Advantech Co., Ltd.

Financial Statements for the
Three Months Ended March 31, 2011 and 2010 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying balance sheets of Advantech Co., Ltd. as of March 31, 2011 and 2010, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

As stated in Note 8 to the financial statements, Advantech Co., Ltd. had investments accounted for by the equity method. As of March 31, 2011 and 2010, these investments had carrying values of NT$7,620,093 thousand and NT$6,607,931 thousand, respectively. As of March 31, 2011 and 2010, the negative carrying values of these investments, recorded as part of other liabilities, were NT$5,721 thousand and NT$7,734 thousand, respectively. The net investment gains of NT$175,049 thousand and NT$151,841 thousand in the three months ended March 31, 2011 and 2010, respectively, as well as additional disclosures in Note 20 required by the Securities and Futures Bureau for the Company and its investees were based on the investees' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except for any adjustments that might have been determined to be necessary had the investees' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the financial statements of Advantech Co., Ltd. as of and for the three months ended March 31, 2011 and 2010 for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have reviewed the consolidated financial statements of the Company and its subsidiaries as of and for the three months ended March 31, 2011 and 2010 and have issued an accountants' review report thereon dated April 25, 2011 (not presented herewith) with an explanatory paragraph.

April 25, 2011

Notice to Readers

The accompanying 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 financial statements are those generally accepted and applied in the Republic of China.

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

ADVANTECH CO., LTD.

BALANCE SHEETS
MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2011		2010	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 4)	$ 674,645	4	$ 848,471	5
Financial assets at fair value through profit or loss (Notes 2, 5 and 19)	41,585	-	14,948	-
Notes receivable (Note 2)	35,583	-	25,750	-
Accounts receivable, net of allowance for doubtful accounts of $4,281 thousand in 2011 and $16,218 thousand in 2010 (Note 2)	921,509	5	548,134	3
Accounts receivable from related parties (Notes 2 and 17)	2,248,905	12	1,712,978	11
Other receivable	62,771	-	42,273	-
Other receivable from related parties (Note 17)	14,560	-	26,682	-
Inventories, net (Notes 2 and 7)	1,530,907	8	1,037,591	7
Deferred income tax assets - current (Notes 2 and 14)	26,866	-	28,223	-
Prepayments and other current assets	34,963	-	91,543	1
Total current assets	5,592,294	29	4,376,593	27
LONG-TERM INVESTMENTS				
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 19)	2,352,091	12	2,698,857	16
Investments accounted for by the equity method (Notes 2 and 8)	7,620,093	39	6,607,931	41
Total long-term investments	9,972,184	51	9,306,788	57
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 9)				
Cost				
Land	2,613,941	13	1,113,352	7
Buildings	1,216,733	6	1,182,812	7
Machinery and equipment	496,995	3	412,808	3
Furniture and fixtures	119,135	1	104,080	1
Other equipment	257,091	1	199,715	1
Total cost	4,703,895	24	3,012,767	19
Less: Accumulated depreciation	777,254	4	651,514	4
	3,926,641	20	2,361,253	15
Construction in progress and prepayment for equipment	8,409	-	6,327	-
Property, plant and equipment	3,935,050	20	2,367,580	15
OTHER ASSETS				
Refundable deposits	4,838	-	6,819	-
Deferred expense, net (Note 2)	93,515	-	111,617	1
Total other assets	98,353	-	118,436	1
TOTAL	$ 19,597,881	100	$ 16,169,397	100

	2011		2010	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 10)	$ 769,130	4	$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 19)	67,104	-	1,084	-
Accounts payable	775,996	4	513,416	3
Accounts payable to related parties (Note 17)	1,314,317	7	1,040,008	7
Income tax payable (Notes 2 and 14)	504,472	3	188,386	1
Accrued expenses (Note 12)	812,608	4	598,966	4
Other payables - related parties (Note 17)	218,081	1	26	-
Advance receipts and other current liabilities	101,003	-	63,143	-
Total current liabilities	4,562,711	23	2,405,029	15
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 11)	104,527	1	103,243	1
Guarantee deposits received	6,300	-	-	-
Deferred income tax liabilities - noncurrent (Notes 2 and 14)	373,859	2	314,244	2
Deferred credits (Note 2)	276,117	1	183,211	1
Others (Notes 2 and 8)	5,721	-	7,734	-
Total other liabilities	766,524	4	608,432	4
Total liabilities	5,329,235	27	3,013,461	19
SHAREHOLDERS' EQUITY (Notes 2, 12 and 13)				
Capital stock, NT$10.00 par value				
Authorized - 600,000 thousand shares			-	-
Issued and outstanding - 501,634 thousand shares in 2011 and 516,134 thousand shares in 2010	5,016,337	26	5,161,337	32
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	4,253,103	22	4,376,041	27
From treasury stock	-	-	13,612	-
From long-term equity investments	59,898	-	59,911	-
Employee stock options	101,153	-	21,249	-
Total capital surplus	4,414,154	22	4,470,813	27
Retained earnings				
Legal reserve	2,102,592	11	1,927,459	12
Special reserve	70,136	-	1,135,596	7
Unappropriated earnings	3,473,845	18	2,255,755	14
Total retained earnings	5,646,573	29	5,318,810	33
Others				
Cumulative translation adjustments	(88,782)	-	178,649	1
Net loss not recognized as pension cost	(2,121)	-	(2,353)	-
Unrealized valuation loss on financial instruments	(717,515)	(4)	(585,622)	(4)
Treasury stock - 14,500 thousand shares	-	-	(1,385,698)	(8)
Total other equity	(808,418)	(4)	(1,795,024)	(11)
Total shareholders' equity	14,268,646	73	13,155,936	81
TOTAL	$ 19,597,881	100	$ 16,169,397	100

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

(With Deloitte & Touche review report dated April 25, 2011)

ADVANTECH CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2011		2010	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 17)				
Sales	$ 4,408,839	99	$ 3,069,033	99
Sales returns and allowances	11,498	-	11,248	-
Net sales	4,397,341	99	3,057,785	99
Other operating revenues	58,482	1	34,229	1
Total operating revenues	4,455,823	100	3,092,014	100
OPERATING COSTS (Notes 7, 14 and 17)	3,220,182	72	2,278,110	74
GROSS PROFIT	1,235,641	28	813,904	26
UNREALIZED INTERCOMPANY GAINS (Note 2)	(211,728)	(5)	(118,822)	(4)
REALIZED INTERCOMPANY GAINS (Note 2)	185,219	4	120,265	4
ADJUSTED GROSS PROFIT	1,209,132	27	815,347	26
OPERATING EXPENSES (Notes 15 and 17)				
Marketing	105,101	3	78,807	2
Administrative	104,821	2	105,148	3
Research and development	367,677	8	266,114	9
Total operating expenses	577,599	13	450,069	14
OPERATING INCOME	631,533	14	365,278	12
NONOPERATING INCOME AND GAINS				
Interest (Note 17)	12	-	897	-
Equity in net gain of investees, net (Notes 2 and 8)	175,049	4	151,841	5
Foreign exchange gain, net (Note 2)	62,631	2	-	-
Royalty revenue (Note 17)	73,684	2	49,689	1
Gain on disposal of investments, net	741	-	-	-
Valuation gain on financial instruments (Notes 2 and 5)	49,121	1	26,799	1
Rental income (Note 17)	7,173	-	1,959	-
Other income (Note 17)	104,096	2	36,428	1
Total nonoperating income and gains	472,507	11	267,613	8

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ADVANTECH CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Note 17)	1,285	-	5	-
Foreign exchange loss, net (Note 2)	-	-	59,417	2
Valuation loss on financial instruments (Notes 2 and 5)	44,778	1	94	-
Other expenses	47	-	3,371	-
Total nonoperating expenses and losses	46,110	1	62,887	2
INCOME BEFORE INCOME TAX	1,057,930	24	570,004	18
INCOME TAX (Notes 2 and 14)	157,271	4	68,360	2
NET INCOME	$ 900,659	20	$ 501,644	16

	2011		2010	
	Pretax	After Income Tax	Pretax	After Income Tax
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 16)				
Basic	$ 2.11	$ 1.80	$ 1.14	$ 1.00
Diluted	$ 2.11	$ 1.79	$ 1.13	$ 0.99

