

Advantech Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2011 and 2010 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Advantech Co., Ltd. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, as stated in Note 2 to the financial statements, we did not audit the financial statements of some subsidiaries as of and for the years ended December 31, 2011 and 2010. The financial statements of these subsidiaries were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the subsidiaries' amounts included herein, is based solely on the reports of other auditors. The total assets of these subsidiaries were 8.19% (NT\$1,767,655 thousand) and 7.87% (NT\$1,435,170 thousand) of the Company's consolidated total assets as of December 31, 2011 and 2010, respectively, and their operating revenues were 13.18% (NT\$3,484,129 thousand) and 9.87% (NT\$2,272,315 thousand) of the Company's consolidated operating revenues in 2011 and 2010, respectively.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Advantech Co., Ltd. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

March 22, 2012

Notice to Readers

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

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

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

ASSETS	2011		2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 2,523,161	12	\$ 2,288,133	13	Financial liabilities at fair value through profit or loss (Notes 2, 5 and 24)	\$ 53,516	-	\$ 35,755	-
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 24)	57,204	-	47,434	-	Short-term bank loans (Notes 12 and 24)	171,442	1	38,573	-
Available-for-sale financial assets - current (Notes 2, 6 and 24)	873,808	4	15,279	-	Accounts payable (Note 21)	1,709,805	8	1,759,041	10
Notes receivable (Note 2)	427,256	2	348,150	2	Income tax payable (Notes 2 and 18)	407,157	2	477,381	3
Accounts receivable, net of allowance for doubtful accounts of \$50,788 thousand in 2011 and \$40,917 thousand in 2010 (Note 2)	3,381,180	16	2,970,585	16	Accrued expenses (Note 16)	1,929,701	9	1,441,754	8
Accounts receivable from related parties (Notes 2 and 21)	3,464	-	19,184	-	Long-term bank loans - current portion (Notes 13, 22 and 24)	1,584	-	2,500	-
Other receivables	49,335	-	53,490	-	Advance receipts and other current liabilities	286,026	1	374,747	2
Inventories, net (Notes 2 and 7)	3,895,123	18	3,530,880	20	Total current liabilities	4,559,231	21	4,129,751	23
Deferred income tax assets - current (Notes 2 and 18)	74,688	-	62,150	-	LONG-TERM LIABILITIES				
Prepayments and other current assets	166,809	1	356,801	2	Convertible bonds payable (Notes 2, 14 and 24)	760,331	4	-	-
Total current assets	11,452,028	53	9,692,086	53	Long-term bank loans, net of current portion (Notes 13, 22 and 24)	11,068	-	19,599	-
					Total long-term liabilities	771,399	4	19,599	-
LONG-TERM INVESTMENTS					OTHER LIABILITIES				
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 24)	2,309,762	11	2,701,938	15	Accrued pension liabilities (Notes 2 and 15)	110,856	-	114,174	-
Financial assets carried at cost - noncurrent (Notes 2 and 8)	33,257	-	103,588	-	Guarantee deposits received	1,116	-	422	-
Equity-method investments (Notes 2 and 9)	371,010	2	369,408	2	Deferred income tax liabilities - noncurrent (Notes 2 and 18)	439,234	2	343,843	2
Total long-term investments	2,714,029	13	3,174,934	17	Deferred credits (Note 2)	195	-	313	-
					Total other liabilities	551,401	2	458,752	2
PROPERTIES (Notes 2, 10 and 22)					Total liabilities	5,882,031	27	4,608,102	25
Cost					SHAREHOLDERS' EQUITY				
Land	2,842,023	13	1,301,537	7	Capital stock, NT\$10.00 par value - parent company				
Buildings	2,774,902	13	2,565,978	14	Authorized - 600,000 thousand shares				
Machinery and equipment	1,048,094	5	888,440	5	Issued and outstanding - 551,797 thousand shares in 2011 and 501,634 thousand shares in 2010	5,517,971	26	5,016,337	27
Furniture and fixtures	485,976	2	410,545	2	Advance receipts for common stock	61,161	-	-	-
Leasehold improvements	-	-	40,143	-	Total capital stock	5,579,132	26	5,016,337	27
Other equipment	646,744	3	516,178	3	Capital surplus				
Total cost	7,797,739	36	5,722,821	31	Additional paid-in capital from share issuance in excess of par value	3,751,469	18	4,253,103	23
Accumulated depreciation	1,916,626	9	1,563,486	8	From long-term equity investments	59,191	-	59,898	-
	5,881,113	27	4,159,335	23	Employee stock option	207,039	1	79,849	1
Construction in progress and prepayments for equipment	258,288	1	15,431	-	Total capital surplus	4,017,699	19	4,392,850	24
Net properties	6,139,401	28	4,174,766	23	Retained earnings				
					Legal reserve	2,359,911	11	2,102,592	12
INTANGIBLE ASSETS (Note 2)					Special reserve	621,662	3	70,136	-
Trademark	88,240	-	86,317	-	Unappropriated earnings	3,561,361	16	2,573,186	14
Goodwill	607,363	3	502,197	3	Total retained earnings	6,542,934	30	4,745,914	26
Deferred pension cost	6,762	-	7,357	-	Others				
Core technology, net	89,362	1	107,490	1	Cumulative translation adjustments	105,408	-	(215,759)	(1)
Superficies	100,957	1	95,534	-	Net loss not recognized as pension cost	(2,121)	-	(2,121)	-
Other intangible assets, net	83,127	-	102,930	1	Unrealized loss on financial instruments	(648,592)	(3)	(403,782)	(2)
Total intangible assets	975,811	5	901,825	5	Total others	(545,305)	(3)	(621,662)	(3)
					Total shareholders' equity of parent company	15,594,460	72	13,533,439	74
OTHER ASSETS					Minority interest	99,903	1	94,175	1
Assets leased to others, net (Notes 2 and 11)	18,918	-	18,179	-	Total shareholders' equity	15,694,363	73	13,627,614	75
Refundable deposits	40,029	-	28,050	-	TOTAL	\$ 21,576,394	100	\$ 18,235,716	100
Deferred expenses, net (Note 2)	236,178	1	245,876	2					
Total other assets	295,125	1	292,105	2					
TOTAL	\$ 21,576,394	100	\$ 18,235,716	100					

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

(With Deloitte & Touche audit report dated March 22, 2012)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 21)				
Sales	\$ 26,124,940	99	\$ 22,856,416	99
Sales returns and allowances	<u>274,389</u>	<u>1</u>	<u>387,035</u>	<u>1</u>
Net sales	25,850,551	98	22,469,381	98
Other operating revenues	<u>583,189</u>	<u>2</u>	<u>561,158</u>	<u>2</u>
Total operating revenues	26,433,740	100	23,030,539	100
OPERATING COSTS (Notes 7 and 21)	<u>15,908,882</u>	<u>60</u>	<u>13,819,945</u>	<u>60</u>
GROSS PROFIT	10,524,858	40	9,210,594	40
REALIZED (UNREALIZED) INTERCOMPANY GAINS (Note 2)	<u>(259)</u>	<u>-</u>	<u>1,855</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>10,524,599</u>	<u>40</u>	<u>9,212,449</u>	<u>40</u>
OPERATING EXPENSES (Notes 19 and 21)				
Marketing	2,317,462	9	2,050,662	9
Administrative	1,712,402	7	1,629,980	7
Research and development	<u>2,468,234</u>	<u>9</u>	<u>2,060,214</u>	<u>9</u>
Total operating expenses	<u>6,498,098</u>	<u>25</u>	<u>5,740,856</u>	<u>25</u>
OPERATING INCOME	<u>4,026,501</u>	<u>15</u>	<u>3,471,593</u>	<u>15</u>
NONOPERATING INCOME AND GAINS				
Interest income	9,653	-	9,066	-
Investment income recognized under the equity method, net (Notes 2 and 9)	23,052	-	56,285	-
Dividend revenue	120,833	-	109,959	1
Gain on disposal of investments, net	-	-	61,716	-
Foreign exchange gain, net (Note 2)	131,574	1	-	-
Rental income	38,021	-	-	-
Valuation gain on financial instruments, net (Notes 2 and 5)	121,127	1	99,740	-
Other income (Note 21)	<u>76,002</u>	<u>-</u>	<u>127,947</u>	<u>1</u>
Total nonoperating income and gains	<u>520,262</u>	<u>2</u>	<u>464,713</u>	<u>2</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense	\$ 18,281	-	\$ 4,794	-
Loss on sale of investments, net	20,463	-	-	-
Loss on disposal of properties	1,696	-	24,993	-
Exchange loss, net (Note 2)	-	-	119,548	1
Valuation loss on financial instruments, net (Notes 2 and 5)	139,504	-	12,780	-
Other expenses	<u>22,681</u>	-	<u>117,552</u>	-
Total nonoperating expenses and losses	<u>202,625</u>	-	<u>279,667</u>	<u>1</u>
INCOME BEFORE INCOME TAX	4,344,138	17	3,656,639	16
INCOME TAX (Notes 2 and 18)	<u>773,311</u>	<u>3</u>	<u>589,230</u>	<u>3</u>
CONSOLIDATED NET INCOME	<u>\$ 3,570,827</u>	<u>14</u>	<u>\$ 3,067,409</u>	<u>13</u>
ATTRIBUTABLE TO:				
Parent's shareholders	\$ 3,552,738	14	\$ 3,039,431	13
Minority interest	<u>18,089</u>	-	<u>27,978</u>	-
	<u>\$ 3,570,827</u>	<u>14</u>	<u>\$ 3,067,409</u>	<u>13</u>
	2011		2010	
	Pretax	After-tax	Pretax	After-tax
EARNINGS PER SHARE (New Taiwan Dollars; Note 20)				
Basic	<u>\$ 7.33</u>	<u>\$ 6.44</u>	<u>\$ 6.06</u>	<u>\$ 5.51</u>
Diluted	<u>\$ 7.32</u>	<u>\$ 6.43</u>	<u>\$ 6.05</u>	<u>\$ 5.50</u>

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

(With Deloitte & Touche audit report dated March 22, 2012)

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ADVANTECH CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	Capital Stock - Issued and Outstanding (Note 16)			Capital Surplus (Notes 2 and 16)					Retained Earnings (Notes 2 and 16)				Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Gains (Losses) on Financial Instruments (Notes 2 and 24)	Treasury Stock (Notes 2 and 17)	Minority Interest	Total Shareholders' Equity	
	Common Stock		Advance Receipts for Common Stock Amount	From Share Issuance in Excess of Par Value	From Treasury Stock	From Long-term Equity Investments	From Employee Stock Option	Total	Legal Reserve	Special Reserve	Unappropriated Earnings								Total
	Shares (Thousands)	Amount									Earnings	Total							
BALANCE, JANUARY 1, 2010	516,134	\$ 5,161,337	\$ -	\$ 4,376,041	\$ 13,612	\$ 59,911	\$ 5,257	\$ 4,454,821	\$ 1,927,459	\$ 1,135,596	\$ 1,754,111	\$ 4,817,166	\$ 227,050	\$ (2,353)	\$ (294,833)	\$ (1,385,698)	\$ 82,444	\$ 13,059,934	
Appropriation of the 2009 earnings																			
Legal reserve	-	-	-	-	-	-	-	-	175,133	-	(175,133)	-	-	-	-	-	-	-	
Cash dividends - NTS\$4.00 per share	-	-	-	-	-	-	-	-	-	-	(2,006,535)	(2,006,535)	-	-	-	-	-	(2,006,535)	
Reversal of special reserve	-	-	-	-	-	-	-	-	-	(1,065,460)	1,065,460	-	-	-	-	-	-	-	
Consolidated net income in 2010	-	-	-	-	-	-	-	-	-	-	3,039,431	3,039,431	-	-	-	-	27,978	3,067,409	
Compensation recognized for employee stock options	-	-	-	-	-	-	74,592	74,592	-	-	-	-	-	-	-	-	-	74,592	
Parent Company's proportional recognition of the changes in investees' equity in their investments	-	-	-	-	-	(13)	-	(13)	-	-	-	-	-	-	-	-	-	(13)	
Changes in unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(127,163)	-	-	(127,163)	
Equity in the changes in unrealized valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,214	-	-	18,214	
Changes in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(442,809)	-	-	-	(26,064)	(468,873)	
Retirement of treasury stock	(14,500)	(145,000)	-	(122,938)	(13,612)	-	-	(136,550)	-	-	(1,104,148)	(1,104,148)	-	-	-	1,385,698	-	-	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,978	42,978	
Acquisition of minority equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33,161)	(33,161)	
Change in net loss not recognized as pension cost of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	232	-	-	-	232	
BALANCE, DECEMBER 31, 2010	501,634	5,016,337	-	4,253,103	-	59,898	79,849	4,392,850	2,102,592	70,136	2,573,186	4,745,914	(215,759)	(2,121)	(403,782)	-	94,175	13,627,614	
Appropriation of the 2010 earnings																			
Legal reserve	-	-	-	-	-	-	-	-	257,319	-	(257,319)	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	-	-	-	-	-	551,526	(551,526)	-	-	-	-	-	-	-	
Stock dividends - NTS\$ 0.10 per share	50,163	501,634	-	(501,634)	-	-	-	(501,634)	-	-	-	-	-	-	-	-	-	-	
Cash dividends - NTS\$3.50 per share	-	-	-	-	-	-	-	-	-	-	(1,755,718)	(1,755,718)	-	-	-	-	-	(1,755,718)	
Consolidated net income in 2011	-	-	-	-	-	-	-	-	-	-	3,552,738	3,552,738	-	-	-	-	18,089	3,570,827	
Conversion of convertible bonds	-	-	-	-	-	-	44,716	44,716	-	-	-	-	-	-	-	-	-	44,716	
Employee stock options	-	-	61,161	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,161	
Compensation cost recognized for employee stock options	-	-	-	-	-	-	82,474	82,474	-	-	-	-	-	-	-	-	-	82,474	
Parent Company's proportional recognition of the changes in investees' equity in their investments	-	-	-	-	-	(707)	-	(707)	-	-	-	-	-	-	-	-	-	(707)	
Changes in unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(184,625)	-	-	(184,625)	
Equity in the changes in unrealized valuation loss on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(60,185)	-	-	(60,185)	
Changes in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	321,167	-	-	-	673	321,840	
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	324	324	
Acquisition of minority equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,358)	(13,358)	
BALANCE, DECEMBER 31, 2011	551,797	\$ 5,517,971	\$ 61,161	\$ 3,751,469	\$ -	\$ 59,191	\$ 207,039	\$ 4,017,699	\$ 2,359,911	\$ 621,662	\$ 3,561,361	\$ 6,542,934	\$ 105,408	\$ (2,121)	\$ (648,592)	\$ -	\$ 99,903	\$ 15,694,363	

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

(With Deloitte & Touche audit report dated March 22, 2012)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 3,570,827	\$ 3,067,409
Depreciation and amortization	486,819	409,377
Amortization of discount on convertible bonds	9,388	-
Allowance for doubtful accounts	9,871	22,366
Allowance for loss on inventories	31,240	127,294
Loss on disposal of scrap inventories	86,878	70,664
Loss on disposal of properties, net	1,696	24,993
Loss (gain) on disposal of investments, net	20,463	(61,716)
Cash dividends received from equity-method investees	45,184	28,218
Equity in net gain of investees, net	(23,052)	(56,285)
Accrued pension liabilities	(2,723)	10,700
Net loss not recognized as pension cost	-	232
Compensation cost of employee stock options	82,474	74,592
Deferred income taxes	104,962	91,385
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	7,991	(605)
Notes receivable	(79,106)	(143,931)
Accounts receivable	(416,307)	(556,301)
Accounts receivable from related parties	15,720	78,132
Other receivables	4,161	3,692
Inventories	(451,944)	(1,528,593)
Prepayment and other current assets	195,555	25,779
Accounts payable	(57,162)	15,831
Income tax payable	(70,224)	349,252
Accrued expenses	472,961	285,540
Advance receipts and other current liabilities	(119,078)	(56,484)
Deferred credits	(118)	(1,226)
Net cash provided by operating activities	<u>3,926,476</u>	<u>2,280,315</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(833,500)	-
Proceeds of capital reduction on available-for-sale financial assets	3,520	2,057
Proceeds of the disposal of available-for-sale financial assets	155,177	195,430
Acquisition of financial assets carried at cost	-	(70,331)
Proceeds of the disposal of financial assets carried at cost	-	39,776
Proceeds of the disposal of equity-method investments	26,873	18,765
Net cash used in the acquisition of a subsidiary	(88,810)	(771,830)
Decrease in other receivable - related parties (financing provided)	-	14,000
Acquisition of properties	(2,209,668)	(258,644)
Proceeds of the disposal of properties	957	584
Decrease (increase) in refundable deposits	(11,979)	9,075

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
Decrease in restricted assets	\$ -	\$ 620
Increase in deferred expenses	<u>(85,384)</u>	<u>(41,591)</u>
Net cash used in investing activities	<u>(3,042,814)</u>	<u>(862,089)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	122,869	(36,791)
Increase (decrease) in guarantee deposits received	694	(193)
Issuance of convertible bonds	800,000	-
Decrease in long-term bank loans	(9,447)	(11,873)
Employee stock options	61,161	-
Cash dividends paid	(1,755,718)	(2,006,535)
Decrease in minority equity	<u>(33,023)</u>	<u>(33,161)</u>
Net cash used in financing activities	<u>(813,464)</u>	<u>(2,088,553)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>164,830</u>	<u>(194,428)</u>
NET INCREASE IN CASH	235,028	(864,755)
CASH, BEGINNING OF YEAR	<u>2,288,133</u>	<u>3,152,888</u>
CASH, END OF YEAR	<u>\$ 2,523,161</u>	<u>\$ 2,288,133</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 18,032</u>	<u>\$ 4,446</u>
Income tax paid	<u>\$ 740,674</u>	<u>\$ 151,986</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

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

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

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

(With Deloitte & Touche audit report dated March 22, 2012)

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

1. ORGANIZATION AND OPERATIONS

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

To improve the entire operating efficiency of the group, the Parent 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 Parent Company assumed all assets and liabilities of AIMS.

As of December 31, 2011 and 2010, the Parent Company and the consolidated subsidiaries (collectively, the "Group") had 5,905 and 5,413 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Group's consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the ROC. Under these guidelines and principles, the Group is required to make certain estimates and assumptions that could affect the allowance for doubtful accounts; allowance for loss on inventories; depreciation of properties and properties leased to others; pension cost; product warranty reserve; bonuses to employees and remuneration to directors and supervisors; and income tax. Actual results could differ from these estimates.

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

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

Basis for Consolidation

Consolidated financial statements should include direct and indirect subsidiaries in which the Group has controlling interests or has voting rights of over 50%. In 2011 and 2010, the consolidated entities included the Parent Company and its all subsidiaries. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

The financial statements of Advansus Corp. for 2011 and 2010 had been consolidated under the proportionate consolidated method. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

The diagram of intercompany relationships and percentages of ownership as of December 31, 2011 and 2010 is shown in Table 10 (attached). The names, locations and other information of investees are shown in Table 8 (attached).

The financial statements of the following companies for 2011 and 2010 were audited by other auditors, i.e., not the Parent Company's auditors: Advantech Europe Holding B.V. (excluding the financial statements of its subsidiary, Advantech Europe B.V., which were audited by the Parent Company's CPAs); Advantech Japan Co., Ltd.; Advantech Australia Pty Ltd.; Advantech Co. Singapore Pte, Ltd.; Advantech Co., Malaysia Sdn. Bhd.; Advantech (HK) Technology Co., Ltd.; Advantech Brazil S/A, and Innocore Holding Ltd., an indirect subsidiary of Advantech Europe Holding B.V.

