Advantech Co., Ltd.

Financial Statements for the
Six Months Ended June 30, 2008 and 2007 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Advantech Co., Ltd. as of June 30, 2008 and 2007, and the related statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As stated in Note 8 to the financial statements, Advantech Co., Ltd. had investments accounted for by the equity method. As of June 30, 2008 and 2007, these investments had carrying values of NT$2,980,719 thousand and NT$3,015,355 thousand, respectively. As of June 30, 2008 and 2007, the credit balances on the carrying values of equity-method investees were NT$1,688 thousand and NT$6,356 thousand, respectively. The foregoing investment amounts and the net investment gains of NT$74,980 thousand and NT$123,981 thousand in the six months ended June 30, 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 investees' unaudited financial statements for the same reporting periods as those of the Company.

In our opinion, except for any adjustments that might have been determined to be necessary had the above equity-method investment amounts been based on the investees' audited financial statements, the financial statements referred to above present fairly, in all material respects, the financial position of Advantech Co., Ltd. as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the six-months then ended in conformity with 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, effective January 1, 2008, Advantech Co., Ltd. adopted Interpretation 2007-052, “Accounting for Bonuses to Employees, Directors and Supervisors” issued in March 2007 by the Accounting Research and Development Foundation, which requires companies to record bonuses paid to employees, directors and supervisors as an expense rather than as an appropriation of earnings.

We have reviewed the consolidated financial statements of Advantech Co., Ltd. and its subsidiaries as of and for the year ended June 30, 2008 and 2007 and have issued an qualified accountants’ review report thereon dated July 29, 2008 (not presented herewith) with an explanatory paragraph.

July 29, 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 audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors’ 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 auditors’ report and financial statements shall prevail.

ADVANTECH CO., LTD.

BALANCE SHEETS
JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2008 Amount	2008 %	2007 Amount	2007 %
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 613,433	4	$ 2,309,772	13
Financial assets at fair value through profit or loss (Notes 2, 5 and 19)	116	-	911	-
Available-for-sale financial assets - current (Notes 2, 6 and 19)	1,463,015	9	1,652,264	9
Notes receivable (Note 2)	60,127	-	60,844	1
Accounts receivable, net of allowance for doubtful accounts of $13,942 thousand in 2008 and $10,191 thousand in 2007 (Note 2)	621,058	4	580,780	3
Receivables from related parties (Notes 2 and 16)	2,225,981	13	1,899,333	11
Other receivable	19,879	-	36,634	-
Inventories, net (Notes 2 and 7)	1,202,078	7	1,048,543	6
Deferred income tax assets - current (Notes 2 and 13)	38,982	-	47,068	-
Prepayments and other current assets	48,868	-	19,687	-
Total current assets	6,293,537	37	7,655,836	43
LONG-TERM FUNDS AND INVESTMENTS				
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 19)	3,432,473	20	3,950,608	22
Equity-method investment (Notes 2 and 8)	4,726,993	28	4,315,817	24
Total long-term funds and investments	8,159,466	48	8,266,425	46
PROPERTIES (Notes 2 and 9)				
Cost				
Land	640,472	4	640,472	4
Buildings	844,911	5	844,911	5
Machinery and equipment	382,321	2	338,631	2
Furniture and fixtures	104,300	1	97,622	-
Miscellaneous equipment	171,797	1	160,237	1
Total cost	2,143,801	13	2,081,873	12
Accumulated depreciation	531,791	3	436,500	3
	1,612,010	10	1,645,373	9
Construction in progress and prepayment for equipment	728,923	4	163,951	1
Net properties	2,340,933	14	1,809,324	10
OTHER ASSETS				
Refundable deposits	7,288	-	12,074	-
Deferred expenses, net (Note 2)	135,748	1	135,197	1
Restricted assets - noncurrent (Note 17)	-	-	1,600	-
Total other assets	143,036	1	148,871	1
TOTAL	$ 16,936,972	100	$ 17,880,456	100

LIABILITIES AND SHAREHOLDERS' EQUITY	2008 Amount	2008 %	2007 Amount	2007 %
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss (Notes 2, 5 and 19)	$ 1,545	-	$ 81	-
Accounts payable	498,435	3	687,717	4
Payables to related parties (Note 16)	864,945	5	505,118	3
Income tax payable (Notes 2 and 13)	302,749	2	186,299	1
Accrued expenses	428,107	2	286,170	2
Dividend payable and employee bonus payable (Note 11)	2,277,122	13	2,232,439	12
Advance receipts and other current liabilities	110,736	1	77,307	-
Total current liabilities	4,483,639	26	3,975,131	22
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 10)	107,549	1	111,171	1
Deferred income tax liabilities - noncurrent (Notes 2 and 13)	252,228	1	214,211	1
Deferred income (Note 2)	277,696	2	200,395	1
Others (Notes 2 and 8)	1,688	-	6,356	-
Total other liabilities	639,161	4	532,133	3
Total liabilities	5,122,800	30	4,507,264	25
SHAREHOLDERS' EQUITY				
Capital stock, NT$10.00 par value				
Authorized - 600,000 thousand shares				
Issued - 481,962 thousand shares in 2008 and 463,665 thousand shares in 2007	4,819,620	28	4,636,645	26
For issuance	293,688	2	271,825	1
Total capital stock	5,113,308	30	4,908,470	27
Capital surplus				
Additional paid-in capital in excess of par	4,295,306	25	4,363,403	25
From treasury stock	18,620	-	-	-
From long-term equity investments	63,408	1	63,543	-
Total capital surplus	4,377,334	26	4,426,946	25
Retained earnings				
Legal reserve	1,673,104	10	1,378,115	8
Unappropriated earnings	1,621,829	10	2,000,976	11
Total retained earnings	3,294,933	20	3,379,091	19
Others				
Cumulative translation adjustments	117,636	-	175,541	1
Unrealized valuation gains on financial instruments	296,659	2	483,144	3
Total other equity	414,295	2	658,685	4
Treasury stock - 14,500 thousand shares	(1,385,698)	(8)	-	-
Total shareholders' equity	11,814,172	70	13,373,192	75
TOTAL	$ 16,936,972	100	$ 17,880,456	100

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

(With Deloitte & Touche audit report dated July 29, 2008)

ADVANTECH CO., LTD.

STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 16)				
Sales	$ 6,226,203	99	$ 5,241,745	100
Sales returns and allowances	37,704	-	48,629	1
Net sales	6,188,499	99	5,193,116	99
Other operating revenues	84,105	1	70,553	1
Total operating revenue	6,272,604	100	5,263,669	100
OPERATING COSTS (Notes 2, 14 and 16)	4,457,900	71	3,704,054	70
GROSS PROFIT	1,814,704	29	1,559,615	30
REALIZED (UNREALIZED) PROFITS ON INTERCOMPANY SALES (Note 2)	(34,541)	(1)	72,435	1
ADJUSTED GROSS PROFIT	1,780,163	28	1,632,050	31
OPERATING EXPENSES (Note 14)				
Marketing	140,667	2	144,978	3
Administrative	216,090	3	180,941	3
Research and development	493,201	8	396,975	8
Total operating expenses	849,958	13	722,894	14
OPERATING INCOME	930,205	15	909,156	17
NONOPERATING INCOME AND GAINS				
Interest	7,803	-	14,472	-
Equity in net income of investees, net (Notes 2 and 8)	468,330	7	447,982	9
Gain on disposal of investments, net	13,089	-	155,960	3
Foreign exchange gain, net (Note 2)	-	-	29,721	1
Royalty revenue (Note 16)	92,087	2	75,906	2
Reversal of allowance for loss on inventories	11,394	-	70,601	1
Financial instrument revaluation gain, net (Notes 2 and 5)	-	-	7,764	-
Other income (Note 16)	9,845	-	7,559	-
Total nonoperating income and gains	602,548	9	809,965	16

(Continued)

ADVANTECH CO., LTD.

STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	**%**	**Amount**	**%**
NONOPERATING EXPENSES AND LOSSES				
Foreign exchange loss, net (Note 2)	$ 16,183	-	$ -	-
Loss on disposal of scrap inventories	57,767	1	108,849	2
Financial instrument revaluation loss, net (Notes 2 and 5)	472	-	-	-
Other expenses	2,692	-	1,354	-
Total nonoperating expenses and losses	77,114	1	110,203	2
INCOME BEFORE INCOME TAX	1,455,639	23	1,608,918	31
INCOME TAX (Notes 2 and 13)	185,343	3	195,629	4
NET INCOME	$ 1,270,296	20	$ 1,413,289	27

	2008		2007	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
EARNINGS PER SHARE (Note 15)				
Basic	$ 3.09	$ 2.70	$ 3.28	$ 2.88
Diluted	$ 3.07	$ 2.68	$ 3.27	$ 2.87

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

(With Deloitte & Touche audit report dated July 29, 2008) (Concluded)

ADVANTECH CO., LTD.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)

	Capital Stock - Issued and Outstanding (Note 11)			Capital Surplus (Notes 2 and 11)				Retained Earnings (Notes 2 and 11)						
	Shares (Thousands)	Amount	For Issuance (Note 11)	Additional Paid-in Capital in Excess of Par Value	From Treasury Stock	From Long-term Equity Investments	Total	Legal Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments (Note 2)	Unrealized Valuation Gains (Losses) on Financial Instruments (Notes 2 and 19)	Treasury Stock (Notes 2 and 12)	Total Shareholders' Equity
BALANCE, JANUARY 1, 2008	491,577	$ 4,915,770	$ -	$ 4,377,157	$ -	$65,635	$ 4,442,792	$ 1,378,115	$ 3,537,570	$ 4,915,685	$ 243,543	$ 909,700	$ (1,385,698)	$ 14,041,792
Appropriation of the 2007 earnings														
Legal reserve	-	-	-	-	-	-	-	294,989	(294,989)	-	-	-	-	-
Bonus to employees	-	-	60,000	-	-	-	-	-	(265,490)	(265,490)	-	-	-	(205,490)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	(26,549)	(26,549)	-	-	-	(26,549)
Stock dividends - 5%	-	-	233,688	-	-	-	-	-	(233,688)	(233,688)	-	-	-	-
Cash dividends - NT$4.00 per share	-	-	-	-	-	-	-	-	(1,869,508)	(1,869,508)	-	-	-	(1,869,508)
Net income for the six months ended June 30, 2008	-	-	-	-	-	-	-	-	1,270,296	1,270,296	-	-	-	1,270,296
Employee stock options	385	3,850	-	7,253	-	-	7,253	-	-	-	-	-	-	11,103
Change in shareholders' equity on long-term equity-method investments	-	-	-	-	18,620	-	18,620	-	(13,091)	(13,091)	-	-	-	5,529
Increase in carrying value of equity-method investments due to not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	-	(2,227)	(2,227)	-	-	-	-	-	-	(2,227)
Changes in unrealized losses on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(615,099)	-	(615,099)
Equity in the changes in unrealized losses on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	2,058	-	2,058
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	(671,826)	(671,826)
Retirement of treasury stock	(10,000)	(100,000)	-	(89,104)	-	-	(89,104)	-	(482,722)	(482,722)	-	-	671,826	-
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	(125,907)	-	-	(125,907)
BALANCE, JUNE 30, 2008	481,962	$ 4,819,620	$ 293,688	$ 4,295,306	$18,620	$63,408	$ 4,377,334	$ 1,673,104	$ 1,621,829	$ 3,294,933	$ 117,636	$ 296,659	$ (1,385,698)	$ 11,814,172
BALANCE, JANUARY 1, 2007	463,630	$ 4,636,295	$ -	$ 4,362,548	$ -	$64,098	$ 4,426,646	$ 1,086,326	$ 3,254,770	$ 4,341,096	$ 114,993	$ 514,705	$ -	$ 14,033,735
Appropriation of the 2006 earnings														
Legal reserve	-	-	-	-	-	-	-	291,789	(291,789)	-	-	-	-	-
Bonus to employees	-	-	40,000	-	-	-	-	-	(262,610)	(262,610)	-	-	-	(222,610)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	(26,261)	(26,261)	-	-	-	(26,261)
Stock dividends - 5%	-	-	231,825	-	-	-	-	-	(231,825)	(231,825)	-	-	-	-
Cash dividends - NT$4.00 per share	-	-	-	-	-	-	-	-	(1,854,598)	(1,854,598)	-	-	-	(1,854,598)
Net income for the six months ended June 30, 2007	-	-	-	-	-	-	-	-	1,413,289	1,413,289	-	-	-	1,413,289
Employee stock options	35	350	-	855	-	-	855	-	-	-	-	-	-	1,205
Increase in carrying value of equity-method investments due to not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	-	(3,699)	(3,699)	-	-	-	-	-	-	(3,699)
Changes in capital surplus on long-term equity-method investments	-	-	-	-	-	3,144	3,144	-	-	-	-	-	-	3,144
Changes in unrealized losses on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(29,316)	-	(29,316)
Equity in the changes in unrealized valuation gains on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	(2,245)	-	(2,245)
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	60,548	-	-	60,548
BALANCE, JUNE 30, 2007	463,665	$ 4,636,645	$ 271,825	$ 4,363,403	$ -	$63,543	$ 4,426,946	$ 1,378,115	$ 2,000,976	$ 3,379,091	$ 175,541	$ 483,144	$ -	$ 13,373,192

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

(With Deloitte & Touche audit report dated July 29, 2008)

ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,270,296	$ 1,413,289
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	77,872	69,164
Provision (reversal of allowance) for bad debts	4,073	(201)
Reversal of allowance for loss on inventories	(11,394)	(70,601)
Gain on disposal of long-term equity investments, net	(3,648)	(38,444)
Gain on the sale of available-for-sale financial assets, net	(9,441)	(117,516)
Loss on disposal of properties, net	1,974	20
Equity in net gain of investees, net	(468,330)	(447,982)
Cash dividends from equity-method investees	160,000	106,816
Accrued pension liabilities	(1,384)	207
Deferred income taxes	4,809	75,412
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	1,516	(1,370)
Notes receivable	(10,638)	(10,607)
Accounts receivable	(28,796)	(99,046)
Receivables from related parties	43,391	179,674
Other receivables	56,030	4,886
Inventories	(75,871)	200,465
Prepayments and other current assets	(22,896)	(9,439)
Accounts payable	26,476	152,112
Payables to related parties	(109,618)	242,853
Income tax payable	114,612	48,416
Accrued expenses	141,233	75,603
Advance receipts and other current liabilities	18,648	30,869
Deferred income	34,541	(72,435)
Net cash provided by operating activities	1,213,455	1,732,145
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(5,153,082)	(6,586,234)
Proceeds of the sale of available-for-sale financial assets	4,670,364	6,141,263
Acquisition of long-term equity investments	(419,752)	(100,000)
Proceeds of the sale of equity-method investments	205,489	69,898
Acquisition of properties	(383,542)	(225,047)
Proceeds of the disposal of properties	18	25
Increase in deferred expenses	(35,473)	(22,769)
Decrease in refundable deposits	410	519
Net cash used in investing activities	(1,115,568)	(722,345)

(Continued)

ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee stock options	$ 11,103	$ 1,205
Cash bonus to employees and remuneration to directors and supervisors	(4,531)	(12,801)
Cash paid for acquisition of treasury stock	(671,826)	-
Net cash used in financing activities	(665,254)	(11,596)
NET INCREASE (DECREASE) IN CASH	(567,367)	998,204
CASH, BEGINNING OF PERIOD	1,180,800	1,311,568
CASH, END OF PERIOD	$ 613,433	$ 2,309,772
SUPPLEMENTARY CASH FLOW INFORMATION		
Income tax paid	$ 64,096	$ 71,801
NONCASH INVESTING AND FINANCING ACTIVITIES		
Dividends payable and remuneration to directors and supervisors and bonus to employees payable	$ 2,101,547	$ 2,103,469
Cash dividends receivable on equity-method investments	$ 364,415	$ 77,542
Prepayment for equipment recorded as deferred expenses	$ 5,481	$ -

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

(With Deloitte & Touche audit report dated July 29, 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 June 30, 2008 and 2007, the Company had 1,314 and 1,255 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, pension cost, product warranty reserve, compensation expenses bonuses paid to employees, directors and supervisors and income tax, etc. Actual results could differ from these estimates.

