Advantech Co., Ltd.

Financial Statements for the
Three Months Ended March 31, 2012 and 2011 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying balance sheets of Advantech Co., Ltd. (the "Company") as of March 31, 2012 and 2011, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

As stated in Note 8 to the financial statements, Advantech Co., Ltd. had investments accounted for by the equity method. As of March 31, 2012 and 2011, these investments had carrying values of NT$6,255,337 thousand and NT$7,620,093 thousand, respectively. As of March 31, 2012 and 2011, the negative carrying values of these investments, recorded as part of other liabilities, were NT$156 thousand and NT$5,721 thousand, respectively. The net investment gains of NT$185,208 thousand and NT$175,049 thousand in the three months ended March 31, 2012 and 2011, respectively, as well as additional disclosures in Note 20 required by the Securities and Futures Bureau for the Company and its investees were based on the investees' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except for any adjustments that might have been determined to be necessary had the investees' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the financial statements of Advantech Co., Ltd. as of and for the three months ended March 31, 2012 and 2011 for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also reviewed the consolidated financial statements of the Company and its subsidiaries as of and for the three months ended March 31, 2012 and 2011 and have issued an accountants' review report thereon dated April 20, 2012 (not presented herewith) with an explanatory paragraph.

April 20, 2012

<u>*Notice to Readers*</u>

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

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

ADVANTECH CO., LTD.

BALANCE SHEETS
MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2012		2011	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 4)	$ 721,538	3	$ 674,645	4
Financial assets at fair value through profit or loss (Notes 2, 5 and 19)	26,735	-	41,585	-
Notes receivable (Note 2)	50,927	-	35,583	-
Accounts receivable, net of allowance for doubtful accounts of $4,234 thousand in 2012 and $4,281 thousand in 2011 (Note 2)	851,405	4	921,509	5
Accounts receivable - related parties, net (Notes 2 and 17)	2,411,676	11	2,248,905	12
Other receivable	102,250	1	62,771	-
Other receivable - related parties (Note 17)	28,229	-	14,560	-
Inventories, net (Notes 2 and 7)	1,652,244	7	1,530,907	8
Deferred income tax assets - current (Notes 2 and 14)	22,158	-	26,866	-
Prepayments and other current assets	18,603	-	34,963	-
Available-for-sale financial assets - current (Notes 2, 6 and 19)	1,333,428	6	-	-
Total current assets	7,219,193	32	5,592,294	29
LONG-TERM INVESTMENTS				
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 19)	2,567,275	11	2,352,091	12
Investments accounted for by the equity method (Notes 2 and 8)	8,660,270	39	7,620,093	39
Total long-term investments	11,227,545	50	9,972,184	51
PROPERTIES (Notes 2 and 9)				
Cost				
Land	2,596,325	12	2,613,941	13
Buildings	1,210,305	5	1,216,733	6
Machinery and equipment	564,736	2	496,995	3
Furniture and fixtures	147,550	1	119,135	1
Other equipment	289,415	1	257,091	1
Total cost	4,808,331	21	4,703,895	24
Less: Accumulated depreciation	930,947	4	777,254	4
	3,877,384	17	3,926,641	20
Construction in progress and prepayment for equipment	17,510	-	8,409	-
Properties, net	3,894,894	17	3,935,050	20
OTHER ASSETS				
Refundable deposits	4,720	-	4,838	-
Deferred expense, net (Note 2)	111,556	1	93,515	-
Total other assets	116,276	1	98,353	-
TOTAL	$ 22,457,908	100	$ 19,597,881	100

	2012		2011	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 10)	$ -	-	$ 769,130	4
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 19)	6,481	-	67,104	-
Accounts payable	708,762	3	775,996	4
Accounts payable - related parties (Note 17)	1,724,712	8	1,314,317	7
Income tax payable (Notes 2 and 14)	410,370	2	504,472	3
Accrued expenses (Note 13)	1,046,461	5	812,608	4
Other payables - related parties (Note 17)	-	-	218,081	1
Advance receipts and other current liabilities	109,507	-	101,003	-
Total current liabilities	4,006,293	18	4,562,711	23
LONG-TERM LIABILITIES				
Convertible bonds payable (Notes 11 and 19)	764,391	3	-	-
Total long-term liabilities	764,391	3	-	-
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 12)	108,492	1	104,527	1
Guarantee deposits received	-	-	6,300	-
Deferred income tax liabilities - noncurrent (Notes 2 and 14)	468,214	2	373,859	2
Deferred credits (Note 2)	239,473	1	276,117	1
Others (Notes 2 and 8)	156	-	5,721	-
Total other liabilities	816,335	4	766,524	4
Total liabilities	5,587,019	25	5,329,235	27
SHAREHOLDERS' EQUITY (Notes 2, 11 and 13)				
Capital stock				
Capital stock, NT$10.00 par value				
Authorized - 600,000 thousand shares				
Issued and outstanding - 552,996 thousand shares in 2012 and 501,634 thousand shares in 2011	5,529,961	25	5,016,337	26
Advance receipts for common stock	8,360	-	-	-
Total capital stock	5,538,321	25	5,016,337	26
Capital surplus				
Additional paid-in capital from share issuance in excess of par	3,821,335	17	4,253,103	22
From long-term equity investments	64,603	-	59,898	-
Stock options	233,708	1	101,153	-
Total capital surplus	4,119,646	18	4,414,154	22
Retained earnings				
Legal reserve	2,359,911	10	2,102,592	11
Special reserve	621,662	3	70,136	-
Unappropriated earnings	4,309,066	19	3,473,845	18
Total retained earnings	7,290,639	32	5,646,573	29
Others				
Cumulative translation adjustments	(35,297)	-	(88,782)	-
Net loss not recognized as pension cost	(2,121)	-	(2,121)	-
Unrealized valuation loss on financial instruments	(40,299)	-	(717,515)	(4)
Total other equity	(77,717)	-	(808,418)	(4)
Total shareholders' equity	16,870,889	75	14,268,646	73
TOTAL	$ 22,457,908	100	$ 19,597,881	100

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

(With Deloitte & Touche review report dated April 20, 2012)

ADVANTECH CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2012		2011	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 17)				
Sales	$ 4,212,297	98	$ 4,408,839	99
Sales returns and allowances	9,146	-	11,498	-
Net sales	4,203,151	98	4,397,341	99
Other operating revenues	79,000	2	58,482	1
Total operating revenues	4,282,151	100	4,455,823	100
OPERATING COSTS (Notes 7, 15 and 17)	3,223,325	75	3,144,344	70
GROSS PROFIT	1,058,826	25	1,311,479	30
UNREALIZED INTERCOMPANY GAINS (Note 2)	(175,084)	(4)	(211,728)	(5)
REALIZED INTERCOMPANY GAINS (Note 2)	200,167	4	185,219	4
ADJUSTED GROSS PROFIT	1,083,909	25	1,284,970	29
OPERATING EXPENSES (Notes 15 and 17)				
Marketing	79,861	2	105,101	3
Administrative	131,836	3	104,821	2
Research and development	395,020	9	367,677	8
Total operating expenses	606,717	14	577,599	13
OPERATING INCOME	477,192	11	707,371	16
NONOPERATING INCOME AND GAINS				
Interest	194	-	12	-
Equity in net gain of investees, net (Notes 2 and 8)	220,994	5	175,049	4
Gain on disposal of properties	34,540	1	-	-
Foreign exchange gain, net (Note 2)	-	-	62,631	1
Royalty revenue (Note 17)	49,494	1	73,684	2
Gain on disposal of investments, net	22,234	1	741	-
Valuation gain on financial instruments (Notes 2 and 5)	46,732	1	49,121	1
Rental income (Note 17)	5,439	-	7,173	-
Other income (Notes 6 and 17)	37,601	1	28,258	1
Total nonoperating income and gains	417,228	10	396,669	9

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ADVANTECH CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2012		2011	
	Amount	**%**	**Amount**	**%**
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Note 17)	$ 4,059	-	$ 1,285	-
Foreign exchange loss, net (Note 2)	22,019	1	-	-
Valuation loss on financial instruments (Notes 2 and 5)	19,731	-	44,778	1
Other expenses	-	-	47	-
Total nonoperating expenses and losses	45,809	1	46,110	1
INCOME BEFORE INCOME TAX	848,611	20	1,057,930	24
INCOME TAX (Notes 2 and 14)	100,906	3	157,271	4
NET INCOME	$ 747,705	17	$ 900,659	20

	2012		2011	
	Pretax	**After Income Tax**	**Pretax**	**After Income Tax**
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 16)				
Basic	$ 1.53	$ 1.35	$ 1.92	$ 1.63
Diluted	$ 1.53	$ 1.35	$ 1.92	$ 1.63

