Advantech Co., Ltd.

Financial Statements for the
Three Months Ended March 31, 2008 and 2007 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying balance sheets of Advantech Co., Ltd. as of March 31, 2008 and 2007, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

As stated in Note 8 to the financial statements, Advantech Co., Ltd. had investments accounted for by the equity method. As of March 31, 2008 and 2007, these investments had carrying values of NT$4,470,666 thousand and NT$4,033,117 thousand, respectively. As of March 31, 2008 and 2007, the negative carrying values of these investments, recorded as part of other liabilities, were NT$7,221 thousand and NT$5,005 thousand, respectively. The net investment gains of NT$285,935 thousand and NT$165,488 thousand in the three months ended March 31, 2008 and 2007, respectively, as well as additional disclosures in Note 20 required by the Securities and Futures Bureau for the Company and its investees were based on the inveestees' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except for any adjustments that might have been determined to be necessary had the investees' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the financial statements of Advantech Co., Ltd. as of and for the three months ended March 31, 2008 and 2007 for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, Advantech Co., Ltd. adopted Interpretation No. 2007-052 of the Accounting Research and Development Foundation of the Republic of China, which requires companies to recognize bonuses to employees and remuneration to directors and supervisors as compensation expenses starting on January 1, 2008. These bonuses and remunerations were previously recorded as appropriations from earnings.

We have reviewed the consolidated financial statements of the Company and its subsidiaries as of and for the year ended March 31, 2008 and have issued an qualified accountants' review report thereon (not presented herewith) with an explanatory paragraph.

April 24, 2008

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

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

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

ADVANTECH CO., LTD.

BALANCE SHEETS
MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

ASSETS	2008 Amount	2008 %	2007 Amount	2007 %
CURRENT ASSETS				
Cash (Note 4)	$ 679,821	4	$ 1,632,551	10
Financial assets at fair value through profit or loss (Notes 2 and 5)	413	-	760	-
Available-for-sale financial assets - current (Notes 2 and 6)	1,035,582	7	1,921,042	12
Notes receivable (Note 2)	35,726	-	40,906	-
Accounts receivable, net of allowance for doubtful accounts of $14,027 thousand in 2008 and $10,392 thousand in 2007 (Note 2)	516,642	3	380,935	3
Receivables from related parties (Notes 2 and 16)	2,347,444	15	1,832,550	11
Other receivables	37,447	-	18,075	-
Inventories, net (Notes 2 and 7)	1,160,788	7	1,136,606	7
Deferred income tax assets - current (Notes 2 and 13)	51,661	-	47,193	-
Prepayments and other current assets	29,465	-	22,616	-
Total current assets	5,894,989	36	7,033,234	43
LONG-TERM FUNDS AND INVESTMENTS				
Available-for-sale financial assets - noncurrent (Notes 2 and 6)	3,698,427	23	3,498,798	21
Investments accounted for by the equity method (Notes 2 and 8)	4,470,666	27	4,033,117	25
Total long-term funds and investments	8,169,093	50	7,531,915	46
PROPERTIES (Notes 2 and 9)				
Cost				
Land	640,472	4	640,472	4
Buildings	844,911	5	844,911	5
Machinery and equipment	369,286	2	303,277	2
Furniture and fixtures	103,802	1	94,331	-
Other equipment	165,972	1	154,718	1
Total cost	2,124,443	13	2,037,709	12
Less: Accumulated depreciation	505,709	3	411,097	2
	1,618,734	10	1,626,612	10
Construction in progress and prepayment for equipment	452,329	3	35,180	-
Property, plant and equipment, net	2,071,063	13	1,661,792	10
OTHER ASSETS				
Refundable deposits	7,557	-	13,003	-
Deferred expense, net (Note 2)	141,350	1	135,840	1
Restricted assets - noncurrent (Note 17)	-	-	1,600	-
Total other assets	148,907	1	150,443	1
TOTAL	$ 16,284,052	100	$ 16,377,384	100

LIABILITIES AND SHAREHOLDERS' EQUITY	2008 Amount	2008 %	2007 Amount	2007 %
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	12,144	-	-	-
Accounts payable	542,768	3	633,637	4
Payables to related parties (Note 16)	696,487	4	448,757	3
Income tax payable (Notes 2 and 13)	254,189	2	165,535	1
Accrued expenses	337,965	2	245,229	1
Employee bonus payable (Note 11)	174,154	1	129,250	1
Advance receipts and other current liabilities	82,916	1	63,139	-
Total current liabilities	2,100,623	13	1,685,547	10
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 10)	108,199	-	111,171	1
Deferred income tax liabilities - noncurrent (Notes 2 and 13)	274,599	2	189,775	1
Deferred credits (Note 2)	279,362	2	194,573	1
Others (Notes 2 and 8)	7,221	-	5,005	-
Total other liabilities	669,381	4	500,524	3
Total liabilities	2,770,004	17	2,186,071	13
SHAREHOLDERS' EQUITY (Notes 2, 11 and 12)				
Capital stock, NT$10.00 par value Authorized - 600,000 thousand shares Issued - 491,877 thousand shares in 2008 and 463,665 thousand shares in 2007	4,918,770	30	4,636,645	29
Capital surplus				
Additional paid-in capital in excess of par	4,382,809	27	4,363,404	27
From long-term equity investments	65,635	-	64,098	-
Total capital surplus	4,448,444	27	4,427,502	27
Retained earnings				
Legal reserve	1,378,115	8	1,086,326	7
Unappropriated earnings	4,155,556	26	3,841,321	23
Total retained earnings	5,533,671	34	4,927,647	30
Others				
Cumulative translation adjustments	107,112	1	173,356	1
Unrealized valuation gains on financial instruments	563,648	3	26,163	-
Total other equity	670,760	4	199,519	1
Treasury stock - 24,500 thousand shares	(2,057,597)	(12)	-	-
Total shareholders' equity	13,514,048	83	14,191,313	87
TOTAL	$ 16,284,052	100	$ 16,377,384	100

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

(With Deloitte & Touche review report dated April 24, 2008)

ADVANTECH CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2008		2007	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 16)				
Sales	$ 3,011,304	100	$ 2,333,388	100
Sales returns and allowances	17,904	1	26,631	1
Net sales	2,993,400	99	2,306,757	99
Other operating revenues	29,590	1	32,696	1
Total operating revenues	3,022,990	100	2,339,453	100
OPERATING COSTS (Notes 14 and 16)	2,149,503	71	1,660,529	71
GROSS PROFIT	873,487	29	678,924	29
REALIZED (UNREALIZED) PROFITS ON INTERCOMPANY SALES (Note 2)	(36,207)	(1)	78,257	3
ADJUSTED GROSS PROFIT	837,280	28	757,181	32
OPERATING EXPENSES (Note 14)				
Marketing	68,490	2	73,810	3
Administrative	120,450	4	89,952	4
Research and development	229,158	8	201,211	8
Total operating expenses	418,098	14	364,973	15
OPERATING INCOME	419,182	14	392,208	17
NONOPERATING INCOME AND GAINS				
Interest	3,863	-	7,545	-
Equity in net gain of investees, net (Notes 2 and 8)	285,935	10	165,488	7
Gain on disposal of investments, net	4,776	-	23,737	1
Foreign exchange gain, net (Note 2)	-	-	43,379	2
Gains on physical inventory	-	-	3,156	-
Reversal of allowance for loss on inventories (Note 2)	-	-	42,368	2
Royalty revenue (Note 16)	41,378	1	34,635	2
Valuation gain on financial assets, net (Notes 2 and 5)	-	-	6,857	-
Other income (Note 16)	3,265	-	3,623	-
Total nonoperating income and gains	339,217	11	330,788	14