Current and Noncurrent Assets and Liabilities

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

Financial Assets/Liabilities at Fair Value through Profit or Loss

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

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to 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 these assets are 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 trade date accounting.

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

Cash dividends are recognized as investment income on the ex-dividend date 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 decrease in impairment loss on 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 increases as a result of an event which occurred after the impairment loss was recognized, the decrease in impairment loss is reversed to profit.

Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts

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

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

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

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

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

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

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

Inventories

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

Financial Assets Carried at Cost

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

Investment Accounted for by the Equity Method

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

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

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

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

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

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

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

Properties and Properties Leased to Others

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

Depreciation is computed using the straight-line method over service lives initially estimated as follows (plus one year to represent estimated salvage value): buildings and equipment, 15 to 60 years; machinery and equipment, 2 to 8 years; furniture and fixtures, 2 to 8 years; and miscellaneous equipment, 2 to 10 years. Properties and properties leased to others still being used by the Group beyond their initially estimated service lives are depreciated over their newly estimated service lives.

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

Intangible Assets

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

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

Deferred Expenses

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

Asset Impairment

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

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

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

Stock-based Compensation

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

Convertible Bonds Payable

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

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

Pension Costs

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

The subsidiaries based overseas all contribute to pension funds and recognize pension costs based on local government regulations.

Treasury Stock

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

Upon 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 - treasury stock transaction, 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 total of capital stock and premium on stock issuance, the difference is offset against capital surplus - treasury stock transaction, 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 transaction.

Income Tax

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

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

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

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

Foreign-currency Transactions

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

- a. Assets and liabilities - at exchange rates prevailing on the balance sheet date;
- b. Shareholders' equity - at historical exchange rates; except the beginning balance of retained earnings, which uses the exchange rate of the previous year-end;
- c. Dividends - at the exchange rate prevailing on the dividend declaration date; and
- d. Income and expenses - at average exchange rates for the year.

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

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

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

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

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

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

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

Reclassifications

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

3. ACCOUNTING CHANGES

Financial Instruments

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

Operating Segments

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

4. CASH

	<u>December 31</u>	
	2011	2010
Cash on hand	\$ 3,174	\$ 4,715
Checking and demand deposits	2,239,968	2,223,200
Time deposits: Interest - 0.38%-3.30% in 2011 and 0.25%-5.50% in 2010	<u>280,019</u>	<u>60,218</u>
	<u>\$ 2,523,161</u>	<u>\$ 2,288,133</u>

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	<u>December 31</u>	
	2011	2010
<u>Financial assets held for trading</u>		
Forward contracts	<u>\$ 57,204</u>	<u>\$ 47,434</u>
<u>Financial liabilities held for trading</u>		
Forward contracts	<u>\$ 53,516</u>	<u>\$ 35,755</u>

Information on the outstanding forward contracts as of December 31, 2011 and 2010 is as follows:

	Currency	Maturity	Amount (Thousands)
<u>December 31, 2011</u>			
Sell	EUR/NTD	January 2012 - June 2012	EUR5,500/NTD223,957
	EUR/USD	January 2012 - June 2012	EUR13,000/USD18,419
	USD/NTD	January 2012 - June 2012	USD44,935/NTD1,308,802
	JPY/USD	January 2012 - April 2012	JPY120,000/USD1,517
	JPY/NTD	January 2012 - April 2012	JPY140,000/NTD52,273
<u>December 31, 2010</u>			
Sell	EUR/NTD	January 2011	EUR500/NTD21,359
	EUR/USD	January 2011 - September 2011	EUR18,000/USD23,230
	USD/NTD	January 2011 - August 2011	USD48,885/NTD1,522,734
	JPY/USD	January 2011 - August 2011	JPY370,000/USD4,331

The Parent Company entered into forward contract transactions in 2011 and 2010 to avoid risks on exchange rate fluctuations. The hedging strategy of the Parent Company is to avoid a major portion of the market and liquidity risks.

On the trading of financial assets or liabilities, there were a net loss of \$18,377 thousand in 2011 and a net gain of \$86,960 thousand in 2010.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31			
	2011		2010	
	Current	Noncurrent	Current	Noncurrent
Mutual funds	\$ 833,866	\$ -	\$ -	\$ -
Quoted domestic stocks				
Chunghwa Telecom Co., Ltd.	16,495	124,364	\$ 15,279	\$ 115,192
ASUSTEK Computer Inc.	-	1,576,266	-	1,749,382
Pegatron Corp.	-	609,132	-	776,436
Aver Information Inc.	23,447	-	-	-
Avalue Technology Inc.	-	-	-	39,761
Quoted overseas stocks				
SG Advantech Co., Ltd.	-	-	-	21,167
	<u>\$ 873,808</u>	<u>\$ 2,309,762</u>	<u>\$ 15,279</u>	<u>\$ 2,701,938</u>

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

7. INVENTORIES, NET

	December 31	
	2011	2010
Finished goods	\$ 1,274,747	\$ 1,230,164
Work in process	537,887	635,764
Raw materials	1,714,333	1,337,184
Goods in transit	<u>368,156</u>	<u>327,768</u>
	<u>\$ 3,895,123</u>	<u>\$ 3,530,880</u>

As of December 31, 2011 and 2010, the allowances for inventory devaluation were \$382,187 thousand and \$350,947 thousand, respectively.

The costs of goods sold pertaining to inventories as of December 31, 2011 and 2010 were \$15,908,882 thousand and \$13,819,945 thousand, respectively. In addition, for 2011, the foregoing amounts included an allowance for loss of \$31,240 thousand and a loss of \$86,878 thousand on inventory scrap disposal, and for 2010, the foregoing amounts included an allowance for loss of \$127,294 thousand and a loss of \$70,664 thousand on inventory scrap disposal.

8. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2011	2010
Unlisted common traded stocks		
Domestic		
AverMedia Information Inc.	\$ -	\$ 70,331
Foreign		
Coban Research and Technologies, Inc. (US\$1,020 thousand)	<u>33,257</u>	<u>33,257</u>
	<u>\$ 33,257</u>	<u>\$ 103,588</u>

The shares of Aver Information Inc. (formerly AverMedia Information Inc.) began to be OTC traded in August 2011; thus, the Parent Company's investment in Aver was reclassified to available-for-sale financial assets - current.

The above investments, which had no quoted market prices in an active market and had fair values that could not be reliably measured, were carried at their original cost.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	December 31			
	2011		2010	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Listed				
Axiomtek Co., Ltd.	\$ 362,670	28.57	\$ 349,505	27.58
Unlisted				
Advantech Hungary Ltd.	-	30.00	13,813	30.00
Jan Hsiang Electronics Co., Ltd.	<u>8,340</u>	28.50	<u>6,090</u>	28.50
	<u>\$ 371,010</u>		<u>\$ 369,408</u>	

The financial statements used as basis for calculating the investment carrying value and the Group's equity in the net income of its equity-method investees, Axiomtek Co., Ltd. and Jan Hsiang Electronics Co., Ltd., in 2011 and 2010 were audited by other CPAs.

The calculation of the investment carrying value and the Group's equity in the net income of Advantech Hungary Ltd. in 2011 and 2010 was based on unaudited financial statements. The Group believes that had this investee's financial statements been audited, any adjustments would not have had a major effect on the consolidated financial statements.

Changes in goodwill in 2011 and 2010 were as follows:

	Years Ended December 31	
	2011	2010
Cost		
Balance, beginning of year	\$ 10,299	\$ 10,517
Amount derecognized on disposal of investments	<u>(357)</u>	<u>(218)</u>
Balance, end of year	<u>\$ 9,942</u>	<u>\$ 10,299</u>

The market values of the listed stocks invested in by the Parent Company, which were calculated on the basis of their closing prices as of December 31, 2011 and 2010, were \$429,786 thousand and \$813,663 thousand, respectively.

10. PROPERTIES

Accumulated depreciation was as follows:

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Buildings	\$ 539,883	\$ 429,597
Machinery and equipment	641,107	553,266
Furniture and fixtures	285,995	244,384
Other equipment	<u>449,641</u>	<u>336,239</u>
	<u>\$ 1,916,626</u>	<u>\$ 1,563,486</u>

11. PROPERTIES LEASED TO OTHERS

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Cost		
Buildings	\$ 29,606	\$ 27,349
Less: Accumulated depreciation	<u>(10,688)</u>	<u>(9,170)</u>
	<u>\$ 18,918</u>	<u>\$ 18,179</u>

12. SHORT-TERM BANK LOANS

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Credit loans - interest: 1.35%-1.63% in 2011 and 1.10-2.02% in 2010	\$ 164,442	\$ 35,000
Secured loans - interest: 1.50% in 2011	7,000	-
Bank overdraft - interest: 4.90% in 2010	<u>-</u>	<u>3,573</u>
	<u>\$ 171,442</u>	<u>\$ 38,573</u>

To meet its financing need, the Parent Company obtained a bank credit loan. As of December 31, 2011 and 2010, the unused short-term credit lines amounted to \$2,274,000 thousand and \$2,768,120 thousand, respectively.

Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained secured and credit loans from a bank to meet its financing need. As of December 31, 2011 and 2010, the carrying values of the loans were \$7,000 thousand and \$10,000 thousand, respectively.

To meet its financing need, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a credit loan from a bank. As of December 31 2011 and 2010, the loan carrying values were \$13,000 thousand and \$25,000 thousand, respectively.

Advantech Technology (China) Company Ltd., an indirect subsidiary of the Parent Company, obtained a credit loan from a bank to meet its financing need. As of December 31, 2011 the carrying value was \$151,442 thousand.

To meet its financing need, DLoG GmbH, an indirect subsidiary of the Parent Company, applied to local banks for an overdraft, which had a limit of \$29,190 thousand. As of December 31, 2010, the used overdraft amount was \$3,573 thousand, and the unused overdraft amount was \$25,617 thousand. As of December 31, 2011, the remaining overdraft had been unused.

13. LONG-TERM BANK LOANS

	Current	Long-term	Total
<u>December 31, 2011</u>			
Mortgaged loans	<u>\$ 1,584</u>	<u>\$ 11,068</u>	<u>\$ 12,652</u>
<u>December 31, 2010</u>			
Mortgaged loans	<u>\$ 2,500</u>	<u>\$ 19,599</u>	<u>\$ 22,099</u>

Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a mortgage bank loan to meet its financing need. This loan is repayable monthly or quarterly at various amounts from March 2006 to March 2021. As of December 31, 2011 and 2010, the carrying values of the loan were \$12,652 thousand and \$22,099 thousand, respectively, and interest rates were 2.29% and 2.05% to 2.13%, respectively.

14. BONDS PAYABLE

	<u>December 31</u>	
	2011	2010
Unsecured domestic convertible bonds	\$ 800,000	\$ -
Deduct: Unamortized discount on bonds payable	<u>(39,669)</u>	<u>-</u>
	<u>\$ 760,331</u>	<u>\$ -</u>

On May 26, 2011, the Parent Company issued three-year unsecured convertible bonds, with an aggregate face value of \$800,000 thousand, a coupon rate of 0% and an effective interest rate of 2.13%. Bondholders may convert the bonds into the Parent Company's common shares at an agreed conversion price between May 27, 2012 and May 16, 2014. If the bonds are not converted, the Parent Company should redeem the bonds at their face value upon maturity. Under Statement of Financial Accounting Standard (SFAS) No. 36 - "Financial Instruments: Disclosure and Presentation," the Parent Company has bifurcated the bonds into their liability and equity components. The bonds had been recorded as stock options from capital surplus amounting to \$44,716 thousand and bonds payable amounting to \$750,943 thousand. As of December 31, 2011, the conversion price was NT\$82.36 per share.

15. PENSION PLAN

Based on the Labor Pension Act, the rate of monthly contributions to the individual pension accounts of the employees of the Parent Company and its domestic subsidiaries is at 6% of monthly wages and salaries. For these contributions, the Parent Company and domestic subsidiaries recognized pension costs of \$81,702 thousand in 2011 and \$68,025 thousand in 2010.

The Parent Company and its Taiwan-based subsidiaries have a defined benefit pension plan under the Labor Standards Law (the "Law"). Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulate up to 45 base points, and the benefits are based on employees' average monthly salaries or wages for the six-month period before retirement. Under the Law, the Parent Company and Taiwan-based subsidiaries accrue pension costs individually on the basis of actuarial calculations and makes monthly contributions at 2% of salaries and wages to a pension fund, which is administered by pension plan committees and deposited in the committees' names in the Bank of Taiwan.

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

Except for the foregoing companies, the overseas consolidated entities all contribute to defined benefit pension funds and recognize pension costs based on local government regulations. Pension expenses were \$67,555 thousand in 2011 and \$54,361 thousand in 2010, which were based on defined benefit pension plans and overseas subsidiaries' local government regulations.

Other information on the defined benefit plan is summarized as follows:

a. Components of net pension cost:

	2011		2010	
	Parent Company	Netstar	Parent Company	Netstar
Service cost	\$ 3,882	\$ -	\$ 4,066	\$ -
Interest cost	4,591	467	5,118	466
Projected return on plan assets	(2,250)	(153)	(2,292)	(140)
Amortization of unrecognized net transition obligation and net pension plan gains or losses	<u>1,822</u>	<u>958</u>	<u>1,822</u>	<u>992</u>
	<u>\$ 8,045</u>	<u>\$ 1,272</u>	<u>\$ 8,714</u>	<u>\$ 1,318</u>

b. Reconciliation between the funded status of the pension plan and accrued pension liabilities:

	2011		2010	
	Parent Company	Netstar	Parent Company	Netstar
Benefit obligation				
Vested benefit obligation	\$ 13,931	\$ 776	\$ 6,225	\$ 953
Non-vested benefit obligation	<u>154,359</u>	<u>14,754</u>	<u>135,518</u>	<u>15,815</u>
Accumulated benefit obligation	168,290	15,530	141,743	16,768
Additional benefits based on future salaries	<u>101,743</u>	<u>5,767</u>	<u>87,796</u>	<u>3,977</u>
Projected benefit obligation	270,033	21,297	229,539	20,745
Fair value of plan assets	<u>(116,891)</u>	<u>(7,353)</u>	<u>(108,750)</u>	<u>(6,803)</u>
Funded status	153,142	13,944	120,789	13,942
Unrecognized net transition obligation	(7,289)	(36)	(9,112)	(71)

(Continued)

	2011		2010	
	Parent Company	Netstar	Parent Company	Netstar
Unrecognized net loss	\$ (43,175)	\$ -	\$ (7,467)	\$ -
Unamortized service costs	-	(6,726)	-	(7,287)
Unamortized net loss	-	(6,216)	-	(6,424)
Additional liabilities	-	<u>7,212</u>	-	<u>9,804</u>
Accrued pension liabilities	<u>\$ 102,678</u>	<u>\$ 8,178</u>	<u>\$ 104,210</u>	<u>\$ 9,964</u>
Vested benefit	<u>\$ 16,726</u>	<u>\$ 990</u>	<u>\$ 7,705</u>	<u>\$ 961</u>

(Concluded)

c. Actuarial assumptions

	2011		2010	
	Parent Company	Netstar	Parent Company	Netstar
Discount rate used in determining present values	2.00%	2.00%	2.00%	2.25%
Future salary increase rate	3.25%	2.00%	3.25%	2.00%
Expected rate of return on plan assets	2.00%	2.00%	2.00%	2.25%

	2011		2010	
	Parent Company	Netstar	Parent Company	Netstar
d. Contributions to the fund	<u>\$ 9,578</u>	<u>\$ 766</u>	<u>\$ 7,469</u>	<u>\$ 463</u>
e. Payments from the fund	<u>\$ 2,495</u>	<u>\$ -</u>	<u>\$ 2,128</u>	<u>\$ -</u>

16. SHAREHOLDERS' EQUITY

Capital Surplus

Based on certain laws or regulations, capital surplus from long-term equity investments accounted for by the equity method cannot be used for any purpose. Other capital surplus may be used only to offset a deficit. Capital surplus from the issue of stock in excess of par value may be capitalized by issuing new shares to shareholders in proportion to their holdings and capitalized amounts should be within certain limits. Under the revised Company Law issued on January 4, 2012, the foregoing capital surplus may also be distributed in cash.

Appropriation of Earnings and Dividend Policy

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

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

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

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

The bonus to employees and remunerations to directors and supervisors of \$72,000 thousand for 2011 and \$30,000 thousand for 2010 (classified under accrued expenses) were estimated and accrued on the basis of past experience. Material differences between these estimates and the amounts proposed by the Board of Directors in the following year are adjusted for in the year of the proposal. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting.

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

Under the Company Law, legal reserve should be appropriated until the accumulated reserve equals the Parent Company's paid-in capital. This reserve may be used only to offset a deficit. Under the revised Company Law issued on January 4, 2012, when the legal reserve has exceeded 25% of the Parent Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 allocable to each shareholder cannot exceed the ICA balance on the dividend distribution date.

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

The appropriations from the earnings of 2010 and 2009 were approved in the shareholders' meetings held on May 25, 2011 and May 18, 2010, respectively. 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 (reversal)	551,526	(1,065,460)		
Cash dividends	1,755,718	2,006,535	\$3.50	\$4.00

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

	Cash	
	Years Ended December 31	
	2010	2009
Bonus to employees	\$ 20,000	\$ 175,000
Remuneration to directors and supervisors	10,000	3,000

There was 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.

At their meeting on May 25, 2011, the Parent Company's shareholders approved the issuance of 50,163 thousand common shares from capital surplus, which amounted to \$501,634 thousand. This issuance was approved by the Financial Supervisory Commission under the Executive Yuan of the ROC. The board of directors resolved July 17, 2011 as the date of issuance, and the Parent Company then completed its revised registration with the Ministry of Economic Affairs.

The appropriations from the 2011 earnings were proposed in the board of directors' meeting on March 22, 2012. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 355,274	\$-
Cash dividends	2,764,981	5.0

The appropriations from the 2011 earnings of the bonus to employees and remuneration to directors and supervisors will be resolved by the shareholders in their meeting on June 13, 2012.

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

Other information on employee stock options is as follows:

	Year Ended December 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 year	13,000	\$60.35	10,000	\$58.24
Options granted	-	-	3,000	67.40
Options exercised	<u>1,199</u>	51.01	<u>-</u>	-
Balance, end of year	<u>11,801</u>	53.05	<u>13,000</u>	-
Options exercisable, end of year	<u>4,000</u>	51.01	<u>-</u>	-
Weighted-average fair value of options granted (NT\$)	<u>\$16.45-\$20.25</u>		<u>\$16.45-\$20.25</u>	

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

	December 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	\$ 59.03	3.53	\$ 67.40	4.53
Issuance in 2009	51.01	2.92	58.24	3.92

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

Compensation costs recognized were \$82,474 thousand in 2011 and \$74,592 thousand in 2010.

17. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
<u>Year ended December 31, 2010</u>				
For transfer to employees	<u>14,500</u>	<u>-</u>	<u>14,500</u>	<u>-</u>

At their meeting on November 2, 2010, the Parent Company's board of directors approved the retirement of treasury stock since this treasury stock had not been transferred for three years since the date of acquisition. As of December 31, 2010 the Parent Company had completed the registration of this retirement with the Ministry of Economic Affairs.