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

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

Current and Noncurrent Assets and Liabilities

Current assets include cash, 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.

Cash Equivalents

Commercial paper purchased under repurchase agreements of less than three months from the date of purchase are classified as cash equivalents. Their carrying amount approximates fair value.

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.

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. 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, deferred 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. If the equity in losses recognized exceeds the original investment acquisition costs plus any advance given to an equity-method investee, the excess losses should be recognized proportionately and is recorded as part of other liabilities.

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

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

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

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 2 to 8 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.

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

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

Pension Costs

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

Under the defined benefit pension plan, net 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 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 six months ended June 30, 2007 have been reclassified to be consistent with the presentation of the financial statements as of and for the six months ended June 30, 2008.

3. ACCOUNTING CHANGE

Effective January 1, 2008, the Company adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued in March 2007 by the Accounting Research and Development Foundation, which requires companies to record bonuses paid to employees, directors and supervisors as an expense rather than as an appropriation of earnings. The adoption of this interpretation resulted in a decrease in net income and earnings per share (after income tax) of $117,243 thousand and NT$0.25, respectively, for the six months ended June 30, 2008.

4. CASH AND CASH EQUIVALENTS

	June 30	
	2008	**2007**
Cash		
Cash and petty cash	$ 1,525	$ 1,514
Checking and demand deposits	92,764	279,805
Time deposits: Interest - 1.89%-2.37% in 2008 and 1.61%-4.99% in 2007	519,144	1,134,859
Cash equivalents		
Commercial paper purchased under repurchase agreements	-	893,594
	$ 613,433	$ 2,309,772

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's trading - purpose were as follows:

	June 30	
	2008	**2007**
Financial assets resulting from trading		
Forward contracts	$ 116	$ 911
Financial liabilities resulting from trading		
Forward contracts	$ 1,545	$ 81

As of June 30, 2008 and 2007, the outstanding forward contracts were as follows:

	Currency	Maturity	Amount (Thousands)
June 30, 2008			
Sell	USD/NTD	July 2008	USD7,500/NTD226,368
	EUR/USD	July 2008	EUR2,400/USD3,779
June 30, 2007			
Sell	USD/NTD	July 2007	USD1,000/NTD32,837
	EUR/USD	July 2007	EUR3,000/USD4,060

The Company entered into forward contract transactions for the six months ended June 30, 2008 and 2007 to avoid risks on exchange rate fluctuations. The hedging strategy of the Company is to avoid the major portion of the fair value risks.

Net gains and losses arising from trading financial assets or liabilities for the six months ended June 30, 2008 and 2007 were net losses $472 thousand and net gains $7,764 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30			
	2008		2007	
	Current	Noncurrent	Current	Noncurrent
Mutual funds	$ 1,463,015	$ -	$ 1,652,264	$ -
Publicly traded stocks				
ASUSTEK Computer Inc.	-	3,432,473	-	3,950,608
	$ 1,463,015	$ 3,432,473	$ 1,652,264	$ 3,950,608

7. INVENTORIES, NET

	June 30	
	2008	2007
Finished goods	$ 424,957	$ 327,200
Work in process	371,115	328,191
Materials and supplies	487,250	512,031
Inventories in transit	16,508	2,930
	1,299,830	1,170,352
Allowance for losses	(97,752)	(121,809)
	$ 1,202,078	$ 1,048,543

8. LONG-TERM EQUITY INVESTMENTS

	June 30			
	2008		2007	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Listed				
Axiomtek Co., Ltd.	$ 319,873	28.73	$ 365,846	32.38
Unlisted				
Advantech Automation Corp. (BVI)	1,566,570	100.00	1,409,668	100.00
Advantech Technology Co., Ltd.	913,069	100.00	799,397	100.00
Advantech Investment Fund-A Co., Ltd.	615,649	100.00	370,128	100.00
Advantech Europe Holding B.V.	373,037	100.00	332,598	98.37
Advansus Corp.	291,641	50.00	476,007	50.00
Advantech Technologies Co., Ltd.	126,346	23.89	176,859	23.89
Advantech Australia Pty Ltd.	118,807	100.00	97,096	100.00
Advantech (Yan Shun) Holding Co., Ltd.	115,318	100.00	-	-
Advantech Japan Co., Ltd.	113,222	100.00	93,519	100.00
Advantech Co. Singapore Pte, Ltd.	112,773	100.00	111,252	100.00
Advantech Co., Malaysia Sdn. Bhd	39,609	100.00	38,681	100.00
Advantech Hungary Ltd.	15,142	30.00	14,630	30.00
Advantech Investment & Management Service	5,937	100.00	5,553	100.00
Advantech (H.K.) Technology Co., Ltd.	-	100.00	-	100.00
Viewsys Technology Co., Ltd.	-	-	24,583	100.00
	$ 4,726,993		$ 4,315,817	

The equity-method investees' financial statements of the same reporting periods as those of the Company, which were used to calculate the equity-method investments and the equity in the investees' net gains or losses, were all unaudited, except those of (a) Advantech Technology Co., Ltd. and its subsidiary, Advantech Technology (China) Company Ltd. (AKMC), (b) Advantech Automation Corp. (BVI)'s subsidiaries, Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN) and Yan Hua Xing Ye Electronic (SHHQ) as of and for the six months ended June 30, 2008 and 2007 and Advantech Investment Fund-A Co., Ltd.'s subsidiary, Netstar Technology Co., Ltd., as of and for the six months ended June 30, 2008.

The Company intended to support the operations of Advantech (H.K.) Technology Co., Ltd. in the six months ended June 30, 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 June 30, 2008 and 2007, there were credit balances on this investment of $1,688 thousand and $6,356 thousand, respectively, included in other liability - others.

Movements of the aforementioned difference allocated to goodwill for the six months ended June 30, 2008 and 2007 were as follows:

	Six Months Ended June 30	
	2008	2007
Cost		
Balance, beginning of period	$ 76,944	$ 71,381
Amount recognized on business combinations	33,301	-
Amount derecognized on disposal of a subsidiary	(54)	(527)
Translation adjustment	(313)	1,407
Negative goodwill amortized	41	41
Balance, end of period	$ 109,919	$ 72,302

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 June 30, 2008 and 2007 were $738,849 thousand and $1,269,125 thousand, respectively.

The Company has included all of its direct and indirect subsidiaries in the consolidated financial statements as of and for the six months ended June 30, 2008 and 2007.

