

**Advantech Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 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 consolidated balance sheets of Advantech Co., Ltd. ("Parent Company") and subsidiaries as of June 30, 2012 and 2011 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Parent Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 - "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 2 to the financial statements, we did not review the financial statements as of and for the six months ended June 30, 2012 and 2011 of some consolidated subsidiaries. As of June 30, 2012 and 2011, the subsidiaries' total assets were 21.11% (NT\$5,283,493 thousand) and 29.23% (NT\$6,454,503 thousand), respectively, of the consolidated total assets, and their total liabilities were 15.77% (NT\$1,528,680 thousand) and 18.06% (NT\$1,512,355 thousand), respectively, of the consolidated total liabilities. In the six months ended June 30, 2012 and 2011, the operating revenues of these subsidiaries were 36.91% (NT\$4,986,782 thousand) and 55.76% (NT\$7,498,203 thousand), respectively, of the consolidated operating revenues, and the net incomes were 11.63% (NT\$200,906 thousand) and 17.07% (NT\$321,224 thousand), respectively, of the consolidated total net income. Also, as stated in Note 9 to the financial statements, we did not review the financial statements of some equity-method investees as of and for the six months ended June 30, 2012 and 2011. As of June 30, 2012 and 2011, the carrying values of these investments were NT\$355,446 thousand and NT\$375,807 thousand, respectively, of the consolidated total assets, and the net investment gains were NT\$21,323 thousand and NT\$22,217 thousand in the six months ended June 30, 2012 and 2011, respectively. These investment amounts as well as additional disclosures in Note 24 required by the Securities and Futures Bureau for the Parent Company and its investees were based on the investees' unreviewed financial statements for the same reporting periods as those of the Parent Company.

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

August 31, 2012

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated 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 consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language accountants' review report and consolidated financial statements shall prevail.*

## ADVANTECH CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

JUNE 30, 2012 AND 2011

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

(Reviewed, Not Audited)

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 3,924,199	16	\$ 2,771,581	13	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 23)	\$ 10,063	-	\$ 50,128	-
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 23)	9,704	-	28,042	-	Short-term bank loans (Notes 12 and 23)	148,091	1	152,980	1
Available-for-sale financial assets - current (Notes 2, 6 and 23)	1,735,734	7	16,297	-	Accounts payable (Note 20)	2,873,439	11	2,627,677	12
Notes receivable (Note 2)	481,311	2	338,379	2	Income tax payable (Notes 2 and 17)	430,373	2	388,185	2
Accounts receivable, net of allowance for doubtful accounts of \$67,786 thousand in 2012 and \$58,531 thousand in 2011 (Note 2)	4,377,311	18	3,979,622	18	Accrued expenses (Note 16)	1,940,641	8	1,641,360	7
Accounts receivable - related parties (Notes 2 and 20)	4,457	-	24,276	-	Dividends payable (Note 16)	2,764,981	11	1,755,718	8
Other receivables	103,542	-	116,063	-	Long-term bank loans - current portion (Notes 13 and 23)	584	-	2,500	-
Inventories, net (Notes 2 and 7)	3,997,789	16	4,411,826	20	Advance receipts and other current liabilities	393,232	1	477,148	2
Restricted assets (Note 21)	97,851	-	64,035	-	Total current liabilities	8,561,404	34	7,095,696	32
Deferred income tax assets - current (Notes 2 and 17)	68,367	-	-	-	<b>LONG-TERM LIABILITIES</b>				
Prepayments and other current assets	288,095	1	280,746	1	Convertible bonds payable (Notes 2, 14 and 23)	550,418	2	752,277	4
Total current assets	15,088,360	60	12,030,867	54	Long-term bank loans, net of current portion (Notes 13 and 23)	4,525	-	18,347	-
<b>LONG-TERM FUNDS AND INVESTMENTS</b>					Total long-term liabilities	554,943	2	770,624	4
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 23)	2,167,147	9	2,456,032	11	<b>OTHER LIABILITIES</b>				
Financial assets carried at cost - noncurrent (Notes 2 and 8)	33,257	-	103,588	-	Accrued pension liabilities (Notes 2 and 15)	123,671	1	125,641	-
Investments accounted for by the equity method (Notes 2 and 9)	355,446	1	375,807	2	Guarantee deposits received	358	-	7,372	-
Total long-term funds and investments	2,555,850	10	2,935,427	13	Deferred income tax liabilities - noncurrent (Notes 2 and 17)	455,257	2	376,249	2
<b>PROPERTIES (Notes 2, 10 and 21)</b>					Deferred credits (Note 2)	127	-	162	-
Cost					Total other liabilities	579,413	3	509,424	2
Land	2,821,383	11	2,803,077	13	Total liabilities	9,695,760	39	8,375,744	38
Buildings	2,864,882	12	2,612,481	12	<b>SHAREHOLDERS' EQUITY</b>				
Machinery and equipment	1,095,591	4	987,569	4	Capital stock, NTS10.00 par value - parent company				
Furniture and fixtures	492,760	2	437,351	2	Authorized - 600,000 thousand shares				
Leasehold improvements	-	-	269	-	Issued and outstanding - 557,004 thousand shares in 2012 and 501,634 thousand shares in 2011	5,570,043	22	5,016,337	23
Other equipment	672,147	3	611,104	3	For issuance	-	-	501,634	2
Total cost	7,946,763	32	7,451,851	34	Total capital stock	5,570,043	22	5,517,971	25
Accumulated depreciation	2,057,480	8	1,727,853	8	Capital surplus				
Construction in progress and prepayments for equipment acquisition	5,889,283	24	5,723,998	26	Additional paid-in capital from share issuance in excess of par value	4,097,469	16	3,751,469	17
Net properties	6,134,630	25	5,847,423	27	From long-term equity investments	56,397	-	61,184	-
<b>INTANGIBLE ASSETS (Note 2)</b>					From stock options	178,205	1	167,173	1
Trademarks	86,757	-	89,928	-	Total capital surplus	4,332,071	17	3,979,826	18
Goodwill, net	672,714	3	600,126	3	Retained earnings				
Deferred pension cost	6,762	-	7,357	-	Legal reserve	2,715,185	11	2,359,911	11
Core technology, net	64,846	-	103,226	1	Special reserve	545,303	2	621,662	3
Superficies, net	97,527	1	95,629	-	Unappropriated earnings	2,233,478	9	1,882,255	8
Other intangible assets, net	56,378	-	96,690	1	Total retained earnings	5,493,966	22	4,863,828	22
Total intangible assets	984,984	4	992,956	5	Others				
<b>OTHER ASSETS</b>					Cumulative translation adjustments	(26,359)	-	(167,138)	(1)
Assets leased to others, net (Notes 2 and 11)	18,129	-	17,928	-	Net loss not recognized as pension cost	(2,121)	-	(2,121)	-
Refundable deposits	41,393	-	30,381	-	Unrealized loss on financial instruments	(134,850)	-	(575,945)	(2)
Deferred expenses, net (Note 2)	210,531	1	229,553	1	Total other equity	(163,330)	-	(745,204)	(3)
Total other assets	270,053	1	277,862	1	Total shareholders' equity of parent company	15,232,750	61	13,616,421	62
<b>TOTAL</b>	<b>\$ 25,033,877</b>	<b>100</b>	<b>\$ 22,084,535</b>	<b>100</b>	Minority interest	105,367	-	92,370	-
					Total shareholders' equity	15,338,117	61	13,708,791	62
					<b>TOTAL</b>	<b>\$ 25,033,877</b>	<b>100</b>	<b>\$ 22,084,535</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 31, 2012)

# ADVANTECH CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 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 20)				
Sales	\$ 13,304,377	99	\$ 13,303,300	99
Sales returns and allowances	<u>115,403</u>	<u>1</u>	<u>115,365</u>	<u>1</u>
Net sales	13,188,974	98	13,187,935	98
Other operating revenues	<u>321,708</u>	<u>2</u>	<u>260,507</u>	<u>2</u>
Total operating revenues	13,510,682	100	13,448,442	100
OPERATING COSTS (Notes 2, 7, 18 and 20)	<u>8,119,878</u>	<u>60</u>	<u>8,247,999</u>	<u>61</u>
GROSS PROFIT	5,390,804	40	5,200,443	39
REALIZED (UNREALIZED) INTERCOMPANY GAINS (Note 2)	2,351	-	(162)	-
REALIZED INTERCOMPANY LOSSES (Note 2)	<u>(259)</u>	<u>-</u>	<u>(65)</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>5,392,896</u>	<u>40</u>	<u>5,200,216</u>	<u>39</u>
OPERATING EXPENSES (Notes 18 and 20)				
Marketing	1,436,643	11	1,323,208	10
Administrative	841,189	6	739,779	6
Research and development	<u>1,145,499</u>	<u>9</u>	<u>994,815</u>	<u>7</u>
Total operating expenses	<u>3,423,331</u>	<u>26</u>	<u>3,057,802</u>	<u>23</u>
OPERATING INCOME	<u>1,969,565</u>	<u>14</u>	<u>2,142,414</u>	<u>16</u>
NONOPERATING INCOME AND GAINS				
Interest income	10,297	-	3,877	-
Investment income recognized under the equity method, net (Notes 2 and 9)	21,323	-	22,217	-
Gain on disposal of properties	31,559	-	-	-
Gain on disposal of investments	29,665	-	14,370	-
Foreign exchange gain, net (Note 2)	-	-	83,782	1
Rental revenue	13,625	-	18,854	-
Valuation gain on financial instruments, net (Notes 2 and 5)	68,761	1	70,429	1
Other income (Notes 6 and 20)	<u>46,249</u>	<u>1</u>	<u>41,525</u>	<u>-</u>
Total nonoperating income and gains	<u>221,479</u>	<u>2</u>	<u>255,054</u>	<u>2</u>

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# ADVANTECH CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 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	\$ 11,072	-	\$ 5,646	-
Loss on disposal of properties	-	-	910	-
Foreign exchange loss, net (Note 2)	69,115	1	-	-
Valuation loss on financial instruments, net (Notes 2 and 5)	28,848	-	51,310	1
Other expenses (Note 18)	8,624	-	12,571	-
Total nonoperating expenses and losses	117,659	1	70,437	1
INCOME BEFORE INCOME TAX	2,073,385	15	2,327,031	17
INCOME TAX (Notes 2 and 17)	345,807	2	445,590	3
CONSOLIDATED NET INCOME	\$ 1,727,578	13	\$ 1,881,441	14
ATTRIBUTABLE TO:				
Parent's shareholders	\$ 1,716,013	13	\$ 1,873,632	14
Minority interest	11,565	-	7,809	-
	\$ 1,727,578	13	\$ 1,881,441	14
	2012		2011	
	Pre Tax	After Tax	Pre Tax	After Tax
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 19)				
Basic	\$ 3.51	\$ 3.10	\$ 3.88	\$ 3.40
Diluted	\$ 3.46	\$ 3.06	\$ 3.87	\$ 3.39

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

(With Deloitte & Touche review report dated August 31, 2012)

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**ADVANTECH CO., LTD. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
SIX MONTHS ENDED JUNE 30, 2012 AND 2011  
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)  
(Reviewed, Not Audited)

	Capital Stock - Issued and Outstanding (Notes 14 and 16)				Capital Surplus (Notes 2, 14 and 16)				Retained Earnings (Notes 2 and 16)				Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Gain (Loss) on Financial Instruments (Notes 2 and 23)	Minority Interest in Subsidiaries	Total Shareholders' Equity
	Shares (Thousands)	Amount	Advance Receipts for Common Stock	For Issuance (Note 16)	Additional Paid-in Capital in Excess of Par Value	From Long-term Equity Investments	From Employee Stock Option	Total	Legal Reserve	Retained Earnings (Notes 2 and 16)							
										Special Reserve	Unappropriated Earnings	Total					
BALANCE, JANUARY 1, 2012	551,797	\$ 5,517,971	\$ 11,990	\$ -	\$ 3,751,469	\$ 59,191	\$ 256,210	\$ 4,066,870	\$ 2,359,911	\$ 621,662	\$ 3,561,361	\$ 6,542,934	\$ 105,408	\$ (2,121)	\$ (648,592)	\$ 99,903	\$ 15,694,363
Appropriation of the 2011 earnings	-	-	-	-	-	-	-	-	355,274	-	(355,274)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	(2,764,981)	(2,764,981)	-	-	-	-	(2,764,981)
Cash dividends - NT\$5.00 per share	-	-	-	-	-	-	-	-	-	(76,359)	76,359	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	-	1,716,013	1,716,013	-	-	-	11,565	1,727,578
Employee stock options	2,451	24,510	(11,990)	-	142,820	-	(91,475)	51,345	-	-	-	-	-	-	-	-	63,865
Conversion of convertible bonds	2,756	27,562	-	-	203,180	-	(12,688)	190,492	-	-	-	-	-	-	-	-	218,054
Compensation cost recognized for employee stock options	-	-	-	-	-	-	26,158	26,158	-	-	-	-	-	-	-	-	26,158
Change in unrealized valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	517,047	-	517,047
Equity in the changes in unrealized loss on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,305)	-	(3,305)
Company's proportional recognition of the changes in investees' equity in their investments	-	-	-	-	-	(2,794)	-	(2,794)	-	-	-	-	-	-	-	-	(2,794)
Acquisition of minority equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,986)	(2,986)
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	(131,767)	-	-	(3,115)	(134,882)
<b>BALANCE, JUNE 30, 2012</b>	<b>557,004</b>	<b>\$ 5,570,043</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,097,469</b>	<b>\$ 56,397</b>	<b>\$ 178,205</b>	<b>\$ 4,332,071</b>	<b>\$ 2,715,185</b>	<b>\$ 545,303</b>	<b>\$ 2,233,478</b>	<b>\$ 5,493,966</b>	<b>\$ (26,359)</b>	<b>\$ (2,121)</b>	<b>\$ (134,850)</b>	<b>\$ 105,367</b>	<b>\$ 15,338,117</b>
BALANCE, JANUARY 1, 2011	501,634	\$ 5,016,337	\$ -	\$ -	\$ 4,253,103	\$ 59,898	\$ 79,849	\$ 4,392,850	\$ 2,102,592	\$ 70,136	\$ 2,573,186	\$ 4,745,914	\$ (215,759)	\$ (2,121)	\$ (403,782)	\$ 94,175	\$ 13,627,614
Appropriation of the 2010 earnings	-	-	-	-	-	-	-	-	-	-	(257,319)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	257,319	-	(551,526)	(551,526)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	551,526	(1,755,718)	(1,755,718)	-	-	-	-	(1,755,718)
Cash dividends - NT\$3.50 per share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of common stock from capital surplus	-	-	-	501,634	(501,634)	-	-	(501,634)	-	-	-	-	-	-	-	-	-
Consolidated net income for the six months ended June 30, 2011	-	-	-	-	-	-	-	-	-	-	1,873,632	1,873,632	-	-	-	7,809	1,881,441
Issuance of convertible bonds	-	-	-	-	-	-	44,716	44,716	-	-	-	-	-	-	-	-	44,716
Compensation recognized for employee stock options	-	-	-	-	-	-	42,608	42,608	-	-	-	-	-	-	-	-	42,608
Company's proportional recognition of the changes in investee's equity in their investments	-	-	-	-	-	1,286	-	1,286	-	-	-	-	-	-	-	-	1,286
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(158,307)	-	(158,307)
Equity in the changes in unrealized valuation loss on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,856)	-	(13,856)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	324	324
Acquisition of minority equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,861)	(54,861)
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	48,621	-	-	44,923	93,544
<b>BALANCE, JUNE 30, 2011</b>	<b>501,634</b>	<b>\$ 5,016,337</b>	<b>\$ -</b>	<b>\$ 501,634</b>	<b>\$ 3,751,469</b>	<b>\$ 61,184</b>	<b>\$ 167,173</b>	<b>\$ 3,979,826</b>	<b>\$ 2,359,911</b>	<b>\$ 621,662</b>	<b>\$ 1,882,255</b>	<b>\$ 4,863,828</b>	<b>\$ (167,138)</b>	<b>\$ (2,121)</b>	<b>\$ (575,945)</b>	<b>\$ 92,370</b>	<b>\$ 13,708,791</b>

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

(With Deloitte & Touche review report dated August 31, 2012)

# ADVANTECH CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 1,727,578	\$ 1,881,441
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	236,504	235,398
Amortization of discount on convertible bonds	8,142	1,334
Allowance for doubtful accounts	16,998	17,614
Allowance for loss on inventories	37,017	55,798
Loss on disposal of scrap inventories, net	75,669	69,911
(Gain) loss on disposal of properties, net	(31,559)	910
Gain on the sale of investments, net	(137)	(9,335)
Gain on disposal of available-for-sale financial assets, net	(29,528)	(5,035)
Investment income recognized under the equity method, net	(21,323)	(22,217)
Compensation cost of employee stock options	26,158	42,608
Accrued pension liabilities	12,815	11,467
Deferred income taxes	22,344	52,630
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	4,047	33,765
Notes receivable	(54,055)	9,771
Accounts receivable	(897,523)	(1,022,492)
Accounts receivable from related parties	(992)	(5,092)
Other receivables	(23,400)	(62,567)
Inventories	(90,523)	(976,238)
Prepayments and other current assets	(115,966)	81,618
Accounts payable	1,031,739	860,710
Income tax payable	13,907	(89,196)
Accrued expenses	(22,661)	184,620
Advance receipts and other current liabilities	98,806	72,044
Deferred credits	(68)	(151)
Net cash provided by operating activities	<u>2,023,989</u>	<u>1,419,316</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of capital return on available-for-sale financial assets	-	3,522
Proceeds of the disposal of available-for-sale financial assets	1,643,088	74,238
Acquisition of subsidiaries	(176,915)	(88,810)
Acquisition of available-for-sale financial assets	(1,775,809)	-
Increase of restricted assets	(97,851)	-
Proceeds of the disposal of investments accounted for by the equity method	14,503	25,361
Acquisition of properties	(222,490)	(1,865,479)
Proceeds of the disposal of properties	62,722	26,536

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# ADVANTECH CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2012	2011
Increase in refundable deposits	\$ (439)	\$ (2,331)
Increase in deferred expenses	<u>(4,158)</u>	<u>(30,359)</u>
Net cash used in investing activities	<u>(557,349)</u>	<u>(1,857,322)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of convertible bonds	-	800,000
Increase (decrease) in guarantee deposits received	(758)	6,950
Increase (decrease) in short-term bank loans	(23,351)	104,407
Decrease in long-term bank loans	(7,543)	(1,252)
Proceeds of the exercise of employee stock options	63,865	-
Decrease in minority interest	<u>(2,986)</u>	<u>(12,324)</u>
Net cash provided by financing activities	<u>29,227</u>	<u>897,781</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(94,829)</u>	<u>23,673</u>
NET INCREASE IN CASH	1,401,038	483,448
CASH, BEGINNING OF PERIOD	<u>2,523,161</u>	<u>2,288,133</u>
CASH, END OF PERIOD	<u>\$ 3,924,199</u>	<u>\$ 2,771,581</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid (excluding capitalized interest)	<u>\$ 11,077</u>	<u>\$ 5,432</u>
Income tax paid	<u>\$ 300,247</u>	<u>\$ 482,156</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Conversion of convertible bonds	<u>\$ 218,054</u>	<u>\$ -</u>

(Continued)

## ADVANTECH CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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The fair values of the assets and liabilities of Advansus Corp., which became a wholly owned subsidiary of Advantech Co., Ltd., as of the acquisition in June 2012 are summarized as follows:

Cash	\$ 258,170
Available-for-sale financial assets - current	80,030
Accounts receivable, net	231,215
Inventories, net	249,659
Other current assets	4,008
Properties, net	19,387
Other assets	3,447
Accounts payable	(263,791)
Accrued expenses	(67,201)
Income tax payable	(11,986)
Other current liabilities	<u>(16,800)</u>
Net	486,138
Percentage of equity interest	<u>50%</u>
	243,069
Cost in excess of book value of subsidiary acquired	<u>62,931</u>
Total	306,000
Less: Cash balances of Advansus Corp. (50%)	<u>(129,085)</u>
Cash paid for the acquisition of Advansus Corp.	<u>\$ 176,915</u>

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

(With Deloitte & Touche review report dated August 31, 2012)

(Concluded)

# ADVANTECH CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

(Reviewed, Not Audited)

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### 1. ORGANIZATION AND OPERATIONS

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

To improve the entire operating efficiency of the Advantech 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 June 30, 2012 and 2011, the Parent Company and the consolidated subsidiaries (collectively, the “Group”) had 6,429 and 5,735 employees, respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

For readers’ convenience, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

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

#### **Basis for Consolidation**

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

The financial statements of Advansus Corp. for the six months ended June 30, 2012 and 2011 had been consolidated under the proportionate consolidated method. All significant accounts and transactions between the Parent and this company have been eliminated from the consolidated financial statements.

The organization chart of intercompany relationships and percentages of ownership as of June 30, 2012 and 2011 is shown in Table 9 (attached). The names, locations and other information of investees are shown in Table 7 (attached).

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

### **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 Parent Company recognizes a financial asset or a financial liability on its balance sheet when the Parent Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Parent Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

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

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

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

### **Available-for-sale Financial Assets**

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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 on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share.

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

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

### **Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts**

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

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

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

As discussed in Note 3 to the financial statements, the Group early adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the 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 Group's past difficulty in collecting payments and an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

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

## **Inventories**

Inventories consist of raw materials and supplies, work-in-process, finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and cost necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted cost on the balance sheet date.

## **Financial Assets Carried at Cost**

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

## **Investments Accounted for by the Equity Method**

Investments in which the Group holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

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

When the Group subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Group records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus arising from long-term investments is insufficient, the shortage is debited to retained earnings.

When the Group's share in losses of an investee over which the Group has control exceeds its investment in the investee, unless the other shareholders of the investee have assumed legal or constructive obligations and have demonstrated the ability to make payments on behalf of the investee, the Group has to bear all of the losses in excess of the capital contributed by shareholders of the investee. If the investee subsequently reports profits, such profits are first attributed to the Group to the extent of the excess losses previously borne by the Group.