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

(With Deloitte & Touche review report dated April 20, 2012) (Concluded)

ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2012	**2011**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 747,705	$ 900,659
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	58,864	53,111
Amortization of discount on convertible bonds	4,060	-
Reversal of allowance for doubtful accounts	-	(1,219)
Allowance for loss on inventories	27,598	9,993
Gain on disposal of long-term equity investments, net	-	(4,236)
Loss (gain) on the sale of available-for-sale financial assets, net	(22,234)	3,495
Investment income recognized under the equity method, net	(220,994)	(175,049)
Gain on disposal of properties	(34,540)	-
Compensation cost of employee stock options	13,079	21,304
Accrued pension liabilities	5,814	317
Deferred income taxes	21,752	17,852
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	(16,566)	37,198
Notes receivable	40,028	8,426
Accounts receivable	(79,513)	(210,640)
Accounts receivable - related parties	(17,276)	(296,848)
Inventories	(71,763)	(225,980)
Other receivables	(55,898)	(14,210)
Other receivables - related parties	3,101	24,156
Prepayments and other current assets	(7,029)	(20,872)
Accounts payable	133,462	262,611
Accounts payable - related parties	311,370	130,501
Others payable - related parties	-	18,081
Income tax payable	79,152	139,416
Accrued expenses	(227,307)	(91,089)
Advance receipts and other current liabilities	5,887	16,965
Deferred credits	(25,083)	26,509
Net cash provided by operating activities	673,669	630,451
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(973,300)	-
Proceeds of the disposal of equity-method investments	-	7,844
Proceeds of the disposal of available-for-sale financial assets	377,628	2,234
Proceeds of capital return on available-for-sale financial assets	-	3,109
Acquisition of investments accounted for by the equity method	(126,000)	(91,650)
Proceeds of the disposal of properties	57,648	-
Acquisition of properties	(28,290)	(1,592,923)
Increase in deferred expenses	(55,733)	(14,718)
Decrease in refundable deposits	1,067	2,187
Net cash used in investing activities	(746,980)	(1,683,917)

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ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	$ -	$ 6,300
Increase in short-term loans	-	769,130
Increase in other payables to related parties (financing provided)	-	200,000
Proceeds of the exercise of employee stock options	42,644	-
Net cash provided by financing activities	42,644	975,430
NET DECREASE IN CASH	(30,667)	(78,036)
CASH, BEGINNING OF PERIOD	752,205	752,681
CASH, END OF PERIOD	$ 721,538	$ 674,645
SUPPLEMENTARY CASH FLOW INFORMATION		
Income tax paid	$ 2	$ 3

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

(With Deloitte & Touche review report dated April 20, 2012) (Concluded)

1. ORGANIZATION AND OPERATIONS

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

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

As of March 31, 2012 and 2011, the Company had 1,841 and 1,595 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Current and Noncurrent Assets and Liabilities

Current assets include cash and those assets held primarily for trading purposes and to be realized, sold or consumed within one year from the balance sheet date. All other assets such as 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 Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

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

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

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

Available-for-sale Financial Assets

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

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

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

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

Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts

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

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

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

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

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

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

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

Inventories

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

Long-term Equity Investments

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

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

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

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

Profits derived from sales of products by the Company to its subsidiaries are deferred but only profit in proportion to the Company's equity interest is deferred for other equity-method investees that are not majority owned. Profit from the sales of products by equity-method investees to the Company is deferred in proportion to the Company's equity interests in the investees and credited against the investment. Profits from sales of products between majority-owned equity-method investees are deferred to the extent of the Company'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

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

Depreciation is computed using the straight-line method over service lives initially estimated as follows (plus one year to represent estimated salvage value): buildings and equipment, 45 to 60 years; machinery and equipment, 2 to 8 years; furniture and fixtures 2 to 5 years; and miscellaneous equipment, 2 to 5 years. Properties still being used by the Company beyond their initially estimated service lives are depreciated over their newly estimated service lives.

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

Deferred Expenses

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

Asset Impairment

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

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

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

Stock-based Compensation

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

Convertible Bonds Payable

For convertible bonds issued on or after January 1, 2006, the 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 bond conversion, the 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.

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

Pension Cost

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

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

Income Tax

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

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

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

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

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

Foreign-currency Transactions

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 in profit or loss.

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

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

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

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

Reclassifications

Certain accounts in the financial statements as of and for the three months ended March 31, 2011 have been reclassified to be consistent with the presentation of the financial statements as of and for the three months ended March 31, 2012.

3. ACCOUNTING CHANGES

Financial Instruments

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

Operating Segments

On January 1, 2011, the Company adopted the newly issued SFAS No. 41 - "Operating Segments." The requirements of the statement are based on the information on the components of the Company that management uses to make decisions about operating matters. SFAS No. 41 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 - "Segment Reporting."

4. CASH

	March 31	
	2012	**2011**
Cash on hand	$ 1,551	$ 1,523
Checking and demand deposits	619,987	673,122
Time deposits: Interest - 0.87% in 2012	100,000	-
	$ 721,538	$ 674,645

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	March 31	
	2012	**2011**
Financial assets resulting from trading		
Forward contracts	$ 26,735	$ 41,585
Financial liabilities resulting from trading		
Forward contracts	$ 6,481	$ 67,104

The outstanding forward contracts as of March 31, 2012 and 2011 were as follows:

	Currency	Maturity	Amount (Thousands)
March 31, 2012			
Sell	USD/NTD	From April 2012 to July 2012	USD25,517/NTD751,562
Sell	JPY/NTD	From April to May 2012	JPY50,000/NTD19,535
Sell	JPY/USD	From April 2012 to May 2012	JPY40,000/USD517
Sell	EUR/USD	From April 2012 to July 2012	EUR7,500/USD10,500
Sell	EUR/NTD	From April 2012 to July 2012	EUR5,500/NTD220,918
March 31, 2011			
Sell	USD/NTD	From April 2011 to February 2012	USD59,518/NTD1,777,690
Sell	JPY/USD	From April to November 2011	JPY390,000/USD4,696
Sell	EUR/USD	From April 2011 to February 2012	EUR19,500/USD25,689
Sell	EUR/NTD	From December 2011 to January 2012	EUR2,500/NTD99,000

The Company entered into forward contract transactions in the three months ended March 31, 2012 and 2011 to avoid risks on exchange rate fluctuations. The hedging strategy of the Company is to avoid the major portion of market and liquidity risks.

The trading of financial assets or liabilities in the three months ended March 31, 2012 and 2011 resulted in gains of $27,001 thousand and $4,343 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31			
	2011		2010	
	Current	Noncurrent	Current	Noncurrent
Mutual funds	$ 1,333,428	$ -	$ -	$ -
Quoted domestic stocks				
ASUSTEK Computer Inc.	-	2,000,872	-	1,607,285
Pegatron Corp.	-	453,356	-	616,527
Chunghwa Telecom Co., Ltd.	-	113,047	-	113,917
Quoted overseas stocks				
SG Advantech Co., Ltd.	-	-	-	14,362
	$ 1,333,428	$ 2,567,275	$ -	$ 2,352,091

The Company put some of the quoted domestic stocks recorded under available-for-sale-noncurrent in a trust with China Trust Commercial Bank for this bank's use in the securities borrowing and lending transactions. As of March 31, 2012, the stock held in trust amounted to $2,049,289 thousand. Please refer to Table 3 for more information. From the aforementioned transactions, the Company recognized a gain of $1,267 thousand as of March 31, 2012 and recorded this gain under other nonoperating income.

7. INVENTORIES, NET

	March 31	
	2012	2011
Finished goods	$ 459,606	$ 478,193
Work in process	300,283	311,438
Materials and supplies	870,988	722,306
Inventories in transit	21,367	18,970
	$ 1,652,244	$ 1,530,907

As of March 31, 2012 and 2011, the allowances for inventory devaluation were $144,680 thousand and $132,811 thousand, respectively.

As of March 31, 2012 and 2011, the costs of goods sold related to inventories were $3,223,325 thousand and $3,144,344 thousand, respectively, which included allowances for inventory devaluation of $27,598 thousand and $9,993 thousand for the three months ended March 31, 2012 and 2011, respectively.