9. PROPERTIES

Statement of changes in properties was as follows:

	Six Months Ended June 30, 2008				
	Beginning Balance	Acquisition	Disposal	Reclassifi-cation	Ending Balance
Properties					
Cost					
Land	$ 640,472	$ -	$ -	$ -	$ 640,472
Buildings	844,911	-	-	-	844,911
Machinery and equipment	353,918	13,776	61	14,688	382,321
Furniture and fixtures	103,173	3,586	2,459	-	104,300
Miscellaneous equipment	161,675	15,882	5,760	-	171,797
	2,104,149	$ 33,244	$ 8,280	$ 14,688	2,143,801
Accumulated depreciation					
Buildings	118,896	$ 8,265	$ -	$ -	127,161
Machinery and equipment	217,569	23,102	61	-	240,610
Furniture and fixtures	60,220	9,961	2,376	-	67,805
Miscellaneous equipment	87,050	13,162	3,997	-	96,215
	483,735	$ 54,490	$ 6,434	$ -	531,791
	1,620,414				1,612,010
Prepayments for equipment	398,794	$ 350,298	$ -	$ (20,169)	728,923
	$ 2,019,208				$ 2,340,933

	Six Months Ended June 30, 2007				
	Beginning Balance	Acquisition	Disposal	Reclassifi-cation	Ending Balance
Properties					
Cost					
Land	$ 640,472	$ -	$ -	$ -	$ 640,472
Buildings	844,911	-	-	-	844,911
Machinery and equipment	298,347	39,833	5,334	5,785	338,631
Furniture and fixtures	90,573	7,345	496	200	97,622
Miscellaneous equipment	135,917	21,063	-	3,257	160,237
	2,010,220	$ 68,241	$ 5,830	$ 9,242	2,081,873

(Continued)

	Six Months Ended June 30, 2007				
	Beginning Balance	Acquisition	Disposal	Reclassification	Ending Balance
Accumulated depreciation					
Buildings	$ 102,367	$ 8,265	$ -	$ -	$ 110,632
Machinery and equipment	183,395	19,803	5,334	(1)	197,863
Furniture and fixtures	42,099	9,394	451	(9)	51,033
Miscellaneous equipment	65,096	11,866	-	10	76,972
	392,957	$ 49,328	$ 5,785	$ -	436,500
	1,617,263				1,645,373
Prepayments for equipment	16,387	$ 156,806	$ -	$ (9,242)	163,951
	$ 1,633,650				$ 1,809,324

(Concluded)

10. PENSION PLAN

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 NT$22,533 thousand and NT$22,517 thousand for the six months ended June 30, 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 $2,979 thousand and $1,763 thousand for the six months ended June 30, 2008 and 2007, respectively. As of June 30, 2008 and 2007, the balance of the pension fund was $87,952 thousand and $76,882 thousand, respectively.

11. SHAREHOLDERS' EQUITY

Appropriation of Earnings and Dividend Policy

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. 8% to 20% as bonus to employees;
b. 1% or less as remuneration to directors and supervisors; and
c. Dividends, as proposed by the board of directors.

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

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

For the six months ended June 30, 2008, the bonus to employees and remunerations to directors and supervisors, representing 13% and 1%, respectively, of net income (net of the bonus to employees and remunerations to directors and supervisors), 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. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain shareholders' equity accounts (including unrealized gain or loss on financial instruments and cumulative transaction adjustments) 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 Company on earnings generated since 1998. An imputation credit account (ICA) is maintained by the Company for such income tax and the tax credit allocated to each shareholder. The maximum credit 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 June 12, 2008 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	-	-

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 June 12, 2008, the shareholders approved the board of directors' proposal to distribute stock dividends of $233,688 thousand and stock bonus to employees amounting to $60,000 thousand. The appropriation of earnings for 2007 were approved by the Financial Supervisory Commission under the Executive Yuan of the ROC. The board of directors resolved August 8, 2008 as the date of distributing stock and cash dividends. The Company is applying for the revised license from the MOEA.

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 June 30, 2008.

As of June 30, 2008, there were 2,460 thousand units of stock options exercised, which were converted to 2,460 thousand common shares; thus, the unexercised stock options consisted of 180 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 Period**	**Addition During the Period**	**Reduction During the Period**	**Number of Shares, End of Period**
Six months ended June 30, 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

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:

	Six Months Ended June 30 2008	Six Months Ended June 30 2007
Tax on pretax income at 25% statutory rate	$ 363,900	$ 402,220
Deduct tax effects of:		
Permanent differences		
Tax-exempt income	(142,381)	(125,649)
Other	(13,357)	(15,294)
Temporary differences	25,743	(100,559)

(Continued)

	Six Months Ended June 30 2008	2007
Income tax (10%) on undistributed earnings	$ 25,966	$ 25,081
Investment tax credit	(81,163)	(65,582)
Income tax currently payable	$ 178,708	$ 120,217

b. Income tax expense consisted of the following:

	Six Months Ended June 30 2008	2007
Income tax currently payable	$ 178,708	$ 120,217
Income tax expense - deferred	4,809	75,412
Withholding tax of dividends	1,826	-
	$ 185,343	$ 195,629

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

	Six Months Ended June 30 2008	2007
Balance, beginning of period	$ 188,137	$ 137,883
Income tax currently payable	178,708	120,217
Payment	(64,096)	(71,801)
Balance, end of period	$ 302,749	$ 186,299

d. Net deferred income tax assets (liabilities) as of June 30, 2008 and 2007 were as follows:

	June 30 2008	2007
Current		
Deferred income tax assets		
Allowance for loss on inventories	$ 24,438	$ 30,452
Unrealized product warranty reserve	8,109	9,112
Unrealized foreign exchange loss	1,435	546
Excess provisions for doubtful receivables	-	6,958
Others	5,000	-
Deferred income tax assets, net	$ 38,982	$ 47,068
Noncurrent		
Deferred income tax assets:		
Deferred income	$ 53,327	$ 34,050
Accumulated equity in the net loss of investees	40,444	32,612
Pension cost	26,879	27,737
	120,650	94,399
Valuation allowance	(40,444)	(32,612)
	80,206	61,787
Deferred income tax liabilities:		
Accumulated equity in the net gains of foreign investees	(332,434)	(275,998)
Deferred income tax liabilities, net	$ (252,228)	$ (214,211)

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

e. As of June 30, 2008, the Company's five years exemptions on the income were 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:

	June 30	
	2008	2007
Balance of the imputation credit account (ICA)	$ 333,260	$ 259,071
The balances of unappropriated retained earnings generated before 1997	$ 81,329	$ 81,329

The estimated and actual creditable tax ratios for earnings were 9.64% and 8.18% as of December 31, 2007 and 2006, respectively. The creditable tax ratio should be based on the ICA balance on the date of dividend distribution. Thus, the estimated creditable ratio for 2007 earnings may differ from the actual ratio depending on the ICA balance on the dividend distribution date.

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 July 29, 2008, the date of the accompanying auditors' report, the reexamination was in progress. Nevertheless, the Company recognized the payable on this case.

14. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	Six Months Ended June 30					
	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	$ 119,154	$ 449,495	$ 568,649	$ 118,096	$ 331,478	$ 449,574
Insurance	10,329	22,353	32,682	9,709	24,307	34,016
Pension	7,920	17,592	25,512	6,303	17,977	24,280
Others	10,505	22,258	32,763	10,244	18,902	29,146
Depreciation	19,365	35,125	54,490	18,498	30,830	49,328
Amortization	333	23,049	23,382	306	19,530	19,836
	$ 167,606	$ 569,872	$ 737,478	$ 163,156	$ 443,024	$ 606,180

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
Six months ended June 30, 2008					
Basic EPS	$ 1,455,639	$ 1,270,296	471,050	$ 3.09	$ 2.70
Impact of dilutive potential common stock					
Employees' stock options	-	-	197		
Bonuses to employees	-	-	2,384		
Diluted EPS	$ 1,455,639	$ 1,270,296	473,631	$ 3.07	$ 2.68
Six months ended June 30, 2007					
Basic EPS	$ 1,608,918	$ 1,413,289	490,832	$ 3.28	$ 2.88
Impact of dilutive potential common stock					
Employees' stock options	-	-	947		
Diluted EPS	$ 1,608,918	$ 1,413,289	491,779	$ 3.27	$ 2.87

The Company presumes that the bonus to employees will be settled in shares and the resulting potential shares will 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 amount of bonus by the closing price of the shares as of the balance sheet date. The dilutive effect of the shares needs to be considered until the shareholders resolve the number of shares to be distributed to employees in their meeting in the following year.