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ADVANTECH CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2008		2007	
	Amount	**%**	**Amount**	**%**
NONOPERATING EXPENSES AND LOSSES				
Foreign exchange loss, net (Note 2)	$ 13,307	-	$ -	-
Provision for losses on inventories (Note 2)	18,261	1	-	-
Loss on disposal of scrap inventories	-	-	55,944	3
Valuation loss on financial assets, net (Notes 2 and 5)	10,981	-	-	-
Other expenses	2,127	-	1,348	-
Total nonoperating expenses and losses	44,676	1	57,292	3
INCOME BEFORE INCOME TAX	713,723	24	665,704	28
INCOME TAX (Notes 2 and 13)	82,646	3	79,153	3
NET INCOME	$ 631,077	21	$ 586,551	25

	2008		2007	
	Pretax	**After Income Tax**	**Pretax**	**After Income Tax**
EARNINGS PER SHARE (Note 15)				
Basic	$ 1.50	$ 1.33	$ 1.36	$ 1.20
Diluted	$ 1.50	$ 1.33	$ 1.35	$ 1.19

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

(With Deloitte & Touche review report dated April 24, 2008) (Concluded)

ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 631,077	$ 586,551
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,268	33,944
Provision for bad debts	4,158	-
Provision (reversal of allowance) for losses on inventories	18,261	(42,368)
Loss on disposal of scrap inventories	-	55,944
Equity in net gain of investees, net	(285,935)	(165,488)
Loss on disposal of properties, net	1,686	15
Gain on disposal of investments, net	(4,776)	(23,737)
Accrued pension liabilities	(734)	207
Deferred income taxes	14,501	50,851
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	11,818	(1,300)
Notes receivable	13,763	9,331
Accounts receivable	75,535	100,598
Receivables from related parties	(82,487)	275,730
Inventories	(64,236)	28,225
Other receivables	38,463	23,445
Prepayments and other current assets	(3,493)	(12,368)
Accounts payable	70,809	98,032
Payables to related parties	(278,076)	186,492
Income tax payable	66,052	27,652
Accrued expenses	51,091	34,662
Advance receipts and other current liabilities	(9,172)	16,701
Deferred credits	36,207	(78,257)
Net cash provided by operating activities	341,780	1,204,862
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(2,011,486)	(3,748,012)
Proceeds of the sale of available-for-sale financial assets	1,951,622	2,913,850
Proceeds of the sale of long-term equity investments	-	27,685
Proceeds of the disposal of properties	18	25
Acquisition of properties	(80,134)	(51,829)
Increase in deferred expenses	(33,721)	(13,873)
Decrease (increase) in other assets	141	(410)
Net cash used in investing activities	(173,560)	(872,564)

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ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee stock options	$ 8,652	$ 1,206
Cash bonus to employees and remuneration to directors and supervisors	(5,952)	(12,521)
Cash paid for acquisition of treasury stock	(671,899)	-
Net cash used in financing activities	(669,199)	(11,315)
NET INCREASE (DECREASE) IN CASH	(500,979)	320,983
CASH, BEGINNING OF PERIOD	1,180,800	1,311,568
CASH, END OF PERIOD	$ 679,821	$ 1,632,551
SUPPLEMENTARY CASH FLOW INFORMATION		
Income tax paid	$ 267	$ 650
NONCASH INVESTING AND FINANCING ACTIVITIES		
Proceeds of the return of capital by investees	$ 200,000	$ -
Dividends receivable from equity-method investees	$ 160,000	$ -
Negative carrying value of investments recorded as part of other liabilities	$ 7,221	$ 5,005

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

(With Deloitte & Touche review report dated April 24, 2008) (Concluded)

1. ORGANIZATION AND OPERATIONS

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

As of March 31, 2008 and 2007, the Company had 1,268 and 1,247 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Current and Noncurrent Assets and Liabilities

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

Financial Assets/Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss ("FVTPL") include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired. Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to issue of initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

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

Available-for-sale Financial Assets

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

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

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

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

Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts

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

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

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

Inventories

Inventories consist of raw materials and supplies, work in process and finished goods. Inventories are stated at the lower of weighted-average cost or market. Market value refers to replacement value of raw materials and supplies and net realizable value of finished goods and work in process.

Besides an assessment if technological changes would result in stock obsolescence, the inventories at the balance sheet date are also evaluated for estimated excess quantities and obsolescence on the basis of a demand forecast. Estimated losses on scrap and slow-moving items are recognized as an allowance for inventory obsolescence.

Long-term Equity Investments

Investments in shares of stock of companies in which the Company owns at least 20% of their outstanding common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method. Stock investments accounted for by the equity method are initially carried at cost and subsequently adjusted for the Company's proportionate share in the investees' earnings or losses and changes in capital surplus. Investment income (or loss) is recognized whenever the investees recognize income (or loss). Cash dividends received are recognized as a reduction of the carrying value of the investments. If the equity in losses recognized exceeds the original investment acquisition costs plus any advance given to an equity-method investee, the excess losses should be recognized proportionately and is recorded as part of other liabilities. The difference between the cost of the investment and the Company's equity in the investee's net assets when an investment is acquired or when the equity method is first adopted is amortized over five years. Effective January 1, 2006, under the revised Statement of Financial Accounting Standards, investment premiums, representing goodwill, are no longer being amortized, but the Company needs to make asset impairment tests regularly. And if there are indications that the goodwill is probably impaired, the Company also needs to make an impairment test. If the net fair value of an asset exceed its investment cost. The difference will be credited to depend on the proportion of noncurrent asset's (not include non-equity-method financial asset, dispose asset waiting for sale, differ tax asset and prepay pension cost or other pension pay) fair value. If the fair value of a noncurrent asset is not enough for crediting purposes, it will recognize as extraordinary gain. If the unamortized long-term investment by the equity method acquired before January 1, 2006 exceeds the Company's equity in the investee's equity in the investee's assets is a deferred liability will amortized depend on its remaining useful life.

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

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

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

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

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

Properties

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

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

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

Deferred Expenses

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

Assets Impairment

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

Pension Costs

The Company has two types of pension plans: Defined benefit and defined contribution.

Under the defined benefit pension plan, net periodic pension costs are recognized on the basis of actuarial calculations, and, under the defined contribution pension plan, on contribution basis throughout the employees' service period.

If the pension plans are revised, (a) the prior service costs of the defined benefit pension plan are amortized using the straight-line method over the average years from the revision date to conform to the date of benefit vesting, and (b) the prior service costs of the defined contribution pension plan are recognized as part of the net pension cost for the period.

If the defined benefit pension plan is curtailed or settled, the resulting gains or losses should be recognized as part of the net pension cost for the period.

Treasury stock

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

Income Tax

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

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

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

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

Foreign-currency Transactions

Foreign currency transactions (except derivative transactions) are recorded in New Taiwan dollars at the spot rates of exchange in effect when the transactions occur.

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

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

Reclassifications

Certain accounts in the financial statements as of and for the three months ended March 31, 2007 have been reclassified to be consistent with the presentation of the financial statements as of and for the three months ended March 31, 2008.

3. ACCOUNTIING CHANGE

In March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052 - "Accounting for Bonuses to Employees, Directors and Supervisors," which requires companies to recognize bonuses to employees and remunerations to directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in a decrease of $58,524 thousand in net income and a decrease in after income tax basic earnings per share of NT$0.12 for the three months ended March 31, 2008.

4. CASH

	March 31	
	2008	2007
Cash on hand	$ 1,493	$ 1,561
Checking and demand deposits	113,485	315,031
Time deposits: Interest - 1.85%-3.63% in 2008 and 1.40%-5.15% in 2007	564,843	1,315,959
	$ 679,821	$ 1,632,551

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	March 31	
	2008	2007
Financial assets resulting from trading		
Forward contracts	$ 413	$ 760
Financial liabilities resulting from trading		
Forward contracts	$ 12,144	$ -

The outstanding forward contracts as of March 31, 2008 and 2007 were as follows:

	Currency	Maturity	Amount (Thousands)
March 31,2008			
Sell	USD/NTD	From April to July 2008	USD40,600/NTD1,220,859
Sell	EUR/USD	From April to May 2008	EUR5,000/USD7,862
Sell	YEN/USD	April 2008	JPY49,510/USD500
March 31,2007			
Sell	YEN/USD	From April to May 2007	YEN200,000/USD1,740
Sell	EUR/USD	From April to June 2007	EUR8,470/USD11,290
Sell	USD/NTD	April 2007	USD1,000/NTD33,037

The Company entered into forward contract transactions in the three months ended March 31, 2008 and 2007 to avoid risks on exchange rate fluctuations. The hedging strategy of the Company is to avoid the major portion of the market and liquidity risks.