18. INCOME TAX

- a. The reconciliation of income tax expense based on income tax at the statutory income tax rate of 17% to income tax expense and current income tax payable was as follows:

	2011	2010
Tax on pretax income at statutory rate	\$ 977,085	\$ 837,082
Add (deduct) tax effects of:		
Permanent differences		
Tax-exempt income	(44,963)	5,827
Other	(29,577)	(30,993)
Temporary differences	(56,071)	(106,170)
Income tax (10%) on undistributed earnings	2,322	-
Additional income tax under the Alternative Minimum Tax Act	1,446	-
Investment tax credits used	(179,152)	(190,798)
Loss carryforwards used	<u>(640)</u>	<u>(6,006)</u>
Income tax currently payable	<u>\$ 670,450</u>	<u>\$ 508,942</u>

- b. Income tax expense consisted of the following:

	2011	2010
Income tax currently payable	\$ 670,450	\$ 508,942
Income tax expense - deferred	104,962	91,385
Adjustments for prior years' tax	<u>(2,101)</u>	<u>(11,097)</u>
	<u>\$ 773,311</u>	<u>\$ 589,230</u>

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

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

	<u>December 31</u>	
	2011	2010
Balance, beginning of year	\$ 477,381	\$ 120,425
Income tax currently payable	670,450	508,942
Payment	<u>(740,674)</u>	<u>(151,986)</u>
Balance, end of year	<u>\$ 407,157</u>	<u>\$ 477,381</u>

- d. Net deferred income taxes as of December 31, 2011 and 2010 consisted of the following:

	<u>December 31</u>	
	2011	2010
Current		
Deferred income tax assets:		
Allowance for loss on inventories	\$ 40,416	\$ 29,202
Unrealized product warranty reserve	21,606	18,427
Excess allowance for doubtful accounts	6,497	4,548
Others	<u>11,654</u>	<u>14,635</u>
	80,173	66,812
Valuation allowance	<u>(4,674)</u>	<u>(3,680)</u>
	<u>75,499</u>	<u>63,132</u>
Deferred income tax liabilities:		
Unrealized foreign exchange gain	<u>(811)</u>	<u>(982)</u>
Net deferred income tax assets	<u>\$ 74,688</u>	<u>\$ 62,150</u>
Noncurrent		
Deferred income tax assets:		
Loss carryforwards	\$ 105,316	\$ 17,831
Investment tax credits	45,030	56,656
Accumulated equity in the net loss of foreign equity-method investees	35,656	45,409
Deferred credits	34,028	32,192

(Continued)

	December 31	
	2011	2010
Excess of pension cost	\$ 17,465	\$ 17,725
Others	<u>7,995</u>	<u>989</u>
	245,490	170,802
Valuation allowance	<u>(177,062)</u>	<u>(101,591)</u>
	68,428	69,211
Deferred income tax liabilities:		
Accumulated equity in the net gain of foreign equity-method investees	(507,467)	(412,974)
Others	<u>(195)</u>	<u>(80)</u>
	<u>(507,662)</u>	<u>(413,054)</u>
Net deferred income tax liabilities	<u>\$ (439,234)</u>	<u>\$ (343,843)</u> (Concluded)

e. As of December 31, 2011 investment tax credits consisted of the following:

Law/Statute	Tax Credit Source	Remaining Creditable Amounts
<u>Netstar Technology Co., Ltd.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 25,225</u>
<u>Cermate Technologies Inc.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 4,007</u>
<u>ACA Digital Corporation</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 15,798</u>

f. Information on the domestic subsidiary - loss carryforwards of two Taiwan-based subsidiaries, Netstar Technology Co., Ltd. and Cermate Technologies Inc., as of December 31, 2011 is as follows:

	Loss Carryforwards					Expiry Year
	Netstar	Cermate	BCM	Advantech Fund-A	ACA	
<u>Year of loss carryforwards</u>						
2003	\$ 3,992	\$ -	\$ -	\$ -	\$ -	2013
2004	3,052	-	-	-	-	2014
2005	489	-	-	-	571	2015
2006	-	-	-	-	8,502	2016
2007	454	2,170	268	3,789	19,350	2017
2008	8,741	-	2,826	-	16,114	2018
2009	-	1,207	2,646	-	12,818	2019
2010	<u>1,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,121</u>	2020
	<u>\$ 17,934</u>	<u>\$ 3,377</u>	<u>\$ 5,740</u>	<u>\$ 3,789</u>	<u>\$ 74,476</u>	

- g. As of December 31, 2011, the status of the Parent Company's five years' exemption from income tax was as follows:

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

- h. The Group's ICA balances as of December 31, 2011 and 2010 were as follows:

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Parent Company	<u>\$ 209,341</u>	<u>\$ 2,762</u>
Broadwin	<u>\$ 18,825</u>	<u>\$ 24,243</u>
Advantech Fund-A	<u>\$ 15,452</u>	<u>\$ 9,429</u>
Netstar Technology Co., Ltd.	<u>\$ 6,810</u>	<u>\$ 6,477</u>
Advansus Corp.	<u>\$ 5,655</u>	<u>\$ 2,605</u>
AiST	<u>\$ 2</u>	<u>\$ -</u>

The ICA balances for Cermate Technologies Inc. and BCM Embedded Computer Inc. were zero as of December 31, 2011.

The expected and actual creditable tax ratios for the earnings of the Parent Company were 12.23% and 9.10%, respectively, as of December 31, 2011 and 2010, respectively. The creditable tax ratio should be based on the balance in the ICA on the date of dividend distribution. Thus, the expected creditable ratio for the 2010 earnings may differ from the actual ratio depending on the ICA balance on the dividend distribution date.

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

19. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	<u>2011</u>			<u>2010</u>		
	<u>Included in Cost of Goods Sold</u>	<u>Included in Operating Expenses</u>	<u>Total</u>	<u>Included in Cost of Goods Sold</u>	<u>Included in Operating Expenses</u>	<u>Total</u>
Personnel expenses						
Payroll	\$ 960,984	\$ 3,035,577	\$ 3,996,561	\$ 598,008	\$ 2,918,654	\$ 3,516,662
Insurance	98,983	304,116	403,099	45,667	237,740	283,407
Pension	25,862	132,712	158,574	12,778	111,868	124,446
Others	<u>69,419</u>	<u>168,365</u>	<u>237,784</u>	<u>36,181</u>	<u>128,593</u>	<u>164,774</u>
	<u>\$ 1,155,248</u>	<u>\$ 3,640,770</u>	<u>\$ 4,796,018</u>	<u>\$ 692,634</u>	<u>\$ 3,396,855</u>	<u>\$ 4,089,489</u>
Depreciation	\$ 106,618	\$ 239,334	\$ 345,952	\$ 106,347	\$ 175,330	\$ 281,677
Amortization	13,196	126,948	140,144	16,700	110,237	126,937

For properties leased to others, expenses of \$723 thousand for 2011 and \$763 thousand for 2010 (included in nonoperating expenses - other expenses) were not included in the above depreciation expenses.

20. EARNINGS PER SHARE

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

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (Thousands)</u>	<u>Earnings Per Share</u>	
	<u>Pretax</u>	<u>After-tax</u>		<u>Pretax</u>	<u>After-tax</u>
<u>2011</u>					
Basic EPS	\$ 4,045,403	\$ 3,552,738	551,797	<u>\$ 7.33</u>	<u>\$ 6.44</u>
The impact of dilutive potential common shares					
Bonuses to employees	<u>-</u>	<u>-</u>	<u>481</u>		
Diluted EPS	<u>\$ 4,045,403</u>	<u>\$ 3,552,738</u>	<u>552,278</u>	<u>\$ 7.32</u>	<u>\$ 6.43</u>
<u>2010</u>					
Basic EPS	\$ 3,343,838	\$ 3,039,431	551,797	<u>\$ 6.06</u>	<u>\$ 5.51</u>
The impact of dilutive potential common shares					
Bonuses to employees	<u>-</u>	<u>-</u>	<u>242</u>		
Diluted EPS	<u>\$ 3,343,838</u>	<u>\$ 3,039,431</u>	<u>552,039</u>	<u>\$ 6.05</u>	<u>\$ 5.50</u>

The amount of earnings per share increases when the employee's stock option is taken into consideration, which means that the employee's stock option has an anti-dilutive 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 Parent Company decides to settle the bonus to employees by cash or shares, the Parent Company should presume that the entire amount of the bonus will be settled in shares and, if the potential resulting shares have a dilutive effect, these shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS. 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 should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The weighted average number of shares outstanding for EPS calculation had been retroactively adjusted for the issuance of stock from capital surplus. For 2010, this adjustment caused the basic before and after income tax EPS to decrease from NT\$6.67 to NT\$6.06 and from NT\$6.06 to NT\$5.51, respectively, and for the diluted before and after income tax EPS to decrease from NT\$6.63 to NT\$6.05 and from NT\$6.03 to NT\$5.50, respectively.

21. RELATED-PARTY TRANSACTIONS

a. Related parties

Related Party	Relationship with the Group
Axiomtek Co., Ltd. (“Axiomtek”)	Equity-method investee of the Parent Company
Advantech Hungary Ltd. (AHG)	Equity-method investee of the Parent Company
SG Advantech Co., Ltd. (former name: Advantech Technologies Co., Ltd.) (SGA)	The Parent Company’s chairman is SGA’s board member; SGA was an equity-method investee of the Parent Company until December 2008
Avalue Technology Inc. (“Avalue”)	The Parent Company’s chairman ceased to be Avalue’s director on June 9, 2011
K&M Investment Co., Ltd. (K&M)	The spouse of the Parent Company’s chairman is K&M’s director
Jan Hsiang Electronics Co., Ltd. (“Jan Hsiang”)	Equity-method investee of Netstar, an indirect subsidiary of the Parent Company
AIDC Investment Corp. (AIDC)	AIDC’s owner is a second-degree relative of the Parent Company’s chairman

b. The significant transactions with the above related parties, in addition to those disclosed in Note 23 and Tables 1 and 2, are summarized as follows:

	2011		2010	
	Amount	% to Total	Amount	% to Total
<u>For the year</u>				
Sales				
Avalue	\$ 80,237	-	\$ 313,753	1
Axiomtek	26,895	-	19,339	-
Jan Hsiang	<u>30</u>	<u>-</u>	<u>19</u>	<u>-</u>
	<u>\$ 107,162</u>	<u>-</u>	<u>\$ 333,111</u>	<u>1</u>
Purchase of materials and suppliers				
Jan Hsiang	\$ 19,960	-	\$ 21,548	-
Axiomtek	<u>130</u>	<u>-</u>	<u>333</u>	<u>-</u>
	<u>\$ 20,090</u>	<u>-</u>	<u>\$ 21,881</u>	<u>-</u>
Operating expenses				
Rental expense				
K&M	\$ 4,914	-	\$ 2,010	-
AIDC	<u>3,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,405</u>	<u>-</u>	<u>\$ 2,010</u>	<u>-</u>
Nonoperating revenue and income				
Other revenue				
AIDC	\$ 1,500	2	\$ 1,500	1
K&M	<u>500</u>	<u>1</u>	<u>500</u>	<u>-</u>
	<u>\$ 2,000</u>	<u>3</u>	<u>\$ 2,000</u>	<u>1</u>

Other revenues were from the provision of management services and technical support.

	<u>2011</u>		<u>2010</u>	
	<u>Amount</u>	<u>% to Total</u>	<u>Amount</u>	<u>% to Total</u>
<u>At end of year</u>				
Accounts receivable - related parties				
Axiomtek	\$ 3,464	100	\$ 3,455	18
Avalue	-	-	15,633	82
AHG	-	-	96	-
	<u>\$ 3,464</u>	<u>100</u>	<u>\$ 19,184</u>	<u>100</u>
Payables to related parties (part of accounts payable)				
Jan Hsiang	\$ 1,266	-	\$ 1,694	-
AIDC	-	-	48	-
Axiomtek	18	-	24	-
	<u>\$ 1,284</u>	<u>-</u>	<u>\$ 1,766</u>	<u>-</u>

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

c. Security transactions were as follows:

In 2010, the Parent Company acquired from SG Advantech Co., Ltd. 100% of AKR shares for \$73,355 thousand.

d. Compensation of directors, supervisors and management personnel was as follows:

	<u>December 31</u>	
	<u>2011</u>	<u>2010</u>
Salaries	\$ 49,194	\$ 106,665
Bonus	5,310	2,256
	<u>\$ 54,504</u>	<u>\$ 108,921</u>

22. ASSETS PLEDGED OR MORTGAGED

As of December 31, 2011 and 2010, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, pledged assets for a letter of credit and long-term bank loans, as follows:

	<u>Year Ended December 31</u>	
	<u>2011</u>	<u>2010</u>
Properties - land	\$ 13,047	\$ 13,047
Properties - buildings	16,044	17,012
	<u>\$ 29,091</u>	<u>\$ 30,059</u>

As of December 31, 2011 and 2010, Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, pledged assets for a letter of credit and long-term bank loans, as follows:

	Year Ended December 31	
	2011	2010
Properties - land	\$ 35,506	\$ 35,506
Properties - buildings	<u>20,755</u>	<u>21,359</u>
	<u>\$ 56,261</u>	<u>\$ 56,865</u>

23. SIGNIFICANT COMMITMENT AND CONTINGENCIES

a. As of December 31, 2011, the Parent Company had the following guarantees for affiliates' loans:

	Amount
AKMC	<u>\$ 605,500 thousand</u>
Advantech Fund-A	<u>\$ 300,000 thousand</u>
AiST	<u>\$ 200,000 thousand</u>
Advansus Corp.	<u>\$ 100,000 thousand</u>
A-DLoG	<u>\$ 58,770 thousand</u>
ACA	<u>\$ 50,000 thousand</u>
Cermate	<u>\$ 40,000 thousand</u>
AAU	<u>\$ 6,055 thousand</u>

b. As of December 31, 2011, the guarantee notes issued by Cermate Technologies Inc. for its bank loan had amounted to \$40,000 thousand.

c. As of December 31, 2011, the guarantee notes issued by Netstar Technology Co., Ltd. for its bank loan had amounted to \$48,000 thousand.

24. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets				
Available-for-sale financial assets - current	\$ 873,808	\$ 873,808	\$ 15,279	\$ 15,279
Available-for-sale financial assets - noncurrent	2,309,762	2,309,762	2,701,938	2,701,938
Liabilities				
Short-term bank loans	171,442	171,442	38,573	38,573
Long-term bank loans (including current portion)	12,652	12,652	22,099	22,099
Convertible bonds payable	760,331	810,484	-	-

(Continued)

	December 31			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Derivative financial instrument location</u>				
Financial assets at fair value through profit or loss -				
current				
Domestic	\$ 123	\$ 123	\$ 4,680	\$ 4,680
Foreign (including a foreign corporation's branch operating in Taiwan)	57,081	57,081	42,754	42,754
Financial liabilities at fair value through profit or loss -				
current				
Domestic	12,294	12,294	10,050	10,050
Foreign (including a foreign corporation's branch operating in Taiwan)	41,222	41,222	25,705	25,705
				(Concluded)

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

- 1) For financial instruments such as cash, notes and accounts receivable, accounts receivable from related parties, other receivables, refundable deposits, short-term bank loans and accounts payable, the carrying amounts of these financial instruments approximate their fair values.
- 2) Fair values of available-for-sale financial assets are based on their quoted market prices.
- 3) The fair values of long-term bank loans are determined using their present values based on projected cash flows discounted at interest rates for similar long-term debts.
- 4) Fair values of derivatives are based on their quoted prices in an active market. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

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

	Based on Quoted Market Price		Determined Using Valuation Techniques	
	December 31		December 31	
	2011	2010	2011	2010
<u>Asset</u>				
Financial assets at fair value through profit or loss -				
current	\$ -	\$ -	\$ 57,204	\$ 47,434
Available-for-sale financial assets - current	873,808	15,279	-	-
Available-for-sale financial assets - noncurrent	2,309,762	2,701,938	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss -				
current	-	-	53,516	35,755
Convertible bonds payable	810,484	-	-	-

- d. As of December 31, 2011 and 2010, financial assets exposed to fair value risk from interest rate fluctuation amounted to \$280,019 thousand and \$60,218 thousand, respectively; financial liabilities exposed to fair value risk from interest rate fluctuation amounted to \$184,094 thousand and \$60,672 thousand, respectively; and financial assets exposed to cash flow risk from interest rate fluctuation amounted to \$1,886,373 thousand and \$1,838,253 thousand, respectively.
- e. The Parent Company recognized an unrealized loss of \$184,625 thousand in 2011 and \$127,163 thousand in 2010 in shareholders' equity for the changes in fair value of available-for-sale financial assets. The Parent Company also recognized an unrealized loss of \$60,185 thousand in 2011 and an unrealized gain of \$18,214 thousand in 2010 in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees.
- 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 against adverse effects of exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the loss or gain of derivatives will have a negative correlation with the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Group are mainly open-end mutual funds and publicly traded stocks. Thus, price fluctuations in the open market would result in changes in fair values of these financial instruments.
 - 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Group if the counter-parties breach 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 Group has sufficient operating capital to meet cash needs upon the settlement of derivative financial instruments. Therefore, the cash flow risk is low. In addition, for long-term equity-method investments (mutual funds and publicly traded stocks), the Group keeps liquidity reserves, which are available on a short-term basis. Further, the contracted forward rate is decided on the contract starting dates. Thus, the cash flow risk on forward contracts is low.

25. ADDITIONAL DISCLOSURES

- a. Except for those mentioned in Notes 21 and 23 and Tables 1 to 8, no additional disclosures are required by the Securities and Futures Bureau for the Parent Company and its investees and on investments in Mainland China.
- b. Investments in mainland China
 - 1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of December 31, 2011, accumulated inward remittance of earnings as of December 31, 2011 and maximum allowable limit on investment: Table 9 attached
 - 2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 21 and 23 and Tables 1, 2, 6 and 7
- c. Intercompany relationships and significant intercompany transactions: Table 11 attached

26. SEGMENT INFORMATION

a. General information

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

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

b. Segment information

	December 31, 2011							
	Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Income								
From outside customers	\$ 4,303,841	\$ 7,897,072	\$ 2,664,150	\$ 7,130,852	\$ 3,225,184	\$ 135,615	\$ 1,077,026	\$ 26,433,740
Income from sales between segments	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	9,653	9,653
Income total	<u>\$ 4,303,841</u>	<u>\$ 7,897,072</u>	<u>\$ 2,664,150</u>	<u>\$ 7,130,852</u>	<u>\$ 3,225,184</u>	<u>\$ 135,615</u>	<u>\$ 1,086,679</u>	<u>\$ 26,443,393</u>
Interest expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,281	\$ 18,281
Depreciation and amortization	-	-	-	-	-	-	486,819	486,819
Income from equity-method investments	-	-	-	-	-	-	23,052	23,052
Segment profit (loss)	<u>\$ 1,201,192</u>	<u>\$ 1,801,348</u>	<u>\$ 178,498</u>	<u>\$ 1,033,158</u>	<u>\$ 248,068</u>	<u>\$ -</u>	<u>\$ (118,126)</u>	<u>\$ 4,344,138</u>
Investments accounted for by the equity method	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,010	\$ 371,010
Capital expense from noncurrent assets	-	-	-	-	-	-	2,209,668	2,209,668
Segment assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,576,394</u>	<u>\$ 21,576,394</u>
	December 31, 2010							
	Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Income								
From outside customers	\$ 3,893,395	\$ 6,947,797	\$ 1,989,920	\$ 5,869,133	\$ 3,129,597	\$ 171,977	\$ 1,028,720	\$ 23,030,539
Income from sales between segments	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	9,066	9,066
Income total	<u>\$ 3,893,395</u>	<u>\$ 6,947,797</u>	<u>\$ 1,989,920</u>	<u>\$ 5,869,133</u>	<u>\$ 3,129,597</u>	<u>\$ 171,977</u>	<u>\$ 1,037,786</u>	<u>\$ 23,039,605</u>
Interest expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,794	\$ 4,794
Depreciation and amortization	-	-	-	-	-	-	409,377	409,377
Income from equity-method investments	-	-	-	-	-	-	56,285	56,285
Segment profit (loss)	<u>\$ 1,117,144</u>	<u>\$ 1,436,832</u>	<u>\$ 114,557</u>	<u>\$ 775,143</u>	<u>\$ 229,933</u>	<u>\$ -</u>	<u>\$ (16,970)</u>	<u>\$ 3,656,639</u>

(Continued)

December 31, 2010								
	Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Investments accounted for by the equity method	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 369,408	\$ 369,408
Capital expense from noncurrent assets	-	-	-	-	-	-	328,975	328,975
Segment assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,235,716</u>	<u>\$ 18,235,716</u>

(Concluded)

c. Geographical information

	Revenue from External Customers		Noncurrent Assets	
	December 31		December 31	
	2011	2010	2011	2010
Taiwan	\$ 6,367,381	\$ 5,849,447	\$ 4,445,597	\$ 2,856,800
Asia	8,069,825	7,298,500	1,908,530	1,569,939
America	7,347,502	6,330,044	357,664	235,441
Europe	4,321,036	3,260,476	695,282	702,254
Other	<u>327,996</u>	<u>292,072</u>	<u>3,264</u>	<u>4,262</u>
	<u>\$ 26,433,740</u>	<u>\$ 23,030,539</u>	<u>\$ 7,410,337</u>	<u>\$ 5,368,696</u>

Geographical information on the revenue from external customers of the Parent Company and its subsidiaries shows the location in which sales were generated. Noncurrent assets referred to properties, intangible assets and other assets, but excluded financial instruments and deferred tax assets.