8. LONG-TERM EQUITY INVESTMENTS

	March 31			
	2012		2011	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Listed				
Axiomtek Co., Ltd.	$ 334,475	26.55	$ 359,770	27.29
Unlisted				
Advantech Technology Co., Ltd.	2,708,416	100.00	2,362,289	100.00
Advantech Automation Corp. (BVI)	2,396,813	100.00	2,146,267	100.00
Advantech Europe Holding B.V.	932,289	100.00	953,014	100.00
Advantech Investment Fund-A Co., Ltd.	863,196	100.00	868,896	100.00
Advansus Corp.	537,369	100.00	246,045	50.00
ACA Digital Corporation	227,499	99.36	89,236	98.59
Advantech Japan Co., Ltd.	182,622	100.00	161,129	100.00
Advantech KR Co., Ltd.	147,104	100.00	114,399	100.00
Advantech Co. Singapore Pte, Ltd.	106,200	100.00	86,305	100.00
Advantech Intelligence Service	80,939	100.00	63,949	100.00
Advantech Australia Pty Ltd.	75,899	100.00	75,578	100.00
Advantech Co. Malaysia Sdn. Bhd.	40,486	100.00	35,615	100.00
Advantech Brazil	26,963	43.28	22,737	43.28
Advantech (HK) Technology Co., Ltd.	-	100.00	-	100.00
Advantech (Yan Shun) Holding Co., Ltd.	-	-	20,923	100.00
Advantech Hungary Ltd.	-	-	13,941	30.00
	8,325,795		7,260,323	
	$ 8,660,270		$ 7,620,093	

The equity-method investees' financial statements of the same reporting periods as those of the Company, which were used to calculate the equity-method investments and the equity in the investees' net gain or loss, were all unreviewed, except those of Advantech Automation Corp. (BVI)'s subsidiaries, Advantech Corp., Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN) and Shanghai Advantech Intelligent Services Co., Ltd. (AiSC) as of and for the three months ended March 31, 2012.

In January 2012, the Company acquired 50% of Advansus Corp. from Pegatron Corp. for $306,000 thousand to facilitate the Company's business expansion and improve its economic returns. After this acquisition, the Company obtained 100% equity in Advansus Corp.

On the foregoing acquisition, the movements of the difference allocated to goodwill for the three months ended March 31, 2012 and 2011 were as follows:

	Three Months Ended March 31	
	2012	**2011**
Cost		
Balance, beginning of period	$ 162,003	$ 93,108
Amount recognized on acquisition of investments	62,931	68,970
Amount recognized on disposal of investments	-	(101)
Translation adjustment	415	5,059
Balance, end of period	$ 225,349	$ 167,036

The Company intended to support the operations of Advantech (HK) Technology Co., Ltd. in the three months ended March 31, 2012 and 2011. Under the revised Statement of Financial Accounting Standards No. 5 - "Long-term Investments under the Equity Method" of the Republic of China, if the equity in losses recognized exceeds the original investment acquisition costs plus any advances given to the investee, the Company recognizes its investee's total losses unless other investors commit to assume, and can assume, a portion of the losses. As of March 31, 2012 and 2011, there were credit balances on the carrying value of this investment of $156 thousand and $5,721 thousand, respectively, included in other liability - others.

The market values of the listed stock of the equity investment's market values, which were calculated on the basis of the closing prices of March 31, 2012 and 2011, were $470,320 thousand and $734,627 thousand, respectively.

The Company has included all of its direct and indirect subsidiaries in the consolidated financial statements as of and for the three months ended March 31, 2012 and 2011.

9. PROPERTIES

The changes in properties were as follows:

	Three Months Ended March 31, 2012				
	Beginning Balance	**Acquisition**	**Disposal**	**Reclassification**	**Ending Balance**
Properties					
Cost					
Land	$ 2,613,941	$ -	$ 17,616	$ -	$ 2,596,325
Buildings	1,216,732	-	6,427	-	1,210,305
Machinery and equipment	543,819	2,738	550	18,729	564,736
Furniture and fixtures	144,116	4,255	821	-	147,550
Other equipment	281,299	6,806	-	1,310	289,415
	4,799,907	$ 13,799	$ 25,414	$ 20,039	4,808,331

(Continued)

	Three Months Ended March 31, 2012				
	Beginning Balance	Acquisition	Disposal	Reclassification	Ending Balance
Accumulated depreciation					
Buildings	$ 222,154	$ 7,858	$ 935	$ -	$ 229,077
Machinery and equipment	395,271	17,250	550	-	411,971
Furniture and fixtures	91,803	5,113	821	-	96,095
Other equipment	183,695	10,109	-	-	193,804
	892,923	$ 40,330	$ 2,306	$ -	930,947
	3,906,984				3,877,384
Construction in progress and prepayments for equipment	23,118	$ 14,491	$ -	$ (20,099)	17,510
	$ 3,930,102				$ 3,894,894

(Concluded)

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

10. SHORT-TERM LOANS

	March 31	
	2012	2011
Credit loans - interest rate: 0.85%-0.91% in 2011	$ -	$ 769,130

As of March 31, 2012, unused short-term credit lines amounted to $2,868,150 thousand.

11. BONDS PAYABLE

	March 31	
	2012	2011
Unsecured domestic convertible bonds	$ 800,000	$ -
Deduct: Unamortized discount on bonds payable	(35,609)	-
	$ 764,391	$ -

On May 26, 2011, the Company issued three-year unsecured convertible bonds, with an aggregate face value of $800,000 thousand and a coupon rate of 0%; the effective interest rate was 2.13%. Bondholders may convert the bonds into the Company's common shares at agreed conversion price between May 27, 2012 and May 16, 2014. If the bonds are not converted, the 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 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 March 31, 2012, the conversion price was NT$82.36 per share.

12. PENSION PLAN

Under the Labor Pension Act, the Company has a defined contribution pension plan. Since July 1, 2005, the Company has made monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries and wages. The pension costs under the defined contribution loan were $18,889 thousand and $15,868 thousand for the three months ended March 31, 2012 and 2011, respectively.

The Company has a defined benefit pension plan under the Labor Standards Law (the "Law"). Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulate up to 45 basis points, and the benefits will be based on an employee's average monthly salary or wage for the six-month before retirement. Under the Law, the Company accrues pension costs individually on the basis of actuarial calculations and make monthly contributions at 2% of salaries and wages to each company's pension fund, which is administered by each company's pension plan committee and deposited in the respective committees' names in the Bank of Taiwan. The pension costs under the defined benefit pension plan were $2,011 thousand and $2,020 thousand for the three months ended March 31, 2012 and 2011, respectively. As of March 31, 2012 and 2011, the balances of the pension fund were $118,522 thousand and $111,671 thousand, respectively.

13. 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 forego capital surplus may also be distributed in cash.

Appropriation of Earnings and Dividend Policy

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

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

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

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

For three months ended March 31, 2012 and 2011, the bonus to employees and remunerations to directors and supervisors of $15,000 thousand and $13,000 thousand, respectively, (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, cumulative transaction adjustments and net loss not recognized as pension cost) should be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under the Company Law, legal reserve should be appropriated until the accumulated reserve equals the Company's paid-in capital. This reserve may be used only to offset a deficit. Under the revised Company Law issued on January 4, 2012, when the legal reserve has exceeded 25% of the 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 Company on earnings generated since 1998. An imputation credit account (ICA) is maintained by the 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 Company operates in an industry related to computers, and its business related to network servers is new but with significant potential for growth. Thus, in formulating its dividend policy, the Company takes into account the overall business and industry conditions and trends, its objective of enhancing the shareholders' long-term interest, and the sustainability of the Company's growth. The policy also requires that stock dividends be less than 75% of total dividends to retain internally generated cash within the Company to finance future capital expenditures and working capital requirements.

The appropriation of earnings for 2011 was proposed in the Board of Directors' meeting on March 22, 2012 and the appropriation of earnings for 2010 was approved in the shareholders' meeting held on May 25, 2011. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (Dollars)**	
	2011	**2010**	**2011**	**2010**
Legal reserve	$ 355,274	$ 257,319		
Special reserve (reversal)	(76,359)	551,526		
Cash dividends	2,764,981	1,755,718	$5.0	$3.5

The bonus to employees and the remuneration to directors and supervisors for 2011, which were proposed in the Board of Directors' meeting on March 22, 2012, and those for 2010, which were approved in the shareholders' meeting on May 25, 2011, were as follows:

	Cash	
	Three Months Ended March 31	
	2011	2010
Bonus to employees	$ 60,000	$ 20,000
Remuneration to directors and supervisors	12,000	10,000

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 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 Company then completed its revised registration with the Ministry of Economic Affairs.

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

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

Information on employee stock options is as follows:

	Three Months Ended March 31			
	2012		2011	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of period	11,801	$60.35	13,000	$60.35
Options granted	-	-	-	-
Options exercised	836	51.01	-	-
Balance, end of period	10,965	53.20	13,000	-
Options exercisable, end of period	2,715	51.01	-	-
Weighted-average fair value of options granted (NT$)	$16.45-20.25		$16.45-20.25	

Information on outstanding options as of March 31, 2012 and 2011 is as follows:

	March 31			
	2012		2011	
	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	3.28	$67.40	4.28
Issuance in 2009	51.01	2.67	58.24	3.67

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

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

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

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

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

Compensation costs recognized for the three months ended March 31, 2012 and 2011 were $13,079 thousand and $21,304 thousand, respectively.