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

(With Deloitte & Touche review report dated April 25, 2011) (Concluded)

ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 900,659	$ 501,644
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	53,111	45,569
Reversal of allowance for doubtful accounts	(1,219)	-
Allowance for loss on inventories	9,993	15,010
Gain on disposal of long-term equity investments, net	(4,236)	-
Loss on the sale of available-for-sale financial assets, net	3,495	-
Investment income recognized under the equity method, net	(175,049)	(151,841)
Loss on disposal of property, plant and equipment, net	-	18
Compensation cost of employee stock options	21,304	15,992
Accrued pension liabilities	317	278
Deferred income taxes	17,852	24,253
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	37,198	(2,790)
Notes receivable	8,426	(4,596)
Accounts receivable	(210,640)	50,402
Accounts receivable - related parties	(296,848)	(234,458)
Inventories	(225,980)	(223,062)
Other receivables	(14,210)	(3,114)
Other receivables - related parties	24,156	4,720
Prepayments and other current assets	(20,872)	19,375
Accounts payable	262,611	80,628
Accounts payable - related parties	130,501	(73,983)
Others payable - related parties	18,081	(2)
Income tax payable	139,416	43,985
Accrued expenses	(91,089)	(108,728)
Advance receipts and other current liabilities	16,965	(23,007)
Deferred credits	26,509	(1,442)
Net cash provided by (used in) operating activities	630,451	(25,149)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the disposal of available-for-sale financial assets	2,234	-
Proceeds of the disposal of equity-method investments	7,844	-
Proceeds of capital reduction on available-for-sale financial assets	3,109	1,645
Acquisition of investments accounted for by the equity method	(91,650)	(811,709)
Proceeds of the disposal of property, plant and equipment	-	40
Acquisition of property, plant and equipment	(1,592,923)	(18,265)
Increase in deferred expenses	(14,718)	(4,865)
(Increase) decrease in refundable deposits	2,187	(129)
Net cash used in investing activities	(1,683,917)	(833,283)

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ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	$ 6,300	$ -
Increase in short-term loans	769,130	-
Increase in other payables to related parties (financing provided)	200,000	-
Net cash used in financing activities	975,430	-
NET DECREASE IN CASH	(78,036)	(858,432)
CASH, BEGINNING OF PERIOD	752,681	1,706,903
CASH, END OF PERIOD	$ 674,645	$ 848,471
SUPPLEMENTARY CASH FLOW INFORMATION		
Income tax paid	$ 3	$ 122

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

(With Deloitte & Touche review report dated April 25, 2011) (Concluded)

1. ORGANIZATION AND OPERATIONS

Advantech Co., Ltd. (the "Company") was established in September 1981. It manufactures and sells embedded computing boards, industrial automation products, applied computers and industrial computers. Its stock has been listed on the Taiwan Stock Exchange since December 13, 1999.

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

As of March 31, 2011 and 2010, the Company had 1,595 and 1,369 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the ROC. Under these guidelines and principles, the Company is required to make certain estimates and assumptions that could affect the allowance for doubtful accounts, provision for loss on inventories, depreciation of property, plant and equipment, pension cost, product warranty reserve, bonuses paid to employees and remunerations to directors and supervisors and income tax, etc. Actual results could differ from these estimates.

For the convenience of readers, the accompanying 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 Company's significant accounting policies are summarized as follows.

Current and Noncurrent Assets and Liabilities

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

Financial Assets/Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the 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; and 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 Company 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 Company and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

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

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

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

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

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

Inventories

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

Long-term Equity Investments

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

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

If an investee issues additional shares and the Company acquires these shares at a percentage different from its current equity in the investee, the resulting increase in the Company's equity in its investee's net assets is credited to capital surplus. Any decrease in the Company'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 Company has controlling influence, if the equity in losses recognized exceeds the original investment acquisition costs, the Company 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 Company 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 Company to its subsidiaries are deferred but only profit in proportion to the Company'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 Company is deferred in proportion to the Company'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 Company'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.

Property, Plant and Equipment

Property, plant and equipment 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, 45 to 60 years; machinery and equipment, 2 to 8 years; furniture and fixtures 2 to 5 years; and miscellaneous equipment, 2 to 5 years. Property, plant and equipment still being used by the Company beyond their initially estimated service lives are depreciated over their newly estimated service lives.

Upon sale or other disposal of property, plant and equipment, 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.

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

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

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

Stock-based Compensation

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

Pension Costs

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 pension cost for the year.

Treasury Stock

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

Income Tax

The Company 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.

If the Company can control the timing of the reversal of a temporary difference arising from the difference between the book value and the tax basis of a long-term equity investment in a foreign subsidiary or joint venture and if the temporary difference is not expected to reverse in the foreseeable future and will, in effect, exist indefinitely, then a deferred tax liability or asset is not recognized.

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 year'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

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

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

Reclassifications

Certain accounts in the financial statements as of and for the three months ended March 31, 2010 have been reclassified to be consistent with the presentation of the financial statements as of and for the three months ended March 31, 2011.

3. ACCOUNTING CHANGE

Financial Instruments

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." The main revisions include (1) finance lease receivables being now covered by SFAS No. 34; (2) amendment of the scope of the applicability of SFAS No. 34 to insurance contracts; (3) inclusion of loans and receivables originated by the Company in the items covered by SFAS No. 34; (4) the requirement to disclose additional guidelines on impairment testing of financial assets carried at amortized cost if the asset issuer or obligor has financial difficulties and the terms of obligations on the assets have been modified; and (5) the requirement to disclose a debtor's accounting treatment for modifications in the terms of its obligations. This accounting change had no significant impact on the Company's financial statements as of and for the three months ended March 31, 2011.

Operating Segments

On January 1, 2011, the Company adopted the newly issued SFAS No. 41 - "Operating Segments." The requirements of the statement are based on the information on the components of the Company that management uses to make decisions about operating matters. SFAS No. 41 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 - "Segment Reporting." For this accounting change, the Company restated the segment information as of and for the three-month ended March 31, 2010 to conform to the disclosures as of and for the three-month ended March 31, 2011.

4. CASH

	March 31	
	2011	**2010**
Cash on hand	$ 1,523	$ 1,528
Checking and demand deposits	673,122	139,191
Time deposits: Interest - 0.250%-0.705% in 2010	-	707,752
	$ 674,645	$ 848,471

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	March 31	
	2011	2010
Financial assets resulting from trading		
Forward contracts	$ 41,585	$ 14,948
Financial liabilities resulting from trading		
Forward contracts	$ 67,104	$ 1,084

The outstanding forward contracts as of March 31, 2011 and 2010 were as follows:

	Currency	Maturity	Amount (Thousands)
March 31,2011			
Sell	USD/NTD	From April 2011 to February 2012	USD59,518/NTD1,777,690
Sell	JPY/USD	From April to November 2011	JPY390,000/USD4,696
Sell	EUR/USD	From April 2011 to February 2012	EUR19,500/USD25,689
Sell	EUR/NTD	From December 2011 to January 2012	EUR2,500/NTD99,000
March 31,2010			
Sell	USD/NTD	From April to October 2010	USD41,378/NTD1,322,345
Sell	JPY/NTD	From April to July 2010	JPY20,000/NTD7,192
Sell	JPY/USD	From April to July 2010	JPY90,000/USD1,007
Sell	EUR/USD	From April to October 2010	JPY8,000/USD10,871
Sell	EUR/NTD	From April to August 2010	EUR2,000/NTD87,057

The Company entered into forward contract transactions during the three months ended March 31, 2011 and 2010 to avoid risks on exchange rate fluctuations. The hedging strategy of the Company is to avoid the major portion of the market and liquidity risks.

The trading of financial assets or liabilities for the three months ended March 31, 2011 and 2010 resulted in gains of $4,343 thousand and $26,705 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31	
	2011	2010
	Noncurrent	Noncurrent
Quoted domestic stocks		
ASUSTEK Computer Inc.	$ 1,607,285	$ 2,532,172
Pegatron Corp.	616,527	-
Chunghwa Telecom Co., Ltd.	113,917	96,537
Quoted overseas stocks		
SG Advantech Co., Ltd.	14,362	70,148
	$ 2,352,091	$ 2,698,857

7. INVENTORIES, NET

	March 31	
	2011	2010
Finished goods	$ 478,193	$ 342,135
Work in process	311,438	260,033
Materials and supplies	722,306	429,857
Inventories in transit	18,970	5,566
	$ 1,530,907	$ 1,037,591

As of March 31, 2011 and 2010, the allowances for inventory devaluation were $132,811 thousand and $105,769 thousand, respectively.