The income above was generated from transactions with external customers. There were no sales between segments in the year ended December 31, 2011 and 2010.

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

27. SIGNIFICANT FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

Information on the Group's financial assets and liabilities with significant influence on the financial statements is as follows:

	December 31					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 249,530	30.275	\$ 7,554,521	\$ 116,980	29.13	\$ 3,407,627
RMB	281,091	4.807	1,351,204	359,532	4.44	1,596,322
EUR	15,545	39.180	609,503	17,503	38.92	681,217
JPY	547,532	0.391	214,085	578,343	0.358	207,047
KRW	6,966,316	0.026	181,124	7,690,194	0.026	199,945
AUD	3,703	30.735	113,812	1,268	29.68	37,634

(Continued)

	December 31					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items						
USD	\$ 1,889	30.275	\$ 57,204	\$ 1,637	29.13	\$ 47,434
<u>Financial liabilities</u>						
Monetary items						
USD	58,809	30.275	1,780,442	44,059	29.13	1,283,439
EUR	12,073	39.18	473,020	5,370	38.92	209,000
RMB	89,454	4.807	430,005	303,040	4.44	1,345,498
Nonmonetary items						
USD	1,943	30.275	53,516	1,227	29.13	35,755

(Concluded)

28. PLAN FOR THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Under Rule No. 0990004943 issued by the Financial Supervisory Commission (FSC) on February 2, 2010, the Group discloses its plan on the adoption of International Financial Reporting Standards (IFRSs) as follows:

- a. On May 14, 2009, the FSC announced the “Framework for the Adoption of International Financial Reporting Standards by Companies in the ROC.” In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange (TSE) or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations as well as related guidances translated by the Accounting Research and Development Foundation (ARDF) and issued by the FSC. To comply with this framework, the Parent Company has set up a project team and made a plan to adopt the IFRSs. The main contents of the plan, responsible department, schedule and status of execution as of December 31, 2011 were as follows:

<u>Contents of Plan</u>	<u>Responsible Department</u>	<u>Status of Execution</u>
1) Establish the IFRSs task force.	Finance, information technology, human resources and internal audit divisions	Finished
2) Establish an IFRSs implementation plan.	Finance division	Finished
3) Identify the differences between ROC GAAP and IFRSs.	Finance division	Finished
4) Identify the consolidated entities under IFRSs.	Finance division	Finished
5) Evaluate the impact of optional exemptions under IFRS 1 - “First-time Adoption of International Financial Reporting Standards.”	Finance division	Finished

(Continued)

<u>Contents of Plan</u>	<u>Responsible Department</u>	<u>Status of Execution</u>
6) Evaluate the possible impact on the IT systems.	Finance, information technology, human resources and internal audit divisions	Finished
7) Determine which internal controls may require modification.	Finance, information technology, human resources and internal audit divisions	Finished
8) Select accounting policies under IFRS that apply to the Parent Company.	Finance division	Finished
9) Determine which optional exemptions under IFRS 1 apply to the Parent Company.	Finance division	Finished
10) Prepare the opening balance sheet in conformity with IFRSs.	Finance division	In progress
11) Prepare comparative financial information under IFRSs for 2012.	Finance division	In progress
12) Complete the modification of relevant internal controls.	Finance, information technology, human resources and internal audit divisions	In progress

(Concluded)

b. As of December 31, 2011, the Group had assessed the material differences, shown below, between the Republic of China's generally accepted accounting policies (ROC GAAP) and the accounting policies to be adopted under IFRSs:

1) International Accounting Standards (IAS) 1 - "Presentation of Financial Statements" - classification of deferred income tax assets/liabilities:

Under ROC GAAP, a deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of the related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as current or noncurrent on the basis of the expected length of time before it is realized or settled. Under IFRSs, a deferred tax asset or liability is classified as noncurrent asset or liability.

2) IAS 1 - "Presentation of Financial Statements" - classification of superficities, assets leased to others and deferred expenses:

Under ROC GAAP, superficities, assets leased to others and deferred expenses are recorded under intangible assets and other assets. Under IFRSs, these items are classified as prepaid rent or properties in accordance with their nature.

3) IAS 7 - “Statement of Cash Flows” - definition and reclassification of cash equivalents:

Under ROC GAAP, cash and cash equivalents refers to cash on hand, demand deposits, check deposits, time deposits that can be terminated on demand without any loss of principal, and negotiable certificates of deposit that are readily salable without any loss of principal. Under IFRSs, cash and cash equivalents comprise short-term, highly liquid investments. These investments normally meet the definition of a cash equivalent when they are readily convertible to cash, are subject to an insignificant risk of changes in value and have maturities of three months or less from the date of acquisition.

4) IAS 12 - “Income Taxes” - valuation allowance for deferred income tax assets/liabilities:

Under ROC GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred tax assets are recognized to the extent that it is highly probable that taxable profits will be available against which the deductible temporary differences can be used; thus, contrary to the ROC GAAP, a valuation allowance account is not needed.

5) IAS 16 - “Property, Plant and Equipment”

Under ROC GAAP, inspection costs are generally expensed. Under IFRSs, when a major inspection is performed, its cost is recognized in the carrying amount of the property as a replacement if the recognition criteria are satisfied. The carrying amount of the part replaced is derecognized under certain IAS 16 provisions. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

6) IAS 19 - “Employee Benefits” - actuarial gains and losses:

Under ROC GAAP, the recognition of actuarial gains and losses from defined benefit plans directly to equity is not allowed; instead, actuarial gains and losses should be accounted for under the corridor approach, which results in the deferral of gains and losses. The corridor approach requires the amortization of actuarial gains and losses over the expected average remaining service years of the participating employees.

Under IFRSs, the Group should immediately recognize the full amounts of actuarial gains and losses in the period in which they occur as other comprehensive income. The subsequent reclassification to earnings is not permitted.

7) IAS 19 - “Employee Benefits” - compensated absences

Under ROC GAAP, there are no specific requirements for recognizing compensated absences, such as paid vacation and sick leaves. Companies usually recognize the related costs when the employees actually go on leave. Under IFRSs, short-term, cumulative compensated absences are a form of short-term compensation cost. The expected cost of short-term cumulative compensated absences should be recognized as the employees render services that increase their entitlement to these compensated absences. For noncumulative compensated absences, an entity recognizes no liability or expense until the absences occur.

8) IAS 28 - “Investments in Associates” and IAS 31 - “Interests in Joint Ventures” - modification of investments accounted for by the equity method:

The Group’s associates and joint ventures accounted for by the equity method have also assessed the significant differences between their respective present accounting policies and IFRSs. The significant difference mainly involves the adjustment to employee benefits.

- c. The Group has prepared the above assessments in compliance with (a) the 2010 version of the IFRSs translated by the ARDF and issued by the FSC and (b) the Guidelines Governing the Preparation of Financial Reports by Securities Issuers amended and issued by the FSC on December 22, 2011. These assessments may be changed as the FSC may issue new rules governing the adoption of IFRSs, and as other laws and regulations may be amended to comply with the adoption of IFRSs. Actual results may differ from these assessments.

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
YEAR ENDED DECEMBER 31, 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note A)	Ending Balance (Note A)	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	\$ 37,613 (EUR 960 thousand)	\$ 19,590 (EUR 500 thousand)	4.00%	Short-term financing	\$ -	Financing need	\$ -	-	-	\$ 1,559,446 (Note B)	\$ 3,118,892 (Note B)
2	ANA	AEU	Other receivable - related parties	30,275 (US\$ 1,000 thousand)	-	2.00%	Short-term financing	-	Financing need	-	-	-	1,559,446 (Note B)	3,118,892 (Note B)
		AKMC	Other receivable - related parties	175,595 (US\$ 5,800 thousand)	169,540 (US\$ 5,600 thousand)	2.00%	Short-term financing	-	Financing need	-	-	-	1,559,446 (Note B)	3,118,892 (Note B)
3	AiSC	ACN	Other receivable - related parties	188,463 (RMB 39,206 thousand)	188,463 (RMB 39,206 thousand)	2.00%	Short-term financing	-	Financing need	-	-	-	240,350 (Note C)	240,350 (Note C)
4	Netstar Technology Co., Ltd.	LANSONIC (B.V.I.)	Other receivable - related parties	3,676	-	-	Short-term financing	-	Financing need	-	-	-	43,328 (Note D)	43,328 (Note D)
5	Broadwin Technology Inc.	Netstar Technology Co., Ltd.	Other receivable - related parties	20,000	-	2.00%	Short-term financing	-	Financing need	-	-	-	32,921 (Note D)	32,921 (Note D)
6	Advantech Fund-A	Netstar Technology Co., Ltd.	Other receivable - related parties	12,000	-	2.00%	Short-term financing	-	Financing need	-	-	-	344,851 (Note D)	344,851 (Note D)
		Advantech Co., Ltd. (the "Company")	Other receivable - related parties	300,000	-	1.20%	Short-term financing	-	Financing need	-	-	-	344,851 (Note D)	344,851 (Note D)
		ACA	Other receivable - related parties	20,000	-	1.20%	Short-term financing	-	Financing need	-	-	-	344,851 (Note D)	344,851 (Note D)

Notes: A. The exchange rate was EUR1.00=NT\$39.18; US\$1.00=NT\$30.275; and RMB1.00= NT\$4.807.

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

C. For more efficient use of capital by subsidiaries in Mainland China, the maximum amount of financing that can be provided by the financier is RMB50,000 thousand. The capital is managed by ACN through its specialized capital financing bank account at Citibank..

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

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 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 (Note C)	Ending Balance (Note C)	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	\$ 1,559,446 (Note A)	\$ 605,500 (US\$ 20,000 thousand)	\$ 605,500 (US\$ 20,000 thousand)	\$ -	3.88%	\$ 4,678,338 (Note B)
		Cermate Technologies Inc.	Indirect subsidiary	1,559,446 (Note A)	40,000	40,000	-	0.26%	4,678,338 (Note B)
		Advansus Corp.	Equity-method investee	1,559,446 (Note A)	100,000	100,000	-	0.64%	4,678,338 (Note B)
		Advantech Fund-A	Subsidiary	1,559,446 (Note A)	300,000	300,000	-	1.92%	4,678,338 (Note B)
		ACA	Subsidiary	1,559,446 (Note A)	50,000	50,000	-	0.32%	4,678,338 (Note B)
		AiST	Subsidiary	1,559,446 (Note A)	200,000	200,000	-	1.28%	4,678,338 (Note B)
		AAU	Subsidiary	1,559,446 (Note A)	6,055 (US\$ 200 thousand)	6,055 (US\$ 200 thousand)	-	0.04%	4,678,338 (Note B)
		A-DLoG	Indirect subsidiary	1,559,446 (Note A)	58,770 (EUR 1,500 thousand)	58,770 (EUR 1,500 thousand)	-	0.38%	4,678,338 (Note B)
1	AAC (HK)	AiSC	Indirect subsidiary	1,559,446 (Note A)	599,289 (RMB124,670 thousand)	599,289 (RMB124,670 thousand)	-	3.84%	4,678,338 (Note B)

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

B. 30% of the net asset value of the Parent Company.

C. The exchange rate was US\$1.00=NT\$30.275, RMB1.00=NT\$4.807 and EUR1.00=NT\$39.18.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS

DECEMBER 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	December 31, 2011				Note	
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value		
Advantech Co., Ltd.	<u>Stock</u>								
	AAC (BVI)	Subsidiary	Long-term equity investments	29,623,834	\$ 2,430,970	100.00	\$ 2,433,118	Note A	
	ATC	"	"	38,750,000	2,648,285	100.00	2,655,909	Note A	
	Advansus Corp.	Equity-method investee	"	18,000,000	228,914	50.00	243,069	Note A	
	Advantech Fund-A	Subsidiary	"	90,000,000	859,697	100.00	862,128	Note A	
	Axiomtek	Equity-method investee	"	20,537,984	326,510	26.55	326,510	Note A	
	AEUH	Subsidiary	"	9,572,024	927,895	100.00	927,895	Note A	
	ASG	"	"	1,450,000	99,476	100.00	99,476	Note A	
	AAU	"	"	500,204	75,745	100.00	75,745	Note A	
	AJP	"	"	1,200	194,469	100.00	194,469	Note A	
	AMY	"	"	2,000,000	39,112	100.00	39,112	Note A	
	AHG	"	"	30	-	30.00	-	Note A	
	AKR	"	"	600,000	140,733	100.00	140,733	Note A	
	ABR	"	"	971,055	26,518	43.28	26,518	Note A	
	AiST	"	"	5,000,000	80,772	100.00	80,772	Note A	
	ACA	"	"	7,948,839	189,068	99.36	189,068	Note A	
	AHK	"	"	Other liability - others	999,999	(159)	100.00	(159)	Notes A and C
	ASUSTek Computer Inc.	-	-	Available for sale financial assets - noncurrent	7,314,461	1,576,266	0.97	1,576,266	Note B
	Chunghwa Telecom Co., Ltd.	-	-	"	1,243,636	124,364	-	124,364	Note B
	Pegatron Corp.	-	-	"	18,486,570	609,132	-	609,132	Note B
Advantech Fund-A	<u>Fund</u>								
	Prudential Well Pool Fund	-	Available for sale financial assets - current	7,633,879.00	100,065	-	100,065	Note D	
	FSITC Money Market Fund	-	"	959,093.15	165,024	-	165,024	Note D	
	Fuh Hwa Money Market	-	"	7,171,749.00	100,060	-	100,060	Note D	
Advantech Fund-A	<u>Stock</u>								
	Netstar Technology Co., Ltd.	Subsidiary	Long-term equity investments	22,446,721	209,189	89.79	209,189	Note A	
	BCM Embedded Computer Inc.	"	"	4,500,000	17,740	100.00	17,740	Note A	
	Broadwin Technology Inc.	"	"	6,777,571	157,521	100.00	157,521	Note A	
	Cermate Technologies Inc.	"	"	5,500,000	84,248	55.00	84,248	Note A	
	Axiomtek	Equity-method investee	"	1,559,000	36,160	2.02	36,160	Note A	

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	164,952	\$ 16,495	-	\$ 16,495	Note B
	AverMedia Information Inc.	-	Available for sale financial assets - current	808,500	23,447	0.98	23,447	Note B
	COBAN Research and Technologies, Inc.	-	Financial assets carried at cost - noncurrent	600,000	33,257	6.85	33,257	-
	<u>Fund</u> Prudential Well Pool Fund	-	Available for sale financial assets - current	7,632,247.80	100,046	-	100,046	Note D
	FSITC Money Market	-	"	581,523.83	100,058	-	100,058	Note D
	Fuh Hwa Money Market	-	"	6,811,403.00	95,035	-	95,035	Note D
Advansus Corp.	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	465,121.72	80,030	-	80,030	Note D
AiST	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	290,773.75	50,031	-	50,031	Note D
	Fuh Hwa Money Market	-	"	2,581,311.30	36,015	-	36,015	Note D
ATC	<u>Stock</u> ATC (HK)	Subsidiary	Long-term equity investments	41,650,001	1,851,814	100.00	1,851,814	Note A
ATC (HK)	<u>Stock</u> AKMC	Subsidiary	Long-term equity investments	-	1,851,814	100.00	1,851,814	Note A
AAC (BVI)	<u>Stock</u> ANA	Subsidiary	Long-term equity investments	10,952,606	1,275,725	100.00	1,275,725	Note A
	AAC (HK)	"	"	15,230,001	1,156,828	100.00	1,156,828	Note A
ANA	<u>Stock</u> ABR	-	Financial assets carried at cost - noncurrent	375,192	5,524	16.72	5,524	-
AAC (HK)	<u>Stock</u> ACN	Subsidiary	Long-term equity investments	-	621,670	100.00	621,670	Note A
	SHHQ	"	"	-	-	100.00	-	Note A
	AiSC	"	"	-	533,615	100.00	533,615	Note A
	AXA	"	"	-	1,262	100.00	1,262	Note A
ACN	<u>Stock</u> Hangzhou Advantofine Automation Co., Ltd.	"	"	-	15,771	60.00	15,771	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AEUH	<u>Stock</u> AEU	"	"	8,314,280	\$ 284,374	100.00	\$ 284,374	Note A
	APL	"	"	6,836	36,534	100.00	36,534	Note A
	A-DLoG	"	"	1	596,937	100.00	596,937	Note A
AEU	<u>Stock</u> Innocore	"	"	251,111	153,375	100.00	153,375	Note A
Innocore	<u>Stock</u> IGL	"	"	501,000	38,346	100.00	38,346	Note A
ASG	<u>Stock</u> ATH	"	"	51,000	16,882	51.00	16,882	Note A
Netstar Technology Co., Ltd.	<u>Stock</u> Jan Hsiang Electronics Co., Ltd.	"	Long-term equity investments	655,500	8,340	28.50	8,340	Note A
Broadwin Technology Inc.	<u>Stock</u> Broadwin Technology Inc.	"	Long-term equity investments	5,643,650	15,179	100.00	15,179	Note A
Cermate Technologies Inc.	<u>Stock</u> Land Mark	"	Long-term equity investments	972,284	44,317	100.00	44,317	Note A
BCM Embedded Computer Inc.	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	61,033.03	10,502	-	10,502	Note D
Broadwin Technology Inc.	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	98,858.33	17,010	-	17,010	Note D
	Fuh Hwa Money Market	-	"	1,434,061.80	20,005	-	20,005	Note D
Land Mark	<u>Stock</u> Cermate (Shanghai)	Subsidiary	Long-term equity investments	-	23,826	100.00	23,826	Note A
	Cermate (Shenzhen)	"	"	-	20,364	90.00	20,364	Note A

Note A: The financial statements used as basis of net asset values had all been audited, except those of AHG.