14. INCOME TAX

a. The reconciliation of income tax expense based on income before income tax at statutory rate of 17% and income tax expense was as follows:

	Three Months Ended March 31	
	2012	**2011**
Tax on pretax income at statutory rate	$ 144,263	$ 179,848
Deduct tax effects of:		
Permanent differences		
Tax-exempt income	(9,768)	(126)
Other	(7,935)	(5,947)
Temporary differences	(29,846)	(6,115)
Investment tax credit	(17,560)	(28,241)
Income tax currently payable	$ 79,154	$ 139,419

b. Income tax expense consisted of the following:

	Three Months Ended March 31	
	2012	**2011**
Income tax currently payable	$ 79,154	$ 139,419
Income tax expense - deferred	21,752	17,852
	$ 100,906	$ 157,271

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 reduced a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.

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

	Three Months Ended March 31	
	2012	**2011**
Balance, beginning of period	$ 331,218	$ 365,056
Income tax currently payable	79,154	139,419
Payment	(2)	(3)
Balance, end of period	$ 410,370	$ 504,472

d. Net deferred income taxes as of March 31, 2012 and 2011 were as follows:

	Three Months Ended March 31	
	2012	**2011**
Current		
Deferred income tax assets		
Allowance for loss on inventories	$ 24,596	$ 22,578
Unrealized product warranty reserve	2,200	5,585
	26,796	28,163
Deferred income tax liabilities		
Unrealized foreign exchange gain	(4,638)	(1,297)
Deferred income tax assets, net	$ 22,158	$ 26,866

(Continued)

	Three Months Ended March 31	
	2012	2011
Noncurrent		
Deferred income tax assets:		
Accumulated equity in the net loss of investees	$ 31,083	$ 37,145
Deferred income	29,764	35,994
Pension cost	17,335	17,698
	78,182	90,837
Valuation allowance	(31,083)	(37,145)
	47,099	53,692
Deferred income tax liabilities:		
Accumulated equity in the net gain of foreign investees	(515,313)	(427,551)
Deferred income tax liabilities, net	$ (468,214)	$ (373,859)

(Concluded)

The income tax rate used to recognize deferred income tax was 17%.

e. As of March 31, 2012, the status of the Company's five years' exemption from income tax was as follows:

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

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

	March 31	
	2012	2011
Balance of the imputation credit account (ICA)	$ 209,341	$ 2,762

The expected and actual creditable tax ratios for earnings of 2011 and 2010, respectively, were 12.23% and 9.89%, respectively. The imputation credit allocated to the shareholders is based on its balance as of the date of dividend distribution. The expected creditable ratio may change when the actual allocation of the imputation credits is made.

g. Income tax returns through 2006 had been examined and cleared by the tax authorities.

15. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	Three Months Ended March 31					
	2012			2011		
	Included in Cost of Goods Sold	Included in Operating Expenses	Total	Included in Cost of Goods Sold	Included in Operating Expenses	Total
Personnel expenses						
Payroll	$ 76,313	$ 374,103	$ 450,416	$ 69,763	$ 359,988	$ 429,751
Insurance	8,256	23,789	32,045	7,298	19,258	26,556

(Continued)

	Three Months Ended March 31					
	2012			2011		
	Included in Cost of Goods Sold	Included in Operating Expenses	Total	Included in Cost of Goods Sold	Included in Operating Expenses	Total
Pension	$ 4,763	$ 16,137	$ 20,900	$ 4,182	$ 13,706	$ 17,888
Others	7,663	17,677	25,340	7,698	15,427	23,125
	$ 96,995	$ 431,706	$ 528,701	$ 88,941	$ 408,379	$ 497,320
Depreciation	$ 7,749	$ 32,581	$ 40,330	$ 7,612	$ 26,669	$ 34,281
Amortization	1,917	16,617	18,534	5,885	12,945	18,830

(Concluded)

16. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares (Denominator)	Earnings Per Share	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
Three months ended March 31, 2012					
Basic EPS	$ 848,611	$ 747,705	553,363	$ 1.53	$ 1.35
Impact of dilutive potential common shares					
Bonuses to employees	-	-	732		
Diluted EPS	$ 848,611	$ 747,705	554,095	$ 1.53	$ 1.35
Three months ended March 31, 2011					
Basic EPS	$ 1,057,930	$ 900,659	551,797	$ 1.92	$ 1.63
Impact of dilutive potential common shares					
Bonuses to employees	-	-	330		
Diluted EPS	$ 1,057,930	$ 900,659	552,127	$ 1.92	$ 1.63

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

The weighted average number of shares outstanding for EPS calculation had been retroactively adjusted for the issuances of stock from capital surplus. This adjustment caused the basic before and after income tax EPS for the three months ended March 31, 2011 to decrease from NT$2.11 to NT$1.92 and from NT$1.80 to NT$1.63, respectively, and the diluted before and after income tax EPS for the three months ended March 31, 2011 to decrease from NT$2.11 to NT$1.92 and from NT$1.79 to NT$1.63, respectively.

17. RELATED-PARTY TRANSACTIONS

a. Related parties

Related Party	Relationship with the Company
Advantech Investment Fund-A Co., Ltd. (Advantech Fund-A)	Equity-method investee
Axiomtek Co., Ltd. (Axiomtek)	Equity-method investee
Advansus Corp.	Equity-method investee
Advantech Intelligate Service (AiST)	Equity-method investee
ACA Digital Corporation (ACA)	Equity-method investee
Advantech Europe Holding B.V. (AEUH)	Equity-method investee
Advantech Co. Singapore Pte, Ltd. (ASG)	Equity-method investee
Advantech Hungary Ltd. (AHG)	Equity-method investee
Advantech Japan Co., Ltd. (AJP)	Equity-method investee
Advantech KR Co., Ltd. (AKR)	Equity-method investee
Advantech Technology Co., Ltd. (ATC)	Equity-method investee
Advantech (Yanshun) Holding Co., Ltd. (AYS)	Equity-method investee (AYS was fully liquidated in April 2011)
Advantech Australia Pty Ltd. (AAU)	Equity-method investee
Advantech (HK) Technology Co., Ltd. (AHK)	Equity-method investee
Advantech Automation Corp. (BVI) (AAC (BVI))	Equity-method investee
Advantech Co., Malaysia Sdn. Bhd (AMY)	Equity-method investee
Advantech Brazil S/A (ABR)	Equity-method investee
Advantech Europe B.V. (AEU)	Equity-method investee of AEUH
Advantech Poland Sp. z o.o. (APL)	Equity-method investee of AEUH
DLoG Gmbh (A-DLoG)	Equity-method investee of AEUH
Innocore Holding Limited (Innocore)	Equity-method investee of AEU
Innocore Gaming Ltd. (UK) (IGL)	Equity-method investee of Innocore
Advantech Automation Corp. (H.K.) Limited (AAC (HK))	Equity-method investee of AAC (BVI)
HK Advantech Technology Co., Ltd. (ATC (HK))	Equity-method investee of ATC
Advantech Technology (China) Company Ltd. (AKMC)	Equity-method investee of ATC (HK)
Advantech Corp. (ANA)	Equity-method investee of AAC (BVI)
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Equity-method investee of AAC (HK)
Yan Hua Xing Ye Electronic (SHHQ)	Equity-method investee of AAC (HK)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Equity-method investee of AAC (HK)
Xi'an Advantech Software Ltd. (AXA)	Equity-method investee of AAC (HK)
Advantech Corporation (Thailand) Co. (ATH)	Equity-method investee of ASG
Netstar Technology Co., Ltd. (Netstar)	Equity-method investee of Advantech Fund-A
BCM Embedded Computer Inc. (BCM)	Equity-method investee of Advantech Fund-A
Broadwin Technology, Inc. (Broadwin)	Equity-method investee of Advantech Fund-A

(Continued)

Related Party	Relationship with the Company
Cermate Teichnologies Inc. (Cermate)	Equity-method investee of Advantech Fund-A
Jan Hsiang Electronics Co., Ltd. (Jan Hsiang)	Equity-method investee of Netstar
Avalue Technology Inc. (Avalue)	The Company's chairman ceased to be Avalue's director on June 9, 2011.
Advantech International Co., Ltd.	Advantech International Co., Ltd.'s owner is the second-degree relative of the Company's chairman
K&M Investment Co., Ltd. (K&M)	The spouse of the Company's chairman is K&M's director
AIDC Investment Corp. (AIDC)	The spouse of the Company's chairman is AIDC's director
Hangzhou Advantofine Automation Co., Ltd. (Advantofine)	Equity-method investee of ACN

(Concluded)

The Company's related parties, in addition to those listed above, are shown in Table 8.