Net gains and loss arising from trading financial assets or liabilities for the three months ended March 31, 2008 and 2007 were net losses $10,981 thousand and net gains $6,857 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31			
	2008		2007	
	Current	Noncurrent	Current	Noncurrent
Mutual funds	$ 1,035,582	$ -	$ 1,921,042	$ -
Publicly traded stocks				
ASUSTEK Computer Inc.	-	3,698,427	-	3,408,710
Firich Enterprise Co., Ltd.	-	-	-	90,088
	$ 1,035,582	$ 3,698,427	$ 1,921,042	$ 3,498,798

7. INVENTORIES, NET

	March 31	
	2008	2007
Finished goods	$ 404,442	$ 379,700
Work in process	370,863	363,834
Materials and supplies	493,577	538,840
Inventories in transit	19,313	4,274
	1,288,195	1,286,648
Allowance for losses	(127,407)	(150,042)
	$ 1,160,788	$ 1,136,606

8. LONG-TERM EQUITY INVESTMENTS

	March 31			
	2008		2007	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Listed				
Axiomtek Co., Ltd.	$ 357,701	28.90	$ 421,716	33.16
Unlisted				
Advantech Automation Corp. (BVI)	1,449,855	100.00	1,323,696	100.00
Advantech Technology Co., Ltd.	917,150	100.00	658,155	100.00
Advantech Investment Fund-A Co., Ltd.	417,095	100.00	264,028	100.00
Advantech Europe Holding B.V.	397,950	99.22	330,761	98.37
Advansus Corp.	281,508	50.00	467,619	50.00
Advantech Technologies Co., Ltd.	154,008	23.89	176,479	23.89
Advantech Japan Co., Ltd.	113,880	100.00	94,836	100.00
Advantech Co. Singapore Pte, Ltd.	112,636	100.00	113,839	100.00
Advantech Australia Pty Ltd.	110,349	100.00	87,299	100.00
Advantech (Yan Shun) Holding Co., Ltd.	99,128	100.00	-	-
Advantech Co. Malaysia Sdn. Bhd.	40,086	100.00	39,631	100.00
Advantech Hungary Ltd.	13,534	30.00	12,781	30.00

(Continued)

	March 31					
	2008			2007		
	Carrying Value		% of Owner-ship	Carrying Value		% of Owner-ship
Advantech Investment & Management Service	$	5,786	100.00	$	5,493	100.00
Advantech (H.K.) Technology Co., Ltd.		-	100.00		-	100.00
Viewsys Technology Co., Ltd.		-	-		24,572	100.00
Advantech IBHA Technologies Inc.		-	-		12,212	13.29
	$	4,470,666		$	4,033,117	

The calculation of the carrying values of the equity-method investments and the equity in their net income or net loss was based on the investees' unreviewed financial statements for the three months ended March 31, 2008 and 2007.

The combined ownership of the Company and its subsidiaries in Advantech IBHA Technologies Inc. ("Advantech IBHA") exceeded 20% of Advantech IBHA's outstanding common shares as of December 31, 2006. Thus, the investment in Advantech IBHA was accounted for by the equity method. However, Advantech IBHA was liquidated in May 2007.

The Company intended to support the operations of Advantech (H.K.) Technology Co., Ltd. in the three months ended March 31, 2008 and 2007. Under the revised Statement of Financial Accounting Standards No. 5 - "Long-term Investments in Equity Securities" of the Republic of China, if the equity in losses recognized exceeds the original investment acquisition costs plus any advances given to the investee, the Company recognizes its investee's total losses unless other investors commit to assume, and can assume, a portion of the losses. As of March 31, 2008 and 2007, there were credit balances on this investment of $7,221 thousand and $5,005 thousand, respectively, included in other liability - others.

The market value of the listed stock of the equity investment's market values, which was calculated on the basis of the closing price of March 31, 2008 and 2007 were $967,608 thousand and $1,310,804 thousand, respectively.

The Company has included all of its direct and indirect subsidiaries in the consolidated financial statements as of and for the years ended March 31, 2008.

9. PROPERTY, PLANT AND EQUIPMENT

Statement of changes in property, plant and equipment and properties leased to others was as follows:

	Three Months Ended March 31, 2008								
	Beginning Balance		Acquisition		Disposal		Re-classification		Ending Balance
Properties									
Cost									
Land	$ 640,472	$	-	$	-	$	-	$	640,472
Buildings	844,911		-		-		-		844,911
Machinery and equipment	353,918		8,231		25		7,162		369,286
Furniture and fixtures	103,173		1,457		828		-		103,802
Other equipment	161,675		9,749		5,452		-		165,972
	2,104,149	$	19,437	$	6,305	$	7,162		2,124,443

(Continued)

	Three Months Ended March 31, 2008				
	Beginning Balance	Acquisition	Disposal	Re-classification	Ending Balance
Accumulated depreciation					
Buildings	118,896	$ 4,132	$ -	$ -	$ 123,028
Machinery and equipment	217,569	11,172	25	-	228,716
Furniture and fixtures	60,220	4,950	745	-	64,425
Other equipment	87,050	6,321	3,831	-	89,540
	483,735	$ 26,575	$ 4,601	$ -	505,709
	1,620,414				1,618,734
Construction in progress and prepayments for equipment	398,794	$ 60,697	$ -	$ (7,162)	452,329
	$ 2,019,208				$ 2,071,063

	Three Months Ended March 31, 2007				
	Beginning Balance	Acquisition	Disposal	Re-classification	Ending Balance
Properties					
Cost					
Land	$ 640,472	$ -	$ -	$ -	$ 640,472
Buildings	844,911	-	-	-	844,911
Machinery and equipment	298,347	6,868	5,348	3,410	303,277
Furniture and fixtures	90,573	4,056	298	-	94,331
Other equipment	135,917	15,563	-	3,238	154,718
	2,010,220	$ 26,487	$ 5,646	$ 6,648	2,037,709
Accumulated depreciation					
Buildings	102,367	$ 4,132	$ -	$ -	106,499
Machinery and equipment	183,395	9,471	5,249	-	187,617
Furniture and fixtures	42,099	4,686	258	-	46,527
Other equipment	65,096	5,358	-	-	70,454
	392,957	$ 23,647	$ 5,507	$ -	411,097
	1,617,263				1,626,612
Construction in progress and prepayments for equipment	16,387	$ 25,342	$ -	$ (6,549)	35,180
	$ 1,633,650				$ 1,661,792

10. PENSION PLAN

The Labor Pension Act (the "Act") was enforced on July 1, 2005. The employees subject to the Labor Standards Law before July 1, 2005 were allowed to choose to continue to be subject to the Labor Standards Law or to be subject to the pension mechanism under this Act, with their service years accumulated until June 30, 2005 to be retained. Those hired on or after July 1, 2005 automatically become subject to the Act.

Under the Act, the Company has a defined contribution pension plan. Since July 1, 2005, the Company has made monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries and wages. The pension cost under the defined contribution loan was $11,680 thousand and $11,094 thousand for the three months ended March 31, 2008 and 2007, respectively.

