Advantech Co., Ltd.

Financial Statements for the
Three Months Ended March 31, 2010 and 2009 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying balance sheets of Advantech Co., Ltd. as of March 31, 2010 and 2009, and the related statements of income and cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

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

As stated in Note 8 to the financial statements, Advantech Co., Ltd. had investments accounted for by the equity method. As of March 31, 2010 and 2009, these investments had carrying values of NT$6,607,931 thousand and NT$5,546,356 thousand, respectively. As of March 31, 2010 and 2009, the negative carrying values of these investments, recorded as part of other liabilities, were NT$7,734 thousand and NT$5,315 thousand, respectively. The net investment gains of NT$151,841 thousand and NT$77,223 thousand in the three months ended March 31, 2010 and 2009, respectively, as well as additional disclosures in Note 19 required by the Securities and Futures Bureau for the Company and its investees were based on the inveestees' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except for any adjustments that might have been determined to be necessary had the investees' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the financial statements of Advantech Co., Ltd. as of and for the three months ended March 31, 2010 and 2009 for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the accompanying financial statements, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 10 - "Inventories" on January 1, 2009.

We have reviewed the consolidated financial statements of the Company and its subsidiaries as of and for the three months ended March 31, 2010 and 2009 and have issued an accountants' review report thereon dated April 19, 2010 (not presented herewith) with an explanatory paragraph.

April 19, 2010

Notice to Readers

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

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

ADVANTECH CO., LTD.

BALANCE SHEETS
MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2010		2009	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 4)	$ 848,471	5	$ 1,747,744	12
Financial assets at fair value through profit or loss (Notes 2, 5 and 18)	14,948	-	1,072	-
Notes receivable (Note 2)	25,750	-	16,831	-
Accounts receivable, net of allowance for doubtful accounts of $16,218 thousand in 2010 and $17,698 thousand in 2009 (Note 2)	548,134	3	464,303	3
Accounts receivable from related parties (Notes 2 and 16)	1,712,978	11	1,353,158	10
Other receivable	42,273	-	27,114	-
Other receivable from related parties (Note 16)	26,682	-	147,650	1
Inventories, net (Notes 2 and 7)	1,037,591	7	878,395	6
Deferred income tax assets - current (Notes 2 and 13)	28,223	-	31,953	-
Prepayments and other current assets	91,543	1	121,483	1
Total current assets	4,376,593	27	4,789,703	33
LONG-TERM FUNDS AND INVESTMENTS				
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 18)	2,698,857	16	1,692,944	12
Investments accounted for by the equity method (Notes 2 and 8)	6,607,931	41	5,546,356	38
Total long-term funds and investments	9,306,788	57	7,239,300	50
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 9)				
Cost				
Land	1,113,352	7	1,113,352	8
Buildings	1,182,812	7	1,090,516	7
Machinery and equipment	412,808	3	391,467	3
Furniture and fixtures	104,080	1	117,375	1
Other equipment	199,715	1	174,500	1
Total cost	3,012,767	19	2,887,210	20
Less: Accumulated depreciation	651,514	4	577,289	4
	2,361,253	15	2,309,921	16
Construction in progress and prepayment for equipment	6,327	-	94,154	-
Property, plant and equipment	2,367,580	15	2,404,075	16
OTHER ASSETS				
Refundable deposits	6,819	-	2,830	-
Deferred expense, net (Note 2)	111,617	1	128,749	1
Total other assets	118,436	1	131,579	1
TOTAL	$ 16,169,397	100	$ 14,564,657	100

	2010		2009	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 18)	1,084	-	3,766	-
Accounts payable	513,416	3	231,122	2
Accounts payable to related parties (Note 16)	1,040,008	7	711,920	5
Income tax payable (Notes 2 and 13)	188,386	1	294,365	2
Accrued expenses (Note 11)	598,966	4	661,294	4
Advance receipts and other current liabilities (Note 16)	63,169	-	135,794	1
Total current liabilities	2,405,029	15	2,038,261	14
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 10)	103,243	1	105,390	1
Deferred income tax liabilities - noncurrent (Notes 2 and 13)	314,244	2	244,878	2
Deferred credits (Note 2)	183,211	1	196,398	1
Others (Notes 2 and 8)	7,734	-	5,315	-
Total other liabilities	608,432	4	551,981	4
Total liabilities	3,013,461	19	2,590,242	18
SHAREHOLDERS' EQUITY (Notes 2, 11 and 12)				
Capital stock, NT$10.00 par value				
Authorized - 600,000 thousand shares				
Issued and outstanding - 516,134 thousand shares in 2010 and 511,366 thousand shares in 2009	5,161,337	32	5,113,658	35
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	4,376,041	27	4,295,859	30
From treasury stock	13,612	-	13,612	-
From long-term equity investments	59,911	-	59,771	-
Employee stock options	21,249	-	-	-
Total capital surplus	4,470,813	27	4,369,242	30
Retained earnings				
Legal reserve	1,927,459	12	1,673,104	11
Special reserve	1,135,596	7	-	-
Unappropriated earnings	2,255,755	14	3,284,198	23
Total retained earnings	5,318,810	33	4,957,302	34
Others				
Cumulative translation adjustments	178,649	1	414,265	3
Net loss not recognized as pension cost	(2,353)	-	-	-
Unrealized valuation loss on financial instruments	(585,622)	(4)	(1,494,354)	(10)
Treasury stock - 14,500 thousand shares	(1,385,698)	(8)	(1,385,698)	(10)
Total other equity	(1,795,024)	(11)	(2,465,787)	(17)
Total shareholders' equity	13,155,936	81	11,974,415	82
TOTAL	$ 16,169,397	100	$ 14,564,657	100

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

(With Deloitte & Touche review report dated April 19, 2010)

ADVANTECH CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 16)				
Sales	$ 3,069,033	99	$ 2,444,904	100
Sales returns and allowances	11,248	-	34,319	1
Net sales	3,057,785	99	2,410,585	99
Other operating revenues	34,229	1	21,704	1
Total operating revenues	3,092,014	100	2,432,289	100
OPERATING COSTS (Notes 14 and 16)	2,278,110	74	1,794,894	74
GROSS PROFIT	813,904	26	637,395	26
REALIZED PROFITS ON INTERCOMPANY SALES (Note 2)	1,443	-	54,630	3
ADJUSTED GROSS PROFIT	815,347	26	692,025	29
OPERATING EXPENSES (Note 14 and 16)				
Marketing	78,807	2	67,718	3
Administrative	105,148	3	104,870	4
Research and development	266,114	9	257,199	11
Total operating expenses	450,069	14	429,787	18
OPERATING INCOME	365,278	12	262,238	11
NONOPERATING INCOME AND GAINS				
Interest (Note 16)	897	-	1,033	-
Equity in net gain of investees, net (Notes 2 and 8)	151,841	5	77,223	3
Foreign exchange gain, net (Note 2)	-	-	41,312	2
Royalty revenue (Note 16)	49,689	1	39,983	2
Valuation gain on financial instruments, net (Notes 2 and 5)	26,705	1	9,416	-
Rental income (Note 16)	1,959	-	2,034	-
Other income (Note 16)	36,428	1	4,464	-
Total nonoperating income and gains	267,519	8	175,465	7
NONOPERATING EXPENSES AND LOSSES				
Foreign exchange loss, net (Note 2)	59,417	2	-	-
Other expenses	3,376	-	1,963	-
Total nonoperating expenses and losses	62,793	2	1,963	-

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ADVANTECH CO., LTD.

