

Advantech Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2010 and 2009 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Advantech Co., Ltd. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, as stated in Note 2 to the financial statements, we did not audit the financial statements of some subsidiaries as of and for the years ended December 31, 2010 and 2009. The total assets of these subsidiaries were 7.87% (NT\$1,435,170 thousand) and 3.34% (NT\$555,782 thousand) of the Company's consolidated total assets as of December 31, 2010 and 2009, respectively, and their operating revenues were 9.87% (NT\$2,272,315 thousand) and 5.77% (NT\$884,002 thousand) of the Company's consolidated operating revenues in 2010 and 2009, respectively.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Advantech Co., Ltd. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

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

March 11, 2011

Notice to Readers

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

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2010 AND 2009

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

ASSETS	2010		2009		LIABILITIES AND SHAREHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 2,288,133	13	\$ 3,152,888	19	Financial liabilities at fair value through profit or loss (Notes 2, 5 and 23)	\$ 35,755	-	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 23)	47,434	-	11,074	-	Short-term bank loans (Notes 12 and 21)	38,573	-	68,981	-
Available-for-sale financial assets - current (Notes 2, 6 and 23)	15,279	-	13,495	-	Accounts payable (Note 20)	1,759,041	10	1,504,856	9
Notes receivable (Note 2)	348,150	2	201,925	1	Income tax payable (Notes 2 and 17)	477,381	3	120,425	1
Accounts receivable, net of allowance for doubtful accounts of \$40,917 thousand in 2010 and \$37,917 thousand in 2009 (Note 2)	2,970,585	16	2,190,141	13	Accrued expenses (Note 15)	1,441,754	8	1,124,320	7
Accounts receivable from related parties (Notes 2 and 20)	19,184	-	97,316	1	Long-term bank loans - current portion (Notes 13 and 21)	2,500	-	-	-
Other receivables	53,490	-	45,263	-	Advance receipts and other current liabilities	374,747	2	400,940	2
Other receivables - related parties (Note 20)	-	-	14,000	-					
Inventories, net (Notes 2 and 7)	3,530,880	20	2,044,486	12	Total current liabilities	4,129,751	23	3,219,522	19
Deferred income tax assets - current (Notes 2 and 17)	62,150	-	48,858	1					
Prepayments and other current assets	356,801	2	370,406	2	LONG-TERM LIABILITIES				
					Long-term bank loans (Notes 13 and 21)	19,599	-	-	-
Total current assets	9,692,086	53	8,189,852	49					
LONG-TERM INVESTMENTS					OTHER LIABILITIES				
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 23)	2,701,938	15	2,990,806	18	Accrued pension liabilities (Notes 2 and 14)	114,174	-	113,190	1
Financial assets carried at cost - noncurrent (Notes 2 and 8)	103,588	-	111,385	1	Guarantee deposits received	422	-	-	-
Equity-method investments (Notes 2 and 9)	369,408	2	372,977	2	Deferred income tax liabilities - noncurrent (Notes 2 and 17)	343,843	2	239,166	1
					Deferred credits (Note 2)	313	-	1,539	-
Total long-term investments	3,174,934	17	3,475,168	21	Others	-	-	615	-
PROPERTIES (Notes 2, 10 and 21)					Total other liabilities	458,752	2	354,510	2
Cost					Total liabilities	4,608,102	25	3,574,032	21
Land	1,301,537	7	1,286,175	8					
Buildings	2,565,978	14	2,685,128	16	SHAREHOLDERS' EQUITY				
Machinery and equipment	888,440	5	859,578	5	Capital stock, NT\$10.00 par value - parent company				
Furniture and fixtures	410,545	2	347,163	2	Authorized - 600,000 thousand shares				
Leasehold improvements	40,143	-	-	-	Issued and outstanding - 501,634 thousand shares in 2010 and 516,134 thousand shares in 2009	5,016,337	27	5,161,337	31
Other equipment	516,178	3	502,509	3	Capital surplus				
Total cost	5,722,821	31	5,680,553	34	Additional paid-in capital from share issuance in excess of par value	4,253,103	23	4,376,041	26
Accumulated depreciation	1,563,486	8	1,408,388	8	From treasury stock	-	-	13,612	-
	4,159,335	23	4,272,165	26	From long-term equity investments	59,898	-	59,911	1
Construction in progress and prepayments for equipment	15,431	-	21,611	-	Employee stock option	79,849	1	5,257	-
					Total capital surplus	4,392,850	24	4,454,821	27
Net properties	4,174,766	23	4,293,776	26	Retained earnings				
					Legal reserve	2,102,592	12	1,927,459	12
INTANGIBLE ASSETS					Special reserve	70,136	-	1,135,596	7
Trademark	86,317	-	-	-	Unappropriated earnings	2,573,186	14	1,754,111	10
Goodwill (Note 2)	502,197	3	266,769	1	Total retained earnings	4,745,914	26	4,817,166	29
Deferred pension cost (Note 14)	7,357	-	7,954	-	Others				
Core technology, net	107,490	1	-	-	Cumulative translation adjustments	(215,759)	(1)	227,050	1
Superficies (Note 2)	95,534	-	103,348	1	Net loss not recognized as pension cost	(2,121)	-	(2,353)	-
Other intangible assets, net	102,930	1	-	-	Unrealized loss on financial instruments	(403,782)	(2)	(294,833)	(2)
					Treasury stock - 14,500 thousand shares	-	-	(1,385,698)	(8)
Total intangible assets	901,825	5	378,071	2	Total others	(621,662)	(3)	(1,455,834)	(9)
					Total shareholders' equity of parent company	13,533,439	74	12,977,490	78
OTHER ASSETS					Minority interest	94,175	1	82,444	1
Assets leased to others, net (Notes 2 and 11)	18,179	-	13,592	-					
Refundable deposits	28,050	-	28,858	-	Total shareholders' equity	13,627,614	75	13,059,934	79
Deferred expenses, net (Note 2)	245,876	2	254,649	2					
					TOTAL	\$ 18,235,716	100	\$ 16,633,966	100
Total other assets	292,105	2	297,099	2					
TOTAL	\$ 18,235,716	100	\$ 16,633,966	100					

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

(With Deloitte & Touche audit report dated March 11, 2011)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2010		2009	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 20)				
Sales	\$ 22,856,416	99	\$ 15,183,645	99
Sales returns and allowances	<u>387,035</u>	<u>1</u>	<u>221,056</u>	<u>1</u>
Net sales	22,469,381	98	14,962,589	98
Other operating revenues	<u>561,158</u>	<u>2</u>	<u>360,051</u>	<u>2</u>
Total operating revenues	23,030,539	100	15,322,640	100
OPERATING COSTS (Notes 3, 18 and 20)	<u>13,827,682</u>	<u>60</u>	<u>9,087,013</u>	<u>59</u>
GROSS PROFIT	9,202,857	40	6,235,627	41
UNREALIZED INTERCOMPANY GAINS (Note 2)	(313)	-	(1,539)	-
REALIZED INTERCOMPANY GAINS (Note 2)	<u>2,168</u>	<u>-</u>	<u>9,046</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>9,204,712</u>	<u>40</u>	<u>6,243,134</u>	<u>41</u>
OPERATING EXPENSES (Notes 18 and 20)				
Marketing	2,139,333	9	1,867,529	12
Administrative	1,755,179	8	1,180,656	8
Research and development	<u>1,846,344</u>	<u>8</u>	<u>1,394,173</u>	<u>9</u>
Total operating expenses	<u>5,740,856</u>	<u>25</u>	<u>4,442,358</u>	<u>29</u>
OPERATING INCOME	<u>3,463,856</u>	<u>15</u>	<u>1,800,776</u>	<u>12</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 20)	9,066	-	14,858	-
Investment income recognized under the equity method, net (Notes 2 and 9)	56,285	-	36,417	-
Dividend revenue	109,959	1	96,498	1
Gain on disposal of investments, net	61,716	-	13,069	-
Foreign exchange gain, net (Note 2)	-	-	28,955	-
Valuation gain on financial instrument, net (Notes 2 and 5)	99,740	-	40,362	-
Other income (Note 20)	<u>135,684</u>	<u>1</u>	<u>99,387</u>	<u>1</u>
Total nonoperating income and gains	<u>472,450</u>	<u>2</u>	<u>329,546</u>	<u>2</u>

(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2010		2009	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense	\$ 4,794	-	\$ 7,588	-
Loss on disposal of property, plant and equipment	24,993	-	14,255	-
Exchange loss, net	119,548	1	-	-
Impairment loss on goodwill (Note 2)	-	-	14,998	-
Valuation loss on financial instruments, net (Notes 2 and 5)	12,780	-	27,927	1
Other expenses (Note 18)	<u>117,552</u>	<u>-</u>	<u>18,861</u>	<u>-</u>
Total nonoperating expenses and losses	<u>279,667</u>	<u>1</u>	<u>83,629</u>	<u>1</u>
INCOME BEFORE INCOME TAX	3,656,639	16	2,046,693	13
INCOME TAX (Notes 2 and 17)	<u>589,230</u>	<u>3</u>	<u>287,121</u>	<u>2</u>
CONSOLIDATED NET INCOME	<u>\$ 3,067,409</u>	<u>13</u>	<u>\$ 1,759,572</u>	<u>11</u>
ATTRIBUTABLE TO:				
Parent's shareholders	\$ 3,039,431	13	\$ 1,751,332	11
Minority interest	<u>27,978</u>	<u>-</u>	<u>8,240</u>	<u>-</u>
	<u>\$ 3,067,409</u>	<u>13</u>	<u>\$ 1,759,572</u>	<u>11</u>
	2010		2009	
	Pretax	After-tax	Pretax	After-tax
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 19)				
Basic	<u>\$ 6.67</u>	<u>\$ 6.06</u>	<u>\$ 3.88</u>	<u>\$ 3.50</u>
Diluted	<u>\$ 6.63</u>	<u>\$ 6.03</u>	<u>\$ 3.85</u>	<u>\$ 3.47</u>

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

(With Deloitte & Touche audit report dated March 11, 2011)

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ADVANTECH CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	Capital Stock - Issued and Outstanding (Note 15)		Capital Surplus (Notes 2 and 15)				Retained Earnings (Notes 2 and 15)				Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized As Pension Cost	Unrealized Valuation Gains (Losses) on Financial Instruments (Notes 2 and 23)	Treasury Stock (Notes 2 and 16)	Minority Interest	Total Shareholders' Equity	
	Shares (Thousands)	Amount	From Share Issuance in Excess of Par Value	From Treasury Stock	From Long-term Equity Investments	From Employee Stock Option	Total	Legal Reserve	Special Reserve	Unappropriated Earnings							Total
BALANCE, JANUARY 1, 2009	511,346	\$ 5,113,458	\$ 4,295,589	\$ 13,612	\$ 59,771	\$ -	\$ 4,368,972	\$ 1,673,104	\$ -	\$ 2,908,171	\$ 4,581,275	\$ 320,051	\$ -	\$ (1,455,647)	\$ (1,385,698)	\$ 91,193	\$ 11,633,604
Appropriation of the 2008 earnings																	
Legal reserve	-	-	-	-	-	-	-	254,355	-	(254,355)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	1,135,596	(1,135,596)	-	-	-	-	-	-	-
Stock dividends - 0.5%	2,484	24,843	-	-	-	-	-	-	-	(24,843)	(24,843)	-	-	-	-	-	-
Cash dividends - NT\$3.00 per share	-	-	-	-	-	-	-	-	-	(1,490,598)	(1,490,598)	-	-	-	-	-	(1,490,598)
Issuance of common stock from employee bonus	2,139	21,386	78,614	-	-	-	78,614	-	-	-	-	-	-	-	-	-	100,000
Consolidated net income in 2009	-	-	-	-	-	-	-	-	-	1,751,332	1,751,332	-	-	-	-	8,240	1,759,572
Employee stock options	165	1,650	1,838	-	-	-	1,838	-	-	-	-	-	-	-	-	-	3,488
Compensation recognized for employee stock options	-	-	-	-	-	5,257	5,257	-	-	-	-	-	-	-	-	-	5,257
Increase in carrying values of equity-method investments due to not subscribing proportionally to the additional shares issued by the investees	-	-	-	-	140	-	140	-	-	-	-	-	-	-	-	-	140
Changes in unrealized valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	1,160,118	-	-	1,160,118
Equity in the changes in unrealized valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	696	-	-	696
Changes in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	(93,001)	-	-	-	4,196	(88,805)
Effect of change in consolidated entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,593)	(4,593)
Cash dividends issued by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(421)	(421)
Change in net loss not recognized as pension cost of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(2,353)	-	-	-	(2,353)
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,171)	(16,171)
BALANCE, DECEMBER 31, 2009	516,134	5,161,337	4,376,041	13,612	59,911	5,257	4,454,821	1,927,459	1,135,596	1,754,111	4,817,166	227,050	(2,353)	(294,833)	(1,385,698)	82,444	13,059,934
Appropriation of the 2009 earnings																	
Legal reserve	-	-	-	-	-	-	-	175,133	-	(175,133)	-	-	-	-	-	-	-
Cash dividends - NT\$4.00 per share	-	-	-	-	-	-	-	-	-	(2,006,535)	(2,006,535)	-	-	-	-	-	(2,006,535)
Reversal of special reserve	-	-	-	-	-	-	-	-	(1,065,460)	1,065,460	-	-	-	-	-	-	-
Consolidated net income in 2010	-	-	-	-	-	-	-	-	-	3,039,431	3,039,431	-	-	-	-	27,978	3,067,409
Compensation recognized for employee stock options	-	-	-	-	-	74,592	74,592	-	-	-	-	-	-	-	-	-	74,592
Company's proportional recognition of the changes in investees' equity in their investments	-	-	-	-	(13)	-	(13)	-	-	-	-	-	-	-	-	-	(13)
Changes in unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	(127,163)	-	-	(127,163)
Equity in the changes in unrealized valuation gain on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	18,214	-	-	18,214
Translation adjustment	-	-	-	-	-	-	-	-	-	-	-	(442,809)	-	-	-	(26,064)	(468,873)
Retirement of treasury stock	(14,500)	(145,000)	(122,938)	(13,612)	-	-	(136,550)	-	-	(1,104,148)	(1,104,148)	-	-	-	1,385,698	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,978	42,978
Acquisition of minority equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33,161)	(33,161)
Change in net loss not recognized as pension cost of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	232	-	-	-	232
BALANCE, DECEMBER 31, 2010	501,634	5,016,337	4,253,103	-	59,898	79,849	4,392,850	2,102,592	70,136	2,573,186	4,745,914	(215,759)	(2,121)	(403,782)	-	94,175	13,627,614