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

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

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

### **Properties and Properties Leased to Others**

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

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

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

### **Intangible Assets**

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

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

### **Deferred Expenses**

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

### **Impairment of Assets**

If the recoverable amount of an asset (mainly properties, deferred expenses, and investments accounted for by the equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings unless the asset is carried at a revalued amount, in which case the impairment loss is first treated as a deduction to the unrealized revaluation increment and any remaining loss is charged to earnings.

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

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

### **Stock-based Compensation**

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

### **Convertible Bonds**

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

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

### **Pension Cost**

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

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

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

### **Income Tax**

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



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

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

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

### **Foreign Currencies**

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

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

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

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 at prevailing exchange rates and the exchange differences are recognized in profit or loss.

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

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

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

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

### **Reclassifications**

Certain accounts in the consolidated financial statements as of and for the six months ended June 30, 2011 have been reclassified to be consistent with the presentation of the consolidated financial statements as of and for the six months ended June 30, 2012.

### 3. ACCOUNTING CHANGES

#### Financial Instruments

On January 1, 2011, the Group adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." The main revisions include (1) impairment on finance lease receivables being now covered by SFAS No. 34; (2) amendment of the scope of the applicability of SFAS No. 34 to insurance contracts; (3) inclusion of loans and receivables originated by the Group in the items covered by SFAS No. 34; (4) the requirement to disclose additional guidelines on impairment testing of financial assets carried at amortized cost if the asset issuer or obligor has financial difficulties and the terms of obligations on the assets have been modified; and (5) the requirement to disclose the Group's accounting treatment for modifications in the terms of its obligations. This accounting change had no significant impact on the Group's financial statements as of and for the six months ended June 30, 2012.

#### Operating Segments

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

### 4. CASH

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 3,813	\$ 4,612
Checking and demand deposits	2,256,930	2,211,849
Time deposits: Interest - 0.4%-3.3%% in 2012 and 0.41%-5.50% in 2011	<u>1,663,456</u>	<u>555,120</u>
	<u>\$ 3,924,199</u>	<u>\$ 2,771,581</u>

### 5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments classified as held for trading were as follows:

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
<u>Financial assets resulting from trading</u>		
Forward contracts	<u>\$ 9,704</u>	<u>\$ 28,042</u>
<u>Financial liabilities resulting from trading</u>		
Forward contracts	<u>\$ 10,063</u>	<u>\$ 50,128</u>

On June 30, 2012 and 2011, the outstanding forward exchange contracts were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Amount (Thousands)</b>
<u>June 30, 2012</u>			
Sell	EUR/NTD	2012.7 - 2012.8	EUR3,000/NTD116,920
	EUR/USD	2012.7 - 2012.8	EUR3,500/USD4,552
	USD/NTD	2012.7 - 2012.10	USD28,552/NTD843,578
	JPY/NTD	2012.7 - 2012.10	JPY130,000/NTD48,424
	JPY/USD	2012.8 - 2012.10	JPY70,000/USD883
<u>June 30, 2011</u>			
Sell	EUR/NTD	2011.12 - 2012.4	EUR3,000/NTD119,158
	EUR/USD	2011.7 - 2012.5	EUR21,500/USD29,574
	USD/NTD	2011.7 - 2012.5	USD70,014/NTD2,032,728
	JPY/NTD	2012.1 - 2012.3	JPY50,000/NTD17,780
	JPY/USD	2011.7 - 2012.4	JPY370,000/USD4,530

The Parent Company entered into forward contract transactions for the six months ended June 30, 2012 and 2011 to avoid risks on exchange rate fluctuations. The hedging strategy of the Parent Company is to avoid the major portion of the fair value risks.

Net gains on financial assets or liabilities held for trading for the six months ended June 30, 2012 and 2011 were \$39,913 thousand and \$19,119 thousand, respectively.

## 6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>June 30</b>			
	<b>2012</b>		<b>2011</b>	
	<b>Current</b>	<b>Noncurrent</b>	<b>Current</b>	<b>Noncurrent</b>
Mutual funds	\$ 1,700,622	\$ -	\$ -	\$ -
Quoted domestic stock				
Chunghwa Telecom Co., Ltd.	15,506	116,901	16,297	122,871
ASUSTEK Computer Inc.	-	1,666,864	-	1,771,406
Pegatron Corp.	-	383,382	-	549,976
AverMedia Information Inc.	19,606	-	-	-
Quoted overseas stocks				
SG Advantech Co., Ltd.	-	-	-	11,779
	<u>\$ 1,735,734</u>	<u>\$ 2,167,147</u>	<u>\$ 16,297</u>	<u>\$ 2,456,032</u>

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

For its securities borrowing and lending transactions, the Parent Company put some of the quoted domestic stock recorded under available-for-sale assets - noncurrent into a trust at China Trust Commercial Bank. As of June 30, 2012, the stock held in trust amounted to \$1,948,602 thousand. Please refer to Table 3 for detailed information. On the transactions, the Parent Company recognized a gain of \$2,910 thousand, recorded under other nonoperating income as of June 30, 2012.

## 7. INVENTORIES, NET

	<b>June 30</b>	
	<b>2012</b>	<b>2011</b>
Finished goods	\$ 1,169,264	\$ 1,482,712
Work in process	694,029	736,658
Materials and supplies	1,770,219	1,925,781
Inventories in transit	<u>364,277</u>	<u>266,675</u>
	<u>\$ 3,997,789</u>	<u>\$ 4,411,826</u>

As of June 30, 2012 and 2011, the allowances for loss were \$419,204 thousand and \$406,745 thousand, respectively.

The costs of goods sold pertaining to inventories as of June 30, 2012 and 2011 were \$8,119,878 thousand and \$8,037,695 thousand, respectively. In addition, the foregoing amounts for the six months ended June 30, 2012 included an allowance for losses of \$37,017 thousand and a loss of \$76,669 thousand on inventory scrap disposal, and the foregoing amounts for the six months ended June 30, 2011 included an allowance for losses of \$55,798 thousand and a loss of \$69,911 thousand on inventory scrap disposal.

## 8. FINANCIAL ASSETS CARRIED AT COST

	<b>June 30</b>	
	<b>2012</b>	<b>2011</b>
Non-publicly traded		
Domestic		
AverMedia Information Inc.	\$ -	\$ 70,331
Foreign		
Coban Research and Technologies, Inc. (US\$1,020 thousand as of June 30, 2012 and 2011)	<u>33,257</u>	<u>33,257</u>
	<u>\$ 33,257</u>	<u>\$ 103,588</u>

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

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

## 9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	June 30			
	2012		2011	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Listed				
Axiomtek Co., Ltd.	\$ 348,300	28.57	\$ 359,070	26.62
Unlisted				
Jan Hsiang Electronics Co., Ltd.	7,146	28.50	7,390	28.50
Advantech Hungary Ltd.	<u>-</u>	-	<u>9,347</u>	30.00
	<u>\$ 355,446</u>		<u>\$ 375,807</u>	

The calculation of the carrying values of the equity-method investments and the equity in their net income or net loss was based on the investees' unreviewed financial statements for the six months ended June 30, 2012 and 2011.

The market values of the listed stocks invested in by the Parent Company, which were calculated on the basis of the closing prices as of June 30, 2012 and 2011, were \$450,778 thousand and \$638,197 thousand, respectively.

## 10. PROPERTIES

Accumulated depreciation was as follows:

	June 30	
	2012	2011
Buildings	\$ 575,326	\$ 477,465
Machinery and equipment	700,042	582,903
Furniture and fixtures	343,683	265,061
Other equipment	<u>438,429</u>	<u>402,424</u>
	<u>\$ 2,057,480</u>	<u>\$ 1,727,853</u>

## 11. PROPERTIES LEASED TO OTHERS

	June 30	
	2012	2011
Cost		
Buildings	\$ 28,954	\$ 27,503
Accumulated depreciation	<u>10,825</u>	<u>9,575</u>
	<u>\$ 18,129</u>	<u>\$ 17,928</u>

## 12. SHORT-TERM BANK LOANS

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Credit loans - interest: 1.57%-1.63% in 2012 and 0.89%-5.30% in 2011	\$ 148,091	\$ 147,980
Secured loans - interest: 2.16% in 2011	<u>-</u>	<u>5,000</u>
	<u>\$ 148,091</u>	<u>\$ 152,980</u>

To meet its financing need, the Parent Company obtained a bank credit loan. As of June 30, 2012 and 2011, the loan carrying value was \$0 thousand and \$86,175 thousand, respectively. As of June 30, 2012, unused short-term credit lines amounted to \$2,892,200 thousand.

To meet its financing need, Advantech Technology (China) Company Ltd., an indirect subsidiary of the Parent Company, obtained a bank secured loan. As of June 30, 2012, the loan carrying value was \$148,091 thousand.

To meet its financing need, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained credit and secured loans from a bank. As of June 30, 2011, the carrying values were \$20,000 thousand for the credit loan and \$5,000 for the secured loan.

To meet its financing need, DLoG GmbH, an indirect subsidiary of the Parent Company, obtained a bank credit loan. As of June 30, 2011, the loan carrying value was \$31,805 thousand.

To meet its financing need, Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained a bank credit loan. As of June 30, 2011, the loan carrying value was \$10,000 thousand.

## 13. LONG-TERM BANK LOANS

	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>June 30, 2012</u>			
Mortgage loans	<u>\$ 584</u>	<u>\$ 4,525</u>	<u>\$ 5,109</u>
<u>June 30, 2011</u>			
Mortgage loans	<u>\$ 2,500</u>	<u>\$ 18,347</u>	<u>\$ 20,847</u>

Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a mortgage bank loan for the capital expenditure. This loan is repayable every one or three months at various amounts from March 2006 to March 2021. As of June 30, 2012 and 2011, the carrying value of the loan were \$5,109 thousand and \$20,847 thousand, respectively, and interest rates were 2.29% and 2.19% to 2.23%, respectively.

#### 14. BONDS PAYABLE

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Unsecured domestic convertible bonds	\$ 573,000	\$ 800,000
Deduct: Unamortized discount on bonds payable	<u>(22,582)</u>	<u>(47,723)</u>
	<u>\$ 550,418</u>	<u>\$ 752,277</u>

On May 26, 2011, the Parent Company issued three-year unsecured convertible bonds, with an aggregate face value of \$800,000 thousand, a coupon rate of 0% and the effective interest rate of 2.13%. Bondholders may convert the bonds into the Parent Company's common shares at an agreed conversion price between May 27, 2012 and May 16, 2014. If the bonds are not converted, the Company should redeem the bonds at their face value upon maturity. According to Statement of Financial Accounting Standard (SFAS) No. 36 - "Financial Instruments: Disclosure and Presentation," the Company has bifurcated the bonds into liability and equity components. As of June 30, 2011, 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 June 30, 2012, bondholders had converted 2,756 thousand bonds into the Parent Company's common shares amounting to \$227,000 thousand at the conversion price of NT \$82.36 per share.

#### 15. PENSION PLANS

Based on the Labor Pension Act, the rate of monthly contributions to the individual pension accounts of the employees of the Parent Company and its domestic subsidiaries is at 6% of monthly wages and salaries. For these contributions, the Parent Company and domestic subsidiaries recognized pension costs of \$45,095 and \$39,239 thousand for the six months ended June 30, 2012 and 2011, respectively.

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

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

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

For the six months ended June 30, 2012 and 2011, the pension expenses of these overseas consolidated entities were \$52,157 thousand and \$35,533 thousand, respectively.

## 16. SHAREHOLDERS' EQUITY

### Capital Surplus

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Group's paid-in capital and once a year).

The capital surplus from long-term investments, employee stock options and conversion options may not be used for any purpose.

### Appropriation of Earnings and Dividend Policy

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

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

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

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

For the six months ended June 30, 2012 and 2011, the bonus to employees and remunerations to directors and supervisors were estimated at \$36,000 thousand and \$25,000 thousand, respectively, (classified under accrued expenses) on the basis of past experience. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding 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 cumulative transaction adjustments, net loss not recognized as pension cost and unrealized gain or loss on financial instruments) 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.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and 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 Parent Company on earnings generated since 1998. An imputation credit account (ICA) is maintained by the Parent Company for such income tax and the tax credit allocated to each shareholder. The maximum credit available for allocation to each shareholder cannot exceed the ICA balance on the dividend distribution date.



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

The appropriation of earnings for 2011 and 2010 were approved in the shareholders' meeting held on June 13, 2012 and May 25, 2011, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (Dollars)</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
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 and 2010, which were approved in the shareholders' meeting on June 13, 2012 and May 25, 2011, respectively, were as follows:

	<u>Cash</u>	
	<u>Six Months Ended June 30</u>	<u>2010</u>
	<u>2011</u>	<u>2010</u>
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.

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

At their meeting on May 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. The board of directors resolved July 17, 2011 as the date of issuance, and the Parent Company then completed its revised registration with the Ministry of Economic Affairs.

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

Other information on employee stock options is as follows:

	<b>Six Months Ended June 30</b>			
	<b>2012</b>		<b>2011</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
Balance, beginning of period	11,801	\$60.35	13,000	\$60.35
Options granted	-	-	-	-
Options exercised	<u>1,252</u>	51.01	<u>-</u>	-
Balance, end of period	<u>10,549</u>		<u>13,000</u>	-
Options exercisable, end of period	<u>10,549</u>		<u>-</u>	-
Weighted-average fair value of options granted (NT\$)		<u>\$16.45-\$20.25</u>		<u>\$16.45-\$20.25</u>

Information on outstanding options as of June 30, 2012 and 2011 is as follows:

	<b>June 30</b>			
	<b>2012</b>		<b>2011</b>	
	<b>Range of Exercise Price (NT\$)</b>	<b>Weighted- average Remaining Contractual Life (Years)</b>	<b>Range of Exercise Price (NT\$)</b>	<b>Weighted- average Remaining Contractual Life (Years)</b>
Issuance in 2010	\$59.03	3.03	\$67.40	4.03
Issuance in 2011	51.01	2.42	58.24	3.42

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 five years.

Compensation costs recognized were \$26,158 thousand and \$42,608 thousand for the six months ended June 30, 2012 and 2011, respectively.

## 17. INCOME TAX

- a. Reconciliation of income tax expense and current income tax payable based on income before income tax at the 17% statutory income tax rate were as follows:

	<b>Six Months Ended June 30</b>	
	<b>2012</b>	<b>2011</b>
Tax on pretax income	\$ 456,525	\$ 530,697
Deduct tax effects of:		
Permanent differences		
Tax-exempt income	(26,179)	(20,954)
Other	(24,631)	(14,622)
Temporary differences	(71,563)	(18,145)
Income tax (10%) on undistributed earnings	51,747	-
Investment tax credits used	<u>(62,436)</u>	<u>(84,878)</u>
Income tax currently payable	<u>\$ 323,463</u>	<u>\$ 392,960</u>

- b. Income tax expense consisted of the following:

	<b>Six Months Ended June 30</b>	
	<b>2012</b>	<b>2011</b>
Income tax currently payable	\$ 323,463	\$ 392,960
Deferred income tax expense	<u>22,344</u>	<u>52,630</u>
	<u>\$ 345,807</u>	<u>\$ 445,590</u>

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

- 1) Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive is effective from January 1, 2010 and till December 31, 2019.
  - 2) In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.
- c. The change in the income tax payable of balance sheet consisted of the following:

	<b>Six Months Ended June 30</b>	
	<b>2012</b>	<b>2011</b>
Balance, beginning of period	\$ 407,157	\$ 477,381
Income tax currently payable	323,463	392,960
Payment	<u>(300,247)</u>	<u>(482,156)</u>
Balance, end of period	<u>\$ 430,373</u>	<u>\$ 388,185</u>

d. Net deferred income tax assets (liabilities) as of June 30, 2012 and 2011 were as follows:

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Current		
Deferred income tax assets		
Allowance for loss on inventories	\$ 44,985	\$ 30,006
Unrealized product warranty reserve	17,391	19,272
Unrealized foreign exchange loss	-	4,832
Excess provisions for doubtful accounts	6,497	4,548
Others	<u>6,017</u>	<u>10,039</u>
	74,890	68,697
Valuation allowance	<u>(4,625)</u>	<u>(3,680)</u>
	70,265	65,017
Deferred income tax liabilities		
Others	<u>(1,898)</u>	<u>(982)</u>
Deferred income tax assets, net	<u>\$ 68,367</u>	<u>\$ 64,035</u>
Noncurrent		
Deferred income tax assets		
Loss carryforward	\$ 105,316	80,068
Investment tax credits	38,387	\$ 90,978
Accumulated equity in the net loss of foreign equity-method investees	34,067	35,688
Deferred income	32,280	36,340
Excess of pension cost	17,291	17,724
Translation adjustment	5,399	
Others	<u>7,812</u>	<u>1,738</u>
	240,552	262,536
Valuation allowance	<u>(171,984)</u>	<u>(183,286)</u>
	<u>68,568</u>	<u>79,250</u>
Deferred income tax liabilities		
Accumulated equity in the net gains of foreign equity-method investees	(523,752)	(455,265)
Others	<u>(73)</u>	<u>(234)</u>
	<u>(523,825)</u>	<u>(455,499)</u>
Net deferred income tax liabilities	<u>\$ (455,257)</u>	<u>\$ (376,249)</u>

e. As of June 30, 2012, investment tax credits of subsidiaries consisted of the following:

Law	Item	Remaining Creditable Amounts
<u>Netstar Technology Co., Ltd.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 25,225</u>
<u>Cermate Technologies Inc.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 4,007</u>
<u>ACA Digital Corporation</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 9,155</u>

- f. Information on the domestic loss carryforwards of five subsidiaries, Netstar Technology Co., Ltd., Cermate Technologies Inc., BCM Embedded Computer Inc., Advantech Investment Fund - A Co., Ltd., and ACA Digital Corporation, as of June 30, 2012 is as follows:

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

- g. As of June 30, 2012, the status of the Group's five years' exemption from income was as follows:

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

- h. The Group's ICA balances as of June 30, 2012 and 2011 were as follows:

	<b>June 30</b>	
	<b>2012</b>	<b>2011</b>
Parent Company	<u>\$ 415,467</u>	<u>\$ 254,454</u>
Broadwin	<u>\$ 18,825</u>	<u>\$ 18,929</u>
Netstar	<u>\$ 7,126</u>	<u>\$ 6,808</u>
Advantech Fund - A	<u>\$ 17,449</u>	<u>\$ 12,730</u>
Advansus Corp.	<u>\$ 15,039</u>	<u>\$ 5,598</u>
AiST	<u>\$ 6,590</u>	<u>\$ 14</u>
Cermatet	<u>\$ 1</u>	<u>\$ -</u>

The ICA balances for BCM Embedded Computer Inc. and ACA Digital Corporation were zero as of June 30, 2012.

The expected and actual creditable tax ratios for the earnings of Parent Company of 2011 and 2010, were 11.43% and 9.89%, respectively. The ratio for the imputation credit allocated to the shareholders of the Parent Company is based on the balance of the ICA as of the date of dividend distribution. Thus, the expected creditable ratio may be adjusted, depending on the ICA balance on the date of dividend distribution.

- i. The Parent Company's Income tax returns through 2007 had been examined and cleared by the tax authorities.

## 18. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	Six Months Ended June 30					
	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	\$ 368,582	\$ 2,173,828	\$ 2,542,410	\$ 425,113	\$ 1,622,257	\$ 2,047,370
Insurance	37,583	218,678	256,261	43,828	105,198	149,026
Pension	14,278	82,974	97,252	13,165	61,607	74,772
Others	<u>29,418</u>	<u>132,191</u>	<u>161,609</u>	<u>36,471</u>	<u>157,058</u>	<u>193,529</u>
	<u>\$ 449,861</u>	<u>\$ 2,607,671</u>	<u>\$ 3,057,532</u>	<u>\$ 518,577</u>	<u>\$ 1,946,120</u>	<u>\$ 2,464,697</u>
Depreciation	\$ 44,466	\$ 139,741	\$ 184,207	\$ 49,026	\$ 116,888	\$ 165,914
Amortization	5,522	46,404	51,926	7,382	61,748	69,130

Expenses for properties leased to others (included in nonoperating expenses and losses - other expenses) were not included in the above depreciation expenses. These expenses were \$371 thousand and \$354 thousand as of June 30, 2012 and 2011, respectively.

## 19. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares (Denominator) (Thousands)	Earnings Per Share	
	Pretax	After-tax		Pretax	After-tax
<u>Six months ended June 30, 2012</u>					
Basic EPS	\$ 1,944,339	\$ 1,716,013	553,626	<u>\$ 3.51</u>	<u>\$ 3.10</u>
Effect of dilutive potential common stock					
Convertible bonds	8,142	8,142	9,713		
Bonuses to employees	<u>-</u>	<u>-</u>	<u>962</u>		
Diluted EPS	<u>\$ 1,952,481</u>	<u>\$ 1,724,155</u>	<u>564,301</u>	<u>\$ 3.46</u>	<u>\$ 3.06</u>
<u>Six months ended June 30, 2011</u>					
Basic EPS	\$ 2,138,638	\$ 1,873,632	551,797	<u>\$ 3.88</u>	<u>\$ 3.40</u>
Effect of dilutive potential common stock					
Bonuses to employees	<u>-</u>	<u>-</u>	<u>244</u>		
Diluted EPS	<u>\$ 2,138,638</u>	<u>\$ 1,873,632</u>	<u>552,041</u>	<u>\$ 3.87</u>	<u>\$ 3.39</u>

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

The Accounting Research and Development Foundation issued Interpretation 2007-052 which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Parent Company decides to settle the bonus to employees by cash or shares, the Parent Company should presume that the entire amount of the bonus will be settled in shares and 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 should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 20. RELATED-PARTY TRANSACTIONS

### a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Axiomtek Co., Ltd. ("Axiomtek")	Equity-method investee of the Parent Company
Avalue Technology Inc. ("Avalue")	The Parent Company's chairman ceased to be Avalue's director on June 9, 2011
K&M Investment Co., Ltd. (K&M)	The spouse of the Parent Company's chairman is K&M's director
Jan Hsiang Electronics Co., Ltd. ("Jan Hsiang")	Equity-method investee of Netstar, an indirect subsidiary of the Parent Company
AIDC Investment Corp. (AIDC)	AIDC's owner is a second-degree relative of the Parent Company's chairman

The Parent Company's related parties, in addition to these listed above, are shown in Table 10.