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	$ 570,004	18	$ 435,740	18
INCOME TAX (Notes 2 and 13)	68,360	2	59,713	3
NET INCOME	$ 501,644	16	$ 376,027	15

	2010		2009	
	Pretax	After Income Tax	Pretax	After Income Tax
EARNINGS PER SHARE (Note 15)				
Basic	$ 1.14	$ 1.00	$ 0.87	$ 0.75
Diluted	$ 1.13	$ 0.99	$ 0.86	$ 0.74

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

(With Deloitte & Touche review report dated April 19, 2010) (Concluded)

ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 501,644	$ 376,027
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	45,569	39,953
Provision for bad debts	-	3,766
Provision for loss on inventories	15,010	18,726
Equity in net gain of investees, net	(151,841)	(77,223)
Loss on disposal of property, plant and equipment, net	18	67
Compensation cost of employee stock options	15,992	-
Accrued pension liabilities	278	(975)
Deferred income taxes	24,253	30,081
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	(2,790)	(18,992)
Notes receivable	(4,596)	14,074
Accounts receivable	50,402	98,775
Accounts receivable from related parties	(234,458)	169,289
Inventories	(223,062)	101,414
Other receivables	(3,114)	6,724
Other receivables from related parties	4,720	(136,574)
Prepayments and other current assets	19,375	(89,180)
Accounts payable	80,628	(66,058)
Accounts payable to related parties	(73,985)	17,379
Income tax payable	43,985	18,154
Accrued expenses	15,574	49,840
Advance receipts and other current liabilities	(23,007)	65,718
Deferred credits	(1,442)	(54,630)
Net cash provided by operating activities	99,153	566,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of capital reduction of available-for-sale financial assets	1,645	-
Acquisition of investments accounted for by the equity method	(811,709)	-
Proceeds of the disposal of property, plant and equipment	40	40
Acquisition of property, plant and equipment	(18,265)	(19,525)
Increase in deferred expenses	(4,865)	(247)
(Increase) decrease in refundable deposits	(129)	3,808
Net cash used in investing activities	(833,283)	(15,924)

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ADVANTECH CO., LTD.

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES		
Employee stock options	$ -	$ 470
Cash bonus to employees and remuneration to directors and supervisors	(124,302)	(26,255)
Net cash used in financing activities	(124,302)	(25,785)
NET INCREASE (DECREASE) IN CASH	(858,432)	524,646
CASH, BEGINNING OF PERIOD	1,706,903	1,223,098
CASH, END OF PERIOD	$ 848,471	$ 1,747,744
SUPPLEMENTARY CASH FLOW INFORMATION		
Income tax paid	$ 122	$ 11,478

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

(With Deloitte & Touche review report dated April 19, 2010) (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.

In order to improve the Advantech Group's entire operating efficiency, the Company's board of directors resolved to merge with Advantech Investment and Management Service (AIMS) through a short-form merger. The merger date was July 30, 2009. In this merger, the Company was the survivor company and the Company assumed all the assets and liabilities of AIMS.

As of March 31, 2010 and 2009, the Company had 1,369 and 1,307 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, 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 property, plant and equipment, pension cost, product warranty reserve, bonuses paid to employees and remunerations to 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 and those assets held primarily for trading purposes and to be realized, sold or consumed within one year from the balance sheet date. All other assets such as property, plant and equipment are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Financial Assets/Liabilities at Fair Value through Profit or Loss

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

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

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

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

Available-for-sale Financial Assets

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

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

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

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

Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts

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

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

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

Inventories

Inventories consist of raw materials and supplies, work-in-process, and finished goods. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs. Inventory costs are determined using the weighted-average method.

Long-term Equity Investments

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

The 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.

Property, Plant and Equipment

Property, plant and equipment 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. Property, plant and equipment 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 property, plant and equipment, 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.

Asset Impairment

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

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

For long-term equity investments 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.

Stock-based Compensation

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

Pension Costs

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

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

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 period.

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

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

Foreign-currency Transactions

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

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

Reclassifications

Certain accounts in the financial statements as of and for the three months ended March 31, 2009 have been reclassified to be consistent with the presentation of the financial statements as of and for the three months ended March 31, 2010.

3. ACCOUNTING CHANGE

Accounting for Inventories

Effective January 1, 2009, the Company adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item by item, except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. This accounting change resulted in decreases of $7,096 thousand in net income and of NT$0.01 in earnings per share (after income tax) for the three months ended March 31, 2009.

4. CASH

	March 31	
	2010	**2009**
Cash on hand	$ 1,528	$ 1,525
Checking and demand deposits	139,191	222,471
Time deposits: Interest - 0.250%-0.705% in 2010 and 0.12%-0.64% in 2009	707,752	1,523,748
	$ 848,471	$ 1,747,744

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	March 31	
	2010	2009
Financial assets resulting from trading		
Forward contracts	$ 14,948	$ 1,072
Financial liabilities resulting from trading		
Forward contracts	$ 1,084	$ 3,766

The outstanding forward contracts as of March 31, 2010 and 2009 were as follows:

	Currency	Maturity	Amount (Thousands)
March 31,2010			
Sell	USD/NTD	From April to October 2010	USD41,378/NTD1,322,345
Sell	JPY/NTD	From April to July 2010	JPY20,000/NTD7,192
Sell	JPY/USD	From April to July 2010	JPY90,000/USD1,007
Sell	EUR/USD	From April to October 2010	JPY8,000/USD10,871
Sell	EUR/NTD	From April to August 2010	EUR2,000/NTD87,057
March 31,2009			
Sell	EUR/USD	From April to June 2009	EUR4,500/USD5,878
Sell	USD/NTD	April 2009	USD500/NTD17,591

The Company entered into forward contract transactions during the three months ended March 31, 2010 and 2009 to avoid risks on exchange rate fluctuations. The hedging strategy of the Company is to avoid the major portion of the market and liquidity risks.

The trading of financial assets or liabilities for the three months ended March 31, 2010 and 2009 resulted in gains of $26,705 thousand and $9,416 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31	
	2010	2009
	Noncurrent	Noncurrent
Quoted domestic stocks		
ASUSTEK Computer Inc.	$ 2,532,172	$ 1,629,146
Chunghwa Telecom Co., Ltd.	96,537	-
Quoted overseas stocks		
SG Advantech Co., Ltd.	70,148	63,798
	$ 2,698,857	$ 1,692,944

7. INVENTORIES, NET

	March 31	
	2010	2009
Finished goods	$ 342,135	$ 313,448
Work in process	260,033	238,470
Materials and supplies	429,857	319,010
Inventories in transit	5,566	7,467
	$ 1,037,591	$ 878,395

As of March 31, 2010 and 2009, the allowance for inventory devaluation was $105,769 thousand and $100,851 thousand, respectively.

As of March 31, 2010 and 2009, the costs of goods sold related to inventories were $2,278,110 thousand and $1,794,894 thousand, respectively, which included allowance for inventory devaluation of $15,010 thousand and $18,726 thousand for the three months ended March 31, 2010 and 2009, respectively.