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

	2012		2011	
	Amount	% to Total	Amount	% to Total
Three months ended March 31				
Sales				
ANA	$ 1,296,098	31	$ 1,197,268	27
AEU	547,444	13	564,393	13
ACN	414,744	10	517,111	12
AiSC	348,469	8	426,086	10
AKMC	130,582	3	84,693	2
AKR	103,001	2	83,476	2
AJP	88,474	2	90,581	2
AAU	39,652	1	35,819	1
ASG	34,755	1	19,111	-
ABR	18,110	-	17,706	-
AMY	13,008	-	8,306	-
ATH	9,285	-	14,585	-
A-DLoG	5,707	-	2,116	-
Axiomtek	4,908	-	7,193	-
ACA	4,856	-	5,425	-
APL	3,198	-	3,119	-
Netstar	1,675	-	319	-
Broadwin	570	-	345	-
Advansus Corp.	176	-	4,767	-
Avalue	-	-	7,684	-
Innocore	-	-	3,673	-
BCM	-	-	262	-
Others	77	-	394	-
	$ 3,064,789	71	$ 3,094,432	69

	2012		2011	
	Amount	% to Total	Amount	% to Total
Purchase of materials and supplies				
ATC	$ 1,663,377	52	$ 1,475,110	46
ACA	378,870	12	16,447	1
Advansus Corp.	154,869	5	325,244	10
Netstar	15,843	-	16,322	1
ANA	14,371	-	36,441	1
A-DLoG	4,605	-	-	-
Jan Hsiang	4,388	-	5,071	-
Cermate	1,751	-	4,010	-
ACN	1,516	-	2,690	-
AEU	172	-	370	-
Axiomtek	53	-	47	-
Broadwin	23	-	50	-
AiST	-	-	80,939	2
BCM	-	-	1,396	-
Others	32	-	40	-
	$ 2,239,870	69	$ 1,964,177	61
Operating expenses				
Rental expenses				
K&M	$ 1,340	-	$ 893	-
AIDC	873	-	873	-
	2,213	-	1,766	-
Administration expense				
AAC (HK)	1,441	-	-	-
ASG	1,440	-	-	-
AHK	-	-	1,315	-
	2,881	-	1,315	-
	$ 5,094	-	$ 3,081	-
Nonoperating income				
Royalty revenue for patent				
ATC	$ 49,494	100	$ 73,684	100
Rental revenues				
Advansus Corp.	$ 15	-	$ 1,755	24
BCM	15	-	195	3
Advantech Fund-A	9	-	9	-
	$ 39	1	$ 1,959	27

	2012 Amount	2012 % to Total	2011 Amount	2011 % to Total
Other revenue				
ACN	$ 9,819	26	$ 5,766	6
ANA	7,728	21	4,303	4
AJP	5,022	13	3,849	4
AEU	3,528	9	1,705	2
A-DLoG	2,886	8	-	-
AKR	2,144	6	1,075	2
AAU	1,041	3	386	-
ASG	938	2	323	-
ABR	772	2	187	-
AMY	626	2	226	-
ATH	430	1	82	-
AIDC	375	1	375	-
Netstar	240	1	240	-
Broadwin	240	1	240	-
Cermate	180	-	180	-
K&M	125	-	125	-
Advansus Corp.	51	-	4,596	4
	$ 36,145	96	$ 23,658	22
Nonoperating expense				
Interest expense				
Advantech Fund-A	$ -	-	$ 432	34

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

	2012 Amount	2012 % to Total	2011 Amount	2011 % to Total
March 31				
Accounts receivable - related parties				
AEU	$ 843,133	35	$ 833,498	37
AiSC	460,384	20	405,256	18
ACN	458,159	19	383,860	17
ANA	448,989	19	456,047	20
AKR	56,503	2	40,138	2
AJP	40,315	2	43,755	2
ASG	34,512	1	16,948	1
AAU	24,020	1	16,889	1
ABR	17,946	1	13,577	1
AMY	9,754	-	3,689	-
ACA	4,731	-	5,703	-
ATH	3,419	-	12,072	1
Axiomtek	2,990	-	4,480	-
A-DLoG	2,989	-	791	-

(Continued)

	2012		2011	
	Amount	% to Total	Amount	% to Total
Netstar	$ 1,759	-	$ 335	-
APL	1,127	-	5,028	-
Broadwin	786	-	196	-
Cermate	80	-	-	-
Advansus Corp.	80	-	1,097	-
Avalue	-	-	5,502	-
BCM	-	-	44	-
	$ 2,411,676	100	$ 2,248,905	100

(Concluded)

	2012		2011	
	Amount	% to Total	Amount	% to Total
Other receivables - related parties				
ACN	$ 14,358	51	$ 3,170	22
AEU	2,531	10	3,608	25
ANA	2,086	7	1,342	9
A-DLoG	1,982	7	-	-
AJP	1,484	5	1,281	9
AKR	1,317	5	633	4
AAU	1,145	4	438	3
ASG	1,044	4	396	3
ABR	770	3	187	1
AMY	343	1	-	-
AiSC	335	1	-	-
Broadwin	252	1	252	2
ATH	180	1	-	-
Advansus Corp.	91	-	2,616	18
Netstar	84	-	-	-
AKMC	75	-	22	-
Cermate	63	-	189	1
BCM	63	-	68	1
Others	26	-	358	2
	$ 28,229	100	$ 14,560	100
Accounts payable - related parties				
ATC	$ 1,494,367	87	$ 1,136,300	87
Advansus Corp.	114,080	7	111,306	9
ACA	83,554	5	17,329	1
Netstar	17,109	1	9,385	1
ANA	5,544	-	16,209	1
Jan Hsiang	2,147	-	2,280	-
A-DLoG	2,128	-	-	-
ACN	1,700	-	1,924	-

(Continued)

	2012		2011	
	Amount	% to Total	Amount	% to Total
Cermate	$ 1,118	-	$ 1,709	-
AAC (HK)	1,014	-	1,272	-
ASG	847	-	-	-
AEU	519	-	1,041	-
AiST	-	-	13,571	1
BCM	-	-	1,145	-
Others	585	-	846	-
	$ 1,724,712	100	$ 1,314,317	100

(Concluded)

	2012		2011	
	Amount	% to Total	Amount	% to Total
Other payables				
Advantech Fund-A	$ -	-	$ 200,000	92
ACA	-	-	18,081	8
	$ -	-	$ 218,081	100
Acquisition of assets				
AKMC	$ 142	-	$ -	-
Advansus Corp.	2,373	-	-	-
	$ 2,515	-	$ -	-

Financing frp, related parties

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

	Three Months Ended March 31, 2012			
	Maximum Balance	Ending Balance	Interest Rate	Interest Expense
Advantech Fund-A	$ 300,000	$ -	-	$ -

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

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

18. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of March 31, 2012, the Company had the following guarantees for its affiliates' loans:

	Amount
AKMC	$ 590,200 thousand
Advantech Fund-A	$ 300,000 thousand
AiST	$ 200,000 thousand
Advansus Corp.	$ 100,000 thousand
ACA	$ 50,000 thousand
Cermate	$ 40,000 thousand
AAU	$ 5,902 thousand
A-DLoG	$ 59,115 thousand

19. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	March 31			
	2012		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Nonderivative financial instruments				
Assets				
Available-for-sale financial assets - current	$ 1,333,428	$ 1,333,428	$ -	$ -
Available-for-sale financial assets - noncurrent	2,567,275	2,567,275	2,352,091	2,352,091
Liabilities				
Convertible bonds payable	764,391	886,884	-	-
Derivative financial instruments location				
Financial assets at fair value through profit or loss - current				
Domestic	2,641	2,641	6,150	6,150
Foreign (including a foreign corporation operating locally)	24,094	24,094	35,435	35,435
Financial liabilities at fair value through profit or loss - current				
Domestic	151	151	7,879	7,879
Foreign (including a foreign corporation operating locally)	6,330	6,330	59,225	59,225

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

1) For financial instruments such as cash, notes and accounts receivables, receivables from related parties, other receivables, other receivables from related parties, refundable deposits, short-term loans, accounts payables and payables to related parties, expense payables, other payables to related parties and guarantee deposits received, the carrying amounts of these financial instruments approximate their fair values.