As of March 31, 2011 and 2010, the costs of goods sold related to inventories were $3,220,182 thousand and $2,278,110 thousand, respectively, which included allowance for inventory devaluation of $9,993 thousand and $15,110 thousand for the three months ended March 31, 2011 and 2010, respectively.

8. LONG-TERM EQUITY INVESTMENTS

	March 31			
	2011		2010	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Listed				
Axiomtek Co., Ltd.	$ 359,770	27.29	$ 350,852	27.63
Unlisted				
Advantech Technology Co., Ltd.	2,362,289	100.00	2,012,750	100.00
Advantech Automation Corp. (BVI)	2,146,267	100.00	1,878,820	100.00
Advantech Europe Holding B.V.	953,014	100.00	764,709	100.00
Advantech Investment Fund-A Co., Ltd.	868,896	100.00	829,587	100.00
Advansus Corp.	246,045	50.00	224,808	50.00
Advantech Japan Co., Ltd.	161,129	100.00	121,882	100.00
Advantech KR Co., Ltd.	114,399	100.00	69,662	50.50
ACA Digital Corporation	89,236	98.59	-	-
Advantech Co. Singapore Pte, Ltd.	86,305	100.00	65,433	100.00
Advantech Australia Pty Ltd.	75,578	100.00	95,608	100.00
Advantech Intelligence Service	63,949	100.00	49,964	100.00
Advantech Co. Malaysia Sdn. Bhd.	35,615	100.00	45,247	100.00
Advantech Brazil	22,737	43.28	6,887	43.28
Advantech (Yan Shun) Holding Co., Ltd.	20,923	100.00	76,662	100.00
Advantech Hungary Ltd.	13,941	30.00	15,060	30.00
Advantech (HK) Technology Co., Ltd.	-	100.00	-	100.00
	7,260,323		6,257,079	
	$ 7,620,093		$ 6,607,931	

The calculation of the carrying values of the equity-method investments and the equity in their net income or net loss was based on the investees' unreviewed financial statements for the three months ended March 31, 2011 and 2010.

In January 2011, the Company acquired ACA Digital Corporation for $91,650 thousand to complete the Company's line of robust industrial products in portable computing and to expand the Company's product development for a stronger presence in the automation industry.

On November 2, 2010, the Company wholly acquired, through AEU, Innocore Holding Ltd., a firm based in the United Kingdom, for £3,340 thousand to integrate the gaming computing industry with the Company's R&D on its embedded computing products, manufacturing capacity, and resources in the European market. Through this acquisition, the Company also aims to provide solutions to the problems faced by the gaming industry as well as explore more opportunities in the gaming business.

On March 15, 2010, the Company wholly acquired, through AEUH, DLoG GmbH, a subsidiary of Augusta Technologie AG and maker of industrial vehicles, for EUR12,852 thousand to integrate the marketing, sales, R&D and manufacturing systems of the Company and DLoG GmbH; accelerate expansion in major markets; and enhance the Company's leadership position in the industrial vehicle market.

On the foregoing acquisition, the movements of the difference allocated to goodwill for the three months ended March 31, 2011 and 2010 were as follows:

	Three Months Ended March 31	
	2011	**2010**
Cost		
Balance, beginning of period	$ 93,108	$ 115,712
Amount recognized on acquisition of investments	68,970	18,374
Amount recognized on disposal of investments	(101)	-
Translation adjustment	5,059	(6,372)
Balance, end of period	$ 167,036	$ 127,714

The Company intended to support the operations of Advantech (HK) Technology Co., Ltd. in the three months ended March 31, 2011 and 2010. Under the revised Statement of Financial Accounting Standards No. 5 - "Long-term Investments under the Equity Method" of the Republic of China, if the equity in losses recognized exceeds the original investment acquisition costs plus any advances given to the investee, the Company recognizes its investee's total losses unless other investors commit to assume, and can assume, a portion of the losses. As of March 31, 2011 and 2010, there were credit balances on this investment of $5,721 thousand and $7,734 thousand, respectively, included in other liability - others.

The market values of the listed stock of the equity investment's market values, which were calculated on the basis of the closing prices of March 31, 2011 and 2010, were $734,627 thousand and $592,416 thousand, respectively.

The Company has included all of its direct and indirect subsidiaries in the consolidated financial statements as of and for the three months ended March 31, 2011 and 2010.

9. PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment were as follows:

	Three Months Ended March 31, 2011				
	Beginning Balance	Acquisition	Disposal	Reclassification	Ending Balance
Property, plant and equipment					
Cost					
Land	$ 1,113,352	$ 1,500,589	$ -	$ -	$ 2,613,941
Buildings	1,182,812	33,921	-	-	1,216,733
Machinery and equipment	451,039	22,603	146	23,499	496,995
Furniture and fixtures	115,997	3,414	276	-	119,135
Other equipment	242,815	9,852	176	4,600	257,091
	3,106,015	$ 1,570,379	$ 598	$ 28,099	4,703,895
Accumulated depreciation					
Buildings	181,600	5,799	-	-	187,399
Machinery and equipment	337,884	14,735	146	-	352,473
Furniture and fixtures	79,777	3,929	276	-	83,430
Other equipment	144,310	9,818	176	-	153,952
	743,571	$ 34,281	$ 598	$ -	777,254
	2,362,444				3,926,641
Construction in progress and prepayments for equipment	13,964	$ 22,544	$ -	$ (28,099)	8,409
	$ 2,376,408				$ 3,935,050

	Three Months Ended March 31, 2010				
	Beginning Balance	Acquisition	Disposal	Reclassification	Ending Balance
Property, plant and equipment					
Cost					
Land	$ 1,113,352	$ -	$ -	$ -	$ 1,113,352
Buildings	1,182,812	-	-	-	1,182,812
Machinery and equipment	404,105	6,000	2,207	4,910	412,808
Furniture and fixtures	102,026	4,148	2,094	-	104,080
Other equipment	196,481	6,270	3,036	-	199,715
	2,998,776	$ 16,418	$ 7,337	$ 4,910	3,012,767
Accumulated depreciation					
Buildings	158,406	$ 5,798	$ -	$ -	164,204
Machinery and equipment	291,543	11,774	2,208	-	301,109
Furniture and fixtures	65,456	4,474	2,035	-	67,895
Other equipment	112,756	8,586	3,036	-	118,306
	628,161	$ 30,632	$ 7,279	$ -	651,514
	2,370,615				2,361,253
Construction in progress and prepayments for equipment	9,390	$ 1,847	$ -	$ (4,910)	6,327
	$ 2,380,005				$ 2,367,580

10. SHORT-TERM LOANS

	March 31	
	2011	2010
Credit loans - interest rate: 0.85%-0.91%	$ 769,130	$ -

As of March 31, 2011, unused short-term credit lines amounted to $1,451,800 thousand.

11. PENSION PLAN

The pension plan under the Labor Pension Act is a defined contribution pension plan. Since July 1, 2005, the Company has made monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries and wages. The pension cost under the defined contribution loan was $15,868 thousand and $12,473 thousand for the three months ended March 31, 2011 and 2010, respectively.

The Company has a defined benefit pension plan under the Labor Standards Law (the "Law"). Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulated up to 45 based points, and the benefits based on employee's average monthly salary for the six-month period prior to retirement. Under the Law, the Company accrues pension costs individually on the basis of actuarial calculations and make monthly contributions at 2% of salaries and wages to each company's pension fund, which is administered by each company's pension plan committee and deposited in the respective committees' names in the Bank of Taiwan. The pension costs under the defined benefit pension plan were $2,020 thousand and $2,110 thousand for the three months ended March 31, 2011 and 2010, respectively. As of March 31, 2011 and 2010, the balance of the pension fund was $111,671 thousand and $104,375 thousand, respectively.