8. LONG-TERM EQUITY INVESTMENTS

	March 31			
	2010		2009	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Listed				
Axiomtek Co., Ltd.	$ 350,852	27.63	$ 365,900	27.96
Unlisted				
Advantech Technology Co., Ltd.	2,012,750	100.00	1,671,515	100.00
Advantech Automation Corp. (BVI)	1,878,820	100.00	1,875,514	100.00
Advantech Investment Fund-A Co., Ltd.	829,587	100.00	623,337	100.00
Advantech Europe Holding B.V.	764,709	100.00	399,506	100.00
Advansus Corp.	224,808	50.00	191,731	50.00
Advantech Japan Co., Ltd.	121,882	100.00	119,648	100.00
Advantech Australia Pty Ltd.	95,608	100.00	72,316	100.00
Advantech (Yan Shun) Holding Co., Ltd.	76,662	100.00	96,282	100.00
Advantech KR Co., Ltd.	69,662	50.50	-	-
Advantech Co. Singapore Pte, Ltd.	65,433	100.00	67,299	100.00
Advantech Inteligence Service	49,964	100.00	-	-
Advantech Co. Malaysia Sdn. Bhd.	45,247	100.00	39,303	100.00
Advantech Hungary Ltd.	15,060	30.00	18,132	30.00
Advantech Brazil	6,887	43.28	-	-
Advantech Investment & Management Service	-	-	5,873	100.00
Advantech (HK) Technology Co., Ltd.	-	100.00	-	100.00
	$ 6,607,931		$ 5,546,356	

The calculation of the carrying values of the equity-method investments and the equity in their net income or net loss was based on the investees' unreviewed financial statements for the three months ended March 31, 2010 and 2009.

On March 15, 2010, the Company acquired through AEU 100% equity in DLoG GmbH, a subsidiary of Augusta Technologie AG, for EUR12,852 thousand to integrate the marketing, sales, R&D and manufacturing systems of the Company and DLoG GmbH; accelerate expansion in major markets; and enhance the Company's leadership position in the industrial vehicle market.

On the foregoing acquisition, the movements of the difference allocated to goodwill for the three months ended March 31, 2010 and 2009 were as follows:

	Three Months Ended March 31	
	2010	**2009**
Cost		
Balance, beginning of period	$ 115,712	$ 106,724
Amount recognized on acquisition of investments	18,374	-
Translation adjustment	(6,372)	(2,281)
Balance, end of period	$ 127,714	$ 104,443

The Company intended to support the operations of Advantech (HK) Technology Co., Ltd. in the three months ended March 31, 2009 and 2008. Under the revised Statement of Financial Accounting Standards No. 5 - "Long-term Investments under the Equity Method" of the Republic of China, if the equity in losses recognized exceeds the original investment acquisition costs plus any advances given to the investee, the Company recognizes its investee's total losses unless other investors commit to assume, and can assume, a portion of the losses. As of March 31, 2010 and 2009, there were credit balances on this investment of $7,734 thousand and $5,315 thousand, respectively, included in other liability - others.

The market values of the listed stock of the equity investment's market values, which were calculated on the basis of the closing prices of March 31, 2010 and 2009, were $592,416 thousand and $454,826 thousand, respectively.

The Company has included all of its direct and indirect subsidiaries in the consolidated financial statements as of and for the three months ended March 31, 2010 and 2009.

9. PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment were as follows:

	Three Months Ended March 31, 2010				
	Beginning Balance	**Acquisition**	**Disposal**	**Reclassification**	**Ending Balance**
Property, plant and equipment					
Cost					
Land	$ 1,113,352	$ -	$ -	$ -	$ 1,113,352
Buildings	1,182,812	-	-	-	1,182,812
Machinery and equipment	404,105	6,000	2,207	4,910	412,808
Furniture and fixtures	102,026	4,148	2,094	-	104,080
Other equipment	196,481	6,270	3,036	-	199,715
	2,998,776	$ 16,418	$ 7,337	$ 4,910	3,012,767

(Continued)

	Three Months Ended March 31, 2010				
	Beginning Balance	Acquisition	Disposal	Reclassification	Ending Balance
Accumulated depreciation					
Buildings	$ 158,406	$ 5,798	$ -	$ -	$ 164,204
Machinery and equipment	291,543	11,774	2,208	-	301,109
Furniture and fixtures	65,456	4,474	2,035	-	67,895
Other equipment	112,756	8,586	3,036	-	118,306
	628,161	$ 30,632	$ 7,279	$ -	651,514
	2,370,615				2,361,253
Construction in progress and prepayments for equipment	9,390	$ 1,847	$ -	$ (4,910)	6,327
	$ 2,380,005				$ 2,367,580

(Concluded)

	Three Months Ended March 31, 2009				
	Beginning Balance	Acquisition	Disposal	Reclassification	Ending Balance
Property, plant and equipment					
Cost					
Land	$ 1,113,352	$ -	$ -	$ -	$ 1,113,352
Buildings	1,090,516	-	-	-	1,090,516
Machinery and equipment	394,790	2,213	9,550	4,014	391,467
Furniture and fixtures	116,295	1,882	802	-	117,375
Other equipment	166,690	5,448	315	2,677	174,500
	2,881,643	$ 9,543	$ 10,667	$ 6,691	2,887,210
Accumulated depreciation					
Buildings	136,218	$ 5,337	$ -	$ -	141,555
Machinery and equipment	260,615	12,526	9,544	-	263,597
Furniture and fixtures	74,192	4,368	745	-	77,815
Other equipment	87,198	7,395	271	-	94,322
	558,223	$ 29,626	$ 10,560	$ -	577,289
	2,323,420				
Construction in progress and prepayments for equipment	91,263	$ 9,982	$ -	$ (7,091)	94,154
	$ 2,414,683				$ 2,404,075

10. PENSION PLAN

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

Under the Act, the Company has a defined contribution pension plan. Since July 1, 2005, the Company has made monthly contributions to the employees’ individual pension accounts in the Bureau of Labor Insurance at 6% of employees’ salaries and wages. The pension cost under the defined contribution loan was $12,473 thousand and $12,495 thousand for the three months ended March 31, 2010 and 2009, 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 pension costs under the defined benefit pension plan were $2,110 thousand and $1,090 thousand for the three months ended March 31, 2010 and 2009, respectively. As of March 31, 2010 and 2009, the balance of the pension fund was $104,375 thousand and $85,781 thousand, respectively.

11. SHAREHOLDERS' EQUITY

Capital Surplus

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

Appropriation of Earnings and Dividend Policy

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

a. 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 three months ended March 31, 2010 and 2009, the bonus to employees and remunerations to directors and supervisors of $59,517 thousand and $75,000 thousand, respectively, (classified under accrued expenses) were accrued on the basis of past experience. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting.

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

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

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

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

The appropriations of earnings for 2009 and 2008 were proposed in the Board of Directors' meeting and approved in the shareholders' meeting held on March 29, 2010 and May 15, 2009, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (Dollars)**	
	2009	**2008**	**2009**	**2008**
Legal reserve	$ 175,133	$ 254,355		
Special reserve	-	1,135,596		
Cash dividends	2,006,535	1,490,598	$4.00	$3.00
Stock dividends	-	24,843	-	0.05

At their meeting on March 29, 2010, the board of directors proposed to distribute to employees a bonus of $178,000 thousand for 2009.

The bonus to employees of $190,000 thousand for 2008 was approved in the shareholders' meeting on May 15, 2009. The bonus to employees included a cash bonus of $90,000 thousand and a share bonus of $100,000 thousand. The number of shares of 2,139 thousand was determined by dividing the amount of share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting. The approved amounts of the bonus to employees were not different from the actual amounts reflected in the financial statements for the year ended December 31, 2008.

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

At their meeting on May 15, 2009, the shareholders approved the board of directors' proposal to distribute stock dividends of $24,843 thousand and stock bonus to employees of $100,000 thousand. The appropriation of earnings for 2008 was approved by the Financial Supervisory Commission under the Executive Yuan of the ROC. The board of directors resolved August 4, 2009 as the date of distributing stock and cash dividends, and the Company completed the registration of this appropriation with the Ministry of Economic Affairs.