The Company has a defined benefit pension plan under the Labor Standards Law (the "Law"). Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulated up to 45 based points, and the benefits based on employee's average monthly salary for the six-month period prior to retirement. Under the Law, the Company accrues pension costs individually on the basis of actuarial calculations and make monthly contributions at 2% of salaries and wages to each company's pension fund, which is administered by each company's pension plan committee and deposited in the respective committees' names in the Bank of Taiwan (the Central Trust of China merged with the Bank of Taiwan in July 2007, with the Bank of Taiwan as the survivor entity). The pension costs under the defined benefit pension plan were $1,489 thousand and $882 thousand for the three months ended March 31, 2008 and 2007, respectively. As of March 31, 2008 and 2007, the balance of the pension fund was $85,781 thousand and $76,000 thousand, respectively.

11. SHAREHOLDERS' EQUITY

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

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

a. 3% to 12% as bonus to employees. For stock bonuses, employees may include subsidiaries' employees who meet certain criteria as determined by the Company's board of directors;

b. 1% as remuneration to directors and supervisors.

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

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

For the three months ended March 31, 2008, the bonus to employees and remunerations to directors and supervisors, representing 13% and 1%, respectively, of net income, were accrued on the basis of past experiences. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are retroactively 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.

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

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

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

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

The appropriations of earnings for 2007 and 2006 were proposed in the Board of Directors' meeting and approved in the shareholders' meeting held on March 21, 2007 and June 15, 2007, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2007	**2006**	**2007**	**2006**
Legal reserve	$ 294,988	$ 291,789	$ -	$ -
Cash dividends	1,869,508	1,854,598	4.0	4.0
Stock dividends	233,688	231,825	0.5	0.5
Remuneration to directors and supervisors	26,549	26,261	-	-
Bonus to employees - stock	60,000	40,000	-	-
Bonus to employees - cash	205,490	222,610	-	-

The appropriation of the earnings for 2006 was approved by the Financial Supervisory Commission, Executive Yuan, R.O.C., and the board of directors resolved that the date of distributing stock and cash dividends would be August 8, 2007. In addition, the Company completed obtained on August 28, 2007 its revised registration from the Ministry of Economic Affairs on the increase in issued shares.

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.

On April 1, 2003, the Securities and Futures Bureau approved the Company's stock option plan. There were 3,000 thousand units authorized to be issued, which may be converted to 3,000 thousand common shares. Employees may exercise a certain percentage of the option within two and four years of the grant date, and will expire six years from the grant date. The stock options were issued on August 14, 2003, and the exercise price was set at NT$28.84 as of March 31, 2008.

As of March 31, 2008, there were 2,375 thousand units of stock options exercised, which were converted to 2,375 thousand common shares; thus, the unexercised stock options consisted of 265 thousand units.

When the grant date of stock-based employee compensation plans is on or before January 1, 2004, the Company need not apply the accounting guideline Nos. 070, 071 and 072 for stock-based compensation issued by the Accounting Research and Development Foundation of the ROC.

12. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
Three months ended March 31, 2008				
For transfer to employees	14,500	-	-	14,500
To maintain the Company's credibility and shareholders' interest	-	10,000	-	10,000

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

13. INCOME TAX

The Income Basic Tax Act (the "IBT Act"), which took effect on January 1, 2006, requires that the basic income tax should be 10% of the sum of the taxable income as calculated in accordance with the Income Tax Law plus tax-exempt income under the Income Tax Law or other laws. The tax payable of the current year would be the higher of the basic income tax and income tax payable calculated in accordance with the Income Tax Law. The Company has considered the impact of the IBT Act in the determining of the current year's income tax expense.

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

	March 31	
	2008	2007
Tax on pretax income at 25% statutory rate	$ 178,421	$ 166,416
Deduct tax effects of:		
Permanent differences		
Tax-exempt income	(51,866)	(63,180)
Other	(6,649)	(1,582)
Temporary differences	(3,987)	(45,050)
Investment tax credit	(49,600)	(28,302)
Income tax currently payable	$ 66,319	$ 28,302

b. Income tax expense consisted of the following:

	March 31	
	2008	2007
Income tax currently payable	$ 66,319	$ 28,302
Income tax expense - deferred	14,501	50,851
Withholding tax of dividends	1,826	-
	$ 82,646	$ 79,153

c. The change of income tax payable prepaid income tax of balance sheet consisted of the following:

	March 31	
	2008	2007
Balance, beginning of period	$ 188,137	$ 137,883
Income tax currently payable	66,319	28,302
Payment	(267)	(650)
Balance, end of period	$ 254,189	$ 165,535

d. Net deferred income taxes as of March 31, 2008 and 2007 were as follows:

	March 31	
	2008	2007
Current		
Deferred income tax assets		
Allowance for loss on inventories	$ 31,852	$ 37,510
Unrealized product warranty reserve	10,212	9,091
Excess provisions for doubtful receivables	6,958	6,958
Investment tax credit	-	52,653
Others	5,000	-
	54,022	106,212
Valuation allowance	-	(52,653)
	54,022	53,559
Deferred income tax liabilities		
Unrealized foreign exchange gain	(2,361)	(6,366)
Deferred income tax assets, net	$ 51,661	$ 47,193
Noncurrent		
Deferred income tax assets:		
Deferred income	$ 53,743	$ 32,594
Accumulated equity in the net loss of investees	27,107	105,401
Pension cost	26,865	27,788
	107,715	165,783
Valuation allowance	(27,107)	(105,401)
	80,608	60,382
Deferred income tax liabilities:		
Accumulated equity in the net gain of foreign investees	(355,207)	(250,157)
Deferred income tax liabilities, net	$ (274,599)	$ (189,775)

The income tax rate used to recognize deferred income tax was 25%.

e. As of March 31, 2008, the Company’s five years exemption on the income was as follows:

Investment Plan	Exemption Period
The industry 500 MHz thin client production	From 2006 to 2010

f. Based on Article 70-1 of the Statute for Upgrading Industries, companies will be exempt from the profit-seeking enterprise tax on the following incomes if they use worldwide resources and set up an international operating network or if they establish operating headquarters within the territory of the Republic of China that is of a specific size and will bring about significant economic benefits:

   1) Income from providing management services or R&D services to its affiliates abroad;

   2) Royalty payment received from its affiliates abroad; and/or

   3) Returns on investments and gains on asset disposal by overseas affiliates.

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

	March 31	
	2008	**2007**
Balance of the imputation credit account (ICA)	$ 269,712	$ 188,475
The balances of unappropriated retained earnings generated before 1997	$ 81,329	$ 81,329

The expected and actual creditable tax ratios for earnings were 8.94% and 8.18%, as of December 31, 2007 and 2006, respectively.

The imputation credit allocated to the shareholders is based on its balance as of the date of dividend distribution. The expected creditable ratio may change when the actual allocation of the imputation credits is made.

h. Income tax returns through 2004 had been examined and cleared by the tax authorities. However, the tax authorities made an assessment on the Company's 2003 return, but Company disagreed with this assessment. Thus, the Company requested for a reexamination of its return. As of April 24, 2008, the date of the accompanying accountants' review report, the reexamination was in progress; nevertheless, the Company recognized the payable on this case.

14. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	Three Months Ended March 31					
	2008			**2007**		
	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	$ 58,044	$ 228,935	$ 286,979	$ 55,228	$ 166,132	$ 221,360
Insurance	4,851	11,155	16,006	4,527	12,145	16,672
Pension	3,887	9,282	13,169	2,953	9,023	11,976
Others	4,339	9,548	13,887	4,655	8,530	13,185
Depreciation	9,704	16,871	26,575	8,811	14,836	23,647
Amortization	188	10,505	10,693	151	10,146	10,297
	$ 81,013	$ 286,296	$ 367,309	$ 76,325	$ 220,812	$ 297,137

15. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares (Denominator)	Earnings Per Share	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
Three months ended March 31, 2008					
Basic EPS	$ 713,723	$ 631,077	474,676	$ 1.50	$ 1.33
Impact of dilutive potential common stock					
Employees' stock options	-	-	256		
Diluted EPS	$ 713,723	$ 631,077	474,932	$ 1.50	$ 1.33
Three months ended March 31, 2007					
Basic EPS	$ 665,704	$ 586,551	490,817	$ 1.36	$ 1.20
Impact of dilutive potential common stock					
Employees' stock options	-	-	969		
Diluted EPS	$ 665,704	$ 586,551	491,786	$ 1.35	$ 1.19

The EPS was retroactively adjusted for the stock dividends declared. Thus, in the three months ended March 31, 2007, pretax and after-tax basic EPS decreased from NT$1.44 to NT$1.36 and from NT$1.27 to NT$1.20, respectively, and pretax and after-tax diluted EPS decreased from NT$1.43 to NT$1.35 and from NT$1.26 to NT$1.19, respectively.