The EPS was retroactively adjusted for the stock dividends declared. Thus, for the six months ended June 30, 2008, pretax and after-tax basic EPS decreased from NT$3.47 to NT$3.28 and from NT$3.05 to NT$2.88, respectively, and pretax and after-tax diluted EPS decreased from NT$3.46 to NT$3.27 and from NT$3.04 to NT$2.87, respectively.

The numerators and denominators used in calculating pro forma EPS, which were adjusted for stock dividends with an ex-dividend date after the issuance date of financial statements, were as follows:

	Amount (Numerator)		Shares (Denominator)	Earnings Per Share	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
Six months ended June 30, 2008					
Basic EPS	$ 1,455,639	$ 1,270,296	500,024	$ 2.91	$ 2.54
Impact of dilutive potential common stock					
Employees' stock options	-	-	209		
Bonuses to employees	-	-	2,531		
Diluted EPS	$ 1,455,639	$ 1,270,296	502,764	$ 2.90	$ 2.53

	Amount (Numerator)		Shares (Denominator)	Earnings Per Share	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
Six months ended June 30, 2007					
Basic EPS	$ 1,608,918	$ 1,413,289	521,023	$ 3.09	$ 2.71
Impact of dilutive potential common stock					
Employees' stock options	-	-	1,005		
Diluted EPS	$ 1,608,918	$ 1,413,289	522,028	$ 3.08	$ 2.71

16. RELATED-PARTY TRANSACTIONS

a. Related parties

	Relationship with the Company
Advantech Investment Fund-A Co., Ltd. (Advantech Fund-A)	Equity-method investee
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
Viewsys Technology Co., Ltd. (Viewsys)	Equity-method investee (liquidated in September 2007)
Advantech Europe GmbH (ADL)	Equity-method investee of AEU
Advantech Europe B.V. (AESC)	Equity-method investee of AEU
Advantech Poland Sp. z o.o. (APL)	Equity-method investee of AEU
Advantech Automation Corp. (H.K.) Limited (AAC (HK))	Equity-method investee of AAC (BVI)
Advantech (H.K.) Technology Co., Ltd. (ATC (HK))	Equity-method investee of ATC
Advantech Technology (China) Company Ltd. (AKMC)	Equity-method investee of ATC (HK)
Advantech Electronic Technology (Dongguan) Co., Ltd. (ADMC)	Equity-method investee of AYS
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 (HK)
Yan Hua Xing Ye Electronic (SHHQ)	Equity-method investee of AAC (HK)
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

(Continued)

	Relationship with the Company
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 Brazil S/A (ABR)	Substance related party
Avalue Technology Inc.	The Company's chairman is the Avalue Technology Inc.'s director
Mr. Peter Marek	Manager of ADL
Mr. Stavors Kostelidis	Manager of ADL

(Concluded)

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

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

	2008		2007	
For the six months ended June 30	Amount	% of Total	Amount	% of Total
1) Sales				
AC	$ 1,468,927	24	$ 1,195,242	23
ACN	1,311,344	21	819,452	17
AESC	1,083,417	18	914,234	19
AJP	141,946	2	124,400	2
AKR	134,927	2	164,655	2
AAU	70,993	1	61,587	1
ASG	55,785	1	53,502	1
ABR	45,407	1	-	-
AMY	16,905	-	36,075	-
AKMC	15,227	-	16,358	-
ATH	14,306	-	12,442	-
Axiomtek	6,023	-	3,562	-
APL	4,991	-	-	-
Advansus Corp.	3,938	-	6,104	-
Broadwin	2,637	-	-	-
SHHQ	-	-	217,990	4
Others	46	-	7,750	-
	$ 4,376,819	70	$ 3,633,353	69

	2008 Amount	2008 % of Total	2007 Amount	2007 % of Total
2) Purchase of materials and supplies				
ATC	$ 1,834,303	41	$ 1,509,978	43
Advansus Corp.	283,129	6	192,144	6
AYS	265,229	6	-	-
AC	14,873	-	10,118	-
Jan Hsiang	11,353	-	-	-
Netstar	10,393	-	-	-
ASG	3,643	-	-	-
ACN	3,058	-	-	-
AESC	897	-	13,836	-
Others	1,717	-	3,941	-
	$ 2,428,595	53	$ 1,730,017	49
3) Royalty revenue for patent (part of nonoperating income)				
ATC	$ 92,087	12	$ 75,906	9
4) Rental revenues (part of nonoperating income)				
Advansus Corp.	1,810	-	1,410	-
BCM	205	-	-	-
AIMS	150	-	130	-
Advantech Fund-A	18	-	18	-
	2,183	-	1,558	-
	$ 94,270	12	$ 77,464	10
As of June 30				
5) Receivables				
Accounts				
AESC	$ 714,817	32	$ 652,445	34
ACN	605,867	28	355,635	19
AC	247,905	11	438,230	23
AKMC	65,584	3	101,253	5
AJP	49,059	2	76,766	4
AKR	30,234	2	39,795	2
APL	28,848	1	15,512	1
AAU	25,290	1	11,895	1
ABR	20,772	1	-	-
ASG	11,642	1	17,775	1
AMY	7,460	-	22,769	1
SHHQ	4,484	-	67,106	4
Broadwin	2,690	-	-	-

	2008 Amount	2008 % of Total	2007 Amount	2007 % of Total
Axiomtek	$ 2,252	-	$ 1,994	-
ATH	1,357	-	998	-
Advansus Corp.	1,007	-	-	-
ADMC	755	-	-	-
AHG	-	-	682	-
Others	44	-	62	-
	1,820,067	82	1,802,917	95
Dividends				
Axiomtek	64,415	3	77,542	4
ATC	300,000	13	-	-
	364,415	16	77,542	4
Other receivables				
ATC	25,965	2	-	-
AESC	7,020	-	269	-
AC	6,763	-	342	-
Advansus Corp.	662	-	273	-
ADL	484	-	3,036	-
AKMC	44	-	14,164	1
Others	561	-	790	-
	41,499	2	18,874	1
	$ 2,225,981	100	$ 1,899,333	100

6) Payables

	2008 Amount	2008 % of Total	2007 Amount	2007 % of Total
Accounts				
ATC	$ 653,206	76	$ 477,888	95
AYS	144,032	17	-	-
Advansus Corp.	55,045	6	10,248	2
AC	3,026	-	7,923	2
ASG	3,584	1	1,426	-
Netstar	2,683	-	1,959	-
Jan Hsiang	1,981	-	2,466	1
AESC	248	-	1,000	-
ADL	61	-	884	-
Others	1,079	-	1,324	-
	$ 864,945	100	$ 505,118	100

c. Securities transactions

The Company bought AEU shares from managers of ADL, Mr. Peter Marek and Mr. Stavors Kostelidis, in June 2008. The related transaction is summarized as follows:

	Common Stock Issuer	Shares	Cost
June 2008	AEU	50,000	$ 23,141
June 2008	AEU	25,000	$ 11,571

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 JUNE 30, 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 six months ended June 30, 2007.

18. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

a. As of June 30, 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 June 30, 2008, the Company had paid $720,584 thousand (tax included).

19. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	June 30			
	2008		**2007**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Nonderivative financial instruments				
Assets				
Available-for-sale financial assets - current	$ 1,463,015	$ 1,463,015	$ 1,652,264	$ 1,652,264
Available-for-sale financial assets - noncurrent	3,432,473	3,432,473	3,950,608	3,950,608
Derivative financial instruments location				
Financial assets at fair value through profit or loss - current				
Foreign (foreign corporation operating in domestic district included)	116	116	911	911
Financial liabilities at fair value through profit or loss - current				
Domestic	112	112	-	-
Foreign (foreign corporation operating in domestic district included)	1,433	1,433	81	81

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, 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:

	Based on the Quoted Market Price		Determined Using Valuation Techniques	
	June 30		June 30	
	2008	2007	2008	2007
Asset				
Financial assets at fair value through profit or loss - current	$ -	$ -	$ 116	$ 911
Available-for-sale financial assets - current	1,463,015	1,652,264	-	-
Available-for-sale financial assets - noncurrent	3,432,473	3,950,608	-	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	1,545	81

d. As of June 30, 2008 and 2007, financial assets exposed to fair value interest rate risk amounted to \$519,144 thousand and \$2,030,053 thousand, respectively, and financial assets exposed to cash flow interest rate risk amounted to \$92,421 thousand and \$279,178 thousand, respectively.

e. The Company recognized an unrealized losses of \$615,099 thousand and \$29,316 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets for the six months ended June 30, 2008 and 2007, respectively. The Company also recognized an unrealized gains of \$2,058 thousand and an unrealized losses of \$2,245 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, 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 June 30, 2008, accumulated inward remittance of earnings as of June 30, 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 1, 2, 5 and 6.