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

	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>% to Total</u>	<u>Amount</u>	<u>% to Total</u>
<u>For the six months ended June 30</u>				
Sales				
Axiomtek	\$ 12,885	-	\$ 13,838	-
Avalue	-	-	80,237	1
Jan Hsiang	<u>4</u>	<u>-</u>	<u>30</u>	<u>-</u>
	<u>\$ 12,889</u>	<u>-</u>	<u>\$ 94,105</u>	<u>1</u>
Purchase of materials and supplies				
Jan Hsiang	\$ 9,924	-	\$ 11,703	-
Axiomtek	<u>150</u>	<u>-</u>	<u>79</u>	<u>-</u>
	<u>\$ 10,074</u>	<u>-</u>	<u>\$ 11,782</u>	<u>-</u>

	2012		2011	
	Amount	% to Total	Amount	% to Total
Operating expense				
Rental expense				
K&M	\$ 2,680	31	\$ 2,233	18
AIDC	<u>1,746</u>	<u>20</u>	<u>1,746</u>	<u>14</u>
	<u>\$ 4,426</u>	<u>51</u>	<u>\$ 3,979</u>	<u>32</u>
Nonoperating income and gains				
Other revenue				
Axiomtek	\$ 843	2	\$ -	-
AIDC	750	2	750	2
K&M	<u>250</u>	<u>1</u>	<u>250</u>	<u>1</u>
	<u>\$ 1,843</u>	<u>5</u>	<u>\$ 1,000</u>	<u>3</u>
<u>June 30</u>				
Accounts receivable - related parties				
Axiomtek	\$ 4,457	100	\$ 3,266	13
Avalue	<u>-</u>	<u>-</u>	<u>21,010</u>	<u>87</u>
	<u>\$ 4,457</u>	<u>100</u>	<u>\$ 24,276</u>	<u>100</u>
Payables to related parties (part of accounts payable)				
Accounts payable				
Jan Hsiang	\$ 1,857	95	\$ 2,565	100
Axiomtek	<u>105</u>	<u>5</u>	<u>3</u>	<u>-</u>
	<u>\$ 1,962</u>	<u>100</u>	<u>\$ 2,568</u>	<u>100</u>

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

## 21. ASSETS PLEDGED OR MORTGAGED

- a. As of June 30, 2012 and 2011, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, had pledged assets for a letter of credit and long-term bank loans, as follows:

	Six Months Ended June 30	
	2012	2011
Properties - land	\$ 13,047	\$ 13,047
Properties - buildings - cost	<u>15,625</u>	<u>16,462</u>
	<u>\$ 28,672</u>	<u>\$ 29,509</u>

- b. The Parent Company was required to provide a banker's letter of guarantee to a supplier. The Parent Company offered time deposits of \$93,150 thousand (recorded under restricted assets) as collateral.



- c. Shanghai Advantech Intelligent Services Co., Ltd. (AiSC), an indirect subsidiary of the Parent Company, was required to provide a banker's letter of guarantee to a supplier. AiSC offered time deposits of \$4,701 thousand (recorded under restricted assets) as collateral.

## 22. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

- a. As of June 30, 2012, the Parent Company had the following guarantees for affiliates' loans:

	<b>Amount</b>
AKMC	<u>\$ 597,500 thousand</u>
A-DLoG	<u>\$ 56,340 thousand</u>

- b. As of June 30, 2012 and 2011, the guarantee notes issued by Cermate Technologies Co., Ltd. for its bank loan had amounted to \$40,000 thousand and \$25,000 thousand, respectively.
- c. As of June 30, 2012, the guarantee notes issued by Netstar Technology Co., Ltd. for its bank loan had amounted to \$48,000 thousand.

## 23. FINANCIAL INSTRUMENTS

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

	<b>June 30</b>			
	<b>2012</b>		<b>2012</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Nonderivative financial instruments</u>				
Assets				
Available-for-sale financial assets - current	\$ 1,735,734	\$ 1,735,734	\$ 16,297	\$ 16,297
Available-for-sale financial assets - noncurrent	2,167,147	2,167,147	2,456,032	2,456,032
Liabilities				
Long-term bank loans (including current portion)	5,109	5,109	20,847	20,847
Convertible bonds payable	550,418	635,231	752,777	835,284
<u>Derivative financial instruments and location</u>				
Financial assets at fair value through profit or loss - current				
Domestic	1,394	1,394	4,690	4,690
Foreign (including foreign corporation operating locally)	8,310	8,310	23,352	23,352
Financial liabilities at fair value through profit or loss - current				
Domestic	1,593	1,593	5,661	5,661
Foreign (including foreign corporation operating locally)	8,470	8,470	44,467	44,467

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

- 1) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash, notes and accounts receivables, receivables from related parties, other receivables, refundable deposits, restricted assets - current, short-term bank loans, accounts payables, expense payables, dividend payables, and guarantee deposits.
- 2) Fair values of available-for-sale financial assets were based on their quoted market price.

- 3) The fair value of the long-term bank loans (including current portion) is determined using the present value based of the projected cash flows discounted at interest rates for similar long-term debts.
  - 4) Fair values of derivatives are based on their quoted prices in an active market. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
- c. The fair values of financial assets and liabilities were based on quoted market prices or estimated using certain valuation techniques, as follows:

	Based on the Quoted Market Price		Estimated Using Valuation Techniques	
	June 30		June 30	
	2012	2011	2012	2011
<u>Asset</u>				
Financial assets at fair value through profit or loss - current	\$ -	\$ -	\$ 9,704	\$ 28,042
Available-for-sale financial assets - current	1,735,734	16,297	-	-
Available-for-sale financial assets - noncurrent	2,167,147	2,456,032	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	10,063	50,128
Convertible bonds payable	635,231	835,284	-	-

- d. As of June 30, 2012 and 2011, on financial assets exposed to fair value risk from interest rate fluctuation amounted to \$1,761,307 thousand and \$555,120 thousand, respectively. As of June 30, 2012 and 2011, financial liabilities exposed to fair value risk from interest rate fluctuation amounted to \$153,200 thousand and \$173,827 thousand, respectively. As of June 30, 2012 and 2011, financial assets exposed to cash flow risk from interest rate fluctuation amounted to \$1,939,786 thousand and \$1,903,368 thousand, respectively.
- e. The Parent Company recognized an unrealized gain of \$517,047 thousand and an unrealized loss of \$158,307 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the six months ended June 30, 2012 and 2011, respectively. The Parent Company also recognized unrealized losses of \$3,305 thousand and \$13,856 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for the six months ended June 30, 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 exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the market risk of derivatives will be offset by the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Group are mainly mutual funds and publicly traded stocks. Thus, price fluctuations in the open market would result in changes in fair values of these financial instruments.
  - 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Group if the counter-parties 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 Group has sufficient operating capital to meet cash needs upon settlements of derivative financial instruments. Therefore, the cash flow risk is low. In addition, for long-term equity-method investments (mutual funds and publicly traded stocks), the Group keeps liquidity reserves, which are available on a short-term basis. Additionally, the contracted forward rate is decided on the contract starting dates. Thus, the cash flow risk on forward contracts is low.

## 24. ADDITIONAL DISCLOSURES

- a. Except for those mentioned in Notes 20 and 22 and Tables 1 to 7, no additional disclosures are required by the Securities and Futures Bureau for the Parent Company and its investees and on investment in Mainland China.
- b. Investments in mainland China
  - 1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of June 30, 2012, accumulated inward remittance of earnings as of June 30, 2012 and maximum allowance limit on investment: Table 8 attached.
  - 2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 20 and 22 and Tables 1, 2, 5 and 6.
- c. Intercompany relationships and significant intercompany transactions: Please see Table 10 attached.

## 25. SEGMENT INFORMATION

- a. Segment profits or losses are mainly recognized under the income after tax and regarded as the basis for performance evaluation. The accounting policies applied by the reportable segment have no significant difference with Note 2, significant accounting policies.
- b. General information

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

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

c. Segment information

		June 30, 2012							
		Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Income									
From outside customers	\$	2,101,814	4,818,532	1,197,136	3,509,789	1,780,794	\$ -	\$ 102,617	\$ 13,510,682
Income from sales between segments		-	-	-	-	-	-	-	-
Interest income		-	-	-	-	-	-	10,297	10,297
Income total	<u>\$</u>	<u>2,101,814</u>	<u>4,818,532</u>	<u>1,197,136</u>	<u>3,509,789</u>	<u>1,780,794</u>	<u>\$ -</u>	<u>\$ 112,914</u>	<u>\$ 13,520,979</u>
Interest expense	\$	-	-	-	-	-	-	\$ 11,072	\$ 11,072
Depreciation and amortization		-	-	-	-	-	-	236,504	236,504
Income from equity-method investments		-	-	-	-	-	-	21,323	21,323
Segment profit or loss	<u>\$</u>	<u>543,009</u>	<u>990,073</u>	<u>47,469</u>	<u>500,299</u>	<u>147,557</u>	<u>\$ -</u>	<u>\$ (155,022)</u>	<u>\$ 2,073,385</u>
Investments accounted for by the equity method	\$	-	-	-	-	-	-	\$ 355,446	\$ 355,446
Capital expense from noncurrent assets		-	-	-	-	-	-	399,405	399,405
Segment assets	<u>\$</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 25,033,877</u>	<u>\$ 25,033,877</u>
		June 30, 2011							
		Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Income									
From outside customers	\$	2,306,232	3,893,014	1,321,073	3,567,390	1,611,347	\$ 127,912	\$ 621,474	\$ 13,448,442
Income from sales between segments		-	-	-	-	-	-	-	-
Interest income		-	-	-	-	-	-	3,877	3,877
Income total	<u>\$</u>	<u>2,306,232</u>	<u>3,893,014</u>	<u>1,321,073</u>	<u>3,567,390</u>	<u>1,611,347</u>	<u>\$ 127,912</u>	<u>\$ 625,351</u>	<u>\$ 13,452,319</u>
Interest expense	\$	-	-	-	-	-	-	\$ 5,646	\$ 5,646
Depreciation and amortization		-	-	-	-	-	-	235,398	235,398
Income from equity-method investments		-	-	-	-	-	-	22,217	22,217
Segment profit or loss	<u>\$</u>	<u>662,063</u>	<u>911,143</u>	<u>107,243</u>	<u>527,435</u>	<u>98,376</u>	<u>\$ 3,545</u>	<u>\$ 17,226</u>	<u>\$ 2,327,031</u>
Investments accounted for by the equity method	\$	-	-	-	-	-	-	\$ 375,807	\$ 375,807
Capital expense from noncurrent assets		-	-	-	-	-	-	1,954,289	1,954,289
Segment assets	<u>\$</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 22,084,535</u>	<u>\$ 22,084,535</u>

d. Geographical information

	Revenue from External Customers		Noncurrent Assets	
	June 30		June 30	
	2012	2011	2012	2011
Taiwan	\$ 3,655,919	\$ 3,451,621	\$ 4,565,587	\$ 4,477,138
Asia	3,857,495	4,083,949	1,911,213	1,669,541
America	3,793,972	3,518,059	347,533	245,959
Europe	2,020,399	2,224,739	563,722	721,786
Other	<u>182,897</u>	<u>170,074</u>	<u>1,612</u>	<u>3,817</u>
	<u>\$ 13,510,682</u>	<u>\$ 13,448,442</u>	<u>\$ 7,389,667</u>	<u>\$ 7,118,241</u>

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

The income above was generated from transactions with external customers. There were no sales between segments in the six months ended June 30, 2012 and 2011.

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

## 26. SIGNIFICANT FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

	June 30					
	2012			2011		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 298,265	29.880	\$ 8,912,158	\$ 206,457	28.725	\$ 5,930,477
RMB	417,405	4.701	1,962,221	349,829	4.465	1,561,986
EUR	6,988	37.56	262,469	4,466	41.63	185,920
KRW	9,481,681	0.026	246,524	8,900,018	0.027	240,300
JPY	627,637	0.375	235,364	562,553	0.357	200,831
AUD	3,769	30.375	114,483	4,000	30.825	123,300
SGD	4,324	23.52	101,700	2,758	23.38	64,482
<u>Financial liabilities</u>						
Monetary items						
USD	65,892	29.880	1,968,853	63,650	28.725	1,828,346
RMB	123,550	4.701	580,809	184,937	4.465	825,744
EUR	6,453	37.56	242,375	6,445	41.63	268,305

## 27. PLAN FOR THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

Contents of Plan	Responsible Department	Status of Execution
1) Establish the IFRSs task force	Finance, information technology, human resources and internal audit divisions	Completed
2) Establish an IFRSs implementation plan	Finance division	Completed

(Continued)

<u>Contents of Plan</u>	<u>Responsible Department</u>	<u>Status of Execution</u>
3) Identify the differences between ROC GAAP and IFRSs	Finance division	Completed
4) Identify the consolidated entities under IFRSs	Finance division	Completed
5) Evaluate the impact of optional exemptions under IFRS 1 - "First-time Adoption of International Financial Reporting Standards"	Finance division	Completed
6) Evaluate the possible impact of IFRS adoption on the IT systems	Finance, information technology, human resources and internal audit divisions	Completed
7) Determine which internal controls may require modification	Finance, information technology, human resources and internal audit divisions	Completed
8) Select accounting policies under the IFRSs that apply to the Parent Company	Finance division	Completed
9) Determine which optional exemptions under IFRS 1 apply to the Parent Company	Finance division	Completed
10) Prepare the opening balance sheet in conformity with IFRSs	Finance division	In progress
11) Prepare comparative financial information under IFRSs for 2012	Finance division	Quarterly completion
12) Complete the modification of relevant internal controls	Finance, information technology, human resources and internal audit divisions	In progress

(Concluded)

- b. As of June 30, 2012, the Group had assessed the potential material differences, shown below, between the Republic of China's generally accepted accounting policies (ROC GAAP) and the accounting policies to be adopted under IFRSs:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

<u>Item</u>	<u>R.O.C. GAAP</u> Amount	<u>Effect of Transition to IFRSs</u>		<u>Amount</u>	<u>IFRSs</u> Item	<u>Note</u>
		<u>Recognition and Measurement Difference</u>	<u>Presentation Difference</u>			
Current assets						
Cash and cash equivalents	\$ 2,523,161	\$ -	\$ (241,882)	\$ 2,281,279	Cash and cash equivalents	g)
Financial assets at fair value through profit or loss	57,204	-	-	57,204	Financial assets at fair value through profit or loss	
Available-for-sale financial assets	873,808	-	-	873,808	Available-for-sale financial assets	
Notes receivable	427,256	-	-	427,256	Notes receivable	

(Continued)

R.O.C. GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference			
Accounts receivable (total)	\$ 3,431,968	\$ -	\$ -	\$ 3,431,968	Accounts receivable		
Allowance for doubtful accounts	(50,788)	-	-	(50,788)	-		
Accounts receivable from related parties (net)	3,464	-	-	3,464	Accounts receivable from related parties		
Other receivables	49,335	-	-	49,335	Other receivables		
Restricted assets	-	-	241,882	241,882	Other financial assets		g)
Inventories, net	3,895,123	-	-	3,895,123	Inventories		
Deferred income tax assets - current	74,688	-	(74,688)	-	-		a)
Prepaid expenses and other current assets	166,809	-	49,069	215,878	Other current asset		h), i), and k)
Total current assets	<u>11,452,028</u>	<u>-</u>	<u>(25,619)</u>	<u>11,426,409</u>	Total current assets		
Long-term investments							
Investments accounted for using the equity method	371,010	-	(195)	370,815	Investments accounted for using the equity method		n)
Available-for-sale financial assets	2,309,762	-	33,257	2,343,019	Available-for-sale financial assets		l)
Financial assets carried at cost	33,257	-	(33,257)	-	-		l)
Total long-term investments	<u>2,714,029</u>	<u>-</u>	<u>(195)</u>	<u>2,713,834</u>			
Properties							
Cost	7,797,739	6,011	128,220	7,931,970	Cost		h), j) and m)
Minus: Accumulated depreciation	(1,916,626)	(1,124)	(10,688)	(1,928,438)	Accumulated depreciation		h), j) and m)
Construction in progress and prepayments for equipment	258,288	-	(258,288)	-	-		k)
Properties, net	<u>6,139,401</u>	<u>4,887</u>	<u>(140,756)</u>	<u>6,003,532</u>	Property, plant and equipment		
Intangible assets	<u>975,811</u>	<u>(6,762)</u>	<u>5,575</u>	<u>974,624</u>	Intangible assets		e), h) and i)
Other assets							
Assets leased to others, net	18,918	-	(18,918)	-	-		m)
Deferred income tax assets - noncurrent	-	-	60,577	60,577	Deferred income tax assets - noncurrent		a) and b)
Refundable deposits	40,029	-	-	40,029	Refundable deposits		
Deferred expenses	236,178	-	(236,178)	-	Deferred expenses		h)
Long-term prepaid expenses	-	-	341,208	341,208	Long-term prepaid expenses		h), i) and k)
Total other assets	<u>295,125</u>	<u>-</u>	<u>146,689</u>	<u>441,814</u>			
Total	<u>\$ 21,576,394</u>	<u>\$ (1,875)</u>	<u>\$ (14,306)</u>	<u>\$ 21,560,213</u>	Total		
Current liabilities							
Short-term loans	\$ 171,442	\$ -	\$ -	\$ 171,442	Short-term loans		
Financial liabilities at fair value through profit or loss	53,516	-	-	53,516	Financial liabilities at fair value through profit or loss		
Accounts payable	1,709,805	-	-	1,709,805	Accounts payable		
Income tax payable	407,157	-	-	407,157	Income tax payable		
Accounts expenses	1,929,701	24,456	-	1,954,157	Accounts expenses		c)
Accrued expenses and other current liabilities	286,026	-	-	286,026	Accrued expenses and other current liabilities		
Long term bank loans - current portion	1,584	-	-	1,584	Long term bank loans - current portion		
Total current liabilities	<u>4,559,231</u>	<u>24,456</u>	<u>-</u>	<u>4,583,687</u>	Total current liabilities		
Long-term liabilities							
Bonds payable	760,331	-	-	760,331	Bonds payable		
Long-term bank loans	11,068	-	-	11,068	Long-term bank loans		
Total long-term liabilities	<u>771,399</u>	<u>-</u>	<u>-</u>	<u>771,399</u>			
Other liabilities							
Accrued pension liabilities	110,856	67,742	-	173,598	Accrued pension liabilities		d) and e)
Guarantee deposits	1,116	-	-	1,116	Guarantee deposit received		
Deferred credits	195	-	(195)	-	-		n)
Deferred income tax liabilities - noncurrent	439,234	-	(14,111)	425,123	Deferred income tax liabilities - noncurrent		b)
Total other liabilities	<u>551,401</u>	<u>62,742</u>	<u>(14,306)</u>	<u>599,837</u>			
Total liabilities	<u>5,882,031</u>	<u>87,198</u>	<u>(14,306)</u>	<u>5,954,923</u>	Total liabilities		

(Continued)

R.O.C. GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference			
Equity attributable to shareholders of the parent							
Capital stock	\$ 5,517,971	\$ -	\$ -	\$ 5,517,971	Capital stock		
Advance receipts for common stock	61,161	-	-	61,161	Advance receipts for common stock		
Total capital stock	<u>5,579,132</u>	<u>-</u>	<u>-</u>	<u>5,579,132</u>	Total capital stock		
Capital surplus							
Additional paid-in capital from share issuance in excess of par value	3,751,469	-	-	3,751,469			
From long-term equity investments	59,191	(59,191)	-	-			e)
Employee stock option	207,039	-	-	207,039			
Total capital surplus	<u>4,017,699</u>	<u>(59,191)</u>	<u>-</u>	<u>3,958,508</u>	Capital surplus		
Retained earnings							
Legal reserve	2,359,911	-	-	2,359,911	Legal reserve		
Special reserve	621,662	-	-	621,662	Special reserve		
Unappropriated earnings	3,561,361	(30,514)	-	3,530,847	Unappropriated earnings		c), d), e), f) and j)
Total retained earnings	<u>6,542,934</u>	<u>(30,514)</u>	<u>-</u>	<u>6,512,420</u>	Total retained earnings		
Others							
Cumulative translation adjustments	105,408	-	-	105,408	Foreign currency translation reserve		
Unrealized loss on financial instruments	(648,592)	-	-	(648,592)	Unrealized loss from available-for sales financial assets		
Net loss not recognized as pension cost	(2,121)	2,121	-	-	-		e)
Total others	<u>(545,305)</u>	<u>2,121</u>	<u>-</u>	<u>(543,184)</u>			
Total shareholders' equity of parent company	15,594,460	(87,584)	-	15,506,876	Equity attributable to shareholders of the parent		
Minority interest	99,903	(1,489)	-	98,414	Noncontrolling interests		c) and d)
Total shareholders' equity	<u>15,694,363</u>	<u>(89,073)</u>	<u>-</u>	<u>15,605,290</u>	Total shareholders' equity		
Total	<u>\$ 21,576,394</u>	<u>\$ (1,875)</u>	<u>\$ (14,306)</u>	<u>\$ 21,560,213</u>	Total		

(Concluded)

2) Reconciliation of the consolidated balance sheet as of June 30, 2012

R.O.C. GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference			
Current assets							
Cash and cash equivalents	\$ 3,924,199	\$ -	\$ (1,660,037)	\$ 2,264,162	Cash and cash equivalents		g)
Financial assets at fair value through profit or loss	9,704	-	-	9,704	Financial assets at fair value through profit or loss		
Available-for-sale financial assets	1,735,734	-	-	1,735,734	Available-for-sale financial assets		
Notes receivable	481,311	-	-	481,311	Notes receivable		
Accounts receivable (total)	4,445,097	-	-	4,445,097	Accounts receivable		
Allowance for doubtful accounts	(67,786)	-	-	(67,786)	-		
Accounts receivable from related parties (net)	4,457	-	-	4,457	Accounts receivable from related parties		
Other receivables	103,542	-	-	103,542	Other receivables		
Inventories, net	3,997,789	-	-	3,997,789	Inventories, net		
Deferred income tax assets - current	68,367	-	(68,367)	-	-		a)
Restricted assets	97,851	-	1,660,037	1,757,888	Other financial assets		g)
Prepaid expenses and other current assets	288,095	-	40,970	329,065	Other current asset		h), i) and k)
Total current assets	<u>15,088,360</u>	<u>-</u>	<u>(27,397)</u>	<u>15,060,963</u>	Total current assets		