Qualified employees of the Company and its subsidiaries were granted stock options at 10,000 units in December 2009 and 3,000 units in August 2003. Each option entitles the holder to subscribe for one thousand common shares of the Company. The options granted are valid for 5 years and 6 years issued in December 2009 and August 2003, respectively, and exercisable at certain percentages after the second anniversary year from the grant date. The options were granted at an exercise price equal to the closing price of the Company's common shares listed on the grant date. For any subsequent changes in the Company's paid-in capital, the exercise price and the number of options are adjusted accordingly.

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

Information on employee stock options is as follows:

	Three Months Ended March 31			
	2010		**2009**	
	Number of Options (In Thousands)	**Weighted-average Exercise Price (NT$)**	**Number of Options (In Thousands)**	**Weighted-average Exercise Price (NT$)**
Balance, beginning of period	10,000	$61.90	165	$23.49
Options granted	-	-	-	-
Options exercised	-	-	(20)	23.49
Balance, end of period	10,000		145	
Options exercisable, end of period	-		145	
Weighted-average fair value of options granted (NT$)	$16.45-$18.13		$ -	

The weighted-average stock price at the date of the exercise for stock options in the three months ended March 31, 2009 was NT$66.05.

Information on outstanding options as of March 31, 2010 and 2009 is as follows:

March 31			
2010		**2009**	
Range of Exercise Price (NT$)	**Weighted- average Remaining Contractual Life (Years)**	**Range of Exercise Price (NT$)**	**Weighted- average Remaining Contractual Life (Years)**
$61.9	4.67	$23.49	0.42

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

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

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

Compensation cost recognized for the three months ended March 31, 2010 was $15,992 thousand.

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**
Three months ended March 31, 2010				
For transfer to employees	14,500	-	-	14,500
Three months ended March 31, 2009				
For transfer to employees	14,500	-	-	14,500

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. The reconciliation of income tax expense based on income tax at statutory income tax rates to income tax expense and the current income tax payable were as follows:

	Three Months Ended March 31	
	2010	**2009**
Tax on pretax income at statutory rate (2010: 20%; 2009: 25%)	$ 114,001	$ 108,925
Deduct tax effects of:		
Permanent differences		
Tax-exempt income	(372)	(5,544)
Other	(3,847)	(10,556)
Temporary differences	(21,569)	(28,251)
Investment tax credit	(44,106)	(34,942)
Income tax currently payable	$ 44,107	$ 29,632

b. Income tax expense consisted of the following:

	Three Months Ended March 31	
	2010	**2009**
Income tax currently payable	$ 44,107	$ 29,632
Income tax expense - deferred	24,253	30,081
	$ 68,360	$ 59,713

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

	Three Months Ended March 31	
	2010	**2009**
Balance, beginning of period	$ 144,401	$ 276,211
Income tax currently payable	44,107	29,632
Payment	(122)	(11,478)
Balance, end of period	$ 188,386	$ 294,365

d. Net deferred income taxes as of March 31, 2010 and 2009 were as follows:

	Three Months Ended March 31	
	2010	**2009**
Current		
Deferred income tax assets		
Allowance for loss on inventories	$ 21,153	$ 25,213
Unrealized product warranty reserve	4,719	6,983
Investment tax credit	1,090	-
Others	2,351	2,200
	29,313	34,396
Valuation allowance	(1,090)	-
Deferred income tax liabilities		
Unrealized foreign exchange gain	-	(2,443)
Deferred income tax assets, net	$ 28,223	$ 31,953
Noncurrent		
Deferred income tax assets:		
Accumulated equity in the net loss of investees	$ 53,917	$ 27,360
Deferred income	23,765	33,003
Pension cost	20,557	26,419
	98,239	86,782
Valuation allowance	(53,917)	(27,360)
	44,322	59,422
Deferred income tax liabilities:		
Accumulated equity in the net gain of foreign investees	(358,566)	(304,300)
Deferred income tax liabilities, net	$ (314,244)	$ (244,878)

The income tax rates used to recognize deferred income tax were 20% and 25% for the three months ended March 31, 2010 and 2009.

e. The investment tax credits unused by the Company as of March 31, 2010 were as follows:

Laws and Statutes	Tax Credit Source	Remaining Creditable Amount
Statute for Upgrading Industries	Research and development expenditures	$ 1,090

f. As of March 31, 2010, the status of the Company's five years' exemption from income tax was as follows:

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

g. Before January 1, 2010, 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.

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

	March 31	
	2010	2009
Balance of the imputation credit account (ICA)	$ 155,863	$ 247,394
The balances of unappropriated retained earnings generated before 1997	$ 2,779	$ 81,329

The expected and actual creditable tax ratios for earnings were 10.64% and 14.25% as of December 31, 2009 and 2008, respectively. The imputation credit allocated to the shareholders is based on its balance as of the date of dividend distribution. The expected creditable ratio may change when the actual allocation of the imputation credits is made.

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

14. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	Three Months Ended March 31					
	2010			2009		
	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	$ 67,687	$ 252,223	$ 319,910	$ 64,347	$ 240,265	$ 304,612
Insurance	5,383	14,555	19,938	6,055	14,138	20,193
Pension	3,268	11,315	14,583	4,021	9,564	13,585
Others	6,119	10,189	16,308	4,747	10,528	15,275
	$ 82,457	$ 288,282	$ 370,739	$ 79,170	$ 274,495	$ 353,665
Depreciation	$ 8,376	$ 22,256	$ 30,632	$ 9,670	$ 19,956	$ 29,626
Amortization	20	14,917	14,937	27	10,300	10,327

15. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares (Denominator)	Earnings Per Share	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
Three months ended March 31, 2010					
Basic EPS	$ 570,004	$ 501,644	501,634	$ 1.14	$ 1.00
Impact of dilutive potential common stock					
Employees' stock options	-	-	607		
Bonuses to employees	-	-	3,500		
Diluted EPS	$ 570,004	$ 501,644	505,741	$ 1.13	$ 0.99
Three months ended March 31, 2019					
Basic EPS	$ 435,740	$ 376,027	499,343	$ 0.87	$ 0.75
Impact of dilutive potential common stock					
Employees' stock options	-	-	68		
Bonuses to employees	-	-	6,092		
Diluted EPS	$ 435,740	$ 376,027	505,503	$ 0.86	$ 0.74

The Accounting Research and Development Foundation issued Interpretation 2007-052 which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Company decides to grant bonuses to employees by cash or shares, the Company should assume that the entire amount of the bonus will be settled in shares, and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The EPS was retroactively adjusted for the stock dividends declared. Thus, in the three months ended March 31, 2009, pretax and after-tax basic EPS decreased from NT$0.88 to NT$0.87 and from NT$0.76 to NT$0.75, respectively, and pretax and after-tax diluted EPS decreased from NT$0.87 to NT$0.86 and from NT$0.75 to NT$0.74, respectively.