TABLE 1

ADVANTECH CO., LTD. AND INVESTEES

FINANCING PROVIDED
SIX MONTHS ENDED JUNE 30, 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 (former name: AEBC)	Receivables from related parties	$ 11,988 (EUR 250 thousand)	$ 11,988 (EUR 250 thousand)	2.50%	Short-term financing	$ -	Financing need	$ -	-	$ -	$ 43,996 (Note B)	$ 87,992 (Note C)
2	AESC	AEU	Receivables from related parties	12,467 (EUR 260 thousand)	12,467 (EUR 260 thousand)	2.50%	Short-term financing	-	Financing need	-	-	-	15,242 (Note D)	30,484 (Note E)
3	AKMC	ACN	Receivables from related parties	208 (RMB 47 thousand)	49 (RMB 11 thousand)	3.00%	Short-term financing	-	Financing need	-	-	-	132,900 (Note I)	132,900 (Note I)
4	SHHQ	ACN	Receivables from related parties	48,681 (RMB 10,989 thousand)	48,681 (RMB 10,989 thousand)	3.00%	Short-term financing	-	Financing need	-	-	-	132,900 (Note I)	132,900 (Note I)
5	ACN	AKMC	Receivables from related parties	66,450 (RMB 15,000 thousand)	-	3.50%	Short-term financing	-	Financing need	-	-	-	132,900 (Note I)	132,900 (Note I)
6	Netstar Technology Co., Ltd.	Netstar Electronics Co., Ltd.	Receivables from related parties	132,029	98,599	-	Service intercourse	Purchase 160,155	Service intercourse	-	-	-	160,155 (Note F)	160,155 (Note F)
7	Netstar Technology Co., Ltd.	LANSONIC (BVI)	Receivables from related parties	3,533	-	-	Short-term financing	-	Financing need	-	-	-	24,297 (Note G)	48,594 (Note H)

Notes:
A. The exchange rate was EUR1.00=NT$47.95; RMB1.00=4.43.

B. 15% of the net asset value of AEU.

C. 30% of the net asset value of AEU.

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

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

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

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

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

I. For more efficient use of capital among subsidiaries in Mainland China, the maximum amount of financing that can be provided by the financier is RMB3,000 thousand and ACN do the overall planning on the capital by Citibank account.

TABLE 2

ADVANTECH CO., LTD. AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 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	$ 722,943 (Note A)	$ 303,400 (US$10,000 thousand)	$ 303,400 (US$10,000 thousand)	$ -	2.57%	$ 1,445,886 (Note B)
1	SHHQ	AKMC	Indirect subsidiary	722,943 (Note A)	23,847 (US$ 786 thousand)	23,847 (US$ 786 thousand)	-	0.20%	1,445,886 (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$30.34.

ADVANTECH CO., LTD. AND INVESTEES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS
JUNE 30, 2008
(In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008 Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	Note
Advantech Co., Ltd.	Stock							
(the "Company")	AAC (BVI)	Investee	Long-term equity investments	24,606,500	$ 1,566,570	100.00	$ 1,566,570	Note A
	ATC	"	"	19,450,000	913,069	100.00	913,069	Note A
	Advantech Fund-A	"	"	70,000,000	615,649	100.00	615,649	Note A
	AEU	"	"	9,572,024	373,037	100.00	373,037	Note A
	Axiomtek	"	"	20,926,963	319,873	28.73	319,873	Note A
	Advansus Corp.	"	"	30,000,000	291,641	50.00	291,641	Note A
	AKR	"	"	3,112,131	126,346	23.89	126,346	Note A
	AAU	"	"	500,204	118,807	100.00	118,807	Note A
	AYS	"	"	12,300,000	115,318	100.00	115,318	Note A
	AJP	"	"	1,200	113,222	100.00	113,222	Note A
	ASG	"	"	1,450,000	112,773	100.00	112,773	Note A
	AMY	"	"	2,000,000	39,609	100.00	39,609	Note A
	AHG	"	"	30	15,142	30.00	15,142	Note A
	AIMS	"	"	500,000	5,937	100.00	5,937	Note A
	AHK	"	Other liability - others	999,999	(1,688)	100.00	(1,688)	Notes A and D
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	41,555,357	3,432,473	1.11	3,432,473	Note C
	Fund							
	Capital Income Fund	-	Available for sale financial assets - current	7,089,420.30	108,128	-	108,128	Note B
	Fuh-Hwa Bond Fund	-	"	21,999,386.50	300,529	-	300,529	Note B
	James Bond Fund	-	"	17,345,382.20	274,127	-	274,127	Note B
	Prudential Bond Fund	-	"	23,233,465.10	298,136	-	298,136	Note B
	NITC Taiwan Bond Fund	-	"	21,583,459.30	311,555	-	311,555	Note B
	ING Taiwan Income Fund	-	"	10,512,563.05	170,540	-	170,540	Note B
Advantech Fund-A	Stock							
	Timson Tech Co. (TTC)	Investee	Long-term equity investments	270,000	7,244	30.00	7,244	Note A
	Netstar Technology Co., Ltd.	"	"	16,897,511	159,690	67.59	159,690	Note A
	BCM Embedded Computer Inc.	"	"	2,000,000	14,721	100.00	14,721	Note A
	Broadwin Technology, Inc.	"	"	6,652,210	101,190	70.28	101,190	Note A
	Superior Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	913,470	33,441	12.93	33,441	-
	COBAN Research and Technologies, Inc.	-	"	600,000	33,257	7.00	33,257	-
	Avalue Technology Inc.	-	"	3,000,000	96,137	9.29	96,137	-
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	204,000	16,014	-	16,014	Note C