(Continued)



R.O.C. GAAP		Effect of Transition to IFRSs		IFRSs		Note
		Item	Amount	Recognition and Measurement Difference	Presentation Difference	
Long-term investments						
Investments accounted for using the equity method	\$ 355,446	\$ -	\$ (127)	\$ 355,319	Investments accounted for using the equity method	n)
Available-for-sale financial assets	2,167,147	-	33,257	2,200,404	-	l)
Financial assets carried at cost	33,257	-	(33,257)	-	-	l)
Total long-term investments	<u>2,555,850</u>	<u>-</u>	<u>(127)</u>	<u>2,555,723</u>		
Properties						
Cost	7,946,763	6,012	133,499	8,086,274	Property, plant and equipment Cost	h), j) and m)
Minus: Accumulated depreciation	(2,057,480)	(1,243)	(55,144)	(2,113,867)	Accumulated depreciation	h), j) and m)
Construction in progress and prepayments for equipment	245,347	-	(245,347)	-	Construction in progress and prepayments for equipment	k)
Properties, net	<u>6,134,630</u>	<u>4,769</u>	<u>(166,992)</u>	<u>5,972,407</u>	Property, plant and equipment	
Intangible assets	<u>984,984</u>	<u>(6,762)</u>	<u>44,326</u>	<u>1,022,548</u>	Intangible assets	e), h) and i)
Other assets						
Assets leased to others, net	18,129	-	(18,129)	-	-	m)
Deferred income tax assets	-	-	56,912	56,912	Deferred income tax assets	a) and b)
Refundable deposits	41,393	-	-	41,393	Refundable deposits	
Deferred expenses	210,531	-	(210,531)	-	Deferred expenses	h)
Long-term prepaid expenses	-	-	310,355	310,355	Long-term prepaid expenses	h), i) and k)
Total other assets	<u>270,053</u>	<u>-</u>	<u>138,607</u>	<u>408,660</u>		
Total	<u>\$ 25,033,877</u>	<u>\$ (1,993)</u>	<u>\$ (11,583)</u>	<u>\$ 25,020,301</u>	Total	
Current liabilities						
Short-term loans	\$ 148,091	\$ -	\$ -	\$ 148,091	Short-term loans	
Financial liabilities at fair value through profit or loss	10,063	-	-	10,063	Financial liabilities at fair value through profit or loss	
Accounts payable	2,873,439	-	-	2,873,439	Accounts payable	
Income tax payable	430,373	-	-	430,373	Income tax payable	
Accounts expenses	1,940,641	16,244	-	1,956,885	Accounts expenses	c)
Accrued expenses and other current liabilities	393,232	-	-	393,232	Accrued expenses and other current liabilities	
Long term bank loans - current portion	584	-	-	584	Long term bank loans - current portion	
Dividends payable	<u>2,764,981</u>	<u>-</u>	<u>-</u>	<u>2,764,981</u>		
Total current liabilities	<u>8,561,404</u>	<u>16,244</u>	<u>-</u>	<u>8,577,648</u>	Total current liabilities	
Long-term liabilities						
Bonds payable	550,418	-	-	550,418	Bonds payable	
Long-term bank loans	<u>4,525</u>	<u>-</u>	<u>-</u>	<u>4,525</u>	Long-term bank loans	
Total long-term liabilities	<u>554,943</u>	<u>-</u>	<u>-</u>	<u>554,943</u>		
Other liabilities						
Accrued pension liabilities	123,671	62,743	-	186,414	Accrued pension liabilities	d) and e)
Guarantee deposits	358	-	-	358	Guarantee deposits	
Deferred credits	127	-	(127)	-		n)
Deferred income tax liabilities - noncurrent	455,257	-	(11,456)	443,801	Deferred income tax liabilities - noncurrent	b)
Total other liabilities	<u>579,413</u>	<u>62,743</u>	<u>(11,583)</u>	<u>630,573</u>		
Total liabilities	<u>9,695,760</u>	<u>78,987</u>	<u>(11,583)</u>	<u>9,763,164</u>	Total liabilities	
Equity attributable to shareholders of the parent						
Capital stock	5,570,043	-	-	5,570,043	Capital stock	
Advance receipts for common stock	-	-	-	-	Advance receipts for common stock	
Total capital stock	<u>5,570,043</u>	<u>-</u>	<u>-</u>	<u>5,570,043</u>	Total capital stock	

(Continued)

R.O.C. GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	
Capital surplus							
Additional paid-in capital from share issuance in excess of par value	\$ 4,097,469	\$ -	\$ -	\$ 4,097,469			
From long-term equity investments	56,397	(56,397)	-	-	-		f)
Employee stock option	178,205	-	-	178,205			
Total capital surplus	<u>4,332,071</u>	<u>(56,397)</u>	<u>-</u>	<u>4,275,674</u>		Capital surplus	
Retained earnings							
Legal reserve	2,715,185	-	-	2,715,185		Legal reserve	
Special reserve	545,303	-	-	545,303		Special reserve	
Unappropriated earnings	2,233,478	(25,191)	-	2,208,287		Unappropriated earnings	c), d), e), f), and j)
Total retained earnings	<u>5,493,966</u>	<u>(25,191)</u>	<u>-</u>	<u>5,468,775</u>		Total retained earnings	
Others							
Cumulative translation adjustments	(26,359)	-	-	(26,359)		Foreign currency translation reserve	
Unrealized loss on financial instruments	(134,850)	-	-	(134,850)		Unrealized loss from available-for sales financial assets	
Net loss not recognized as pension cost	(2,121)	2,121	-	-		-	e)
Total others	<u>(163,330)</u>	<u>2,121</u>	<u>-</u>	<u>(161,209)</u>			
Total shareholders' equity of the parent company	15,232,750	(79,467)	-	15,153,283		Equity attributable to shareholders of the parent company	
Minority interest	105,367	(1,513)	-	103,854		Noncontrolling interests	c) and d)
Total shareholders' equity	<u>15,338,117</u>	<u>(80,980)</u>	<u>-</u>	<u>15,257,137</u>		Total shareholders' equity	
Total	<u>\$ 25,033,877</u>	<u>\$ (1,993)</u>	<u>\$ (11,583)</u>	<u>\$ 25,020,301</u>	Total		(Concluded)

3) Reconciliation of the consolidated statement of comprehensive income for the six months ended June 30, 2012

R.O.C. GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	
Net sales	\$ 13,510,682	\$ -	\$ (12,885)	\$ 13,497,797	Net sales		n)
Cost of sales	8,117,786	(667)	21,922	8,139,041	Cost of sales		c), n) and o)
Gross profit	<u>5,392,896</u>	<u>(667)</u>	<u>(34,807)</u>	<u>5,358,756</u>	Gross profit		
Operating expenses							
Research and development	1,145,499	1,249	-	1,146,748	Research and development expenses		c)
Administrative	841,189	(333)	371	841,227	Administrative expenses		c), j) and m)
Marketing	<u>1,456,643</u>	<u>(2,333)</u>	<u>(34,807)</u>	<u>1,399,503</u>	Marketing expenses		c) and o)
Total operating expenses	<u>3,423,331</u>	<u>(1,417)</u>	<u>(34,436)</u>	<u>3,387,478</u>			
Operating income	<u>1,969,565</u>	<u>2,084</u>	<u>(371)</u>	<u>1,971,278</u>	Operating income		
Nonoperating income and gains							
Dividend revenue	-	-	-	-	Dividend revenue		
Investment income recognized under the equity method, net	21,323	-	-	21,323	Equity in earnings of investees, net		
Gain on disposal of properties, net	31,559	-	-	31,559	Gain on disposal of properties, net		
Interest income	10,297	-	-	10,297	Interest income		
Gain on disposal of investments, net	29,665	-	-	29,665	Gain on disposal of investments, net		
Rental revenue	13,625	-	-	13,625	Rental income		
Foreign exchange gain, net	-	-	-	-	Foreign exchange gain, net		
Valuation gain on financial instruments, net	68,761	-	-	68,761	Other gains		
Other income	<u>46,249</u>	<u>-</u>	<u>-</u>	<u>46,249</u>	Other income		
Total operating expenses	<u>221,479</u>	<u>-</u>	<u>-</u>	<u>221,479</u>			

(Continued)

R.O.C. GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	
Nonoperating expenses and losses							
Loss on disposal of properties	\$ -	\$ -	\$ -	\$ -	-	Cost of sales	
Interest expense	11,072	-	-	11,072	-	Finance cost	
Valuation loss on financial instruments, net	28,848	-	-	28,848	-	Valuation loss on financial instruments, net	
Foreign exchange loss, net	69,115	-	-	69,115	-	Foreign exchange loss, net	
Other expenses	8,624	-	(371)	8,253	-	Other gains and losses	m)
Total operating expenses	117,659	-	(371)	117,288	-		
Income before income tax	2,073,385	2,084	-	2,075,469	-	Income before income tax	
Income tax expense	345,807	-	-	345,807	-	Income tax expense	
Net income	\$ 1,727,578	\$ 2,084	\$ -	1,729,662	-	Net income	
				(134,882)	-	Foreign currency translation reserve	
				513,742	-	Unrealized gain from available-for sales financial assets	
				378,860	-	Other comprehensive income for the period, net of tax effect	
				\$ 2,108,522	-	Total comprehensive income for the period	

(Concluded)

#### 4) Exemptions from IFRS 1

IFRS 1 - "First-time Adoption of International Financial Reporting Standards" ("IFRS 1") states the procedures for the Group's first consolidated financial statements to be prepared in accordance with IFRSs. Under IFRS 1, the Group is required to determine which IFRS accounting policies to use and restate retrospectively its opening balance sheet by applying the IFRSs in force at the date of transition to IFRSs (January 1, 2012; the transition date). The Group may use optional exemptions, but should apply mandatory exemptions, from the general restatement and measurement principles required under IFRS 1. The main optional exemptions the Group adopted are summarized as follows:

##### Business combinations

The Group elected not to apply IFRS 3 - "Business Combinations" retrospectively to past business combinations made before the date of transition to IFRSs. Thus, the carrying amounts of goodwill, merged assets, liabilities and noncontrolling interest generated from past business combinations shown in the opening IFRS consolidated balance sheet remain the same as those under ROC GAAP as of December 31, 2011.

This exemption also applies to the Group's past investments in associates.

##### Share-based payment transactions

The Group elected to apply the exemption from the retrospective application of IFRS 2 - "Share-based Payment" to all equity instruments that were granted and vested before the date of transition to IFRSs.

##### Cost recognition

At the date of transition to IFRSs, the Group should measure property, plant and equipment and intangible properties at cost in accordance with IFRSs. The relevant regulations should be retrospectively adopted.

## Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses relating to employee benefits in retained earnings at the date of transition to IFRSs.

The impact of applying the foregoing optional exemptions on the Group is stated in the next section “5) Notes on the reconciliation of the significant differences.”

### 5) Notes on the reconciliation of the significant differences between ROC GAAP and the IFRSs

As of June 30, 2012, the Group had assessed the material differences, shown below, between the Republic of China’s generally accepted accounting policies (ROC GAAP) and the accounting policies to be adopted under IFRSs:

#### a) Recognition of deferred tax assets, classification of the deferred income tax asset or liability and the valuation allowance account

Under ROC. GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, “Income Taxes,” deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits and the valuation allowance account is no longer used.

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

As of June 30, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets to noncurrent assets were NT\$68,367 thousand and NT\$74,688 thousand, respectively.

#### b) Offsetting between deferred tax assets and liabilities

Under ROC GAAP, the Group’s deferred tax assets-current and deferred tax liabilities - current should be offset on the balance sheet. The same rule applies to deferred tax assets and liabilities - noncurrent. Under IFRSs, deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or tax group.

As of June 30, 2012 and January 1, 2012, the results of the offset of the Group’s deferred tax assets and deferred tax liabilities were NT\$11,456 thousand and NT\$14,111 thousand, respectively.

#### c) Employee benefits - short-term cumulative compensated absences

Under ROC GAAP, there are no specific requirements for recognizing compensated absences, such as paid vacation and sick leaves. Companies usually recognize the related costs when the employees actually go on leave. Under IFRSs, the expected cost of short-term cumulative compensated absences should be recognized as the employees render services that increase their entitlement to these compensated absences.

As of June 30, 2012 and January 1, 2012, the Group's reclassification adjustment of short-term cumulative compensated absences resulted in expense payable increases of NT\$16,244 thousand and NT\$24,456 thousand, respectively. Also, as of June 30, 2012 and January 1, 2012, the retained earnings were adjusted for decreases of NT\$18,208 thousand and NT\$24,440 thousand, respectively, and the minority interests were adjusted for decreases of NT\$192 thousand and NT\$16 thousand, respectively. For the six months ended June 30, 2012, salary expense and minority interest were adjusted for decreases of NT\$2,203 thousand and NT\$48 thousand, respectively.

d) Employee benefits - actuarial gains and losses

Under ROC GAAP, the recognition of actuarial gains and losses should be accounted for under the corridor approach, which results in the deferral of gains and losses. The corridor approach requires the amortization of actuarial gains and losses over the expected average remaining service years of the participating employees. Under IFRSs, IAS No. 19 - "Employee Benefits," the Company elects to recognize immediately all actuarial gains and losses as other comprehensive income in the period in which they occur. A subsequent reclassification of these actuarial gains and losses to earnings is not permitted.

As of June 30, 2012 and January 1, 2012, the Company elected to recalculate all cumulative actuarial gains and losses relating to employee benefits at the date of transition to IFRSs. In accordance with IFRSs 1 - "First-time Adoption of International Financial Reporting Standards," the adjustment of IFRSs resulted in an increase in accrued pension liabilities by NT\$69,953 thousand, and decreases in retained earnings and minority interest by NT\$68,680 thousand and NT\$1,273 thousand, respectively.

e) Employee benefits - minimum pension liability

Under ROC GAAP, the minimum pension liability to be recognized is the minimum amount of pension liabilities that should be recognized on in the balance sheet. If the accrued pension liability is lower than the minimum, the shortfall is recognized by crediting accrued pension liability.

Under IFRSs, there are no regulations on minimum pension liability. Nevertheless, for both period-end dates of June 30, 2012 and January 1, 2012, accrued pension liabilities, deferred pension cost and retained earnings were adjusted for decreases of NT\$7,210 thousand, NT\$6,762 thousand and NT\$1,672 thousand, respectively, and as a result of these decreases, net loss not recognized as pension cost was adjusted for an increase of NT\$2,121 thousand.

f) Parent Company's accounting treatment for changes in carrying values of equity-method investments due to its not subscribing proportionally to the additional shares issued by the investees and the related adjustment of capital surplus - long-term equity investment.

Under ROC GAAP, if an investee issues additional shares and the Group acquires these shares at a percentage different from its current equity in the investee, the resulting increase in the Group's equity in its investee's net assets is credited to capital surplus. Any decrease in the Group's equity in the investee's net assets is debited to capital surplus.

Under IFRSs, the Group changes in equity interests held in associations but does not lose significant influence over an investee, which change will be recognized as a deemed acquisition or a deemed disposal of the investees' shares. The Group changes in equity interests held in subsidiaries but does not lose controlling influence over subsidiaries, which change will be deemed as equity transactions of the subsidiaries. In addition, based on the "Q&A Regarding the Adoption of IFRSs" issued by the Taiwan Stock Exchange, capital surplus not comply with the IFRSs or is not covered by the Company Law and the legal interpretations of the Ministry of Economic Affairs, R.O.C., should be adjusted accordingly at the date of transition to IFRSs.

As of June 30, 2012 and January 1, 2012, compliance with the IFRSs resulted in decreases in the Group's "capital surplus - long term investments" of NT\$56,397 thousand and NT\$59,191 thousand, respectively, and increases in retained earnings of NT\$56,397 thousand and NT\$59,191 thousand, respectively.

g) Time deposit maturity of more than three months

Under ROC GAAP, the term "cash" used in the financial statements includes cash on hand, demand deposits, check deposits, time deposits that are cancellable but without any loss of principal and negotiable certificates of deposit that are readily salable without any loss of principal. However, under IFRSs, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition. Thus, certificates of deposit held by the Group for investment purposes and with maturities of more than three months from the date of investment were reclassified to other financial assets.

As of June 30, 2012 and January 1, 2012, the reclassification adjustment resulted in an increase in other financial assets by NT\$1,660,037 thousand and NT\$241,882 thousand, respectively.

h) The classification of deferred expenses

Under ROC GAAP, deferred expenses are recorded under other assets. Under IFRSs, the Group reclassified deferred expenses to fixed assets, intangible assets, prepaid expenses, or long-term prepaid expenses in accordance with their nature.

As of June 30, 2012, the Group had reclassified deferred expenses to fixed assets, intangible assets, prepaid expenses, or long-term prepaid expenses amounting to NT\$60,226 thousand, NT\$141,854 thousand, NT\$2,553 thousand and NT\$5,898 thousand, respectively.

As of January 1, 2012, the Group had reclassified deferred expense to fixed assets, intangible assets, prepaid expenses, or long-term prepaid expenses amounting to NT\$98,614 thousand, NT\$106,532 thousand, NT\$24,867 thousand, and NT\$6,165 thousand, respectively.

i) Superficies

Under ROC GAAP, superficies are recorded under intangible assets. Under IFRSs, superficies are recorded under prepayment for lease in accordance with IAS 17 - "Leases."

As of June 30, 2012, prepayment for lease - current (recorded under other current assets) and the prepayment for lease - noncurrent (recorded under long-term prepayment) were adjusted for increases of NT\$2,407 thousand and NT\$95,120 thousand, respectively.

As of January 1, 2012, the prepayment for lease - current (recorded under other current assets) and the prepayment for lease - noncurrent (recorded under long-term prepayment) were amounted to NT\$2,461 thousand and NT\$98,496 thousand, respectively.

j) Capitalization of superficies

Under ROC GAAP, amortization of superficies during the period of constructing factories should be recognized as current expense. Under IFRSs, the amortization expense during the construction period in which the asset is expected to contribute to the Company's revenue - generating activities should be capitalized.

As of June 30, 2012 and January 1, 2012, based on the accounting treatment for the capitalization of superficies, the fixed assets were adjusted for an increase of NT\$4,769 thousand and NT\$4,887 thousand, and the retained earnings for both period-end dates were adjusted for an increase of NT\$4,888 thousand. For the six months ended June 30, 2012, the depreciation expense was adjusted for an increase of NT\$119 thousand.

k) Classification of the prepayments for equipment

Under ROC GAAP, the prepayments for equipment are usually recorded under fixed assets. Under IFRSs, prepayments for equipment are usually recorded under prepayments or long-term prepayments.

As of June 30, 2012, based on the nature of the prepayments for equipment, the Group reclassified prepayments for equipment to prepayment (recorded under other current assets) and long-term prepayments amounting to NT\$36,010 thousand and NT\$209,337 thousand, respectively.

As of January 1, 2012, based on the nature of the prepayments for equipment, the Group reclassified prepayments for equipment to prepayment (recorded under other current assets) and long-term prepayments amounting to NT\$21,741 thousand and NT\$236,547 thousand, respectively.

l) Financial assets carried at cost

Under Regulations Governing the Preparation of Financial Reports by Securities Issuers, the non-publicly traded stocks, stocks not traded in the Emerging Stock Market and other investments in which the investor has no significant influence over the investees should be recognized as financial assets carried at cost.

Under IFRSs, financial instruments that are deemed available for sale or undesignated financial assets measured at fair value in profit or loss should be classified as available-for-sale and measured at fair value.

As of June 30, 2012 and January 1, 2012, the Group reclassified financial assets carried at cost to available for sale financial assets, which amounted to NT\$33,257 thousand.

m) The classification of assets leased to others

Under IFRSs, assets leased to others are classified as property, plant and equipment. Based on an IAS 40 - "Investment Property," investment properties refer to properties held by the entity to earn rental revenue or in an anticipation of a capital gain. The Parent Company's factories leased to suppliers of subsidiaries are not considered investment properties since these cannot be sold separately and comprise only an insignificant portion of the plant.

As of June 30, 2012 and January 1, 2012, the amounts reclassified from leased assets to property, plant and equipment were NT\$18,129 thousand and NT\$18,918 thousand, respectively.

n) Investments in associates - unrealized profits from downstream transactions

Under ROC GAAP, unrealized profits from downstream transactions with non-majority - owned equity-method investees are deferred proportionately and recognized as deferred credits. Under IFRSs, unrealized profits from downstream transactions are recorded under investments in associates.

As of June 30, 2012 and January 1, 2012, the Group reclassified deferred credits of NT\$127 thousand and NT\$195 thousand, respectively, to investments accounted for by the equity method.

For the six months ended June 30, 2012, the Group's unrealized gross profit and loss on downstream transactions are adjusted for decreases in the operating revenue and operating cost of NT\$12,885 thousand.

o) Reclassification of line items in the consolidated statement of comprehensive income

Under the IFRSs, based on the nature of operating transactions, the Group reclassified RMA (return merchandise authorization) in warranty cost of NT\$34,807 thousand to cost of goods sold.

- c. The Group's foregoing assessment is based on the 2010 version of IFRSs translated by ARDF and the Guidelines Governing the Preparation of Financial Reports by Securities Issuers issued by FSC on December 22, 2011. However, the assessment result may be impacted as the FSC may issue new rules governing the adoption of IFRSs, and as other laws and regulations may be amended to comply with the adoption of IFRSs. Actual results may differ from these assessments.