12. 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 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; and

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

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

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

For three months ended March 31, 2011 and 2010, the bonus to employees and remunerations to directors and supervisors of $13,000 thousand and $59,517 thousand, respectively, (classified under accrued expenses) were accrued on the basis of past experience. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting.

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

Under the Company Law, legal reserve should be appropriated until the accumulated reserve equals the 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 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 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 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 Company's growth. The policy also requires that stock dividends be less than 75% of total dividends to retain internally generated cash within the Company to finance future capital expenditures and working capital requirements.

The appropriation of earnings for 2010 was proposed in the Board of Directors' meeting on March 23, 2011 and the appropriation of earnings for 2009 was approved in the shareholders' meeting held on May 18, 2010. The appropriations and dividends per share were as follows:

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

The bonus to employees and the remuneration to directors and supervisors for 2010 proposed in the Board of Directors' meeting on March 23, 2011 and for 2009 approved in the shareholders' meetings on May 18, 2010, were as follows:

	Cash Three Months Ended March 31	
	2010	2009
Bonus to employees	$ 20,000	$ 175,000
Remuneration to directors and supervisors	10,000	3,000

There is no significant 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.

On March 23, 2011, an issuance of common stock from capital surplus, which amounted to $501,634 thousand, was proposed in the Board of Directors' meeting.

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.

Qualified employees of the Company and its subsidiaries were granted stock options at 3,000 units in July 2010 and 10,000 units in December 2009. Each option entitles the holder to subscribe for one thousand common shares of the Company. Options issued in July 2010 and December 2009 are valid for 5 years. Both are exercisable at certain percentages after the second anniversary year from the grant date. The options were granted at an exercise price equal to the closing price of the Company's common shares listed on the grant date. For any subsequent changes in the Company's paid-in capital, the exercise price and the number of options are adjusted accordingly.

Information on employee stock options is as follows:

	Three Months Ended March 31			
	2011		2010	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of period	13,000	$60.35	10,000	$61.90
Options granted	-	-	-	-
Options exercised	-	-	-	-
Balance, end of period	13,000		10,000	
Options exercisable, end of period	-		-	
Weighted-average fair value of options granted (NT$)	$16.45-$20.25		$16.45-$20.25	

Information on outstanding options as of March 31, 2011 and 2010 is as follows:

	March 31			
	2011		2010	
	Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)
Issuance in 2010	$67.40	4.28	$ -	-
Issuance in 2009	58.24	3.67	61.9	4.67

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

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

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

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

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

Compensation costs recognized for the three months ended March 31, 2011 and 2010 were $21,304 thousand and $15,992 thousand, respectively.

13. 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
Three months ended March 31, 2010				
For transfer to employees	14,500	-	-	14,500

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

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

14. INCOME TAX

a. The reconciliation of income tax expense based on income tax at statutory income tax rates to income tax expense and the current income tax payable were as follows:

	Three Months Ended March 31	
	2011	2010
Tax on pretax income at statutory rate (2011: 17%; 2010: 20%)	$ 179,848	$ 114,001
Deduct tax effects of:		
Permanent differences		
Tax-exempt income	(126)	(372)
Other	(5,947)	(3,847)
Temporary differences	(6,115)	(21,569)
Investment tax credit	(28,241)	(44,106)
Income tax currently payable	$ 139,419	$ 44,107

b. Income tax expense consisted of the following:

	Three Months Ended March 31	
	2011	2010
Income tax currently payable	$ 139,419	$ 44,107
Income tax expense - deferred	17,852	24,253
	$ 157,271	$ 68,360

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

1) Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive took effect from January 1, 2010 and is effective till December 31, 2019.

2) In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.

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

	Three Months Ended March 31	
	2011	2010
Balance, beginning of period	$ 365,056	$ 144,401
Income tax currently payable	139,419	44,107
Payment	(3)	(122)
Balance, end of period	$ 504,472	$ 188,386

d. Net deferred income taxes as of March 31, 2011 and 2010 were as follows:

	Three Months Ended March 31	
	2011	2010
Current		
Deferred income tax assets		
Allowance for loss on inventories	$ 22,578	$ 21,153
Unrealized product warranty reserve	5,585	4,719
Investment tax credit	-	1,090
Others	-	2,351
	28,163	29,313
Valuation allowance	-	(1,090)
	28,163	28,223
Deferred income tax liabilities		
Unrealized foreign exchange gain	(1,297)	-
Deferred income tax assets, net	$ 26,866	$ 28,223

(Continued)

	Three Months Ended March 31	
	2011	2010
Noncurrent		
Deferred income tax assets:		
Accumulated equity in the net loss of investees	$ 37,145	$ 53,917
Deferred income	35,994	23,765
Pension cost	17,698	20,557
	90,837	98,239
Valuation allowance	(37,145)	(53,917)
	53,692	44,322
Deferred income tax liabilities:		
Accumulated equity in the net gain of foreign investees	(427,551)	(358,566)
Deferred income tax liabilities, net	$ (373,859)	$ (314,244)

(Concluded)

The income tax rates used to recognize deferred income tax were 17% and 20% for the three months ended March 31, 2011 and 2010.

e. As of March 31, 2011, the status of the Company's five years' exemption from income tax was as follows:

Investment Plan	Exemption Period
Manufacturing products that integrate life science and business intelligence	From 2011 to 2015

f. The information on the Company's integrated income tax is as follows:

	March 31	
	2011	2010
Balance of the imputation credit account (ICA)	$ 2,762	$ 155,863
The balances of unappropriated retained earnings generated before 1997	$ -	$ 2,779

The expected and actual creditable tax ratios for earnings were 9.60% and 11.34% as of December 31, 2010 and 2009, respectively. The imputation credit allocated to the shareholders is based on its balance as of the date of dividend distribution. The expected creditable ratio may change when the actual allocation of the imputation credits is made.

g. Income tax returns through 2005 had been examined and cleared by the tax authorities.

15. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	Three Months Ended March 31					
	2011			2010		
	Included in Cost of Goods Sold	Included in Operating Expenses	Total	Included in Cost of Goods Sold	Included in Operating Expenses	Total
Personnel expenses						
Payroll	$ 69,763	$ 359,988	$ 429,751	$ 67,687	$ 252,223	$ 319,910
Insurance	7,298	19,258	26,556	5,383	14,555	19,938
Pension	4,182	13,706	17,888	3,268	11,315	14,583
Others	7,698	15,427	23,125	6,119	10,189	16,308
	$ 88,941	$ 408,379	$ 497,320	$ 82,457	$ 288,282	$ 370,739
Depreciation	$ 7,612	$ 26,669	$ 34,281	$ 8,376	$ 22,256	$ 30,632
Amortization	5,885	12,945	18,830	20	14,917	14,937

16. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares (Denominator) (Thousands)	Earnings Per Share	
	Pretax	After-tax		Pretax	After-tax
Three months ended March 31, 2011					
Basic EPS	$ 1,057,930	$ 900,659	501,634	$ 2.11	$ 1.80
Impact of dilutive potential common stock					
Bonuses to employees	-	-	330		
Diluted EPS	$ 1,057,930	$ 900,659	501,964	$ 2.11	$ 1.79
Three months ended March 31, 2010					
Basic EPS	$ 570,004	$ 501,644	501,634	$ 1.14	$ 1.00
Impact of dilutive potential common stock					
Bonuses to employees	-	-	3,500		
Diluted EPS	$ 570,004	$ 501,644	505,134	$ 1.13	$ 0.99

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

The Accounting Research and Development Foundation issued Interpretation 2007-052, which 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 Company decides to grant bonuses to employees by cash or shares, the Company should assume that the entire amount of the bonus will be settled in shares, and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