16. RELATED-PARTY TRANSACTIONS

a. Related parties

Related Party	Relationship with the Company
Advantech Investment Fund-A Co., Ltd. ("Advantech Fund-A")	Equity-method investee
Axiomtek Co., Ltd. ("Axiomtek")	Equity-method investee
Advantech Investment & Management Service (AIMS)	Equity-method investee (AIMS merged with the Company on July 30, 2009)
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 KR 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
Advantech Brazil S/A (ABR)	Equity-method investee
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
DLoG Gmbh (DLoG)	Equity-method investee of AEU
Advantech Automation Corp. (H.K.) Limited (AAC (HK))	Equity-method investee of AAC (BVI)
HK Advantech Technology Co., Ltd. (ATC (HK))	Equity-method investee of ATC
Advantech Technology (China) Company Ltd. (AKMC)	Equity-method investee of ATC (HK)
Advantech Electronic Technology (Dongguan) Co., Ltd. (ADMC)	Equity-method investee of AYS
Advantech Corp. (ANA)	Equity-method investee of AAC (BVI)
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Equity-method investee of AAC (HK)
Yan Hua Xing Ye Electronic (SHHQ)	Equity-method investee of AAC (HK)
Advantech Control (M) Sdn. Bhd. (AKL)	Equity-method investee of ASG
Advantech Automation (Penang) Sdn. Bhd. (APN)	Equity-method investee of ASG
Advantech Corporation (Thailand) Co. (ATH)	Equity-method investee of ASG
Netstar Technology Co., Ltd. ("Netstar")	Equity-method investee of Advantech Fund-A
BCM Embedded Computer Inc. (BCM)	Equity-method investee of Advantech Fund-A
Broadwin Technology, Inc. ("Broadwin")	Equity-method investee of Advantech Fund-A
Cermate Teichnologies Inc. (Cermate)	Equity-method investee of Advantech Fund-A
Jan Hsiang Electronics Co., Ltd. ("Jan Hsiang")	Equity-method investee of Netstar
Avalue Technology Inc. ("Avalue")	The Company's chairman is Avalue Technology Inc.'s director
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Equity-method investee of AAC (HK)
Xi'an Advantech Software Ltd. (AXA)	Equity-method investee of AAC (HK)
Advantech International Co., Ltd.	Advantech International Co., Ltd.'s owner is the second-degree relative of the Company's chairman

(Continued)

Related Party	Relationship with the Company
Advantech Intelligent Service (AiST)	Equity-method investee
K&M Investment Co., Ltd. (K&M)	The spouse of the Company's chairman is K&M's director
AIDC Investment Corp. (AIDC)	The spouse of the Company's chairman is AIDC's director

(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 17 and Table 2, were summarized as follows:

	2010		2009	
Three months ended March 31	Amount	% to Total	Amount	% to Total
1) Sales				
ANA	$ 836,394	27	$ 567,807	24
AESC	406,509	13	381,442	16
ACN	382,885	12	453,594	19
AiSC	313,922	10	163,030	7
AKMC	97,172	4	31,839	1
AJP	81,933	3	59,322	2
AKR	64,785	2	71,323	3
AAU	41,247	1	34,297	1
ASG	28,977	1	20,354	1
ABR	16,231	1	21,625	1
AMY	8,800	-	3,186	-
ATH	5,449	-	4,915	-
Avalue	5,302	-	2,147	-
Axiomtek	3,386	-	3,950	-
Netstar	2,392	-	-	-
APL	2,000	-	2,467	-
Advansus Corp.	1,960	-	1,533	-
BCM	307	-	100	-
Broadwin	241	-	1,491	-
Others	-	-	15	-
	$ 2,299,892	74	$ 1,824,437	75

	2010		2009	
	Amount	% to Total	Amount	% to Total
2) Purchase of materials and supplies				
ATC	$ 992,280	41	$ 793,592	45
Advansus Corp.	409,494	17	239,971	13
Netstar	12,739	1	6,492	-
ANA	12,600	1	10,799	1
Jan Hsiang	5,391	-	3,403	-
AESC	464	-	165	-
ACN	299	-	578	-
Broadwin	172	-	-	-
Axiomtek	39	-	19	-
AYS	-	-	98,132	5
ADL	-	-	56	-
Others	61	-	544	-
	$ 1,433,539	60	$ 1,153,751	64
3) Rental expenses				
Advansus Corp.	$ -	-	$ 2,664	1
4) Royalty revenue for patent				
ATC	$ 49,689	100	$ 39,983	100
5) Rental revenues				
Advansus Corp.	$ 1,755	90	$ 1,755	86
BCM	195	10	195	10
AIMS	9	-	9	-
Advantech Fund-A	-	-	75	4
	$ 1,959	100	$ 2,034	100
6) Interest revenues				
AKR	$ 21	2	$ 54	5
7) Other revenue				
Advansus Corp.	$ 2,303	7	$ 1,612	36
AIDC	375	1	-	-
Netstar	160	1	-	-
Broadwin	140	-	-	-
K&M	125	-	-	-
Cermate	40	-	-	-
AIMS	-	-	6	-
	$ 3,143	9	$ 1,618	36

March 31	2010 Amount	2010 % to Total	2009 Amount	2009 % to Total
7) Accounts receivable - related parties				
AESC	$ 497,678	30	$ 382,235	28
ACN	312,474	18	411,628	31
ANA	303,072	18	155,644	12
AiSC	266,489	16	154,390	11
AKMC	128,164	8	10,519	1
AJP	56,492	3	29,022	2
AKR	56,388	3	102,328	8
AAU	33,697	2	55,036	4
ASG	21,914	1	11,757	1
ABR	14,338	1	17,005	1
AMY	5,476	-	4,155	-
Netstar	5,021	-	-	-
ATH	3,419	-	1,682	-
Avalue	3,085	-	1,503	-
Axiomtek	1,937	-	4,735	-
APL	1,923	-	9,375	1
Advansus Corp.	838	-	179	-
BCM	314	-	104	-
Broadwin	253	-	1,539	-
ADMC	-	-	314	-
Others	6	-	8	-
	$ 1,712,978	100	$ 1,353,158	100
8) Other receivables - related parties				
Proceeds of the return of capital by investee				
Advansus Corp.	$ -	-	$ 120,000	82
Financing provided				
AKR	-	-	13,703	9
Other receivables				
AKR	7,961	30	-	-
ACN	6,411	24	-	-
AJP	4,819	18	131	-
AAU	2,457	9	-	-
Advansus Corp.	1,744	7	2,464	2
ANA	1,315	5	228	-
ADL	790	3	3,565	2
AKMC	352	1	-	-
Netstar	168	1	-	-
ABR	157	1	-	-
Broadwin	147	1	-	-
BCM	136	-	-	-

(Continued)

	2010		2009	
	Amount	% to Total	Amount	% to Total
ASG	$ 82	-	$ 92	-
AESC	55	-	7,037	5
Others	88	-	430	-
	26,682	100	13,947	9
	$ 26,682	100	$ 147,650	100

9) Accounts payable - related parties

	2010 Amount	% to Total	2009 Amount	% to Total
ATC	$ 831,696	80	$ 596,714	84
Advansus Corp.	157,532	15	35,480	5
AYS	22,764	2	58,041	9
Netstar	9,816	1	4,845	1
AiSC	8,162	1	-	-
ANA	6,086	1	6,672	1
Jan Hsiang	2,058	-	1,774	-
ADL	511	-	2,213	-
AMY	501	-	2,718	-
AKMC	355	-	156	-
AESC	87	-	374	-
APL	14	-	1,087	-
Others	426	-	1,682	-
	$ 1,040,008	100	$ 711,600	100

10) Other payables (part of other current liabilities)

	2010 Amount	% to Total	2009 Amount	% to Total
ABR	$ 26	-	$ 23	-
ATH	-	-	297	-
	$ 26	-	$ 320	-

11) Financing to related parties:

Financing to related parties was as follows:

	Three Months Ended March 31, 2010			
Related Party	Maximum Balance	Ending Balance	Interest Rate	Interest Revenue
AKR	$ 14,000 (KRW500,000 thousand)	$ -	3%	$ 21

	Three Months Ended March 31, 2009			
Related Party	**Maximum Balance**	**Ending Balance**	**Interest Rate**	**Interest Revenue**
AKR	$ 13,703 (KRW555,000 thousand)	$ 13,703 (KRW555,000 thousand)	3%	$ 54