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

(With Deloitte & Touche audit report dated March 11, 2011)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 3,067,409	\$ 1,759,572
Depreciation and amortization	409,377	346,146
Allowance (reversal of allowance) for doubtful accounts	22,366	(5,043)
Allowance (reversal of allowance) for loss on inventories	127,294	(73,969)
Loss on disposal of scrap inventories	70,664	205,383
Loss on disposal of properties, net	24,993	14,255
Gain on disposal of investments, net	(61,716)	(13,069)
Impairment loss on goodwill	-	14,998
Cash dividends received from equity-method investees	28,218	38,398
Equity in net gain of investees, net	(56,285)	(36,417)
Accrued pension liabilities	10,700	(1,074)
Net loss not recognized as pension cost	232	(2,353)
Employee stock option cost	74,592	5,257
Deferred income taxes	91,385	76,920
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	(605)	(32,760)
Notes receivable	(143,931)	60,586
Accounts receivable	(556,301)	(91,152)
Accounts receivable from related parties	78,132	77,514
Other receivables	3,692	89,069
Inventories	(1,528,593)	205,356
Prepayment and other current assets	25,779	48,307
Accounts payable	15,831	460,786
Income tax payable	349,252	(187,884)
Accrued expenses	293,240	212,324
Advance receipts and other current liabilities	(56,484)	110,760
Deferred credits	(1,226)	(7,756)
Net cash provided by operating activities	<u>2,288,015</u>	<u>3,274,154</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	-	(99,073)
Proceeds of capital reduction on available-for-sale financial assets	2,057	-
Proceeds of the disposal of available-for-sale financial assets	195,430	407
Acquisition of financial assets carried at cost	(70,331)	-
Proceeds of the disposal of financial assets carried at cost	39,776	-
Proceeds of the disposal of equity-method investments	18,765	64,850
Cash paid for acquisition of subsidiaries	(771,830)	(8,521)
Decrease (increase) in other receivable - related parties (financing provided)	14,000	(61,367)
Acquisition of properties	(258,644)	(405,450)
		(Continued)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
Proceeds of the disposal of properties	\$ 584	\$ 2,131
Decrease in refundable deposits	9,075	16,312
Decrease in restricted assets	620	50,000
Increase in deferred expenses	<u>(41,591)</u>	<u>(41,276)</u>
Net cash used in investing activities	<u>(862,089)</u>	<u>(481,987)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	(36,791)	(509,518)
Decrease in long-term bank loans	(11,873)	(106,232)
Decrease in other liabilities	(193)	(4,485)
Employee stock options	-	3,488
Cash dividends paid	(2,006,535)	(1,492,004)
Bonus paid to employees and remuneration to directors and supervisors	(7,700)	(72,770)
Decrease in minority equity	<u>(33,161)</u>	<u>(16,171)</u>
Net cash used in financing activities	<u>(2,096,253)</u>	<u>(2,197,692)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(194,428)</u>	<u>(40,115)</u>
NET INCREASE IN CASH	(864,755)	554,360
CASH, BEGINNING OF YEAR	<u>3,152,888</u>	<u>2,598,528</u>
CASH, END OF YEAR	<u>\$ 2,288,133</u>	<u>\$ 3,152,888</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 4,446</u>	<u>\$ 9,567</u>
Income tax paid	<u>\$ 151,986</u>	<u>\$ 378,728</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

The fair values of the assets and liabilities of Innocore Holding Ltd. (“Innocore”) on the date it became a wholly owned subsidiary of Advantech Europe Holding B.V. (AEU), October 2010 are summarized as follows:

Cash	\$ 20,217
Accounts receivable, net	22,427
Inventories, net	3,791
Other current assets	2,249
Properties, net	775
Short-term loan	(2,496)
Accounts payable	(27,952)
Income tax payable	(506)
Expense payable	<u>(10,212)</u>
Net	8,293
Percentage of equity interest	<u>100%</u>
	8,293
Acquisition cost in excess of book value of subsidiary	<u>142,801</u>
Total	151,094
Less: Cash balances of Innocore	<u>(20,217)</u>
Cash paid for the acquisition of Innocore	<u>\$ 130,877</u>

The fair values of the assets and liabilities of DLoG GmbH on the date it became a wholly owned subsidiary of Advantech Europe Holding B.V. (AEU) in March 2010 are summarized as follows:

Cash	\$ 4,923
Accounts receivable, net	83,647
Other receivables	11,919
Inventories, net	88,829
Other current assets	5,654
Properties, net	18,029
Intangible assets	218,142
Accounts payable	(64,638)
Other current liabilities	<u>(26,979)</u>
Net	339,526
Percentage of equity interest	<u>100%</u>
	339,526
Acquisition cost in excess of book value of subsidiary	<u>209,512</u>
Total	549,038
Less: Cash balances of DLoG GmbH	<u>(4,923)</u>
Cash paid for the acquisition of DLoG GmbH	<u>\$ 544,115</u>

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

(With Deloitte & Touche audit report dated March 11, 2011)

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2010 AND 2009

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

1. ORGANIZATION AND OPERATIONS

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

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

As of December 31, 2010 and 2009, the Parent Company and the consolidated subsidiaries (collectively, the "Group") had 5,413 and 4,554 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

For the convenience of readers, the Group's 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 Group's significant accounting policies are summarized as follows.

Basis for Consolidation

Consolidated financial statements should include direct and indirect subsidiaries in which the Group has controlling interests or has voting rights of over 50%. In 2010 and 2009, the consolidated entities included the Parent Company and its all subsidiaries. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

The financial statements of the following investees had been consolidated under the proportionate consolidated method: In 2010 and 2009 - Advansus Corp.; and in 2008 - Hangzhon Advantofine Automation Tech. Co., Ltd. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

The diagram of intercompany relationships and percentages of ownership as of December 31, 2010 and 2009 is shown in Table 9 (attached). The names, locations and other information of investees are shown in Table 7 (attached).

The financial statements of the following companies were audited by other auditors, i.e., not the Parent Company's auditors: (a) in 2010 and 2009 - Advantech Europe Holding B.V. (excluding the financial statements of its subsidiary, Advantech Europe B.V., which were audited by the Parent Company's CPAs); Advantech Japan Co., Ltd. ; Advantech Australia Pty Ltd.; Advantech Co. Singapore Pte, Ltd.; Advantech Co., Malaysia Sdn. Bhd.; Advantech (HK) Technology Co., Ltd.; Advantech Brazil S/A and (b) in 2010 - Innocore Holding Ltd., an indirect subsidiary of Advantech Europe Holding B.V.

The calculation of the investment carrying value and the Parent Company's equity in the net income of Hangzhou Advantofine Automation Co., Ltd. was based on the investee's unaudited financial statements for 2010 and 2009. The Parent Company believes that had this investee's financial statements been audited, any adjustments would have had no major effects on the consolidated financial statements.

Current and Noncurrent Assets and Liabilities

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

Financial Assets/Liabilities at Fair Value through Profit or Loss

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

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

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

Available-for-sale Financial Assets

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

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

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

Inventories

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

Financial Assets Carried at Cost

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

Long-term Equity Investments

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

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

For equity-method investees over which the Group has controlling influence, if the equity in losses recognized exceeds the original investment acquisition costs, the Group 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 Group 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 Parent Company to its subsidiaries are deferred but only profit in proportion to the Group's equity interest is deferred for other equity-method investees that are not majority owned. Profit from the sales of products by equity-method investees to the Group is deferred in proportion to the Group's equity interests in the investees and credited against the investment. Profits from sales of products between equity-method investees are deferred to the extent of the Group's equity interests in these investees. The deferred profits are included as part of other liabilities. All of these profits are realized through the subsequent sale of the related products to third parties.

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

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

Properties and Properties Leased to Others

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

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

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

Intangible Assets

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

Goodwill is an investment premium, which is the difference between the cost of investment and the net acquired equity. Effective January 1, 2006, based on the newly released Statement of Financial Accounting Standards No. 37 - "Intangible Assets," goodwill is no longer amortized and instead is tested for impairment annually.

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

For the purpose of impairment testing, goodwill is allocated to each of the relevant cash-generating units (CGU) 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 Group 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 Statement of Financial Accounting Standards No. 39 - "Share-based Payment." Under the statement, the value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus - employee stock options. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

Pension Costs

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

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

Except for the Parent Company, the subsidiaries all contribute to pension funds and recognize pension costs based on local government regulations.

Treasury Stock

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

Upon disposal, the selling price in excess of the book value is recorded under capital surplus - treasury stock transaction. If the selling price is lower than book value, the difference is charged against capital surplus - treasury stock transaction, and any deficit is debited to unappropriated retained earnings. Upon write-off, the capital and capital surplus – additional paid-in capital from share issuance in excess of par are debited pro rata. If the book value exceeds the total of capital stock and premium on stock issuance, the difference is offset against capital surplus - treasury stock transaction and any deficit is charged against unappropriated retained earnings. If the book value of treasury stock is lower than the total of capital stock and premium on stock issuance, the difference is credited to capital surplus - treasury stock transaction.

Income Tax

The Group applies the inter-year allocation method to its income tax, whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for purchases of machinery, equipment and technology, research and development expenditures, personnel training expenditures and equity investments are recognized in the current year.

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

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

Foreign-currency Transactions

The financial statements of the Parent Company's and its subsidiaries' foreign operations are translated into New Taiwan dollars at the following exchange rates:

- a. Assets and liabilities - at exchange rates prevailing on the balance sheet date;
- b. Shareholders' equity - at historical exchange rates; except the beginning balance of retained earnings, which use exchange rate from previous year end.
- c. Dividends - at the exchange rate prevailing on the dividend declaration date; and

d. Income and expenses - at average exchange rates for the year.

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

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

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

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

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

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

3. ACCOUNTING CHANGE

Accounting for Inventories

Effective January 1, 2009, the Group 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 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 \$7,676 thousand and \$11,267 thousand in the Parent Company's net income and consolidated net income, respectively, and of NT\$0.02 in earnings per share (after income tax) for the year ended December 31, 2009.

4. CASH

	<u>December 31</u>	
	<u>2010</u>	<u>2009</u>
Cash on hand	\$ 4,715	\$ 59,875
Checking and demand deposits	2,223,200	1,640,873
Time deposits: Interest - 0.25%-5.50% in 2010 and 0.08%-3.00% in 2009	<u>60,218</u>	<u>1,452,140</u>
	<u>\$ 2,288,133</u>	<u>\$ 3,152,888</u>

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The trading assets or liabilities of the Parent Company were shown as follows:

	December 31	
	2010	2009
<u>Financial assets resulted from trading</u>		
Forward contracts	<u>\$ 47,434</u>	<u>\$ 11,074</u>
<u>Financial liabilities resulted from trading</u>		
Forward contracts	<u>\$ 35,755</u>	<u>\$ -</u>

Information on the outstanding forward contracts as of December 31, 2010 and 2009 were as follows:

	Currency	Maturity	Amount (Thousands)
<u>December 31, 2010</u>			
Sell	EUR/NTD	January 2011	EUR500/NTD21,359
	EUR/USD	January 2011 - September 2011	EUR18,000/USD23,230
	USD/NTD	January 2011 - August 2011	USD48,885/NTD1,522,734
	JPY/USD	January 2011 - August 2011	JPY370,000/USD4,331
<u>December 31, 2009</u>			
Sell	EUR/USD	January 2010 - February 2010	EUR960/USD1,445
	USD/NTD	January 2010 - June 2010	USD25,945/NTD838,536
	JPY/NTD	January 2010 - February 2010	JPY30,000/NTD10,837

The Parent Company entered into forward contract transactions in 2010 and 2009 is to avoid risks on exchange rate fluctuations. The hedging strategy of the Parent Company is to avoid the major portion of the market and liquidity risks.