16. RELATED-PARTY TRANSACTIONS

a. Related parties

Related Party	Relationship with the Company
Advantech Investment Fund-A Co., Ltd. (Advantech Fund-A)	Equity-method investee
Advantech IBHA Technologies Inc. (Advantech IBHA)	Equity-method investee (liquidated in May 2007)
Axiomtek Co., Ltd. (Axiomtek)	Equity-method investee
Advantech Investment & Management Service (AIMS)	Equity-method investee
Advansus Corp.	Equity-method investee
Advantech Europe Holding B.V. (AEU)	Equity-method investee
Advantech Co. Singapore Pte, Ltd. (ASG)	Equity-method investee
Advantech Hungary Ltd. (AHG)	Equity-method investee
Advantech Japan Co., Ltd. (AJP)	Equity-method investee
Advantech Technologies Co., Ltd. (AKR)	Equity-method investee
Advantech Technology Co., Ltd. (ATC)	Equity-method investee
Advantech (YanShun) Holding Co., Ltd. (AYS)	Equity-method investee
Advantech Australia Pty Ltd. (AAU)	Equity-method investee
Advantech Automation Corp. (BVI) (AAC (BVI))	Equity-method investee
Advantech Co. Malaysia Sdn. Bhd (AMY)	Equity-method investee

(Continued)

Related Party	Relationship with the Company
Viewsys Technology Co., Ltd. (Viewsys)	Equity-method investee
Advantech Europe GmbH (ADL)	Equity-method investee of AEU
Advantech Europe B.V. (AESC)	Equity-method investee of AEU
Advantech Europe Design Center GmbH (AEDC)	Equity-method investee of AEU (merged with ADL in 2006)
Advantech Poland Sp. z o.o. (APL)	Equity-method investee of AEU
Advantech Technology (China) Company Ltd. (AKMC)	Equity-method investee of ATC
Advantech Electronic Technology (Dongguan) Co., Ltd. (ADMC)	Equity-method investee of AYS (equity-method investee of ATC, before)
Advantech Corp. (AC)	Equity-method investee of AAC (BVI)
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Equity-method investee of AAC (BVI)
Yan Huz Xng Ye Electronic (SHHQ)	Equity-method investee of AAC (BVI)
Advantech Control (M) Sdn. Bhd. (AKL)	Equity-method investee of ASG
Advantech Automation (Penang) Sdn. Bhd. (APN)	Equity-method investee of ASG
Advantech Corporation (Thailand) Co. (ATH)	Equity-method investee of ASG
Netstar Technology Co., Ltd. (Netstar)	Equity-method investee of Advantech Fund-A
BCM Embedded Computer Inc. (BCM)	Equity-method investee of Advantech Fund-A
Broadwin Technology, Inc. (Broadwin)	Equity-method investee of Advantech Fund-A
Jan Hsiang Electronics Co., Ltd. (Jan Hsiang)	Equity-method investee of Netstar
Advantech International Co., Ltd.	The person in charge of Advantech Internation Co., Ltd. is a brother-in-law of the Company’s chairman
Advantech Brazil S/A (ABR)	Substance related party
Firich Enterprise Co., Ltd. (Firich)	The Company’s chairman is the Firich Enterprise Co., Ltd.’s director (retired in May 2007)
Advantech Investment Fund-C Co., Ltd. (Advantech IFC)	The person in charge of Advantech IFC is the mate of the Company’s chairman
Mr. Andrea Zolli	Manager of AEU
Immoibiliare Verdi Srl	Manager of AEU

(Concluded)

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

	2008		2007	
	Amount	% of Total	Amount	% of Total
Three months ended March 31				
1) Sales				
AC	$ 790,415	26	$ 457,176	20
AESC	555,214	19	433,314	19
ACN	534,636	18	371,776	16
AJP	67,632	2	77,183	3
AKR	67,110	2	83,248	4
ASG	32,316	1	26,392	1

	2008 Amount	2008 % of Total	2007 Amount	2007 % of Total
AAU	$ 31,490	1	$ 30,158	1
ABR	16,225	1	13,965	-
AKMC	7,211	-	9,790	-
AMY	6,817	-	-	-
ATH	6,477	-	9,342	-
Advansus Corp.	3,938	-	-	-
Axiomtek	3,476	-	938	-
APL	3,193	-	3,267	-
APN	-	-	11,555	1
SHHQ	-	-	92,839	4
Firich	-	-	17,727	1
AKL	-	-	4,528	-
Others	380	-	3,024	-
	$ 2,126,530	70	$ 1,646,222	70

2) Purchase of materials and supplies

	2008 Amount	2008 % of Total	2007 Amount	2007 % of Total
ATC	$ 827,679	39	$ 682,819	42
AYS	128,087	6	-	-
Advansus Corp.	119,768	6	52,075	3
AC	8,321	-	5,342	-
Netstar	5,514	-	-	-
Jan Hsiang	5,174	-	-	-
ACN	1,109	-		
Axiomtek	509	-	1,125	-
AESC	252	-	5,457	-
Others	703	-	3	-
	$ 1,097,116	51	$ 746,821	45

3) Royalty revenue for patent (part of nonoperating income)

	2008 Amount	2008 % of Total	2007 Amount	2007 % of Total
ATC	$ 41,378	100	$ 34,635	-

4) Rental revenues (part of nonoperating income; revenues were from the rental office spaces under renewable one-year leases)

	2008 Amount	2008 % of Total	2007 Amount	2007 % of Total
Advansus Corp.	$ 870	27	$ 650	-
AIMS	75	2	55	-
BCM	75	2	-	-
Advantech Fund-A	9	-	9	-
	$ 1,029	31	$ 714	-

	2008		2007	
	Amount	% of Total	Amount	% of Total
At the end of three months				
5) Receivables				
Accounts				
AESC	$ 770,139	33	$ 652,270	36
ACN	515,118	22	202,800	11
AC	464,953	20	354,687	19
AJP	65,386	3	61,995	4
AKR	39,943	2	37,568	2
AKMC	30,394	1	206,964	11
APL	27,079	1	12,816	1
AAU	18,314	1	14,451	1
ABR	13,263	1	13,867	1
ASG	11,572	-	17,974	1
AMY	4,587	-	-	-
SHHQ	4,493	-	94,009	5
Advansus Corp.	3,992	-	2,178	-
Axiomtek	1,988	-	-	-
ATH	1,114	-	1,693	-
ADMC	261	-	1,822	-
Firich	-	-	17,523	1
AKL	-	-	6,852	-
APN	-	-	5,618	-
Others	802	-	1,763	-
	1,973,398	84	1,706,850	93
Dividends				
ATC	160,000	7	106,815	6
Proceeds of the return of capital by investee				
Advansus Corp.	200,000	9	-	-
Other receivables				
ADL	5,897	-	1,737	-
Advansus Corp.	4,712	-	763	-
AKMC	2,204	-	14,410	1
AESC	314	-	89	-
AJP	215	-	138	-
AYS	212	-	-	-
ACN	120	-	-	-
ASG	106	-	-	-
AC	76	-	133	-
Axiomtek	-	-	1,095	-
Others	190	-	520	-
	14,046	-	18,885	1
	$ 2,347,444	100	$ 1,832,550	100

	2008 Amount	2008 % of Total	2007 Amount	2007 % of Total
6) Payables				
Accounts				
ATC	$ 541,215	78	$ 380,837	85
AYS	102,548	15	-	-
Advansus Corp.	36,589	5	43,509	10
AC	4,362	1	3,493	-
Netstar	3,585	1	-	-
AESC	1,996	-	16,713	4
Jan Hsiang	1,658	-	-	-
Others	1,300	-	1,822	1
	693,253	100	446,374	100
Others - payments on behalf of others				
ADL	3,234	-	-	-
Advansus Corp.	-	-	1,481	-
ATC	-	-	599	-
Others	-	-	303	-
	3,234	-	2,383	-
	$ 696,487	100	$ 448,757	100

Rent contracts with related-parties were based on market prices and made under normal terms. Product sales were conducted under normal terms. The payment terms for related parties were 30 to 90 days. Terms for third parties were 30 to 60 days.