## ADVANTECH CO., LTD. AND SUBSIDIARIES

## FINANCING PROVIDED

SIX MONTHS ENDED JUNE 30, 2012

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

No.	Financier	Counter-party	Financial Statement Account	Credit Line (Note E)		Actual Disbursement		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
				Maximum Balance for the Period	Ending Balance	Maximum Balance for the Period	Ending Balance						Item	Value		
1	AEUH	AEU	Other receivable - related parties	\$ 19,775 (EUR 500 thousand)	\$ 18,780 (EUR 500 thousand)	\$ 19,775 (EUR 500 thousand)	\$ 18,780 (EUR 500 thousand)	4.0%	Short-term financing	\$ -	Financing need	\$ -	-	-	\$ 1,523,275 (Note B)	\$ 3,046,550 (Note B)
2	ANA	AKMC	Other receivable - related parties	165,648 (US\$ 5,600 thousand)	155,376 (US\$ 5,200 thousand)	165,648 (US\$ 5,600 thousand)	155,376 (US\$ 5,200 thousand)	2.0%	Short-term financing	-	Financing need	-	-	-	1,523,275 (Note B)	3,046,550 (Note B)
3	AiSC	ACN	Other receivable - related parties	234,514 (RMB 49,885 thousand)	234,514 (RMB 49,885 thousand)	234,514 (RMB 49,885 thousand)	234,514 (RMB 49,885 thousand)	2.0%	Short-term financing	-	Financing need	-	-	-	235,055 (Note C)	235,055 (Note C)
4	Advantech Fund-A	Advantech Co., Ltd. (the "Company")	Other receivable - related parties	300,000	300,000	-	-	1.2%	Short-term financing	-	Financing need	-	-	-	353,817 (Note D)	353,817 (Note D)

Notes: A. The exchange rates as of June 30, 2012 were EUR1.00=NT\$37.56; US\$1.00=NT\$29.88; RMB1.00=NT\$4.7011.

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

E. The credit lines of maximum balance and the ending balance were approved by the financiers' board of directors.

## ADVANTECH CO., LTD. AND SUBSIDIARIES

## ENDORSEMENT/GUARANTEE PROVIDED

SIX MONTHS ENDED JUNE 30, 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	\$ 1,523,275 (Note A)	\$ 597,600 (US\$ 200,000 thousand)	\$ 597,600 (US\$ 200,000 thousand)	\$ -	3.92%	\$ 4,569,825 (Note B)
		A-DLoG	Indirect subsidiary	1,523,275 (Note A)	59,325 (EUR 1,500 thousand)	56,340 (EUR 1,500 thousand)	-	0.37%	4,569,825 (Note B)
1	AAC (HK)	AiSC	Subsidiary	1,523,275 (Note A)	586,086 (RMB 124,670 thousand)	586,086 (RMB 124,670 thousand)	-	3.85%	4,569,825 (Note B)

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

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

C. The exchange rate was US\$1.00=NT\$29.88, RMB1.00=NT\$4.7011, and EUR1.00=NT\$37.56.

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

## ADVANTECH CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS

SIX MONTHS ENDED JUNE 30, 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	June 30, 2012				Note	
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value		
Advantech Co., Ltd. (the "Company")	<u>Stock</u>								
	AAC (BVI)	Subsidiary	Long-term equity investments	29,623,834	\$ 2,478,378	100.00	\$ 2,482,085	Note A	
	ATC	"	"	38,750,000	2,963,046	100.00	2,982,059	Note A	
	Advansus Corp.	"	"	36,000,000	568,951	100.00	592,207	Note A	
	Advantech Fund-A	"	"	90,000,000	882,338	100.00	884,544	Note A	
	Axiomtek	Equity-method investee	"	20,537,984	313,177	26.55	313,177	Note A	
	AEUH	Subsidiary	"	9,572,024	906,043	100.00	906,043	Note A	
	ASG	"	"	1,450,000	111,719	100.00	111,719	Note A	
	AAU	"	"	500,204	75,826	100.00	75,826	Note A	
	AJP	"	"	1,200	192,433	100.00	192,433	Note A	
	AMY	"	"	2,000,000	40,672	100.00	40,672	Note A	
	AKR	"	"	600,000	121,811	100.00	121,811	Note A	
	ABR	"	"	971,055	26,636	43.28	26,636	Note A	
	AiST	"	"	5,000,000	52,497	100.00	53,423	Note A	
	ACA	"	"	7,948,839	259,682	99.36	269,395	Note A	
	AHK	"	"	999,999	206	100.00	206	Note A	
	ASUSTek Computer Inc.	-		Available for sale financial assets - noncurrent	6,139,461	1,666,864	0.82	1,666,864	Notes B and E
	Pegatron Corp	-		"	9,855,570	383,382	0.44	383,382	Notes B and F
	Chunghwa Telecom Co., Ltd.	-		"	1,243,636	116,901	0.02	116,901	Notes B and G
		<u>Fund</u>							
		Eastspring Inv Well Pool Money Market	-	Available for sale financial assets - current	6,132,780.76	80,691	-	80,691	Note D
		FSITC Money Market Fund	-	"	473,340.34	81,743	-	81,743	Note D
		Yuanta Wan Tai Money Market	-	"	19,127,636.10	280,440	-	280,440	Note D
	Mega Diamond Money Market	-	"	23,166,011.89	280,570	-	280,570	Note D	
	Taishin 1699 Money Market	-	"	21,464,632.66	280,798	-	280,798	Note D	
Advantech Fund-A	<u>Stock</u>								
	Netstar Technology Co., Ltd.	Subsidiary	Long-term equity investment	23,148,677	236,203	92.59	236,203	Note A	
	BCM Embedded Computer Inc.	"	"	4,500,000	18,090	100.00	18,090	Note A	
	Broadwin Technology Inc.	"	"	6,777,571	148,564	100.00	148,564	Note A	
	Cermate Technologies Inc.	"	"	5,500,000	89,196	55.00	89,196	Note A	

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Axiomtek	Equity-method investee	"	1,559,000	\$ 35,123	2.02	\$ 35,123	Note A
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	164,952	15,506	0.002	15,506	Note B
	AverMedia Information Inc.	-	Available for sale financial assets - current	808,500	19,606	0.823	19,606	Note B
	COBAN Research and Technologies, Inc.	-	Financial assets carried at cost - noncurrent	600,000	33,257	6.85	33,257	-
	<u>Fund</u> Eastspring Inv Well Pool Money Market	-	Available for sale financial assets - current	7,632,247.80	100,420	-	100,420	Note D
	FSITC Money Market	-	"	581,523.83	100,425	-	100,425	Note D
	Fuh Hwa Money Market	-	"	5,394,993.30	75,548	-	75,548	Note D
Advansus Corp.	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	407,967.99	70,453	-	70,453	Note D
	Taishin 1699 Money Market	-	Available for sale financial assets - current	6,882,584.79	90,037	-	90,037	Note D
AiST	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	94,155.75	16,260	-	16,260	Note D
	Fuh Hwa Money Market	-	"	2,581,311.30	36,147	-	36,147	Note D
ATC	<u>Stock</u> ATC (HK)	Subsidiary	Long-term equity investments	41,650,001	1,887,727	100.00	1,887,727	Note A
ATC (HK)	<u>Stock</u> AKMC	Subsidiary	Long-term equity investments	-	1,887,727	100.00	1,887,727	Note A
AAC (BVI)	<u>Stock</u> ANA	Subsidiary	Long-term equity investments	10,952,606	1,327,859	100.00	1,327,859	Note A
	AAC (HK)	"	"	15,230,001	1,152,090	100.00	1,152,090	Note A
ANA	<u>Stock</u> ABR	-	Financial assets carried at cost - noncurrent	375,192	5,746	16.72	5,746	Note A
AAC (HK)	<u>Stock</u> ACN	Subsidiary	Long-term equity investments	-	608,713	100.00	608,713	Note A
	AiSC	"	"	-	552,841	100.00	552,841	Note A
	AXA	"	"	-	(10,553)	100.00	(10,553)	Notes A and C
ACN	<u>Stock</u> Hangzhou Advantofine Automation Co., Ltd.	"	"	-	16,398	60.00	16,398	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AEUH	<u>Stock</u> AEU	"	"	8,314,280	\$ 154,308	100.00	\$ 154,308	Note A
	APL	"	"	7,030	37,742	100.00	37,742	Note A
	A-DLoG	"	"	1	576,741	100.00	576,741	Note A
AEU	<u>Stock</u> Innocore	"	"	251,111	146,711	100.00	146,711	Note A
Innocore	<u>Stock</u> IGL	"	"	501,000	35,074	100.00	35,074	Note A
ASG	<u>Stock</u> ATH	"	"	51,000	17,886	51.00	17,886	Note A
Netstar Technology Co., Ltd.	<u>Stock</u> Jan Hsiang Electronics Co., Ltd.	"	"	655,500	7,146	28.50	7,146	Note A
	<u>Fund</u> Mega Diamond Money Market	-	Available for sale financial assets - current	1,238,563.93	15,001	-	15,001	Note D
Cermate Technologies Inc.	<u>Stock</u> Land Mark	"	Long-term equity investments	972,284	49,118	100.00	49,118	Note A
BCM Embedded Computer Inc.	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	61,033.03	10,540	-	10,540	Note D
Broadwin Technology Inc.	<u>Fund</u> Fuh Hwa Money Market	-	Available for sale financial assets - current	469,058.20	6,569	-	6,569	Note D
	FSITC Money Market	-	"	258,991.69	44,726	-	44,726	Note D
Land Mark	<u>Stock</u> Cermate (Shanghai)	"	Long-term equity investments	-	24,696	100.00	24,696	Note A
	Cermate (Shenzhen)	"	"	-	24,297	90.00	24,297	Note A
ACA	<u>Fund</u> Union Money Market	-	Available for sale financial assets - current	1,569,883.36	20,069	-	20,069	Note D
	Taishin 1699 Money Market	-	"	8,422,729.93	110,185	-	110,185	Note D

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

Note B: Market value was based on the closing price on June 30, 2012.

(Continued)

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 \$1,446,100 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 \$365,660 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 \$116,842 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 SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SIX MONTHS ENDED JUNE 30, 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	<u>Fund</u> Eastspring Inv Well Pool Money Market	Available for sale financial assets - current	-	-	7,633,879.00	\$ 100,065	13,715,780.20	\$ 180,000	15,216,878.60	\$ 200,000	\$ 199,510	\$ 490	6,132,780.76	\$ 80,691
	FSITC Money Market	Available for sale financial assets - current	-	-	959,093.15	165,024	704,052.28	121,300	1,189,805.09	205,300	204,746	554	473,340.34	81,743
	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	260,501	260,000	501	-	-
	Mega Diamond Money Market	Available for sale financial assets - current	-	-	-	-	23,166,011.89	280,000	-	-	-	-	23,166,011.89	280,570
	Taishin 1699 Money Market	Available for sale financial assets - current	-	-	-	-	21,464,632.66	280,000	-	-	-	-	21,464,632.66	280,798
	Yuanta Wan Tai Money Market	Available for sale financial assets - current	-	-	-	-	19,127,636.10	280,000	-	-	-	-	19,127,636.10	280,440
	<u>Stock</u> Advansus Corp.	Investment accounted for by the equity method	Pegatron Corp.	-	-	18,000,000.00	228,914	18,000,000.00	306,000	-	-	-	-	36,000,000.00
Advansus Corp.	<u>Fund</u> FSITC Money Market	Available for sale financial assets - current	-	-	465,121.72	80,030	638,454.77	110,000	695,608.50	120,000	119,703	297	407,967.99	70,453
	Taishin 1699 Money Market	Available for sale financial assets - current	-	-	-	-	14,531,645.87	190,000	7,649,061.08	100,000	99,970	30	6,882,584.79	90,037
ACA	<u>Fund</u> Taishin 1699 Money Market	Available for sale financial assets - current	-	-	-	-	8,805,191.76	115,000	382,461.83	5,000	4,991	9	8,422,729.93	110,185

Note: The Company acquired 50% of Advansus Corp. from Pegatron Corp. for \$306,000 thousand (i.e. at NT\$17.00 per share). As of June 30, 2012, the Company had paid the balance of the investment acquisition price.

## ADVANTECH CO., LTD. AND SUBSIDIARIES

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

SIX MONTHS ENDED JUNE 30, 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	AEU	Indirect subsidiary	(Sale)	\$ (1,190,904)	12.42	45 days after month end	Contract price	No significant difference from terms for related parties	\$ 896,806	21.73	
	ACN	Indirect subsidiary	(Sale)	(978,712)	10.21	45 days after month end	Contract price	No significant difference from terms for related parties	602,072	14.59	
	AKMC	Indirect subsidiary	(Sale)	(262,275)	2.73	45 days after month end	Contract price	No significant difference from terms for related parties	-	0.00	
	AJP	Subsidiary	(Sale)	(180,689)	1.88	45 days after month end	Contract price	No significant difference from terms for related parties	30,994	0.75	
	AiSC	Indirect subsidiary	(Sale)	(858,479)	8.95	45 days after month end	Contract price	No significant difference from terms for related parties	549,316	13.31	
	ANA	Indirect subsidiary	(Sale)	(2,668,251)	27.82	45 days after month end	Contract price	No significant difference from terms for related parties	560,894	13.59	
	AKR	Subsidiary	(Sale)	(220,166)	2.30	45 days after month end	Contract price	No significant difference from terms for related parties	68,182	1.65	
	ATC	Subsidiary	Purchase	3,791,100	52.39	45 days after month end	Contract price	No significant difference from terms for related parties	(1,825,840)	59.59	
	Advansus Corp.	Subsidiary	Purchase	319,807	4.42	30 days after month end	Contract price	No significant difference from terms for related parties	(119,694)	3.91	
	ACA	Subsidiary	Purchase	888,065	12.27	30 days after month end	Contract price	No significant difference from terms for related parties	(299,718)	9.78	
ATC	Advantech	Ultimate parent company	(Sale)	(3,791,100)	99.50	45 days after month end	Contract price	No significant difference from terms for related parties	1,825,840	98.57	
Advansus Corp.	Advantech	Ultimate parent company	(Sale)	(319,807)	23.87	30 days after month end	Contract price	No significant difference from terms for related parties	119,694	24.88	
ACA	Advantech	Ultimate parent company	(Sale)	(888,065)	59.40	30 days after month end	Contract price	No significant difference from terms for related parties	299,718	53.25	
ANA	Advantech	Ultimate parent company	Purchase	2,668,251	86.95	45 days after month end	Contract price	No significant difference from terms for related parties	(560,894)	79.30	
AEU	Advantech	Ultimate parent company	Purchase	1,190,904	84.60	45 days after month end	Contract price	No significant difference from terms for related parties	(896,806)	100.00	
AJP	Advantech	Ultimate parent company	Purchase	180,689	87.48	45 days after month end	Contract price	No significant difference from terms for related parties	(30,994)	115.70	

(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	
ACN	Advantech	Ultimate parent company	Purchase	\$ 978,712	73.16	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	\$ (602,072)	61.99	
AKMC	Advantech	Ultimate parent company	Purchase	262,275	8.08	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	-	0.00	
AiSC	Advantech	Ultimate parent company	Purchase	858,479	65.85	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	(549,316)	80.54	
AKR	Advantech	Ultimate parent company	Purchase	220,166	53.80	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	(68,182)	58.41	
Advansus Corp.	AKMC	Related enterprise	(Sale)	(437,244)	32.64	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	174,056	36.19	
AKMC	ATC	Related enterprise	(Sale)	(3,283,803)	93.10	Next 30 days after month end	Mark-up pricing	No significant difference from terms for related parties	729,414	84.73	
ACA	AKMC	Related enterprise	(Sale)	(362,394)	24.24	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	165,083	29.33	
ACN	AiSC	Related enterprise	(Sale)	(134,636)	8.62	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	28,685	3.89	
AKMC	Netstar Technology Co., Ltd.	Related enterprise	(Sale)	(122,146)	3.46	Next 60 days after month end	Mark-up pricing	No significant difference from terms for related parties	59,958	6.97	
ACA	Advansus Corp.	Related enterprise	(Sale)	(235,288)	15.74	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	98,587	17.51	
AKMC	Advansus Corp.	Related enterprise	Purchase	437,244	13.47	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(174,056)	12.90	
	ACA	Related enterprise	Purchase	362,394	11.16	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	(165,083)	12.23	
AiSC	ACN	Related enterprise	Purchase	134,636	10.33	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	(28,685)	4.21	
Netstar Technology Co., Ltd.	AKMC	Related enterprise	Purchase	122,146	94.34	Next 60 days after month end	Mark-up pricing	No significant difference from terms for related parties	(59,958)	20.36	
Advansus Corp.	ACA	Related enterprise	Purchase	235,288	19.60	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(98,587)	16.04	
ATC	AKMC	Related enterprise	Purchase	3,283,803	99.80	Next 30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(729,414)	98.48	

(Concluded)

## ADVANTECH CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 SIX MONTHS ENDED JUNE 30, 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	AEU	Indirect subsidiary	\$ 896,806	2.78	\$ -	-	\$ 189,956	\$ -
	AiSC	Indirect subsidiary	549,316	3.54	-	-	147,372	-
	ACN	Indirect subsidiary	602,072	3.60	-	-	191,534	-
	ANA	Indirect subsidiary	560,894	10.04	-	-	458,554	-
ATC	Advantech	Parent company	1,825,840	5.09	-	-	619,450	-
ACA	Advantech	Parent company	299,718	8.26	-	-	285,430	-
Advansus Corp.	Advantech	Parent company	119,694	6.99	-	-	111,093	-
ACA	AKMC	Related enterprise	165,083	6.75	-	-	119,619	-
AiSC	ACN	Related enterprise	274,957	1.05	-	-	149,400	-
AKMC	ATC	Related enterprise	729,414	16.28	-	-	618,517	-
ANA	AKMC	Related enterprise	158,119	0.09	-	-	2,656	-
APL	AEU	Related enterprise	102,901	0.73	-	-	2,734	-
Advansus Corp.	AKMC	Related enterprise	174,056	8.39	-	-	117,442	-

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

TABLE 7

## ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
SIX MONTHS ENDED JUNE 30, 2012  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				June 30, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
Advantech	AAC (BVI)	BVI	Investment and management service	\$ 993,108	\$ 993,108	29,623,834	100.00	\$ 2,478,378	\$ 90,549	\$ 88,989	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	2,963,046	375,053	363,663	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	486,000	180,000	36,000,000	100.00	568,951	43,004	33,903	Subsidiary
	AEUH	Helmond, The Netherlands	Investment and management service	1,146,489	1,146,489	9,572,024	100.00	906,043	8,987	8,987	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment holding company	900,000	900,000	90,000,000	100.00	882,338	27,700	27,925	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	249,059	249,059	20,537,984	26.55	313,177	78,796	20,924	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	111,719	11,762	11,762	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	75,826	976	976	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	192,433	5,891	5,891	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	40,672	2,500	2,500	Subsidiary
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	121,811	10,944	10,944	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	26,636	6,927	4,157	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	52,498	(21)	(946)	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	206	360	360	Subsidiary
	ACA	Taipei, Taiwan	Production and sale of portable industrial computing products	141,562	141,562	7,948,839	99.36	259,682	80,596	70,367	Subsidiary
	Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	282,502	274,078	23,148,677	92.59	236,203	20,024	18,595
BCM Embedded Computer Inc.		Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	18,090	312	312	Indirect subsidiary
Broadwin Technology Inc.		Taipei, Taiwan	Assembly and production of computers	142,063	142,063	6,777,571	100.00	148,564	1,816	1,816	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	89,196	9,954	5,475	Indirect subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	35,329	35,329	1,559,000	2.02	35,123	78,865	1,593	Equity-method investee
ATC	ATC (HK)	Hong Kong	Investment and management service	1,212,730	1,212,730	41,650,001	100.00	1,887,727	76,529	76,529	Indirect subsidiary
ATC (HK)	AKMC	Jiangsu, China	Production and sale of industrial automation products	1,212,730	1,212,730	-	100.00	1,887,727	76,529	76,529	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,327,859	68,275	68,275	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment and management service	539,146	539,146	15,230,001	100.00	1,152,090	20,706	20,706	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	185,356	185,356	-	100.00	608,713	750	750	Indirect subsidiary
	AiSC	Shanghai, China	Sale of industrial automation products	257,040	257,040	-	100.00	552,841	30,904	30,904	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	(10,553)	(11,753)	(11,753)	Indirect subsidiary (Note A)
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processing and sale of peripherals	13,727	13,727	-	60.00	16,398	1,625	975	Equity-method investee
AEUH	AEU	Eindhoven, The Netherlands	Sale of industrial automation products	316,403	316,403	8,314,280	100.00	154,308	2,778	2,778	Indirect subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	14,176	14,176	7,030	100.00	37,742	1,642	1,642	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	576,741	4,593	4,593	Indirect subsidiary
AEU	Innocore	England	Design, R&D and sale of gaming computing products	166,023	166,023	251,111	100.00	146,711	6,732	6,732	Indirect subsidiary
Innocore	IGL	England	Design, R&D and sale of gaming computing products	166,023	166,023	501,000	100.00	35,074	14	14	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				June 30, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
ASG	ATH	Thailand	Production of computers	\$ 7,537	\$ 7,537	51,000	51.00	\$ 17,886	\$ 2,540	\$ 1,296	Indirect subsidiary
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	3,719	3,719	655,500	28.50	7,146	(2,759)	(1,194)	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	28,200	972,284	100.00	49,118	5,760	5,760	Indirect subsidiary
LandMark	Cermate (Shanghai) Cermate (Shenzhen)	Shanghai, China Shenzhen, China	Sale of industrial electronic products	US\$ 572	US\$ 572	-	100.00	24,696	1,391	1,391	Indirect subsidiary
			Manufacture of LCD touch panels, USB data cables and industrial automation products	US\$ 308	US\$ 308	-	90.00	24,297	4,854	4,369	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 ATC, ANA, AKMC ACN, and AiSC.