On trading financial assets or liabilities, net gains were \$86,960 thousand in 2010 and \$12,435 thousand in 2009.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31			
	2010		2009	
	Current	Noncurrent	Current	Noncurrent
Quoted domestic stocks				
Chunghwa Telecom Co., Ltd.	\$ 15,279	\$ 115,192	\$ 13,495	\$ 101,745
ASUSTEK Computer Inc.	-	1,749,382	-	2,829,806
Pegatron Corp.	-	776,436	-	-
Avalue Technology Inc.	-	39,761	-	-
Quoted overseas stocks				
SG Advantech Co., Ltd.	-	21,167	-	59,255
	<u>\$ 15,279</u>	<u>\$ 2,701,938</u>	<u>\$ 13,495</u>	<u>\$ 2,990,806</u>

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

7. INVENTORIES, NET

	December 31	
	2010	2009
Finished goods	\$ 1,230,164	\$ 741,077
Work in process	635,764	390,725
Raw materials	1,337,184	782,315
Goods in transit	<u>327,768</u>	<u>130,369</u>
	<u>\$ 3,530,880</u>	<u>\$ 2,044,486</u>

As of December 31, 2010 and 2009, the allowances for inventory devaluation were \$350,947 thousand and \$223,653 thousand, respectively.

The costs of goods sold pertaining to inventories as of December 31, 2010 and 2009 were \$13,827,682 thousand and \$9,087,013 thousand, respectively. These amounts included (a) an allowance for loss of \$127,294 thousand and a loss of \$70,664 thousand on inventory scrap disposal for 2010 and (b) a reversal of allowance for loss \$73,969 thousand and a loss of \$205,383 thousand on inventory scrap disposal for 2009.

8. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2010	2009
Unlisted common traded stocks		
Domestic		
AverMedia Information Inc.	\$ 70,331	\$ -
Avalue Technology Inc.	-	78,128
Foreign		
Coban Research and Technologies, Inc. (US\$1,020 thousand)	<u>33,257</u>	<u>33,257</u>
	<u>\$ 103,588</u>	<u>\$ 111,385</u>

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

The shares of Avalue Technology Inc. began to be OTC traded in June 2010; thus, the Parent Company's investment in Avalue was reclassified to available-for-sale financial assets - noncurrent.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	December 31			
	2010		2009	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Listed				
Axiomtek Co., Ltd.	\$ 349,505	27.58	\$ 341,868	27.63
Unlisted				
Advantech Hungary Ltd.	13,813	30.00	15,170	30.00
Jan Hsiang Electronics Co., Ltd.	6,090	28.50	9,091	47.50
Advantech Corporation (Thailand) Co., Ltd.	<u>-</u>	-	<u>6,848</u>	30.00
	<u>\$ 369,408</u>		<u>\$ 372,977</u>	

In 2010, Advantech Co., Singapore Pte, Ltd. (ASG), a subsidiary of the Parent Company, increased its interest in Advantech Corporation (Thailand) Co., Ltd. (ATH) to 51%. As a result, ASG obtained a controlling influence over ATH, and the latter was included in the consolidation.

The financial statements used as basis for calculating the investment carrying value and the Parent Company's equity in the net income of its equity-method investees, Axiomtek Co., Ltd. in 2010 and 2009, Jan Hsiang Electronics Co., Ltd. in 2010 and Advantech Corporation (Thailand) Co., Ltd. in 2009, were audited by other CPAs.

The calculation of the investment carrying value and the Parent Company's equity in the net income of Advantech Hungary Ltd. in 2010 and 2009 was based on unaudited financial statements. The Parent Company believes that had this investee's financial statements been audited, any adjustments would not have had a major effect on the consolidated financial statements.

Changes in goodwill in 2010 and 2009 were as follows:

	Years Ended December 31	
	2010	2009
Cost		
Balance, beginning of year	\$ 10,517	\$ 10,517
Amount derecognized on disposal of investments	<u>(218)</u>	<u>-</u>
Balance, end of year	<u>\$ 10,299</u>	<u>\$ 10,517</u>

The market values of the listed stocks invested in by the Parent Company, which were calculated on the basis of their closing prices as of December 31, 2010 and 2009 were \$813,663 thousand and \$647,955 thousand, respectively.

10. PROPERTIES

Accumulated depreciation was as follows:

	December 31	
	2010	2009
Buildings	\$ 429,597	\$ 385,391
Machinery and equipment	553,266	516,216
Furniture and fixtures	244,384	224,320
Other equipment	<u>336,239</u>	<u>282,461</u>
	<u>\$ 1,563,486</u>	<u>\$ 1,408,388</u>

11. PROPERTIES LEASED TO OTHERS

	December 31	
	2010	2009
Cost		
Buildings	\$ 27,349	\$ 19,686
Less: Accumulated depreciation	<u>9,170</u>	<u>6,094</u>
	<u>\$ 18,179</u>	<u>\$ 13,592</u>

12. SHORT-TERM BANK LOANS

	December 31	
	2010	2009
Credit loans - interest: 1.10-2.02% in 2010 and 1.306%-1.598% in 2009	\$ 35,000	\$ 68,981
Bank overdraft - interest: 4.9% in 2010	<u>3,573</u>	<u>-</u>
	<u>\$ 38,573</u>	<u>\$ 68,981</u>

Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained credit loans from bank to meet its financing need. As of December 31, 2010 and 2009, the carrying values were \$10,000 thousand and \$5,000 thousand, respectively.

To meet its financing need, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a credit loan from a bank. As of December 31 2010, the loan carrying value was \$25,000 thousand.

To meet its financing need, DLoG GmbH, an indirect subsidiary of the Parent Company, applied to local banks for an overdraft, which had a limit of \$29,190 thousand. As of December 31, 2010, the used overdraft amount was \$3,573 thousand, and the unused overdraft amount was \$25,617 thousand.

Advantech Technology (China) Company Ltd., an indirect subsidiary of the Parent Company, obtained a credit loan from a bank to meet its financing need. As of December 31, 2009, the loan carrying value was \$63,981 thousand.

13. LONG-TERM BANK LOANS

<u>December 31, 2010</u>	Current	Long-term	Total
Secured loans	<u>\$ 2,500</u>	<u>\$ 19,599</u>	<u>\$ 22,099</u>

Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a mortgage bank loan to meet its financing need. This loan is repayable monthly or quarterly at various amounts from March 2006 to March 2021. As of December 31, 2010, the carrying value of the loan was \$22,099 thousand. Interest rates are between 2.05% and 2.13%.

14. PENSION PLAN

Based on the Labor Pension Act, the rate of monthly contributions to the individual pension accounts of the employees of the Parent Company and its domestic subsidiaries is at 6% of monthly wages. For these contributions, the Parent Company and domestic subsidiaries recognized pension costs of \$68,025 thousand in 2010 and \$68,025 thousand and \$52,884 thousand in 2009.

The Parent Company and its subsidiaries, have a defined benefit pension plan under the Labor Standards Law (the "Law"). Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulate up to 45 base 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.

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

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

For the years ended December 31, 2010 and 2009, pension expenses were \$54,361 thousand and \$49,151 thousand, respectively, which were based on the defined benefit pension and overseas subsidiaries' local government regulations.

Other information on the defined benefit plan is summarized as follows:

a. Components of net pension cost:

	<u>2010</u>		<u>2009</u>	
	The Parent Company	Netstar	The Parent Company	Netstar
Service cost	\$ 4,066	\$ -	\$ 3,007	\$ -
Interest cost	5,118	466	3,974	360
Projected return on plan assets	(2,292)	(140)	(2,302)	(129)
Amortization of unrecognized net transition obligation and net pension plan gains or losses	<u>1,822</u>	<u>992</u>	<u>(317)</u>	<u>687</u>
	<u>\$ 8,714</u>	<u>\$ 1,318</u>	<u>\$ 4,362</u>	<u>\$ 918</u>

b. Reconciliation between the funded status of the pension plan and accrued pension liabilities:

	2010		2009	
	The Parent Company	Netstar	The Parent Company	Netstar
Benefit obligation				
Vested benefit obligation	\$ 6,225	\$ 953	\$ 4,687	\$ 953
Non-vested benefit obligation	<u>135,518</u>	<u>15,815</u>	<u>121,392</u>	<u>15,510</u>
Accumulated benefit obligation	141,743	16,768	126,079	16,463
Additional benefits based on future salaries	<u>87,796</u>	<u>3,977</u>	<u>101,382</u>	<u>4,250</u>
Projected benefit obligation	229,539	20,745	227,461	20,713
Fair value of plan assets	<u>(108,750)</u>	<u>(6,803)</u>	<u>(101,848)</u>	<u>(6,238)</u>
Funded status	120,789	13,942	125,613	14,475
Unrecognized net transition obligation	(9,112)	(71)	(10,933)	(107)
Unrecognized net loss (gain)	(7,467)	-	(11,715)	-
Unamortized service costs	-	(7,287)	-	(7,847)
Unamortized net loss	-	(6,424)	-	(7,215)
Additional liabilities	<u>-</u>	<u>9,804</u>	<u>-</u>	<u>10,919</u>
Accrued pension liabilities	<u>\$ 104,210</u>	<u>\$ 9,964</u>	<u>\$ 102,965</u>	<u>\$ 10,225</u>
Vested benefit	<u>\$ 7,705</u>	<u>\$ 961</u>	<u>\$ 5,840</u>	<u>\$ -</u>

c. Actuarial assumptions

	2010		2009	
	The Parent Company	Netstar	The Parent Company	Netstar
Discount rate used in determining present values	2.00%	2.25%	2.25%	2.25%
Future salary increase rate	3.25%	2.00%	3.00%	2.00%
Expected rate of return on plan assets	2.00%	2.25%	2.25%	2.25%

	2010		2009	
	The Parent Company	Netstar	The Parent Company	Netstar
d. Contributions to the fund	<u>\$ 7,469</u>	<u>\$ 463</u>	<u>\$ 7,761</u>	<u>\$ 489</u>
e. Payments from the fund	<u>\$ 2,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

- a. 1% to 20% as bonus to employees;
- b. 1% or less as remuneration to directors and supervisors; 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 Parent Company's board of directors.

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

The bonus to employees and remunerations to directors and supervisors of \$30,000 thousand for 2010 and \$178,000 thousand for 2009 (classified under accrued expenses) were estimated and accrued on the basis of past experience. Material differences between these estimates and the amounts proposed by the Board of Directors in the following year are adjusted for in the year of the proposal. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the eve of the shareholders' meeting.

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

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

The appropriations from the earnings of 2009 and 2008 were proposed in the Board of Directors' meeting and approved in the shareholders' meetings held on May 18, 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

The bonus to employees and the remuneration to directors and supervisors for 2009 and 2008 that were approved in the shareholders' meetings on May 18, 2010 and May 15, 2009, respectively, were as follows:

	Years Ended December 31			
	2009		2008	
	Cash	Stock	Cash	Stock
Bonus to employees	\$ 175,000	\$ -	\$ 90,000	\$ 100,000
Remuneration to directors and supervisors	3,000	-	-	-

The share number of 2,139 thousand for 2009 was determined by dividing the amount of share bonus by the closing price (after considering the effect of cash and stock dividends) of the day immediately preceding the shareholders' meeting.

There is no significant difference between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the accrual amounts reflected in the financial statements.

The proposal on the appropriation of the earnings of 2010 had not yet been approved in the board of directors' meeting as of March 11, 2011, the date of the accompanying auditors' report. 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 the earnings 2008 were 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 Parent Company completed the registration of this appropriation with the MOEA.

Qualified employees of the Parent Company and its subsidiaries were granted stock options at 3,000 units in July 2010; 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 Parent Company. Options issued in July 2010 and December 2009 are valid for 5 years and options issued in August 2003 are valid for 6 years. Both are exercisable at certain percentages after the second anniversary year from the grant date. The options were granted at an exercise price equal to the closing price of the Parent Company's common shares listed on the grant date. For any subsequent changes in the Parent Company's paid-in capital, the exercise price and the number of options are adjusted accordingly.

When the grant date of stock-based employee compensation plans is on or before January 1, 2004, the Parent 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:

	Year Ended December 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 year	10,000	\$58.24	165	\$23.49
Options granted	3,000	67.40	10,000	61.90
Options exercised	<u>-</u>	-	<u>(165)</u>	21.14
Balance, end of year	<u>13,000</u>		<u>10,000</u>	
Options exercisable, end of year	<u>-</u>		<u>-</u>	
Weighted-average fair value of options granted (NT\$)		<u>\$16.45-\$20.25</u>		<u>\$16.45-\$18.13</u>

The weighted-average stock price at the date of exercise for stock options exercised during the years ended December 31, 2009 was NT\$52.98.

Information on outstanding options as of December 31, 2010 and 2009 were as follows:

	December 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)
Issuance in 2010	\$ 67.40	4.53	\$ -	-
Issuance in 2009	58.24	3.92	61.9	4.92

Options granted during the year ended December 31, 2010 were priced using the Black-Scholes model, and the inputs to the model were as follows:

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

Options granted during the year ended December 31, 2009 were priced using the Black-Scholes model, and the inputs to the model were as follows:

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

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

Compensation costs recognized were \$74,592 thousand and \$5,257 thousand for the years ended December 31, 2010 and 2009, respectively.

16. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
<u>Year ended December 31, 2010</u>				
For transfer to employees	<u>14,500</u>	<u>-</u>	<u>14,500</u>	<u>-</u>
<u>Year ended December 31, 2009</u>				
For transfer to employees	<u>14,500</u>	<u>-</u>	<u>-</u>	<u>14,500</u>

At their meeting on November 2, 2010, the board of directors approved the retirement of treasury stock since this treasury stock had not been transferred for three years since the date of acquisition. As of December 31, 2010 the Company had completed the registration of this retirement with the Ministry of Economic Affairs.