17. RELATED-PARTY TRANSACTIONS

a. Related parties

Related Party	Relationship with the Company
Advantech Investment Fund-A Co., Ltd. ("Advantech Fund-A")	Equity-method investee
Axiomtek Co., Ltd. ("Axiomtek")	Equity-method investee
Advansus Corp.	Equity-method investee
Advantech Europe Holding B.V. (AEUH)	Equity-method investee
Advantech Co. Singapore Pte, Ltd. (ASG)	Equity-method investee
Advantech Hungary Ltd. (AHG)	Equity-method investee
Advantech Japan Co., Ltd. (AJP)	Equity-method investee
SG Advantech Co., Ltd. (former name: Advantech Technologies Co., Ltd.) (SGA)	Equity-method investee
Advantech KR Co., Ltd. (AKR)	Equity-method investee
Advantech Technology Co., Ltd. (ATC)	Equity-method investee
Advantech (Yanshun) Holding Co., Ltd. (AYS)	Equity-method investee
Advantech Australia Pty Ltd. (AAU)	Equity-method investee
Advantech (HK) Technology Co., Ltd. (AHK)	Equity-method investee
Advantech Automation Corp. (BVI) (AAC (BVI))	Equity-method investee
Advantech Co., Malaysia Sdn. Bhd (AMY)	Equity-method investee
Advantech Brazil S/A (ABR)	Equity-method investee
Advantech Europe B.V. (AEU)	Equity-method investee of AEUH
Advantech Poland Sp. z o.o. (APL)	Equity-method investee of AEUH
DLoG Gmbh (DLoG)	Equity-method investee of AEUH
Innocore Holding Limited (Innocore)	Equity-method investee of AEU
Innocore Gaming Ltd. (UK) (IGL)	Equity-method investee of Innocore
Advantech Automation Corp. (H.K.) Limited (AAC (HK))	Equity-method investee of AAC (BVI)
HK Advantech Technology Co., Ltd. (ATC (HK))	Equity-method investee of ATC
Advantech Technology (China) Company Ltd. (AKMC)	Equity-method investee of ATC (HK)
Advantech Corp. (ANA)	Equity-method investee of AAC (BVI)
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Equity-method investee of AAC (HK)
Yan Hua Xing Ye Electronic (SHHQ)	Equity-method investee of AAC (HK)
Advantech Corporation (Thailand) Co. (ATH)	Equity-method investee of ASG
Netstar Technology Co., Ltd. ("Netstar")	Equity-method investee of Advantech Fund-A
BCM Embedded Computer Inc. (BCM)	Equity-method investee of Advantech Fund-A
Broadwin Technology, Inc. ("Broadwin")	Equity-method investee of Advantech Fund-A

(Continued)

Related Party	Relationship with the Company
Cermate Teichnologies Inc. (Cermate)	Equity-method investee of Advantech Fund-A
Jan Hsiang Electronics Co., Ltd. (“Jan Hsiang”)	Equity-method investee of Netstar
Avalue Technology Inc. (“Avalue”)	The Company’s chairman is Avalue Technology Inc.’s director
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Equity-method investee of AAC (HK)
Xi’an Advantech Software Ltd. (AXA)	Equity-method investee of AAC (HK)
Advantech International Co., Ltd.	Advantech International Co., Ltd.’s owner is the second-degree relative of the Company’s chairman
Advantech Intelligent Service (AiST)	Equity-method investee
K&M Investment Co., Ltd. (K&M)	The spouse of the Company’s chairman is K&M’s director
AIDC Investment Corp. (AIDC)	The spouse of the Company’s chairman is AIDC’s director
ACA Digital Corporation (ACA)	Equity-method investee

(Concluded)

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

b. The significant transactions with the above related parties, in addition to those disclosed in Note 18 and Table 2, were summarized as follows:

	2011		2010	
	Amount	% to Total	Amount	% to Total
Three months ended March 31				
Sales				
ANA	$ 1,197,268	27	$ 836,394	27
AEU	564,393	13	406,509	13
ACN	517,111	12	382,885	12
AiSC	426,086	10	313,922	10
AJP	90,581	2	81,933	3
AKMC	84,693	2	97,172	4
AKR	83,476	2	64,785	2
AAU	35,819	1	41,247	1
ASG	19,111	-	28,977	1
ABR	17,706	-	16,231	1
ATH	14,585	-	5,449	-
AMY	8,306	-	8,800	-
Avalue	7,684	-	5,302	-
Axiomtek	7,193	-	3,386	-
ACA	5,425	-	-	-
Advansus Corp.	4,767	-	1,960	-
Innocore	3,673	-	-	-
APL	3,119	-	2,000	-
DLOG	2,116	-	-	-
Broadwin	345	-	241	-
Netstar	319	-	2,392	-
BCM	262	-	307	-
Others	394	-	-	-
	$ 3,094,432	69	$ 2,299,892	74

	2011 Amount	2011 % to Total	2010 Amount	2010 % to Total
Purchase of materials and supplies				
ATC	$ 1,475,110	46	$ 992,280	41
Advansus Corp.	325,244	10	409,494	17
AiST	80,939	2	-	-
ANA	36,441	1	12,600	1
ACA	16,447	1	-	-
Netstar	16,322	1	12,739	1
Jan Hsiang	5,071	-	5,391	-
Cermate	4,010	-	-	-
ACN	2,690	-	299	-
BCM	1,396	-	37	-
AEU	370	-	464	-
Broadwin	50	-	172	-
Axiomtek	47	-	39	-
Others	40	-	24	-
	$ 1,964,177	61	$ 1,433,539	60
Operating expenses				
Rental expenses				
K&M	$ 893	-	$ -	-
AIDC	873	-	-	-
	1,766	-	-	-
Administration expense				
AHK	1,315	-	-	-
	$ 3,081	-	$ -	-
Nonoperating income				
Royalty revenue for patent				
ATC	$ 73,684	100	$ 49,689	100
Rental revenues				
Advansus Corp.	$ 1,755	24	$ 1,755	90
BCM	195	3	195	10
AIMS	9	-	9	-
	$ 1,959	27	$ 1,959	100
Interest revenue				
AKR	$ -	-	$ 21	2
Other revenue				
ACN	$ 5,766	6	$ -	-
Advansus Corp.	4,596	4	2,303	7
ANA	4,303	4	-	-
AJP	3,849	4	-	-
AEU	1,705	2	-	-
AKR	1,075	2	-	-
AAU	386	-	-	-

(Continued)

	2011 Amount	2011 % to Total	2010 Amount	2010 % to Total
AIDC	$ 375	-	$ 375	1
ASG	323	-	-	-
Netstar	240	-	160	1
Broadwin	240	-	140	-
AMY	226	-	-	-
ABR	187	-	-	-
Cermate	180	-	40	-
K&M	125	-	125	-
ATH	82	-	-	-
	$ 23,658	22	$ 3,143	9

(Concluded)

	2011 Amount	2011 % to Total	2010 Amount	2010 % to Total
Nonoperating expense				
Interest expense				
Advantech Fund-A	$ 432	34	$ -	-

Other revenues were provided for management service and technical support.

	2011 Amount	2011 % to Total	2010 Amount	2010 % to Total
March 31				
Accounts receivable - related parties				
AEU	$ 833,498	37	$ 497,678	30
ANA	456,047	20	303,072	18
AiSC	405,256	18	266,489	16
ACN	383,860	17	312,474	18
AJP	43,755	2	56,492	3
AKR	40,138	2	56,388	3
ASG	16,948	1	21,914	1
AAU	16,889	1	33,697	2
ABR	13,577	1	14,338	1
ATH	12,072	1	3,419	-
ACA	5,703	-	-	-
Avalue	5,502	-	3,085	-
APL	5,028	-	1,923	-
Axiomtek	4,480	-	1,937	-
AMY	3,689	-	5,476	-
Advansus Corp.	1,097	-	838	-
DLOG	791	-	-	-
Netstar	335	-	5,021	-
Broadwin	196	-	253	-
BCM	44	-	314	-
AKMC	-	-	128,164	8
Others	-	-	6	-
	$ 2,248,905	100	$ 1,712,978	100

	2011		2010	
	Amount	% to Total	Amount	% to Total
Other receivables - related parties				
AEU	$ 3,608	25	$ 845	3
ACN	3,170	22	6,411	24
Advansus Corp.	2,616	18	1,744	7
ANA	1,342	9	1,315	5
AJP	1,281	9	4,819	18
AKR	633	4	7,961	30
AAU	438	3	2,457	9
ASG	396	3	82	-
Broadwin	252	2	147	1
Cermate	189	1	-	-
ABR	187	1	157	1
BCM	68	1	136	-
AKMC	22	-	352	1
Netstar	-	-	168	1
Others	358	2	88	-
	$ 14,560	100	$ 26,682	100
Accounts payable - related parties				
ATC	$ 1,136,300	87	$ 831,696	80
Advansus Corp.	111,306	9	157,532	15
ACA	17,329	1	-	-
ANA	16,209	1	6,086	1
AiST	13,571	1	-	-
Netstar	9,385	1	9,816	1
Jan Hsiang	2,280	-	2,058	-
ACN	1,924	-	-	-
Cermate	1,709	-	-	-
AHK	1,272	-	-	-
BCM	1,145	-	-	-
AEU	1,041	-	598	-
AYS	-	-	22,764	2
AiSC	-	-	8,162	1
AMY	-	-	501	-
AKMC	-	-	355	-
Others	846	-	440	-
	$ 1,314,317	100	$ 1,040,008	100
Other payables				
Advantech Fund-A	$ 200,000	92	$ -	-
ACA	18,081	8	-	-
ABR	-	-	26	-
	$ 218,081	100	$ 26	-

The Company acquired machinery and equipment at book value from ACA for $16,403 thousand in February 2011 and from Netstar for $667 thousand, thousand in March 2011.

