1,434,160	14	\$ 733,793	10
Minority interest	8,620	-	3,799	-
	<u>\$ 1,442,780</u>	<u>14</u>	<u>\$ 737,592</u>	<u>10</u>
	2010		2009	
	Pre Tax	After Tax	Pre Tax	After Tax
EARNINGS PER SHARE, NEW TAIWAN DOLLARS (Note 19)				
Basic	<u>\$ 3.14</u>	<u>\$ 2.86</u>	<u>\$ 1.62</u>	<u>\$ 1.47</u>
Diluted	<u>\$ 3.12</u>	<u>\$ 2.84</u>	<u>\$ 1.61</u>	<u>\$ 1.46</u>

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

(With Deloitte & Touche review report dated August 5, 2010)

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)
(Reviewed, Not Audited)

	Capital Stock - Issued (Note 15)		For Issuance (Note 11)	Capital Surplus (Notes 2 and 15)				Retained Earnings (Notes 2 and 15)				Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Gain (Loss) on Financial Instruments (Notes 2 and 23)	Treasury Stock (Notes 2 and 16)	Minority Interest in Subsidiaries	Total Shareholders' Equity	
	Shares (Thousands)	Amount		Additional Paid-in Capital in Excess of Par Value	From Treasury Stock	From Long-term Equity Investments	Stock Option	Total	Legal Reserve	Special Reserve	Unappropriated Earnings							Total
BALANCE, JANUARY 1, 2010	516,134	\$ 5,161,337	\$ -	\$ 4,376,041	\$ 13,612	\$ 59,911	\$ 5,257	\$ 4,454,821	\$ 1,927,459	\$ 1,135,596	\$ 1,754,111	\$ 4,817,166	\$ 227,050	\$ (2,353)	\$ (294,833)	\$ (1,385,698)	\$ 82,444	\$ 13,059,934
Appropriation of the 2009 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	175,133	-	(175,133)	-	-	-	-	-	-	-
Cash dividends - NTS4.00 per share	-	-	-	-	-	-	-	-	-	-	(2,006,535)	(2,006,535)	-	-	-	-	-	(2,006,535)
Reversal of special reserve	-	-	-	-	-	-	-	-	-	(1,065,460)	1,065,460	-	-	-	-	-	-	-
Consolidated net income for the six months ended June 30, 2009	-	-	-	-	-	-	-	-	-	-	1,434,160	1,434,160	-	-	-	-	8,620	1,442,780
Compensation recognized for employee stock options	-	-	-	-	-	-	31,984	31,984	-	-	-	-	-	-	-	-	-	31,984
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(660,381)	-	-	(660,381)
Equity in the changes in unrealized gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,801	-	-	35,801
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,232	74,232
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	(53,424)	-	-	-	(41,290)	(94,714)
BALANCE, JUNE 30, 2010	516,134	\$ 5,161,337	\$ -	\$ 4,376,041	\$ 13,612	\$ 59,911	\$ 37,241	\$ 4,486,805	\$ 2,102,592	\$ 70,136	\$ 2,072,063	\$ 4,244,791	\$ 173,626	\$ (2,353)	\$ (919,413)	\$ (1,385,698)	\$ 124,006	\$ 11,883,101
BALANCE, JANUARY 1, 2009	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
Appropriation of the 2008 earnings																		
Legal reserve	-	-	-	-	-	-	-	-	254,354	-	(254,354)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	1,135,596	(1,135,596)	-	-	-	-	-	-	-
Stock dividends - 0.5%	-	-	24,843	-	-	-	-	-	-	-	(24,843)	(24,843)	-	-	-	-	-	-
Cash dividends - NTS3.00 per share	-	-	-	-	-	-	-	-	-	-	(1,490,598)	(1,490,598)	-	-	-	-	-	(1,490,598)
Issuance of stock bonus to employees	-	-	21,386	78,614	-	-	-	78,614	-	-	-	-	-	-	-	-	-	100,000
Consolidated net income for the six months ended June 30, 2009	-	-	-	-	-	-	-	-	-	-	733,793	733,793	-	-	-	-	3,799	737,592
Employee stock options	40	400	-	540	-	-	-	540	-	-	-	-	-	-	-	-	-	940
Increase in carrying value of equity-method investments due to not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	-	459	-	459	-	-	-	-	-	-	-	-	-	459
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	265,504	-	-	265,504
Equity in the changes in unrealized valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	706	-	-	706
Acquisition of minority equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,171)	(16,171)
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	(2,061)	-	-	-	(1,164)	(3,225)
BALANCE, JUNE 30, 2009	511,386	\$ 5,113,858	\$ 46,229	\$ 4,374,743	\$ 13,612	\$ 60,230	\$ -	\$ 4,448,585	\$ 1,927,458	\$ 1,135,596	\$ 736,573	\$ 3,799,627	\$ 317,990	\$ -	\$ (1,189,437)	\$ (1,385,698)	\$ 77,657	\$ 11,228,811

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

(With Deloitte & Touche review report dated August 5, 2010)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 1,442,780	\$ 737,592
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	184,107	181,501
Provision for bad debts	9,586	12,260
Provision (reversal of provision) for loss on inventories	65,624	(30,643)
Loss on disposal of scrap inventories	19,487	98,143
Loss (gain) on disposal of properties, net	12,387	(922)
Gain on the sale of investments, net	(16,647)	(1,068)
Investment income recognized under the equity method	(25,410)	(16,192)
Compensation cost of employee stock options	31,984	-
Accrued pension liabilities	7,515	675
Deferred income taxes	19,552	29,630
Net changes in operating assets and liabilities		
Financial assets and liabilities at fair value through profit or loss	(6,135)	(11,461)
Notes receivable	(18,945)	7,376
Accounts receivable	(855,878)	57,670
Accounts receivables from related parties	88,323	(28,946)
Other receivable	(25,610)	49,081
Other receivables from related parties	14,000	-
Inventories	(1,180,654)	452,457
Prepayments and other current assets	8,048	(144,018)
Accounts payable	682,559	169,568
Income tax payable	178,831	(153,038)
Accrued expenses	263,200	47,569
Advance receipts and other current liabilities	(65,789)	172,290
Deferred credits	(95)	(7,680)
Net cash provided by operating activities	<u>832,820</u>	<u>1,621,844</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of capital reduction on available-for-sale financial assets	1,851	-
Proceeds of the sale of available-for-sale financial assets	-	1,475
Net cash paid for the acquisition of a subsidiary	(605,740)	-
Acquisition of financial assets carried at cost	(70,331)	(6,310)
Proceeds of disposal of investments accounted for by the equity method	7,100	-
Proceeds of disposal of financial assets carried at cost	39,776	-
Acquisition of properties	(117,562)	(267,168)
Proceeds of the sale of properties	91	1,134
Decrease in restricted assets	-	50,000

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2010	2009
Increase in goodwill	\$ -	\$ (14,226)
Decrease in guarantee deposits paid	12,883	14,259
Increase in deferred expenses	<u>(16,737)</u>	<u>(18,122)</u>
Net cash used in investing activities	<u>(748,669)</u>	<u>(238,958)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in bank loans - short-term	19,993	(509,129)
Decrease in long-term loans payable	(10,624)	(73,111)
Increase (decrease) in other liabilities	(251)	1,112
Employee stock options	-	940
Bonus paid to employees and remuneration to directors and supervisors	(124,302)	(26,940)
Decrease in minority interest	<u>(70,232)</u>	<u>(16,171)</u>
Net cash used in financing activities	<u>(185,416)</u>	<u>(623,299)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>3,990</u>	<u>49,104</u>
NET INCREASE (DECREASE) IN CASH	(97,275)	808,691
CASH, BEGINNING OF PERIOD	<u>3,152,888</u>	<u>2,598,528</u>
CASH, END OF PERIOD	<u>\$ 3,055,613</u>	<u>\$ 3,407,219</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 1,826</u>	<u>\$ 6,004</u>
Income tax paid	<u>\$ 42,272</u>	<u>\$ 244,702</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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

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

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

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

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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

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

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

(With Deloitte & Touche review report dated August 5, 2010)

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

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

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

As of June 30, 2010 and 2009, the Parent Company and the consolidated subsidiaries (collectively, the "Group") had 4,961 and 4,113 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for 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 and principles, the Group is required to make certain estimates and assumptions that could affect the allowance for doubtful accounts, provision for loss on inventories, depreciation of properties and properties leased to others, pension cost, product warranty reserve, bonuses to employees and remuneration to directors and supervisors and income tax. Actual results could differ from these estimates.

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

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

Basis for Consolidation

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

The financial statements of the following investees had been consolidated under the proportionate consolidated method, for the six months ended June 30, 2010 and 2009, Advansus Corp., for the six months ended June 30, 2009, Hangzhon Advantofine Automation Tech. Co., Ltd. All significant accounts and transactions between the Parent and this company have been eliminated from the consolidated financial statements.

The organization charts of intercompany relationships and percentages of ownership as of June 30, 2010 and 2009 is shown in Table 9 (attached). The names, locations and other information of investees are shown in Table 7 (attached).

The financial statements used as basis of the consolidated subsidiaries' information and related investment amounts were unreviewed, except those of Advantech Technology Co., Ltd., Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd., Advantech Technology (China) Company Ltd., and Shanghai Advantech Intelligent Services Co., Ltd.

Current and Noncurrent Assets and Liabilities

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

Financial Assets/Liabilities at Fair Value through Profit or Loss

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

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

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

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

Available-for-sale Financial Assets

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

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

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

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

Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts

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

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

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

Inventories

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

Financial Assets Carried at Cost

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

Investments Accounted for by the Equity Method

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

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

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

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

Properties and Properties Leased to Others

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

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

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

Intangible Assets

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

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

Deferred Expenses

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

Asset Impairment

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

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

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

Stock-based Compensation

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

Pension Cost

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

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

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

Treasury Stock

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

Income Tax

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

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

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

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

Foreign-currency Transactions

The financial statements of foreign operations are translated into New Taiwan dollars at the following exchange rates:

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

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

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

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

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

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

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

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

Reclassifications

Certain accounts in the consolidated financial statements as of and for the six months ended June 30, 2009 have been reclassified to be consistent with the presentation of the consolidated financial statements as of and for the six months ended June 30, 2010.

3. EFFECTS OF CHANGE IN ACCOUNTING PRINCIPLES

Effective January 1, 2009, the Group adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item by item, except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. This accounting change resulted in decreases of \$6,972 thousand and \$10,220 thousand in the Parent Company's net income and consolidated net income, respectively, and of NT\$0.01 in earnings per share (after income tax) for the six months ended June 30, 2009.

4. CASH

	June 30	
	2010	2009
Cash on hand	\$ 4,858	\$ 84,462
Checking and demand deposits	2,319,839	1,301,768
Time deposits: Interest - 0.115%-2.55% in 2010 and 0.05%-2.635% in 2009	<u>730,916</u>	<u>2,020,989</u>
	<u>\$ 3,055,613</u>	<u>\$ 3,407,219</u>

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
<u>Financial assets resulting from trading</u>		
Forward contracts	<u>\$ 46,091</u>	<u>\$ 1,234</u>
<u>Financial liabilities resulting from trading</u>		
Forward contracts	<u>\$ 28,882</u>	<u>\$ 11,459</u>

On June 30, 2010 and 2009, the outstanding forward contracts were as follows:

	Currency	Maturity	Amount (Thousands)
<u>June 10, 2010</u>			
Sell	EUR/NTD	2010.7-2011.1	EUR1,500/NTD65,064
	EUR/USD	2010.7-2011.5	EUR15,000/USD19,609
	USD/NTD	2010.7-2011.5	USD55,406/NTD1,757,064
	JPY/NTD	2010.7	JPY10,000/NTD3,615
	JPY/USD	2010.7-2011.3	JPY310,000/USD3,411
<u>June 30, 2009</u>			
Sell	EUR/NTD	2009.7-2009.9	EUR3,500/NTD158,891
	EUR/USD	2009.7-2009.9	EUR2,000/USD2,732
	USD/NTD	2009.7-2009.9	USD25,228/NTD822,986
	JPY/NTD	2009.7-2009.8	JPY40,000/NTD13,764

The Parent Company entered into forward contract transactions for the six months ended June 30, 2010 and 2009 to avoid risks on exchange rate fluctuations. The hedging strategy of the Parent Company is to avoid the major portion of the fair value risks.

On trading financial assets or liabilities for the six months ended June 30, 2010 and 2009, there were a net gain of \$52,232 thousand and a net loss of \$6,258 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>June 30</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>
Quoted domestic stock				
Chunghwa Telecom Co., Ltd.	\$ 13,176	\$ 99,335	\$ 13,505	\$ -
ASUSTek Computer Inc.	-	1,644,996	-	1,946,749
Pegatron Corp.	-	555,522	-	-
Avalue Technology Inc.	-	88,464	-	-
Quoted overseas stocks				
SG Advantech Co., Ltd.	-	28,927	-	50,370
	<u>\$ 13,176</u>	<u>\$ 2,417,244</u>	<u>\$ 13,505</u>	<u>\$ 1,997,119</u>

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

7. INVENTORIES, NET

	June 30	
	2010	2009
Finished goods	\$ 1,058,881	\$ 650,667
Work in process	636,339	441,159
Materials and supplies	1,291,829	668,991
Inventories in transit	<u>298,840</u>	<u>92,760</u>
	<u>\$ 3,285,889</u>	<u>\$ 1,853,577</u>

As of June 30, 2010 and 2009, the allowances for loss were \$295,474 thousand and \$251,810 thousand, respectively.

The costs of goods sold pertaining to inventories as of June 30, 2010 and 2009 were \$6,162,731 thousand and \$4,287,564 thousand, respectively. In addition, the foregoing amounts for the six months ended June 30, 2010 included allowance for losses of \$65,624 thousand and a loss of \$19,487 thousand on inventory scrap disposal, and the foregoing amounts for the six months ended June 30, 2009 included a reversal of loss of \$30,643 thousand and a loss of \$98,143 thousand on inventory scrap disposal.