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

17. INCOME TAX

- a. The reconciliation of income tax expense based on income tax at statutory income tax rates to income tax expense, and current income tax payable was as follows:

	2010	2009
Tax on pretax income at statutory rate	\$ 837,082	\$ 532,951
Add (deduct) tax effects of:		
Permanent differences		
Tax-exempt income	5,827	(49,031)
Other	(30,993)	(61,006)
Temporary differences	(106,170)	(66,689)
Income tax (10%) on undistributed earnings	-	1,661
Additional income tax under the Alternative Minimum Tax Act	-	935
Investment tax credit used	(190,798)	(156,276)
Loss carryforwards used	<u>(6,006)</u>	<u>(305)</u>
Income tax currently payable	<u>\$ 508,942</u>	<u>\$ 202,240</u>

- b. Income tax expense consisted of the following:

	2010	2009
Income tax currently payable	\$ 508,942	\$ 202,240
Income tax expense - deferred	91,385	76,920
Adjustments for prior years' tax	<u>(11,097)</u>	<u>7,961</u>
	<u>\$ 589,230</u>	<u>\$ 287,121</u>

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

- 1) In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduced a profit-seeking enterprise's income tax rate from 25% to 20%, effective January 1, 2010.
- 2) Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive took effect from January 1, 2010 and is effective till December 31, 2019.
- 3) In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.

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

	<u>December 31</u>	
	2010	2009
Balance, beginning of year	\$ 120,425	\$ 300,301
Income tax currently payable	508,942	202,240
Payment	<u>(151,986)</u>	<u>(382,116)</u>
Balance, end of year	<u>\$ 477,381</u>	<u>\$ 120,425</u>

d. Net deferred income taxes as of December 31, 2010 and 2009 consisted of the following:

	<u>December 31</u>	
	2010	2009
Current		
Deferred income tax assets:		
Allowance for loss on inventories	\$ 29,202	\$ 25,175
Unrealized product warranty reserve	18,427	7,985
Excess provisions for doubtful accounts	4,548	1,835
Investment tax credit	-	51,461
Loss carryforwards	-	12,523
Others	<u>14,635</u>	<u>8,084</u>
	66,812	107,063
Valuation allowance	<u>(3,680)</u>	<u>(57,726)</u>
	<u>63,132</u>	<u>49,337</u>
Deferred income tax liabilities:		
Unrealized foreign exchange gain	<u>(982)</u>	<u>(479)</u>
Net deferred income tax assets	<u>\$ 62,150</u>	<u>\$ 48,858</u>
Noncurrent		
Deferred income tax assets:		
Investment tax credits	\$ 56,656	\$ 56,559
Accumulated equity in the net loss of foreign equity-method investees	45,409	51,233
Deferred credits	32,192	24,053
Loss carryforwards	17,831	54,276
Excess of pension cost	17,725	20,604
Others	<u>989</u>	<u>9,177</u>
	170,802	215,902
Valuation allowance	<u>(101,591)</u>	<u>(125,302)</u>
	<u>69,211</u>	<u>90,600</u>
Deferred income tax liabilities:		
Accumulated equity in the net gain of foreign equity-method investees	(412,974)	(329,361)
Others	<u>(80)</u>	<u>(405)</u>
	<u>(413,054)</u>	<u>(329,766)</u>
Net deferred income tax liabilities	<u>\$ (343,843)</u>	<u>\$ (239,166)</u>

e. As of December 31, 2010 investment tax credits consisted of the following:

Law/Statute	Tax Credit Source	Remaining Creditable Amounts
<u>Netstar Technology Co., Ltd.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 41,941</u>
<u>Advansus Corp.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 12,127</u>
<u>Cermate Technologies Inc.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 8,652</u>

f. Information on the domestic subsidiary - loss carryforward of Netstar Technology Co., Ltd. and Cermate Technologies Inc. as of December 31, 2010 is as follows:

<u>Year of loss carryforward</u>	<u>Loss Carryforward Amount</u>		Expiry Year
	Netstar	Cermate	
2003	\$ 884	\$ -	2013
2004	3,052	-	2014
2005	489	-	2015
2006	-	57	2016
2007	454	2,516	2017
2008	9,128	-	2018
2009	-	1,251	2019
	<u>\$ 14,007</u>	<u>\$ 3,824</u>	

g. As of December 31, 2010, the Parent Company's five years' exemption from income tax was as follows:

<u>Name</u>	<u>Exemption Item: Investment Plan</u>	<u>Exemption Period</u>
The Parent Company	The industry 500 MHz thin client production	From 2006 to 2010

h. 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.

- i. The Group's ICA balances as of December 31, 2010 and 2009 were as follows:

	<u>December 31</u>	
	2010	2009
Parent Company	<u>\$ 2,762</u>	<u>\$155,863</u>
Advantech Fund-A	<u>\$ 9,429</u>	<u>\$ 8,854</u>
Advansus Corp.	<u>\$ 2,605</u>	<u>\$ 2,365</u>
Netstar Technology Co., Ltd.	<u>\$ 6,477</u>	<u>\$ 6,880</u>

The ICA balances for Cermate Technologies Inc. and BCM Embedded Computer Inc. were zero as of December 31, 2010.

The balance of unappropriated retained earnings as of 1997 were as follows:

	<u>December 31</u>	
	2010	2009
Parent Company	<u>\$ -</u>	<u>\$ 2,779</u>

The expected and actual creditable tax ratios for earnings of the Parent Company were 9.10% and 11.34%, respectively, as of December 31, 2010 and 2009, respectively. The creditable tax ratio should be based on the balance in the ICA on the date of dividend distribution. Thus, the expected creditable ratio for the 2010 earnings may differ from the actual ratio depending on the ICA balance on the dividend distribution date.

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

18. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	<u>2010</u>			<u>2009</u>		
	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	\$ 598,008	\$ 3,045,393	\$ 3,643,401	\$ 514,320	\$ 2,291,937	\$ 2,806,257
Insurance	45,667	260,637	306,304	59,527	143,060	202,587
Pension	12,778	119,640	132,418	16,685	90,630	107,315
Others	<u>36,181</u>	<u>148,339</u>	<u>184,520</u>	<u>38,882</u>	<u>135,624</u>	<u>174,506</u>
	<u>\$ 692,634</u>	<u>\$ 3,574,009</u>	<u>\$ 4,266,643</u>	<u>\$ 629,414</u>	<u>\$ 2,661,251</u>	<u>\$ 3,290,665</u>
Depreciation	\$ 106,347	\$ 175,330	\$ 281,677	\$ 99,085	\$ 158,639	\$ 257,724
Amortization	16,700	110,237	126,937	8,338	79,563	87,901

For properties leased to others, expenses of \$763 thousand and \$521 thousand for the years ended December 31, 2010 and 2009, respectively (included in nonoperating expenses - other expenses), were not included in the above depreciation expenses.

19. EARNINGS PER SHARE

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

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (Thousands)</u>	<u>Earnings Per Share</u>	
	<u>Pretax</u>	<u>After-tax</u>		<u>Pretax</u>	<u>After-tax</u>
<u>2010</u>					
Basic EPS	\$ 3,343,838	\$ 3,039,431	501,634	<u>\$ 6.67</u>	<u>\$ 6.06</u>
The impact of dilutive potential common shares					
Employee stock options	-	-	2,423		
Bonuses to employees	-	-	242		
Diluted EPS	<u>\$ 3,343,838</u>	<u>\$ 3,039,431</u>	<u>504,299</u>	<u>\$ 6.63</u>	<u>\$ 6.03</u>
<u>2009</u>					
Basic EPS	\$ 1,940,397	\$ 1,751,332	500,115	<u>\$ 3.88</u>	<u>\$ 3.50</u>
The impact of dilutive potential common shares					
Employee stock options	-	-	94		
Bonuses to employees	-	-	3,944		
Diluted EPS	<u>\$ 1,940,397</u>	<u>\$ 1,751,332</u>	<u>504,153</u>	<u>\$ 3.85</u>	<u>\$ 3.47</u>

If the Parent Company decides to grant bonuses to employees by cash or shares, the Parent Company should presume that the entire amount of the bonus will be settled in shares, and, if the shares have a dilutive effect, the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS. 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.

20. RELATED-PARTY TRANSACTIONS

a. Related parties

<u>Related Party</u>	<u>Relationship with the Group</u>
Axiomtek Co., Ltd. (“Axiomtek”)	Equity-method investee
Advantech Hungary Ltd. (AHG)	Equity-method investee
SG Advantech Co., Ltd. (former name: Advantech Technologies Co., Ltd.) (SGA)	The Parent Company was AKR’s director (AKR was an equity-method investee until December 2008)
Advantech KR Co., Ltd. (AKR)	The Parent Company was AKR’s director
Advantech Corporation (Thailand) Co., Ltd. (ATH)	Equity-method investee of ASG
Avalue Technology Inc. (“Avalue”)	The Parent Company’s chairman is a director of Avalue
Advantech Brazil S/A (ABR)	Equity-method investee (the Parent Company acquired control of ABR in 2009 and thus included ABR in the consolidation)

(Continued)

<u>Related Party</u>	<u>Relationship with the Group</u>
Advantech International Co., Ltd.	Advantech International Co., Ltd.'s owner is the second-degree relative of the Parent Company's chairman
AIDC Investment Corp. (AIDC)	Advantech International Co., Ltd.'s owner is the second-degree relative of the Parent Company's chairman
Jan Hsiang Electronics Co., Ltd. (Jan Hsiang)	Equity-method investee of Netstar
K&M Investment Co., Ltd. (K&M)	The spouse of the Parent Company's chairman is K&M's director

(Concluded)

- b. The significant transactions with the above related parties, in addition to those disclosed in Note 22 and Tables 1 and 2, are summarized as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Amount</u>	<u>% to Total</u>	<u>Amount</u>	<u>% to Total</u>
<u>For the year</u>				
1) Sales				
Avalue	\$ 313,753	1	\$ 270,793	2
Axiomtek	19,339	-	9,913	-
AKR	-	-	316,002	2
ATH	-	-	24,946	-
Others	<u>19</u>	<u>-</u>	<u>23</u>	<u>-</u>
	<u>\$ 333,111</u>	<u>1</u>	<u>\$ 621,677</u>	<u>4</u>
2) Purchase of materials and supplies				
Jan Hsiang	\$ 21,548	-	\$ -	-
Axiomtek	333	-	276	-
Avalue	<u>-</u>	<u>-</u>	<u>14</u>	<u>-</u>
	<u>\$ 21,881</u>	<u>-</u>	<u>\$ 290</u>	<u>-</u>
3) Operating expense				
Rental expense				
K&M	<u>\$ 2,010</u>	<u>2</u>	<u>\$ -</u>	<u>-</u>
4) Nonoperating revenue and income				
Interest revenue				
AKR	<u>\$ -</u>	<u>-</u>	<u>\$ 1,187</u>	<u>8</u>
Other revenue				
K&M	<u>375</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 375</u>	<u>-</u>	<u>\$ 1,187</u>	<u>8</u>

	2010		2009	
	Amount	% to Total	Amount	% to Total
<u>At end of year</u>				
5) Accounts receivable				
Avalue	\$ 15,633	82	\$ 24,558	25
Axiomtek	3,455	18	2,813	3
AHG	96	-	-	-
AKR	-	-	66,716	69
ATH	-	-	3,229	3
	<u>\$ 19,184</u>	<u>100</u>	<u>\$ 97,316</u>	<u>100</u>
6) Other receivables				
AKR	<u>\$ -</u>	<u>-</u>	<u>\$ 14,000</u>	<u>100</u>
7) Accounts payable				
Jan Hsiang	\$ 1,694	-	\$ -	-
AIDC	48	-	60	-
Axiomtek	24	-	19	-
	<u>\$ 1,766</u>	<u>-</u>	<u>\$ 79</u>	<u>-</u>

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

- c. Financing to related parties was as follows (part of other receivable - related parties):

	Year Ended December 31, 2010			
	Maximum Balance	Ending Balance	Interest Rate	Interest Income
AKR	<u>\$ 51,800</u> (KRW 1,850,000 thousand)	<u>\$ 14,000</u> (KRW 500,000 thousand)	3%	<u>\$ 1,187</u>

- d. Securities transactions were as follows:

In 2010, the Company acquired from SG Advantech Co., Ltd. 100% of AKR shares with \$73,355 thousand.

In July 2009, the Company acquired from Advantech International Co., Ltd. (AICL) 60% of ABR shares with 0 dollar, resulting in a goodwill amounting to \$9,188 thousand.

e. Compensation of directors, supervisors and management personnel was as follows:

	<u>December 31</u>	
	2010	2009
Salaries	\$ 106,665	\$ 51,910
Bonus	<u>2,256</u>	<u>30,469</u>
	<u>\$ 108,921</u>	<u>\$ 82,379</u>

21. ASSETS PLEDGED OR MORTGAGED

a. As of December 31, 2010, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, pledged assets for a letter of credit and long-term bank loans, as follows:

	December 31, 2009
Properties - land	\$ 13,047
Properties - buildings - cost	<u>17,012</u>
	<u>\$ 30,059</u>

b. As of December 31, 2009, the subsidiary - Netstar Technology Co., Ltd. had pledged assets for short-term and long-term bank loans, as follows:

	December 31, 2009
Properties - land	\$ 35,506
Properties - buildings - cost	<u>21,359</u>
	<u>\$ 56,865</u>

22. SIGNIFICANT COMMITMENT AND CONTINGENCIES

a. As of December 31, 2009, the Parent Company had the following guarantees for affiliates' loans:

	Amount
AKMC	<u>NT\$308,778 thousand</u>
Advansus Corp.	<u>NT\$100,000 thousand</u>
Cermate	<u>NT\$ 20,000 thousand</u>
ACL	<u>NT\$300,000 thousand</u>

b. As of December 31, 2010, the guarantee notes issued by Cermate Technologies Inc. for the bank loan had amounted to \$25,000 thousand.

c. As of December 31, 2010, the guarantee notes issued by Netstar, Technology Co., Ltd. for the bank loan amounted to \$137,500 thousand.

23. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets				
Available-for-sale financial assets - current	\$ 15,279	\$ 15,279	\$ 13,495	\$ 13,495
Available-for-sale financial assets - noncurrent	2,701,938	2,701,938	2,990,806	2,990,806
Liabilities				
Short-term bank loans	38,573	38,573	68,981	68,981
Long-term bank loans (including current portion)	22,099	22,099	-	-
<u>Derivative financial instruments location</u>				
Financial assets at fair value through profit or loss - current				
Domestic	4,680	4,680	3,165	3,165
Foreign (including a foreign corporation's branch operating in Taiwan)	42,754	42,754	7,909	7,909
Financial liabilities at fair value through profit or loss - current				
Domestic	10,050	10,050	-	-
Foreign (including a foreign corporation's branch operating in Taiwan)	25,705	25,705	-	-

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

- 1) For financial instruments such as cash, notes and accounts receivables, accounts and other receivable from related parties, other receivables, restricted assets-current, short-term bank loans, accounts payable 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) The fair values of long-term bank loans are determined using their present values based on projected cash flows discounted at interest rates for similar long-term debts.
- 4) Fair values of derivatives are based on their quoted prices in an active market. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

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

	Based on the Quoted Market Price		Determined Using Valuation Techniques	
	December 31		December 31	
	2010	2009	2010	2009
<u>Asset</u>				
Financial assets at fair value through profit or loss -				
current	\$ -	\$ -	\$ 47,434	\$ 11,074
Available-for-sale financial assets - current	15,279	13,495	-	-
Available-for-sale financial assets - noncurrent	2,701,938	2,990,806	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss -				
current	-	-	35,755	-

- d. As of December 31, 2010 and 2009, financial assets exposed to fair value risk from interest rate fluctuation amounted to \$60,218 thousand and \$1,452,140 thousand, respectively. As of December 31, 2010 and 2009, financial liabilities exposed to fair value risk from interest rate fluctuation amounted to \$60,672 thousand and \$68,981 thousand, respectively. As of December 31, 2010 and 2009, financial assets exposed to cash flow risk from interest rate fluctuation amounted to \$1,838,253 thousand and \$918,645 thousand, respectively.
- e. The Parent Company recognized unrealized losses and gains of \$127,163 thousand and \$1,160,118 thousand, respectively, in shareholders' equity for the changes in fair value of available-for-sale financial assets for 2010 and 2009, respectively. The Parent Company also recognized unrealized gains of \$18,214 thousand and \$696 thousand in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees for 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 against adverse effects of exchange rate fluctuations of foreign currency-denominated assets and liabilities. Thus, the market risk of derivatives will be offset by the gain or loss on the exchange rate fluctuations of hedged assets and liabilities. Available-for-sale financial assets held by the Group are mainly mutual funds and publicly traded stocks. Thus, price fluctuations in the open market would result in changes in fair values of these financial instruments.
 - 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Group if the counter-parties breach financial instrument contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. Since the counter-parties to the foregoing derivative financial instruments are reputable financial institutions, management believes its exposure to default by counter-parties is low.
 - 3) Liquidity risk. The Group has sufficient operating capital to meet cash needs upon settlements of derivative financial instruments. Therefore, the cash flow risk is low. In addition, for long-term equity-method investments (mutual funds and publicly traded stocks), the Group keeps liquidity reserves, which are available on a short-term basis. Additionally, the contracted forward rate is decided on the contract starting dates. Thus, the cash flow risk on forward contracts is low.

24. ADDITIONAL DISCLOSURES

- a. Except for those mentioned in Note 20 and Tables 1 to 7, no additional disclosures are required by the Securities and Futures Bureau for the Parent Company and its investees and on investment in Mainland China.
- b. Investments in mainland China
 - 1) Investee company name, main business and products, total amount of paid-in capital, investment type, investment flows, percentage ownership of direct or indirect investment, investment gains (losses), carrying value as of December 31, 2009, accumulated inward remittance of earnings as of December 31, 2009 and maximum allowable limit on investment: Please see Table 8 attached.
 - 2) Significant transaction with overseas subsidiary with direct or indirect investment in China: Notes 20 and 22 and Tables 1, 2, 5 and 6.
- c. Intercompany relationships and significant intercompany transactions: Please see Table 10 attached.

25. SEGMENT INFORMATION

- a. Industry: The Group is engaged only in a single industry: The manufacture and sale of embedded computing boards, applied panel computing, industrial automation and industrial and network computing,
- b. Foreign operations: Please see Table 11 attached.
- c. Export sales

	2010	2009
Asia	\$ 11,729,620	\$ 7,320,230
America	4,867,364	3,895,510
Europe	<u>3,593,390</u>	<u>2,108,539</u>
	<u>\$ 20,190,374</u>	<u>\$ 13,324,279</u>

- d. Major customers

No single customer accounted for at least 10% of the Group's sales.

26. OTHERS

Information on the Company's financial assets and liabilities with significant influence in foreign currency is as follows:

	December 31					
	2010			2009		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 116,980	29.13	\$ 3,407,627	\$ 93,801	31.99	\$ 3,000,694
EUR	17,503	38.92	681,217	12,086	46.10	557,165
JPY	578,343	0.358	207,047	400,510	0.347	138,977
HKD	6,122	3.748	22,945	6,693	4.126	27,615
KRW	7,690,194	0.026	199,945	505,934	0.028	14,166
SGD	3,521	22.73	80,032	3,320	22.84	75,829
AUD	1,268	29.68	37,634	3,257	28.79	93,769
RMB	359,532	4.44	1,596,322	239,827	4.69	1,124,789
BRL	2,816	17.647	49,694	567	18.59	10,540
MYR	2,595	9.069	23,534	3,552	9.417	33,449
GBP	616	45.19	27,837	90	51.600	4,644
PLN	466	9.841	4,586	995	11.197	11,141
THB	26,009	0.977	25,411	-	-	-
Nonmonetary items						
USD	42,630	29.13	1,241,812	29,302	31.99	937,371
EUR	18,632	38.92	725,157	10,378	46.10	478,426
JPY	236,827	0.358	84,784	253,148	0.347	87,842
HKD	166	3.748	622	128	4.126	528
KRW	1,587,000	0.026	41,262	-	-	-
SGD	1,898	22.73	43,142	2,043	22.84	46,662
AUD	1,261	29.68	37,426	2,447	28.79	70,449
RMB	888,494	4.44	3,944,913	772,775	4.69	3,621,224
BRL	44,319	17.647	782,097	2,164	18.59	40,227
MYR	1,939	9.069	17,585	1,400	9.417	13,184
GBP	544	45.19	24,583	63	51.600	3,251
PLN	1,547	9.841	15,224	1,519	11.197	17,008
THB	10,527	0.977	10,285	-	-	-
Investments accounted for by the equity method						
USD	474	29.13	13,813	474	31.99	15,170
<u>Financial liabilities</u>						
Monetary items						
USD	44,059	29.13	1,283,439	30,805	31.99	985,452
EUR	5,370	38.92	209,000	7,468	46.10	344,275
JPY	172,479	0.358	61,747	27,261	0.347	9,460
HKD	3,426	3.748	12,841	4,393	4.126	18,126
KRW	4,228,114	0.026	109,931	-	-	-
SGD	1,406	22.73	31,958	1,541	22.84	35,196
AUD	1,258	29.68	37,337	1,488	28.79	42,840
RMB	303,040	4.44	1,345,498	44,136	4.69	2,067,163
BRL	2,262	17.647	39,918	1,969	18.59	36,602
MYR	517	9.069	4,689	337	9.417	3,174
GBP	604	45.19	27,295	182	51.600	9,391
PLN	44	9.841	433	565	11.197	6,326
THB	3,581	0.977	3,499	-	-	-

(Continued)

December 31

	2010			2009		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items						
USD	\$ 6,843	29.13	\$ 199,337	\$ 11,618	31.99	\$ 371,660
EUR	2,673	38.92	104,033	1,739	46.10	80,168
JPY	13,102	0.358	4,690	1,895	0.347	658
HKD	1,612	3.748	6,042	1,612	4.126	6,651
KRW	546,051	0.026	14,197	-	-	-
SGD	172	22.73	3,909	309	22.84	7,058
AUD	426	29.68	12,644	348	28.79	10,019
RMB	67,398	4.44	299,247	10,547	4.69	508,651
BRL	729	17.647	12865	424	18.59	7,882
MYR	386	9.069	3,501	301	9.417	2,835
GBP	367	45.19	16,585	353	51.600	18,215
PLN	303	9.841	2,982	231	11.197	2,587
THB	1,732	0.977	1,692	-	-	-

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

YEAR ENDED DECEMBER 31, 2010

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year	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	\$ 13,000 (KRW 500,000 thousand)	\$ -	-	Business transaction - related	Sales \$419,833	Financing need	\$ -	-	-	\$ 87,390 (Note B)	\$ 87,390 (Note B)
1	AEUH	ADL	Other receivable - related parties	27,244 (EUR 700 thousand)	27,244 (EUR 700 thousand)	4.00%	Short-term financing	-	Financing need	-	-	-	1,353,344 (Note C)	2,706,688 (Note C)
2	SHHQ	ACN	Other receivable - related parties	71,471 (RMB 16,097 thousand)	-	-	Short-term financing	-	Financing need	-	-	-	133,200 (Note D)	133,200 (Note D)
		AiSC	Other receivable - related parties	84,360 (RMB 19,000 thousand)	-	2.00%	Short-term financing	-	Financing need	-	-	-	133,200 (Note D)	133,200 (Note D)
3	ACN	AiSC	Other receivable - related parties	27,843 (RMB 6,271 thousand)	27,843 (RMB 6,271 thousand)	2.00%	Short-term financing	-	Financing need	-	-	-	133,200 (Note D)	133,200 (Note D)
		AKMC	Other receivable - related parties	90,918 (RMB 20,477 thousand)	-	-	Short-term financing	-	Financing need	-	-	-	133,200 (Note D)	133,200 (Note D)
4	ANA	AEU	Other receivable - related parties	48,065 (US\$ 1,650 thousand)	29,130 (US\$ 1,000 thousand)	2.00%	Short-term financing	-	Financing need	-	-	-	1,353,344 (Note C)	2,706,688 (Note C)
		AKMC	Other receivable - related parties	171,867 (US\$ 5,900 thousand)	168,954 (US\$ 5,800 thousand)	2.00%	Short-term financing	-	Financing need	-	-	-	1,353,344 (Note C)	2,706,688 (Note C)
5	AiSC	ACN	Other receivable - related parties	131,753 (RMB 29,674 thousand)	-	2.00%	Short-term financing	-	Financing need	-	-	-	133,200 (Note D)	133,200 (Note D)
6	Netstar Technology Co., Ltd.	Netstar Electronics Co., Ltd.	Other receivable - related parties	68,036	-	-	Business transaction - related	Purchase 280,510	Business transaction - related	-	-	-	280,510 (Note E)	280,510 (Note E)
		LANSONIC (B.V.I.)	Other receivable - related parties	3,676	3,676	-	Short-term financing	-	Financing need	-	-	-	43,104 (Note F)	43,104 (Note F)
7	Broadwin Technology Inc.	Netstar Technology Co., Ltd.	Other receivable - related parties	40,000	20,000	2.00%	Short-term financing	-	Financing need	-	-	-	31,144 (Note F)	31,144 (Note F)
8	Advantech Fund-A	Netstar Technology Co., Ltd.	Other receivable - related parties	60,000	12,000	2.00%	Short-term financing	-	Financing need	-	-	-	349,262 (Note F)	349,262 (Note F)
		ACL	Other receivable - related parties	180,000	-	1.10%	Short-term financing	-	Financing need	-	-	-	349,262 (Note F)	349,262 (Note F)
9	AiST	ACL	Other receivable - related parties	20,000	-	1.10%	Short-term financing	-	Financing need	-	-	-	20,675 (Note F)	20,675 (Note F)

- Notes:
- A. The exchange rate was EUR1=NT\$38.92; US\$1=NT\$29.13; KRW1=NT\$0.026; RMB1= NT\$4.44.
 - 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.
 - G. All the transactions above have been eliminated from the consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 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	\$ 1,353,344 (Note B)	\$ 308,778 (US\$ 10,600 thousand)	\$ 308,778 (US\$ 10,600 thousand)	\$ -	2.28%	\$ 4,060,032 (Note C)
		Netstar Technology Co., Ltd.	Indirect subsidiary	1,353,344 (Note B)	120,000	-	-	-	4,060,032 (Note C)
		Advansus Corp.	Equity-method investee	1,353,344 (Note B)	100,000	100,000	-	0.74%	4,060,032 (Note C)
		Cermate Technologies Inc.	Equity-method investee	1,353,344 (Note B)	20,000	20,000	-	0.15%	4,060,032 (Note C)
		Advantech Fund-A	Equity-method investee	1,353,344 (Note B)	300,000	300,000	-	2.22%	4,060,032 (Note C)

Note: A. The exchange rate was US\$1.00 = NT\$29.13.