(Concluded)

## ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA  
SIX MONTHS ENDED JUNE 30, 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 June 30, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of June 30, 2012	Accumulated Inward Remittance of Earnings as of June 30, 2012
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US\$41,650 thousand	Indirect	\$ 1,114,524 (US\$ 37,300 thousand)	\$ -	\$ -	\$ 1,114,524 (US\$ 37,300 thousand)	100%	\$ 76,529	\$ 1,887,727	\$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US\$4,230 thousand	Indirect	159,320 (US\$ 5,332 thousand)	-	-	159,320 (US\$ 5,332 thousand)	100%	750	608,713	335,702 (US\$ 11,235 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US\$8,000 thousand	Indirect	239,040 (US\$ 8,000 thousand)	-	-	239,040 (US\$ 8,000 thousand)	100%	30,904	552,841	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US\$1,000 thousand	Indirect	(Note C)	-	-	(Note C)	100%	(11,753)	(10,553)	-

Accumulated Investment in Mainland China as of June 30, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Allowable Limit on Investment
\$1,518,860 (US\$50,832 thousand) (Note D)	\$2,061,720 (US\$69,000 thousand)	\$9,139,650 (Note F)

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

Note B: The significant events, prices, payment terms and unrealized gains or losses generated on trading between Advantech Co., Ltd. and its investees in Mainland China are described in Note 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 liquidated already, after the capitals of the original investment is inflow back, the Company will submit this incident to MOEA for approving and terminating this case under the regulation.

Note E: The exchange rate was US\$1.00=NT\$29.88.

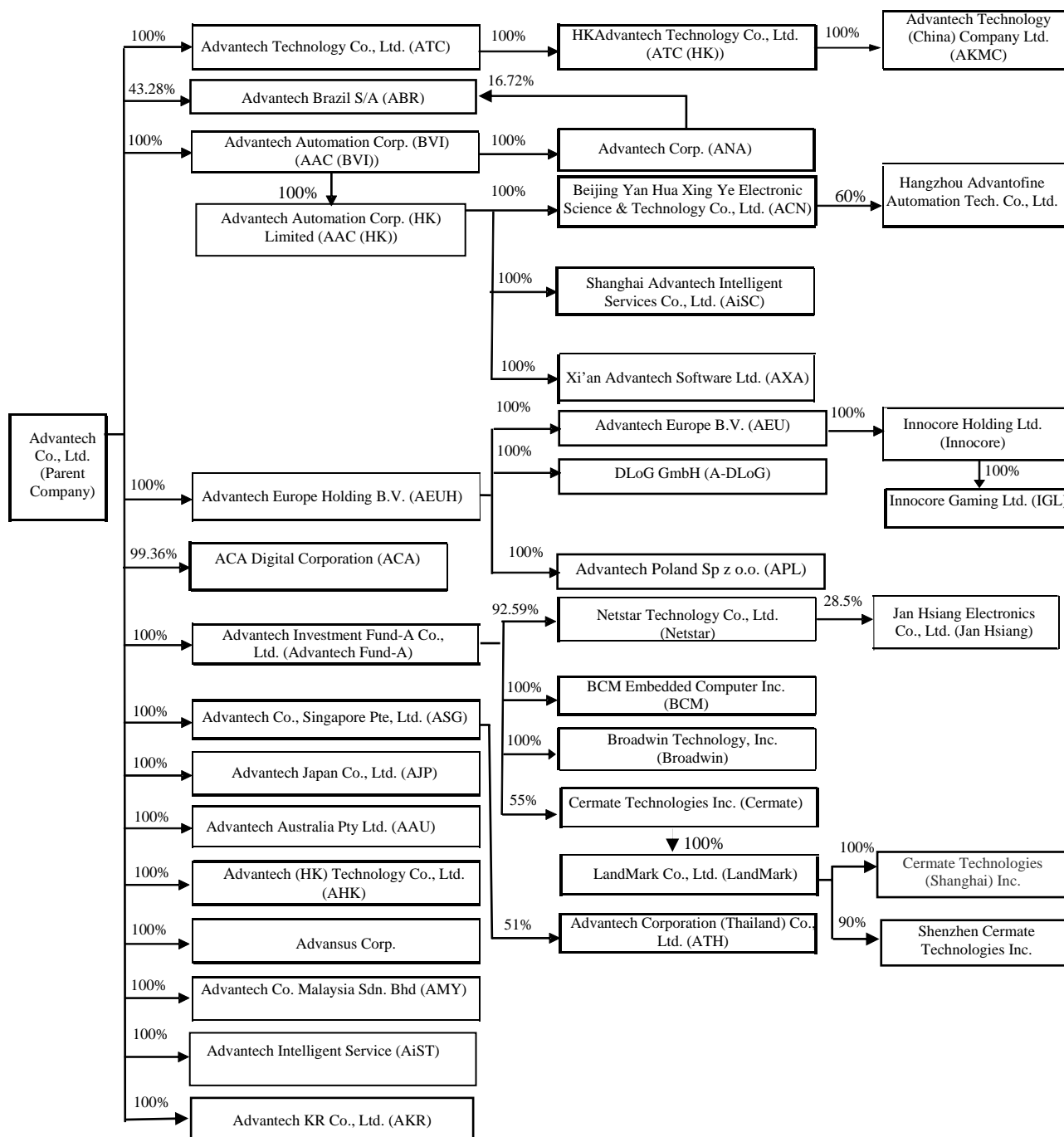
Note F: The maximum allowable limit on investment was based on 60% of the consolidated net asset value of Advantech Co., Ltd. (the "Company").

**TABLE 9**

**ADVANTECH CO., LTD. AND SUBSIDIARIES**

**ORGANIZATION CHART  
JUNE 30, 2012 AND 2011**

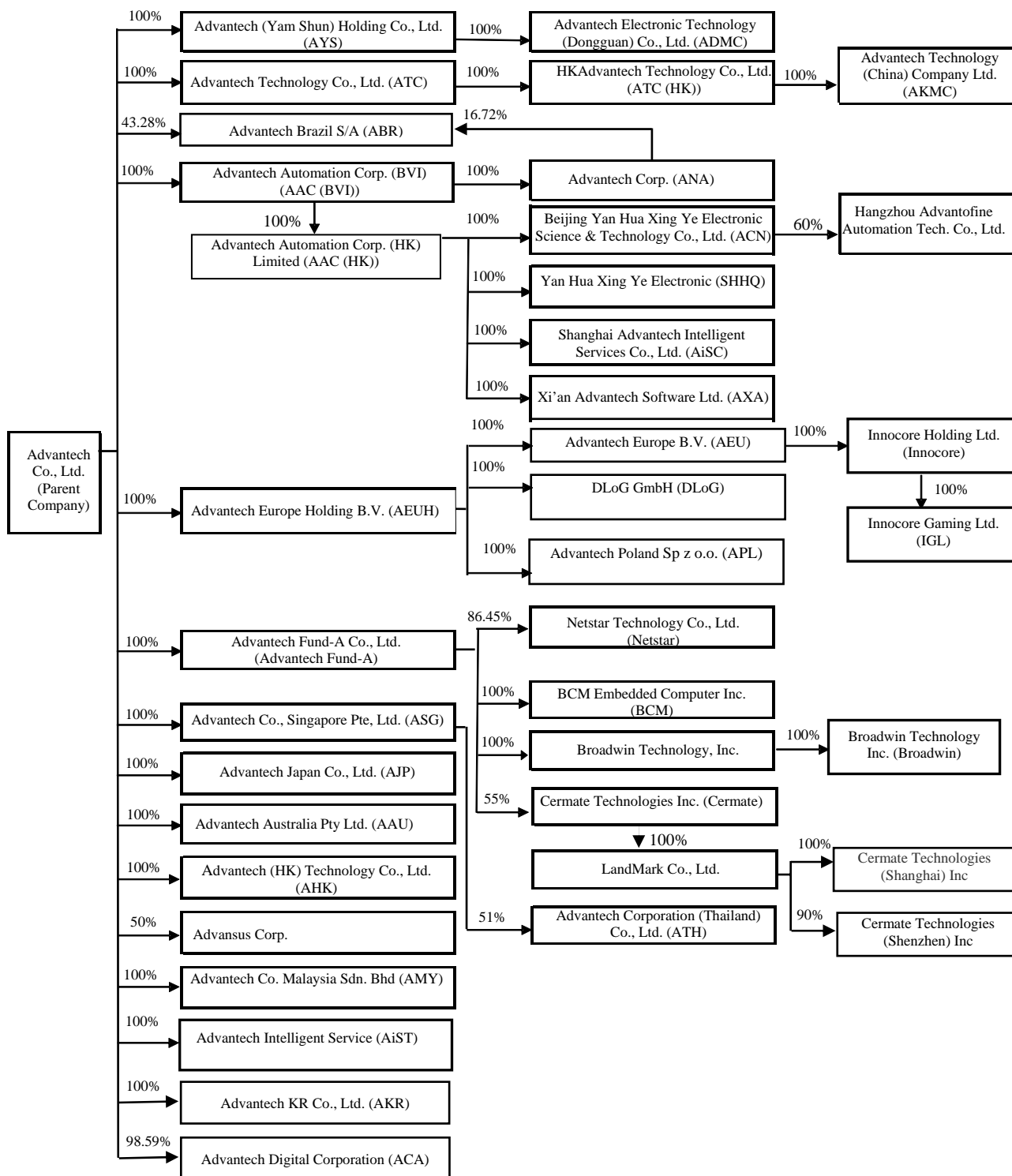
Intercompany relationships and percentages of ownership as of June 30, 2012 are shown below:



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

(Continued)

Intercompany relationships and percentages of ownership as of June 30, 2011 are shown below:



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

(Concluded)

TABLE 10

## ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES  
SIX MONTHS ENDED JUNE 30, 2012 AND 2011  
(In Thousands of New Taiwan Dollars)

June 30, 2012

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd.	AAC (HK)	1	Receivables from related parties	\$ 58	45 days	-
		AAC (HK)	1	Payables to related parties	996	45 days	-
		AAC (HK)	1	Other expense	2,885	60 days	-
		AAU	1	Receivables from related parties	32,527	60-90 days	-
		AAU	1	Sales	91,015	Normal	15%
		AAU	1	Other revenue	1,908	Normal	-
		AAU	1	Purchase	17	Normal	-
		ABR	1	Receivables from related parties	32,050	90 days	-
		ABR	1	Sales	43,441	Normal	-
		ABR	1	Other revenue	2,349	Normal	-
		ABR	1	Payables to related parties	54	Normal	-
		ACA	1	Receivables from related parties	25,063	30 days	-
		ACA	1	Purchase	888,065	Normal	7%
		ACA	1	Sales	36,133	Normal	-
		ACA	1	Payables to related parties	299,718	30 days	1%
		ACA	1	Other revenue	2,520	45 days after invoice date	-
		ACN	1	Sales	978,712	Normal	7%
		ACN	1	Receivables from related parties	602,076	45 days	2%
		ACN	1	Other revenue	12,914	Normal	-
		ACN	1	Purchase	1,535	Normal	-
		ACN	1	Payables to related parties	20	30 days	-
		AEU	1	Sales	1,190,904	Normal	9%
		AEU	1	Receivables from related parties	899,089	30 days	4%
		AEU	1	Other revenue	6,756	Normal	-
		AEU	1	Payables to related parties	3,605	30 days	-
		AEU	1	Purchase	2,711	Normal	-
		AiSC	1	Sales	858,479	Normal	6%
		AiSC	1	Receivables from related parties	554,344	45 days	2%
		AiSC	1	Payables to related parties	675	45 days	-
		AiSC	1	Other revenue	4,642	90 days	-
		AiSC	1	Purchase	98	60 days after invoice date	-
		AJP	1	Sales	180,689	Normal	1%
AJP	1	Receivables from related parties	32,156	60-90 days	-		
AJP	1	Other revenue	9,808	Normal	-		
AJP	1	Payables to related parties	277	60-90 days	-		

(Continued)



Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		AJP	1	Purchase	\$ 20	Normal	-
		AKMC	1	Sales	262,275	Normal	2%
		AKMC	1	Receivables from related parties	197	45 days	-
		AKR	1	Sales	220,166	Normal	2%
		AKR	1	Receivables from related parties	69,569	Prompt collection	-
		AKR	1	Other revenue	4,069	Normal	-
		AMY	1	Sales	26,728	Normal	-
		AMY	1	Receivables from related parties	11,982	45 days	-
		AMY	1	Other revenue	1,250	Normal	-
		AMY	1	Purchase	18	Normal	-
		ANA	1	Sales	2,668,251	Normal	20%
		ANA	1	Purchase	23,327	Normal	-
		ANA	1	Payables to related parties	8,768	45 days	-
		ANA	1	Other revenue	11,565	Normal	-
		ANA	1	Receivables from related parties	561,614	45 days	2%
		APL	1	Sales	5,596	Normal	-
		APL	1	Receivables from related parties	1,730	45 days	-
		APL	1	Payables to related parties	172	30 days after invoice date	-
		APL	1	Purchase	11	Normal	-
		AAC (HK)	1	Operating expense	2,885	Normal	-
		ASG	1	Sales	70,246	Normal	1%
		ASG	1	Receivables from related parties	28,069	60-90 days	-
		ASG	1	Other revenue	1,768	Normal	-
		ASG	1	Payables to related parties	1,468	60-90 days	-
		ASG	1	Operating expense	4,359	Normal	-
		ATC	1	Purchase	3,791,100	Normal	28%
		ATC	1	Payables to related parties	1,825,840	60 days	7%
		ATC	1	Royalty revenue	113,570	Normal	1%
		ATH	1	Sales	19,285	Normal	-
		ATH	1	Receivables from related parties	2,933	30 days after invoice date	-
		ATH	1	Other revenue	1,072	Normal	-
		ATH	1	Payables to related parties	478	Normal	-
		A-DLoG	1	Sales	15,206	Normal	-
		A-DLoG	1	Receivables from related parties	5,623	30 days after invoice date	-
		A-DLoG	1	Other revenue	5,493	Normal	-
		A-DLoG	1	Payables to related parties	3,026	30 days after invoice date	-
		A-DLoG	1	Purchase	17,491	Normal	-
		BCM Embedded Computer Inc.	1	Payables to related parties	100	30 days	-
		BCM Embedded Computer Inc.	1	Rental revenue	30	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	529	30 days	-
		Cermate	1	Purchase	3,449	Normal	-
		Cermate	1	Payables to related parties	726	Half-year payment (June, December)	-
		Cermate	1	Other revenue	360	Normal	-
		Cermate	1	Receivables from related parties	1,966	Half-year payment (June, December)	-
		Cermate	1	Sales	1,967	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		Broadwin Technology, Inc.	1	Sales	\$ 1,086	Normal	-
		Broadwin Technology, Inc.	1	Other revenue	480	Normal	-
		Broadwin Technology, Inc.	1	Purchase	53	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	813	60 days	-
		Broadwin Technology, Inc.	1	Payables to related parties	50	60 days	-
		Advantech Fund-A	1	Rental revenue	18	Normal	-
		Advansus Corp.	1	Purchase	319,807	Normal	2%
		Advansus Corp.	1	Payables to related parties	119,694	60-90 days	-
		Advansus Corp.	1	Sales	680	Normal	-
		Advansus Corp.	1	Other revenue	51	Normal	-
		Advansus Corp.	1	Rental revenue	30	Normal	-
		Advansus Corp.	1	Receivables from related parties	431	60-90 days	-
		Netstar Technology Co., Ltd.	1	Purchase	40,307	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	27,549	60 days	-
		Netstar Technology Co., Ltd.	1	Other revenue	480	Normal	-
		Netstar Technology Co., Ltd.	1	Sales	1,677	Normal	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	1,382	25th of every quarter	-
1	ACN	Advantech Co., Ltd.	2	Purchase	978,712	Normal	7%
		Advantech Co., Ltd.	2	Payables to related parties	604,185	45 days	2%
		Advantech Co., Ltd.	2	Sales	1,535	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	20	30 days	-
		Advantech Co., Ltd.	2	Other expense	12,914	Normal	-
		ABJ (ACN)	3	Receivables from related parties	796	45 days	-
		ACA	3	Receivables from related parties	3,094	30 days	-
		ACA	3	Sales	6,710	Normal	-
	ACN (ASZ)	ACN	3	Receivables from related parties	796	45 days	-
	ACN (ASZ)	ACN	3	Payables to related parties	4,709	45 days	-
	ACN (ABJ)	ACN	3	Payables to related parties	796	45 days	-
	ACN	AEU	3	Receivables from related parties	884	30 days	-
		AEU	3	Sales	211	Normal	-
		AiSC	3	Sales	134,636	Normal	1%
	ACN (ABJ)	AiSC	3	Purchase	73,241	Normal	1%
	ACN (ABJ)	AiSC	3	Payables to related parties	274,957	25th of every month	1%
	ACN (ABJ)	AiSC	3	Interest expense	1,234	Normal	-
	ACN	AiSC	3	Receivables from related parties	28,685	Prompt collection	-
		AKMC	3	Sales	5,796	Normal	-
		AKMC	3	Purchase	22,597	Normal	-
		AKMC	3	Payables to related parties	6,108	60-90 days	-
		AKMC	3	Receivables from related parties	456	60-90 days	-
		AKR	3	Receivables from related parties	15	45 days	-
		AKR	3	Sales	28	Normal	-
		ASG	3	Sales	380	Normal	-
		AMY	3	Sales	74	Normal	-
		ANA	3	Purchase	85	Normal	-
		ANA	3	Payables to related parties	86	30 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		ANA	3	Receivables from related parties	\$ 55	30 days	-
		ANA	3	Sales	234	30 days	-
		ASZ (ACN)	3	Receivables from related parties	4,709	45 days	-
		ASZ (ACN)	3	Payables to related parties	796	45 days	-
		Hangzhou Advantofine Automation Tech. Co., Ltd	3	Purchase	661	Normal	-
		AXA	3	Payables to related parties	40,572	25th of every month	-
		AXA	3	Receivables from related parties	40,572	60 days	-
		ASG	3	Receivables from related parties	445	Prompt collection	-
		Hangzhou Advantofine Automation Co., Ltd.	3	Sales	7	Normal	-
		Hangzhou Advantofine Automation Co., Ltd.	3	Payables to related parties	776	Normal	-
2	AAU	Advantech Co., Ltd.	2	Purchase	91,015	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	32,527	60-90 days	-
		Advantech Co., Ltd.	2	Sales	17	Normal	-
		Advantech Co., Ltd.	2	Other expense	1,908	Normal	-
		AEU	3	Purchase	229	Normal	-
		ANA	3	Purchase	49	Normal	-
		A-DLoG	3	Purchase	158	Normal	-
3	ABR	Advantech Co., Ltd.	2	Purchase	43,441	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	32,050	90 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	54	Normal	-
		Advantech Co., Ltd.	2	Other expense	2,349	Normal	-
4	ACA	Advantech Co., Ltd.	2	Sales	888,065	Normal	7%
		Advantech Co., Ltd.	2	Purchase	36,133	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	25,063	30 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	299,718	30 days	1%
		Advantech Co., Ltd.	2	Other expense	2,520	45 days after invoice date	-
		AiSC	3	Payables to related parties	4,058	60 days after invoice date	-
		AiSC	3	Purchase	4,047	60 days after invoice date	-
		ANA	3	Payables to related parties	3,361	60 days after invoice date	-
		ACN	3	Payables to related parties	3,094	60-90 days	-
		ACN	3	Purchase	6,710	Normal	-
		AiSC	3	Receivables from related parties	11	25th of every month	-
		AKMC	3	Sales	362,394	Normal	3%
		AKMC	3	Receivables from related parties	165,083	45 days	1%
		Advansus Corp.	3	Sales	235,288	Normal	2%
		Advansus Corp.	3	Purchase	93,316	Normal	1%
		Advansus Corp.	3	Payables to related parties	33,579	30 days	-
		Advansus Corp.	3	Receivables from related parties	98,587	45 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
5	ADL	Advantech Co., Ltd.	2	Payables to related parties	\$ 226	30 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	120	30 days after invoice date	-
	ADL (AUK)	AEU	3	Receivables from related parties	16,026	30 days after invoice date	-
	ADL (AIT)	AEU	3	Receivables from related parties	3,661	30 days after invoice date	-
	ADL	AEU	3	Receivables from related parties	23,502	30 days after invoice date	-
		AEU	3	Payables to related parties	17,015	30 days after invoice date	-
	ADL (AFR)	AEU	3	Payables to related parties	87	30 days after invoice date	-
	ADL (AUK)	AEU	3	Payables to related parties	201	30 days after invoice date	-
		ATC	3	Receivables from related parties	2,123	30 days after invoice date	-
	ADL (AIT)	AEU	3	Purchase	7,791	30 days after invoice date	-
	ADL	ATC	3	Receivables from related parties	3,117	7 days after invoice date	-
	ADL (AUK)	Innocore	3	Receivables from related parties	21,427	Prompt collection	-
	ADL	AEU	3	Interest expense	385	Normal	-
	6	AiSC	Advantech Co., Ltd.	2	Purchase	858,479	Normal
		Advantech Co., Ltd.	2	Payables to related parties	554,343	45 days	2%
		Advantech Co., Ltd.	2	Receivables from related parties	675	45 days	-
		AAC (HK)	3	Receivables from related parties	3,405	90 days	-
		ABJ (ACN)	3	Sales	73,241	Normal	1%
		ABJ (ACN)	3	Receivables from related parties	274,957	25th of every month	1%
		ABJ (ACN)	3	Interest revenue	1,234	Normal	-
		ACN	3	Purchase	134,636	Normal	1%
		ACN	3	Payables to related parties	28,685	25th of every month	-
		AKMC	3	Purchase	82,282	Normal	1%
		AKMC	3	Payables to related parties	56,237	Prompt payment	-
		AKMC	3	Sales	47,629	Normal	-
		AKMC	3	Receivables from related parties	32,252	30 days	-
		BCM	3	Receivables from related parties	151	Prompt collection	-
		Advantech Co., Ltd.	2	Sales	98	60 days after invoice date	-
		Hangzhou Advantofine Automation Co., Ltd.	3	Sales	22,045	Normal	-
		Hangzhou Advantofine Automation Co., Ltd.	3	Receivables from related parties	16,406	Prompt collection	-
		Advantech Co., Ltd.	2	Other expense	4,642	90 days	-
		ACA	3	Receivables from related parties	4,058	60 days after invoice date	-
		ACA	3	Sales	4,047	60 days after invoice date	-
	BCM	3	Receivables from related parties	151	Prompt collection	-	
	ACA	3	Payables to related parties	11	25th of every month	-	
7	AJP	Advantech Co., Ltd.	2	Purchase	180,689	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	32,156	60-90 days	-
		Advantech Co., Ltd.	2	Sales	20	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	277	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	9,808	Normal	-
		AEU	3	Purchase	23	Normal	-
		AKMC	3	Payables to related parties	7	30 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
8	AKMC	Advantech Co., Ltd.	2	Purchase	\$ 262,275	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	197	45 days	-
		ACA	3	Payables to related parties	165,083	45 days	1%
		ACA	3	Purchase	362,394	Normal	3%
		ACN	3	Receivables from related parties	6,108	60-90 days	-
		ACN	3	Purchase	5,796	Normal	-
		ACN	3	Sales	22,597	Normal	-
		ACN	3	Payables to related parties	456	60-90 days	-
		AEU	3	Receivables from related parties	8	30 days after invoice date	-
		AEU	3	Sales	62	Normal	-
		AEU	3	Purchase	49	Normal	-
		AEU	3	Payables to related parties	869	Normal	-
		AiSC	3	Sales	82,282	Normal	1%
		AiSC	3	Receivables from related parties	56,237	Prompt collection	-
		AiSC	3	Purchase	47,629	Normal	-
		AiSC	3	Payables to related parties	32,252	30 days	-
		AJP	3	Receivables from related parties	7	30 days	-
		AKR	3	Receivables from related parties	38	30 days after invoice date	-
		ANA	3	Receivables from related parties	306	60-90 days	-
		ANA	3	Payables to related parties	158,119	30 days after invoice date	1%
		ANA	3	Interest expense	1,606	Normal	-
		ANA	3	Sales	173	Normal	-
		ANA	3	Purchase	3,552	Normal	-
		ATC	3	Sales	3,283,803	Normal	24%
		ATC	3	Purchase	12,245	Normal	-
		ATC	3	Receivables from related parties	729,414	60-90 days	3%
		ATH	3	Receivables from related parties	4	30 days after invoice date	-
		Cermate (Shenzhen)	3	Purchase	11,792	40 days	-
		Advansus Corp.	3	Purchase	437,244	Normal	3%
		Advansus Corp.	3	Payables to related parties	174,056	60-90 days	1%
		Advansus Corp.	3	Sales	1,933	Normal	-
		Advansus Corp.	3	Receivables from related parties	16	Prompt collection	-
		Netstar Technology Co., Ltd.	3	Sales	122,146	Normal	1%
Netstar Technology Co., Ltd.	3	Purchase	683	Normal	-		
Netstar Technology Co., Ltd.	3	Payables to related parties	645	Next 60 days	-		
Netstar Technology Co., Ltd.	3	Receivables from related parties	59,958	Next 60 days	-		
Cermate	3	Payables to related parties	62	Normal	-		
Cermate	3	Purchase	11,888	Normal	-		
9	AKR	Advantech Co., Ltd.	2	Purchase	220,166	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	69,569	Prompt payment	-
		Advantech Co., Ltd.	2	Other expense	4,069	Normal	-
		ACN	3	Payables to related parties	15	45 days	-
		ACN	3	Purchase	28	Normal	-
		AKMC	3	Payables to related parties	38	30 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advansus Corp.	3	Purchase	\$ 63,371	Normal	-
		Advansus Corp.	3	Payables to related parties	7,222	60-90 days	-
		AEU	3	Purchase	197	Normal	-
10	AMY	Advantech Co., Ltd.	2	Sales	18	Normal	-
		Advantech Co., Ltd.	2	Purchase	26,728	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	11,982	45 days	-
		Advantech Co., Ltd.	2	Other expense	1,250	Normal	-
		AEU	3	Purchase	15	Normal	-
		AEU	3	Payables to related parties	2	Normal	-
		ACN	3	Purchase	74	Normal	-
		ASG	3	Payables to related parties	854	30 days	-
		ASG	3	Purchase	3,112	Normal	-
11	ANA	Advantech Co., Ltd.	2	Purchase	2,668,251	Normal	20%
		Advantech Co., Ltd.	2	Payables to related parties	561,614	45 days	2%
		Advantech Co., Ltd.	2	Sales	23,327	Normal	-
		Advantech Co., Ltd.	2	Other expense	11,565	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	8,768	45 days	-
		AAU	3	Sales	49	Normal	-
		ACN	3	Receivables from related parties	86	30 days	-
		ACN	3	Sales	85	Normal	-
		ACN	3	Payables to related parties	55	30 days	-
		ACN	3	Purchase	234	30 days	-
		AEU	3	Purchase	16,680	Normal	-
		AEU	3	Sales	2,319	Normal	-
		AEU	3	Purchase	2,084	Normal	-
		AEU	3	Receivables from related parties	1,815	60-90 days	-
		AKMC	3	Interest revenue	1,606	Normal	-
		AKMC	3	Purchase	173	Normal	-
		AKMC	3	Sales	3,552	Normal	-
		AKMC	3	Payables to related parties	306	60-90 days	-
		APL	3	Payables to related parties	22	Normal	-
		ASG	3	Sales	37	Normal	-
		AKMC	3	Receivables from related parties	158,119	30 days after invoice date	1%
		ASG	3	Receivables from related parties	37	30 days	-
		ACA	3	Receivables from related parties	3,361	60 days after invoice date	-
		AEU	3	Payables to related parties	13,850	30 days after invoice date	-
12	APL	Advantech Co., Ltd.	2	Purchase	5,596	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	1,730	45 days	-
		Advantech Co., Ltd.	2	Sales	11	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	172	30 days after invoice date	-
		AEU	3	Receivables from related parties	102,901	30 days after invoice date	-
		AEU	3	Purchase	496	Normal	-
		AEU	3	Sales	19,291	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		ANA	3	Receivables from related parties	\$ 22	Normal	-
		AEU	3	Payables to related parties	450	30 days	-
13	ASG	Advantech Co., Ltd.	2	Purchase	70,246	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	28,069	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	1,768	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,468	60-90 days	-
		Advantech Co., Ltd.	2	Other revenue	4,359	Normal	-
		ACN	3	Payables to related parties	445	Prompt payment	-
		ACN	3	Purchase	380	Normal	-
		AMY	3	Receivables from related parties	854	30 days	-
		ANA	3	Purchase	37	Normal	-
		AMY	3	Sales	3,112	Normal	-
		ANA	3	Payables to related parties	37	30 days	-
		ATH	3	Sales	1,177	Normal	-
		ATH	3	Receivables from related parties	359	30 days	-
14	ATC	Advantech Co., Ltd.	2	Sales	3,791,100	Normal	28%
		Advantech Co., Ltd.	2	Receivables from related parties	1,825,840	60 days	7%
		Advantech Co., Ltd.	2	Royalty expense	113,570	Normal	1%
		ADL	3	Payables to related parties	3,117	30 days after invoice date	-
		ADL (AUK)	3	Payables to related parties	2,123	30 days after invoice date	-
		AEU	3	Payables to related parties	1,410	30 days after invoice date	-
		AKMC	3	Payables to related parties	729,414	60-90 days	3%
		AKMC	3	Purchase	3,283,803	Normal	24%
		AKMC	3	Sales	12,245	Normal	-
15	ATH	Advantech Co., Ltd.	2	Other expense	1,072	Normal	-
		Advantech Co., Ltd.	2	Purchase	19,285	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,933	30 days after invoice date	-
		Advantech Co., Ltd.	2	Receivables from related parties	478	Normal	-
		AKMC	3	Payables to related parties	4	30 days after invoice date	-
		ASG	3	Purchase	1,177	Normal	-
		ASG	3	Payables to related parties	359	30 days	-
16	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Payables to related parties	529	30 days	-
		Advantech Co., Ltd.	2	Rental expense	30	Normal	-
		AiSC	3	Payables to related parties	151	30 days after invoice date	-
		Advantech Co., Ltd.	2	Receivables from related parties	100	30 days	-
		Advansus Corp.	3	Purchase	2,411	Normal	-
17	AXA	ACN	3	Payables to related parties	40,572	Prompt payment	-
		ACN	3	Receivables from related parties	40,572	25th of every month	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
18	A-DLoG	Advantech Co., Ltd.	2	Other expense	\$ 5,493	Normal	-
		Advantech Co., Ltd.	2	Purchase	15,206	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	5,623	30 days after invoice date	-
		Advantech Co., Ltd.	2	Sales	17,491	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	3,026	30 days after invoice date	-
		AAU	3	Sales	158	Normal	-
		AEU	3	Sales	1,197	Normal	-
		AEU	3	Purchase	105	Normal	-
		AEU	3	Receivables from related parties	210	30 days	-
19	Cermate (Shenzhen)	AKMC	3	Sales	11,792	40 days	-
		Cermate (Shanghai)	3	Sales	12,667	Normal	-
		Cermate	3	Purchase	28,487	Normal	-
		Cermate	3	Payables to related parties	8,133	30 days	-
		Cermate	3	Sales	5,510	Normal	-
		Cermate	3	Receivables from related parties	415	60 days	-
		Cermate (Shanghai)	3	Receivables from related parties	742	60 days	-
20	Cermate	Advantech Co., Ltd.	2	Other expense	360	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	726	Half-year payment (June, December)	-
		Advantech Co., Ltd.	2	Sales	3,449	Normal	-
		Advantech Co., Ltd.	2	Purchase	1,967	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	1,966	Half-year payment (June, December)	-
		Cermate (Shenzhen)	3	Sales	28,487	Normal	-
		Cermate (Shenzhen)	3	Purchase	5,510	Normal	-
		Cermate (Shenzhen)	3	Payables to related parties	415	60 days	-
		Cermate (Shenzhen)	3	Receivables from related parties	8,133	30 days	-
		AKMC	3	Sales	11,888	Normal	-
AKMC	3	Receivables from related parties	62	Normal	-		
21	Cermate (Shanghai)	Cermate (Shenzhen)	3	Payables to related parties	742	60 days	-
		Cermate (Shenzhen)	3	Purchase	12,667	Normal	-
22	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Other expense	480	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	50	60 days	-
		Advantech Co., Ltd.	2	Purchase	1,086	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	813	60 days	-
		Advantech Co., Ltd.	2	Sales	53	Normal	-
23	Advantech Fund-A	Advantech Co., Ltd.	2	Rental expense	18	Normal	-
24	Advansus Corp.	Advantech Co., Ltd.	2	Other expense	51	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	119,694	60-90 days	-
		Advantech Co., Ltd.	2	Sales	319,807	Normal	2%
		Advantech Co., Ltd.	2	Purchase	680	Normal	-

(Continued)



Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		Advantech Co., Ltd.	2	Payables to related parties	\$ 431	60-90 days	-
		Advantech Co., Ltd.	2	Rental expense	30	Normal	-
		ACA	3	Receivables from related parties	33,579	30 days	-
		ACA	3	Purchase	235,288	Normal	2%
		ACA	3	Payables to related parties	98,587	45 days	-
		ACA	3	Sales	93,316	Normal	1%
		AKMC	3	Sales	437,244	Normal	3%
		AKMC	3	Receivables from related parties	174,056	60-90 days	1%
		AKMC	3	Purchase	1,933	Normal	-
		AKMC	3	Payables to related parties	16	Prompt payment	-
		AKR	3	Sales	63,371	Normal	-
		AKR	3	Receivables from related parties	7,222	60-90 days	-
		BCM Embedded Computer Inc.	3	Sales	2,411	Normal	-
25	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Other expense	480	Normal	-
		Advantech Co., Ltd.	2	Sales	40,307	Normal	-
		Advantech Co., Ltd.	2	Purchase	1,677	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	1,382	25th of every quarter	-
		Advantech Co., Ltd.	2	Receivables from related parties	27,549	60 days	-
		AKMC	3	Purchase	122,146	Normal	1%
		AKMC	3	Payables to related parties	59,958	Next 60 days	-
		AKMC	3	Sales	683	Normal	-
		AKMC	3	Receivables from related parties	645	Next 60 days	-
26	AEU	Advantech Co., Ltd.	2	Other expense	6,756	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	899,089	30 days	4%
		Advantech Co., Ltd.	2	Sales	2,711	Normal	-
		Advantech Co., Ltd.	2	Purchase	1,190,904	Normal	9%
		Advantech Co., Ltd.	2	Receivables from related parties	3,605	30 days after invoice date	-
		ACN	3	Payables to related parties	884	30 days	-
		ACN	3	Purchase	211	Normal	-
		ADL	3	Receivables from related parties	17,015	30 days after invoice date	-
		ADL	3	Payables to related parties	23,502	30 days after invoice date	-
		ADL (AFR)	3	Receivables from related parties	87	30 days after invoice date	-
		ADL (AIT)	3	Sales	7,791	30 days after invoice date	-
		ADL (AUK)	3	Receivables from related parties	201	30 days after invoice date	-
		AKMC	3	Payables to related parties	8	60-90 days	-
		AKMC	3	Purchase	62	Normal	-
		ANA	3	Sales	16,680	Normal	-
		ANA	3	Purchase	2,319	Normal	-
		ANA	3	Payables to related parties	1,815	60-90 days	-
		ATC	3	Receivables from related parties	1,410	30 days after invoice date	-
		AKMC	3	Receivables from related parties	869	Normal	-
		ANA	3	Receivables from related parties	13,850	30 days after invoice date	-
		AJP	3	Sales	23	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		APL	3	Sales	\$ 496	Normal	-
		AKR	3	Receivables from related parties	157	30 days after invoice date	-
		APL	3	Receivables from related parties	450	30 days	-
		AMY	3	Receivables from related parties	2	Normal	-
		A-DLoG	3	Payables to related parties	210	30 days	-
		A-DLoG	3	Purchase	1,197	Normal	-
		AKMC	3	Sales	49	Normal	-
		A-DLoG	3	Sales	105	Normal	-
		AMY	3	Sales	15	Normal	-
		AKR	3	Sales	197	Normal	-
		ANA (AASC)	3	Sales	2,084	Normal	-
		ADL (AIT)	3	Payables to related parties	3,661	30 days after invoice date	-
		ADL (AUK)	3	Payables to related parties	16,026	30 days after invoice date	-
		ADL	3	Interest revenue	385	Normal	-
		APL	3	Payables to related parties	102,901	30 days after invoice date	-
		APL	3	Purchase	19,291	Normal	-
		Innocore	3	Receivables from related parties	11	60 days	-
		AAU	3	Sales	229	Normal	-
27	AAC (HK)	Advantech Co., Ltd.	2	Receivables from related parties	996	45 days	-
		Advantech Co., Ltd.	2	Payables to related parties	58	45 days	-
		Advantech Co., Ltd.	2	Other revenue	2,885	60 days	-
		AiSC	3	Payables to related parties	3,405	90 days	-
28	Advantofine Automation Tech. Co., Ltd	AiSC	3	Purchase	22,045	Normal	-
		AiSC	3	Payables to related parties	16,406	Prompt payment	-
		ACN	3	Receivables from related parties	776	Normal	-
		ACN	3	Sales	661	Normal	-
		ACN	3	Purchase	7	Normal	-
29	Innocore	ADL (AUK)	3	Payables to related parties	21,427	Prompt collection	-
		AEU	3	Payables to related parties	11	60 days	-

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Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
0	Advantech Co., Ltd.	ATC	1	Purchase	\$ 3,242,778	Normal	24%
		ANA	1	Sales	2,462,335	Normal	18%
		AEU	1	Sales	1,206,787	Normal	9%
		ACN	1	Sales	1,203,369	Normal	9%
		ATC	1	Payables to related parties	1,077,103	60 days	5%
		AiSC	1	Sales	905,654	Normal	7%