8. FINANCIAL ASSETS CARRIED AT COST

	June 30	
	2010	2009
Non-publicly traded		
Domestic		
AverMedia Information Inc.	\$ 70,331	\$ -
Avalue Technology Inc.	-	88,637
Foreign		
Superior Technology Co., Ltd. (US\$1,068 thousand as of June 30, 2009)	-	33,441
Coban Research and Technologies, Inc. (US\$1,020 thousand as of June 30, 2010 and 2009)	33,257	33,257
Advantech Brazil S/A (US\$192 thousand as of June 30, 2009)	<u>-</u>	<u>6,310</u>
	<u>\$ 103,588</u>	<u>\$ 161,645</u>

The shares of Avalue Technology Inc. began to be OTC traded in June 2010; thus, the Company investment in Avalue was reclassified to available-for-sale financial assets - noncurrent.

The Parent Company and its subsidiaries had acquired more than 50% of shares of Advantech Brazil S/A (ABR) with voting rights; thus, ABR was included in the consolidated entities.

All equity in Superior Technology Co., Ltd. was disposed of in July 2009.

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

9. LONG-TERM EQUITY INVESTMENTS

	June 30			
	2010		2009	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
<u>Listed</u>				
Axiomtek Co., Ltd.	\$ 362,547	27.53	\$ 331,037	27.96
<u>Unlisted</u>				
Advantech Hungary Ltd.	15,245	30.00	17,544	30.00
Advantech Corporation (Thailand) Co., Ltd.	7,247	30.00	5,960	30.00
Jan Hsiang Electronics Co., Ltd.	<u>5,908</u>	28.50	<u>-</u>	-
	<u>\$ 390,947</u>		<u>\$ 354,541</u>	

From 2009, Netstar Technology Co., Ltd. ("Netstar"), a subsidiary of the Parent Company, started to dispose the interest of Jan Hsiang Electronics Co., Ltd. ("Jan Hsiang"). With this reduction, Netstar lost its controlling influence on Jan Hsiang and this investee ceased to be a consolidated entity. Netstar had been reclassified to long-term equity investments.

The calculation of the carrying values of the equity-method investments and the equity in their net income or net loss were based on the investees' unreviewed financial statements for the six months ended June 30, 2010 and 2009.

The investment premiums, representing goodwill, had no change for the six months ended June 30, 2010 and 2009, respectively. As of June 30, 2010 and 2009, the goodwill was \$10,517 thousand.

The market values of the listed stocks invested in by the Parent Company, which were calculated on the basis of the closing prices as of June 30, 2010 and 2009, were \$539,394 thousand and \$481,518 thousand, respectively.

10. PROPERTIES

Accumulated depreciation was as follows:

	June 30	
	2010	2009
Buildings	\$ 410,060	\$ 363,288
Machinery and equipment	524,430	516,552
Furniture and fixtures	234,729	247,052
Other equipment	<u>344,904</u>	<u>264,750</u>
	<u>\$ 1,514,123</u>	<u>\$ 1,391,642</u>

11. PROPERTIES LEASED TO OTHERS

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
Cost		
Buildings	\$ 29,166	\$ 40,357
Accumulated depreciation	<u>(9,404)</u>	<u>(11,975)</u>
	<u>\$ 19,762</u>	<u>\$ 28,382</u>

12. SHORT-TERM BANK LOANS

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
Credit loans - interest: 1.10%-3.85% in 2010	\$ 80,738	\$ -
Bank overdraft - interest 4.9%-9% in 2010	12,123	-
Secured loans - interest: 1.84%-2.25% in 2009	<u>-</u>	<u>65,610</u>
	<u>\$ 92,861</u>	<u>\$ 65,610</u>

To meet its financing need, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a credit loan from a bank. As of June 30, 2010, the loan carrying value was \$16,438 thousand.

Advantech Technology (China) Company Ltd., an indirect subsidiary of the Parent Company, obtained a credit loan from a bank to meet its financing need. As of June 30, 2010 and 2009, the carrying values were \$64,300 thousand and \$65,610 thousand, respectively.

To meet its financing need, DLoG GmbH, an indirect subsidiary of the Parent Company, applied to its local financial institutions for an overdraft, which had a limit of \$39,517 thousand. As of June 30, 2010, the unused overdraft amount was \$27,394 thousand.

13. LONG-TERM BANK LOANS

	Current	Long-term	Total
<u>June 30, 2010</u>			
Secured loans	<u>\$ 2,501</u>	<u>\$ 20,847</u>	<u>\$ 23,348</u>
<u>June 30, 2009</u>			
Secured loans	<u>\$ 3,375</u>	<u>\$ 25,875</u>	<u>\$ 29,250</u>

Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a mortgage bank loan for the capital expenditure. This loan is repayable every one or three months at various amounts from March 2006 to March 2021. As of June 30, 2010, the carrying value of the loan was \$23,348 thousand. Interest rates throughout the repayment period were 1.93% to 2.01%.

Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained a mortgage bank loan for its operation need. This loan term is from October 2006 to October 2016 and is repayable in 40 quarterly installments from January 2007. As of June 30, 2009, the carrying value was \$29,250 thousand; the interest rate was 2% as of June 2010. This loan had been settled and paid in advance in September 2009.

14. PENSION PLANS

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 and salaries. For these contributions, the Parent Company and domestic subsidiaries recognized pension costs of \$27,979 thousand and \$28,741 thousand for the six months ended June 30, 2010 and 2009, respectively.

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

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

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

For the six months ended June 30, 2010 and 2009, the pension expenses of these overseas consolidated entities were \$29,743 thousand and \$21,302 thousand, respectively.

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

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

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

The bonus to employees and remunerations to directors and supervisors of \$182,016 thousand and \$120,000 thousand for the six months ended June 30, 2010 and 2009, respectively (classified under accrued expenses) were estimated and accrued on the basis of past experience. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain shareholders' equity accounts (including unrealized gain or loss on financial instruments and cumulative transaction adjustments) should be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

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

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

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

The appropriations of earnings for 2009 and 2008 were proposed in the Board of Directors' meeting and approved in the shareholders' meeting held on May 18, 2010 and May 15, 2009, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2009	2008	2009	2008
Legal reserve	\$ 175,133	\$ 254,354		
Special reserve	-	1,135,596		
Cash dividends	2,006,535	1,490,598	\$4.00	\$3.00
Stock dividends	-	24,843	-	0.05

The bonus to employees and the remuneration to directors and supervisors for 2009 and 2008 approved in the shareholders' meetings on May 18, 2010 and May 15, 2009, respectively, were as follows:

	Years Ended December 31			
	2009		2008	
	Cash	Stock	Cash	Stock
Bonus to employees	\$ 175,000	\$ -	\$ 90,000	\$ 100,000
Remuneration to directors and supervisors	3,000	-	-	-

The number of shares of 2,139 thousand for 2009 was determined by dividing the amount of share bonus by the closing price (after considering the effect of cash and stock dividends) of the day immediately preceding the shareholders' meeting.

There is no difference between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the accrual amounts reflected in the financial statements.

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

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

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

When the grant date of stock-based employee compensation plans is on or before January 1, 2004, the Parent Company need not apply the accounting guideline No. 070, 071 and 072 for stock-based compensation issued by the Accounting Research and Development Foundation of the ROC.

The status of employee stock options was as follows:

	Six Months Ended June 30			
	2010		2009	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance, beginning of period	10,000	\$61.90	165	\$23.49
Options granted	-	-	-	-
Options exercised	<u>-</u>	-	<u>(40)</u>	23.49
Balance, end of period	<u>10,000</u>		<u>125</u>	
Options exercisable, end of period	<u>-</u>		<u>125</u>	
Weighted-average fair value of options granted (NT\$)	<u>\$16.45-18.13</u>		<u>\$ -</u>	

The weighted-average stock price at the date of the exercise for stock options in the six months ended June 30, 2009 was NT\$46.23.

Information on outstanding options as of June 30, 2010 and 2009 is as follows:

	June 30			
	2010		2009	
Range of Exercise Price (NT\$)	Weighted- average Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted- average Remaining Contractual Life (Years)	
\$61.9	4.42	\$23.49	0.17	

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

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

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

Compensation cost recognized for the six months ended June 30, 2010 was \$31,984 thousand.

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
<u>Six months ended June 30, 2010</u>				
For transfer to employees	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>14,500</u>
<u>Six months ended June 30, 2009</u>				
For transfer to employees	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>14,500</u>

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

17. INCOME TAX

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

	<u>Six Months Ended June 30</u>	
	<u>2010</u>	<u>2009</u>
Tax on pretax income	\$ 362,173	\$ 236,597
Deduct tax effects of:		
Permanent differences		
Tax-exempt income	(1,124)	(21,728)
Other	(27,587)	(6,301)
Temporary differences	(49,515)	(58,287)
Investment tax credit used	<u>(58,185)</u>	<u>(58,617)</u>
Income tax currently payable	<u>\$ 225,762</u>	<u>\$ 91,664</u>

- b. Income tax expense consisted of the following:

	<u>Six Months Ended June 30</u>	
	<u>2010</u>	<u>2009</u>
Income tax currently payable	\$ 225,762	\$ 91,664
Income tax expense - deferred	19,552	29,630
Adjustments for prior year's tax	<u>-</u>	<u>(1,478)</u>
	<u>\$ 245,314</u>	<u>\$ 119,816</u>

c. The change in the income tax payable shown in the balance sheets consisted of the following:

	Six Months Ended June 30	
	2010	2009
Balance, beginning of period	\$ 120,425	\$ 300,301
Income tax currently payable	225,762	91,664
Payment	<u>(42,272)</u>	<u>(244,702)</u>
Balance, end of period	<u>\$ 303,915</u>	<u>\$ 147,263</u>

d. Net deferred income tax assets (liabilities) as of June 30, 2010 and 2009 were as follows:

	June 30	
	2010	2009
Current		
Deferred income tax assets		
Allowance for loss on inventories	\$ 25,787	\$ 26,183
Loss carryforwards	12,523	-
Unrealized product warranty reserve	8,837	8,815
Investment tax credits	6,265	8,006
Excess provisions for doubtful accounts	2,587	2,880
Unrealized foreign exchange loss	-	227
Others	<u>21,333</u>	<u>19,288</u>
	77,332	65,399
Valuation allowance	<u>(10,391)</u>	<u>(7,993)</u>
	<u>66,941</u>	<u>57,406</u>
Deferred income tax liabilities		
Others	<u>(6,262)</u>	<u>(465)</u>
Deferred income tax assets, net	<u>\$ 60,679</u>	<u>\$ 56,941</u>
Noncurrent		
Deferred income tax assets:		
Investment tax credits	\$ 56,559	\$ 74,456
Accumulated equity in the net loss of foreign investees	43,882	31,693
Loss carryforward	39,266	31,073
Deferred income	24,263	23,691
Pension cost	17,571	21,363
Others	<u>14,489</u>	<u>4,713</u>
	196,030	186,989
Valuation allowance	<u>(114,935)</u>	<u>(104,620)</u>
	<u>81,095</u>	<u>82,369</u>
Deferred income tax liabilities:		
Accumulated equity in the net gains of foreign investees	(343,646)	(278,712)
Others	<u>(7,988)</u>	<u>(228)</u>
	<u>(351,634)</u>	<u>(278,940)</u>
Deferred income tax liabilities, net	<u>\$ (270,539)</u>	<u>\$ (196,571)</u>

e. As of June 30, 2010, investment tax credits of subsidiaries consisted of the following:

Law	Item	Remaining Creditable Amounts
<u>Netstar Technology Co., Ltd.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 47,597</u>
<u>Advansus Corp.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 15,227</u>

f. As of six months ended June 30, 2010, loss carryforward of the foreign subsidiaries were recognized by local laws as \$34,700 thousand. Information on the domestic subsidiary - loss carryforward of Netstar Technology Co., Ltd. as of June 30, 2010 is as follows:

Loss Year	Loss Carryforward Amount	Expiry Year
<u>Netstar Technology Co., Ltd.</u>		
2003	\$ 4,353	2013
2004	3,052	2014
2005	490	2015
2007	454	2017
2008	<u>8,740</u>	2018
	<u>\$ 17,089</u>	

g. As of June 30, 2010, the status of the Group's five years' exemption from income was as follows:

<u>Exemption Item: Investment Plan</u>	<u>Exemption Period</u>
<u>The Parent Company</u>	
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 June 30, 2010 and 2009 were as follows:

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
The Parent Company	\$ 319,519	\$ 346,064
Broadwin	\$ 20,190	\$ 17,801
Netstar	\$ 6,807	\$ 6,569
Advantech Fund - A	\$ 8,914	\$ 5,993
Advansus Corp.	\$ 2,532	\$ 2,528
Jan Hsiang	\$ 540	\$ 398

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

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
The Parent Company	\$ 2,779	\$ 2,779

The expected and actual creditable tax ratios for earnings were 11.34% and 14.25%, as of December 31, 2009 and 2008, respectively. The imputation credit allocated to the shareholders is based on its balance as of the date of dividend distribution. The expected creditable ratio may change when the actual allocation of the imputation credits is made.

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

18. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	<u>Six Months Ended June 30</u>					
	<u>2010</u>			<u>2009</u>		
	<u>Included in Cost of Goods Sold</u>	<u>Included in Operating Expenses</u>	<u>Total</u>	<u>Included in Cost of Goods Sold</u>	<u>Included in Operating Expenses</u>	<u>Total</u>
Personnel expenses						
Payroll	\$ 322,860	\$ 1,285,707	\$ 1,608,567	\$ 259,993	\$ 1,138,333	\$ 1,398,326
Insurance	30,771	72,523	103,294	26,835	109,988	136,823
Pension	8,681	49,041	57,722	8,767	41,276	50,043
Others	26,441	80,911	107,352	19,414	74,113	93,527
	<u>\$ 388,753</u>	<u>\$ 1,488,182</u>	<u>\$ 1,876,935</u>	<u>\$ 315,009</u>	<u>\$ 1,363,710</u>	<u>\$ 1,678,719</u>
Depreciation	<u>\$ 49,208</u>	<u>\$ 92,910</u>	<u>\$ 142,118</u>	<u>\$ 52,563</u>	<u>\$ 77,011</u>	<u>\$ 129,574</u>
Amortization	<u>\$ 2,305</u>	<u>\$ 39,684</u>	<u>\$ 41,989</u>	<u>\$ 4,613</u>	<u>\$ 46,258</u>	<u>\$ 50,871</u>

Expenses for properties leased to others (included in nonoperating expenses and losses - other expenses) were not included in the above depreciation expenses. These expenses were \$370 thousand and \$1,056 thousand as of June 30, 2010 and 2009, respectively.