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

17. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of March 31, 2010, the Company had the following guarantees for its affiliates' loans:

	Amount
AKMC	$ 336,656 thousand
Netstar	$ 120,000 thousand
Advansus Corp.	$ 100,000 thousand

18. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	March 31			
	2010		2010	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Nonderivative financial instruments				
Assets				
Available-for-sale financial assets - noncurrent	$ 2,698,857	$ 2,698,857	$ 1,692,944	$ 1,692,944
Derivative financial instruments location				
Financial assets at fair value through profit or loss - current				
Domestic	4,545	4,545	-	-
Foreign (foreign corporation operating in domestic district included)	10,403	10,403	1,072	1,072
Financial liabilities at fair value through profit or loss - current				
Domestic	256	256	2,224	2,224
Foreign (foreign corporation operating in domestic district included)	828	828	1,542	1,542

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

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

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

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

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

	March 31			
	Based on Quoted Market Price		Determined Using Valuation Techniques	
	2010	2009	2010	2009
Asset				
Financial assets at fair value through profit or loss - current	$ -	$ -	$ 14,948	$ 1,072
Available-for-sale financial assets - noncurrent	2,698,857	1,692,944	-	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	1,084	3,766

d. As of March 31, 2010 and 2009, financial assets exposed to fair value interest rate risk amounted to $707,752 thousand and $1,523,748 thousand, respectively, and financial assets exposed to cash flow interest rate risk amounted to $138,806 thousand and $221,012 thousand, respectively.

e. The Company recognized unrealized loss of $290,304 thousand and $38,671 thousand in shareholders’ equity for the changes in fair value of available-for-sale financial assets for the three months ended March 31, 2010 and 2009, respectively. The Company also recognized unrealized loss of $485 thousand and $36 thousand in shareholders’ equity for the changes in available-for-sale financial assets held by equity-method investees for the three months ended March 31, 2010 and 2009, 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.

19. ADDITIONAL DISCLOSURES

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

b. Investments in mainland China

1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of March 31, 2010, accumulated inward remittance of earnings as of March 31, 2010 and upper limit on investment: Table 8 (attached)

2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 16 and 17 and Tables 1, 2, 5 and 6.

TABLE 1

ADVANTECH CO., LTD. AND INVESTEES

FINANCING PROVIDED
THREE MONTHS ENDED MARCH 31, 2010
(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		
0	ACL	AKR	Other receivable - related parties	$ 14,000 (KRW 500,000 thousand)	$ -	3%	Service intercourse	Sale $64,785	Financing need	$ -	-	-	$ 95,280 (Note B)	$ 95,280 (Note B)
1	AEU	ADL	Other receivable - related parties	29,904 (EUR 700 thousand)	29,904 (EUR 700 thousand)	4%	Short-term financing	-	Financing need	-	-	-	1,315,593 (Note C)	2,631,187 (Note C)
2	SHHQ	ACN	Other receivable - related parties	74,896 (RMB 16,097 thousand)	-	2%	Short-term financing	-	Financing need	-	-	-	139,584 (Note D)	139,584 (Note D)
3	ACN	AKMC	Other receivable - related parties	95,275 (RMB 20,477 thousand)	95,275 (RMB 20,477 thousand)	2%	Short-term financing	-	Financing need	-	-	-	139,584 (Note D)	139,584 (Note D)
4	ANA	AESC	Other receivable - related parties	52,404 (US$ 1,650 thousand)	36,524 (US$ 1,150 thousand)	2%	Short-term financing	-	Financing need	-	-	-	1,315,593 (Note C)	2,631,187 (Note C)
		AKMC	Other receivable - related parties	92,104 (US$ 2,900 thousand)	92,104 (US$ 2,900 thousand)	2%	Short-term financing	-	Financing need	-	-	-	1,315,593 (Note C)	2,631,187 (Note C)
5	AiSC	ACN	Other receivable - related parties	84,030 (RMB 18,060 thousand)	50,190 (RMB 10,787 thousand)	2%	Short-term financing	-	Financing need	-	-	-	139,584 (Note D)	139,584 (Note D)
6	Netstar Technology Co., Ltd.	Netstar Electronics Co., Ltd.	Other receivable - related parties	66,554	66,554	-	Service intercourse	Purchase 280,510	Service intercourse	-	-	-	280,510 (Note E)	280,510 (Note E)
		LANSONIC (BVI)	Other receivable - related parties	3,676	3,676	-	Short-term financing	-	Financing need	-	-	-	47,601 (Note F)	47,601 (Note F)
7	Broadwin Technology, Inc.	Netstar Technology Co., Ltd.	Other receivable - related parties	40,000	40,000	2%	Short-term financing	-	Financing need	-	-	-	42,889 (Note F)	42,889 (Note F)
8	Advantech Fund-A	Netstar Technology Co., Ltd.	Other receivable - related parties	60,000	60,000	2%	Short-term financing	-	Financing need	-	-	-	332,575 (Note F)	332,575 (Note F)

Notes:

A. The exchange rate was EUR1=NT$42.72; US$1=NT$31.76; KRW1=NT$0.028; RMB1= NT$4.6528.

B. Based on the resolution of the board of directors of Advantech Co., Ltd. (ACL), the maximum amount of financing provided by ACL was US$3,000 thousand.

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

D. For more efficient use of capital among subsidiaries in Mainland China, the maximum amount of financing that can be provided by the financier is RMB30,000 thousand and will be handled over the Citibank account of ACN.

E. The maximum amount of financing for service transactions is equal to the amount provided in the recent year and the confirmed service intercourse to be in the future.

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

TABLE 2

ADVANTECH CO., LTD. AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Year	Ending Balance	Value of Collaterals Property, Plant, and Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Advantech Co., Ltd. (the "Company")	AKMC	Indirect subsidiary	$ 1,315,593 (Note A)	$ 336,656 (US$ 10,600 thousand)	$ 336,656 (US$ 10,600 thousand)	$ -	2.56	$ 3,946,781 (Note B)
		Netstar Technology Co., Ltd.	Indirect subsidiary	1,315,593 (Note A)	120,000	120,000	-	0.91	3,946,781 (Note B)
		Advansus Corp.	Equity-method investee	1,315,593 (Note A)	100,000	100,000	-	0.76	3,946,781 (Note B)