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

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

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

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2011
(In Thousands of New Taiwan Dollars, Unless Stated 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 under contract requirements	Tung Ho Steel Enterprise Corporation	None	-	-	-	\$ -	Real estate appraisal	For the Company's expansion	None

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2011
 (In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Name/Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Advantech Co., Ltd.	<u>Fund</u>													
	Prudential Well Pool Fund	Available for sale financial assets - current	-	-	-	\$ -	7,633,879.00	\$ 100,000	-	\$ -	\$ -	\$ -	7,633,879.00	\$ 100,065
	FSITC Money Market	Available for sale financial assets - current	-	-	-	-	959,093.15	165,000	-	-	-	-	959,093.15	165,024
	Fuh Hwa Money Market	Available for sale financial assets - current	-	-	-	-	7,171,749.00	100,000	-	-	-	-	7,171,749.00	100,060
Advantech Fund-A	Prudential Well Pool Fund	Available for sale financial assets - current	-	-	-	-	7,632,247.80	100,000	-	-	-	-	7,632,247.80	100,046
	FSITC Money Market	Available for sale financial assets - current	-	-	-	-	581,523.83	100,000	-	-	-	-	581,523.83	100,058

ADVANTECH CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2011
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd.	AEU	Indirect subsidiary	Sale	\$ (2,369,391)	12.73	45 days after month end	Contract price	No significant difference from terms for related parties	\$ 815,784	25.05	
	ACN	Indirect subsidiary	Sale	(2,168,638)	11.65	45 days after month end	Contract price	No significant difference from terms for related parties	485,057	14.89	
	AKMC	Indirect subsidiary	Sale	(424,309)	2.28	45 days after month end	Contract price	No significant difference from terms for related parties	-	-	
	AJP	Subsidiary	Sale	(360,905)	1.94	45 days after month end	Contract price	No significant difference from terms for related parties	29,205	0.90	
	AiSC	Indirect subsidiary	Sale	(1,686,624)	9.06	45 days after month end	Contract price	No significant difference from terms for related parties	419,478	12.88	
	ANA	Indirect subsidiary	Sale	(5,299,400)	28.46	45 days after month end	Contract price	No significant difference from terms for related parties	502,568	15.43	
	AKR	Subsidiary	Sale	(391,402)	2.10	45 days after month end	Contract price	No significant difference from terms for related parties	24,000	0.74	
	AAU	Subsidiary	Sale	(166,614)	0.89	45 days after month end	Contract price	No significant difference from terms for related parties	43,870	1.35	
	ASG	Subsidiary	Sale	(120,936)	0.65	45 days after month end	Contract price	No significant difference from terms for related parties	27,414	0.84	
	ATC	Subsidiary	Purchase	6,504,451	47.90	45 days after month end	Contract price	No significant difference from terms for related parties	(1,156,197)	58.14	
	Advansus Corp.	Subsidiary	Purchase	1,156,603	8.52	30 days after month end	Contract price	No significant difference from terms for related parties	(63,319)	3.18	
	AiST	Subsidiary	Purchase	413,480	3.04	30 days after month end	Contract price	No significant difference from terms for related parties	-	-	
	ACA	Subsidiary	Purchase	403,886	2.97	30 days after month end	Contract price	No significant difference from terms for related parties	(130,522)	6.56	
	ANA	Indirect subsidiary	Purchase	142,695	1.05	60 days after month end	Contract price	No significant difference from terms for related parties	(34,865)	1.75	
	ATC	Advantech Co., Ltd.	Ultimate parent company	Sale	(6,504,451)	92.74	45 days after month end	Contract price	No significant difference from terms for related parties	1,156,197	95.58
Advansus Corp.	Advantech Co., Ltd.	Ultimate parent company	Sale	(1,156,603)	80.43	30 days after month end	Contract price	No significant difference from terms for related parties	63,319	54.77	
AiST	Advantech Co., Ltd.	Ultimate parent company	Sale	(413,480)	28.75	30 days after month end	Contract price	No significant difference from terms for related parties	-	-	
ACA	Advantech Co., Ltd.	Ultimate parent company	Sale	(403,886)	28.08	30 days after month end	Contract price	No significant difference from terms for related parties	130,522	65.02	
ANA	Advantech Co., Ltd.	Ultimate parent company	Sale	(142,695)	9.92	60 days after month end	Contract price	No significant difference from terms for related parties	34,865	3.22	
	Advantech Co., Ltd.	Ultimate parent company	Purchase	5,299,400	87.95	45 days after month end	Contract price	No significant difference from terms for related parties	(502,568)	94.10	

(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	
AEU	Advantech Co., Ltd.	Ultimate parent company	Purchase	\$ 2,369,391	84.05	45 days after month end	Contract price	No significant difference from terms for related parties	\$ (815,784)	100.00	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	2,168,638	71.96	45 days after month end	Contract price	No significant difference from terms for related parties	(485,057)	59.55	
AKMC	Advantech Co., Ltd.	Ultimate parent company	Purchase	424,309	7.01	45 days after month end	Contract price	No significant difference from terms for related parties	-	-	
AJP	Advantech Co., Ltd.	Ultimate parent company	Purchase	360,905	93.09	45 days after month end	Contract price	No significant difference from terms for related parties	(29,205)	96.76	
AiSC	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,686,624	63.83	45 days after month end	Contract price	No significant difference from terms for related parties	(419,478)	82.55	
AKR	Advantech Co., Ltd.	Ultimate parent company	Purchase	391,402	55.17	45 days after month end	Contract price	No significant difference from terms for related parties	(24,000)	36.21	
AAU	Advantech Co., Ltd.	Ultimate parent company	Purchase	166,614	23.49	45 days after month end	Contract price	No significant difference from terms for related parties	(43,870)	72.08	
ASG	Advantech Co., Ltd.	Ultimate parent company	Purchase	120,936	17.05	60 days after month end	Contract price	No significant difference from terms for related parties	(27,414)	61.06	
Advansus Corp.	AKMC	Related enterprise	Sale	(494,327)	14.17	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	34,505	29.85	
	AKR	Related enterprise	Sale	(113,615)	3.26	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	9,482	8.20	
	AiST	Related enterprise	Sale	(130,951)	3.75	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	-	-	
AKMC	ATC	Related enterprise	Sale	(6,105,541)	92.50	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	371,810	77.73	
	AiSC	Related enterprise	Sale	(156,141)	2.37	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	42,494	8.88	
	Netstar Technology Co., Ltd.	Related enterprise	Sale	(259,320)	3.93	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	45,165	9.44	
AiST	Advansus Corp.	Related enterprise	Sale	(298,721)	28.79	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	-	-	
	AKMC	Related enterprise	Sale	(277,795)	26.78	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	-	-	
ACA	ACN	Related enterprise	Sale	(177,240)	17.08	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	-	-	
ACN	AiSC	Related enterprise	Sale	(296,736)	8.50	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	11,800	1.55	
AiSC	ACN	Related enterprise	Sale	(206,285)	5.91	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	218,871	33.48	

(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	
Advansus Corp.	AiST	Related enterprise	Purchase	\$ 298,721	22.73	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	\$ -	-	
AKMC	Advansus Corp.	Related enterprise	Purchase	494,327	8.17	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(34,505)	4.00	
	AiST	Related enterprise	Purchase	277,795	4.59	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	-	-	
	ACA	Related enterprise	Purchase	177,240	2.93	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	-	-	
AiST	Advansus Corp.	Related enterprise	Purchase	130,951	13.07	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	-	-	
AKR	Advansus Corp.	Related enterprise	Purchase	113,615	16.01	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(9,482)	14.31	
ATC	AKMC	Related enterprise	Purchase	6,105,541	97.89	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	(371,810)	99.35	
AiSC	AKMC	Related enterprise	Purchase	156,141	5.69	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	(42,494)	8.36	
	ACN	Related enterprise	Purchase	296,736	10.82	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	(11,800)	2.32	
Netstar Technology Co., Ltd.	AKMC	Related enterprise	Purchase	259,320	96.50	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	(45,165)	90.06	
ACN	AiSC	Related enterprise	Purchase	206,285	6.84	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(218,871)	26.87	

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

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

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

DECEMBER 31, 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	\$ 815,784	3.20	\$ -	-	\$ 178,286	\$ -
	AiSC	Indirect subsidiary	419,478	5.22	-	-	210,210	-
	ACN	Indirect subsidiary	485,057	5.39	-	-	121,775	-
	ANA	Indirect subsidiary	502,568	10.23	-	-	502,568	-
ATC	Advantech Co., Ltd.	Parent company	1,156,197	6.07	-	-	462,048	-
ACA	Advantech Co., Ltd.	Parent company	130,522	6.19	-	-	130,522	-
AKMC	ATC	Related enterprise	371,810	20.40	-	-	371,810	-
AiSC	ACN	Related enterprise	218,871	23.39	-	-	218,871	-

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2011
 (In Thousands of New Taiwan Dollars/Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				December 31, 2011	December 31, 2010	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd.	AAC (BVI)	BVI	Investment holding company	\$ 993,108	\$ 1,078,934	29,623,834	100.00	\$ 2,430,970	\$ 375,843	\$ 375,764	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	2,648,285	101,020	100,875	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	180,000	180,000	18,000,000	50.00	228,914	62,463	23,834	Equity-method investee
	AEUH	Helmond, The Netherlands	Investment holding company	1,146,489	1,146,489	9,572,024	100.00	927,895	82,641	82,641	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment and management service	900,000	900,000	90,000,000	100.00	859,697	41,372	42,409	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	249,059	261,681	20,537,984	26.55	326,510	127,733	33,913	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	99,476	17,022	17,022	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	75,745	1,416	1,416	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	194,469	24,800	24,800	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	-	5,927	-	-	-	1	1	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	39,112	3,668	3,668	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	-	(47,827)	(14,348)	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	140,733	45,955	45,955	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	26,518	17,268	10,361	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	80,772	30,541	30,541	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(159)	5,611	5,611	Subsidiary (Note A)
ACA	Taipei, Taiwan	Production and sale of portable industrial computing products	141,562	-	7,948,839	99.36	189,068	47,717	47,412	Subsidiary	
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	274,078	245,068	22,446,721	89.79	209,189	(2,077)	(1,542)	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	17,740	1,342	1,342	Indirect subsidiary
	Broadwin Technology Inc. Cermate Technologies Inc.	Taipei, Taiwan Taipei, Taiwan	Assembly and production of computers Production and sale of electrical equipment, telecommunications equipment and electronic parts manufacturing	142,063 71,500	172,063 71,500	6,777,571 5,500,000	100.00 55.00	157,521 84,248	11,260 16,199	11,260 8,910	Indirect subsidiary Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	1,212,730	1,212,730	41,650,001	100.00	1,851,814	107,419	107,419	Indirect subsidiary
ATC (HK)	AKMC	Jiangsu, China	Production and sale of industrial automation products	1,212,730	1,212,730	-	100.00	1,851,814	107,190	107,190	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,275,725	172,365	172,365	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	539,146	15,230,001	100.00	1,156,828	206,787	206,787	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale and fabrication of industrial automation products	185,356	185,356	-	100.00	621,670	70,127	70,127	Indirect subsidiary
	SHHQ	Shanghai, China	Sale and fabrication of industrial automation products	-	96,750	-	-	-	10	10	Indirect subsidiary
	AiSC	Shanghai, China	Sale and fabrication of industrial automation products	257,040	257,040	-	100.00	533,615	144,320	144,320	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	1,262	(7,137)	(7,137)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processing and sale of peripherals	13,727	13,727	-	60.00	15,771	89	53	Equity-method investee
AEUH	AEU	Eindhoven, The Netherlands	Sale and fabrication of industrial automation products	316,403	256,473	8,314,280	100.00	151,225	4,799	4,799	Indirect subsidiary
	APL	Warsaw, Poland	Sale and fabrication of industrial automation products	14,176	10,285	6,836	100.00	36,534	3,296	3,296	Indirect subsidiary
	A-DLoG	Munich, Germany	Design, R&D and sale of industrial automation vehicles and related products	553,536	553,536	1	100.00	596,937	70,702	70,702	Indirect subsidiary
AEU	Innocore	England	Design, R&D and sale of gaming computer products	166,023	166,023	100	100.00	153,375	(4,942)	(4,942)	Indirect subsidiary
Innocore	IGL	England	Design, R&D and sale of gaming computer products	166,023	166,023	501,000	100.00	38,346	(4,942)	(4,942)	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				December 31, 2011	December 31, 2010	Shares	Percentage of Ownership	Carrying Value			
ASG	ATH	Thailand	Production of computers	\$ 7,537	\$ 7,537	51,000	51.00	\$ 16,882	\$ 6,633	\$ 3,383	Indirect subsidiary
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd. LANSONIC (B.V.I.)	Taipei, Taiwan BVI	Electronic parts and components manufacturing	3,719	3,719	655,500	28.50	8,340	3,632	2,762	Indirect subsidiary
			General investment	-	101,188	-	-	-	3,287	3,117	Indirect subsidiary
Broadwin Technology Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of Webaccess software	69,492	69,492	5,643,650	100.00	15,179	(128)	(128)	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	28,200	972,284	100.00	44,317	9,949	9,949	Indirect subsidiary
LandMark	Cermate (Shanghai) Cermate (Shenzhen)	Shanghai, China Shenzhen, China	Sale of industrial electronic products	US\$ 572	US\$ 572	-	100.00	23,826	2,114	2,114	Indirect subsidiary
			Manufacture of LCD touch panels, USB data cables and industrial automation products	US\$ 308	US\$ 308	-	90.00	20,364	7,446	6,701	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 had been audited

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2011

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note B)	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 December 31, 2011	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2011	Accumulated Inward Remittance of Earnings as of December 31, 2011
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US\$41,650 thousand	Indirect	\$ 1,129,258 (US\$ 37,300 thousand)	\$ -	\$ -	\$ 1,129,258 (US\$ 37,300 thousand)	100%	\$ 107,190	\$ 1,851,814	\$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US\$3,000 thousand	Indirect	90,825 (US\$ 3,000 thousand)	-	90,825 (US\$ 3,000 thousand)	-	-	10	-	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US\$4,230 thousand	Indirect	161,426 (US\$ 5,332 thousand)	-	-	161,426 (US\$ 5,332 thousand)	100%	70,127	621,670	340,140 (US\$ 11,235 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US\$8,000 thousand	Indirect	242,200 (US\$ 8,000 thousand)	-	-	242,200 (US\$ 8,000 thousand)	100%	144,320	533,615	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US\$1,000 thousand	Indirect	(Note C)	-	-	(Note C)	100%	(7,137)	1,262	-

Accumulated Investment in Mainland China as of December 31, 2011	Investment Amounts Approved by the Investment Commission, MOEA	Maximum Allowable Limit on Investment
\$1,538,939 (US\$50,832 thousand) (Note E)	\$2,088,975 (US\$69,000 thousand)	\$9,356,676 (Note F)

Note A: The financial statements used as basis of net asset values were all audited.

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 24 to the financial statements and Tables 1, 2, 6 and 7.

(Continued)

Note C: Remittance of investment made through 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 been liquidated already, after the capitals of the original investment is inflow back. On the return of capital to Advantech Co., Ltd., an application for the approval of this liquidation and cessation of the investment will be submitted to the Ministry of Economic Affairs in accordance with relevant regulation.

Note E: The exchange rate was US\$1.00=NT\$30.275.

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

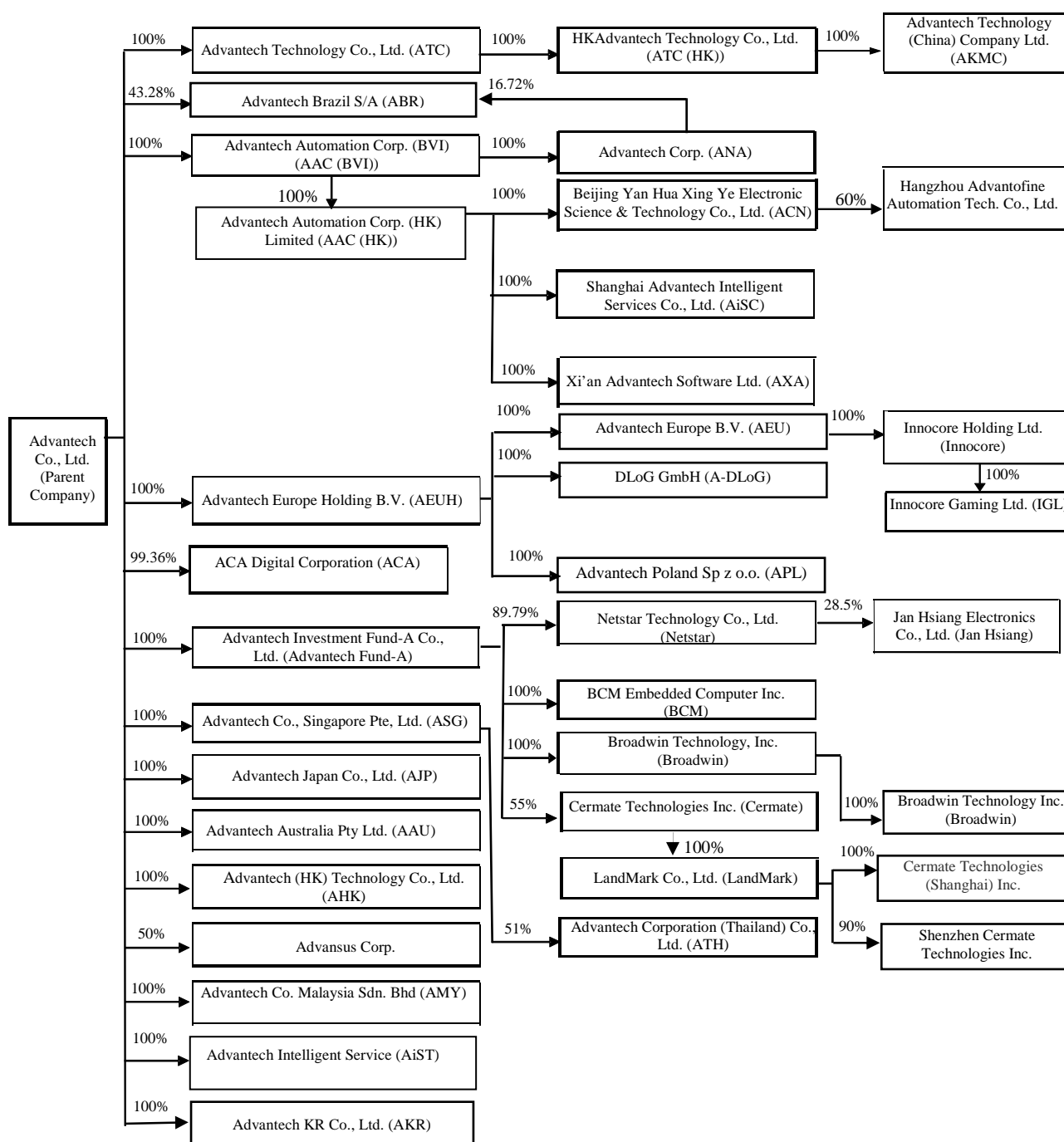
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TABLE 10