19. EARNINGS PER SHARE

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

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (Thousands)</u>	<u>Earnings Per Share</u>	
	<u>Pretax</u>	<u>After-tax</u>		<u>Pretax</u>	<u>After-tax</u>
<u>Six months ended June 30, 2010</u>					
Basic EPS	\$ 1,576,306	\$ 1,434,160	501,634	<u>\$ 3.14</u>	<u>\$ 2.86</u>
Impact of dilutive potential common stock					
Employees' stock options	-	-	765		
Bonuses to employees	-	-	<u>2,885</u>		
Diluted EPS	<u>\$ 1,576,306</u>	<u>\$ 1,434,160</u>	<u>505,284</u>	<u>\$ 3.12</u>	<u>\$ 2.84</u>
<u>Six months ended June 30, 2009</u>					
Basic EPS	\$ 811,498	\$ 733,793	499,888	<u>\$ 1.62</u>	<u>\$ 1.47</u>
Impact of dilutive potential common stock					
Employees' stock options	-	-	72		
Bonuses to employees	-	-	<u>2,773</u>		
Diluted EPS	<u>\$ 811,498</u>	<u>\$ 733,793</u>	<u>502,733</u>	<u>\$ 1.61</u>	<u>\$ 1.46</u>

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

The EPS was retroactively adjusted for the stock dividends declared. Thus, for the six months ended June 30, 2009, pretax and after-tax basic EPS decreased from NT\$1.63 to NT\$1.62 and from NT\$1.48 to NT\$1.47, respectively, and pretax and after-tax diluted EPS decreased from NT\$1.62 to NT\$1.61 and NT\$1.46, respectively.

20. RELATED-PARTY TRANSACTIONS

a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Axiomtek Co., Ltd. ("Axiomtek")	Equity-method investee of the Parent Company
Advantech Hungary Ltd. (AHG)	Equity-method investee of the Parent Company
Advantech KR Co., Ltd. (AKR)	Related party in substance (Controlling influence is acquired by the Parent Company in January 2010 and thus included in the consolidated entity)

(Continued)

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

(Concluded)

- b. The significant transactions with the above related parties, in addition to those disclosed in Note 22 and Table 2 (Attached), are summarized as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>% to Total</u>	<u>Amount</u>	<u>% to Total</u>
<u>For the six months ended June 30</u>				
1) Sales				
Avalue	\$ 153,907	1	\$ 139,989	2
ATH	13,060	-	9,033	-
Axiomtek	8,780	-	5,302	-
AKR	-	-	158,270	2
ABR	<u>-</u>	<u>-</u>	<u>42,320</u>	<u>1</u>
	<u>\$ 175,747</u>	<u>1</u>	<u>\$ 354,914</u>	<u>5</u>
2) Purchase of materials and supplies				
Axiomtek	<u>\$ 125</u>	<u>-</u>	<u>\$ 49</u>	<u>-</u>
3) Other revenue				
AIDC	\$ 750	1	\$ -	-
K&M	250	-	-	-
AKR	<u>-</u>	<u>-</u>	<u>672</u>	<u>-</u>
	<u>\$ 1,000</u>	<u>1</u>	<u>\$ 672</u>	<u>-</u>
4) Rental expense				
K&M	<u>\$ 670</u>	<u>2</u>	<u>\$ -</u>	<u>-</u>

	2010		2009	
	Amount	% to Total	Amount	% to Total
<u>June 30</u>				
5) Accounts receivable - related parties				
Avalue	\$ 33,348	83	\$ 22,996	10
Axiomtek	3,591	9	1,240	1
ATH	3,214	8	3,413	1
AHG	37	-	-	-
AKR	-	-	94,950	41
ABR	-	-	24,335	10
	<u>40,190</u>	<u>100</u>	<u>146,934</u>	<u>63</u>
6) Other receivables - related parties				
Financing provided				
AKR	<u>-</u>	<u>-</u>	<u>48,643</u>	<u>21</u>
Dividend receivable				
Axiomtek	<u>-</u>	<u>-</u>	<u>37,782</u>	<u>16</u>
	<u>\$ 40,190</u>	<u>100</u>	<u>\$ 233,359</u>	<u>100</u>
7) Payables to related parties (part of accounts payable)				
Accounts payable				
Axiomtek	\$ 67	100	\$ 30	28
ABR	-	-	54	50
AKR	<u>-</u>	<u>-</u>	<u>24</u>	<u>22</u>
	<u>\$ 67</u>	<u>100</u>	<u>\$ 108</u>	<u>100</u>

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

Related Party	Six Months Ended June 30, 2009			
	Maximum Balance	Ending Balance	Interest Rate	Interest Revenue
AKR	<u>\$ 48,643</u> (KRW1,850,000 thousand)	<u>\$ 48,643</u> (KRW1,850,000 thousand)	<u>5%</u>	<u>\$ 672</u>

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

21. ASSETS PLEDGED OR MORTGAGED

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

Restricted assets - current (reserve account)	\$ 620
Properties - land	13,047
Properties - buildings - cost	<u>17,430</u>
	<u>\$ 31,097</u>

- b. As of June 30 2009, Netstar Technologies Co., Ltd. an indirect subsidiary of the Parent Company, had pledged assets for certificates of long-term bank loans, as follows:

Properties - land	\$ 35,506
Properties - buildings - cost	<u>22,645</u>
	<u>\$ 58,151</u>

22. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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

	Amount
AKMC	<u>\$ 340,790 thousand</u>
Netstar	<u>\$ 120,000 thousand</u>
Advansus Corp.	<u>\$ 100,000 thousand</u>

23. FINANCIAL INSTRUMENTS

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

	June 30			
	2010		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets				
Available-for-sale financial assets - current	\$ 13,176	\$ 13,176	\$ 13,505	\$ 13,505
Available-for-sale financial assets - noncurrent	2,417,244	2,417,244	1,997,119	1,997,119
Liabilities				
Long-term bank loans (current portion included)	23,348	23,348	29,250	29,250
<u>Derivative financial instruments and location</u>				
Financial assets at fair value through profit or loss - current				
Domestic	6,733	6,733	-	-
Foreign (foreign corporation operating in domestic district included)	39,358	39,358	1,234	1,234
Financial liabilities at fair value through profit or loss - current				
Domestic	11,030	11,030	4,930	4,930
Foreign (foreign corporation operating in domestic district included)	17,852	17,852	6,529	6,529

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

	Based on the Quoted Market Price		Estimated Using Valuation Techniques	
	June 30		June 30	
	2010	2009	2010	2009
<u>Asset</u>				
Financial assets at fair value through profit or loss - current	\$ -	\$ -	\$ 46,091	\$ 1,234
Available-for-sale financial assets - current	13,176	13,506	-	-
Available-for-sale financial assets - noncurrent	2,417,244	1,997,119	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	28,882	11,459

- d. As of June 30, 2010 and 2009, financial assets exposed to fair value risk from interest rate fluctuation amounted to \$730,916 thousand and \$2,020,989 thousand, respectively. As of June 30, 2010 and 2009, financial liabilities exposed to fair value risk from interest rate fluctuation amounted to \$116,209 thousand and \$94,860 thousand, respectively. As of June 30, 2010 and 2009, financial assets exposed to cash flow risk from interest rate fluctuation amounted to \$2,104,589 thousand and \$1,238,101 thousand, respectively.
- e. The Parent Company recognized an unrealized loss of \$660,381 thousand and an unrealized gain of \$265,504 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the six months ended June 30, 2010 and 2009, respectively. The Parent Company also recognized unrealized gain of \$35,801 thousand and \$706 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for the six months ended June 30, 2010 and 2009, respectively.
- f. Financial risks
- 1) Market risk. The derivative financial instruments categorized as financial assets at fair value through profit or loss are mainly used to hedge exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the market risk of derivatives will be offset by the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Group are mainly mutual funds and publicly traded stocks. Thus, price fluctuations in the open market would result in changes in fair values of these financial instruments.

- 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Parent Company if the counter-parties breach the contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. Since the counter-parties to the foregoing derivative financial instruments are reputable financial institutions, management believes its exposure to default by counter-parties is low.
- 3) Liquidity risk. The Group has sufficient operating capital to meet cash needs upon settlements of derivative financial instruments. Therefore, the cash flow risk is low. In addition, for long-term equity-method investments (mutual funds and publicly traded stocks), the Group keeps liquidity reserves, which are available on a short-term basis. Additionally, the contracted forward rate is decided on the contract starting dates. Thus, the cash flow risk on forward contracts is low.

24. ADDITIONAL DISCLOSURES

- a. Except for those mentioned in Note 20 and Tables 1 to 7, no additional disclosures are required by the Securities and Futures Bureau for the Parent Company and its investees and on investment in Mainland China.
- b. Investments in mainland China
 - 1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of June 30, 2010, accumulated inward remittance of earnings as of June 30, 2009 and upper limit on investment: Table 8 attached.
 - 2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 20 and 22 and Tables 1, 2, 5 and 6.
- c. Intercompany relationships and significant intercompany transactions: Please see Table 10 attached.

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
SIX MONTHS ENDED JUNE 30, 2010
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Nature of Financing	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can be Provided by the Financier
											Item	Value		
0	ACL	AKR	Other receivable - related parties	\$ 13,000 (KRW 500,000 thousand)	\$ -	3%	Business transaction-related	Sale\$ 175,807	Financing need	\$ -	-	-	\$ 96,450 (Note B)	\$ 96,450 (Note B)
1	AEU	ADL	Other receivable - related parties	EUR 27,524 700 thousand	EUR 27,524 700 thousand	4%	Short-term financing	-	Financing need	-	-	-	1,175,910 (Note C)	2,351,819 (Note C)
2	SHHQ	ACN	Other receivable - related parties	RMB 76,229 16,097 thousand	-	2%	Short-term financing	-	Financing need	-	-	-	142,068 (Note D)	142,068 (Note D)
3	ACN	AKMC	Other receivable - related parties	RMB 96,971 20,477 thousand	RMB 2,557 540 thousand	2%	Short-term financing	-	Financing need	-	-	-	142,068 (Note D)	142,068 (Note D)
4	ANA	AESC	Other receivable - related parties	US\$ 53,048 1,650 thousand	US\$ 36,973 1,150 thousand	2%	Short-term financing	-	Financing need	-	-	-	1,175,910 (Note C)	2,351,819 (Note C)
		AKMC	Other receivable - related parties	US\$ 189,685 5,900 thousand	US\$ 189,685 5,900 thousand	2%	Short-term financing	-	Financing need	-	-	-	1,175,910 (Note C)	2,351,819 (Note C)
5	AISC	ACN	Other receivable - related parties	RMB 85,525 18,060 thousand	RMB 79,553 16,799 thousand	2%	Short-term financing	-	Financing need	-	-	-	142,068 (Note D)	142,068 (Note D)
6	Netstar Technology Co., Ltd.	Netstar Electronics Co., Ltd.	Other receivable - related parties	67,513	67,513	-	Service intercourse	Purchase 280,510	Service intercourse	-	-	-	1,315,594 (Note E)	1,315,594 (Note E)
		LANSONIC (BVI)	Other receivable - related parties	3,676	3,676	-	Short-term financing	-	Financing need	-	-	-	50,170 (Note F)	50,170 (Note F)
7	Broadwin Technology, Inc.	Netstar Technology Co., Ltd.	Other receivable - related parties	40,000	35,000	2%	Short-term financing	-	Financing need	-	-	-	44,296 (Note F)	44,296 (Note F)
8	Advantech Fund-A	Netstar Technology Co., Ltd.	Other receivable - related parties	60,000	40,000	2%	Short-term financing	-	Financing need	-	-	-	351,592 (Note F)	351,592 (Note F)

Notes: A. The exchange rate was EUR1=NT\$39.32; US\$1=NT\$32.15; KRW1=NT\$0.026; RMB1=NT\$4.7356.