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

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

C. The exchange rate was US$1.00 = NT$31.76.

TABLE 3

ADVANTECH CO., LTD. AND INVESTEES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS
MARCH 31, 2010
(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2010 Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	Note
Advantech Co., Ltd. (the "Company")	Stock							
	AAC (BVI)	Investee	Long-term equity investments	32,606,500	$ 1,878,820	100.00	$ 1,878,820	Note A
	ATC	"	"	32,750,000	2,012,750	100.00	2,012,750	Note A
	Advansus Corp.	"	"	18,000,000	224,808	50.00	224,808	Note A
	Advantech Fund-A	"	"	90,000,000	829,587	100.00	829,587	Note A
	Axiomtek	"	"	21,779,984	350,852	27.63	350,852	Note A
	AEU	"	"	9,572,024	764,709	100.00	764,709	Note A
	ASG	"	"	1,450,000	65,433	100.00	65,433	Note A
	AAU	"	"	500,204	95,608	100.00	95,608	Note A
	AJP	"	"	1,200	121,882	100.00	121,882	Note A
	AYS	"	"	12,300,000	76,662	100.00	76,662	Note A
	AMY	"	"	2,000,000	45,247	100.00	45,247	Note A
	AHG	"	"	30	15,060	30.00	15,060	Note A
	ABR	"	"	971,055	6,887	43.28	6,887	Note A
	AKR	"	"	303,000	69,662	50.50	69,662	-
	AiST	"	"	5,000,000	49,964	100.00	49,964	-
	AHK	"	Other liability - others	999,999	(7,734)	100.00	(7,734)	Notes A and C
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	45,789,735	2,532,172	1.08	2,532,172	Note B
	SGA	-	"	1,556,064	70,148	7.19	70,148	Note B
	Chunghwa Telecom Co., Ltd.	-	"	1,554,545	96,537	-	96,537	Note B
Advantech Fund-A	Stock							
	Netstar Technology Co., Ltd.	Investee	Long-term equity investments	19,929,222	187,354	79.72	187,354	Note A
	BCM Embedded Computer Inc.	"	"	4,500,000	14,830	100.00	14,830	Note A
	Broadwin Technology, Inc.	"	"	6,851,782	110,225	70.08	110,225	Note A
	Cermate Technologies Inc.	"	"	5,500,000	69,901	55.00	69,901	-
	Avalue Technology Inc.	-	Financial assets carried at cost - noncurrent	2,040,250	54,417	5.27	54,417	-
	AverMedia Information Inc.	-	"	700,000	70,331	0.94	70,331	-
	COBAN Research and Technologies, Inc.	-	"	600,000	33,257	6.86	33,257	-
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	226,811	12,804	-	12,804	Note B
ATC	Stock							
	ATC (HK)	Investee	Long-term equity investments	35,650,001	1,251,077	100.00	1,251,077	Note A
ATC (HK)	Shares							
	AKMC	"	"	-	1,251,293	100.00	1,251,293	Note A

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2010				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AYS	Shares							
	ADMC	Investee	Long-term equity investments	-	$ 53,949	100.00	$ 53,949	Note A
AAC (BVI)	Stock							
	ANA	”	”	10,952,606	991,909	100.00	991,909	Note A
	AAC (HK)	”	”	15,230,001	885,738	100.00	885,738	Note A
ANA	Stock							
	ABR	-	Financial assets carried at cost - noncurrent	375,192	6,664	16.72	6,664	-
AAC (HK)	Shares							
	ACN	Investee	Long-term equity investments	-	490,132	100.00	490,132	Note A
	SHHQ	”	”	-	90,058	100.00	90,058	Note A
	AiSC	”	”	-	286,381	100.00	286,381	Note A
	AXA	”	”	-	18,269	100.00	18,269	Note A
ACN	Shares							
	Hangzhou Advantofine Automation Co., Ltd.	”	”	-	12,772	60.00	12,772	Note A
AEU	Stock							
	AESC	”	”	8,314,280	91,338	100.00	91,338	Note A
	ADL	”	”	1,142,000	(141,268)	100.00	(141,268)	Note A and C
	APL	”	”	6,530	34,677	92.89	34,677	Note A
	DLoG	”	”	1	552,099	100.00	552,099	Note A
ASG	Stock							
	ATH	”	”	30,000	6,787	30.00	6,787	Note A
	APN	”	”	570,570	5,543	55.00	5,543	Note A
	AKL	”	”	418,000	3,654	55.00	3,654	Note A
Netstar Technology Co., Ltd.	Stock							
	LANSONIC (BVI)	”	Other liability - others	3,527,529	(45,792)	94.83	(45,792)	Notes A and C
	Jan Hsiang Electronics Co., Ltd.	”	Long-term equity investments	950,000	5,569	28.50	5,569	Note A
	Lantech Communications Inc.	”	Other liability - others	1,159,500	-	77.30	-	Note A
Broadwin Technology, Inc.	Stock							
	Broadwin Technology Inc.	”	Long-term equity investments	5,643,650	17,344	100.00	17,344	Note A
LANSONIC (BVI)	Shares							
	Netstar Electronics Corporation	”	Other liability - others	-	HK$ (29,326)	100.00	HK$ (29,326)	Notes A and C
Cermate Technologies Inc.	Stock							
	Land Mark	”	Long-term equity investments	1,000,000	29,287	100.00	29,287	Note A
Land Mark	Stock							
	Cermate (Shanghai)	”	Long-term equity investments	-	18,335	100.00	18,335	Note A
	Cermate (Shenzhen)	”	”	-	10,952	90.00	10,952	Note A

(Continued)

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

Note B: Market value was based on the closing price on March 31, 2009.

Note C: The credit balance on investment 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
THREE MONTHS ENDED MARCH 31, 2010
(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 (cost)	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount (cost)
	Stock													
Advantech Co., Ltd. (the "Company")	Advantech Fund - A	Long-term equity investments	-	Subsidiary	70,000,000	$ 700,000	20,000,000	$ 200,000	-	$ -	$ -	$ -	90,000,000	$ 900,000
	AEU	Long-term equity investments	-	Subsidiary	9,572,024	439,782	-	553,536	-	-	-	-	9,572,024	993,318
AEU	DLoG	Long-term equity investments	-	Subsidiary	-	-	1	553,536	-	-	-	-	1	553,536

ADVANTECH CO., LTD. AND INVESTEES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd.	ANA	Indirect subsidiary	Sale	$ (836,394)	(27)	Set for 45 days a month	$ -	-	$ 303,072	18	
	ACN	Indirect subsidiary	Sale	(382,885)	(12)	Set for 45 days a month	-	-	312,474	18	
	AESC	Indirect subsidiary	Sale	(406,509)	(13)	Set for 45 days a month	-	-	497,678	30	
	AiSC	Indirect subsidiary	Sale	(313,922)	(10)	Set for 45 days a month	-	-	266,489	16	
	ATC	Subsidiary	Purchase	992,280	41	Set for 60 days a month	-	-	(831,696)	(80)	
	Advansus Corp.	Subsidiary	Purchase	409,494	17	Set for 30 days a month	-	-	(157,532)	(15)	
ATC	Advantech Co., Ltd.	Parent company	Sale	(992,280)	(98)	Set for 60 days a month	-	-	831,696	96	
	AKMC	Subsidiary	Purchase	856,872	100	Set for 30 days after a month	-	-	(118,670)	(93)	
ANA	Advantech Co., Ltd.	Ultimate parent company	Purchase	836,394	87	Set for 45 days a month	-	-	(303,072)	(76)	
AESC	Advantech Co., Ltd.	Ultimate parent company	Purchase	406,509	81	Set for 45 days a month	-	-	(497,678)	(95)	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	382,885	76	Set for 45 days a month	-	-	(312,474)	(70)	
AiSC	Advantech Co., Ltd.	Ultimate parent company	Purchase	313,922	69	Set for 45 days a month	-	-	(266,489)	(61)	
Advansus Corp.	AKMC	Related enterprise	Sale	(289,542)	(32)	Set for 30 days after a month	-	-	151,290	34	
	Advantech Co., Ltd.	Parent company	Sale	(409,494)	(45)	Set for 30 days a month	-	-	157,532	36	
AKMC	Advansus Corp.	Related enterprise	Purchase	289,542	33	Set for 30 days after a month	-	-	(151,290)	(15)	
	ATC	Related enterprise	Sale	(856,872)	(90)	Set for 30 days after a month	-	-	118,670	61	