B. 10% of the net asset value of the Parent Company.

C. 30% of the net asset value of the Parent Company.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS

DECEMBER 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	December 31, 2010				Note	
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value		
Advantech Co., Ltd. (the "Company")	<u>Stock</u>								
	AAC (BVI)	Investee	Long-term equity investments	32,606,500	\$ 2,012,079	100.00	\$ 2,014,147	Note A	
	ATC	"	"	38,750,000	2,378,743	100.00	2,386,222	Note A	
	Advansus Corp.	"	"	18,000,000	241,066	50.00	247,822	Note A	
	Advantech Fund-A	"	"	90,000,000	873,155	100.00	876,623	Note A	
	Axiomtek	"	"	21,327,984	349,505	27.58	349,505	Note A	
	AEUH	"	"	9,572,024	846,675	100.00	846,675	Note A	
	ASG	"	"	1,450,000	81,178	100.00	81,178	Note A	
	AAU	"	"	500,204	71,759	100.00	71,759	Note A	
	AJP	"	"	1,200	153,994	100.00	153,994	Note A	
	AYS	"	"	12,300,000	20,731	100.00	20,731	Note A	
	AMY	"	"	2,000,000	33,496	100.00	33,496	Note A	
	AHG	"	"	30	13,813	30.00	13,813	Note A	
	ABR	"	"	971,055	18,150	43.28	18,150	Note A	
	AKR	"	"	600,000	96,480	100.00	96,480	Note A	
	AiST	"	"	5,000,000	51,687	100.00	51,687	Note A	
	AHK	"	"	Other liability - others	999,999	(5,722)	100.00	(5,722)	Notes A and C
	ASUSTek Computer Inc.	-	-	Available for sale financial assets - noncurrent	6,315,460	1,749,382	1.01	1,749,382	Note B
	SGA	-	-	"	1,536,064	21,167	3.91	21,167	Note B
	Chunghwa Telecom Co., Ltd.	-	-	"	1,554,545	115,192	-	115,192	Note B
Pegatron Corp.	-	-	"	18,486,570	776,436	-	776,436		
Advantech Fund-A	<u>Stock</u>								
	Netstar Technology Co., Ltd.	Investee	Long-term equity investments	20,029,222	179,521	80.12	179,521	Note A	
	BCM Embedded Computer Inc.	"	"	4,500,000	16,397	100.00	16,397	Note A	
	Broadwin Technology, Inc.	"	"	6,777,571	153,079	100.00	153,079	Note A	
	Cermate Technologies Inc.	"	"	5,500,000	73,552	55.00	73,552	Note A	
	Avalue Technology Inc.	-	-	Available for sale financial assets - noncurrent	925,759	39,761	2.10	39,761	Note B
	Chunghwa Telecom Co., Ltd.	-	-	Available for sale financial assets - current	206,191	15,279	-	15,279	Note B
	AverMedia Information Inc.	-	-	Financial assets carried at cost - noncurrent	770,000	70,331	0.93	70,331	-
COBAN Research and Technologies, Inc.	-	-	"	600,000	33,257	6.85	33,257	-	
ATC	<u>Stock</u> ATC (HK)	Investee	Long-term equity investments	41,650,001	1,606,196	100.00	1,606,196	Note A	

(Continued)

Company Holding the Securities	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2010				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
ATC (HK)	<u>Stock</u> AKMC	Investee	Long-term equity investments	-	\$ 1,606,223	100.00	\$ 1,606,223	Note A
AAC(BVI)	<u>Stock</u> ANA	Investee	Long-term equity investments	10,952,606	1,056,648	100.00	1,056,648	Note A
	AAC (HK)	"	"	15,230,001	953,677	100.00	953,677	Note A
ANA	<u>Stock</u> ABR	-	Financial assets carried at cost - noncurrent	375,192	5,602	16.72	5,602	-
AAC (HK)	<u>Stock</u> ACN	Investee	Long-term equity investments	-	506,031	100.00	506,031	Note A
	SHHQ	"	"	-	86,054	100.00	86,054	Note A
	AiSC	"	"	-	352,571	100.00	352,571	Note A
	AXA	"	"	-	8,104	100.00	8,104	Note A
ACN	<u>Stock</u> Hangzhou Advantofine Automation Co., Ltd.	"	"	-	14,515	60.00	14,515	Note A
AEUH	<u>Stock</u> AEU	"	"	8,314,280	81,895	100.00	81,895	Note A
	APL	"	"	6,530	34,337	92.89	34,337	Note A
	DLoG	"	"	1	525,695	100.00	525,695	Note A
AEU	<u>Stock</u> Innocore	"	"	100	153,142	100.00	153,142	Note A
ASG	<u>Stock</u> ATH	"	"	51,000	14,325	51.00	14,325	Note A
Netstar Technology Co., Ltd.	<u>Stock</u> LANSONIC (B.V.I)	"	"	3,527,529	2,764	94.83	2,764	Note A
	Jan Hsiang Electronics Co., Ltd.	"	Long-term equity investments	570,000	6,090	28.50	6,090	Note A
Broadwin Technology, Inc.	<u>Stock</u> Broadwin Technology Inc.	"	Long-term equity investments	5,643,650	14,262	100.00	14,262	Note A
Cermate Technologies Inc.	<u>Stock</u> Land Mark	"	Long-term equity investments	972,284	30,702	100.00	31,119	Note A
Land Mark	<u>Stock</u> Cermate (Shanghai)	"	Long-term equity investments	-	19,485	100.00	19,485	Note A
	Cermate (Shenzhen)	"	"	-	11,513	90.00	10,361	Note A

(Continued)

Note A: The financial statements used as basis of net asset values were all audited, except AHG.

Note B: Market value was based on the closing price on December 31, 2010.

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

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 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	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Advantech Co., Ltd. (the "Company")	Stock													
	Advantech Fund-A	Long-term equity investments	-	Subsidiary	70,000,000	\$ 700,000	20,000,000	\$ 200,000	-	\$ -	\$ -	\$ -	90,000,000	\$ 900,000
	AEUH	Long-term equity investments	-	Subsidiary	9,572,024	426,930	-	719,559	-	-	-	-	9,572,024	1,146,489
	ATC	Long-term equity investments	-	Subsidiary	32,750,000	1,044,818	6,000,000	186,300	-	-	-	-	38,750,000	1,231,118
AEUH	DLoG	Long-term equity investments	-	Subsidiary	-	-	1	553,536	-	-	-	-	1	553,536
	AEU	Long-term equity investments	-	Subsidiary	8,314,280	90,450	-	166,023	-	-	-	-	8,314,280	256,473
AEU	Innocore	Long-term equity investments	-	Subsidiary	-	-	100	166,023	-	-	-	-	100	166,023
ATC	ATC (HK)	Long-term equity investments	-	Subsidiary	35,650,001	1,026,430	6,000,000	186,300	-	-	-	-	41,650,001	1,212,730
ATC (HK)	AKMC	Long-term equity investments	-	Subsidiary	-	1,026,430	-	186,300	-	-	-	-	-	1,212,730

ADVANTECH CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2010
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd.	AESC	Indirect subsidiary	Sale	\$ (1,881,081)	11.49	Set for 45 days a month	Contract price	No significant difference	\$ 664,126	24.55	
	ACN	Indirect subsidiary	Sale	(2,066,881)	12.62	Set for 45 days a month	Contract price	No significant difference	319,076	11.79	
	AKMC	Indirect subsidiary	Sale	(442,806)	2.70	Set for 30 days after a month	Contract price	No significant difference	35,775	1.32	
	AJP	Subsidiary	Sale	(389,935)	2.38	Set for 45 days a month	Contract price	No significant difference	25,975	0.96	
	AiSC	Indirect subsidiary	Sale	(1,551,083)	9.47	Set for 45 days a month	Contract price	No significant difference	227,051	8.39	
	ANA	Indirect subsidiary	Sale	(4,565,991)	27.88	Set for 45 days a month	Contract price	No significant difference	535,453	19.79	
	AKR	Subsidiary	Sale	(419,833)	2.56	Set for 45 days a month	Contract price	No significant difference	66,081	2.44	
	AAU	Subsidiary	Sale	(144,304)	0.88	60 to 90 days	Contract price	No significant difference	20,918	0.77	
	ASG	Subsidiary	Sale	(127,918)	0.78	60 to 90 days	Contract price	No significant difference	16,185	0.60	
	ATC	Subsidiary	Purchase	5,468,590	44.93	Set for 60 days a month	Contract price	No significant difference	(986,630)	58.13	
	Advansus Corp.	Subsidiary	Purchase	1,936,461	15.91	Set for 30 days a month	Contract price	No significant difference	(138,332)	8.15	
	ANA	Indirect subsidiary	Purchase	175,396	1.44	Set for 45 days a month	Contract price	No significant difference	(23,908)	1.41	
	ATC	Advantech Co., Ltd.	Ultimate parent company	Sale	(5,468,590)	98.01	Set for 60 days a month	Contract price	No significant difference	986,630	97.13
Advansus Corp.	Advantech Co., Ltd.	Ultimate parent company	Sale	(1,936,461)	41.09	Set for 30 days a month	Contract price	No significant difference	138,332	34.28	
ANA	Advantech Co., Ltd.	Ultimate parent company	Sale	(175,396)	2.77	Set for 45 days a month	Contract price	No significant difference	23,908	1.99	
	Advantech Co., Ltd.	Ultimate parent company	Purchase	4,565,991	88.87	Set for 45 days a month	Contract price	No significant difference	(535,453)	80.08	
AEU	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,881,081	85.16	Set for 45 days a month	Contract price	No significant difference	(664,126)	96.00	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	2,066,881	89.09	Set for 45 days a month	Contract price	No significant difference	(319,076)	77.11	
AKMC	Advantech Co., Ltd.	Ultimate parent company	Purchase	442,806	8.53	Set for 30 days after a month	Contract price	No significant difference	(35,775)	3.62	
AJP	Advantech Co., Ltd.	Parent company	Purchase	389,935	96.40	Set for 45 days a month	Contract price	No significant difference	(25,975)	99.95	
AiSC	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,551,083	64.36	Set for 45 days a month	Contract price	No significant difference	(227,051)	63.77	
AKR	Advantech Co., Ltd.	Parent company	Purchase	419,833	69.16	Set for 45 days a month	Contract price	No significant difference	(66,081)	72.12	
AAU	Advantech Co., Ltd.	Parent company	Purchase	144,304	72.56	60 to 90 days	Contract price	No significant difference	(20,918)	73.87	
ASG	Advantech Co., Ltd.	Parent company	Purchase	127,918	60.52	60 to 90 days	Contract price	No significant difference	(16,185)	57.04	
ACN	AiSC	Related enterprise	Sale	(232,571)	8.56	Set for 45 days a month	Mark-up pricing	No significant difference	75,321	12.50	
AiSC	ACN	Related enterprise	Sale	(173,164)	6.38	Set for 45 days a month	Mark-up pricing	No significant difference	36,912	9.31	
AKMC	ATC	Related enterprise	Sale	(5,028,247)	88.00	Set for 30 days after a month	Mark-up pricing	No significant difference	226,812	71.40	
	AiSC	Related enterprise	Sale	(311,201)	5.45	Set for 30 days after a month	Mark-up pricing	No significant difference	21,548	6.78	
	Netstar Technology Co., Ltd.	Related enterprise	Sale	(270,892)	4.74	Set for 60 days after a month	Mark-up pricing	No significant difference	-	-	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ATC	AKMC	Related enterprise	Sale	\$ (106,975)	1.87	Set for 30 days after a month	Mark-up pricing	No significant difference	\$ 1,113	0.11	
Advansus Corp.	AKMC	Related enterprise	Sale	(1,458,963)	30.96	Set for 30 days after a month	Mark-up pricing	No significant difference	146,308	36.26	
AiSC	ACN	Related enterprise	Purchase	232,571	9.65	Set for 45 days a month	Mark-up pricing	No significant difference	(75,321)	21.15	
	AKMC	Related enterprise	Purchase	311,201	12.91	Set for 30 days after a month	Mark-up pricing	No significant difference	(21,548)	6.05	
ATC	AKMC	Related enterprise	Purchase	5,028,247	100.00	Set for 30 days after a month	Mark-up pricing	No significant difference	(226,812)	98.33	
Netstar Technology Co., Ltd.	AKMC	Related enterprise	Purchase	270,892	88.27	Set for 60 days after a month	Mark-up pricing	No significant difference	-	-	
AKMC	ATC	Related enterprise	Purchase	106,975	2.06	Set for 45 days a month	Mark-up pricing	No significant difference	(1,113)	0.11	
	Advansus Corp.	Related enterprise	Purchase	1,458,963	28.09	Set for 30 days after a month	Mark-up pricing	No significant difference	(146,308)	14.75	
ACN	AiSC	Related enterprise	Purchase	173,164	7.46	Set for 45 days a month	Mark-up pricing	No significant difference	(36,912)	8.38	
	Advantech Co., Ltd.	Indirect subsidiary	Purchase	137,095	4	Set for 30 days after a month	-	-	(64,843)	(9)	
	AiSC	Related enterprise	Sale	(156,145)	5	Set for 30 days a month	-	-	34,028	9	
AAU	Advantech Co., Ltd.	Subsidiary	Purchase	117,048	60	Set for 45 days a month	-	-	(30,406)	(71)	
ADMC	AYS	Parent Company	Sale	(111,254)	100	Set for 30 days after a month	-	-	-	-	