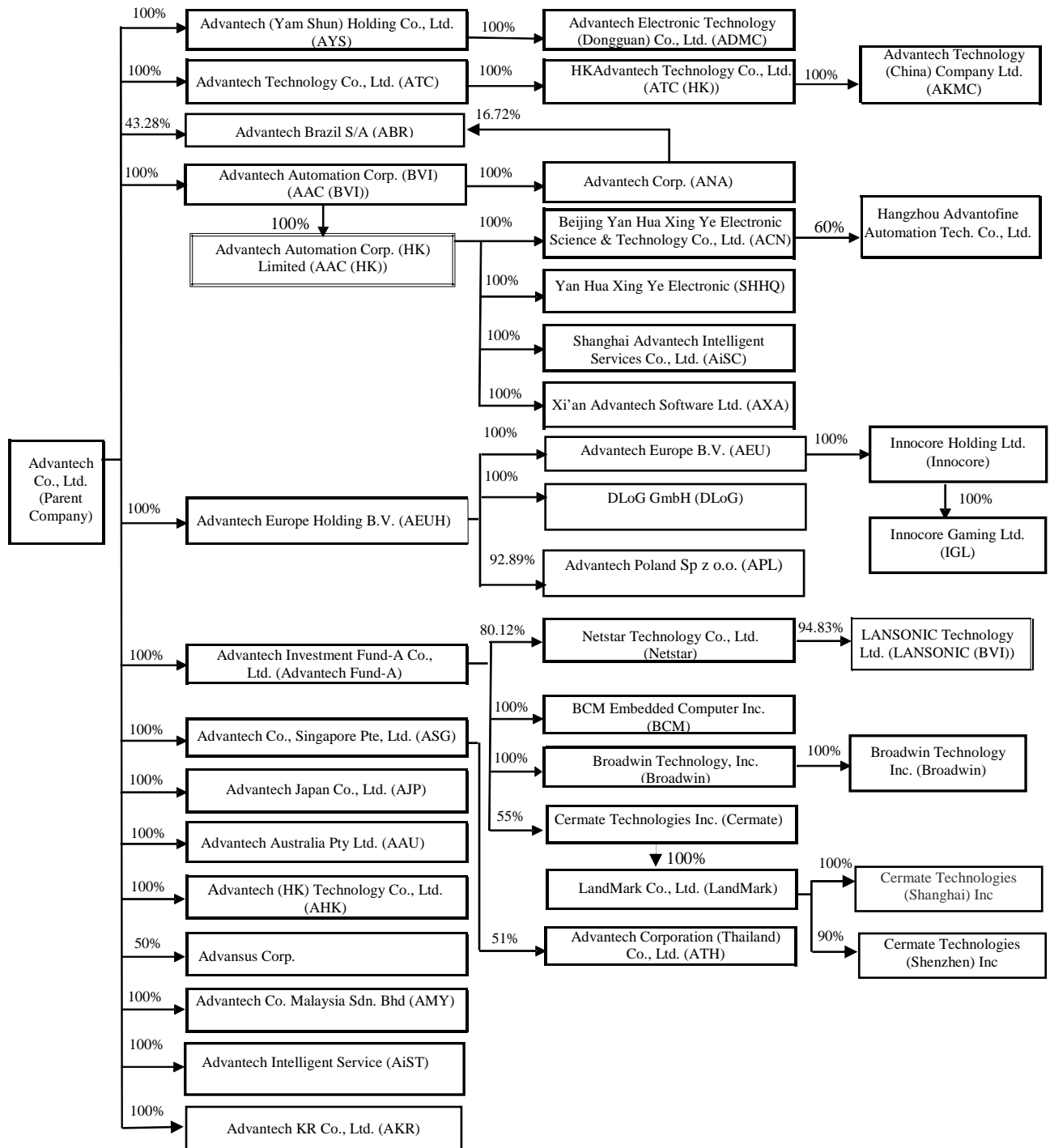
ADVANTECH CO., LTD. AND SUBSIDIARIES

**ORGANIZATION CHART
DECEMBER 31, 2011 AND 2010**

Intercompany relationships and percentages of ownership as of December 31, 2011 are shown below:



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



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

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)

2011

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd	AAC (HK)	1	Receivables from related parties	\$ 47	45 days	-
		AAC (HK)	1	Payables to related parties	1454	45 days	-
		AAU	1	Receivables from related parties	44,945	60-90 days	-
		AAU	1	Sales	166,614	Normal	1%
		AAU	1	Other revenue	3,115	Normal	-
		AAU	1	Purchase	74	Normal	-
		AAU	1	Payables to related parties	33	60-90 days	-
		ABR	1	Receivables from related parties	22,476	90 days	-
		ABR	1	Sales	90,944	Normal	-
		ABR	1	Other revenue	1,356	Normal	-
		ACA	1	Receivables from related parties	4,634	30 days	-
		ACA	1	Purchase	403,886	Normal	2%
		ACA	1	Sales	44,244	Normal	-
		ACA	1	Payables to related parties	130,522	30 days	1%
		ACN	1	Sales	2,168,638	Normal	10%
		ACN	1	Receivables from related parties	490,012	45 days	2%
		ACN	1	Other revenue	33,447	Normal	-
		ACN	1	Purchase	12,994	Normal	-
		ACN	1	Payables to related parties	505	30 days	-
		AEU	1	Sales	2,369,391	Normal	11%
		AEU	1	Receivables from related parties	818,076	30 days	4%
		AEU	1	Other revenue	15,547	Normal	-
		AEU	1	Payables to related parties	1,220	30 days	-
		AEU	1	Purchase	1,741	Normal	-
		AHK	1	Operating expense	5,693	Normal	-
		AiSC	1	Sales	1,686,624	Normal	8%
		AiSC	1	Receivables from related parties	419,821	45 days	2%
		AiSC	1	Payables to related parties	40	45 days	-
		AJP	1	Sales	360,905	Normal	2%
		AJP	1	Receivables from related parties	31,081	60-90 days	-
		AJP	1	Other revenue	17,249	Normal	-
		AJP	1	Payables to related parties	856	60-90 days	-
		AJP	1	Purchase	9	Normal	-
		AKMC	1	Sales	424,309	Normal	2%
		AKMC	1	Payables to related parties	645	60 days	-
		AKR	1	Sales	391,402	Normal	2%
		AKR	1	Receivables from related parties	24,934	Prompt collection	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AKR	1	Purchase	\$ 4,713	Normal	-
		AKR	1	Other revenue	5,936	Normal	-
		AMY	1	Sales	37,871	Normal	-
		AMY	1	Receivables from related parties	6,824	45 days	-
		AMY	1	Other revenue	1,763	Normal	-
		AMY	1	Operating expense	459	Normal	-
		ANA	1	Sales	5,299,400	Normal	25%
		ANA	1	Purchase	142,695	Normal	1%
		ANA	1	Payables to related parties	34,865	45 days	-
		ANA	1	Other revenue	23,941	Normal	-
		ANA	1	Receivables from related parties	514,185	45 days	2%
		APL	1	Sales	10,324	Normal	-
		APL	1	Receivables from related parties	807	45 days	-
		APL	1	Payables to related parties	1	30 days after invoice date	-
		APL	1	Purchase	77	Normal	-
		ASG	1	Sales	120,936	Normal	1%
		ASG	1	Receivables from related parties	28,371	60-90 days	-
		ASG	1	Other revenue	2,810	Normal	-
		ASG	1	Payables to related parties	431	60-90 days	-
		ASG	1	Operating expense	5,146	Normal	-
		ASG	1	Purchase	13	Normal	-
		ATC	1	Purchase	6,504,451	Normal	30%
		ATC	1	Payables to related parties	1,156,197	60 days	5%
		ATC	1	Royalty revenue	325,933	Normal	2%
		ATH	1	Sales	52,863	Normal	-
		ATH	1	Receivables from related parties	3,204	30 days after invoice date	-
		ATH	1	Other revenue	509	Normal	-
		ATH	1	Purchase	39	Normal	-
		ATH	1	Payables to related parties	10	Normal	-
		A-DLoG	1	Sales	14,844	Normal	-
		A-DLoG	1	Receivables from related parties	3,533	30 days after invoice date	-
		A-DLoG	1	Other revenue	6,479	Normal	-
		A-DLoG	1	Payables to related parties	1,081	30 days after invoice date	-
		A-DLoG	1	Purchase	4,489	Normal	-
		Innocore	1	Sales	6,151	Normal	-
		BCM Embedded Computer Inc.	1	Purchase	2,285	Normal	-
		BCM Embedded Computer Inc.	1	Sales	596	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	780	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	137	30 days	-
		Cermate	1	Purchase	14,582	Normal	-
		Cermate	1	Payables to related parties	905	Half-year payment (June and December)	-
		Cermate	1	Other revenue	720	Normal	-
		Cermate	1	Receivables from related parties	40	Half-year payment (June and December)	-
		Cermate	1	Sales	200	Normal	-
		Broadwin	1	Sales	2,158	Normal	-
		Broadwin	1	Other revenue	960	Normal	-
		Broadwin	1	Purchase	190	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Broadwin	1	Receivables from related parties	\$ 625	60 days	-
		Broadwin	1	Payables to related parties	21	60 days	-
		Advantofine	1	Purchase	315	Normal	-
		Advantech Fund-A	1	Interest expense	1,783	Normal	-
		Advantech Fund-A	1	Rental revenue	36	Normal	-
		Advantech Fund-A	1	Receivables from related parties	9	Normal	-
		AiST	1	Purchase	413,480	Normal	2%
		AiST	1	Sales	26,378	Normal	-
		Advansus Corp.	1	Purchase	1,156,603	Normal	5%
		Advansus Corp.	1	Payables to related parties	63,319	60-90 days	-
		Advansus Corp.	1	Sales	10,288	Normal	-
		Advansus Corp.	1	Other revenue	17,010	Normal	-
		Advansus Corp.	1	Rental revenue	7,020	Normal	-
		Advansus Corp.	1	Receivables from related parties	4,139	60-90 days	-
		Netstar Technology Co., Ltd.	1	Purchase	75,629	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	19,952	60 days	-
		Netstar Technology Co., Ltd.	1	Other revenue	960	Normal	-
		Netstar Technology Co., Ltd.	1	Sales	6,519	Normal	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	4,261	25th of last month of every quarter	-
1	ACN	ABJ (ACN)	3	Receivables from related parties	782	45 days	-
		ACA	3	Receivables from related parties	1,888	30 days	-
		ACA	3	Purchase	177,240	Normal	1%
		ACA	3	Sales	7,148	Normal	-
	ACN (ASZ)	ACN	3	Payables to related parties	4,458	45 days	-
	ACN (ABJ)	ACN	3	Payables to related parties	782	45 days	-
	ACN (ASZ)	ACN (ABJ)	3	Receivables from related parties	782	Prompt collection	-
	ACN (ABJ)	ACN (ASZ)	3	Payables to related parties	782	45 days	-
	ACN	AEU	3	Receivables from related parties	2,601	30 days	-
		AEU	3	Sales	3,051	Normal	-
		AiSC	3	Sales	296,736	Normal	1%
	ACN (ABJ)	AiSC	3	Purchase	206,285	Normal	1%
		AiSC	3	Payables to related parties	218,871	25th of every month	1%
		AiSC	3	Interest expense	1,478	Normal	-
	ACN	AiSC	3	Receivables from related parties	156,437	Prompt collection	1%
		AiSC	3	Interest revenue	38	Normal	-
		AJP	3	Sales	33	Normal	-
		AKMC	3	Sales	20,815	Normal	-
		AKMC	3	Purchase	30,282	Normal	-
		AKMC	3	Payables to related parties	10,035	60-90 days	-
		AKMC	3	Rental expense	3,606	Normal	-
		AKMC	3	Receivables from related parties	3,539	60-90 days	-
		AKR	3	Sales	28	Normal	-
		AMY	3	Sales	25	Normal	-
		ANA	3	Purchase	319	Normal	-
		ANA	3	Payables to related parties	31	30 days	-
		ANA	3	Receivables from related parties	2,144	30 days	-
		ANA	3	Sales	2,570	30 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ASZ (ACN)	3	Receivables from related parties	\$ 4,458	45 days	-
		AXA	3	Payables to related parties	22,823	25th of every month	-
		AXA	3	Receivables from related parties	45,795	60 days	-
		Advantech Co., Ltd	2	Purchase	2,168,638	Normal	10%
		Advantech Co., Ltd	2	Payables to related parties	490,012	45 days	2%
		Advantech Co., Ltd	2	Sales	12,994	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	505	30 days	-
		Advantech Co., Ltd	2	Other expense	33,447	Normal	-
2	AAU	AEU	3	Purchase	157	Normal	-
		ANA	3	Purchase	55	Normal	-
		ANA	3	Payables to related parties	14	60-90 days	-
		ASG	3	Receivables from related parties	33	30 days	-
		ASG	3	Purchase	18	Normal	-
		ASG	3	Payables to related parties	23	45 days after invoice date	-
		A-DLoG	3	Payables to related parties	29	30 days after invoice date	-
		A-DLoG	3	Purchase	276	Normal	-
		Advantech Co., Ltd	2	Purchase	166,614	Normal	1%
		Advantech Co., Ltd	2	Payables to related parties	44,945	60-90 days	-
		Advantech Co., Ltd	2	Sales	74	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	33	60-90 days	-
		Advantech Co., Ltd	2	Other expense	3,115	Normal	-
3	ABR	A-DLoG	3	Purchase	122	Normal	-
		Advantech Co., Ltd	2	Purchase	90,944	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	22,476	90 days	-
		Advantech Co., Ltd	2	Other expense	1,356	Normal	-
4	ACA	ACN	3	Payables to related parties	1,888	60-90 days	-
		ACN	3	Purchase	7,148	Normal	-
		ACN	3	Sales	177,240	Normal	1%
		AKMC	3	Payables to related parties	211	60-90 days	-
		AKMC	3	Receivables from related parties	49,824	45 days	-
		AKMC	3	Purchase	200	Next 30 days	-
		ATC	3	Sales	60,065	45 days	-
		Advantech Co., Ltd	2	Sales	403,886	Normal	2%
		Advantech Co., Ltd	2	Purchase	44,244	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	4,634	30 days	-
		Advantech Co., Ltd	2	Receivables from related parties	130,522	30 days	1%
		Advantech Fund-A	3	Interest expense	65	Normal	-
		AiST	3	Purchase	46,977	Normal	-
		Advansus Corp.	3	Purchase	74,380	Normal	-
		Advansus Corp.	3	Payables to related parties	35,222	30 days	-
		Advansus Corp.	3	Receivables from related parties	20,165	45 days	-
5	ADL	AEU	3	Commission revenue	86,275	Normal	-
	ADL (AIT)	AEU	3	Commission revenue	68,553	Normal	-
	ADL (AUK)	AEU	3	Receivables from related parties	14,644	30 days after invoice date	-
	ADL (AFR)	AEU	3	Commission revenue	46,600	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
	ADL (AIT)	AEU	3	Receivables from related parties	\$ 8,505	30 days after invoice date	-
	ADL (AUK)	AEU	3	Commission revenue	24,361	Normal	-
	ADL (AFR)	AEU	3	Receivables from related parties	8,351	30 days after invoice date	-
	ADL	AEU	3	Receivables from related parties	6,856	30 days after invoice date	-
		AEU	3	Payables to related parties	18,138	30 days after invoice date	-
	ADL (AFR)	AEU	3	Payables to related parties	421	30 days after invoice date	-
	ADL (AUK)	AEUH	3	Payables to related parties	19,590	30 days after invoice date	-
	ADL (ABN)	ANA	3	Purchase	177	Normal	-
	ADL (AUK)	Innocore	3	Receivables from related parties	21,417	Prompt collection	-
	ADL	Advantech Co., Ltd	2	Payables to related parties	253	30 days	-
		Advantech Co., Ltd	2	Receivables from related parties	248	30 days after invoice date	-
6	AEUH	ADL (AUK)	3	Receivables from related parties	19,590	30 days after invoice date	-
7	AHK	AAC (HK)	3	Sales	14	Normal	-
		Advantech Co., Ltd	2	Other revenue	5,693	Normal	-
8	AiSC	AAC (HK)	3	Receivables from related parties	1,310	90 days	-
		ABJ (ACN)	3	Sales	206,285	Normal	1%
		ABJ (ACN)	3	Receivables from related parties	218,871	25th of every month	1%
		ABJ (ACN)	3	Interest revenue	1,478	Normal	-
		ACN	3	Purchase	296,736	Normal	1%
		ACN	3	Payables to related parties	11,800	25th of every month	-
		ACN	3	Interest expense	38	Normal	-
		AKMC	3	Purchase	156,141	Normal	1%
		AKMC	3	Payables to related parties	42,494	Prompt payment	-
		AKMC	3	Sales	8,434	Normal	-
		AKMC	3	Receivables from related parties	563	30 days	-
		BCM	3	Receivables from related parties	154	Prompt collection	-
		Advantech Co., Ltd	2	Purchase	1,686,624	Normal	8%
		Advantech Co., Ltd	2	Payables to related parties	419,821	45 days	2%
		Advantech Co., Ltd	2	Receivables from related parties	40	45 days	-
		Advantofine	3	Sales	67,104	Normal	-
		Advantofine	3	Receivables from related parties	11,996	Prompt collection	-
9	AJP	ACN	3	Purchase	33	Normal	-
		AEU	3	Payables to related parties	1	90 days	-
		AKMC	3	Receivables from related parties	121	45 days	-
		ANA	3	Purchase	22	Normal	-
		Advantech Co., Ltd	2	Purchase	360,905	Normal	2%
		Advantech Co., Ltd	2	Payables to related parties	31,081	60-90 days	-
		Advantech Co., Ltd	2	Sales	9	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	856	60-90 days	-
		Advantech Co., Ltd	2	Other expense	17,249	Normal	-
10	AKMC	ACA	3	Receivables from related parties	211	60-90 days	-
		ACA	3	Payables to related parties	49,824	45 days	-
		ACA	3	Sales	200	Next 30 days	-
		ACN	3	Receivables from related parties	10,035	60-90 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ACN	3	Purchase	\$ 20,815	Normal	-
		ACN	3	Sales	30,282	Normal	-
		ACN	3	Payables to related parties	3,539	60-90 days	-
		ACN	3	Rental revenue	3,606	Normal	-
		AEU	3	Receivables from related parties	1,326	30 days after invoice date	-
		AEU	3	Sales	1,302	Normal	-
		AEU	3	Payables to related parties	802	Normal	-
		AiSC	3	Sales	156,141	Normal	1%
		AiSC	3	Receivables from related parties	42,494	Prompt collection	-
		AiSC	3	Purchase	8,434	Normal	-
		AiSC	3	Payables to related parties	563	30 days	-
		AJP	3	Payables to related parties	121	45 days	-
		AKR	3	Receivables from related parties	29	30 days after invoice date	-
		ANA	3	Payables to related parties	173,533	30 days after invoice date	1%
		ANA	3	Receivables from related parties	29	60-90 days	-
		ANA	3	Interest expense	3,380	Normal	-
		ANA	3	Sales	849	Normal	-
		ANA	3	Purchase	3,400	Normal	-
		ATC	3	Sales	6,105,541	Normal	28%
		ATC	3	Purchase	56,241	Normal	-
		ATC	3	Payables to related parties	16,793	60-90 days	-
		ATC	3	Receivables from related parties	371,810	60-90 days	2%
		ATH	3	Receivables from related parties	33	30 days after invoice date	-
		A-DLoG	3	Purchase	115	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	645	60 days	-
		Advantech Co., Ltd	2	Purchase	424,309	Normal	2%
		Cermate (Shenzhen)	3	Payables to related parties	3,183	40 days	-
		Cermate (Shenzhen)	3	Purchase	3,353	40 days	-
		Cermate	3	Sales	1,743	Normal	-
		Cermate	3	Receivables from related parties	1,688	60 days	-
		Advantofine	3	Receivables from related parties	118	next 60 days	-
		AiST	3	Purchase	277,795	Normal	1%
		Advansus Corp.	3	Purchase	494,327	Normal	2%
		Advansus Corp.	3	Payables to related parties	34,505	60-90 days	-
		Advansus Corp.	3	Sales	31,104	Normal	-
		Advansus Corp.	3	Receivables from related parties	2,787	Prompt collection	-
		Netstar Technology Co., Ltd.	3	Sales	259,320	Normal	1%
		Netstar Technology Co., Ltd.	3	Purchase	3,573	Normal	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	619	Next 60 days	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	45,165	Next 60 days	-
11	AKR	ACN	3	Purchase	28	Normal	-
		AKMC	3	Payables to related parties	29	30 days after invoice date	-
		Advantech Co., Ltd	2	Purchase	391,402	Normal	2%
		Advantech Co., Ltd	2	Payables to related parties	24,933	Prompt payment	-
		Advantech Co., Ltd	2	Sales	4,713	Normal	-
		Advantech Co., Ltd	2	Other expense	5,936	Normal	-
		Advansus Corp.	3	Purchase	113,615	Normal	1%
		Advansus Corp.	3	Payables to related parties	9,483	60-90 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AEU	3	Payables to related parties	\$ 12	30 days after invoice date	-
		AEU	3	Purchase	12	Normal	-
12	AMY	ACN	3	Purchase	25	Normal	-
		AMY	3	Purchase	22	Normal	-
		ASG	3	Purchase	34	Normal	-
		Advantech Co., Ltd	2	Purchase	37,871	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	6,824	45 days	-
		Advantech Co., Ltd	2	Other expense	1,763	Normal	-
		Advantech Co., Ltd	2	Other revenue	459	Normal	-
13	ANA	AAU	3	Receivables from related parties	14	60-90 days	-
		AAU	3	Sales	55	Normal	-
		ACN	3	Receivables from related parties	31	30 days	-
		ACN	3	Sales	319	Normal	-
		ACN	3	Payables to related parties	2,144	30 days	-
		ACN	3	Purchase	2,570	30 days	-
		ADL (ABN)	3	Sales	177	Normal	-
		AEU	3	Purchase	27,079	Normal	-
		AEU	3	Payables to related parties	10,182	30 days after invoice date	-
		AEU	3	Interest revenue	201	Normal	-
		AEU	3	Receivables from related parties	1,456	60-90 days	-
		AEU	3	Sales	2,425	Normal	-
		AEU	3	Interest expense	98	Normal	-
	AAC (HK)	AHK	3	Purchase	14	Normal	-
		AiSC	3	Payables to related parties	1,310	90 days	-
	ANA	AJP	3	Sales	22	Normal	-
		AKL	3	Sales	177	-	-
		AKMC	3	Interest revenue	3,380	Normal	-
		AKMC	3	Purchase	849	Normal	-
		AKMC	3	Sales	3,400	Normal	-
		AKMC	3	Payables to related parties	29	60-90 days	-
		AKMC	3	Receivables from related parties	173,533	30 days after invoice date	1%
		ASG	3	Payables to related parties	43	30 days	-
		A-DLoG	3	Purchase	299	Normal	-
		Advantech Co., Ltd	2	Purchase	5,299,400	Normal	25%
		Advantech Co., Ltd	2	Payables to related parties	514,185	45 days	2%
		Advantech Co., Ltd	2	Sales	142,695	Normal	1%
		Advantech Co., Ltd	2	Other expense	23,941	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	34,865	45 days	-
14	APL	AEU	3	Receivables from related parties	22,658	30 days after invoice date	-
		AEU	3	Purchase	43,062	Normal	-
		AEU	3	Sales	37	Normal	-
		AEU	3	Payables to related parties	172	30 days	-
		Advantech Co., Ltd	2	Purchase	10,324	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	807	45 days	-
		Advantech Co., Ltd	2	Sales	77	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	1	30 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
15	ASG	AAU	3	Receivables from related parties	\$ 23	45 days after invoice date	-
		AAU	3	Payables to related parties	33	Next 30 days	-
		AAU	3	Sales	18	Normal	-
		AEU	3	Purchase	133	Normal	-
		AMY	3	Sales	34	Normal	-
		ANA	3	Receivables from related parties	43	30 days	-
		ATH	3	Sales	5,342	Normal	-
		ATH	3	Receivables from related parties	1,791	30 days	-
		ATH	3	Other revenue	1,338	Normal	-
		Advantech Co., Ltd	2	Purchase	120,936	Normal	1%
		Advantech Co., Ltd	2	Payables to related parties	28,371	60-90 days	-
		Advantech Co., Ltd	2	Other expense	2,810	Normal	-
		Advantech Co., Ltd	2	Sales	13	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	431	60-90 days	-
		Advantech Co., Ltd	2	Other revenue	5,146	Normal	-
16	ATC	ACA	3	Purchase	60,065	45 days	-
		AEU	3	Payables to related parties	2,094	30 days after invoice date	-
		AKMC	3	Payables to related parties	371,810	60-90 days	2%
		AKMC	3	Purchase	6,105,541	Normal	28%
		AKMC	3	Sales	56,241	Normal	-
		AKMC	3	Receivables from related parties	16,793	60-90 days	-
		Advantech Co., Ltd	2	Sales	6,504,451	Normal	30%
		Advantech Co., Ltd	2	Receivables from related parties	1,156,197	60 days	5%
		Advantech Co., Ltd	2	Royalty expense	325,933	Normal	2%
17	ATH	AKMC	3	Payables to related parties	33	30 days after invoice date	-
		ASG	3	Purchase	5,342	Normal	-
		ASG	3	Payables to related parties	1,791	30 days	-
		ASG	3	Other expense	1,338	Normal	-
		Advantech Co., Ltd	2	Other expense	509	Normal	-
		Advantech Co., Ltd	2	Purchase	52,863	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	3,204	30 days after invoice date	-
		Advantech Co., Ltd	2	Sales	39	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	10	Normal	-
18	AXA	ACN	3	Payables to related parties	45,795	Prompt payment	-
		ACN	3	Receivables from related parties	22,823	25th of every month	-
20	BCM	AiSC	3	Payables to related parties	154	60 days	-
21	A-DLoG	AAU	3	Receivables from related parties	29	30 days after invoice date	-
		AAU	3	Sales	276	Normal	-
		ABR	3	Sales	122	Normal	-
		AEU	3	Sales	415	Normal	-
		AEU	3	Payables to related parties	58	30 days after invoice date	-
		AKMC	3	Sales	115	Normal	-
		ANA	3	Sales	299	Normal	-
		Advantech Co., Ltd	2	Other expense	6,479	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd	2 2 2 2	Purchase Payables to related parties Sales Receivables from related parties	\$ 14,844 3,533 4,489 1,081	Normal 30 days after invoice date Normal 30 days after invoice date	- - - -
22	Innocore	ADL (AUK) AEU Advantech Co., Ltd	3 3 2	Payables to related parties Payables to related parties Purchase	21,417 45,505 6,151	Prompt collection 30 days after invoice date Normal	- - -
24	BCM Embedded Computer Inc.	Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advansus Corp. Advansus Corp.	2 2 2 2 3 3	Sales Purchase Payables to related parties Rental expense Purchase Payables to related parties	2,285 596 137 780 79,690 1,793	Normal Normal 30 days Normal Normal 60-90 days	- - - - - -
25	Cermate (Shanghai)	Cermate (Shenzhen) Cermate (Shenzhen) Cermate (Shenzhen)	3 3 3	Purchase Receivables from related parties Sales	28,458 6,595 202	Normal 60 days Normal	- - -
26	Cermate (Shenzhen)	AKMC AKMC Cermate (Shanghai) Cermate (Shanghai) Cermate (Shanghai) Cermate Cermate Cermate Cermate	3 3 3 3 3 3 3 3 3	Receivables from related parties Sales Sales Payables to related parties Purchase Purchase Payables to related parties Sales Receivables from related parties	3,183 3,353 28,458 6,595 202 67,453 18,111 11,125 1,476	40 days 40 days Normal 60 days Normal Normal 30 days Normal 60 days	- - - - - - - - -
27	Cermate	AKMC AKMC Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Cermate (Shenzhen) Cermate (Shenzhen) Cermate (Shenzhen) Cermate (Shenzhen)	3 3 2 2 2 2 2 3 3 3 3	Purchase Payables to related parties Other expense Receivables from related parties Sales Purchase Payables to related parties Sales Purchase Payables to related parties Receivables from related parties	1,743 1,688 720 905 14,582 200 40 67,453 11,125 1,476 18,111	Normal 60 days Normal Half-year payment (June and December) Normal Normal Half-year payment (June and December) Normal Normal 60 days 30 days	- - - - - - - - - - -
28	Broadwin Technology, Inc.	Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd Advantech Co., Ltd	2 2 2 2 2	Other expense Receivables from related parties Purchase Payables to related parties Sales	960 21 2,158 625 190	Normal 60 days Normal 60 days Normal	- - - - -