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

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

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

	March 31			
	Based on Quoted Market Price		**Determined Using Valuation Techniques**	
	2012	**2011**	**2012**	**2011**
Asset				
Financial assets at fair value through profit or loss - current	$ -	$ -	$ 26,735	$ 41,585
Available-for-sale financial assets - current	1,333,428	-	-	-
Available-for-sale financial assets - noncurrent	2,567,275	2,352,091	-	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	6,481	67,104
Convertible bonds payable	886,884	-	-	-

d. As of March 31, 2012, financial assets exposed to fair value interest rate risk amounted to $100,000 thousand; as of March 31, 2012 and 2011, financial assets exposed to cash flow interest rate risk amounted to $618,146 thousand and $672,275 thousand, respectively.

e. The Company recognized an unrealized gain of $607,886 thousand and an unrealized loss of $301,249 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the three months ended March 31, 2012 and 2011, respectively. The Company also recognized an unrealized gain of $407 thousand and an unrealized loss of $12,484 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for the three months ended March 31, 2012 and 2011, respectively.

f. Financial risks

1) Market risk. The derivative financial instruments categorized as financial assets at fair value through profit or loss are mainly used to hedge against adverse effect of exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the market risk of derivatives will be offset by the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Company are mainly 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 Company if the counter-parties or third parties breach financial instrument contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. Since the counter-parties to the foregoing derivative financial instruments are reputable financial institutions, management believes its exposure to default by counter-parties is low.

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

20. ADDITIONAL DISCLOSURES

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

b. Investments in mainland China

1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of March 31, 2012, accumulated inward remittance of earnings as of March 31, 2012 and maximum allowable limit on investment: Table 8 (attached)

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

21. SEGMENT INFORMATION

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

22. SIGNIFICANT FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

	March 31					
	2012			2011		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 80,451	29.510	$ 2,374,109	$ 79,457	29.40	$ 2,336,036
EUR	21,111	39.410	831,985	20,090	41.71	837,954
	116,430	0.359	41,798	138,118	0.355	49,032
Nonmonetary items						
USD	906	29.510	26,736	1,414	29.40	41,572
Investments accounted for by the equity method						
USD	173,555	29.510	5,121,612	154,747	29.40	4,543,420
EUR	23,656	39.410	932,289	22,849	41.71	953,014
JPY	508,696	0.359	182,622	453,883	0.355	161,129
KRW	5,657,836	0.026	147,104	4,236,985	0.027	114,399
SGD	4,493	23.490	105,537	3,698	23.34	86,305
AUD	2,473	30.695	75,899	2,488	30.38	75,578
MYD	4,191	9.246	40,486	3,818	9.327	35,615
BRL	1,663	16.211	26,963	1,267	17.942	22,737
Financial liabilities						
Monetary items						
USD	68,013	29.510	2,007,064	62,921	29.40	1,849,877
Nonmonetary items						
USD	220	29.510	6,492	2,282	29.40	67,091

TABLE 1

ADVANTECH CO., LTD. AND INVESTEES

FINANCING PROVIDED
THREE MONTHS ENDED MARCH 31, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Nature of Financing	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can be Provided by the Financier
											Item	Value		
1	AEUH	AEU	Other receivable - related parties	$ 19,705 (EUR 500 thousand)	$ 19,705 (EUR 500 thousand)	4.0%	Short-term financing	$ -	Financing need	$ -	-	-	$ 1,687,089 (Note B)	$ 3,374,178 (Note B)
2	ANA	AKMC	Other receivable - related parties	165,256 (US$ 5,600 thousand)	159,354 (US$ 5,400 thousand)	2.0%	Short-term financing	-	Financing need	-	-	-	1,687,089 (Note B)	3,374,178 (Note B)
3	AiSC	ACN	Other receivable - related parties	188,945 (RMB 40,334 thousand)	188,945 (RMB 40,334 thousand)	2.0%	Short-term financing	-	Financing need	-	-	-	234,225 (Note C)	234,225 (Note C)
4	Broadwin Technology Inc.	Netstar Technology Co., Ltd.	Other receivable - related parties	20,000	-	2.0%	Short-term financing	-	Financing need	-	-	-	29,300 (Note D)	29,300 (Note D)
5	Advantech Fund-A	Advantech Co., Ltd. (the "Company")	Other receivable - related parties	300,000	-	1.2%	Short-term financing	-	Financing need	-	-	-	345,886 (Note D)	345,886 (Note D)

Notes: A. The exchange rates as of March 31, 2012 were EUR1.00=NT$39.41; US$1.00=NT$29.51; RMB1.00= NT$4.6845.

B. The maximum amount of financing and the maximum amount of financing to individual counter-party that is not based in Taiwan that can be provided by the financier are 20% and 10% of the financier's net asset value, respectively.

C. The maximum amount of financing that can be provided by the financier is RMB50,000 thousand. For more efficient use of capital by the subsidiaries in Mainland China, the financing is deposited to a special capital-financing bank account in Citibank and is managed by ACN.

D. The maximum amount for a counter-party based in Taiwan is 40% of the net asset value of the financier.

TABLE 2

ADVANTECH CO., LTD. AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED
THREE MONTHS ENDED MARCH 31, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Year	Ending Balance	Value of Collaterals Property, Plant, and Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Advantech Co., Ltd. (the "Company")	AKMC	Indirect subsidiary	$ 1,687,089 (Note A)	$ 590,200 (US$ 20,000 thousand)	$ 590,200 (US$ 20,000 thousand)	$ -	3.78%	$ 5,061,267 (Note B)
		AiST	Equity-method investee	1,687,089 (Note A)	200,000	200,000	-	1.28%	5,061,267 (Note B)
		Advansus Corp.	Equity-method investee	1,687,089 (Note A)	100,000	100,000	-	0.64%	5,061,267 (Note B)
		Cermate Technologies Inc.	Equity-method investee	1,687,089 (Note A)	40,000	40,000	-	0.26%	5,061,267 (Note B)
		Advantech Fund-A	Equity-method investee	1,687,089 (Note A)	300,000	300,000	-	1.92%	5,061,267 (Note B)
		ACA	Equity-method investee	1,687,089 (Note A)	50,000	50,000	-	0.32%	5,061,267 (Note B)
		AAU	Equity-method investee	1,687,089 (Note A)	5,902 (US$ 200 thousand)	5,902 (US$ 200 thousand)	-	0.04%	5,061,267 (Note B)
		A-DLoG	Indirect subsidiary	1,687,089 (Note A)	59,115 (EUR 500 thousand)	59,115 (EUR 500 thousand)	-	0.38%	5,061,267 (Note B)
1	AAC (HK)	AiSC	Equity-method investee	1,687,089 (Note A)	584,017 (RMB 124,670 thousand)	584,017 (RMB 124,670 thousand)	-	3.75%	5,061,267 (Note B)