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

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

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

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

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

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

**ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2010**

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

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Year	Ending Balance	Value of Collaterals Property, Plant, and Equipment	Ratio of Accumulated Collateral to Net Equity of the Latest Financial Statements (%)	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Advantech Co., Ltd. (the "Company")	AKMC	Indirect subsidiary	\$ 1,175,910 (Note A)	\$ 340,790 (US\$ 10,600 thousand)	\$ 340,790 (US\$ 10,600 thousand)	\$ -	2.90	\$ 3,527,729 (Note B)
		Netstar Technology Co., Ltd.	Indirect subsidiary	1,175,910 (Note A)	120,000	-	-	-	3,527,729 (Note B)
		Advansus Corp.	Equity-method investee	1,175,910 (Note A)	100,000	100,000	-	0.85	3,527,729 (Note B)

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

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

C. The exchange rate was US\$1.00 = NT\$32.15.

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

TABLE 3

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS

SIX MONTHS ENDED JUNE 30, 2010

(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note	
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value		
Advantech Co., Ltd. (the "Company")	<u>Stock</u>								
	AAC (BVI)	Investee	Long-term equity investments	32,606,500	\$ 2,013,197	100.00	\$ 2,013,197	Note A	
	ATC	"	"	32,750,000	2,183,453	100.00	2,183,453	Note A	
	Advansus Corp.	"	"	18,000,000	214,930	50.00	214,930	Note A	
	Advantech Fund-A	"	"	90,000,000	877,043	100.00	877,043	Note A	
	Axiomtek	"	"	21,705,984	362,547	27.53	362,547	Note A	
	AEU	"	"	9,572,024	711,126	100.00	711,126	Note A	
	ASG	"	"	1,450,000	72,248	100.00	72,248	Note A	
	AAU	"	"	500,204	78,018	100.00	78,018	Note A	
	AJP	"	"	1,200	134,043	100.00	134,043	Note A	
	AYS	"	"	12,300,000	28,758	100.00	28,758	Note A	
	AMY	"	"	2,000,000	35,913	100.00	35,913	Note A	
	AHG	"	"	30	15,245	30.00	15,245	Note A	
	ABR	"	"	971,055	12,268	43.28	12,268	Note A	
	AKR	"	"	303,000	62,635	50.50	62,635	-	
	AiST	"	"	5,000,000	49,983	100.00	49,983	-	
	AHK	"	"	999,999	(8,845)	100.00	(8,845)	Notes A and C	
	ASUSTek Computer Inc.	-	-	Available for sale financial assets - noncurrent	6,868,460	1,644,996	1.08	1,644,996	Note B
	SGA	-	-	"	1,556,064	28,927	7.19	28,927	Note B
	Chunghwa Telecom Co., Ltd.	-	-	"	1,554,545	99,335	-	99,335	Note B
Pegatron Corp.	-	-	"	18,486,570	555,522	-	555,522	Note B	
Advantech Fund-A	<u>Stock</u>								
	Netstar Technology Co., Ltd.	Investee	Long-term equity investments	19,929,222	192,475	79.72	192,475	Note A	
	BCM Embedded Computer Inc.	"	"	4,500,000	15,680	100.00	15,680	Note A	
	Broadwin Technology, Inc.	"	"	9,647,662	182,712	98.67	182,712	Note A	
	Cermate Technologies Inc.	"	"	5,500,000	71,855	55.00	71,855	-	
	Avalue Technology Inc.	-	-	Financial assets carried at cost - noncurrent	1,970,250	88,464	5.09	88,464	-
	Chunghwa Telecom Co., Ltd.	-	-	Available for sale financial assets - current	206,191	13,176	-	13,176	Note B
	AverMedia Information Inc.	-	-	Financial assets carried at cost - noncurrent	700,000	70,331	0.94	70,331	-
COBAN Research and Technologies, Inc.	-	-	"	600,000	33,257	6.86	33,257	-	
ATC	<u>Stock</u>								
	ATC (HK)	Investee	Long-term equity investments	35,650,001	1,347,610	100.00	1,347,610	Note A	
ATC (HK)	<u>Shares</u> AKMC	"	"	-	1,347,829	100.00	1,251,293	Note A	

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AYS	<u>Shares</u> ADMC	Investee	Long-term equity investments	-	\$ 5,885	100.00	\$ 5,885	Note A
AAC (BVI)	<u>Stock</u> ANA	"	"	10,952,606	1,063,886	100.00	1,063,886	Note A
	AAC (HK)	"	"	15,230,001	931,399	100.00	931,399	Note A
ANA	<u>Stock</u> ABR	-	Financial assets carried at cost - noncurrent	375,192	6,183	16.72	6,183	-
AAC (HK)	<u>Shares</u> ACN	Investee	Long-term equity investments	-	507,827	100.00	507,827	Note A
	SHHQ	"	"	-	91,722	100.00	91,722	Note A
	AiSC	"	"	-	315,013	100.00	315,013	Note A
	AXA	"	"	-	23,358	100.00	23,358	Note A
ACN	<u>Shares</u> Hangzhou Advantofine Automation Co., Ltd.	"	"	-	13,917	60.00	13,917	Note A
AEU	<u>Stock</u> AESC	"	"	8,314,280	79,112	100.00	79,112	Note A
	ADL	"	"	1,142,000	(120,475)	100.00	(120,475)	Notes A and C
	APL	"	"	6,530	32,581	92.89	32,581	Note A
	DLoG	"	"	1	514,456	100.00	514,456	Note A
ASG	<u>Stock</u> ATH	"	"	30,000	7,247	30.00	7,247	Note A
Netstar Technology Co., Ltd.	<u>Stock</u> LANSONIC (BVI)	"	Other liability - others	3,527,529	(45,792)	94.83	(45,792)	Notes A and C
	Jan Hsiang Electronics Co., Ltd.	"	Long-term equity investments	950,000	5,569	28.50	5,569	Note A
	Lantech Communications Inc.	"	Other liability - others	1,159,500		77.30		Note A
Broadwin Technology, Inc.	<u>Stock</u> Broadwin Technology Inc.	"	Long-term equity investments	5,643,650	16,542	100.00	16,542	Note A
LANSONIC (BVI)	<u>Shares</u> Netstar Electronics Corporation	"	Other liability - others	-	HK\$ (29,326)	100.00	HK\$ (29,326)	Notes A and C
Cermate Technologies Inc.	<u>Stock</u> Land Mark	"	Long-term equity investments	1,000,000	29,287	100.00	29,287	Note A
Land Mark	<u>Stock</u> Cermate (Shanghai)	"	"	-	18,335	100.00	18,335	Note A
	Cermate (Shenzhen)	"	"	-	10,952	90.00	10,952	Note A

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

Note B: Market value was based on the closing price on June 30, 2010.

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

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 SIX MONTHS ENDED JUNE 30, 2010
 (In Thousands of New Taiwan Dollars)

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

TABLE 5

ADVANTECH CO., LTD. AND SUBSIDIARIES

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

SIX MONTHS ENDED JUNE 30, 2010

(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd.	AESC	Indirect subsidiary	Sale	\$ (905,164)	12.32%	Set for 45 days a month			\$ 619,752	30.15%	
	ACN	Indirect subsidiary	Sale	(923,640)	12.57%	Set for 45 days a month			444,964	21.65%	
	AKMC	Indirect subsidiary	Sale	(240,232)	3.27%	Set for 30 days after a month			130,053	6.33%	
	AJP	Subsidiary	Sale	(160,233)	2.18%	Set for 45 days a month			23,227	1.13%	
	AiSC	Indirect subsidiary	Sale	(720,131)	9.80%	Set for 45 days a month			262,934	12.79%	
	ANA	Indirect subsidiary	Sale	(1,961,724)	26.69%	Set for 45 days a month			373,205	18.16%	
	AKR	Subsidiary	Sale	(175,807)	2.39%	Set for 45 days a month			85,101	4.65%	
	ATC	Subsidiary	Purchase	2,510,186	45.18%	Set for 60 days a month			(1,022,596)	18.41%	
	Advansus Corp.	Subsidiary	Purchase	893,047	16.07%	Set for 30 days a month			(178,321)	3.21%	
ATC	Advantech Co., Ltd.	Ultimate parent company	Sale	(2,510,186)	97.46%	Set for 60 days a month			1,022,596	93.77%	
Advansus Corp.	Advantech Co., Ltd.	Ultimate parent company	Sale	(893,047)	40.77%	Set for 30 days a month			178,321	43.55%	
ANA	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,961,724	90.89%	Set for 45 days a month			(373,205)	83.40%	
AESC	Advantech Co., Ltd.	Ultimate parent company	Purchase	905,164	87.31%	Set for 45 days a month			(619,752)	92.80%	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	923,640	76.33%	Set for 45 days a month			(444,964)	78.55%	
AKMC	Advantech Co., Ltd.	Ultimate parent company	Purchase	240,232	10.29%	Set for 30 days after a month			(130,053)	22.88%	
AJP	Advantech Co., Ltd.	Parent company	Purchase	160,233	95.24%	Set for 45 days a month			(23,227)	106.34%	
AiSC	Advantech Co., Ltd.	Ultimate parent company	Purchase	720,131	65.42%	Set for 45 days a month			(262,934)	59.17%	
AKR	Advantech Co., Ltd.	Parent company	Purchase	175,807	61.82%	Set for 45 days a month			(85,101)	94.07%	
ACN	AiSC	Related enterprise	Sale	(111,927)	8.06%	Set for 45 days a month			153,547	87.54%	
AKMC	ATC	Related enterprise	Sale	(2,250,096)	88.34%	Set for 30 days after a month			273,894	69.06%	
	AiSC	Related enterprise	Sale	(137,046)	5.38%	Set for 30 days after a month			49,290	12.43%	
	Netstar Technology Co., Ltd.	Related enterprise	Sale	(126,984)	4.99%	Set for 60 days after a month			66,512	16.77%	
ADL	AESC	Related enterprise	Sale	(110,268)	7.73%	Set for 45 days a month			32,417	6.56%	
Advansus Corp.	AKMC	Related enterprise	Sale	(683,023)	31.18%	Set for 30 days after a month			221,904	54.20%	

(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	
AiSC	ACN AKMC	Related enterprise	Purchase	\$ 111,927	10.17%	Set for 45 days a month			\$ (153,547)	31.86%	
		Related enterprise	Purchase	137,046	12.45%	Set for 30 days after a month			(49,290)	10.23%	
ATC	AKMC	Related enterprise	Purchase	2,250,096	99.88%	Set for 30 days after a month			(273,894)	98.88%	
Netstar Technology Co., Ltd.	AKMC	Related enterprise	Purchase	126,984	84.59%	Set for 60 days after a month			(66,512)	45.39%	
AESC	ADL	Related enterprise	Purchase	110,268	10.64%	Set for 45 days a month			(32,417)	4.59%	
AKMC	Advansus Corp.	Related enterprise	Purchase	683,023	29.27%	Set for 30 days after a month			(221,904)	16.39%	

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2010
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Advantech Co., Ltd.	AESC	Indirect subsidiary	\$ 61,752	3.56	\$ -	-	\$ 193,159	\$ -
	ANA	Indirect subsidiary	373,205	14.22	-	-	373,205	-
	ACN	Indirect subsidiary	444,964	4.86	-	-	187,922	-
	AiSC	Indirect subsidiary	262,934	4.80	-	-	109,836	-
	AKMC	Indirect subsidiary	130,053	4.93	-	-	75,669	-
ATC	Advantech Co., Ltd.	Parent company	1,022,596	5.12	-	-	-	-
Advansus Corp.	Advantech Co., Ltd.	Parent company	178,321	11.87	-	-	-	-
	AKMC	Related enterprise	221,904	7.35	-	-	221,904	-
AKMC	ATC	Related enterprise	273,894	15.38	-	-	-	-
ACN	AiSC	Subsidiary	153,547	1.80	-	-	-	-

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

TABLE 7

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2010
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				June 30, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd.	AAC (BVI)	BVI	Investment holding company	\$ 1,078,934	\$ 1,078,934	32,606,500	100.00	\$ 2,013,197	\$ 120,641	\$ 133,252	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,044,818	1,044,818	32,750,000	100.00	2,183,453	231,854	231,732	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	180,000	180,000	18,000,000	50.00	214,930	32,069	30,764	Equity-method investee
	AEU	Helmond, The Netherlands	Investment holding company	993,318	439,782	9,572,024	100.00	711,126	101	101	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment and management service	900,000	700,000	90,000,000	100.00	877,043	12,364	10,426	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	268,307	269,222	21,705,984	27.53	362,547	88,650	24,945	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	72,248	8,777	8,777	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	78,018	1,800	1,800	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	134,043	9,137	9,137	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	5,927	51,662	12,300,000	100.00	28,758	(3,903)	(3,848)	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	35,913	5,702	5,702	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	15,245	-	-	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	58,173	-	303,000	50.50	62,635	8,066	8,066	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	12,268	6,794	6,794	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	49,983	(17)	(17)	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(8,845)	(1,657)	(1,657)	Subsidiary (Note A)
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	243,868	242,668	19,929,222	79.72	192,475	(7,047)	(5,600)	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	15,680	1,000	1,000	Indirect subsidiary
	Broadwin Technology, Inc. Cermate Technologies Inc.	Taipei, Taiwan Taipei, Taiwan	Assembly and production of computers	168,815 71,500	99,783 -	9,647,662 5,500,000	98.67 55.00	182,712 71,855	2,684 (2,980)	2,871 201	Indirect subsidiary Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	1,026,430	1,026,430	35,650,001	100.00	1,347,610	97,382	97,382	Indirect subsidiary
ATC (HK)	AKMC	Kunshan, China	Production and sale of components of industrial automation products	1,026,430	1,026,430	-	100.00	1,347,829	97,382	97,382	Indirect subsidiary
AYS	ADMC	Guangzhou, China	Production and sale of industrial automation products	5,927	51,662	-	100.00	5,885	(3,717)	(3,717)	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,063,886	76,321	76,321	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	539,146	15,230,001	100.00	931,399	44,391	44,391	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	185,356	185,356	-	100.00	507,827	15,295	15,295	Indirect subsidiary
	SHHQ	Shanghai, China	Sale of industrial automation products	96,750	96,750	-	100.00	91,722	209	209	Indirect subsidiary
	AiSC	Shanghai, China	Sale of industrial automation products	257,040	257,040	-	100.00	315,013	30,515	30,515	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	23,358	(1,628)	(1,628)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processes and sale of peripherals	13,727	13,727	-	60.00	13,917	1,178	707	Equity-method investee
AEU	AESC	Eindhoven, The Netherlands	Sale of industrial automation products	90,450	90,450	8,314,280	100.00	79,112	(13,246)	(13,246)	Indirect subsidiary
	ADL	Munich, Germany	Sale of industrial automation products	46,028	46,028	1,142,000	100.00	(120,475)	(160)	(160)	Indirect subsidiary (Note A)
	APL DLoG	Warsaw, Poland Munich, Germany	Sale of industrial automation products Sale of industrial automation products	10,285 553,536	10,285 -	6,530 1	92.89 100.00	32,581 514,456	3,271 20,934	3,039 9,834	Indirect subsidiary Indirect subsidiary
ASG	ATH	Thailand	Production of computers	2,495	2,495	30,000	30.00	7,247	606	182	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				June 30, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value			
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	\$ 3,719	\$ 7,188	950,000	28.50	\$ 5,907	\$ 904	\$ 283	Indirect subsidiary
	Lantech Communications Inc. LANSONIC (B.V.I.)	Taipei, Taiwan BVI	Retail sale of electronic materials General investment	11,595 101,188	11,595 101,188	1,159,500 3,527,529	77.30 94.83	- (53,499)	- HK\$ (3,691)	- HK\$ (2,128)	Indirect subsidiary Indirect subsidiary (Note A)
LANSONIC (B.V.I.)	Netstar Electronics Corporation (Dongguan)	Guangzhou, China	Network and UPS product manufacture business	HK\$ 2,935	HK\$ 2,935	-	100.00	HK\$ (31,174)	HK\$ (3,691)	HK\$ (2,128)	Indirect subsidiary (Note A)
Broadwin Technology, Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of Webaccess software	69,492	69,492	5,643,650	100.00	16,542	(342)	462	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	-	1,000,000	100.00	31,889	3,550	1,347	Indirect subsidiary
LandMark	Cermate (Shanghai)	Shanghai, China	Sale of industrial electronic products	US\$ 572	-	-	100.00	19,151	872	160	Indirect subsidiary
	Cermate (Shenzhen)	Shenzhen, China	Manufacture of LCD touch panel, USB data cable and industrial automation products	US\$ 308	-	-	90.00	11,222	2,682	1,187	Indirect subsidiary