17. ASSETS PLEDGED OR MORTGAGED (AS OF MARCH 31, 2008: NONE)

The certificates of deposits that had been pledged or mortgaged as collaterals for bank loans and as part of court requirements for confiscating assets to settle uncollectible accounts amounted to $1,600 thousand in the three months ended March 31, 2007.

18. COMMITMENTS

a. As of March 31, 2008, the Company had the following guarantees for affiliates' loans:

	Amount
AKMC	US$ 10,000 thousand

b. In April 2007, for the business use, the Company signed an agreement with E.R.C. Group and Venson Chuang for the presale building "No.13 e-Technology Building". The total amount of the contract is $738,880 (tax included), and the Company makes installment payments based on the construction progress. As of March 31, 2008, the Company had paid $443,340 thousand (tax included).

19. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	March 31			
	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Nonderivative Financial Instruments				
Assets				
Available-for-sale financial assets - current	$ 1,035,582	$ 1,035,582	$ 1,921,042	$ 1,921,042
Available-for-sale financial assets - noncurrent	3,698,427	3,698,427	3,498,798	3,498,798
Derivative financial instruments location				
Financial assets at fair value through profit or loss - current				
Domestic	1	1	161	161
Foreign (foreign corporation operating in domestic district included)	412	412	599	599
Financial liabilities at fair value through profit or loss - current				
Domestic	3,728	3,728	-	-
Foreign (foreign corporation operating in domestic district included)	8,416	8,416	-	-

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

1) For financial instruments such as cash, notes and accounts receivables, receivables from related parties, other receivables, restricted assets - noncurrent, notes and accounts payables and payables to related parties and refundable deposits, the carrying amounts of these financial instruments approximate their fair values.

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

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

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

	March 31			
	Based on Quoted Market Price		Determined Using Valuation Techniques	
	2008	2007	2008	2007
Asset				
Financial assets at fair value through profit or loss - current	$ -	$ -	$ 413	$ 760
Available-for-sale financial assets - current	1,035,582	1,921,042	-	-
Available-for-sale financial assets - noncurrent	3,698,427	3,498,798	-	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	12,144	-

d. As of March 31, 2008 and 2007, financial assets exposed to fair value interest rate risk amounted to $564,843 thousand and $1,317,559 thousand, respectively, and financial assets exposed to cash flow interest rate risk amounted to $112,106 thousand and $312,978 thousand, respectively.

e. The Company recognized an unrealized loss of $349,059 thousand and $489,020 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the three months ended March 31, 2008 and 2007, respectively. The Company also recognized an unrealized gain of $3,007 thousand and $478 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for the three months ended March 31, 2008 and 2007, respectively.

f. Financial risks

1) Market risk. The derivative financial instruments categorized as financial assets at fair value through profit or loss are mainly used to hedge exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the market risk of derivatives will be offset by the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Company are mainly mutual funds and publicly traded stocks. Thus, price fluctuations in the open market would result in changes in fair values of these financial instruments.

2) Credit risk. Credit risk represents the potential loss that would be incurred by the Company if the counter-parties breach the contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. Since the counter-parties to the foregoing derivative financial instruments are reputable financial institutions, management believes its exposure to default by counter-parties is low.

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

20. ADDITIONAL DISCLOSURES

a. Except for those mentioned in Note 16 and Tables 1 to 7, no additional disclosures are required by the Securities and Futures Bureau for the Company and investees.

b. Investments in mainland China

   1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of March 31, 2008, accumulated inward remittance of earnings as of March 31, 2008 and upper limit on investment: Table 8 (attached)

   2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 16 and 18 and Tables 2, 5 and 6.

ADVANTECH CO., LTD. AND INVESTEES

FINANCING PROVIDED
THREE MONTHS ENDED MARCH 31, 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Nature of Financing	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
1	AEU	ADL	Receivables from related parties	$ 12,013 (EUR 250 thousand)	$ 12,013 (EUR 250 thousand)	2.50%	Short-term financing	$ -	Financing need	$ -	-	$ -	$ 48,983 (Note C)	$ 97,966 (Note G)
2	AESC	AEU	Receivables from related parties	12,493 (EUR 260 thousand)	12,493 (EUR 260 thousand)	2.50%	Short-term financing	-	Financing need	-	-	-	18,657 (Note D)	37,313 (Note H)
3	Netstar Technology Co., Ltd.	Netstar Electronics Co., Ltd.	Receivables from related parties	131,736	113,291	-	Service intercourse	-	Service intercourse	-	-	-	131,736 (Note B)	131,736 (Note B)
4	Netstar Technology Co., Ltd.	LANSONIC (BVI)	Receivables from related parties	3,523	3,523	-	Short-term financing	-	Financing need	-	-	-	24,422 (Note E)	48,844 (Note F)

Notes:
A. The exchange rate was EUR1.00=NT$48.05.

B. The amount of the service intercourse between Netstar and its subsidiary.

C. 15% of capital stock of AEU.

D. 15% of the net asset value of AESC.

E. 20% of the net asset value of Netstar Technology Co., Ltd.

F. 40% of the net asset value of Netstar Technology Co., Ltd.

G. 30% of capital stock of AEU.

H. 30% of the net asset value of AESC.

ADVANTECH CO., LTD. AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED
THREE MONTHS ENDED MARCH 31, 2008
(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, or 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	$ 737,815 (Note A)	$ 304,000 (US$ 10,000 thousand)	$ 304,000 (US$ 10,000 thousand)	$ -	2.25%	$ 1,475,631 (Note B)
1	SHHQ	AKMC	Indirect subsidiary	737,815 (Note A)	23,894 (US$ 786 thousand)	23,894 (US$ 786 thousand)	-	0.18%	1,475,631 (Note B)

Note: A. 15% of the Company's issued capital stock.