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

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

C. The exchange rates as of March 31, 2012 were US$1.00 = NT$29.51; RMB1.00 = NT$4.6845; EUR1.00 = NT$39.41.

TABLE 3

ADVANTECH CO., LTD. AND INVESTEES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS
MARCH 31, 2012
(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2012				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Advantech Co., Ltd.	Stock							
	AAC (BVI)	Subsidiary	Long-term equity investments	29,623,834	$ 2,396,813	100.00	$ 2,398,615	Note A
	ATC	〃	〃	38,750,000	2,708,416	100.00	2,722,997	Note A
	Advansus Corp.	〃	〃	36,000,000	537,369	100.00	553,890	Note A
	Advantech Fund-A	〃	〃	90,000,000	863,196	100.00	864,714	Note A
	Axiomtek	Equity-method investee	〃	20,537,984	334,475	26.55	334,475	Note A
	AEUH	Subsidiary	〃	9,572,024	932,289	100.00	932,289	Note A
	ASG	〃	〃	1,450,000	106,200	100.00	106,200	Note A
	AAU	〃	〃	500,204	75,899	100.00	75,899	Note A
	AJP	〃	〃	1,200	182,622	100.00	182,622	Note A
	AMY	〃	〃	2,000,000	40,486	100.00	40,486	Note A
	AKR	〃	〃	600,000	147,104	100.00	147,104	Note A
	ABR	〃	〃	971,055	26,963	43.28	26,963	Note A
	AiST	〃	〃	5,000,000	80,939	100.00	80,939	Note A
	ACA	〃	〃	7,948,839	227,499	99.36	227,499	Note A
	AHK	〃	Other liability - others	999,999	(156)	100.00	(156)	Notes A and C
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	7,184,461	2,000,872	0.95	2,000,872	Notes B and E
	Pegatron Corp	-	〃	9,855,570	453,356	0.44	453,356	Notes B and F
	Chunghwa Telecom Co., Ltd.	-	〃	1,243,636	113,047	0.02	113,047	Notes B and G
	Fund							
	Eastspring Inv Well Pool Money Market	-	Available for sale financial assets - current	21,349,659.36	280,385	-	280,385	Note D
	FSITC Money Market Fund	-	〃	1,626,545.40	280,402	-	280,402	Note D
	Fuh Hwa Money Market	-	〃	18,623,727.60	260,322	-	260,322	Note D
	Mega Diamond Money Market	-	〃	19,195,821.40	232,051	-	232,051	Note D
	Taishin 1699 Money Market	-	〃	21,464,632.66	280,268	-	280,268	Note D
Advantech Fund-A	Stock							
	Netstar Technology Co., Ltd.	Subsidiary	Long-term equity investments	23,013,118	216,694	92.05	216,694	Note A
	BCM Embedded Computer Inc.	〃	〃	4,500,000	17,979	100.00	17,979	Note A
	Broadwin Technology Inc.	〃	〃	6,777,571	148,469	100.00	148,469	Note A
	Cermate Technologies Inc.	〃	〃	5,500,000	84,365	55.00	84,365	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2012				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Axiomtek	Equity-method investee	〃	1,559,000	$ 36,766	2.02	$ 36,766	Note A
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	164,952	14,994	0.002	14,994	Note B
	AverMedia Information Inc.	-	Available for sale financial assets - current	808,500	24,174	0.98	24,174	Note B
	COBAN Research and Technologies, Inc.	-	Financial assets carried at cost - noncurrent	600,000	33,257	6.85	33,257	-
	Fund							
	Eastspring Inv Well Pool Money Market	-	Available for sale financial assets - current	7,632,247.80	100,274	-	100,274	Note D
	FSITC Money Market	-	〃	581,523.83	100,248	-	100,248	Note D
	Fuh Hwa Money Market	-	〃	6,346,359.90	88,771	-	88,771	Note D
Advansus Corp.	Fund							
	FSITC Money Market	-	Available for sale financial assets - current	987,385.91	170,233	-	170,233	Note D
AiST	Fund							
	FSITC Money Market	-	Available for sale financial assets - current	290,773.75	50,126	-	50,126	Note D
	Fuh Hwa Money Market	-	〃	2,581,311.30	36,101	-	36,101	Note D
ATC	Stock							
	ATC (HK)	Subsidiary	Long-term equity investments	41,650,001	1,800,317	100.00	1,800,317	Note A
ATC (HK)	Stock							
	AKMC	Subsidiary	Long-term equity investments	-	1,800,317	100.00	1,800,317	Note A
AAC (BVI)	Stock							
	ANA	Subsidiary	Long-term equity investments	10,952,606	1,268,009	100.00	1,268,009	Note A
	AAC (HK)	〃	〃	15,230,001	1,130,056	100.00	1,130,056	Note A
ANA	Stock							
	ABR	-	Financial assets carried at cost - noncurrent	375,192	5,675	16.72	5,675	-
AAC (HK)	Stock							
	ACN	Subsidiary	Long-term equity investments	-	608,434	100.00	608,434	Note A
	SHHQ	〃	〃	-	-	-	-	Note A
	AiSC	〃	〃	-	528,490	100.00	528,490	Note A
	AXA	〃	〃	-	(7,568)	100.00	(7,568)	Note A
ACN	Stock							
	Hangzhou Advantofine Automation Co., Ltd.	〃	〃	-	16,304	60.00	16,304	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2012				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AEUH	Stock							
	AEU	Subsidiary	〃	8,314,280	$ 141,053	100.00	$ 141,053	Note A
	APL	〃	〃	7,030	36,863	100.00	36,863	Note A
	A-DLoG	〃	〃	1	610,266	100.00	610,266	Note A
AEU	Stock							
	Innocore	〃	〃	251,111	151,670	100.00	151,670	Note A
Innocore	Stock							
	IGL	〃	〃	501,000	44,138	100.00	44,138	Note A
ASG	Stock							
	ATH	〃	〃	51,000	17,676	51.00	17,676	Note A
Netstar Technology Co., Ltd.	Stock							
	Jan Hsiang Electronics Co., Ltd.	〃	〃	655,500	7,609	28.50	7,609	Note A
Cermate Technologies Inc.	Stock							
	Land Mark	Subsidiary	〃	972,284	45,898	100.00	45,898	Note A
BCM Embedded Computer Inc.	Fund							
	FSITC Money Market	-	Available for sale financial assets - current	61,033.03	10,521	-	10,521	Note D
Broadwin Technology Inc.	Fund							
	Fuh Hwa Money Market	-	Available for sale financial assets - current	1,183,363.40	16,548	-	16,548	Note D
	FSITC Money Market	-	〃	206,795.39	35,651	-	35,651	Note D
Land Mark	Stock							
	Cermate (Shanghai)	〃	Long-term equity investments	-	23,418	100.00	23,418	Note A
	Cermate (Shenzhen)	〃	〃	-	22,695	90.00	22,695	Note A
ACA	Fund							
	Union Money Market	-	Available for sale financial assets - current	1,569,883.36	20,021	-	20,021	Note D
	Taishin 1699 Money Market	-	〃	5,496,820.87	60,058	-	60,058	Note D

Note A: The financial statements used as basis of net asset values were not reviewed by CPA, except those of ACN, ANA and AiSC.
Note B: Market value was based on the closing price on March 31, 2012.
Note C: The credit balance on investment carrying value is shown as part of other liabilities.
Note D: Market value was based on the net asset values of the open-end mutual funds on the balance sheet date.
Note E: The amount included $1,503,900 thousand, the carrying value of 5,400,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 6 of the financial statements for more information.
Note F: The amount included $432,400 thousand, the carrying value of 9,400,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 6 of the financial statements for more information.
Note G: The amount included $112,989 thousand, the carrying value of 1,243,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 6 of the financial statements for more information.

(Concluded)

TABLE 4

ADVANTECH CO., LTD. AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2012
(In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Name/Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Advantech Co., Ltd. (the "Company")	Fund													
	Eastspring Inv Well Pool Money Market	Available for sale financial assets - current	-	-	7,633,879.00	$ 100,065	13,715,780.20	$ 180,000	-	$ -	$ -	$ -	21,349,659.36	$ 280,385
	FSITC Money Market	Available for sale financial assets - current	-	-	959,093.15	165,024	704,052.28	121,300	36,600.03	6,300	6,295	5	1,626,545.40	280,402
	Fuh Hwa Money Market	Available for sale financial assets - current	-	-	7,171,749.00	100,060	11,451,978.60	160,000	-	-	-	-	18,623,727.60	260,322
	Mega Diamond Money Market	Available for sale financial assets - current	-	-	-	-	19,195,821.40	232,000	-	-	-	-	19,195,821.40	232,051
	Taishin 1699 Money Market	Available for sale financial assets - current	-	-	-	-	21,464,632.66	280,000	-	-	-	-	21,464,632.66	280,268
	Stock													
	Advansus Corp.	Investment accounted for by the equity method	Pegatron Corp.	-	18,000,000.00	228,914	18,000,000.00	306,000 (Note)	-	-	-	-	36,000,000.00	537,369

Note: The Company acquired 50% of Advansus Corp. from Pegatron Corp. for $306,000 thousand (i.e. at NT$17 per share). As of March 31, 2012, the Company had paid $126,000 thousand, and will pay the balance on June 30, 2012.