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
29	Advantofine	AiSC	3	Purchase	\$ 67,104	Normal	-
		AiSC	3	Payables to related parties	11,996	Prompt payment	-
		AKMC	3	Receivables from related parties	118	Next 60 days	-
		Advantech Co., Ltd	2	Sales	315	Normal	-
30	Advantech Fund-A	ACA	3	Interest revenue	65	Normal	-
		Advantech Co., Ltd	2	Interest revenue	1,783	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	9	Normal	-
		Advantech Co., Ltd	2	Rental expense	36	Normal	-
		Netstar Technology Co., Ltd.	3	Interest revenue	185	Normal	-
31	AiST	ACA	3	Sales	46,977	Normal	-
		AKMC	3	Sales	277,795	Normal	1%
		Advantech Co., Ltd	2	Sales	413,480	Normal	2%
		Advantech Co., Ltd	2	Purchase	26,378	Normal	-
		Advansus Corp.	3	Purchase	130,951	Normal	1%
		Advansus Corp.	3	Sales	298,721	Normal	1%
32	Advansus Corp.	ACA	3	Receivables from related parties	35,222	30 days	-
		ACA	3	Payables to related parties	20,165	45 days	-
		ACA	3	Sales	74,380	Normal	-
		AKMC	3	Sales	494,327	Normal	2%
		AKMC	3	Receivables from related parties	34,505	60-90 days	-
		AKMC	3	Purchase	31,104	Normal	-
		AKMC	3	Payables to related parties	2,787	Prompt payment	-
		AKR	3	Sales	113,615	Normal	1%
		AKR	3	Receivables from related parties	9,483	60-90 days	-
		Advantech Co., Ltd	2	Other expense	17,010	Normal	-
		Advantech Co., Ltd	2	Receivables from related parties	63,319	60-90 days	-
		Advantech Co., Ltd	2	Sales	1,156,603	Normal	5%
		Advantech Co., Ltd	2	Purchase	10,288	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	4,139	60-90 days	-
		Advantech Co., Ltd	2	Rental expense	7,020	Normal	-
		BCM Embedded Computer Inc.	3	Sales	79,690	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	1,793	60-90 days	-
AiST	3	Sales	130,951	Normal	1%		
AiST	3	Purchase	298,721	Normal	1%		
33	Netstar Technology Co., Ltd.	AKMC	3	Purchase	259,320	Normal	1%
		AKMC	3	Payables to related parties	45,165	next 60 days	-
		AKMC	3	Sales	3,573	Normal	-
		AKMC	3	Receivables from related parties	619	next 60 days	-
		Advantech Co., Ltd	2	Other expense	960	Normal	-
		Advantech Co., Ltd	2	Sales	75,629	Normal	-
		Advantech Co., Ltd	2	Purchase	6,519	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	4,261	25th of every quarter	-
		Advantech Co., Ltd	2	Receivables from related parties	19,952	60 days	-
		Advantech Fund-A	3	Interest expense	185	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
35	AEU	ACN	3	Payables to related parties	\$ 2,601	30 days	-
		ACN	3	Purchase	3,051	Normal	-
		ADL	3	Receivables from related parties	18,138	30 days after invoice date	-
		ADL	3	Commission expense	86,275	Normal	-
		ADL	3	Payables to related parties	6,856	30 days after invoice date	-
		ADL (AFR)	3	Receivables from related parties	421	30 days after invoice date	-
		ADL (AFR)	3	Commission expense	46,600	Normal	-
		ADL (AFR)	3	Payables to related parties	8,351	30 days after invoice date	-
		ADL (AIT)	3	Commission expense	68,553	Normal	-
		ADL (AIT)	3	Payables to related parties	8,505	30 days after invoice date	-
		ADL (AUK)	3	Payables to related parties	14,644	30 days after invoice date	-
		ADL (AUK)	3	Commission expense	24,361	Normal	-
		AJP	3	Receivables from related parties	1	90 days	-
		AKMC	3	Payables to related parties	1,326	60-90 days	-
		AKMC	3	Purchase	1,302	Normal	-
		ANA	3	Sales	27,079	Normal	-
		ANA	3	Purchase	2,425	Normal	-
		ANA	3	Payables to related parties	1,456	60-90 days	-
		ATC	3	Receivables from related parties	2,094	30 days after invoice date	-
		AKMC	3	Receivables from related parties	802	Normal	-
		ANA	3	Receivables from related parties	10,182	30 days after invoice date	-
		ANA	3	Interest expense	201	Normal	-
		ANA	3	Interest revenue	98	Normal	-
		APL	3	Payables to related parties	22,658	30 days after invoice date	-
		APL	3	Sales	43,062	Normal	-
		AKR	3	Receivables from related parties	12	30 days after invoice date	-
		APL	3	Receivables from related parties	172	30 days	-
		APL	3	Purchase	37	Normal	-
		A-DLoG	3	Receivables from related parties	58	30 days after invoice date	-
		A-DLoG	3	Purchase	415	Normal	-
		Innocore	3	Receivables from related parties	45,505	60 days	-
		Advantech Co., Ltd	2	Other expense	15,547	Normal	-
		Advantech Co., Ltd	2	Payables to related parties	818,076	30 days	4%
		Advantech Co., Ltd	2	Sales	1,741	Normal	-
		Advantech Co., Ltd	2	Purchase	2,369,391	Normal	11%
		Advantech Co., Ltd	2	Receivables from related parties	1,220	30 days after invoice date	-
		AAU	3	Sales	157	Normal	-
		ASG	3	Sales	133	Normal	-
		AMY	3	Sales	22	Normal	-
		AKR	3	Sales	12	Normal	-
37	AAC (HK)	Advantech Co., Ltd	2	Receivables from related parties	1454	45 days	-
		Advantech Co., Ltd	2	Payables to related parties	47	45 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
0	Advantech Co., Ltd.	AEU	1	Sales	\$ 1,881,081	Normal	8%
		AEU	1	Receivables from related parties	664,284	30 days	4%
		AEU	1	Purchase	1,143	Normal	-
		AEU	1	Payables to related parties	248	30 days	-
		ACN	1	Sales	2,066,881	Normal	9%
		ACN	1	Receivables from related parties	339,541	45 days	2%
		ACN	1	Purchase	4,476	Normal	-
		ACN	1	Payables to related parties	1,354	30 days	-
		ACN	1	Other revenue	24,960	Normal	-
		ATC	1	Purchase	5,468,590	Normal	24%
		ATC	1	Payables to related parties	986,630	60 days	5%
		ATC	1	Royalty income	272,423	Normal	1%
		AKMC	1	Sales	442,806	Normal	2%
		AKMC	1	Receivables from related parties	35,858	45 days	-
		AAU	1	Sales	144,304	Normal	1%
		AAU	1	Receivables from related parties	21,030	60-90 days	-
		AAU	1	Purchase	62	Normal	-
		AAU	1	Payables to related parties	2	60-90 days	-
		ASG	1	Sales	127,918	Normal	1%
		ASG	1	Receivables from related parties	16,280	60-90 days	-
		ASG	1	Purchase	11	Normal	-
		ASG	1	Payables to related parties	260	60-90 days	-
		AJP	1	Sales	389,935	Normal	2%
		AJP	1	Receivables from related parties	35,745	60-90 days	-
		AJP	1	Purchase	10	Normal	-
		AJP	1	Other revenue	14,772	Normal	-
		Advansus Corp	1	Sales	14,585	Normal	-
		Advansus Corp	1	Receivables from related parties	5,734	60-90 days	-
		Advansus Corp	1	Purchase	1,936,461	Normal	8%
		Advansus Corp	1	Payables to related parties	138,332	60-90 days	1%
		Advansus Corp	1	Rental revenue	7,020	Normal	-
		Advansus Corp	1	Other revenue	22,434	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	780	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	234	30 days	-
BCM Embedded Computer Inc.	1	Payables to related parties	81	30 days	-		
BCM Embedded Computer Inc.	1	Purchase	936	Normal	-		
BCM Embedded Computer Inc.	1	Sales	1,223	Normal	-		
Advantech Fund-A	1	Rental revenue	36	Normal	-		

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advantech Fund-A	1	Receivables from related parties	\$ 6	Normal	-
		Advantech Fund-A	1	Interest expense	931	Normal	-
		Broadwin Technology, Inc.	1	Sales	2,353	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	159	60 days	-
		Broadwin Technology, Inc.	1	Purchase	797	Normal	-
		Broadwin Technology, Inc.	1	Payables to related parties	105	60 days	-
		Broadwin Technology, Inc.	1	Other revenue	770	Normal	-
		ADL	1	Receivables from related parties	1,091	30 days	-
		AMY	1	Sales	35,027	Normal	-
		AMY	1	Receivables from related parties	2,371	45 days	-
		APL	1	Sales	11,930	Normal	-
		APL	1	Receivables from related parties	1,628	45 days	-
		APL	1	Purchase	17	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	67,343	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	13,061	60 days	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	1,418	25th of every quarter	-
		Netstar Technology Co., Ltd.	1	Sales	6,397	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	880	Normal	-
		AiSC	1	Sales	1,551,083	Normal	7%
		AiSC	1	Receivables from related parties	227,103	45 days	1%
		AiSC	1	Payables to related parties	259	45 days	-
		ANA	1	Sales	4,565,991	Normal	2%
		ANA	1	Purchase	175,396	Normal	1%
		ANA	1	Receivables from related parties	536,833	45 days	3%
		ANA	1	Payables to related parties	23,908	45 days	-
		ANA	1	Other revenue	19,546	Normal	-
		AHK	1	Payables to related parties	401	60 days	-
		AHK	1	Operating expense	4,980	Normal	-
		ABR	1	Receivables from related parties	25,841	90 days	-
		ABR	1	Sales	96,394	Normal	-
		ABR	1	Other revenue	451	Normal	-
		AKR	1	Sales	419,833	Normal	2%
		AKR	1	Receivables from related parties	66,152	Prompt collection	-
		AKR	1	Interest revenue	21	Normal	-
		AKR	1	Other revenue	15,923	Normal	-
		DLoG	1	Sales	1,527	Normal	-
		DLoG	1	Receivables from related parties	271	30 days after invoice date	-
		DLoG	1	Purchase	57	Normal	-
		AiST	1	Interest expense	85	Normal	-
		AiST	1	Payables to related parties	16,694	Normal	-
		AiST	1	Purchase	16,450	Normal	-
		Cermate	1	Receivables from related parties	126	Half-year payment (June and December)	-
		Cermate	1	Purchase	13,837	Normal	-
		Cermate	1	Payables to related parties	716	Half-year payment (June and December)	-
		Cermate	1	Other revenue	400	Normal	-
		ATH	1	Sales	29,156	Normal	-
		ATH	1	Receivables from related parties	4	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
1	ANA	Advantech Co., Ltd.	2	Sales	\$ 175,396	Normal	1%
		Advantech Co., Ltd.	2	Receivables from related parties	23,908	45 days	-
		Advantech Co., Ltd.	2	Purchase	4,565,991	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	536,833	45 days	3%
		Advantech Co., Ltd.	2	Other expense	19,546	Normal	-
	ANA (AASC) ANA	ASG	3	Sales	216	Normal	-
		AEU	3	Purchase	1,019	Normal	-
		AEU	3	Sales	3,138	Normal	-
		AEU	3	Receivables from related parties	29,769	60-90 days	-
		AEU	3	Interest expense	721	Normal	-
		AEU	3	Interest revenue	766	Normal	-
		ATC	3	Receivables from related parties	725	60-90 days	-
		ATC	3	Sales	2,362	Normal	-
		AAU	3	Sales	132	Normal	-
		ACN	3	Sales	790	Normal	-
		AMY	3	Sales	116	60 days	-
		AKMC	3	Receivables from related parties	168,954	30 days after invoice date	1%
		AKMC	3	Purchase	126	Normal	-
		AKMC	3	Interest revenue	3,134	30 days	-
		AKMC	3	Payables to related parties	120	60-90 days	-
AJP	3	Sales	12	Normal	-		
2	AEU	Advantech Co., Ltd.	2	Sales	1,143	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	248	30 days	-
		Advantech Co., Ltd.	2	Purchase	1,881,081	Normal	8%
		Advantech Co., Ltd.	2	Payables to related parties	664,284	30 days	4%
		ADL	3	Sales	10,135	Normal	-
		ADL	3	Other expense	226,620	Normal	1%
		ADL	3	Commission expense	226,925	Normal	1%
		ADL	3	Receivables from related parties	40,256	30 days after invoice date	-
		APL	3	Purchase	11,079	Normal	-
		APL	3	Receivables from related parties	660	30 days	-
		APL	3	Payables to related parties	22,672	30 days after invoice date	-
		DLoG	3	Receivables from related parties	990	30 days	-
		ACN	3	Receivables from related parties	1,531	30 days after invoice date	-
		AJP	3	Payables to related parties	50	60 days	-
		AJP	3	Receivables from related parties	4	30 days	-
		AJP	3	Sales	11	Normal	-
		ANA	3	Sales	1,019	Normal	-
		ANA	3	Interest revenue	721	Normal	-
		ANA	3	Purchase	3,138	Normal	-
		ANA	3	Interest expense	766	Normal	-
		ANA	3	Payables to related parties	29,769	60-90 days	-
		APL	3	Sales	1,504	30 days	-
		AAU	3	Sales	184	Normal	-
		ASG	3	Purchase	7	Normal	-
		ASG	3	Payables to related parties	7	30 days	-
		ASG	3	Sales	43	Normal	-
AISC	3	Sales	704	Normal	-		