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

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

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2010

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of June 30, 2010	Accumulated Inward Remittance of Earnings as of June 30, 2010
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US\$35,650 thousand	Indirect	\$ 1,006,295 (US\$ 31,300 thousand)	\$ -	\$ -	\$ 1,006,295 (US\$ 31,300 thousand)	100%	\$ 97,382	\$ 1,347,829	\$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US\$3,000 thousand	Indirect	96,450 (US\$ 3,000 thousand)	-	-	96,450 (US\$ 3,000 thousand)	100%	209	91,722	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US\$4,230 thousand	Indirect	171,424 (US\$ 5,332 thousand)	-	-	171,424 (US\$ 5,332 thousand)	100%	15,295	507,827	361,205 (US\$ 11,235 thousand)
Advantech Electronic Technology (Dongguan) Co., Ltd. (ADMC)	Production and sale of industrial automation products	US\$1,400 thousand	Indirect	(Note C)	-	45,749 (US\$ 1,423 thousand)	(Note C)	100%	(3,717)	5,885	-
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US\$8,000 thousand	Indirect	257,200 (US\$ 8,000 thousand)	-	-	257,200 (US\$ 8,000 thousand)	100%	30,515	315,013	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US\$1,000 thousand	Indirect	(Note D)	-	-	(Note D)	100%	(1,628)	23,358	-

Accumulated Investment in Mainland China as of June 30, 2010	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,537,799 (US\$47,832 thousand) (Note E)	\$2,330,875 (US\$72,500 thousand)	\$7,129,861 (Note G)

(Continued)

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

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

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

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

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

Note F: The exchange rate was US\$1.00=NT\$32.15.

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

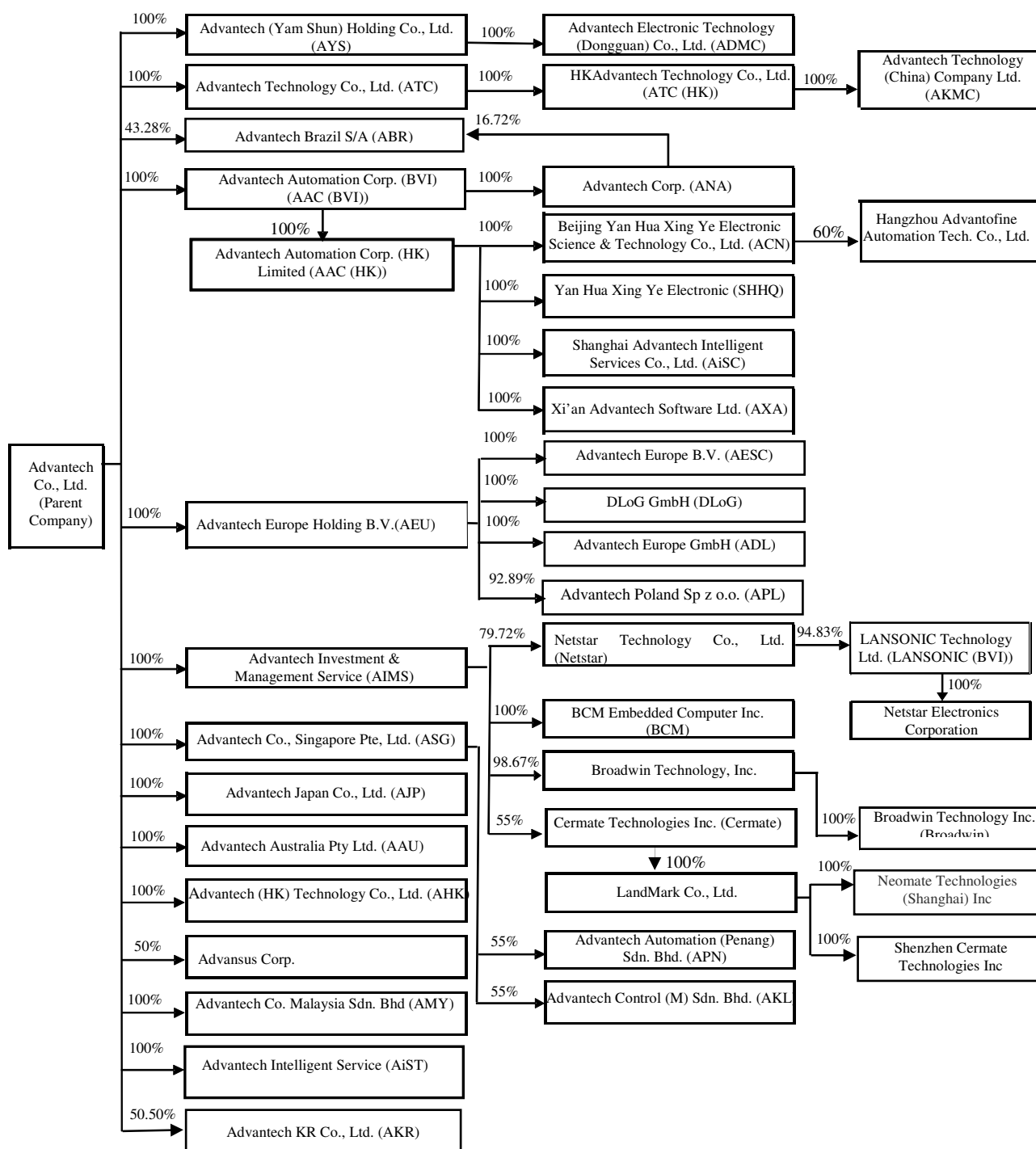
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TABLE 9

ADVANTECH CO., LTD. AND SUBSIDIARIES

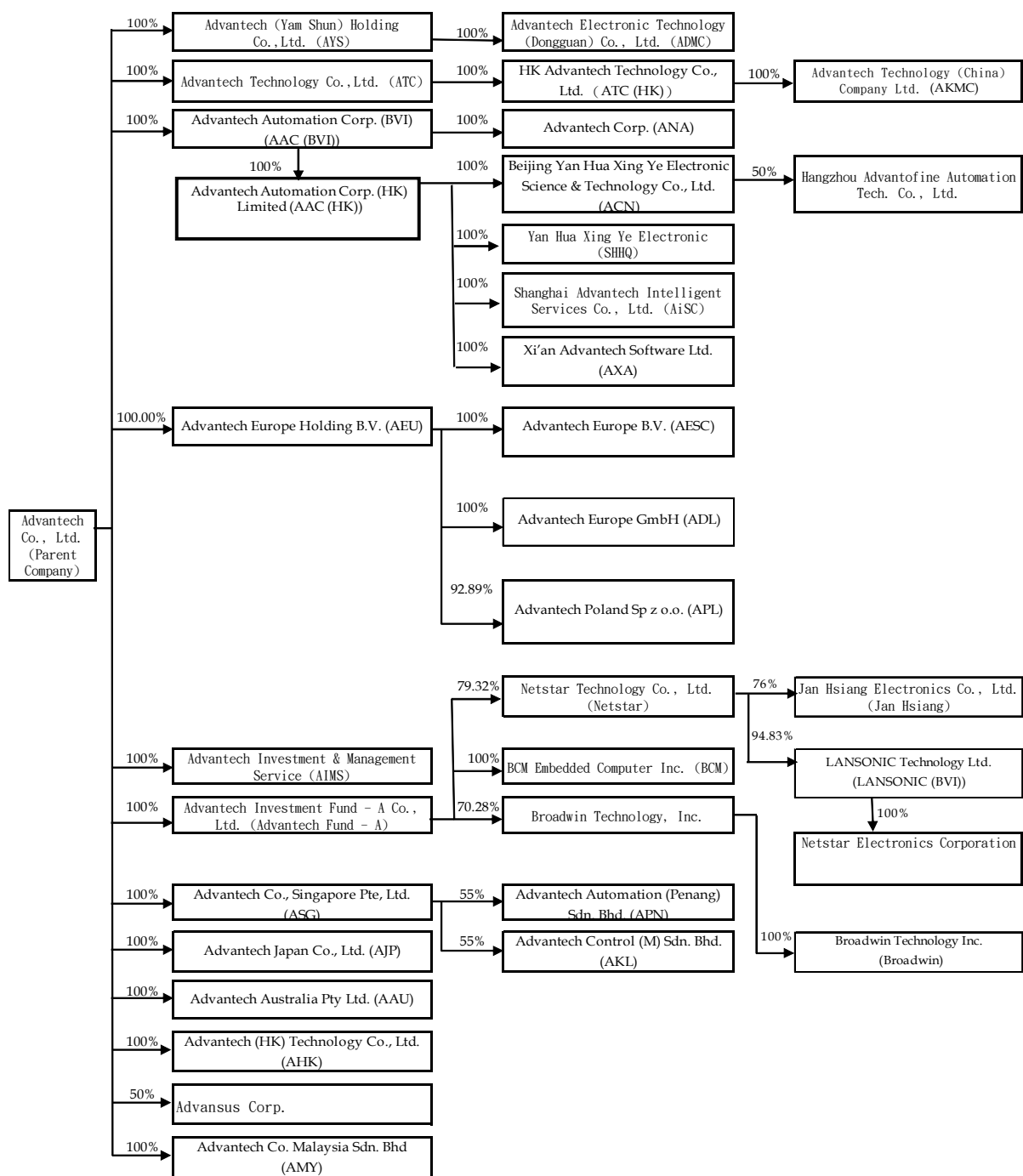
**ORGANIZATION CHART
JUNE 30, 2010 AND 2009**

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



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

Intercompany relationships and percentages of ownership as of June 30, 2009 are shown below:



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

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

June 30, 2010

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd.	AESC	1	Sales	\$ 905,164	Normal	9%
		AESC	1	Receivables from related parties	619,883	30 days	3%
		AESC	1	Purchase	688	Normal	-
		AESC	1	Payables to related parties	75	30 days	-
		ACN	1	Sales	923,640	Normal	9%
		ACN	1	Receivables from related parties	453,591	45 days	2%
		ACN	1	Purchase	1,317	Normal	-
		ACN	1	Payables to related parties	1,043	30 days	-
		ACN	1	Other revenue	8,246	Normal	-
		ATC	1	Purchase	2,510,186	Normal	24%
		ATC	1	Payables to related parties	1,022,596	60 days	5%
		ATC	1	Royalty income	125,808	Normal	1%
		AKMC	1	Sales	240,232	Normal	2%
		AKMC	1	Receivables from related parties	130,397	45 days	1%
		AKMC	1	Payables to related parties	248	60 days	-
		AAU	1	Sales	76,111	Normal	1%
		AAU	1	Receivables from related parties	36,413	60-90 days	-
		AAU	1	Purchase	60	Normal	-
		AAU	1	Payables to related parties	50	60-90 days	-
		ASG	1	Sales	72,775	Normal	1%
		ASG	1	Receivables from related parties	36,168	60-90 days	-
		AJP	1	Sales	160,233	Normal	2%
		AJP	1	Receivables from related parties	23,702	60-90 days	-
		AJP	1	Payables to related parties	179	60-90 days	-
		AJP	1	Purchase	10	Normal	-
		AJP	1	Other revenue	4,954	Normal	-
		Advansus Corp.	1	Sales	8,148	Normal	-
		Advansus Corp.	1	Receivables from related parties	4,759	60-90 days	-
		Advansus Corp.	1	Purchase	893,047	Normal	9%
		Advansus Corp.	1	Payables to related parties	178,321	60-90 days	1%
		Advansus Corp.	1	Rental revenue	3,510	Normal	-
		Advansus Corp.	1	Other revenue	5,209	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	390	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	68	30 days	-
		BCM Embedded Computer Inc.	1	Payables to related parties	28	30 days	-
		BCM Embedded Computer Inc.	1	Purchase	327	Normal	-
		BCM Embedded Computer Inc.	1	Sales	391	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		Advantech Fund - A	1	Rental revenue	\$ 18	Normal	-
		Advantech Fund - A	1	Receivables from related parties	13	Normal	-
		Broadwin Technology, Inc.	1	Sales	659	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	788	60 days	-
		Broadwin Technology, Inc.	1	Purchase	259	Normal	-
		Broadwin Technology, Inc.	1	Payables to related parties	91	60 days	-
		Broadwin Technology, Inc.	1	Other revenue	350	Normal	-
		ADL	1	Receivables from related parties	541	30 days	-
		ADL	1	Payables to related parties	269	30 days	-
		AMY	1	Sales	19,206	Normal	-
		AMY	1	Receivables from related parties	7,983	45 days	-
		AMY	1	Payables to related parties	408	Normal	-
		APL	1	Sales	4,083	Normal	-
		APL	1	Receivables from related parties	2,961	45 days	-
		APL	1	Payables to related parties	683	30 days after invoice date	-
		APL	1	Purchase	17	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	32,749	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	16,905	60 days	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	1,701	25th of every quarter	-
		Netstar Technology Co., Ltd.	1	Sales	3,587	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	400	Normal	-
		Jan Hsiang	1	Purchase	11,921	Normal	-
		Jan Hsiang	1	Payables to related parties	3,851	60 days	-
		AYS	1	Payables to related parties	22,914	90 days	-
		AiSC	1	Sales	720,131	Normal	7%
		AiSC	1	Receivables from related parties	262,982	45 days	1%
		AiSC	1	Payables to related parties	256	45 days	-
		ANA	1	Sales	1,961,724	Normal	19%
		ANA	1	Purchase	50,683	Normal	-
		ANA	1	Receivables from related parties	373,618	45 days	2%
		ANA	1	Payables to related parties	18,373	45 days	-
		ANA	1	Other revenue	11,120	Normal	-
		AHK	1	Payables to related parties	4	60 days	-
		AHK	1	Receivables from related parties	12	60 days	-
		ABR	1	Receivables from related parties	21,069	90 days	-
		ABR	1	Sales	40,249	Normal	-
		ABR	1	Payables to related parties	56	Normal	-
		AKR	1	Sales	175,807	Normal	2%
		AKR	1	Receivables from related parties	95,585	Prompt collection	1%
		AKR	1	Interest revenue	21	Normal	-
		AKR	1	Other revenue	15,923	Normal	-
		DLoG	1	Sales	202	Normal	-
		DLoG	1	Receivables from related parties	180	30 days after invoice date	-
		Cermate	1	Receivables from related parties	126	Every 6 months (June and December)	-
		Cermate	1	Purchase	4,480	Normal	-
		Cermate	1	Payables to related parties	1,560	Every 6 months (June and December)	-
		Cermate	1	Other revenue	160	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
1	ANA	Advantech Co., Ltd.	2	Sales	\$ 50,683	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	18,373	45 days	-
		Advantech Co., Ltd.	2	Purchase	1,961,724	Normal	19%
		Advantech Co., Ltd.	2	Payables to related parties	373,618	45 days	2%
		Advantech Co., Ltd.	2	Other expense	11,120	Normal	-
		ASG	3	Sales	218	Normal	-
		AESC	3	Sales	958	Normal	-
		AESC	3	Receivables from related parties	37,370	60-90 days	-
		AESC	3	Purchase	1,033	Normal	-
		AESC	3	Interest revenue	432	Normal	-
		ATC	3	Receivables from related parties	1,804	60-90 days	-
		ATC	3	Sales	1,597	Normal	-
		AAU	3	Sales	86	Normal	-
		AAU	3	Receivables from related parties	1	60-90 days	-
		AAU	3	Payables to related parties	445	30 days after invoice date	-
		ACN	3	Sales	374	Normal	-
		AMY	3	Sales	117	60 days	-
		ACN	3	Receivables from related parties	140	30 days	-
		AKMC	3	Receivables from related parties	189,685	30 days after invoice date	1%
		AKMC	3	Interest revenue	1,297	30 days	-
AJP	3	Sales	12	Normal	-		
AMY	3	Receivables from related parties	117	30 days	-		
2	AESC	Advantech Co., Ltd.	2	Sales	688	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	75	30 days	-
		Advantech Co., Ltd.	2	Purchase	905,164	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	619,883	30 days	3%
		ADL	3	Sales	3,983	Normal	-
		ADL	3	Purchase	110,268	Normal	1%
		ADL	3	Commission expense	207	Normal	-
		ADL	3	Receivables from related parties	36,681	30 days after invoice date	-
		ADL	3	Payables to related parties	-32,417	30 days after invoice date	-
		APL	3	Purchase	22,322	Normal	-
		APL	3	Receivables from related parties	412	30 days	-
		APL	3	Payables to related parties	20,697	30 days after invoice date	-
		AAU	3	Receivables from related parties	133	30 days	-
		ACN	3	Receivables from related parties	603	30 days after invoice date	-
		ASG	3	Receivables from related parties	40	30 days after invoice date	-
		AJP	3	Receivables from related parties	11	30 days	-
		AJP	3	Sales	9	Normal	-
		ANA	3	Sales	1,033	Normal	-
		ANA	3	Purchase	958	Normal	-
		ANA	3	Interest expense	432	Normal	-
ANA	3	Payables to related parties	37,370	60-90 days	-		
APL	3	Sales	612	30 days	-		
AAU	3	Sales	187	Normal	-		
ASG	3	Payables to related parties	2	30 days	-		