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Fund							
	Capital Income Fund	-	Available for sale financial assets - current	327,825.80	$ 5,000	-	$ 5,000	Note B
	NITC Taiwan Bond Fund	-	"	10,283,296.30	148,400	-	148,400	Note B
Advansus Corp.	Fund							
	NITC Taiwan Bond Fund	-	"	5,402,003.40	77,977	-	77,977	Note B
	Capital Income Fund	-	"	4,994,538.10	76,177	-	76,177	Note B
AIMS	Fund							
	JIH SUN Bond Fund	-	"	144,413.16	2,014	-	2,014	Note B
TTC	Shares							
	Kunshan Timson Tech Co., Ltd.	Investee	Long-term equity investments	-	25,940	30.00	25,940	Note A
ATC	Shares							
	ATC (HK)	"	"	16,350,000	793,080	100.00	793,080	Note A
ATC (HK)	Shares							
	AKMC	"	"	-	793,080	100.00	793,080	Note A
AYS	Shares							
	ADMC	"	"	-	59,913	100.00	59,913	Note A
AAC (BVI)	Stock							
	AC	"	"	10,952,606	891,769	100.00	891,769	Note A
	AAC (HK)	"	"	7,230,000	673,515	100.00	673,515	Note A
AAC (HK)	Shares							
	ACN	"	"	-	575,552	100.00	575,552	Note A
	SHHQ	"	"	-	97,963	100.00	97,963	Note A
ACN	Shares							
	Hangzhou Advantofine Automation Co., Ltd.	"	"	-	4,840	50.00	4,840	Note A
AEU	Stock							
	AESC	"	"	8,314,280	101,631	100.00	101,631	Note A
	ADL	"	Other liability - others	1,142,000	(1,510)	100.00	(1,510)	Notes A and D
	APL	"	Long-term equity investments	6,350	28,847	92.88	28,847	Note A
ASG	Stock							
	ATH	"	"	30,000	5,511	30.00	5,511	Note A
	APN	"	"	570,570	7,903	55.00	7,903	Note A
	AKL	"	"	418,000	3,690	55.00	3,690	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2008				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Netstar Technology Co., Ltd.	Stock							
	LANSONIC (BVI)	Investee	Other liability-others	3,527,529	$ (61,366)	94.83	$ (61,366)	Notes A and D
	Jan Hsiang Electronics Co., Ltd.	”	Long-term equity investments	1,520,000	13,166	76.00	13,166	Note A
	Lantech Communications Inc.	”	Other liability-others	1,159,500	-	77.30	-	Notes A and D
BCM Embedded Computer Inc.	Fund							
	Capital Income Fund	-	Available for sale financial assets - current	539,560.30	8,229	-	8,229	Note B
Broadwin Technology, Inc.	Fund							
	Capital Income Fund	-	”	3,341,112.70	50,617	-	50,617	Note A
	Stock							
	Broadwin Technology Inc.	Investee	Long-term equity investments	5,424,300	18,221	100.00	18,221	Note A
LANSONIC (BVI)	Shares							
	Netstar Electronics Corporation	”	Other liability-others	-	(136,415)	100.00	(136,415)	Notes A and D

Note A: The financial statements used as basis of net asset values were all unaudited, except those of ATC, ACN, AKMC, SHHQ, and Netstar Technology Co., Ltd. and its subsidiaries.

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 June 30, 2008.

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

(Concluded)

TABLE 4

ADVANTECH CO., LTD. AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2008
(In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Name/Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Advantech Co., Ltd. (the "Company")	Fund													
	Capital Income Fund	Available for sale financial assets - current	-	-	16,373,844.40	$ 247,671	25,836,269.60	$ 393,508	35,120,693.70	$ 534,050	$ 533,071	$ 979	7,089,420.30	$ 108,128
	Fuh-Hwa Bond Fund	"	-	-	-	-	68,781,210.10	937,089	46,781,823.60	637,789	636,560	1,229	21,999,386.50	300,529
	James Bond Fund	"	-	-	-	-	78,333,375.90	1,233,870	60,987,993.70	961,620	959,743	1,877	17,345,382.20	274,127
	Prudential Bond Fund	"	-	-	22,055,731.70	280,602	55,508,624.30	710,646	54,330,890.90	695,487	693,112	2,375	23,233,465.10	298,136
	Mega Diamond Bond Fund	"	-	-	16,743,993.45	195,746	7,939,859.76	92,880	24,683,853.21	289,165	288,626	539	-	-
	NITC Taiwan Bond Fund	"	-	-	8,357,665.30	119,628	75,993,857.70	1,094,354	62,768,063.70	903,760	902,485	1,275	21,583,459.30	311,555
	ING Taiwan Income Fund	"	-	-	7,903,346.71	127,120	42,694,333.97	690,735	40,085,117.63	648,493	647,326	1,167	10,512,563.05	170,540
	Stock													
	Advantech Fund-A	Long-term equity investments	-	Subsidiary	50,000,000.00	414,083	20,000,000.00	200,000 (Note A)	-	-	-	-	70,000,000.00	615,649
	ATC	"	-	"	13,450,000.00	981,854	6,000,000.00	185,040 (Note A)	-	-	-	-	19,450,000.00	913,069
	Advansus Corp.	"	-	Investee	50,000,000.00	981,854	-	-	20,000,000.00	200,000 (Note B)	200,000 (Note B)	-	30,000,000.00	291,641
Advantech Fund-A	Fund													
	Capital Income Fund	Available for sale financial assets - current	-	-	7,320,151.50	110,449	327,825.80	5,000	7,320,151.50	110,886	110,449	437	327,825.80	5,000
	NITC Taiwan Bond Fund	"	-	-	-	-	17,955,912.70	258,400	7,672,616.40	110,340	110,000	340	10,283,296.30	148,400
Advansus Corp.	Fund													
	Capital Income Fund	"	-	-	24,940,897.50	377,241	33,594,317.40	510,711	53,540,676.80	813,802	811,775	2,027	4,994,538.10	76,177
	NITC Taiwan Bond Fund	"	-	-	1,217,909.60	17,436	20,723,900.50	298,408	16,539,806.70	238,208	237,867	341	5,402,003.40	77,977

Note A: Issuance of common stock for cash to investees.

Note B: Proceeds of the investees' return of capital in cash.

TABLE 5

ADVANTECH CO., LTD. AND INVESTEES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 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	$ 1,834,303	41	Set for 60 days a month	$ -	-	$ (653,206)	50	
	AC	Indirect subsidiary	Sale	(1,468,927)	(24)	Set for 45 days a month	-	-	247,905	9	
	AESC	Indirect subsidiary	Sale	(1,083,417)	(18)	Set for 45 days a month	-	-	714,817	25	
	ACN	Indirect subsidiary	Sale	(1,311,344)	(21)	Set for 45 days a month	-	-	605,867	21	
	Advansus Corp.	Subsidiary	Purchase	283,129	6	Set for 30 days a month	-	-	(55,045)	4	
	AYS	Subsidiary	Purchase	265,229	6	Set for 30 days a month	-	-	(144,032)	11	
	AKR	Investee	Sale	(134,927)	(2)	Set for 45 days a month	-	-	30,234	1	
	AJP	Subsidiary	Sale	(141,946)	(2)	Set for 45 days a month	-	-	49,059	2	
ATC	Advantech Co., Ltd.	Parent company	Sale	(1,834,303)	(100)	Set for 60 days a month	-	-	653,206	97	
AC	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,468,927	83	Set for 45 days a month	-	-	(247,905)	(78)	
AESC	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,083,417	77	Set for 45 days a month	-	-	(714,817)	(96)	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,311,344	83	Set for 45 days a month	-	-	(605,867)	(92)	
Advansus Corp.	Advantech Co., Ltd.	Parent company	Sale	(283,129)	(30)	Set for 30 days a month	-	-	55,045	20	
AYS	Advantech Co., Ltd.	Parent company	Sale	(265,229)	(100)	Set for 30 days a month	-	-	144,032	100	
AKR	Advantech Co., Ltd.	Parent company	Purchase	134,927	31	Set for 45 days a month	-	-	(30,234)	(30)	
AJP	Advantech Co., Ltd.	Parent company	Purchase	141,946	87	Set for 45 days a month	-	-	(49,059)	(100)	
SHHQ	ACN	Related enterprise	Purchase	248,206	92	Set for 30 days a month	-	-	(55,504)	(94)	
ATC	AKMC	Subsidiary	Purchase	1,483,191	100	Set for 30 days a month	-	-	(237,880)	(44)	
AYS	ADMC	Subsidiary	Purchase	233,277	100	Set for 30 days after a month	-	-	(89,556)	(100)	
ACN	SHHQ	Related enterprise	Sale	(248,206)	(13)	Set for 30 days a month	-	-	55,504	10	
AKMC	ATC	Parent company	Sale	(1,483,191)	(97)	Set for 30 days a month	-	-	237,880	93	
ADMC	AYS	Parent company	Sale	(233,277)	(100)	Set for 30 days after a month	-	-	89,556	83	
Netstar Technology Co., Ltd.	Netstar Electronics Corporation	Subsidiary	Purchase	160,155	98	Set for 30 days a month	-	-	-	-	