B. 30% of the Company's issued capital stock.

C. The exchange rate was US$1.00=NT$30.40.

TABLE 3

ADVANTECH CO., LTD. AND INVESTEES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS
MARCH 31, 2008
(In Thousands of New Taiwan Dollars)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Advantech Co., Ltd. (the "Company")	Stock							
	AAC (BVI)	Investee	Long-term equity investments	24,606,500	$ 1,449,855	100.00	$ 1,449,855	Note A
	ATC	"	"	13,450,000	917,150	100.00	917,150	Note A
	Advansus Corp.	"	"	30,000,000	281,508	50.00	281,508	Note A
	AEU	"	"	9,497,024	397,950	99.22	397,950	Note A
	Advantech Fund-A	"	"	50,000,000	417,095	100.00	417,095	Note A
	Axiomtek	"	"	20,162,430	357,701	28.90	357,701	Note A
	AKR	"	"	3,112,131	154,008	23.89	154,008	Note A
	ASG	"	"	1,450,000	112,636	100.00	112,636	Note A
	AAU	"	"	500,204	110,349	100.00	110,349	Note A
	AJP	"	"	1,200	113,880	100.00	113,880	Note A
	AYS	"	"	12,300,000	99,128	100.00	99,128	Note A
	AMY	"	"	2,000,000	40,086	100.00	40,086	Note A
	AHG	"	"	30	13,534	30.00	13,534	Note B
	AIMS	"	"	500,000	5,786	100.00	5,786	Note A
	AHK	"	Other liabilities	999,999	(7,221)	100.00	(7,221)	Notes A and D
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	41,555,359	3,698,427	1.18	3,698,427	Note C
	Fund							
	Prudential Well Pool Fund	-	Available for sale financial assets - current	21,100,410.90	269,646	-	269,646	Note B
	Capital Income Fund	-	"	362,085.10	5,500	-	5,500	Note B
	Fuh-Hwa Bond Fund	-	"	16,193,516.10	220,300	-	220,300	Note B
	ING Taiwan Income Fund	-	"	4,658,193.97	75,250	-	75,250	Note B
	NITC Taiwan Bond Fund	-	"	12,074,865.50	173,591	-	173,591	Note B
	James Bond Fund	-	"	18,507,951.20	291,295	-	291,295	Note B
Advantech Fund-A	Stock							
	Netstar Technology Co., Ltd.	Investee	Long-term equity investments	16,897,511	160,111	67.59	160,111	Note A
	Timson Tech Co. (TTC)	"	"	270,000	7,258	30.00	7,258	Note A
	BCM Embedded Computer Inc.	"	"	1,000,000	6,852	50.00	6,852	Note A
	Broadwin Technology, Inc.	-	"	304,960	4,574	3.22	4,574	Note A
	Superior Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	913,470	33,442	12.93	33,442	-
	COBAN Research and Technologies, Inc.	-	"	600,000	33,257	7.00	33,257	-
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	204,000	16,300	-	16,300	Note C

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Fund							
	ABN AMRO Bond Fund	-	Available for sale financial assets - current	3,164,677.35	$ 48,648	-	$ 48,648	Note B
	NITC Taiwan Bond Fund	-	”	6,766,609.40	97,278	-	97,278	Note B
Advansus Corp.	Fund							
	Capital Income Fund	-	”	21,747,098.40	330,334	-	330,334	Note B
	NITC Taiwan Bond Fund	-	”	4,440,022.10	63,831	-	63,831	Note B
BCM Embedded Computer Inc.	Fund							
	Capital Income Fund	-	”	866,061.60	13,155	-	13,155	Note B
TTC	Shares							
	Kunshan Timson Tech Co., Ltd.	Investee	Long-term equity investments	-	25,940	100.00	25,940	Note A
ATC	Shares							
	AKMC	”	”	-	592,806	100.00	592,806	Note A
AYS	Shares							
	ADMC	”	”	-	59,628	100.00	59,628	Note A
AAC (BVI)	Stock							
	AC	”	”	10,952,606	873,184	100.00	873,184	Note A
	Shares							
	ACN	”	”	-	477,860	100.00	477,860	Note A
	SHHQ	”	”	-	98,100	100.00	98,100	Note A
	Visual Systems GmbH	-	Financial assets carried at cost - noncurrent	-	695	20.00	695	Note A
ACN	Shares							
	Hangzhou Advantofine Automation tech. Co., Ltd.	Investee	Long-term equity investments	-	6,426	50.00	6,426	Note A
AEU	Stock							
	AESC	”	”	8,314,280	116,768	100.00	116,768	Note A
	ADL (former name: AEBC)	”	”	1,142,000	40,100	100.00	40,100	Note A
	APL	”	”	2,000	1,563	80.00	1,563	Note A
ASG	Stock							
	APN	”	”	570,570	7,818	55.00	7,818	Note A
	ATH	”	”	30,000	5,333	30.00	5,333	Note A
	AKL	”	”	418,000	3,644	55.00	3,644	Note A
Netstar Technology Co., Ltd.	Stock							
	Jan Hsiang Electronics Co., Ltd.	Investee	Long-term equity investments	1,900,000	19,186	76.00	19,186	Note A
	Supercom Technology Corporation	”	”	1,250,000	11,510	33.33	11,510	Note A
	LANSONIC (BVI)	”	Other liabilities	3,527,529	(71,197)	94.83	(71,197)	Notes A and D

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
LANSONIC (BVI)	Shares Netstar Electronics Corporation	"	"	-	$ (142,889)	100.00	$ (142,889)	Notes A and D

Note A: The net asset values were based on unreviewed financial statements.

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

Note C: Market value was based on the closing price in March 31, 2008.

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

(Concluded)

ADVANTECH CO., LTD. AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2008
(In Thousands of New Taiwan Dollars)

Holding Company Securities	Securities Type and Name/Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Other (Note)	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal		Shares	Amount
Advantech Co., Ltd.	Fund														
(the "Company")	Capital Income Fund	Available for sale financial assets - current	-	-	16,373,844.40	$ 247,671	2,179,318.90	$ 33,000	18,191,078.20	$ 275,942	$ 275,171	$ 771	$ -	362,085.10	$ 5,500
	Fuh-Hwa Bond Fund	"	-	-	-	-	32,387,032.20	440,359	16,193,516.10	220,259	220,100	159	41	16,193,516.10	220,300
	James Bond Fund	"	-	-	-	-	37,015,902.40	581,743	18,507,951.20	291,243	290,500	743	52	18,507,951.20	291,295
	Prudential Bond Fund	"	-	-	22,055,731.70	280,602	25,063,027.70	320,211	26,018,348.50	332,351	331,202	1,149	35	21,100,410.90	269,646
	Mega Diamond Bond Fund	"	-	-	16,743,993.45	195,746	7,939,859.76	92,880	24,683,853.21	289,166	288,626	539	-	-	-
	NITC Taiwan Bond Fund	"	-	-	8,357,665.30	119,627	22,086,449.80	317,058	18,369,249.60	263,747	263,128	619	34	12,074,865.50	173,591
	ING Taiwan Income Fund	"	-	-	7,903,346.71	127,120	14,042,217.64	226,236	17,287,370.38	278,916	278,120	795	14	4,658,193.97	75,250
Advansus Corp.	Fund														
	Capital Income Fund	Available for sale financial assets - current	-	-	24,940,897.50	377,241	23,132,932.60	351,334	26,326,731.70	399,734	398,241	1,494	-	21,747,098.40	330,334
	NITC Taiwan Bond Fund	"	-	-	1,217,909.60	17,436	7,442,215.50	106,931	4,220,103.00	60,631	60,536	94	-	4,440,022.10	63,831

Note: The amounts refer to the effect of adopting the newly released Statement of Financial Accounting Standards No. 34 - "Accounting for Financial Instruments," which requires the disclosure of the effect of recognizing investment income and the changes in the shareholders' equity in the investees.

ADVANTECH CO., LTD. AND INVESTEES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2008
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd.	ATC	Subsidiary	Purchase	$ 827,679	39	Set for 60 days a month	$ -	-	$ (541,215)	(78)	
	AC	Indirect subsidiary	Sale	(790,415)	(26)	Set for 45 days a month	-	-	464,953	20	
	AESC	Indirect subsidiary	Sale	(555,214)	(19)	Set for 45 days a month	-	-	770,139	33	
	ACN	Indirect subsidiary	Sale	(534,636)	(18)	Set for 45 days a month	-	-	515,118	22	
	AYS	Subsidiary	Purchase	128,087	6	Set for 90 days a month	-	-	(102,548)	(15)	
	Advansus Corp.	Subsidiary	Purchase	119,768	6	Set for 60 days a month	-	-	(36,589)	(5)	
ATC	Advantech Co., Ltd.	Parent company	Sale	(827,679)	(100)	Set for 60 days a month	-	-	541,215	96	
AC	Advantech Co., Ltd.	Ultimate parent company	Purchase	790,415	87	Set for 45 days a month	-	-	(464,953)	(92)	
AESC	Advantech Co., Ltd.	Ultimate parent company	Purchase	555,214	77	Set for 45 days a month	-	-	(770,139)	(82)	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	534,636	82	Set for 45 days a month	-	-	(515,118)	(88)	
AYS	Advantech Co., Ltd.	Parent company	Sale	(128,087)	(100)	Set for 90 days a month	-	-	102,548	100	
Advansus Corp.	Advantech Co., Ltd.	Parent company	Sale	(119,768)	(34)	Set for 60 days a month	-	-	36,589	17	
ATC	AKMC	Subsidiary	Purchase	647,736	100	Set for 30 days a month	-	-	(92,908)	(92)	
AYS	ADMC	Subsidiary	Purchase	113,195	100	Set for 30 days after a month	-	-	(63,779)	(100)	
AKMC	ATC	Parent company	Sale	(647,736)	(98)	Set for 30 days a month	-	-	92,908	83	
ADMC	AYS	Parent company	Sale	(113,195)	(100)	Set for 30 days after a month	-	-	63,779	98	