TABLE 6

ADVANTECH CO., LTD. AND INVESTEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2010
(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	$ 497,678	3.63	$ -	-	$ -	$ -
	ANA	Indirect subsidiary	303,072	13.89	-	-	1,488	-
	ACN	Indirect subsidiary	312,474	4.88	-	-	-	-
	AiSC	Indirect subsidiary	266,489	4.16	-	-	-	-
	AKMC	Indirect subsidiary	128,164	4.03	-	-	-	-
ATC	Advantech Co., Ltd.	Parent company	831,696	4.49	-	-	147,640	-
Advansus Corp.	Advantech Co., Ltd.	Parent company	157,532	11.70	-	-	-	-
	AKMC	Related enterprise	151,290	7.69	-	-	4,148	-
AKMC	ATC	Related enterprise	118,670	15.95	-	-	118,670	-

ADVANTECH CO., LTD. AND INVESTEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
THREE MONTHS ENDED MARCH 31, 2010
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd.	AAC (BVI)	BVI	Investment holding company	$ 1,078,934	$ 1,078,934	32,606,500	100.00	$ 1,878,820	$ 24,518	$ 27,858	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,044,818	1,044,818	32,750,000	100.00	2,012,750	94,816	94,349	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	180,000	180,000	18,000,000	50.00	224,808	23,769	11,842	Equity-method investee
	AEU	Helmond, The Netherlands	Investment holding company	993,318	439,782	9,572,024	100.00	764,709	(10,427)	(10,427)	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment and management service	900,000	700,000	90,000,000	100.00	829,587	281	(1,570)	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	269,222	269,222	21,779,984	27.63	350,852	31,903	8,984	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	65,433	2,994	2,994	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	95,608	214	214	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	121,882	5,048	5,048	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	51,662	51,662	12,300,000	100.00	76,662	(526)	(483)	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	45,247	1,934	1,934	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	15,060	-	-	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	58,173	-	303,000	50.50	69,662	20,344	10,274	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	6,887	2,464	1,479	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	49,964	(36)	(36)	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(7,734)	(619)	(619)	Subsidiary (Note A)
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	243,868	242,668	19,929,222	79.72	187,354	(14,781)	(11,765)	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	14,830	149	149	Indirect subsidiary
	Broadwin Technology, Inc.	Taipei, Taiwan	Assembly and production of computers	99,783	99,783	6,851,782	70.08	110,225	(833)	(584)	Indirect subsidiary
	Cermate Technologies Inc.	Taipei, Taiwan		71,500	-	5,500,000	55.00	69,901	(6,135)	(1,534)	Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	1,026,430	1,026,430	35,650,001	100.00	1,251,077	24,124	24,124	Indirect subsidiary
ATC (HK)	AKMC	Kunshan, China	Production and sale of components of industrial automation products	1,026,430	1,026,430	-	100.00	1,251,293	24,124	24,124	Indirect subsidiary
AYS	ADMC	Guangzhou, China	Production and sale of industrial automation products	51,662	51,662	-	100.00	53,949	(471)	(471)	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	991,909	17,014	17,014	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	539,146	15,230,001	100.00	885,738	7,561	7,561	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	185,356	185,356	-	100.00	490,132	6,448	6,448	Indirect subsidiary
	SHHQ	Shanghai, China	Sale of industrial automation products	96,750	96,750	-	100.00	90,058	150	150	Indirect subsidiary
	AiSC	Shanghai, China	Sale of industrial automation products	257,040	257,040	-	100.00	286,381	7,299	7,299	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	18,269	(6,335)	(6,335)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processes and sale of peripherals	13,727	13,727	-	60.00	12,772	(333)	(200)	Equity-method investee
AEU	AESC	Eindhoven, The Netherlands	Sale of industrial automation products	90,450	90,450	8,314,280	100.00	91,338	(8,243)	(8,243)	Indirect subsidiary
	ADL	Munich, Germany	Sale of industrial automation products	46,028	46,028	1,142,000	100.00	(141,268)	(5,580)	(5,580)	Indirect subsidiary (Note A)
	APL	Warsaw, Poland	Sale of industrial automation products	10,285	10,285	6,530	92.89	34,677	(151)	(140)	Indirect subsidiary
	DLoG	Munich, Germany	Sale of industrial automation products	553,536	-	1	100.00	552,099	7,689	3,173	Indirect subsidiary
ASG	APN	Penang, Malaysia	Sale of industrial automation products	8,181	8,181	570,570	55.00	5,543	-	-	Indirect subsidiary
	ATH	Thailand	Production of computers	2,495	2,495	30,000	30.00	6,787	(647)	(194)	Indirect subsidiary
	AKL	Kuala Lumpur, Malaysia	Sale of industrial automation products	7,264	7,264	418,000	55.00	3,654	-	-	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				March 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value			
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	$ 3,719	$ 7,188	950,000	28.50	$ 5,569	$ (284)	$ (53)	Indirect subsidiary (Note A)
	Lantech Communications Inc.	Taipei, Taiwan	Retail sale of electronic materials	11,595	11,595	1,159,500	77.30	-	-	-	Indirect subsidiary
	LANSONIC (B.V.I.)	BVI	General investment	101,188	101,188	3,527,529	94.83	(45,792)	HK$ (2,128)	HK$ (2,128)	Indirect subsidiary (Note A)
LANSONIC (B.V.I.)	Netstar Electronics Corporation (Dongguan)	Guangzhou, China	Network and UPS product manufacture business	HK$ 2,935	HK$ 2,935	-	100.00	HK$ (29,326)	HK$ (2,128)	HK$ (2,128)	Indirect subsidiary (Note A)
Broadwin Technology, Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of Webaccess software	69,492	69,492	5,643,650	100.00	17,344	462	462	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	-	1,000,000	100.00	29,287	1,347	1,347	Indirect subsidiary
LandMark	Cermate (Shanghai)	Shanghai, China	Sale of industrial electronic products	US$ 572	-	-	100.00	18,335	160	160	Indirect subsidiary
	Cermate (Shenzhen)	Shenzhen, China	Manufacture of LCD touch panel, USB data cable and industrial automation products	US$ 308	-	-	90.00	10,952	1,780	1,187	Indirect subsidiary

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

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

(Concluded)

ADVANTECH CO., LTD. AND INVESTEES

INVESTMENTS IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2010
(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, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of March 31, 2010	Accumulated Inward Remittance of Earnings as of March 31, 2010
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$35,650 thousand	Indirect	$ 994,088 (US$ 31,300 thousand)	$ -	$ -	$ 994,088 (US$ 31,300 thousand)	100%	$ 24,124	$ 1,251,293	$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US$3,000 thousand	Indirect	95,280 (US$ 3,000 thousand)	-	-	95,280 (US$ 3,000 thousand)	100%	150	90,058	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$4,230 thousand	Indirect	169,344 (US$ 5,332 thousand)	-	-	169,344 (US$ 5,332 thousand)	100%	6,448	490,132	356,824 (US$ 11,235 thousand)
Advantech Electronic Technology (Dongguan) Co., Ltd. (ADMC)	Production and sale of industrial automation products	US$1,400 thousand	Indirect	(Note C)	-	-	(Note C)	100%	(471)	53,949	-
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US$8,000 thousand	Indirect	254,080 (US$ 8,000 thousand)	-	-	254,080 (US$ 8,000 thousand)	100%	7,299	286,381	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US$1,000 thousand	Indirect	(Note D)	-	-	-	100%	(6,335)	18,269	-

Accumulated Investment in Mainland China as of March 31, 2010	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$1,519,144 (US$47,832 thousand) (Note E)	$2,302,600 (US$72,500 thousand)	$7,992,096 (Note G)

(Continued)

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

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

Note C: Remittance by Advantech Technology Co., Ltd.

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

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

Note F: The exchange rate was US$1.00=NT$31.76.

Note G: The upper limit on investment was based on 60% of the consolidated net asset value of Advantech Co., Ltd. (the “Company”).

(Concluded)