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		AEU	1	Receivables from related parties	\$ 882,282	30 days	4%
		Advansus Corp.	1	Purchase	657,362	Normal	5%
		ACN	1	Receivables from related parties	564,020	45 days	3%
		AiSC	1	Receivables from related parties	442,524	45 days	2%
		ANA	1	Receivables from related parties	375,496	45 days	2%
		AiST	1	Purchase	325,744	Normal	2%
		AKMC	1	Sales	217,138	Normal	2%
		AKR	1	Sales	191,864	Normal	1%
		AJP	1	Sales	182,013	Normal	1%
		ATC	1	Royalty income	163,543	Normal	1%
		Advansus Corp.	1	Payables to related parties	121,195	60-90 days	1%
		AAU	1	Sales	83,096	Normal	1%
		ANA	1	Purchase	65,213	Normal	-
		ASG	1	Sales	64,790	Normal	-
		AKR	1	Receivables from related parties	51,805	Prompt collection	-
		ABR	1	Sales	41,479	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	39,282	Normal	-
		AAU	1	Receivables from related parties	38,260	60-90 days	-
		AJP	1	Receivables from related parties	31,916	60-90 days	-
		ATH	1	Sales	29,224	Normal	-
		ASG	1	Receivables from related parties	27,596	60-90 days	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	19,403	60 days	-
		ACA	1	Purchase	19,086	Normal	-
		AMY	1	Sales	18,478	Normal	-
		ABR	1	Receivables from related parties	17,377	90 days	-
		ACN	1	Other revenue	14,255	Normal	-
		ACA	1	Sales	13,094	Normal	-
		AiST	1	Sales	11,989	Normal	-
		ANA	1	Other revenue	10,731	Normal	-
		ANA	1	Payables to related parties	10,334	45 days	-
		AiST	1	Payables to related parties	10,045	30 days	-
		Cermate	1	Purchase	8,949	Normal	-
		Advansus Corp.	1	Other revenue	8,941	Normal	-
		AJP	1	Other revenue	8,169	Normal	-
		Advansus Corp.	1	Sales	7,838	Normal	-
		AMY	1	Receivables from related parties	6,516	45 days	-
		ATH	1	Receivables from related parties	6,439	30 days after invoice date	-
		ACN	1	Purchase	6,383	Normal	-
		Innocore	1	Sales	6,151	Normal	-
		AEU	1	Other revenue	5,863	Normal	-
		DLoG	1	Sales	5,624	Normal	-
		APL	1	Sales	5,606	Normal	-
		AKR	1	Purchase	4,713	Normal	-
		Advansus Corp.	1	Receivables from related parties	4,179	60-90 days	-
		ACA	1	Receivables from related parties	3,981	30 days	-
		Advansus Corp.	1	Rental revenue	3,510	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		AHK	1	Operating expense	\$ 2,782	Normal	-
		Innocore	1	Receivables from related parties	2,411	30 days	-
		ASG	1	Operating expense	2,407	Normal	-
		BCM Embedded Computer Inc.	1	Purchase	2,285	Normal	-
		AKR	1	Other revenue	2,284	Normal	-
		AiST	1	Receivables from related parties	2,098	Normal	-
		DLoG	1	Receivables from related parties	1,691	30 days after invoice date	-
		APL	1	Receivables from related parties	1,623	45 days	-
		Cermate	1	Payables to related parties	1,470	Half-year payment (June, December)	-
		AEU	1	Payables to related parties	1,409	30 days	-
		AAU	1	Other revenue	1,160	Normal	-
		Broadwin Technology, Inc.	1	Sales	1,135	Normal	-
		ACN	1	Payables to related parties	1,106	30 days	-
		ADL	1	Interest revenue	1,099	Normal	-
		ASG	1	Other revenue	967	Normal	-
		ASG	1	Payables to related parties	880	60-90 days	-
		Advantech Fund-A	1	Interest expense	832	Normal	-
		DLG	1	Other revenue	635	Normal	-
		AMY	1	Other revenue	618	Normal	-
		BCM Embedded Computer Inc.	1	Sales	596	Normal	-
		ABR	1	Other revenue	526	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	499	60 days	-
		AHK	1	Payables to related parties	491	60 days	-
		Broadwin Technology, Inc.	1	Other revenue	480	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	480	Normal	-
		AEU	1	Purchase	417	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	390	Normal	-
		AMY	1	Operating expense	384	Normal	-
		Netstar Technology Co., Ltd.	1	Sales	369	Normal	-
		Cermate	1	Other revenue	360	Normal	-
		AJP	1	Payables to related parties	302	60-90 days	-
		BCM Embedded Computer Inc.	1	Payables to related parties	270	30 days	-
		ACA	1	Payables to related parties	261	30 days	-
		ATH	1	Other revenue	204	Normal	-
		ADL	1	Receivables from related parties	168	30 days	-
		ABR	1	Payables to related parties	144	Normal	-
		APL	1	Payables to related parties	130	30 days after invoice date	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	68	30 days	-
		Broadwin Technology, Inc.	1	Purchase	50	Normal	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	47	25th of every quarter	-
		ATH	1	Purchase	39	Normal	-
		ATH	1	Payables to related parties	38	Normal	-
		Cermate	1	Sales	31	Normal	-
		APL	1	Purchase	27	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
		AAU	1	Purchase	\$ 22	Normal	-
		AAU	1	Payables to related parties	21	60-90 days	-
		Advantech Fund-A	1	Rental revenue	18	Normal	-
		Cermate	1	Receivables from related parties	7	Half-year payment (June, December)	-
		Advantech Fund-A	1	Receivables from related parties	6	Normal	-
		AJP	1	Purchase	1	Normal	-
1	ACN	Advantech Co., Ltd.	2	Purchase	1,203,369	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	564,023	45 days	3%
		AiSC	3	Sales	130,996	Normal	1%
	ACN (ABJ)	AiSC	3	Payables to related parties	130,568	25th of every month	1%
		AiSC	3	Purchase	95,298	Normal	1%
	ACN (ASZ)	AiSC	3	Purchase	35,319	Normal	-
		AXA	3	Receivables from related parties	29,185	60 days	-
		AiSC	3	Receivables from related parties	28,788	Prompt collection	-
		Advantech Co., Ltd.	2	Other expense	14,255	Normal	-
		AKMC	3	Sales	12,411	Normal	-
		AKMC	3	Purchase	11,295	Normal	-
		Advantech Co., Ltd.	2	Sales	6,383	Normal	-
		AKMC	3	Receivables from related parties	5,031	60-90 days	-
		AKMC	3	Payables to related parties	4,553	60-90 days	-
		ASZ (ACN)	3	Receivables from related parties	3,595	45 days	-
	ACN (ASZ)	ACN	3	Payables to related parties	3,595	45 days	-
		AKMC	3	Rental expense	1,763	Normal	-
	ACN	Advantech Co., Ltd.	2	Receivables from related parties	1,106	30 days	-
		AiSC	3	Interest expense	946	Normal	-
	ACN (ABJ)	AEU	3	Sales	670	Normal	-
		AAU	3	Sales	566	Normal	-
		AEU	3	Receivables from related parties	443	30 days	-
		ANA	3	Purchase	257	Normal	-
		AAU	3	Receivables from related parties	205	30th of every month	-
		ANA	3	Payables to related parties	104	30 days	-
		BCM	3	Receivables from related parties	36	45 days	-
		AJP	3	Sales	32	Normal	-
		AMY	3	Sales	25	Normal	-
		AiSC	3	Interest revenue	21	Normal	-
2	AAU	Advantech Co., Ltd.	2	Purchase	83,096	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	38,259	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	1,160	Normal	-
		DLoG	3	Payables to related parties	581	30 days after invoice date	-
		DLoG	3	Purchase	570	Normal	-
		ACN	3	Purchase	566	Normal	-
		ACN	3	Payables to related parties	205	30th of every month	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AEU	3	Purchase	\$ 156	Normal	-
		AEU	3	Payables to related parties	33	30 days	-
		ASG	3	Receivables from related parties	22	30 days	-
		Advantech Co., Ltd.	2	Sales	22	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	21	60-90 days	-
		ANA	3	Purchase	14	Normal	-
		ANA	3	Receivables from related parties	12	30 days after invoice date	-
		AEU	3	Receivables from related parties	6	30 days after invoice date	-
		ANA	3	Payables to related parties	5	60-90 days	-
3	ABR	Advantech Co., Ltd.	2	Purchase	41,479	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	17,377	90 days	-
		Advantech Co., Ltd.	2	Other expense	526	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	144	Normal	-
4	ACA	Advantech Co., Ltd.	2	Sales	19,086	Normal	-
		Advantech Co., Ltd.	2	Purchase	13,094	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	3,981	30 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	261	30 days	-
		Advantech Fund-A	3	Interest expense	44	Normal	-
5	ADL	AEU	3	Commission revenue	111,360	Normal	1%
	ADL (AIT)	AEU	3	Payables to related parties	42,768	30 days after invoice date	-
	ADL (AUK)	AEU	3	Receivables from related parties	22,982	30 days after invoice date	-
	ADL	ADL (AIT)	3	Receivables from related parties	19,996	30 days after invoice date	-
	ADL (AIT)	ADL	3	Payables to related parties	19,996	30 days after invoice date	-
		AEU	3	Receivables from related parties	9,312	30 days after invoice date	-
	ADL	ADL (AFR)	3	Payables to related parties	4,916	30 days after invoice date	-
	ADL (AFR)	ADL	3	Receivables from related parties	4,916	30 days after invoice date	-
		AEU	3	Receivables from related parties	4,916	30 days after invoice date	-
	ADL (AUK)	AEU	3	Payables to related parties	3,341	30 days after invoice date	-
	ADL (AFR)	ADL (AIT)	3	Receivables from related parties	3,275	30 days after invoice date	-
	ADL (AIT)	ADL (AFR)	3	Payables to related parties	3,275	30 days after invoice date	-
	ADL	AEU	3	Purchase	2,309	Normal	-
		AEUH	3	Payables to related parties	1,333	30 days after invoice date	-
		Advantech Co., Ltd.	2	Interest expense	1,099	Normal	-
	ADL (AFR)	AEUH	3	Payables to related parties	1,038	30 days after invoice date	-
	ADL (AUK)	AEUH	3	Payables to related parties	633	30 days after invoice date	-
	ADL (ABN)	AEU	3	Payables to related parties	361	30 days after invoice date	-
	ADL	ADL (AIT)	3	Payables to related parties	327	30 days after invoice date	-
	ADL (AIT)	ADL	3	Receivables from related parties	327	30 days after invoice date	-
	ADL (ABN)	ANA	3	Purchase	175	Normal	-
	ADL	Advantech Co., Ltd.	2	Payables to related parties	168	30 days	-
	ADL (AFR)	AEU	3	Payables to related parties	18	30 days after invoice date	-
		AEU	3	Receivables from related parties	(21,702)	30 days after invoice date	-
	ADL	AEU	3	Receivables from related parties	(48,021)	30 days after invoice date	-
	ADL (AUK)	AEU	3	Commission revenue	8,888	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
6	AEUH	Advantech Co., Ltd.	2	Purchase	\$ 1,206,787	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	882,282	30 days	4%
		ADL	3	Commission expense	111,360	Normal	1%
		Advantech Co., Ltd.	2	Other expense	5,863	Normal	-
		ADL	3	Sales	2,309	Normal	-
		APL	3	Sales	1,411	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,409	30 days	-
		ADL	3	Receivables from related parties	1,333	30 days after invoice date	-
		ADL (AFR)	3	Receivables from related parties	1,038	30 days after invoice date	-
		ACN	3	Purchase	670	Normal	-
		ADL (AUK)	3	Receivables from related parties	633	30 days after invoice date	-
		ACN	3	Payables to related parties	443	30 days	-
		Advantech Co., Ltd.	2	Sales	417	Normal	-
		ANA	3	Sales	298	Normal	-
		AAU	3	Sales	156	Normal	-
		ASG	3	Sales	66	Normal	-
		DLoG	3	Payables to related parties	58	30 days	-
		DLoG	3	Purchase	56	Normal	-
AiSC	3	Sales	32	Normal	-		
7	AHK	Advantech Co., Ltd.	2	Other revenue	2,782	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	491	60 days	-
		AiSC	3	Payables to related parties	281	30 days	-
8	AiSC	Advantech Co., Ltd.	2	Purchase	905,654	Normal	7%
		Advantech Co., Ltd.	2	Payables to related parties	442,524	45 days	2%
		ACN	3	Purchase	130,996	Normal	1%
		ABJ (ACN)	3	Receivables from related parties	130,568	25th of every month	1%
		ABJ (ASZ)	3	Sales	95,298	Normal	1%
		AKMC	3	Purchase	47,358	Normal	-
		ACN (ASZ)	3	Sales	35,319	Normal	-
		ACN	3	Payables to related parties	28,788	25th of every month	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Receivables from related parties	26,914	Prompt collection	-
		AKMC	3	Payables to related parties	15,605	Prompt payment	-
		AKMC	3	Sales	6,931	Normal	-
		AKMC	3	Receivables from related parties	2,197	30 days	-
		ABJ (ACN)	3	Interest revenue	946	Normal	-
		AHK	3	Receivables from related parties	281	30 days	-
		BCM	3	Receivables from related parties	143	Prompt collection	-
		AEU	3	Purchase	32	Normal	-
		ACN	3	Interest expense	21	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
9	AJP	Advantech Co., Ltd.	2	Purchase	\$ 182,013	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	31,916	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	8,169	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	302	60-90 days	-
		AKMC	3	Receivables from related parties	111	45 days	-
		ACN	3	Purchase	32	Normal	-
		ANA	3	Purchase	22	Normal	-
		ANA	3	Payables to related parties	22	15 days after invoice date	-
		AEU	3	Payables to related parties	4	90 days	-
		ANA (AASC)	3	Receivables from related parties	1	30 days	-
10	AKMC	ATC	3	Sales	3,131,392	Normal	23%
		ANA	3	Payables to related parties	1,666,050	30 days after invoice date	8%
		ATC	3	Receivables from related parties	402,127	60-90 days	2%
		Advansus Corp.	3	Purchase	258,630	Normal	2%
		AiST	3	Purchase	240,222	Normal	2%
		Advantech Co., Ltd.	2	Purchase	217,138	Normal	2%
		Netstar Technology Co., Ltd.	3	Sales	143,181	Normal	1%
		Advansus Corp.	3	Payables to related parties	78,353	60-90 days	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	66,435	60th of every month	-
		AiST	3	Payables to related parties	55,395	60th of every month	-
		AiSC	3	Sales	47,358	Normal	-
		ATC	3	Purchase	20,476	Normal	-
		ATC	3	Payables to related parties	16,641	60-90 days	-
		AiSC	3	Receivables from related parties	15,605	Prompt collection	-
		Advansus Corp.	3	Sales	15,307	Normal	-
		ACN	3	Purchase	12,411	Normal	-
		ACN	3	Sales	11,295	Normal	-
		AiSC	3	Purchase	6,931	Normal	-
		ACN	3	Payables to related parties	5,031	60-90 days	-
		ACN	3	Receivables from related parties	4,553	60-90 days	-
		Advansus Corp.	3	Receivables from related parties	2,803	Prompt collection	-
		Netstar Technology Co., Ltd.	3	Purchase	2,379	Normal	-
		AiSC	3	Payables to related parties	2,197	30 days	-
		ACN	3	Rental revenue	1,763	Normal	-
		ANA	3	Interest expense	1,686	Normal	-
		ANA	3	Sales	559	Normal	-
		ANA	3	Purchase	343	Normal	-
		Cermate	3	Sales	136	Normal	-
		AJP	3	Payables to related parties	111	45 days	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Receivables from related parties	66	60th of every month	-
		ANA	3	Receivables from related parties	53	60-90 days	-
		AEU	3	Receivables from related parties	46	30 days after invoice date	-
		AKR	3	Receivables from related parties	19	30 days after invoice date	-

(Continued)



Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
11	AKR	Advantech Co., Ltd.	2	Purchase	\$ 191,864	Normal	1%
		Advansus Corp.	3	Purchase	54,822	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	51,805	Prompt payment	-
		Advansus Corp.	3	Payables to related parties	19,900	60-90 days	-
		Advantech Co., Ltd.	2	Sales	4,713	Normal	-
		Advantech Co., Ltd.	2	Other expense	2,284	Normal	-
		AKMC	3	Payables to related parties	19	30 days after invoice date	-
12	AMY	Advantech Co., Ltd.	2	Purchase	18,478	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	6,517	45 days	-
		ASG	3	Purchase	3,291	Normal	-
		ASG	3	Payables to related parties	659	30 days	-
		Advantech Co., Ltd.	2	Other expense	618	Normal	-
		Advantech Co., Ltd.	2	Other revenue	384	Normal	-
		ATH	3	Sales	170	Normal	-
		ATH	3	Receivables from related parties	169	Prompt payment	-
		ASG	3	Other revenue	62	Normal	-
		ACN	3	Purchase	25	Normal	-
		ANA	3	Purchase	174	Normal	-
13	ANA  ANA (AASC) ANA	Advantech Co., Ltd.	2	Purchase	2,462,336	Normal	18%
		AKMC	3	Receivables from related parties	1,666,050	30 days after invoice date	8%
		Advantech Co., Ltd.	2	Payables to related parties	375,495	45 days	2%
		Advantech Co., Ltd.	2	Sales	65,213	Normal	-
		Advantech Co., Ltd.	2	Other expense	10,731	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	10,334	45 days	-
		AKMC	3	Interest revenue	1,686	Normal	-
		AEU	3	Sales	934	Normal	-
		AKMC	3	Purchase	559	Normal	-
		AKMC	3	Sales	343	Normal	-
		AEU	3	Purchase	298	Normal	-
		ACN	3	Sales	257	Normal	-
		AEU	3	Interest revenue	199	Normal	-
		AEU	3	Receivables from related parties	183	60-90 days	-
		ADL (ABN)	3	Sales	175	Normal	-
		ACN	3	Receivables from related parties	104	30 days	-
		AKMC	3	Payables to related parties	53	60-90 days	-
		AJP	3	Sales	22	Normal	-
		AJP	3	Receivables from related parties	22	15 days after invoice date	-
		AEU	3	Sales	14	Normal	-
		AAU	3	Payables to related parties	12	30 days after invoice date	-
		AAU	3	Receivables from related parties	5	60-90 days	-
		AJP	3	Payables to related parties	1	30 days	-
ANA	3	Sales	174	Normal	-		

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
14	APL	AEU	3	Sales	\$ 22,350	Normal	-
		Advantech Co., Ltd.	2	Purchase	5,606	Normal	-
		AEU	3	Receivables from related parties	5,004	30 days after invoice date	-
		Advantech Co., Ltd.	2	Payables to related parties	1,623	45 days	-
		AEU	3	Purchase	1,411	Normal	-
		AEU	3	Payables to related parties	963	30 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	130	30 days after invoice date	-
		Advantech Co., Ltd.	2	Sales	27	Normal	-
15	ASG	Advantech Co., Ltd.	2	Purchase	64,790	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	27,596	60-90 days	-
		AMY	3	Sales	3,291	Normal	-
		ATH	3	Sales	2,434	Normal	-
		Advantech Co., Ltd.	2	Other revenue	2,407	Normal	-
		Advantech Co., Ltd.	2	Other expense	967	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	880	60-90 days	-
		AMY	3	Receivables from related parties	659	30 days	-
		ATH	3	Receivables from related parties	326	30 days	-
		AEU	3	Payables to related parties	72	30 days after invoice date	-
		AEU	3	Purchase	66	Normal	-
		AMY	3	Other expense	62	Normal	-
		AAU	3	Payables to related parties	22	30th of every month	-
16	ATC	Advantech Co., Ltd.	2	Sales	3,242,778	Normal	24%
		AKMC	3	Purchase	3,131,392	Normal	23%
		Advantech Co., Ltd.	2	Receivables from related parties	1,077,103	60 days	5%
		AKMC	3	Payables to related parties	402,127	60-90 days	2%
		Advantech Co., Ltd.	2	Royalty expense	163,543	Normal	1%
		AKMC	3	Sales	20,476	Normal	-
		AKMC	3	Receivables from related parties	16,641	60-90 days	-
		AEU	3	Payables to related parties	1,683	30 days after invoice date	-
17	ATH	Advantech Co., Ltd.	2	Purchase	29,224	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	6,439	30 days after invoice date	-
		ASG	3	Purchase	2,434	Normal	-
		ASG	3	Payables to related parties	326	30 days	-
		Advantech Co., Ltd.	2	Other expense	204	Normal	-
		AMY	3	Purchase	170	Normal	-
		AMY	3	Payables to related parties	169	30 days after invoice date	-
		Advantech Co., Ltd.	2	Sales	39	Normal	-
Advantech Co., Ltd.	2	Receivables from related parties	38	Normal	-		
18	AXA	ACN	3	Payables to related parties	29,185	Prompt payment	-
20	BCM	AiSC	3	Payables to related parties	143	60 days	-
		ACN	3	Payables to related parties	36	30 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
21	DLoG	Advantech Co., Ltd.	2	Purchase	\$ 5,624	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	1,691	30 days after invoice date	-
		Advantech Co., Ltd.	2	Other expense	635	Normal	-
		AAU	3	Receivables from related parties	581	30 days after invoice date	-
		AAU	3	Sales	570	Normal	-
		AEU	3	Receivables from related parties	58	30 days	-
		AEU	3	Sales	56	Normal	-
		AEU	3	Payables to related parties	3	30 days after invoice date	-
22	Innocore	Advantech Co., Ltd.	2	Purchase	6,151	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,411	30 days	-
		AEU	3	Payables to related parties	107	30 days after invoice date	-
24	BCM Embedded Computer Inc.	Advansus Corp.	3	Purchase	52,715	Normal	-
		Advansus Corp.	3	Payables to related parties	24,488	60-90 days	-
		Advantech Co., Ltd.	2	Sales	2,285	Normal	-
		Advantech Co., Ltd.	2	Purchase	596	Normal	-
		Advantech Co., Ltd.	2	Rental expense	390	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	270	30 days	-
		Advantech Co., Ltd.	2	Payables to related parties	68	30 days	-
25	Cermate (Shanghai)	Cermate (Shenzhen)	3	Purchase	14,387	Normal	-
26	Cermate (Shenzhen)	Cermate	3	Purchase	34,471	Normal	-
		Cermate	3	Payables to related parties	20,012	30 days	-
		Cermate (Shanghai)	3	Sales	14,387	Normal	-
		Cermate	3	Sales	2,243	Normal	-
		Cermate	3	Receivables from related parties	1,559	60 days	-
27	Cermate	Cermate (Shenzhen)	3	Sales	34,471	Normal	-
		Cermate (Shenzhen)	3	Receivables from related parties	20,012	30 days	-
		Advantech Co., Ltd.	2	Sales	8,949	Normal	-
		Cermate (Shenzhen)	3	Purchase	2,243	Normal	-
		Cermate (Shenzhen)	3	Payables to related parties	1,559	60 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,470	Half-year payment (June, December)	-
		Advantech Co., Ltd.	2	Other expense	360	Normal	-
		AKMC	3	Purchase	136	Normal	-
		Advantech Co., Ltd.	2	Purchase	31	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	7	Half-year payment (June, December)	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
28	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Purchase	\$ 1,135	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	499	60 days	-
		Advantech Co., Ltd.	2	Other expense	480	Normal	-
		Netstar Technology Co., Ltd.	3	Interest revenue	163	Normal	-
		Advantech Co., Ltd.	2	Sales	50	Normal	-
29	Hangzhou Advantofine Automation Tech. Co., Ltd.	AiSC	3	Payables to related parties	26,914	Prompt payment	-
		AKMC	3	Payables to related parties	66	60th of every month	-
30	Advantech Fund-A	Advantech Co., Ltd.	2	Interest revenue	832	Normal	-
		Netstar Technology Co., Ltd.	3	Interest revenue	120	Normal	-
		ACA	3	Interest revenue	44	Normal	-
		Advantech Co., Ltd.	2	Rental expense	18	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	6	Normal	-
31	AiST	Advantech Co., Ltd.	2	Sales	325,744	Normal	2%
		AKMC	3	Sales	240,222	Normal	2%
		Advansus Corp.	3	Sales	236,735	Normal	2%
		Advansus Corp.	3	Purchase	108,680	Normal	1%
		Advansus Corp.	3	Receivables from related parties	66,811	30 days	-
		AKMC	3	Receivables from related parties	55,395	30 days	-
		Advansus Corp.	3	Payables to related parties	18,557	30 days	-
		Advantech Co., Ltd.	2	Purchase	11,989	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	10,045	30 days	-
		Advantech Co., Ltd.	2	Payables to related parties	2,098	Normal	-
32	Advansus Corp.	Advantech Co., Ltd.	2	Sales	657,362	Normal	5%
		AKMC	3	Sales	258,630	Normal	2%
		AiST	3	Purchase	236,735	Normal	2%
		Advantech Co., Ltd.	2	Receivables from related parties	121,195	60-90 days	1%
		AiST	3	Sales	108,680	Normal	1%
		AKMC	3	Receivables from related parties	78,353	60-90 days	-
		AiST	3	Payables to related parties	66,811	60-90 days	-
		AKR	3	Sales	54,822	Normal	-
		BCM Embedded Computer Inc.	3	Sales	52,715	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	24,488	60-90 days	-
		AKR	3	Receivables from related parties	19,900	60-90 days	-
		AiST	3	Receivables from related parties	18,557	60-90 days	-
		AKMC	3	Purchase	15,307	Normal	-
		Advantech Co., Ltd.	2	Other expense	8,941	Normal	-
		Advantech Co., Ltd.	2	Purchase	7,838	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	4,179	60-90 days	-
		Advantech Co., Ltd.	2	Rental expense	3,510	Normal	-
		AKMC	3	Payables to related parties	2,803	Prompt payment	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
33	Netstar Technology Co., Ltd.	AKMC	3	Purchase	\$ 143,181	Normal	1%
		AKMC	3	Payables to related parties	66,435	60th of every month	-
		Advantech Co., Ltd.	2	Sales	39,282	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	19,403	60 days	-
		AKMC	3	Sales	2,379	Normal	-
		Advantech Co., Ltd.	2	Other expense	480	Normal	-
		Advantech Co., Ltd.	2	Purchase	369	Normal	-
		Broadwin Technology, Inc.	3	Interest expense	163	Normal	-
		Advantech Fund-A	3	Interest expense	120	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	48	25th of every quarter	-
35	AEU	ADL (AUK)	3	Commission expense	8,888	Normal	-
		ADL (AIT)	3	Receivables from related parties	42,768	30 days after invoice date	-
		ADL (AUK)	3	Payables to related parties	22,982	30 days after invoice date	-
		APL	3	Purchase	22,350	Normal	-
		ADL (AIT)	3	Payables to related parties	9,312	30 days after invoice date	-
		APL	3	Payables to related parties	5,004	30 days after invoice date	-
		ADL (AFR)	3	Payables to related parties	4,916	30 days after invoice date	-
		ADL (AUK)	3	Receivables from related parties	3,341	30 days after invoice date	-
		ATC	3	Receivables from related parties	1,683	30 days after invoice date	-
		APL	3	Receivables from related parties	963	30 days	-
		ANA	3	Purchase	934	Normal	-
		ADL	3	Receivables from related parties	361	30 days after invoice date	-
		ANA	3	Interest expense	199	Normal	-
		ANA	3	Payables to related parties	183	60-90 days	-
		Innocore	3	Receivables from related parties	107	60 days	-
		ASG	3	Receivables from related parties	72	30 days after invoice date	-
		AKMC	3	Payables to related parties	46	60-90 days	-
		AAU	3	Receivables from related parties	33	30 days	-
		ADL (AFR)	3	Receivables from related parties	18	30 days after invoice date	-
		AAU	3	Payables to related parties	6	30 days after invoice date	-
AJP	3	Receivables from related parties	4	90 days	-		
DLoG	3	Receivables from related parties	3	30 days after invoice date	-		
ADL (AFR)	3	Payables to related parties	(21,702)	30 days after invoice date	-		
ADL	3	Payables to related parties	(48,021)	30 days after invoice date	-		

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

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

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

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

(Continued)

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of June 30, 2012 and 2011, respectively; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended June 30, 2012 and 2011, respectively.

Note D: All intercompany transactions have been eliminated.

(Concluded)