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

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

DECEMBER 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	\$ 664,126	3.54	\$ -	-	\$ 336,246	\$ -
	ANA	Indirect subsidiary	535,453	12.79	-	-	535,453	-
	ACN	Indirect subsidiary	319,076	6.52	-	-	262,420	-
	AiSC	Indirect subsidiary	227,051	5.49	-	-	132,362	-
ATC	Advantech Co., Ltd.	Parent company	986,630	5.69	-	-	900,961	-
Advansus Corp.	Advantech Co., Ltd.	Parent company	138,332	14.85	-	-	138,332	-
	AKMC	Related enterprise	146,308	9.85	-	-	109,397	-
AKMC	ATC	Related enterprise	226,812	18.69	-	-	225,658	-

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2010
(In Thousands of New Taiwan Dollars/ Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				December 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	\$ 2,012,079	\$ 297,112	\$ 301,371	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,044,818	38,750,000	100.00	2,378,743	418,739	419,036	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	180,000	180,000	18,000,000	50.00	241,066	112,448	56,900	Equity-method investee
	AEU	Helmond, The Netherlands	Investment holding company	1,146,489	426,930	9,572,024	100.00	846,675	(11,844)	(11,844)	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment and management service	900,000	700,000	90,000,000	100.00	873,155	30,594	27,126	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	261,681	269,222	21,327,984	27.58	349,505	197,669	55,391	Equity-method investee
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	81,178	18,941	18,941	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	71,759	(10,401)	(10,401)	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	153,994	31,344	31,344	Subsidiary
	AYS	Cayman Islands	Sale of industrial automation products	5,927	51,662	12,300,000	100.00	20,731	(3,680)	(3,580)	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	33,496	6,083	6,083	Subsidiary
	AHG	Budapest, Hungary	Sale of industrial automation products	5,215	5,215	30	30.00	13,813	-	-	Equity-method investee
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	-	600,000	100.00	96,480	47,912	28,148	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	18,150	21,713	13,028	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	51,687	1,687	1,687	Subsidiary
AHK	Mongkok, Hong Kong	Sale of industrial automation products	4,393	4,393	999,999	100.00	(5,722)	857	857	Subsidiary (Note A)	
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	245,068	242,668	20,029,222	80.12	179,521	(24,215)	(19,355)	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	16,397	1,716	1,716	Indirect subsidiary
	Broadwin Technology, Inc. Cermate Technologies Inc.	Taipei, Taiwan Taipei, Taiwan	Assembly and production of computers	172,063 71,500	99,783 -	6,777,571 5,500,000	100.00 55	153,079 73,552	8,066 2,305	8,253 3,081	Indirect subsidiary Indirect subsidiary
ATC	ATC (HK)	Hong Kong	Investment holding company	1,212,730	1,026,430	41,650,001	100.00	1,606,196	269,045	269,045	Indirect subsidiary
ATC (HK)	AKMC	Guangzhou, China	Production and sale of industrial automation products	1,212,730	1,026,430	-	100.00	1,606,423	269,076	269,076	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,056,648	175,694	175,694	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment holding company	539,146	539,146	15,230,001	100.00	953,677	121,487	121,487	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale and fabrication of industrial automation products	185,356	185,356	-	100.00	506,031	46,727	46,727	Indirect subsidiary
	SHHQ	Shanghai, China	Sale and fabrication of industrial automation products	96,750	96,750	-	100.00	86,054	269	269	Indirect subsidiary
	AiSC	Shanghai, China	Sale and fabrication of industrial automation products	257,040	257,040	-	100.00	352,571	90,653	90,653	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	8,104	(16,133)	(16,133)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processes and sale of peripherals	13,727	13,727	-	60.00	14,515	2,243	1,346	Equity-method investee
AEUH	AEU	Eindhoven, The Netherlands	Sale and fabrication of industrial automation products	256,473	90,450	8,314,280	100.00	81,895	(44,711)	(44,711)	Indirect subsidiary
	APL	Warsaw, Poland	Sale and fabrication of industrial automation products	10,285	10,285	6,530	92.89	34,337	2,814	2,614	Indirect subsidiary
	DLoG	Munich, Germany	Design, R&D and sale of industrial automation vehicles and related products	553,536	-	1	100.00	525,695	58,218	27,408	Indirect subsidiary
AEU	Innocore	England	Design, R&D and sale of gaming computing products	166,023	-	100	100.00	153,142	2,077	95	
ASG	ATH	Thailand	Production of computers	7,537	2,495	51,000	51.00	14,325	5,081	2,039	Indirect subsidiary
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	3,719	7,188	570,000	28.50	6,090	3,038	894	Indirect subsidiary (Note A)
	LANSONIC (B.V.I.)	BVI	General investment	101,188	101,188	3,527,529	94.83	2,764	HK\$ 10,327	HK\$ 10,327	Indirect subsidiary (Note A)

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note B)	Note
				December 31, 2010	December 31, 2009	Shares	Percentage of Ownership	Carrying Value			
Broadwin Technology, Inc.	Broadwin Technology Inc.	San Ramon, USA	Sale of Webaccess software	\$ 69,492	\$ 69,492	5,643,650	100.00	\$ 14,262	\$ (1,204)	\$ (1,204)	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	-	972,284	100.00	30,702	6,124	6,124	Indirect subsidiary
LandMark	Cermate (Shanghai)	Shanghai, China	Sale of industrial electronic products	US\$ 572	-	-	100.00	19,485	1,945	2,433	Indirect subsidiary
	Cermate (Shenzhen)	Shenzhen, China	Manufacture of LCD touch panel, USB data cable and industrial automation products	US\$ 308	-	-	90.00	11,513	7,271	5,474	Indirect subsidiary

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

Note B: The financial statements used as basis of net asset values were all audited

(Concluded)

TABLE 8

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 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 January 1, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2010	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2010	Accumulated Inward Remittance of Earnings as of December 31, 2010
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US\$41,650 thousand	Indirect	\$ 911,769 (US\$ 31,300 thousand)	\$ 174,780 (US\$ 6,000 thousand)	\$ -	\$ 1,086,549 (US\$ 37,300 thousand)	100%	\$ 269,076	\$ 1,606,423	\$ -
Yan Hua Xing Ye Electronic (SHHQ)	Sale of industrial automation products	US\$3,000 thousand	Indirect	87,390 (US\$ 3,000 thousand)	-	-	87,390 (US\$ 3,000 thousand)	100%	269	86,054	-
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US\$4,230 thousand	Indirect	155,321 (US\$ 5,332 thousand)	-	-	155,321 (US\$ 5,332 thousand)	100%	46,727	506,031	327,276 (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)	-	41,452 (US\$ 1,423 thousand)	(Note C)	100%	(3,680)	-	41,452 (US\$ 11,235 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US\$8,000 thousand	Indirect	233,040 (US\$ 8,000 thousand)	-	-	233,040 (US\$ 8,000 thousand)	100%	90,653	352,571	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US\$1,000 thousand	Indirect	(Note D)	-	-	(Note D)	100%	(16,133)	8,104	-

Accumulated Investment in Mainland China as of December 31, 2010	Investment Amounts Approved by the Investment Commission, MOEA	Maximum Allowable Limit on Investment
\$1,568,126 (US\$53,832 thousand) (Note E)	\$2,563,440 (US\$88,000 thousand)	\$8,176,568 (Note G)

(Continued)

Note A: The financial statements used as basis of net asset values were all audited.

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

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

Note D: Which 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\$29.13.

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

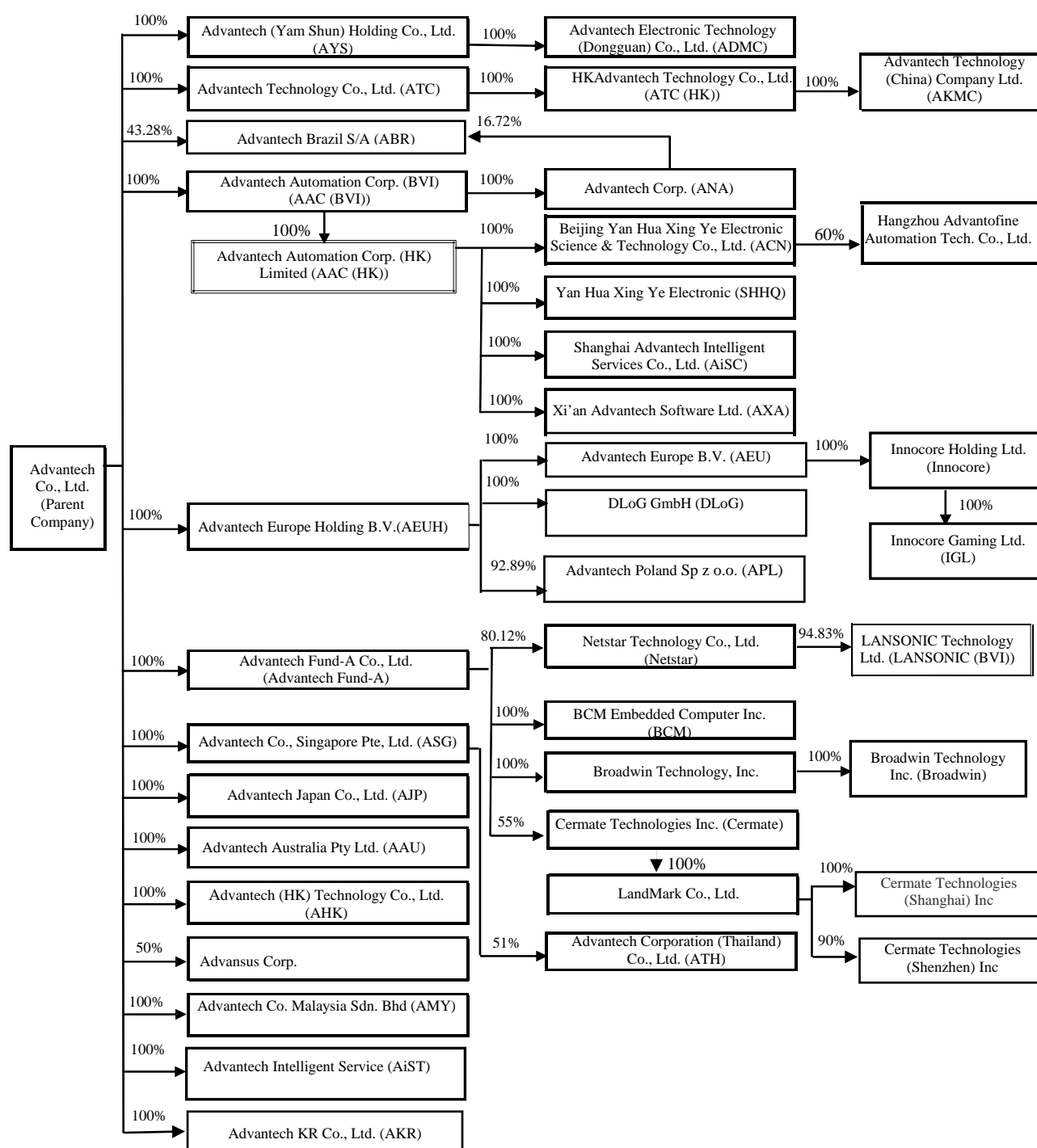
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TABLE 9