Financing to related parties

Financing to related parties was as follows (part of other receivable - related parties and other payable - related parties):

	Three Months Ended March 31, 2011			
	Maximum Balance	**Ending Balance**	**Interest Rate**	**Interest Expense**
Advantech Fund-A	$ 200,000	$ 200,000	1.2%	$ 432

	Three Months Ended March 31, 2010			
	Maximum Balance	**Ending Balance**	**Interest Rate**	**Interest Income**
AKR	$ 14,000 (KRW500,000 thousand)	$ -	3%	$ 21

Operating lease contracts with related parties on the use of buildings were based on market prices and made under normal terms. Product sales were conducted under normal terms. The payment terms for related parties were 30 to 90 days. Terms for third parties were 30 to 60 days.

18. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of March 31, 2010, the Company had the following guarantees for its affiliates' loans:

	Amount
AKMC	$ 311,640 thousand
Advantech Fund-A	$ 300,000 thousand
AiST	$ 200,000 thousand
Advansus Corp.	$ 100,000 thousand
ACA	$ 50,000 thousand
Cermate	$ 40,000 thousand

19. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	March 31			
	2011		2011	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Nonderivative financial instruments				
Assets				
Available-for-sale financial assets - noncurrent	$ 2,352,091	$ 2,352,091	$ 2,698,857	$ 2,698,857

(Continued)

	March 31			
	2011		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Derivative financial instruments location				
Financial assets at fair value through profit or loss - current				
Domestic	$ 6,150	$ 6,150	$ 4,545	$ 4,545
Foreign (including a foreign corporation operating locally)	35,435	35,435	10,403	10,403
Financial liabilities at fair value through profit or loss - current				
Domestic	7,879	7,879	256	256
Foreign (including a foreign corporation operating locally)	59,225	59,225	828	828

(Concluded)

b. Methods and assumptions used in the determination of fair values of financial instruments were as follows:

1) For financial instruments such as cash, notes and accounts receivables, receivables from related parties, other receivables, other receivables from related parties, refundable deposits, short-term loans, accounts payables and payables to related parties, expense payables, other payables to related parties and guarantee deposits received, 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 prices.

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

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

	March 31			
	Based on Quoted Market Price		Determined Using Valuation Techniques	
	2011	2010	2011	2010
Asset				
Financial assets at fair value through profit or loss - current	$ -	$ -	$ 41,585	$ 14,948
Available-for-sale financial assets - noncurrent	2,352,091	2,698,857	-	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	67,104	1,084

d. As of March 31, 2010, financial assets exposed to fair value interest rate risk amounted to $707,752 thousand; as of March 31, 2011 and 2010, financial assets exposed to cash flow interest rate risk amounted to $672,275 thousand and $138,806 thousand, respectively.

e. The Company recognized unrealized losses of $301,249 thousand and $290,304 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the three months ended March 31, 2011 and 2010, respectively. The Company also recognized unrealized losses of $12,484 thousand and $485 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for the three months ended March 31, 2011 and 2010, respectively.

f. Financial risks

1) Market risk. The derivative financial instruments categorized as financial assets at fair value through profit or loss are mainly used to hedge exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the market risk of derivatives will be offset by the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Company 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 Company if the counter-parties or third parties breach financial instrument 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 Company 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 Company 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.

20. ADDITIONAL DISCLOSURES

a. Except for those mentioned in Note 17 and Tables 1 to 7, no additional disclosures are required by the Securities and Futures Bureau for the Company and investees.

b. Investments in mainland China

1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of March 31, 2010, accumulated inward remittance of earnings as of March 31, 2010 and maximum allowable limit on investment: Table 8 (attached)

2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 17 and 18 and Tables 1, 2, 5 and 6.

21. SEGMENT INFORMATION

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

22. OTHER

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

	March 31					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 79,457	29.40	$ 2,336,036	$ 48,550	31.76	$ 1,541,948
EUR	20,090	41.71	837,954	12,011	42.72	513,110
JPY	138,118	0.355	49,032	189,781	0.341	64,715
Nonmonetary items						
USD	1,414	29.40	41,572	471	31.76	14,959
KRW	532,140	0.027	14,368	2,505,263	0.028	70,147
Investments accounted for by the equity method						
USD	154,747	29.40	4,543,420	125,419	31.76	3,983,292
EUR	22,849	41.71	953,014	17,900	42.72	764,709
JPY	453,883	0.355	161,129	357,426	0.341	121,882
KRW	4,236,985	0.027	114,399	2,487,924	0.028	69,662
SGD	3,698	23.34	86,305	2,880	22.72	65,433
AUD	2,488	30.38	75,578	3,284	29.11	95,608
BRL	1,267	17.942	22,737	388	17.761	6,887
MYD	3,818	9.327	35,615	4,645	9.74	45,247
Financial liabilities						
Monetary items						
USD	62,921	29.40	1,849,877	39,595	31.76	1,257,537
JPY	10,753	0.355	3,817	4,108	0.341	1,401
Nonmonetary items						
USD	2,282	29.40	67,091	39	31.76	1,239

ADVANTECH CO., LTD. AND INVESTEES

FINANCING PROVIDED
THREE MONTHS ENDED MARCH 31, 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Nature of Financing	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can be Provided by the Financier
											Item	Value		
1	AEUH	AEU	Other receivable - related parties	$ 40,042 (EUR 960 thousand)	$ 40,042 (EUR 960 thousand)	4.0%	Short-term financing	-	Financing need	-	-	-	$ 1,426,865 (Note B)	$ 2,853,730 (Note B)
2	ANA	AEU	Other receivable - related parties	29,400 (US$ 1,000 thousand)	29,400 (US$ 1,000 thousand)	2.0%	Short-term financing	-	Financing need	-	-	-	1,426,865 (Note B)	2,853,730 (Note B)
		AKMC	Other receivable - related parties	170,520 (US$ 5,800 thousand)	170,520 (US$ 5,800 thousand)	2.0%	Short-term financing	-	Financing need	-	-	-	1,426,865 (Note B)	2,853,730 (Note B)
3	AiSC	ACN	Other receivable - related parties	178,527 (RMB 39,576 thousand)	113,312 (RMB 25,119 thousand)	2.0%	Short-term financing	-	Financing need	-	-	-	135,330 (Note C)	135,330 (Note C)
4	Netstar Technology Co., Ltd.	LANSONIC (B.V.I)	Other receivable - related parties	3,676	3,676	-	Short-term financing	-	Financing need	-	-	-	37,899 (Note D)	37,899 (Note D)
5	Broadwin Technology Inc.	Netstar Technology Co., Ltd.	Other receivable - related parties	20,000	17,000	2.0%	Short-term financing	-	Financing need	-	-	-	31,906 (Note D)	31,906 (Note D)
6	Advantech Fund-A	Netstar Technology Co., Ltd.	Other receivable - related parties	12,000	12,000	2.0%	Short-term financing	-	Financing need	-	-	-	348,893 (Note D)	348,893 (Note D)
		Advantech Co., Ltd. (the “Company”)	Other receivable - related parties	200,000	200,000	1.2%	Short-term financing	-	Financing need	-	-	-	348,893 (Note D)	348,893 (Note D)
		ACA	Other receivable - related parties	20,000	8,200	1.2%	Short-term financing	-	Financing need	-	-	-	348,893 (Note D)	348,893 (Note D)