ADVANTECH CO., LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2008
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Advantech Co., Ltd.	AESC	Indirect subsidiary	$ 770,139	3.11	$ -	-	$ 23,771	$ -
	ACN	Indirect subsidiary	515,118	4.53	-	-	195,203	-
	AC	Indirect subsidiary	464,953	6.46	-	-	-	-
ATC	Advantech Co., Ltd.	Parent company	541,215	5.30	-	-	376,621	-
AYS	Advantech Co., Ltd.	Parent company	102,548	4.81	-	-	40,189	-

TABLE 7

ADVANTECH CO., LTD. AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
THREE MONTHS ENDED MARCH 31, 2008
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2008	December 31, 2007	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd.	AAC (BVI)	BVI	Investment holding company	$ 821,894	$ 821,894	24,606,500	100.00	$ 1,449,855	$ 97,064	$ 97,064	Subsidiary
	ATC	BVI	Sale of industrial automation products	427,781	427,781	13,450,000	100.00	917,150	139,280	139,280	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	300,000	500,000	30,000,000	50.00	281,508	3,891	4,750	Equity-method investee
	AEU	Helmond, The Netherlands	Investment holding company	392,218	392,218	9,497,024	99.22	397,950	(10,444)	(10,363)	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	General investment	500,000	500,000	50,000,000	100.00	417,095	1,065	1,065	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	289,844	289,844	20,162,430	28.90	357,701	58,692	20,636	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	32,989	32,989	3,112,131	23.89	154,008	(5,729)	(1,422)	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	112,636	936	936	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	110,349	4,071	4,071	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	113,880	5,131	5,131	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	51,662	51,662	12,300,.000	100.00	99,128	24,546	24,546	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	40,086	(1,157)	(1,157)	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	13,534	-	-	Equity-method investee
	Advantech IBHA Inc.	Taipei, Taiwan	Assembly and production of computers	5,000	5,000	500,000	100.00	5,786	146	146	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(7,221)	1,252	1,252	Subsidiary (Note A)
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	206,860	206,860	16,897,511	67.59	160,111	1,911	1,292	Indirect subsidiary
	TTC	Brunei	Investment holding company	8,323	8,323	270,000	30.00	7,258	-	-	Equity-method investee
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	10,000	10,000	1,000,000	50.00	6,852	(1,731)	(865)	Indirect subsidiary
	Broadwin Technology, Inc.	Taipei, Taiwan	Sale of industrial automation products	4,574	-	304,960	70.28	4,574	-	-	Indirect subsidiary
ATC	AKMC	Kunshan, China	Production and sale of components of industrial automation products	409,393	409,393	-	100.00	592,806	10,575	10,575	Indirect subsidiary
AYS	ADMC	Guangzhou, China	Production and sale of industrial automation products	51,662	51,662	-	100.00	59,628	8,340	8,340	Indirect subsidiary
TTC	Kunshan Timson Tech Co., Ltd.	Kunshan, China	Processes and sale of peripherals	30,222	30,222	-	100.00	25,940	-	-	Equity-method investee
AAC(BVI)	AC	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	873,184	23,497	23,497	Indirect subsidiary
	ACN	Beijing, China	Sale of industrial automation products	185,356	185,356	-	100.00	477,860	74,799	74,799	Indirect subsidiary
	SHHQ	Shanghai, China	Sale of industrial automation products	96,750	96,750	-	100.00	98,100	(4,322)	(4,322)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation tech. Co., Ltd.	Hangzhou, China	Sale of industrial automation products	6,660	6,660	-	100.00	6,426	-	-	Equity-method investee
AEU	AESC	Eindhoven, The Netherlands	Sale of industrial automation products	90,450	90,450	8,314,280	100.00	116,768	(13,038)	(13,038)	Indirect subsidiary
	ADL	Munich, Germany	Sale of industrial automation products	46,028	46,028	1,142,000	100.00	40,100	6,696	6,696	Indirect subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	10,285	10,285	7,030	92.89	1,563	(4,400)	(3,520)	Indirect subsidiary
ASG	APN	Penang, Malaysia	Sale of industrial automation products	8,181	8,181	570,570	55.00	7,818	-	-	Indirect subsidiary
	ATH	Thailand	Production of computers	2,495	2,495	30,000	30.00	5,333	547	164	Indirect subsidiary
	AKL	Kuala Lumpur, Malaysia	Sale of industrial automation products	7,264	7,264	418,000	55.00	3,644	23	13	Indirect subsidiary
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	14,950	14,950	1,900,000	76.00	19,186	1,694	1,287	Subsidiary
	Supercom Technology Corporation	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	16,250	16,250	1,250,000	33.33	11,510	(2,930)	(977)	Equity-method investee
	LANSONIC (B.V.I.)	Akara Building 24DeCastro Street, Wickhams Cay I, Road Fown Tortola, British Virgin Islands	General investment	101,188	101,188	3,527,529	94.83	(71,197)	(2,762)	(2,762)	Subsidiary
LANSONIC (B.V.I.)	Netstar Electronics Corporation (Dongguan)	Guangzhou, China	Network and UPS product manufacture business	HK 2,935	HK 2,935	-	100.00	HK (36,582)	HK 702	HK 702	Indirect subsidiary

Note A: The carrying value is shown as part of other liabilities.
Note B: The financial statements used as basis of net asset values were all unreviewed.

ADVANTECH CO., LTD. AND INVESTEES

INVESTMENTS IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of March 31, 2008	Accumulated Inward Remittance of Earnings as of March 31, 2008
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$16,350 thousand (Note D)	Indirect	$ 364,800 (US$ 12,000 thousand)	$ -	$ -	$ 364,800 (US$ 12,000 thousand)	100%	$ (10,575)	$ 592,806	$ -
Yan Hua Xng Ye Electronic (SHHQ)	Sale of industrial automation products	US$3,000 thousand	Indirect	91,200 (US$ 3,000 thousand)	-	-	91,200 (US$ 3,000 thousand)	100%	(4,322)	98,100	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$4,230 thousand	Indirect	162,093 (US$ 5,332 thousand)	-	-	162,093 (US$ 5,332 thousand)	100%	74,799	477,860	-
Advantech Electronic Technology (Dongguan) Co., Ltd.	Production and sale of industrial automation products	US$1,400 thousand	Indirect	(Note C)	-	-	(Note C)	100%	8,340	59,628	-

Accumulated Investment in Mainland China as of March 31, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$624,173 (US$20,532 thousand) (Note D)	$1,717,600 (US$56,500 thousand)	$4,202,809

Note A: The calculation of investment gain (loss) was based on the unreviewed financial statements of the parent company incorporated in Taiwan.

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 16 and 18 to the financial statements and Tables 2, 5 and 6.

Note C: Which remittance by Advantech Technology Co., Ltd.

Note D: Included the earnings of $4,350 thousand of Advantech Technology (China) Company Ltd. (AKMC) in 2007.

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

Note F: The exchange rate was US$1.00=NT$30.4.