TABLE 5

ADVANTECH CO., LTD. AND INVESTEES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2012
(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd.	ANA	Indirect subsidiary	(Sale)	$ (1,296,098)	30.27	45 days after month end	Contract price	No significant difference from terms for related parties	$ 448,989	13.55	
	AEU	Indirect subsidiary	(Sale)	(547,444)	12.78	45 days after month end	Contract price	No significant difference from terms for related parties	843,133	25.44	
	ACN	Indirect subsidiary	(Sale)	(414,744)	9.69	45 days after month end	Contract price	No significant difference from terms for related parties	458,159	13.83	
	AiSC	Indirect subsidiary	(Sale)	(348,469)	8.14	45 days after month end	Contract price	No significant difference from terms for related parties	460,384	13.89	
	AKMC	Indirect subsidiary	(Sale)	(130,582)	3.05	45 days after month end	Contract price	No significant difference from terms for related parties	-	0.00	
	AKR	Subsidiary	(Sale)	(103,001)	2.41	45 days after month end	Contract price	No significant difference from terms for related parties	56,503	1.70	
Advantech Co., Ltd.	ATC	Subsidiary	Purchase	1,663,377	51.60	45 days after month end	Contract price	No significant difference from terms for related parties	(1,494,367)	61.41	
	ACA	Subsidiary	Purchase	378,870	11.75	30 days after month end	Contract price	No significant difference from terms for related parties	(83,554)	3.43	
	Advansus Corp.	Subsidiary	Purchase	154,869	4.80	30 days after month end	Contract price	No significant difference from terms for related parties	(114,080)	4.69	
ATC	Advantech Co., Ltd.	Ultimate parent company	(Sale)	(1,663,377)	99.73	45 days after month end	Contract price	No significant difference from terms for related parties	1,494,367	98.01	
Advansus Corp.	Advantech Co., Ltd.	Ultimate parent company	(Sale)	(154,869)	26.80	30 days after month end	Contract price	No significant difference from terms for related parties	114,080	30.82	
ACA	Advantech Co., Ltd.	Ultimate parent company	(Sale)	(378,870)	65.57	30 days after month end	Contract price	No significant difference from terms for related parties	83,554	37.56	
ANA	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,296,098	86.06	45 days after month end	Contract price	No significant difference from terms for related parties	(448,989)	85.21	
AEU	Advantech Co., Ltd.	Ultimate parent company	Purchase	547,444	81.73	45 days after month end	Contract price	No significant difference from terms for related parties	(843,133)	100.00	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	414,744	66.86	45 days after month end	Contract price	No significant difference from terms for related parties	(458,159)	60.38	
AKMC	Advantech Co., Ltd.	Ultimate parent company	Purchase	130,582	9.21	45 days after month end	Contract price	No significant difference from terms for related parties	-	0.00	
AiSC	Advantech Co., Ltd.	Ultimate parent company	Purchase	348,469	61.84	45 days after month end	Contract price	No significant difference from terms for related parties	(460,384)	76.16	
AKR	Advantech Co., Ltd.	Ultimate parent company	Purchase	103,001	54.06	45 days after month end	Contract price	No significant difference from terms for related parties	(56,503)	85.26	
Advansus Corp.	AKMC	Related enterprise	(Sale)	(161,578)	4.63	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	83,506	22.56	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
AKMC	ATC	Related enterprise	(Sale)	$ (1,419,423)	93.97	Next 30 days after month end	Mark-up pricing	No significant difference from terms for related parties	$ 573,200	90.39	
ACA	AKMC	Related enterprise	(Sale)	(156,373)	10.35	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	96,825	4.35	
AKMC	Advansus Corp.	Related enterprise	Purchase	161,578	11.72	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(83,506)	7.60	
	ACA	Related enterprise	Purchase	156,373	11.02	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	(96,825)	8.81	
ATC	AKMC	Related enterprise	Purchase	1,419,423	99.95	Next 30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(573,200)	97.69	

(Concluded)

TABLE 6

ADVANTECH CO., LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2012
(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	$ 843,133	2.64	$ -	-	$ 85,336	$ -
	AiSC	Indirect subsidiary	460,384	3.17	-	-	75,528	-
	ACN	Indirect subsidiary	458,159	3.52	-	-	75,000	-
	ANA	Indirect subsidiary	448,989	10.90	-	-	322,253	-
ATC	Advantech Co., Ltd.	Parent company	1,494,367	5.02	-	-	526,594	-
Advansus Corp.	Advantech Co., Ltd.	Parent company	114,080	6.98	-	-	55,972	-
AKMC	ATC	Related enterprise	573,200	12.79	-	-	73,775	-

ADVANTECH CO., LTD. AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
THREE MONTHS ENDED MARCH 31, 2012
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd.	AAC (BVI)	BVI	Investment holding company	$ 993,108	$ 993,108	29,623,834	100.00	$ 2,396,813	$ 27,395	$ 27,741	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	2,708,416	135,479	128,521	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation product	486,000	180,000	36,000,000	100.00	537,369	4,637	2,272	Equity-method investee
	AEUH	Helmond, The Netherlands	Investment holding company	1,146,489	1,146,489	9,572,024	100.00	932,289	(3,982)	(3,982)	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment and management service	900,000	900,000	90,000,000	100.00	863,196	3,835	4,749	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation product	249,059	249,059	20,537,984	26.55	334,475	18,618	4,943	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	106,200	5,952	5,952	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	75,899	258	258	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	182,622	4,261	4,261	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	40,486	1,154	1,154	Subsidiary
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	147,104	6,371	6,371	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	26,963	695	417	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	80,939	(15)	(15)	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(156)	-	-	Subsidiary (Note A)
	ACA	Taipei, Taiwan	Production and sale of portable industrial computing products	141,562	141,562	7,948,839	99.36	227,499	38,600	38,353	Subsidiary
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	280,875	274,078	23,013,118	92.05	216,694	712	714	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	17,979	219	219	Indirect subsidiary
	Broadwin Technology Inc.	Taipei, Taiwan	Assembly and production of computers	142,063	142,063	6,777,571	100.00	148,469	1,779	1,779	Indirect subsidiary
	Cermate Technologies Inc.	Taipei, Taiwan	Production and sale of electrical equipment, telecommunications equipment and electronic parts manufacturing	71,500	71,500	5,500,000	55.00	84,365	1,350	742	Indirect subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	35,329	35,329	1,559,000	2.02	36,766	18,618	376	Equity-method investee
ATC	ATC (HK)	Hong Kong	Investment holding company	1,212,730	1,212,730	41,650,001	100.00	1,800,317	(4,315)	(4,315)	Indirect subsidiary
ATC (HK)	AKMC	Jiangsu, China	Production and sale of industrial automation products	1,212,730	1,212,730	-	100.00	1,800,317	(4,315)	(4,315)	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,268,009	24,677	24,677	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	539,146	15,230,001	100.00	1,130,056	2,718	2,718	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	185,356	185,356	-	100.00	608,434	2,614	2,614	Indirect subsidiary
	AiSC	Shanghai, China	Sale of industrial automation products	257,040	257,040	-	100.00	528,490	8,495	8,495	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	(7,568)	(8,821)	(8,821)	Indirect subsidiary (Note A)
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processing and sale of peripherals	13,727	13,727	-	60.00	16,304	1,562	937	Equity-method investee
AEUH	AEU	Eindhoven, The Netherlands	Sale of industrial automation products	316,403	316,403	8,314,280	100.00	141,053	(11,738)	(11,738)	Indirect subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	14,176	14,176	6,836	100.00	36,863	(2,009)	(2,009)	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	610,266	9,698	9,698	Indirect subsidiary
AEU	Innocore	England	Design, R&D and sale of gaming computer products	166,023	166,023	251,111	100.00	151,670	(3,337)	(3,337)	Indirect subsidiary
Innocore	IGL	England	Design, R&D and sale of gaming computer products	166,023	166,023	501,000	100.00	44,138	27	27	Indirect subsidiary
ASG	ATH	Thailand	Production of computers	7,537	7,537	51,000	51.00	17,676	1,229	662	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	$ 3,719	$ 3,719	655,500	28.50	$ 7,609	$ (2,567)	$ (732)	Indirect subsidiary
Cermate Technologies Inc.	Land Mark	BVI	General investment	28,200	28,200	972,284	100.00	45,898	3,175	3,175	Indirect subsidiary
Land Mark	Cermate (Shanghai)	Shanghai, China	Sale of industrial electronic products	US$ 572	US$ 572	-	100.00	23,418	200	200	Indirect subsidiary
	Cermate (Shenzhen)	Shenzhen, China	Manufacture of LCD touch panels, USB data cables and industrial automation products	US$ 308	US$ 308	-	90.00	22,695	3,174	2,857	Indirect subsidiary

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

Note B: The financial statements used as basis of net asset values were not reviewed by a CPA, except those of ACN, ANA and AiSC.

(Concluded)

ADVANTECH CO., LTD. AND INVESTEES

INVESTMENTS IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of March 31, 2012	Accumulated Inward Remittance of Earnings as of March 31, 2012
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$41,650 thousand	Indirect	$ 1,100,723 (US$ 37,300 thousand)	$ -	$ -	$ 1,100,723 (US$ 37,300 thousand)	100%	$ (4,315)	$ 1,800,317	$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$4,230 thousand	Indirect	157,347 (US$ 5,332 thousand)	-	-	157,347 (US$ 5,332 thousand)	100%	2,614	608,434	331,545 (US$ 11,235 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US$8,000 thousand	Indirect	236,080 (US$ 8,000 thousand)	-	-	236,080 (US$ 8,000 thousand)	100%	8,495	528,490	-
Xi’an Advantech Software Ltd. (AXA)	Development and production of software products	US$1,000 thousand	Indirect	(Note C)	-	-	(Note C)	100%	(8,821)	(7,568)	-

Accumulated Investment in Mainland China as of March 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Allowable Limit on Investment
$1,500,052 (US$50,832 thousand) (Note D)	$2,036,190 (US$69,000 thousand)	$10,122,533 (Note F)

Note A: The financial statements used as basis of net asset values were not reviewed by a CPA, except those of ACN and AiSC.

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

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

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

Note E: The exchange rate as of March 31, 2012 was US$1.00=NT$29.51.

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