Notes:

A. The exchange rate was EUR1=NT$41.71; US$1=NT$29.40; RMB1= NT$4.511.

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

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

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

TABLE 2

ADVANTECH CO., LTD. AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED
THREE MONTHS ENDED MARCH 31, 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Year	Ending Balance	Value of Collaterals Property, Plant, and Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Advantech Co., Ltd. (the "Company")	AKMC	Indirect subsidiary	$ 1,426,865 (Note A)	$ 311,640 (US$ 10,600 thousand)	$ 311,640 (US$ 10,600 thousand)	$ -	2.18%	$ 4,280,594 (Note B)
		AiST	Equity-method investee	1,426,865 (Note A)	200,000	200,000	-	1.40%	4,280,594 (Note B)
		Advansus Corp.	Equity-method investee	1,426,865 (Note A)	100,000	100,000	-	0.70%	4,280,594 (Note B)
		Cermate Technologies Inc.	Equity-method investee	1,426,865 (Note A)	40,000	40,000	-	0.28%	4,280,594 (Note B)
		Advantech Fund-A	Equity-method investee	1,426,865 (Note A)	300,000	300,000	-	2.10%	4,280,594 (Note B)
		ACA	Equity-method investee	1,426,865 (Note A)	50,000	50,000	-	0.35%	4,280,594 (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$29.40.

ADVANTECH CO., LTD. AND INVESTEES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS
MARCH 31, 2011
(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2011				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Advantech Co., Ltd. (the “Company”)	Stock							
	AAC (BVI)	Investee	Long-term equity investments	32,606,500	$ 2,146,267	100.00	$ 2,147,478	Note A
	ATC	〃	〃	38,750,000	2,362,289	100.00	2,367,213	Note A
	Advansus Corp.	〃	〃	18,000,000	246,045	50.00	253,794	Note A
	Advantech Fund-A	〃	〃	90,000,000	868,896	100.00	872,233	Note A
	Axiomtek	〃	〃	21,109,984	359,770	27.29	359,770	Note A
	AEUH	〃	〃	9,572,024	953,014	100.00	953,014	Note A
	ASG	〃	〃	1,450,000	86,305	100.00	86,305	Note A
	AAU	〃	〃	500,204	75,578	100.00	75,578	Note A
	AJP	〃	〃	1,200	161,129	100.00	161,129	Note A
	AYS	〃	〃	12,300,000	20,923	100.00	20,923	Note A
	AMY	〃	〃	2,000,000	35,615	100.00	35,615	Note A
	AHG	〃	〃	30	13,941	30.00	13,941	Note A
	ABR	〃	〃	971,055	22,737	43.28	22,737	Note A
	AKR	〃	〃	600,000	114,399	100.00	114,399	-
	AiST	〃	〃	5,000,000	63,949	100.00	63,949	-
	ACA	〃	〃	30,378,900	89,236	98.59	89,236	Note A
	AHK	〃	Other liability - others	999,999	(5,721)	100.00	(5,721)	Notes A and C
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	6,315,460	1,607,285	1.02	1,607,285	Note B
	SGA	-	〃	1,357,500	14,362	3.45	14,362	Note B
	Chunghwa Telecom Co., Ltd.	-	〃	1,243,636	113,917	-	113,917	Note B
	Pegatron Corp.	-	〃	18,486,570	616,527	-	616,527	Note B
Advantech Fund-A	Stock							
	Netstar Technology Co., Ltd.	Investee	Long-term equity investments	21,126,885	181,585	84.51	181,585	Note A
	BCM Embedded Computer Inc.	〃	〃	4,500,000	16,973	100.00	16,973	Note A
	Broadwin Technology Inc.	〃	〃	6,777,571	154,984	100.00	154,984	Note A
	Cermate Technologies Inc.	〃	〃	5,500,000	77,035	55.00	77,035	Note A
	Avalue Technology Inc.	-	Financial assets carried at cost - noncurrent	136,759	6,175	0.31	6,175	Note B
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets- current	164,952	15,110	-	15,110	Note B
	AverMedia Information Inc.	-	Financial assets carried at cost - noncurrent	770,000	70,331	0.93	70,331	-
	COBAN Research and Technologies, Inc.	-	〃	600,000	33,257	6.85	33,257	-

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2011				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
ATC	Stock							
	ATC (HK)	Investee	Long-term equity investments	41,650,001	$ 1,621,379	100.00	$ 1,621,379	Note A
ATC (HK)	Stock							
	AKMC	Investee	Long-term equity investments	-	1,621,608	100.00	1,621,608	Note A
AAC(BVI)	Stock							
	ANA	Investee	Long-term equity investments	10,952,606	1,106,205	100.00	1,106,205	Note A
	AAC (HK)	〃	〃	15,230,001	1,037,469	100.00	1,037,469	Note A
ANA	Stock							
	ABR	-	Financial assets carried at cost - noncurrent	375,192	5,654	16.72	5,654	-
AAC (HK)	Stock							
	ACN	Investee	Long-term equity investments	-	547,160	100.00	547,160	Note A
	SHHQ	〃	〃	-	87,440	100.00	87,440	Note A
	AiSC	〃	〃	-	400,968	100.00	400,968	Note A
	AXA	〃	〃	-	1,094	100.00	1,094	Note A
ACN	Stock							
	Hangzhou Advantofine Automation Co., Ltd.	〃	〃	-	14,887	60.00	14,887	Note A
AEUH	Stock							
	AEU	〃	〃	8,314,280	96,669	100.00	96,669	Note A
	APL	〃	〃	6,530	36,269	92.89	36,269	Note A
	DLoG	〃	〃	1	598,055	100.00	598,055	Note A
AEU	Stock							
	Innocore	〃	〃	251,111	163,280	100.00	163,280	Note A
Innocore	Stock							
	IGL	〃	〃	501,000	41,568	100.00	41,568	Note A
ASG	Stock							
	ATH	〃	〃	51,000	15,295	51.00	15,295	Note A
Netstar Technology Co., Ltd.	Stock							
	LANSONIC (B.V.I)	〃	〃	3,527,529	2,738	94.83	2,738	Note A
	Jan Hsiang Electronics Co., Ltd.	〃	Long-term equity investments	570,000	6,410	28.50	6,410	Note A
Broadwin Technology Inc.	Stock							
	Broadwin Technology Inc.	〃	Long-term equity investments	5,643,650	14,197	100.00	14,197	Note A
Cermate Technologies Inc.	Stock							
	Land Mark	〃	Long-term equity investments	972,284	35,979	100.00	35,979	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2011				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Land Mark	Stock							
	Cermate (Shanghai)	〃	Long-term equity investments	-	$ 20,704	100.00	$ 20,704	Note A
	Cermate (Shenzhen)	〃	〃	-	16,167	90.00	16,167	Note A

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

Note B: Market value was based on the closing price on March 31, 2011.

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

(Concluded)

TABLE 4

ADVANTECH CO., LTD. AND INVESTEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2011
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

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

ADVANTECH CO., LTD. AND INVESTEES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2011
(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd. (the "Company")	AEU	Indirect subsidiary	Sale	$ (564,393)	12.83	Set for 45 days a month	Contract price	No significant difference from terms for related parties	$ 833,498	25.84	
	ACN	Indirect subsidiary	Sale	(517,111)	11.76	Set for 45 days a month	Contract price	No significant difference from terms for related parties	383,860	11.90	
	AiSC	Indirect subsidiary	Sale	(426,086)	9.69	Set for 45 days a month	Contract price	No significant difference from terms for related parties	405,256	12.57	
	ANA	Indirect subsidiary	Sale	(1,197,268)	27.23	Set for 45 days a month	Contract price	No significant difference from terms for related parties	456,047	14.14	
	ATC	Subsidiary	Purchase	1,475,110	44.47	Set for 60 days a month	Contract price	No significant difference from terms for related parties	(1,136,300)	34.25	
	Advansus Corp.	Subsidiary	Purchase	325,244	9.80	Set for 30 days a month	Contract price	No significant difference from terms for related parties	(111,306)	3.36	
ATC	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Sale	(1,475,110)	100.00	Set for 60 days a month	Contract price	No significant difference from terms for related parties	1,136,300	77.03	
Advansus Corp.	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Sale	(325,244)	89.03	Set for 30 days a month	Contract price	No significant difference from terms for related parties	111,306	51.83	
ANA	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	1,197,268	81.47	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(456,047)	77.48	
AEU	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	564,393	83.37	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(833,498)	96.82	
ACN	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	517,111	73.73	Set for 45 days a month	Contract price	No significant difference from terms for related parties	(383,860)	61.68	