ADVANTECH CO., LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 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	$ 714,817	3.16	$ -	-	$ -	$ -
	AC	Indirect subsidiary	247,905	7.72	-	-	244,984	-
	ACN	Indirect subsidiary	605,867	5.07	-	-	132,853	-
ATC	Advantech Co., Ltd.	Parent company	653,206	5.38	-	-	351,103	-
AYS	Advantech Co., Ltd.	Parent company	144,032	4.16	-	-	42,082	-
AKMC	ATC	Indirect subsidiary	237,880	15.35	-	-	703,420	-

TABLE 7

ADVANTECH CO., LTD. AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2008
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				June 30, 2008	Dec. 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	$ 1,566,570	$ 202,143	$ 202,143	Subsidiary
	ATC	BVI	Sale of industrial automation products	612,821	427,781	19,450,000	100.00	913,069	237,955	237,955	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	300,000	500,000	30,000,000	50.00	291,641	21,619	14,880	Equity-method investee
	AEU	Helmond, the Netherlands	Investment holding company	426,930	392,218	9,572,024	100.00	373,037	(69,311)	(69,311)	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	General investment	700,000	500,000	70,000,000	100.00	615,649	515	515	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	269,222	270,611	20,926,963	28.73	319,873	101,131	37,735	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	32,989	32,989	3,112,131	23.89	126,346	(84,360)	(20,938)	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	112,773	283	283	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	118,807	6,574	6,574	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	113,222	11,272	11,272	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	51,662	51,662	12,300,000	100.00	115,318	40,337	40,337	Subsidiary
	AMY	Kuala Lumpur, Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	39,609	(830)	(830)	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	15,142	1,881	564	Equity-method investee
	AIMS	Taipei, Taiwan	Investment and management service	5,000	5,000	500,000	100.00	5,937	298	298	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(1,688)	6,853	6,853	Subsidiary (Note A)
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei	Production and sale of industrial automation products	212,272	206,860	16,897,511	67.59	159,690	1,188	803	Indirect subsidiary
	TTC	Brunei	Investment holding company	8,323	8,323	270,000	30.00	7,244	-	-	Equity-method investee
	BCM Embedded Computer Inc.	Taipei	Telecommunications equipment and electronic parts manufacturing	20,500	10,000	2,000,000	100.00	14,721	(6,994)	(3,497)	Indirect subsidiary
	Broadwin Technology, Inc.	Taipei, Taiwan	Assembly and production of computers	99,783	-	6,652,210	70.28	101,190	2,001	1,407	Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	409,393	-	16,350,000	100.00	793,080	2,926	2,926	Indirect subsidiary (Note C)
	AKMC	Kunshan, China	Production and sale of components of industrial automation products	-	409,393	-	100.00	-	10,390	10,390	Indirect subsidiary (Note C)
ATC (HK)	AKMC	Kunshan, China	Production and sale of components of industrial automation products	409,393	-	-	100.00	793,080	2,926	2,926	Indirect subsidiary (Note C)
AYS	ADMC	Guangzhou, China	Production and sale of components of industrial automation products	51,662	51,662	-	100.00	59,913	8,078	8,078	Indirect subsidiary
Timson Tech Co. (TTC)	Kunshan Timson Tech Co., Ltd.	Kunshan, China	Processes and sale of peripherals	30,222	30,222	-	30.00	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	891,769	43,825	43,825	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	282,106	-	7,230,000	100.00	673,515	-	-	Indirect subsidiary (Note D)
	ACN	Beijing, China	Sale of industrial automation products	-	185,356	-	100.00	-	161,065	161,065	Indirect subsidiary (Note D)
	SHHQ	Shanghai, China	Sale of industrial automation products		96,750	-	100.00	-	(6,473)	(6,473)	Indirect subsidiary (Note D)
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	185,356	-	-	100.00	575,552	-	-	Indirect subsidiary (Note D)
	SHHQ	Shanghai, China	Sale of industrial automation products	96,750	-	-	100.00	97,963	-	-	Indirect subsidiary (Note D)
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processes and sale of peripherals	6,660	6,660	-	50.00	4,840	(3,107)	(1,553)	Equity-method investee

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				June 30, 2008	Dec. 31, 2007	Shares	Percentage of Ownership	Carrying Value			
AEU	AESC	Eindhoven, the Netherlands	Sale of industrial automation products	$ 90,450	$ 90,450	8,314,280	100.00	$ 101,631	$ (27,807)	$ (27,807)	Indirect subsidiary
	ADL	Munich, Germany	Sale of industrial automation products	46,028	46,028	1,142,000	100.00	(1,510)	(34,402)	(34,402)	Indirect subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	10,285	10,285	6,350	92.89	28,847	(7,472)	(6,627)	Indirect subsidiary
ASG	APN	Penang, Malaysia	Sale of industrial automation products	8,181	8,181	570,570	55.00	7,903	-	-	Indirect subsidiary
	ATH	Thailand	Production of computers	2,495	2,495	30,000	30.00	5,511	1,657	497	Indirect subsidiary
	AKL	Kuala Lumpur, Malaysia	Sale of industrial automation products	7,264	7,264	418,000	55.00	3,690	35	19	Indirect subsidiary
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei	Electronic parts and components manufacturing	11,500	14,950	1,520,000	76.00	13,166	1,347	1,347	Indirect subsidiary
	Supercom Technology Corporation	Taipei	Telecommunication equipment and electronic parts manufacturing	-	16,250	-	-	-	(5,944)	(1,981)	Equity-method investee
	Lantech Communications Inc.	Taipei	Retail sale of electronic materials	11,595	11,595	1,159,500	77.30	-	-	-	Indirect subsidiary
	LANSONIC (BVI)	Akara Building 24DeCastro Street, Wickhams Cay I, Road fown Tortola, British Virgin Islands	General investment	101,188	101,188	3,527,529	94.83	(61,366)	8,939	8,939	Indirect subsidiary
LANSONIC (BVI)	Netstar Electronics Corporation (Dongguan)	Guangzhou, China	Network and UPS product manufacture business	HK$ 2,935	HK$ 2,935	-	100.00	HK$ (35,059)	HK$ 3,037	HK$ 2,228	Indirect subsidiary
Broadwin Technology, Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of webaccess software	22,491	22,491	5,424,300	100.00	18,221	(975)	(975)	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 unaudited, except those of ATC, ACN, AKMC, SHHQ, and Netstar Technology Co., Ltd. and its subsidiaries.

Note C: AKMC was restructed and became a subsidiary of ATC (HK) in June 2008.

Note D: ACN and SHHQ were restructed and became subsidiaries of AAC (HK) in June 2008.

(Concluded)

ADVANTECH CO., LTD. AND INVESTEES

INVESTMENTS IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 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 June 30, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of June 30, 2008	Accumulated Inward Remittance of Earnings as of June 30, 2008
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$16,350 thousand	Indirect	$ 364,080 (US$ 12,000 thousand)	$ 182,040 (US$ 6,000 thousand)	$ -	$ 546,120 (US$ 18,000 thousand)	100%	$ 13,316	$ 793,080	$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US$3,000 thousand	Indirect	91,020 (US$ 3,000 thousand)	-	-	91,020 (US$ 3,000 thousand)	100%	(6,473)	97,963	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$4,230 thousand	Indirect	161,773 (US$ 5,332 thousand)	-	-	161,773 (US$ 5,332 thousand)	100%	161,065	575,552	-
Advantech Electronic Technology (Dongguan) Co., Ltd.	Production and sale of industrial automation products	US$1,400 thousand	Indirect	(Note C)	-	-	(Note C)	100%	8,078	59,913	-

Accumulated Investment in Mainland China as of June 30, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$804,981 (US$26,532 thousand) (Note D)	$1,714,210 (US$56,500 thousand)	$3,862,834

Note A: The financial statements used as basis for calculating investment gain (loss) were all unaudited, financial statements, except those of AKMC, SHHQ and ACN.

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 18 to the financial statements and Tables 1, 2, 5 and 6.

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

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

Note E: The exchange rate was US$1.00=NT$30.34.