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AKMC	3	Sales	\$ 88	Normal	-
3	ACN	Advantech Co., Ltd.	2	Sales	4,476	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,354	30 days	-
		Advantech Co., Ltd.	2	Purchase	2,066,881	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	339,541	45 days	2%
		Advantech Co., Ltd.	2	Other expense	24,960	Normal	-
		ANA	3	Purchase	790	Normal	-
		AHK	3	Sales	18	Every two months	-
		AHK	3	Receivables from related parties	5,495	60-90 days	-
		AKMC	3	Purchase	45,609	Normal	-
		AKMC	3	Payables to related parties	6,208	60-90 days	-
		AKMC	3	Sales	12,634	Normal	-
		AKMC	3	Rental expense	3,702	Normal	-
		AKMC	3	Receivables from related parties	4,131	60-90 days	-
		AKMC	3	Interest revenue	597	Normal	-
		AMY	3	Receivables from related parties	15	60-90 days	-
		AMY	3	Sales	13	Normal	-
		SHHQ	3	Interest expense	157	Normal	-
		AXA	3	Receivables from related parties	16,166	Prompt collection	-
		AXA	3	Purchase	10,925	Normal	-
		AXA	3	Payables to related parties	36	25th of every month	-
		AiSC	3	Interest expense	1,757	60 days	-
		AiSC	3	Receivables from related parties	75,321	25th of every month	-
		AiSC	3	Sales	232,571	Normal	1%
		AiSC	3	Purchase	173,164	Normal	1%
		AiSC	3	Payables to related parties	36,912	25th of every month	-
		AAU	3	Receivables from related parties	1,368	30th of every month	-
		AAU	3	Sales	2,511	Normal	-
		ASZ (ACN)	3	Receivables from related parties	2,372	45 days	-
		AJP	3	Sales	73	Normal	-
		AKR	3	Sales	36	Normal	-
		ABJ (ACN)	3	Receivables from related parties	362	45 days	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	2,079	60 days	-
		AEUH	3	Receivables from related parties	697	60-90 days	-
		AEUH	3	Sales	1,742	Normal	-
	ASZ (ACN)	ACN	3	Receivables from related parties	362	45 days	-
		ACN	3	Payables to related parties	2,372	45 days	-
	ABJ (ACN)	ACN	3	Payables to related parties	362	45 days	-
	ACN	ASZ (ACN)	3	Payables to related parties	362	45 days	-
		AEU	3	Payables to related parties	1,531	30 days after invoice date	-
4	ATC	Advantech Co., Ltd.	2	Receivables from related parties	986,630	60 days	5%
		Advantech Co., Ltd.	2	Royalty expense	272,423	Normal	1%
		Advantech Co., Ltd.	2	Sales	5,468,590	Normal	24%
		AKMC	3	Purchase	5,046,332	Normal	22%
		AKMC	3	Payables to related parties	226,812	60-90 days	1%
		AKMC	3	Sales	106,964	Normal	-
		AKMC	3	Receivables from related parties	1,113	60-90 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ANA	3	Purchase	\$ 2,362	Normal	-
		ANA	3	Payables to related parties	725	60-90 days	-
		ADL	3	Payables to related parties	6,881	7 days after invoice date	-
5	AKMC	Advantech Co., Ltd.	2	Purchase	442,806	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	35,858	45 days	-
		ACN	3	Purchase	12,634	Normal	-
		ACN	3	Rental revenue	3,702	Normal	-
		ACN	3	Sales	45,609	Normal	-
		ACN	3	Receivables from related parties	6,208	60-90 days	-
		ACN	3	Payables to related parties	4,131	60-90 days	-
		ACN	3	Interest expense	597	Normal	-
		ATC	3	Payables to related parties	1,113	60-90 days	-
		ATC	3	Sales	5,046,332	Normal	22%
		ATC	3	Purchase	106,964	Normal	-
		ATC	3	Receivables from related parties	226,812	60-90 days	1%
		ANA	3	Receivables from related parties	120	60-90 days	-
		AiSC	3	Receivables from related parties	21,548	Prompt collection	-
		AiSC	3	Sales	311,201	Normal	1%
		AEU	3	Purchase	88	Normal	-
		AiSC	3	Purchase	6,032	Normal	-
		AiSC	3	Payables to related parties	1,393	30 days	-
		AJP	3	Payables to related parties	111	45 days	-
		ANA	3	Payables to related parties	168,954	30 days after invoice date	1%
		ANA	3	Interest expense	3,134	30 days	-
		APL	3	Purchase	11	Normal	-
		APL	3	Payables to related parties	4	Quarterly	-
		ANA	3	Sales	126	Normal	-
		Netstar Technology Co., Ltd.	3	Sales	270,892	Quarterly	1%
		Netstar Technology Co., Ltd.	3	Purchase	28,272	Every two months	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	59,750	Quarterly	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	4,710	Every two months	-
		Advansus Corp	3	Receivables from related parties	3,456	Prompt collection	-
		Advansus Corp	3	Payables to related parties	146,308	60-90 days	1%
		Advansus Corp	3	Sales	26,381	Normal	-
		Advansus Corp	3	Purchase	1,458,963	Normal	6%
6	APL	Advantech Co., Ltd.	2	Purchase	11,930	Normal	-
		Advantech Co., Ltd.	2	Sales	17	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	1,628	45 days	-
		AKMC	3	Receivables from related parties	4	Quarterly	-
		AJP	3	Receivables from related parties	7	Quarterly	-
		AEU	3	Payables to related parties	660	30 days	-
		AEU	3	Receivables from related parties	22,672	30 days after invoice date	-
		AEU	3	Sales	11,079	Normal	-
		AJP	3	Sales	7	Normal	-
		AKMC	3	Sales	11	Normal	-
		AEU	3	Purchase	1,504	30 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
7	AEUH	ACN	3	Payables to related parties	\$ 697	60-90 days	-
		ACN	3	Purchase	1,742	Normal	-
		ADL	3	Receivables from related parties	498	30 days after invoice date	-
		ADL	3	Interest revenue	2,642	Normal	-
8	ADL	Advantech Co., Ltd.	2	Payables to related parties	1,091	30 days	-
		ADL	3	Other revenue	51	Normal	-
		ADL	3	Other expense	51	Normal	-
		ATC	3	Receivables from related parties	6,881	7 days after invoice date	-
		AEU	3	Other revenue	226,620	Normal	1%
		AEU	3	Commission revenue	226,925	Normal	1%
		AEU	3	Purchase	10,135	Normal	-
		ADL	3	Payables to related parties	24,406	30 days after invoice date	-
		ADL	3	Receivables from related parties	24,406	30 days after invoice date	-
		AEU	3	Payables to related parties	40,256	30 days after invoice date	-
		AEUH	3	Payables to related parties	498	30 days after invoice date	-
		AEUH	3	Interest expense	2,642	Normal	-
		9	ASG	Advantech Co., Ltd.	2	Receivables from related parties	260
Advantech Co., Ltd.	2			Purchase	127,918	Normal	1%
Advantech Co., Ltd.	2			Payables to related parties	16,280	60-90 days	-
Advantech Co., Ltd.	2			Sales	11	Normal	-
AMY	3			Receivables from related parties	310	30 days	-
AMY	3			Sales	4,735	Normal	-
AMY	3			Purchase	39	Normal	-
AMY	3			Other expense	50	Normal	-
AEU	3			Receivables from related parties	7	30 days	-
AEU	3			Sales	7	Normal	-
AASC	3			Sales	114	Normal	-
ANA	3			Purchase	216	Normal	-
AEU	3			Purchase	43	Normal	-
ATH	3			Receivables from related parties	30	30 days	-
ATH	3			Sales	1,967	Normal	-
10	AJP	Advantech Co., Ltd.	2	Sales	10	Normal	-
		Advantech Co., Ltd.	2	Purchase	389,935	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	35,745	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	14,772	Normal	-
		ANA	3	Purchase	12	Normal	-
		APL	3	Purchase	7	Normal	-
		AEU	3	Payables to related parties	50	30 days	-
		APL	3	Payables to related parties	7	Quarterly	-
		AKMC	3	Receivables from related parties	111	45 days	-
		AEU	3	Receivables from related parties	50	60 days	-
		ACN	3	Purchase	73	Normal	-
AEU	3	Purchase	11	Normal	-		

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
11	AAU	Advantech Co., Ltd.	2	Purchase	\$ 144,304	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	21,030	60-90 days	-
		Advantech Co., Ltd.	2	Sales	62	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	2	60-90 days	-
		AEU	3	Purchase	184	Normal	-
		ANA	3	Purchase	132	Normal	-
		AMY	3	Receivables from related parties	4	30 days after invoice date	-
		ACN	3	Payables to related parties	1,368	30th of every month	-
		ACN	3	Purchase	2,511	Normal	-
12	Advansus Corp.	Advantech Co., Ltd.	2	Sales	1,936,461	Normal	8%
		Advantech Co., Ltd.	2	Receivables from related parties	138,332	60-90 days	1%
		Advantech Co., Ltd.	2	Purchase	14,585	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	5,734	60-90 days	-
		Advantech Co., Ltd.	2	Rental expense	7,020	Normal	-
		Advantech Co., Ltd.	2	Other expense	22,434	Normal	-
		AKR	3	Sales	45,182	Normal	-
		AKMC	3	Payables to related parties	3,456	COD	-
		AKMC	3	Purchase	26,381	Normal	-
		AKMC	3	Receivables from related parties	146,308	60-90 days	1%
		AKMC	3	Sales	1,458,963	Normal	6%
		BCM Embedded Computer Inc.	3	Receivables from related parties	8,780	60-90 days	-
		BCM Embedded Computer Inc.	3	Sales	79,108	Normal	-
		AKR	3	Receivables from related parties	385	60-90 days	-
		AiST	3	Payables to related parties	2,252	Normal	-
		AiST	3	Purchase	2,145	Normal	-
		AiST	3	Receivables from related parties	4,100	Normal	-
		AiST	3	Sales	3,905	Normal	-
13	Advantech Fund-A	Advantech Co., Ltd.	2	Rental expense	36	Normal	-
		Advantech Co., Ltd.	2	Interest revenue	931	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	6	COD	-
		Netstar Technology Co., Ltd.	3	Interest revenue	835	Quarterly	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	12,070	Quarterly	-
		Advantech Co., Ltd.	2	Purchase	35,027	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,371	45 days	-
		ASG	3	Payables to related parties	310	30 days	-
		ASG	3	Other revenue	50	Normal	-
		ASG	3	Purchase	4,735	Normal	-
		ANA	3	Purchase	116	60 days	-
		ASG	3	Sales	39	Normal	-
		ACN	3	Payables to related parties	15	60-90 days	-
		ACN	3	Purchase	13	Normal	-
AAU	3	Payables to related parties	4	30 days after invoice date	-		
15	SHHQ	ACN	3	Interest revenue	157	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
16	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	\$ 67,343	Normal	-
		Advantech Co., Ltd.	2	Purchase	6,397	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	13,061	60 days	-
		Advantech Co., Ltd.	2	Payables to related parties	1,418	25th of every quarter	-
		Advantech Co., Ltd.	2	Other expense	880	Normal	-
		Advantech Fund-A	3	Interest expense	835	Quarterly	-
		Advantech Fund-A	3	Payables to related parties	12,070	Quarterly	-
		Broadwin Technology, Inc.	3	Interest expense	719	Quarterly	-
		Broadwin Technology, Inc.	3	Payables to related parties	20,000	Quarterly	-
		Lansonic	3	Receivables from related parties	3,676	60 days	-
		AKMC	3	Receivables from related parties	4,710	Every two months	-
		AKMC	3	Sales	28,272	Every two months	-
		AKMC	3	Payables to related parties	59,750	Every two months	-
		AKMC	3	Purchase	270,892	Quarterly	1%
17	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Rental expense	780	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	234	30 days	-
		Advantech Co., Ltd.	2	Purchase	1,223	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	81	30 days	-
		Advantech Co., Ltd.	2	Sales	936	Normal	-
		ACN	3	Payables to related parties	2,079	60 days	-
		AiSC	3	Payables to related parties	838	45 days	-
		Advansus Corp.	3	Payables to related parties	8,780	60-90 days	-
		Advansus Corp.	3	Purchase	79,108	Normal	-
18	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Purchase	2,353	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	105	60 days	-
		Advantech Co., Ltd.	2	Sales	797	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	159	60 days	-
		Advantech Co., Ltd.	2	Other expense	770	Normal	-
		Netstar Technology Co., Ltd.	3	Interest revenue	719	Quarterly	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	20,000	Quarterly	-
19	AHK	Advantech Co., Ltd.	2	Receivables from related parties	401	60 days	-
		Advantech Co., Ltd.	2	Other revenue	4,980	Normal	-
		ACN	3	Payables to related parties	5,495	60-90 days	-
		ACN	3	Purchase	18	Normal	-
		AiSC	3	Payables to related parties	6,019	30 days	-
20	AiSC	Advantech Co., Ltd.	2	Purchase	1,551,083	Normal	7%
		Advantech Co., Ltd.	2	Payables to related parties	227,103	60 days	1%
		Advantech Co., Ltd.	2	Receivables from related parties	259	45 days	-
		AKMC	3	Sales	6,032	Normal	-
		AKMC	3	Purchase	311,201	Normal	1%
		AKMC	3	Payables to related parties	21,548	COD	-
		AKMC	3	Receivables from related parties	1,393	30 days	-
		AEU	3	Purchase	704	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	838	45 days	-
		ACN	3	Interest revenue	1,757	60 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ACN	3	Sales	\$ 173,164	Normal	1%
		ACN	3	Receivables from related parties	36,912	25th of every month	-
		ACN	3	Purchase	232,571	Normal	1%
		ACN	3	Payables to related parties	75,321	25th of every month	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Receivables from related parties	12,087	COD	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Sales	55,889	Normal	-
		AHK	3	Receivables from related parties	6,019	30 days	-
21	Hangzhou Advantofine Automation Tech. Co., Ltd.	AISC	3	Payables to related parties	12,087	COD	-
		AISC	3	Purchase	55,889	Normal	-
22	AXA	ACN	3	Receivables from related parties	36	25th of every month	-
		ACN	3	Sales	10,925	Normal	-
		ACN	3	Payables to related parties	16,166	COD	-
23	ABR	Advantech Co., Ltd.	2	Purchase	96,394	Normal	-
		Advantech Co., Ltd.	2	Other expense	451	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	25,841	90 days	-
24	Cermate	Advantech Co., Ltd.	2	Payables to related parties	126	Half-year payment (June and December)	-
		Advantech Co., Ltd.	2	Sales	13,837	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	716	Half-year payment (June and December)	-
		Advantech Co., Ltd.	2	Other expense	400	Normal	-
		Cermate (Shenzhen)	3	Purchase	5,527	Normal	-
		Cermate (Shenzhen)	3	Payables to related parties	531	60 days	-
		Cermate (Shenzhen)	3	Receivables from related parties	12,996	30 days	-
		Cermate (Shenzhen)	3	Sales	62,326	Normal	-
25	AKR	Advantech Co., Ltd.	2	Purchase	419,833	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	66,152	COD	-
		Advantech Co., Ltd.	2	Interest expense	21	Normal	-
		Advantech Co., Ltd.	2	Other expense	15,923	Normal	-
		Advansus Corp.	3	Payables to related parties	385	60-90 days	-
		ACN	3	Purchase	36	Normal	-
		Advansus Corp.	3	Purchase	45,182	Normal	-
26	DLoG	Advantech Co., Ltd.	2	Purchase	1,527	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	271	30 days	-
		Advantech Co., Ltd.	2	Sales	57	Normal	-
		AEU	3	Payables to related parties	990	30 days	-
27	Cermate (Shenzhen)	Cermate	3	Receivables from related parties	531	60 days	-
		Cermate	3	Sales	5,527	Normal	-
		Cermate	3	Purchase	62,326	Normal	-
		Cermate	3	Payables to related parties	12,996	30 days	-
		Cermate (Shanghai)	3	Sales	32,245	Normal	-
		Cermate (Shanghai)	3	Purchase	371	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
28	Cermate (Shenzhen)	Cermate (Shanghai)	3	Payables to related parties	\$ 1,811	Normal	-
		Cermate (Shenzhen)	3	Receivables from related parties	1,811	Normal	-
		Cermate (Shenzhen)	3	Purchase	32,245	Normal	-
		Cermate (Shenzhen)	3	Sales	371	Normal	-
29	AiST	Advantech Co., Ltd.	2	Interest revenue	85	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	16,694	Normal	-
		Advansus Corp.	3	Payables to related parties	4,100	Normal	-
		Advansus Corp.	3	Purchase	3,905	Normal	-
		Advansus Corp.	3	Receivables from related parties	2,252	Normal	-
		Advansus Corp.	3	Sales	2,145	Normal	-
		Advantech Co., Ltd.	2	Sales	16,450	Normal	-
		30	Lansonic	Netstar Technology Co., Ltd.	3	Payables to related parties	3,676
31	ATH	Advantech Co., Ltd.	2	Purchase	29,156	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	4	Normal	-
		ASG	3	Payables to related parties	30	30 days	-
		ASG	3	Purchase	1,967	Normal	-

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

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

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

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

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2011 and 2010, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the years ended December 31, 2011 and 2010.

Note D: All intercompany transactions have been eliminated from the consolidation.

(Concluded)