(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	Advantech Co., Ltd. (the "Company")	Ultimate parent company	Purchase	426,086	71.51	Set for 45 days a month	Contract price	No significant difference from terms for related parties	$ (405,256)	80.22	
AKMC	ATC	Related enterprise	Sale	(1,407,265)	100.00	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	409,119	85.35	
Advansus Corp.	AKMC	Related enterprise	Sale	(100,547)	27.52	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	54,316	25.29	
ATC	AKMC	Related enterprise	Purchase	1,407,265	98.45	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	(409,119)	38.43	
AKMC	Advansus Corp.	Related enterprise	Purchase	100,547	6.96	Set for 30 days after a month	Mark-up pricing	No significant difference from terms for related parties	(54,316)	5.08	

(Concluded)

TABLE 6

ADVANTECH CO., LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2011
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Advantech Co., Ltd.	AEU	Indirect subsidiary	$ 833,498	3.01	$ -	-	$ 157,588	$ -
	ANA	Indirect subsidiary	456,047	9.66	-	-	298,539	-
	ACN	Indirect subsidiary	383,360	5.89	-	-	-	-
	AiSC	Indirect subsidiary	405,256	5.39	-	-	-	-
ATC	Advantech Co., Ltd.	Parent company	1,136,300	5.56	-	-	497,767	-
Advansus Corp.	Advantech Co., Ltd.	Parent company	111,306	10.42	-	-	111,306	-
AKMC	ATC	Related enterprise	409,119	17.70	-	-	409,119	-

ADVANTECH CO., LTD. AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
THREE MONTHS ENDED MARCH 31, 2011
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2011	December 31, 2010	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd. (the "Company")	AAC (BVI)	BVI	Investment holding company	$ 1,078,934	$ 1,078,934	32,606,500	100.00	$ 2,146,267	$ 107,689	$ 108,546	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	2,362,289	(51,510)	(48,955)	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	180,000	180,000	18,000,000	50.00	246,045	11,944	4,980	Equity-method investee
	AEUH	Helmond, The Netherlands	Investment holding company	1,146,489	1,146,489	9,572,024	100.00	953,014	48,560	48,560	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment and management service	900,000	900,000	90,000,000	100.00	868,896	6,155	6,285	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	258,072	261,681	21,109,984	27.29	359,770	50,696	13,874	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	86,305	3,370	3,370	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	75,578	2,060	2,060	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	161,129	8,449	8,449	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	5,927	5,927	12,300,000	100.00	20,923	-	-	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	35,615	1,153	1,153	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	13,941	-	-	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	114,399	13,682	13,682	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	22,737	5,251	3,151	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	63,949	12,262	12,262	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(5,721)	46	46	Subsidiary (Note A)
	ACA	Taipei, Taiwan	Production and sale of portable industrial computing products	91,650	-	30,378,900	98.59	89,236	(2,448)	(2,414)	Subsidiary
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	258,240	245,068	21,126,885	84.51	181,585	(12,986)	(10,920)	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	16,973	577	577	Indirect subsidiary
	Broadwin Technology Inc.	Taipei, Taiwan	Assembly and production of computers	172,063	172,063	6,777,571	100.00	154,984	1,905	1,905	Indirect subsidiary
	Cermate Technologies Inc.	Taipei, Taiwan		71,500	71,500	5,500,000	55.00	77,035	2,462	1,354	Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	1,212,730	1,212,730	41,650,001	100.00	1,621,379	(10,217)	(10,217)	Indirect subsidiary
ATC (HK)	AKMC	Jiangsu, China	Production and sale of industrial automation products	1,212,730	1,212,730	-	100.00	1,621,608	(10,217)	(10,217)	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,106,205	39,638	39,638	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	539,146	15,230,001	100.00	1,037,469	68,104	68,104	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale and fabrication of industrial automation products	185,356	185,356	-	100.00	547,160	32,766	32,766	Indirect subsidiary
	SHHQ	Shanghai, China	Sale and fabrication of industrial automation products	96,750	96,750	-	100.00	87,440	10	10	Indirect subsidiary
	AiSC	Shanghai, China	Sale and fabrication of industrial automation products	257,040	257,040	-	100.00	400,968	42,409	42,409	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	1,094	(7,081)	(7,081)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processes and sale of peripherals	13,727	13,727	-	60.00	14,887	231	139	Indirect subsidiary
AEUH	AEU	Eindhoven, The Netherlands	Sale and fabrication of industrial automation products	256,473	256,473	8,314,280	100.00	96,669	12,049	12,049	Indirect subsidiary
	APL	Warsaw, Poland	Sale and fabrication of industrial automation products	10,285	10,285	6,530	92.89	36,269	781	725	Indirect subsidiary
	DLoG	Munich, Germany	Design, R&D and sale of industrial automation vehicles and related products	553,536	553,536	1	100.00	598,055	40,426	33,295	Indirect subsidiary
AEU	Innocore	England	Design, R&D and sale of gaming computing products	166,023	166,023	251,111	100.00	163,280	5,912	2,523	Indirect subsidiary
Innocore	IGL	England	Design, R&D and sale of gaming computing products	33,914	33,914	501,000	100.00	41,568	5,912	5,912	Indirect subsidiary
ASG	ATH	Thailand	Production of computers	7,537	7,537	51,000	51.00	15,295	2,901	1,479	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2011	December 31, 2010	Shares	Percentage of Ownership	Carrying Value			
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	$ 3,719	$ 3,719	570,000	28.50	$ 6,410	$ 1,034	$ 320	Indirect subsidiary
	LANSONIC (B.V.I.)	BVI	General investment	101,188	101,188	3,527,529	94.83	2,738	-	-	Indirect subsidiary
Broadwin Technology Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of Webaccess software	69,492	69,492	5,643,650	100.00	14,197	(65)	(65)	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	28,200	972,284	100.00	35,979	1,406	1,406	Indirect subsidiary
LandMark	Cermate (Shanghai)	Shanghai, China	Sale of industrial electronic products	US$ 572	US$ 572	-	100.00	20,704	610	610	Indirect subsidiary
	Cermate (Shenzhen)	Shenzhen, China	Manufacture of LCD touch panel, USB data cable and industrial automation products	US$ 308	US$ 308	-	90.00	16,167	669	669	Indirect subsidiary

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

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

(Concluded)

ADVANTECH CO., LTD. AND INVESTEES

INVESTMENTS IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2011	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2011	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of March 31, 2011	Accumulated Inward Remittance of Earnings as of March 31, 2011
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$41,650 thousand	Indirect	$ 1,096,620 (US$ 37,300 thousand)	$ -	$ -	$ 1,096,620 (US$ 37,300 thousand)	100%	$ (10,217)	$ 1,621,608	$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US$3,000 thousand	Indirect	88,200 (US$ 3,000 thousand)	-	-	88,200 (US$ 3,000 thousand)	100%	10	87,440	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$4,230 thousand	Indirect	156,761 (US$ 5,332 thousand)	-	-	156,761 (US$ 5,332 thousand)	100%	32,766	547,160	330,309 (US$ 11,235 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US$8,000 thousand	Indirect	235,200 (US$ 8,000 thousand)	-	-	235,200 (US$ 8,000 thousand)	100%	42,409	400,968	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US$1,000 thousand	Indirect	(Note C)	-	-	(Note C)	100%	(7,081)	1,094	-

Accumulated Investment in Mainland China as of March 31, 2011	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Allowable Limit on Investment
$1,582,661 (US$53,832 thousand) (Note D)	$2,587,200 (US$88,000 thousand)	$8,617,517 (Note F)

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

Note B: The significant events, prices, payment terms and unrealized gains or losses generated on trading between Advantech Co., Ltd. and its investees in Mainland China are described in Note 20 to the financial statements and Tables 1, 2, 5 and 6.

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

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

Note E: The exchange rate was US$1.00=NT$29.40.

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