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ASG	3	Sales	\$ 43	Normal	-
		AiSC	3	Sales	553	Normal	-
		AKMC	3	Sales	98	Normal	-
3	ACN	Advantech Co., Ltd.	2	Sales	1,317	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,043	30 days	-
		Advantech Co., Ltd.	2	Purchase	923,640	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	453,591	45 days	2%
		Advantech Co., Ltd.	2	Other expense	8,246	Normal	-
		ANA	3	Purchase	374	Normal	-
		AHK	3	Sales	18	Every two months	-
		AHK	3	Receivables from related parties	5,858	60-90 days	-
		AKMC	3	Purchase	17,967	Normal	-
		ANA	3	Payables to related parties	140	Prompt collection	-
		AKMC	3	Payables to related parties	6,200	60-90 days	-
		AKMC	3	Sales	7,007	Normal	-
		AKMC	3	Rental expense	1,852	Normal	-
		AKMC	3	Receivables from related parties	6,373	60-90 days	-
		AKMC	3	Interest revenue	589	Normal	-
		SHHQ	3	Interest expense	157	Normal	-
		AXA	3	Receivables from related parties	5,914	Prompt collection	-
		AXA	3	Purchase	10,994	25th of every month	-
		AXA	3	Payables to related parties	76	25th of every month	-
		AiSC	3	Interest expense	857	60 days	-
		AiSC	3	Receivables from related parties	153,921	25th of every month	1%
		AiSC	3	Sales	111,927	Normal	1%
		AiSC	3	Purchase	82,325	Normal	1%
		AiSC	3	Payables to related parties	111,503	25th of every month	1%
		AAU	3	Receivables from related parties	204	30th of every month	-
		AAU	3	Sales	501	Normal	-
		ASZ (ACN)	3	Receivables from related parties	2,528	45 days	-
		AJP	3	Receivables from related parties	87	45 days	-
		AJP	3	Sales	73	Normal	-
		AKR	3	Receivables from related parties	43	45 days	-
		AKR	3	Sales	36	Normal	-
		AUH1	3	Sales	37	Normal	-
		ABJ (ACN)	3	Receivables from related parties	78	45 days	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	4,237	45 days	-
		AEU	3	Receivables from related parties	675	60-90 days	-
		AEU	3	Sales	721	Normal	-
	ASZ (ACN)	ACN	3	Payables to related parties	2,528	45 days	-
	ABJ (ACN)	ACN	3	Payables to related parties	78	45 days	-
	ACN	AESC	3	Payables to related parties	603	30 days after invoice date	-
4	ATC	Advantech Co., Ltd.	2	Receivables from related parties	1,022,596	60 days	5%
		Advantech Co., Ltd.	2	Royalty expense	125,808	Normal	1%
		Advantech Co., Ltd.	2	Sales	2,510,186	Normal	24%

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AKMC	3	Purchase	\$ 2,250,096	Normal	22%
		AKMC	3	Payables to related parties	273,894	60-90 days	1%
		AKMC	3	Sales	58,601	Normal	1%
		AKMC	3	Receivables from related parties	44,996	60-90 days	-
		ANA	3	Purchase	1,597	Normal	-
		ANA	3	Payables to related parties	1,804	60-90 days	-
		ADL	3	Payables to related parties	6,860	7 days after invoice date	-
5	AKMC	Advantech Co., Ltd.	2	Purchase	240,232	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	130,397	45 days	1%
		Advantech Co., Ltd.	2	Receivables from related parties	248	60 days	-
4	ATC	ADL	3	Other expense	23,341	Normal	-
5	AKMC	ACN	3	Purchase	7,007	Normal	-
		ACN	3	Rental revenue	1,852	Normal	-
		ACN	3	Sales	17,967	Normal	-
		ACN	3	Receivables from related parties	6,200	60-90 days	-
		ACN	3	Payables to related parties	6,373	60-90 days	-
		ACN	3	Interest expense	589	Normal	-
		ATC	3	Payables to related parties	44,996	60-90 days	-
		ATC	3	Sales	2,250,096	Normal	22%
		ATC	3	Purchase	58,601	Normal	1%
		ATC	3	Receivables from related parties	273,894	60-90 days	1%
		AiSC	3	Receivables from related parties	49,439	Prompt collection	-
		AiSC	3	Sales	137,046	Normal	1%
		AESC	3	Purchase	98	Normal	-
		AiSC	3	Purchase	2,172	Normal	-
		AiSC	3	Payables to related parties	363	30 days	-
		AJP	3	Payables to related parties	298	45 days	-
		ANA	3	Payables to related parties	189,685	30 days after invoice date	1%
		ANA	3	Interest expense	1,297	30 days	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	67,146	Per quarter	-
		Netstar Technology Co., Ltd.	3	Sales	126,984	Per quarter	1%
		Netstar Technology Co., Ltd.	3	Purchase	18,997	Every two months	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	7,512	Every two months	-
		Advansus Corp.	3	Receivables from related parties	6,668	Prompt collection	-
		Advansus Corp.	3	Payables to related parties	221,904	60-90 days	1%
		Advansus Corp.	3	Sales	9,772	Normal	-
		Advansus Corp.	3	Purchase	683,023	Normal	7%
6	APL	Advantech Co., Ltd.	2	Purchase	4,083	Normal	-
		Advantech Co., Ltd.	2	Sales	17	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,961	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	683	30 days after invoice date	-
		AESC	3	Payables to related parties	412	30 days	-
		AESC	3	Receivables from related parties	20,697	30 days after invoice date	-
		AESC	3	Sales	22,322	Normal	-
		AESC	3	Purchase	612	30 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
7	AEU	ACN	3	Payables to related parties	\$ 675	60-90 days	-
		ACN	3	Purchase	721	Normal	-
		ADL	3	Receivables from related parties	377	30 days after invoice date	-
		ADL	3	Interest revenue	1,714	Normal	-
8	ADL	Advantech Co., Ltd.	2	Receivables from related parties	269	30 days	-
		Advantech Co., Ltd.	2	Payables to related parties	541	30 days	-
		ATC	3	Other revenue	23,341	Normal	-
		ATC	3	Receivables from related parties	6,860	7 days after invoice date	-
		AESC	3	Sales	110,268	Normal	1%
		AESC	3	Commission revenue	207	Normal	-
		AESC	3	Purchase	3,983	Normal	-
		ADL	3	Payables to related parties	23,480	30 days after invoice date	-
		ADL	3	Receivables from related parties	23,480	30 days after invoice date	-
		AESC	3	Receivables from related parties	-32,417	30 days after invoice date	-
		AESC	3	Payables to related parties	36,681	30 days after invoice date	-
		AEU	3	Payables to related parties	377	30 days after invoice date	-
		AEU	3	Interest expense	1,714	Normal	-
9	ASG	Advantech Co., Ltd.	2	Purchase	72,775	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	36,168	60-90 days	-
		AMY	3	Receivables from related parties	243	30 days	-
		AMY	3	Sales	2,649	Normal	-
		AMY	3	Other expense	52	Normal	-
		AESC	3	Receivables from related parties	2	30 days	-
		ANA	3	Purchase	218	Normal	-
		AESC	3	Payables to related parties	40	30 days after invoice date	-
		AESC	3	Purchase	43	Normal	-
10	AJP	Advantech Co., Ltd.	2	Sales	10	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	179	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	160,233	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	23,702	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	4,954	Normal	-
		ANA	3	Purchase	12	Normal	-
		AESC	3	Payables to related parties	11	30 days	-
		ACN	3	Payables to related parties	87	60-90 days	-
		AKMC	3	Receivables from related parties	298	45 days	-
		ACN	3	Purchase	73	Normal	-
AESC	3	Purchase	9	Normal	-		
11	AAU	Advantech Co., Ltd.	2	Purchase	76,111	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	36,413	60-90 days	-
		Advantech Co., Ltd.	2	Sales	60	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	50	60-90 days	-
		AESC	3	Purchase	187	Normal	-
		AESC	3	Payables to related parties	133	30 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ANA	3	Purchase	\$ 86	Normal	-
		ANA	3	Payables to related parties	1	60-90 days	-
		ANA	3	Receivables from related parties	445	30 days after invoice date	-
		ACN	3	Payables to related parties	204	30th of every month	-
		ACN	3	Purchase	501	Normal	-
12	Advansus Corp.	Advantech Co., Ltd.	2	Sales	893,047	Normal	9%
		Advantech Co., Ltd.	2	Receivables from related parties	178,321	60-90 days	1%
		Advantech Co., Ltd.	2	Purchase	8,148	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	4,759	60-90 days	-
		Advantech Co., Ltd.	2	Rental expense	3,510	Normal	-
		Advantech Co., Ltd.	2	Other expense	5,209	Normal	-
		AKMC	3	Payables to related parties	6,668	Prompt payment	-
		AKMC	3	Purchase	9,772	Normal	-
		AKMC	3	Receivables from related parties	221,904	60-90 days	1%
		AKMC	3	Sales	683,023	Normal	7%
		BCM Embedded Computer Inc.	3	Receivables from related parties	6,966	60-90 days	-
		BCM Embedded Computer Inc.	3	Sales	34,340	Normal	-
13	Advantech Fund - A	Advantech Co., Ltd.	2	Rental expense	18	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	13	Prompt payment	-
14	AMY	Advantech Co., Ltd.	2	Purchase	19,206	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	7,983	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	408	Normal	-
		ASG	3	Payables to related parties	243	30 days	-
		ASG	3	Other revenue	52	Normal	-
		ASG	3	Purchase	2,649	Normal	-
		ANA	3	Purchase	117	60 days	-
		ANA	3	Payables to related parties	117	30 days	-
15	SHHQ	ACN	3	Interest revenue	157	Normal	-
16	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	32,749	Normal	-
		Advantech Co., Ltd.	2	Purchase	3,587	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	16,905	60 days	-
		Advantech Co., Ltd.	2	Payables to related parties	1,701	25th of every quarter	-
		Advantech Co., Ltd.	2	Other expense	40	Normal	-
		Broadwin Technology, Inc.	3	Interest expense	375	Per quarter	-
		Broadwin Technology, Inc.	3	Payables to related parties	35,178	Per quarter	-
		Lansonic	3	Receivables from related parties	3,676	60 days	-
		Netstar Electronics Corporation	3	Receivables from related parties	67,513	60 days	-
		AKMC	3	Receivables from related parties	7,512	Every two months	-
		AKMC	3	Sales	18,997	Every two months	-
		AKMC	3	Payables to related parties	67,146	Per quarter	-
		AKMC	3	Purchase	126,984	Per quarter	1%

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
17	Jan Hsiang	Advantech Co., Ltd.	2	Sales	\$ 11,921	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	3,851	60 days	-
18	AYS	Advantech Co., Ltd.	2	Receivables from related parties	22,914	90 days	-
19	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Rental expense	390	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	68	30 days	-
		Advantech Co., Ltd.	2	Purchase	391	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	28	30 days	-
		Advantech Co., Ltd.	2	Sales	327	Normal	-
		ACN	3	Payables to related parties	4,237	60 days	-
		AiSC	3	Payables to related parties	664	60 days	-
		Advansus Corp.	3	Payables to related parties	6,966	60-90 days	-
		Advansus Corp.	3	Purchase	34,340	Normal	-
20	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Purchase	659	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	91	60 days	-
		Advantech Co., Ltd.	2	Sales	259	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	788	60 days	-
		Advantech Co., Ltd.	2	Other expense	350	Normal	-
		Netstar Technology Co., Ltd.	3	Interest revenue	375	Per quarter	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	35,178	Per quarter	-
21	AHK	Advantech Co., Ltd.	2	Receivables from related parties	4	60 days	-
		Advantech Co., Ltd.	2	Payables to related parties	12	60 days	-
		ACN	3	Payables to related parties	5,858	60-90 days	-
		ACN	3	Purchase	18	Normal	-
		AiSC	3	Payables to related parties	12,585	30 days	-
22	AiSC	Advantech Co., Ltd.	2	Purchase	720,131	Normal	7%
		Advantech Co., Ltd.	2	Payables to related parties	262,982	60 days	1%
		Advantech Co., Ltd.	2	Receivables from related parties	256	45 days	-
		AKMC	3	Sales	2,172	Normal	-
		AKMC	3	Purchase	137,046	Normal	1%
		AKMC	3	Payables to related parties	49,439	Prompt payment	-
		AKMC	3	Receivables from related parties	363	30 days	-
		AESC	3	Purchase	553	Normal	-
		ACN	3	Interest revenue	857	60 days	-
		ACN	3	Sales	82,325	Normal	1%
		ACN	3	Receivables from related parties	111,503	25th of every month	1%
		ACN	3	Purchase	111,927	Normal	1%
		ACN	3	Payables to related parties	153,921	25th of every month	1%
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Receivables from related parties	11,334	Prompt collection	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Sales	18,234	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	664	45 days	-
AHK	3	Receivables from related parties	12,585	30 days	-		

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
23	Hangzhou Advantofine Automation tech. Co., Ltd.	AiSC	3	Payables to related parties	\$ 11,334	Prompt payment	-
		AiSC	3	Purchase	18,234	Normal	-
24	AXA	ACN	3	Receivables from related parties	76	25th of every month	-
		ACN	3	Sales	10,994	Normal	-
		ACN	3	Payables to related parties	5,914	Prompt payment	-
26	ABR	Advantech Co., Ltd.	2	Purchase	40,249	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	56	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	21,069	90 days	-
28	Netstar Electronics Corporation	Netstar Technology Co., Ltd.	3	Payables to related parties	67,513	30 days	-
27	Cermate	Advantech Co., Ltd.	2	Payables to related parties	126	Every 6 months (June and December)	-
		Advantech Co., Ltd.	2	Sales	4,480	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,560	Every 6 months (June and December)	-
		Advantech Co., Ltd.	2	Other expense	160	Normal	-
		Cermate (Shenzhen)	3	Purchase	15,805	Normal	-
		Cermate (Shenzhen)	3	Payables to related parties	1,688	60 days	-
		Cermate (Shenzhen)	3	Receivables from related parties	297,513	30 days	2%
		Cermate (Shenzhen)	3	Sales	543,812	Normal	5%
30	AKR	Advantech Co., Ltd.	2	Purchase	175,807	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	95,585	Prompt payment	1%
		Advantech Co., Ltd.	2	Interest expense	21	Normal	-
		Advantech Co., Ltd.	2	Other expense	15,923	Normal	-
		ACN	3	Payables to related parties	43	90 days	-
		ACN	3	Purchase	36	Normal	-
31	DLoG	Advantech Co., Ltd.	2	Purchase	202	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	180	30 days	-
32	Cermate (Shenzhen)	Cermate	3	Receivables from related parties	1,688	60 days	-
		Cermate	3	Sales	15,805	Normal	-
		Cermate	3	Purchase	543,812	Normal	5%
		Cermate	3	Payables to related parties	297,513	30 days	2%
		Cermate (Shanghai)	3	Sales	69,216	Normal	1%
		Cermate (Shanghai)	3	Purchase	852	Normal	-
33	Cermate (Shanghai)	Cermate (Shenzhen)	3	Purchase	69,216	Normal	1%
		Cermate (Shenzhen)	3	Sales	852	Normal	-
34	AUH1	ACN	3	Sales	37	Normal	-
36	Lansonic	Netstar Technology Co., Ltd.	3	Payables to related parties	3,676.47	60 days	-

(Continued)

June 30, 2009

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd.	AESC	1	Sales	\$ 675,585	Normal	9%
		AESC	1	Accounts receivable - related parties	355,524	30 days	2%
		AESC	1	Purchase	934	Normal	-
		AESC	1	Accounts payable - related parties	717	30 days	-
		ACN	1	Sales	954,330	Normal	13%
		ACN	1	Accounts receivable - related parties	420,278	45 days	3%
		ACN	1	Purchase	1,532	Normal	-
		ACN	1	Accounts payable - related parties	355	30 days	-
		ATC	1	Purchase	1,687,206	Normal	23%
		ATC	1	Accounts payable - related parties	675,040	60 days	4%
		ATC	1	Royalty revenue	84,394	Normal	1%
		AKMC	1	Sales	42,601	Normal	1%
		AKMC	1	Accounts receivable - related parties	10,833	45 days	-
		AKMC	1	Accounts payable - related parties	34	60 days	-
		AAU	1	Sales	56,022	Normal	1%
		AAU	1	Accounts receivable - related parties	12,538	60-90 days	-
		AAU	1	Purchase	6	Normal	-
		AAU	1	Accounts payable - related parties	16	90 days	-
		ASG	1	Sales	32,755	Normal	-
		ASG	1	Accounts receivable - related parties	6,030	60-90 days	-
		ASG	1	Purchase	11	Normal	-
		ASG	1	Accounts payable - related parties	114	60-90 days	-
		AJP	1	Sales	97,502	Normal	1%
		AJP	1	Accounts receivable - related parties	28,790	60-90 days	-
		AJP	1	Accounts payable - related parties	164	60-90 days	-
		AJP	1	Purchase	87	Normal	-
		Advansus Corp.	1	Sales	4,121	Normal	-
		Advansus Corp.	1	Accounts receivable - related parties	4,321	60-90 days	-
		Advansus Corp.	1	Purchase	483,918	Normal	7%
		Advansus Corp.	1	Accounts payable - related parties	89,032	60-90 days	1%
		Advansus Corp.	1	Rental revenue	3,510	Normal	-
		Advansus Corp.	1	Other revenue	4,173	Normal	-
		Advansus Corp.	1	Rental expense	6,312	Normal	-
		AIMS	1	Rental revenue	150	Normal	-
		AIMS	1	Accounts receivable - related parties	9	60-90 days	-
		BCM Embedded Computer Inc.	1	Rental revenue	390	Normal	-
		BCM Embedded Computer Inc.	1	Accounts receivable - related parties	112	30 days	-
		BCM Embedded Computer Inc.	1	Accounts payable - related parties	23	30 days	-
		BCM Embedded Computer Inc.	1	Purchase	201	Normal	-
		BCM Embedded Computer Inc.	1	Sales	144	Normal	-
		Advantech Fund - A	1	Rental revenue	18	Normal	-
		Advantech Fund - A	1	Accounts receivable - related parties	3	5th of every month	-
		Broadwin Technology, Inc.	1	Sales	2,119	Normal	-
		Broadwin Technology, Inc.	1	Accounts receivable - related parties	1,500	60 days	-
		Broadwin Technology, Inc.	1	Purchase	222	Normal	-
		Broadwin Technology, Inc.	1	Accounts payable - related parties	3,718	60 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		ADL	1	Purchase	\$ 27	Normal	-
		ADL	1	Accounts receivable - related parties	1,337	30 days	-
		ADL	1	Accounts payable - related parties	256	30 days	-
		AMY	1	Sales	7,619	Normal	-
		AMY	1	Accounts receivable - related parties	2,116	45 days	-
		AMY	1	Accounts payable - related parties	5,089	60 days	-
		AMY	1	Purchase	60	Normal	-
		APL	1	Sales	5,166	Normal	-
		APL	1	Accounts receivable - related parties	5,081	45 days	-
		APL	1	Accounts payable - related parties	1,117	30 days after invoice date	-
		APL	1	Purchase	2	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	19,100	Normal	-
		Netstar Technology Co., Ltd.	1	Accounts payable - related parties	7,551	60 days	-
		Netstar Technology Co., Ltd.	1	Sales	17	90 days	-
		Netstar Technology Co., Ltd.	1	Accounts receivable - related parties	17	90 days	-
		Jan Hsiang	1	Purchase	7,322	Normal	-
		Jan Hsiang	1	Accounts payable - related parties	1,728	60 days	-
		Jan Hsiang	1	Sales	15	Normal	-
		AYS	1	Purchase	114,948	Normal	2%
		AYS	1	Accounts payable - related parties	38,972	90 days	-
		AiSC	1	Sales	413,272	Normal	6%
		AiSC	1	Accounts receivable - related parties	223,900	45 days	1%
		ADMC	1	Sales	2	Normal	-
		ANA	1	Sales	1,125,791	Normal	16%
		ANA	1	Purchase	27,766	Normal	-
		ANA	1	Accounts receivable - related parties	31,789	45 days	-
		ANA	1	Accounts payable - related parties	6,800	45 days	-
		AHK	1	Purchase	373	Normal	-
		AHK	1	Accounts receivable - related parties	56	45 days	-
1	ANA	Advantech Co., Ltd.	2	Sales	27,766	Normal	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	6,800	45 days	-
		Advantech Co., Ltd.	2	Purchase	1,125,791	Normal	16%
		Advantech Co., Ltd.	2	Accounts payable - related parties	31,789	45 days	-
		ASG	3	Sales	259	Normal	-
		ASG	3	Accounts receivable - related parties	21	15 days after invoice date	-
		AESC	3	Sales	4,282	Normal	-
		AESC	3	Accounts receivable - related parties	99,681	60-90 days	1%
		AESC	3	Purchase	2,222	Normal	-
		AESC	3	Interest revenue	671	Normal	-
		ATC	3	Accounts receivable - related parties	1,955	60-90 days	-
		ATC	3	Sales	682	Normal	-
		AAU	3	Sales	13	Normal	-
		AAU	3	Accounts receivable - related parties	2	60-90 days	-
		ACN	3	Sales	854	Normal	-
		ACN	3	Accounts payable - related parties	503	Note E	-
		AKMC	3	Accounts receivable - related parties	98,430	30 days after invoice date	1%
		AKMC	3	Interest revenue	363	Per quarter	-

(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)
		AJP	3	Sales	\$ 187	Normal	-
		AJP	3	Accounts receivable - related parties	5	15 days after invoice date	-
		AJP	3	Accounts payable - related parties	100	60 days after invoice date	-
		Advansus Corp.	3	Accounts payable - related parties	40	Prompt payment	-
		Advansus Corp.	3	Purchase	783	Normal	-
2	AESC	Advantech Co., Ltd.	2	Sales	934	Normal	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	717	30 days	-
		Advantech Co., Ltd.	2	Purchase	675,585	Normal	9%
		Advantech Co., Ltd.	2	Accounts payable - related parties	355,524	30 days	2%
		ADL	3	Sales	8,550	Normal	-
		ADL	3	Commission expense	188,706	Normal	3%
		ADL	3	Accounts receivable - related parties	103,523	30 days after invoice date	1%
		ADL	3	Accounts payable - related parties	60,592	30 days after invoice date	-
		APL	3	Purchase	24,799	Normal	-
		APL	3	Accounts payable - related parties	14,972	30 days after invoice date	-
		ANA	3	Sales	2,222	Normal	-
		ANA	3	Purchase	4,282	Normal	-
		ANA	3	Interest expense	671	Normal	-
		ANA	3	Accounts payable - related parties	99,681	60-90 days	1%
		AAU	3	Sales	21	Normal	-
		ASG	3	Purchase	40	30 days after invoice date	-
		ASG	3	Accounts payable - related parties	40	30 days	-
		AiSC	3	Sales	2,313	Normal	-
		ACN	3	Sales	947	Normal	-
3	ACN	Advantech Co., Ltd.	2	Sales	1,532	Normal	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	355	30 days	-
		Advantech Co., Ltd.	2	Purchase	954,330	Normal	13%
		Advantech Co., Ltd.	2	Accounts payable - related parties	420,278	45 days	3%
		ANA	3	Purchase	854	Normal	-
		ANA	3	Accounts receivable - related parties	503	90 days after invoice date	-
		AHK	3	Sales	11	Note E	-
		AHK	3	Accounts receivable - related parties	5,939	60-90 days	-
		AKMC	3	Purchase	9,171	Normal	-
		AKMC	3	Accounts payable - related parties	3,205	60-90 days	-
		AKMC	3	Sales	7,708	Normal	-
		AKMC	3	Rental expense	1,938	Normal	-
		AKMC	3	Accounts receivable - related parties	99,755	60-90 days	1%
		AKMC	3	Interest revenue	1,224	Normal	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Accounts payable - related parties	2,247	60-90 days	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Sales discount	1,953	Normal	-
		SHHQ	3	Accounts receivable - related parties	21,923	60-90 days	-
		SHHQ	3	Sales	70,717	Normal	1%
		SHHQ	3	Purchase	50	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)
		SHHQ	3	Interest expense	\$ 369	Normal	-
		SHHQ	3	Accounts payable - related parties	56,906	60-90 days	-
		AXA	3	Accounts receivable - related parties	9,954	Prompt collection	-
		AXA	3	Accounts payable - related parties	80	90 days after invoice date	-
		AiSC	3	Accounts receivable - related parties	135,144	25th of every month	1%
		AiSC	3	Sales	130,323	Normal	2%
		AiSC	3	Purchase	26,732	Normal	-
		AiSC	3	Accounts payable - related parties	15,184	25th of every month	-
		AAU	3	Accounts receivable - related parties	356	30th of every month	-
		AAU	3	Sales	2,440	Normal	-
		BCM Embedded Computer Inc.	3	Accounts receivable - related parties	1,187	Prompt collection	-
		AJP	3	Accounts payable - related parties	503	60 days after invoice date	-
		AAC(BVI)	3	Dividend payable	2,065	Prompt payment	-
		AEU	3	Accounts receivable - related parties	377	60-90 days	-
		AEU	3	Sales	1,300	Normal	-
		AESC	3	Purchase	947	Normal	-
4	ATC	Advantech Co., Ltd.	2	Accounts receivable - related parties	675,040	60 days	4%
		Advantech Co., Ltd.	2	Royalty expense	84,394	Normal	1%
		Advantech Co., Ltd.	2	Sales	1,687,206	Normal	23%
		AKMC	3	Purchase	1,361,089	Normal	19%
		AKMC	3	Accounts payable - related parties	204,401	60-90 days	1%
		AKMC	3	Sales	267	Normal	-
		AKMC	3	Accounts receivable - related parties	261	60-90 days	-
		ANA	3	Purchase	682	Normal	-
		ANA	3	Accounts payable - related parties	1,955	60-90 days	-
		ADL	3	Purchase	5,625	Normal	-
		ADL	3	Accounts payable - related parties	6,143	7 days after invoice date	-
5	AKMC	Advantech Co., Ltd.	2	Purchase	42,601	Normal	1%
		Advantech Co., Ltd.	2	Accounts payable - related parties	10,833	45 days	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	34	60 days	-
		ACN	3	Purchase	7,708	Normal	-
		ACN	3	Rental revenue	1,938	Normal	-
		ACN	3	Sales	9,171	Normal	-
		ACN	3	Accounts receivable - related parties	3,205	60-90 days	-
		ACN	3	Accounts payable - related parties	99,755	60-90 days	1%
		ACN	3	Interest expense	1,224	Normal	-
		AAU	3	Sales	306	Normal	-
		AAU	3	Accounts receivable - related parties	51	Prompt collection	-
		ADMC	3	Accounts receivable - related parties	35	60-90 days	-
		ADMC	3	Sales	1,139	Normal	-
		ATC	3	Accounts payable - related parties	261	60-90 days	-
		ATC	3	Sales	1,361,089	Normal	19%
		ATC	3	Purchase	267	Normal	-
		ATC	3	Accounts receivable - related parties	204,401	60-90 days	1%
		AiSC	3	Accounts receivable - related parties	29,140	Prompt collection	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AiSC	3	Sales	\$ 42,798	Normal	1%
		AiSC	3	Purchase	1,041	Normal	-
		AiSC	3	Accounts payable - related parties	846	30 days	-
		ANA	3	Accounts payable - related parties	98,430	30 days after invoice date	1%
		ANA	3	Interest expense	363	Per quarter	-
		Advansus Corp.	3	Accounts payable - related parties	161,943	60-90 days	1%
		Advansus Corp.	3	Purchase	615,255	Normal	9%
6	ADMC	Advantech Co., Ltd.	2	Purchase	2	Normal	-
		AYS	3	Sales	112,526	Normal	2%
		AYS	3	Accounts receivable - related parties	15,377	60-90 days	-
		AKMC	3	Accounts payable - related parties	35	60-90 days	-
		AKMC	3	Purchase	1,139	Normal	-
7	APL	Advantech Co., Ltd.	2	Purchase	5,166	Normal	-
		Advantech Co., Ltd.	2	Sales	2	Normal	-
		Advantech Co., Ltd.	2	Accounts payable - related parties	5,081	45 days	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	1,117	30 days after invoice date	-
		AESC	3	Sales	24,799	Normal	-
		AESC	3	Accounts receivable - related parties	14,972	30 days after invoice date	-
8	AEU	ACN	3	Accounts payable - related parties	377	60-90 days	-
		ACN	3	Purchase	1,300	Normal	-
		ADL	3	Accounts receivable - related parties	76,145	30 days after invoice date	-
		ADL	3	Interest revenue	1,552	30 days after invoice date	-
9	ADL	Advantech Co., Ltd.	2	Sales	27	Normal	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	256	30 days	-
		Advantech Co., Ltd.	2	Accounts payable - related parties	1,337	30 days	-
		ATC	3	Sales	5,625	Normal	-
		ATC	3	Accounts receivable - related parties	6,143	7 days after invoice date	-
		AESC	3	Commission revenue	188,706	Normal	3%
		AESC	3	Purchase	8,550	Normal	-
		AESC	3	Accounts receivable - related parties	60,592	30 days after invoice date	-
		AESC	3	Accounts payable - related parties	103,523	30 days after invoice date	1%
		AEU	3	Accounts payable - related parties	76,145	30 days after invoice date	-
		AEU	3	Interest expense	1,552	30 days after invoice date	-
10	ASG	Advantech Co., Ltd.	2	Accounts receivable - related parties	114	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	32,755	Normal	-
		Advantech Co., Ltd.	2	Accounts payable - related parties	6,030	60-90 days	-
		Advantech Co., Ltd.	2	Sales	11	Normal	-
		AMY	3	Accounts receivable - related parties	196	30 days	-
		AMY	3	Sales	457	Normal	-
		AMY	3	Purchase	7	45 days after invoice date	-
		AESC	3	Accounts receivable - related parties	40	30 days	-
		AESC	3	Sales	40	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)
		AAU ANA ANA	3 3 3	Sales Accounts payable - related parties Purchase	\$ 1,484 21 259	Normal 15 days after invoice date Normal	- - -
11	AJP	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. ANA ANA ANA ACN	2 2 2 2 3 3 3 3	Sales Accounts receivable - related parties Purchase Accounts payable - related parties Purchase Accounts payable - related parties Accounts receivable - related parties Accounts receivable - related parties	87 164 97,502 28,790 187 5 100 503	Normal 60-90 days Normal 60-90 days Normal 15 days after invoice date 60 days after invoice date 60 days after invoice date	- - 1% - - - - -
12	AAU	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. AKMC AKMC AESC ANA ANA AMY ASG ACN ACN	2 2 2 2 3 3 3 3 3 3 3 3 3	Purchase Accounts payable - related parties Sales Accounts receivable - related parties Purchase Accounts payable - related parties Purchase Purchase Accounts payable - related parties Purchase Purchase Accounts payable - related parties Purchase	56,022 12,538 6 16 306 51 21 13 2 23 1,484 356 2,440	Normal 60-90 days Normal 90 days Normal Prompt payment Normal Normal 60-90 days 30 days after invoice date Normal 30th of every month Normal	1% - - - - - - - - - - - -
13	Advansus Corp.	Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. Advantech Co., Ltd. ANA ANA AKMC AKMC BCM Embedded Computer Inc. BCM Embedded Computer Inc. Netstar Technology Co., Ltd.	2 2 2 2 2 2 2 3 3 3 3 3 3 3	Sales Accounts receivable - related parties Purchase Accounts payable - related parties Rental expense Rental revenue Other expense Accounts receivable - related parties Sales Accounts receivable - related parties Sales Sales Sales Sales	483,918 89,032 4,121 4,321 3,510 6,312 4,173 40 783 161,943 615,255 3,789 14,795 47	Normal 60-90 days Normal 60-90 days Normal Normal Normal Prompt collection Normal 60-90 days Normal 60-90 days Normal Normal	7% 1% - - - - - - - 1% 9% - - -
14	AIMS	Advantech Co., Ltd. Advantech Co., Ltd.	2 2	Rental expense Accounts payable - related parties	150 9	Normal 60-90 days	- -
15	Advantech Fund - A	Advantech Co., Ltd. Advantech Co., Ltd. Netstar Technology Co., Ltd. Netstar Technology Co., Ltd.	2 2 3 3	Rental expense Accounts payable - related parties Interest revenue Accounts receivable - related parties	18 3 204 60,000	Normal 5th of every month Per quarter Per quarter	- - - -

(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)
16	AMY	Advantech Co., Ltd.	2	Sales	\$ 60	Normal	-
		Advantech Co., Ltd.	2	Purchase	7,619	Normal	-
		Advantech Co., Ltd.	2	Accounts payable - related parties	2,116	45 days	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	5,089	60 days	-
		ASG	3	Purchase	457	Normal	-
		ASG	3	Accounts payable - related parties	196	30 days	-
		ASG	3	Sales	7	45 days after invoice date	-
		AAU	3	Sales	23	30 days after invoice date	-
17	SHHQ	AHK	3	Accounts receivable - related parties	8,760	60 days	-
		AiSC	3	Accounts receivable - related parties	170	25th of every month	-
		AiSC	3	Accounts payable - related parties	1,387	60 days after invoice date	-
		ACN	3	Purchase	70,717	Normal	1%
		ACN	3	Accounts payable - related parties	21,923	60-90 days	-
		BCM Embedded Computer Inc.	3	Accounts receivable - related parties	78	Prompt collection	-
		ACN	3	Accounts receivable - related parties	56,906	60-90 days	-
		ACN	3	Sales	50	Normal	-
	3	Interest revenue	369	Normal	-		
18	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	19,100	Normal	-
		Advantech Co., Ltd.	2	Purchase	17	90 days	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	7,551	60 days	-
		Advantech Co., Ltd.	2	Accounts payable - related parties	17	90 days	-
		Advantech Fund - A	3	Interest expense	204	Per quarter	-
		Advantech Fund - A	3	Accounts payable - related parties	60,000	Per quarter	-
		Broadwin Technology, Inc.	3	Interest expense	200	Per quarter	-
		Broadwin Technology, Inc.	3	Accounts payable - related parties	40,000	Per quarter	-
	3	Purchase	47	Normal	-		
19	Jan Hsiang	Advantech Co., Ltd.	2	Sales	7,322	Normal	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	1,728	60 days	-
		Advantech Co., Ltd.	2	Purchase	15	Normal	-
20	AYS	Advantech Co., Ltd.	2	Sales	114,948	Normal	2%
		Advantech Co., Ltd.	2	Accounts receivable - related parties	38,972	90 days	-
		ADMC	3	Purchase	112,526	Normal	2%
		ADMC	3	Accounts payable - related parties	15,377	60-90 days	-
21	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Rental expense	390	Normal	-
		Advantech Co., Ltd.	2	Accounts payable - related parties	112	30 days	-
		Advantech Co., Ltd.	2	Purchase	144	Normal	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	23	30 days	-
		Advantech Co., Ltd.	2	Sales	201	Normal	-
		Advansus Corp.	3	Accounts payable - related parties	3,789	60-90 days	-
		Advansus Corp.	3	Purchase	14,795	Normal	-
		SHHQ	3	Accounts payable - related parties	78	Prompt payment	-
		ACN	3	Accounts payable - related parties	1,187	Prompt payment	-
		AiSC	3	Accounts payable - related parties	450	Prompt payment	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
22	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Purchase	\$ 2,119	Normal	-
		Advantech Co., Ltd.	2	Accounts receivable - related parties	3,718	60 days	-
		Advantech Co., Ltd.	2	Sales	222	Normal	-
		Advantech Co., Ltd.	2	Accounts payable - related parties	1,500	60 days	-
		Netstar Technology Co., Ltd.	3	Interest revenue	200	Per quarter	-
		Netstar Technology Co., Ltd.	3	Accounts receivable - related parties	40,000	Per quarter	-
23	AHK	Advantech Co., Ltd.	2	Sales	373	Normal	-
		Advantech Co., Ltd.	2	Accounts payable - related parties	56	45 days	-
		ACN	3	Accounts payable - related parties	5,939	60-90 days	-
		ACN	3	Purchase	11	Normal	-
		SHHQ	3	Accounts payable - related parties	8,760	60 days	-
		AiSC	3	Accounts payable - related parties	572	30 days	-
24	AiSC	Advantech Co., Ltd.	2	Purchase	413,272	Normal	6%
		Advantech Co., Ltd.	2	Accounts payable - related parties	223,900	60 days	1%
		AKMC	3	Sales	1,041	Normal	-
		AKMC	3	Purchase	42,798	Normal	1%
		AKMC	3	Accounts payable - related parties	29,140	Prompt payment	-
		AKMC	3	Accounts receivable - related parties	846	30 days	-
		SHHQ	3	Accounts payable - related parties	170	25th of every month	-
		SHHQ	3	Accounts receivable - related parties	1,387	60 days after invoice date	-
		AESC	3	Purchase	2,313	Normal	-
		ACN	3	Sales	26,732	Normal	-
		ACN	3	Accounts receivable - related parties	15,184	25th of every month	-
		ACN	3	Purchase	130,323	Normal	2%
		ACN	3	Accounts payable - related parties	135,144	25th of every month	1%
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Accounts receivable - related parties	19,423	60 days after invoice date	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Sales	35,568	60 days after invoice date	-
AHK	3	Accounts receivable - related parties	572	30 days	-		
BCM Embedded Computer Inc.	3	Accounts receivable - related parties	450	Prompt collection	-		
25	Hangzhou Advantofine Automation Tech. Co., Ltd.	ACN	3	Accounts receivable - related parties	2,247	60-90 days	-
		ACN	3	Purchase discount	1,953	Normal	-
		AiSC	3	Accounts payable - related parties	19,423	60 days after invoice date	-
		AiSC	3	Purchase	35,568	60 days after invoice date	-
26	AXA	ACN	3	Accounts receivable - related parties	80	90 days after invoice date	-
		ACN	3	Accounts payable - related parties	9,954	Prompt collection	-
27	AAC(BVI)	ACN	3	Dividend receivables	2,065	Prompt collection	-

(Continued)

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

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

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

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

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of June 30, 2010 and 2009, respectively; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended June 30, 2010 and 2009, respectively.

Note D: All intercompany transactions have been eliminated.

(Concluded)