ADVANTECH CO., LTD. AND SUBSIDIARIES

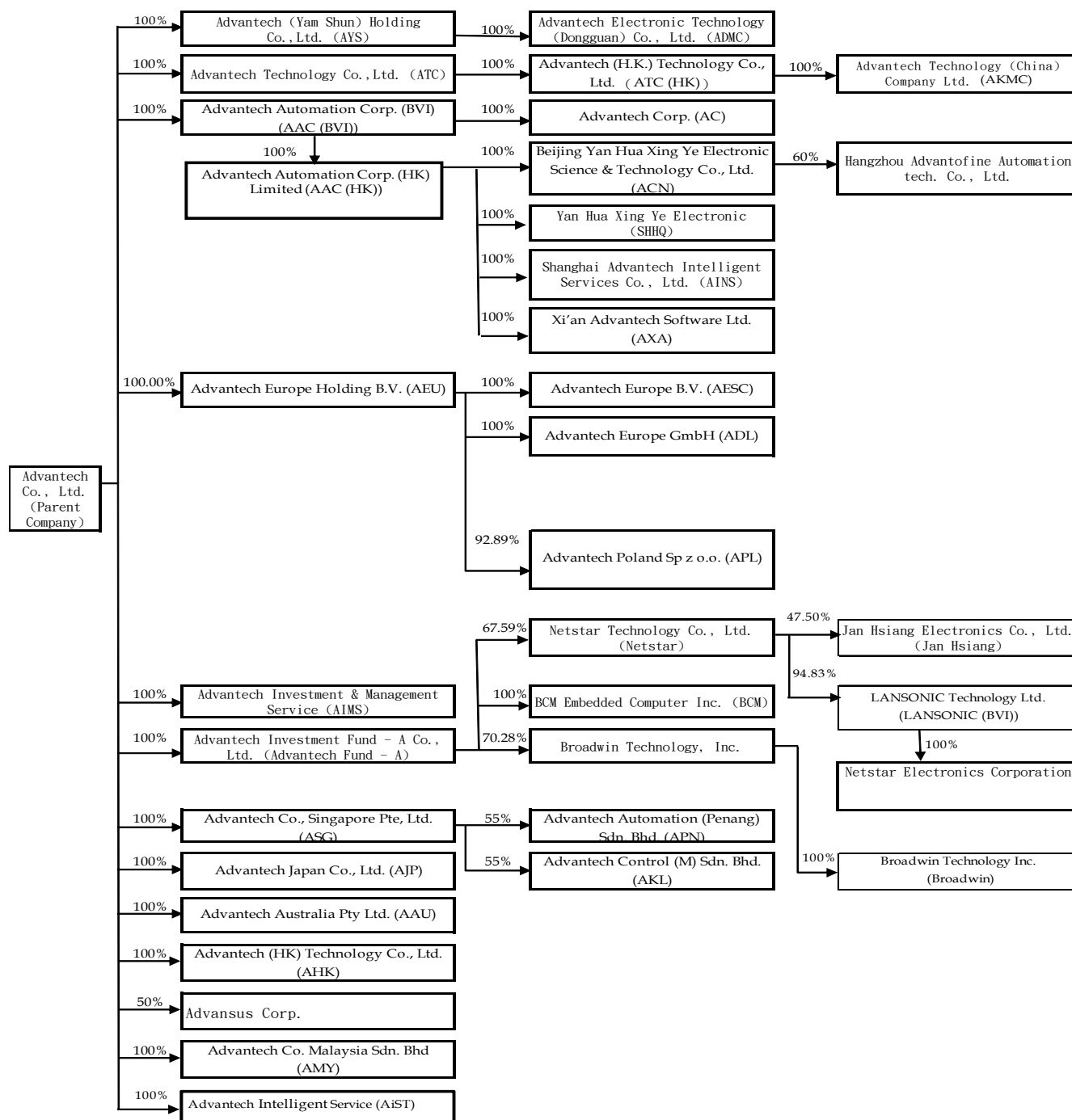
**ORGANIZATION CHART
DECEMBER 31, 2010 AND 2009**

Intercompany relationships and percentages of ownership as of December 31, 2010 are shown below:



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

Intercompany relationships and percentages of ownership as of December 31, 2009 are shown below:



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

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

2010

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd.	AEU	1	Sales	1,881,081	Normal	8%
		AEU	1	Receivables from related parties	664,284	30 days	4%
		AEU	1	Purchase	1,143	Normal	-
		AEU	1	Payables to related parties	248	30 days	-
		ACN	1	Sales	2,066,881	Normal	9%
		ACN	1	Receivables from related parties	339,541	45 days	2%
		ACN	1	Purchase	4,476	Normal	-
		ACN	1	Payables to related parties	1,354	30 days	-
		ACN	1	Other revenue	24,960	Normal	-
		ATC	1	Purchase	5,468,590	Normal	24%
		ATC	1	Payables to related parties	986,630	60 days	5%
		ATC	1	Royalty income	272,423	Normal	1%
		AKMC	1	Sales	442,806	Normal	2%
		AKMC	1	Receivables from related parties	35,858	45 days	-
		AAU	1	Sales	144,304	Normal	1%
		AAU	1	Receivables from related parties	21,030	60-90days	-
		AAU	1	Purchase	62	Normal	-
		AAU	1	Payables to related parties	2	60-90days	-
		ASG	1	Sales	127,918	Normal	1%
		ASG	1	Receivables from related parties	16,280	60-90days	-
		ASG	1	Purchase	11	Normal	-
		ASG	1	Payables to related parties	260	60-90days	-
		AJP	1	Sales	389,935	Normal	2%
		AJP	1	Receivables from related parties	35,745	60-90days	-
		AJP	1	Purchase	10	Normal	-
		AJP	1	Other revenue	14,772	Normal	-
		Advansus Corp	1	Sales	14,585	Normal	-
		Advansus Corp	1	Receivables from related parties	5,734	60-90days	-
		Advansus Corp	1	Purchase	1,936,461	Normal	8%
		Advansus Corp	1	Payables to related parties	138,332	60-90days	1%
		Advansus Corp	1	Rental revenue	7,020	Normal	-
		Advansus Corp	1	Other revenue	22,434	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	780	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	234	30 days	-
		BCM Embedded Computer Inc.	1	Payables to related parties	81	30 days	-
		BCM Embedded Computer Inc.	1	Purchase	936	Normal	-
		BCM Embedded Computer Inc.	1	Sales	1,223	Normal	-
		Advantech Fund-A	1	Rental revenue	36	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advantech Fund-A	1	Receivables from related parties	\$ 6	Normal	-
		Advantech Fund-A	1	Interest expense	931	Normal	-
		Broadwin Technology, Inc.	1	Sales	2,353	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	159	60 days	-
		Broadwin Technology, Inc.	1	Purchase	797	Normal	-
		Broadwin Technology, Inc.	1	Payables to related parties	105	60 days	-
		Broadwin Technology, Inc.	1	Other revenue	770	Normal	-
		ADL	1	Receivables from related parties	1,091	30 days	-
		AMY	1	Sales	35,027	Normal	-
		AMY	1	Receivables from related parties	2,371	45 days	-
		APL	1	Sales	11,930	Normal	-
		APL	1	Receivables from related parties	1,628	45 days	-
		APL	1	Purchase	17	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	67,343	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	13,061	60 days	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	1,418	25th of every quarter	-
		Netstar Technology Co., Ltd.	1	Sales	6,397	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	880	Normal	-
		AiSC	1	Sales	1,551,083	Normal	7%
		AiSC	1	Receivables from related parties	227,103	45 days	1%
		AiSC	1	Payables to related parties	259	45 days	-
		ANA	1	Sales	4,565,991	Normal	2%
		ANA	1	Purchase	175,396	Normal	1%
		ANA	1	Receivables from related parties	536,833	45 days	3%
		ANA	1	Payables to related parties	23,908	45 days	-
		ANA	1	Other revenue	19,546	Normal	-
		AHK	1	Payables to related parties	401	60 days	-
		AHK	1	Operating expense	4,980	Normal	-
		ABR	1	Receivables from related parties	25,841	90 days	-
		ABR	1	Sales	96,394	Normal	-
		ABR	1	Other revenue	451	Normal	-
		AKR	1	Sales	419,833	Normal	2%
		AKR	1	Receivables from related parties	66,152	Prompt collection	-
		AKR	1	Interest revenue	21	Normal	-
		AKR	1	Other revenue	15,923	Normal	-
		DLoG	1	Sales	1,527	Normal	-
		DLoG	1	Receivables from related parties	271	30 days after invoice date	-
		DLoG	1	Purchase	57	Normal	-
		AiST	1	Interest expense	85	Normal	-
		AiST	1	Payables to related parties	16,694	Normal	-
		AiST	1	Purchase	16,450	Normal	-
		Cermate	1	Receivables from related parties	126	Half-year payment (June, December)	-
		Cermate	1	Purchase	13,837	Normal	-
		Cermate	1	Payables to related parties	716	Half-year payment (June, December)	-
		Cermate	1	Other revenue	400	Normal	-
		ATH	1	Sales	29,156	Normal	-
		ATH	1	Receivables from related parties	4	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
1	ANA ANA(AASC) ANA	Advantech Co., Ltd.	2	Sales	\$ 175,396	Normal	1%
		Advantech Co., Ltd.	2	Receivables from related parties	23,908	45 days	-
		Advantech Co., Ltd.	2	Purchase	4,565,991	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	536,833	45 days	3%
		Advantech Co., Ltd.	2	Other expense	19,546	Normal	-
		ASG	3	Sales	216	Normal	-
		AEU	3	Purchase	1,019	Normal	-
		AEU	3	Sales	3,138	Normal	-
		AEU	3	Receivables from related parties	29,769	60-90days	-
		AEU	3	Interest expense	721	Normal	-
		AEU	3	Interest revenue	766	Normal	-
		ATC	3	Receivables from related parties	725	60-90days	-
		ATC	3	Sales	2,362	Normal	-
		AAU	3	Sales	132	Normal	-
		ACN	3	Sales	790	Normal	-
		AMY	3	Sales	116	60 days	-
		AKMC	3	Receivables from related parties	168,954	30 days after invoice date	1%
		AKMC	3	Purchase	126	Normal	-
		AKMC	3	Interest revenue	3,134	30 days	-
		AKMC	3	Payables to related parties	120	60-90days	-
AJP	3	Sales	12	Normal	-		
2	AEU	Advantech Co., Ltd.	2	Sales	1,143	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	248	30 days	-
		Advantech Co., Ltd.	2	Purchase	1,881,081	Normal	8%
		Advantech Co., Ltd.	2	Payables to related parties	664,284	30 days	4%
		ADL	3	Sales	10,135	Normal	-
		ADL	3	Other expense	226,620	Normal	1%
		ADL	3	Commission expense	226,925	Normal	1%
		ADL	3	Receivables from related parties	40,256	30 days after invoice date	-
		APL	3	Purchase	11,079	Normal	-
		APL	3	Receivables from related parties	660	30 days	-
		APL	3	Payables to related parties	22,672	30 days after invoice date	-
		DLoG	3	Receivables from related parties	990	30 days	-
		ACN	3	Receivables from related parties	1,531	30 days after invoice date	-
		AJP	3	Payables to related parties	50	60 days	-
		AJP	3	Receivables from related parties	4	30 days	-
		AJP	3	Sales	11	Normal	-
		ANA	3	Sales	1,019	Normal	-
		ANA	3	Interest revenue	721	Normal	-
		ANA	3	Purchase	3,138	Normal	-
		ANA	3	Interest expense	766	Normal	-
		ANA	3	Payables to related parties	29,769	60-90days	-
		APL	3	Sales	1,504	30 days	-
		AAU	3	Sales	184	Normal	-
		ASG	3	Purchase	7	Normal	-
		ASG	3	Payables to related parties	7	30 days	-
		ASG	3	Sales	43	Normal	-
AISC	3	Sales	704	Normal	-		

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AKMC	3	Sales	\$ 88	Normal	-
3	ACN	Advantech Co., Ltd.	2	Sales	4,476	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,354	30 days	-
		Advantech Co., Ltd.	2	Purchase	2,066,881	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	339,541	45 days	2%
		Advantech Co., Ltd.	2	Other expense	24,960	Normal	-
		ANA	3	Purchase	790	Normal	-
		AHK	3	Sales	18	Every two months	-
		AHK	3	Receivables from related parties	5,495	60-90days	-
		AKMC	3	Purchase	45,609	Normal	-
		AKMC	3	Payables to related parties	6,208	60-90days	-
		AKMC	3	Sales	12,634	Normal	-
		AKMC	3	Rental expense	3,702	Normal	-
		AKMC	3	Receivables from related parties	4,131	60-90days	-
		AKMC	3	Interest revenue	597	Normal	-
		AMY	3	Receivables from related parties	15	60-90days	-
		AMY	3	Sales	13	Normal	-
		SHHQ	3	Interest expense	157	Normal	-
		AXA	3	Receivables from related parties	16,166	Prompt collection	-
		AXA	3	Purchase	10,925	Normal	-
		AXA	3	Payables to related parties	36	25th of every month	-
		AiSC	3	Interest expense	1,757	60 days	-
		AiSC	3	Receivables from related parties	75,321	25th of every month	-
		AiSC	3	Sales	232,571	Normal	1%
		AiSC	3	Purchase	173,164	Normal	1%
		AiSC	3	Payables to related parties	36,912	25th of every month	-
		AAU	3	Receivables from related parties	1,368	30th of every month	-
		AAU	3	Sales	2,511	Normal	-
		ASZ(ACN)	3	Receivables from related parties	2,372	45 days	-
		AJP	3	Sales	73	Normal	-
		AKR	3	Sales	36	Normal	-
		ABJ(ACN)	3	Receivables from related parties	362	45 days	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	2,079	60 days	-
		AEUH	3	Receivables from related parties	697	60-90days	-
		AEUH	3	Sales	1,742	Normal	-
	ASZ(ACN)	ACN	3	Receivables from related parties	362	45 days	-
		ACN	3	Payables to related parties	2,372	45 days	-
	ABJ(ACN)	ACN	3	Payables to related parties	362	45 days	-
	ACN	ASZ(ACN)	3	Payables to related parties	362	45 days	-
		AEU	3	Payables to related parties	1,531	30 days after invoice date	-
4	ATC	Advantech Co., Ltd.	2	Receivables from related parties	986,630	60 days	5%
		Advantech Co., Ltd.	2	Royalty expense	272,423	Normal	1%
		Advantech Co., Ltd.	2	Sales	5,468,590	Normal	24%
		AKMC	3	Purchase	5,046,332	Normal	22%
		AKMC	3	Payables to related parties	226,812	60-90days	1%
		AKMC	3	Sales	106,964	Normal	-
		AKMC	3	Receivables from related parties	1,113	60-90days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ANA	3	Purchase	\$ 2,362	Normal	-
		ANA	3	Payables to related parties	725	60-90days	-
		ADL	3	Payables to related parties	6,881	7 days after invoice date	-
5	AKMC	Advantech Co., Ltd.	2	Purchase	442,806	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	35,858	45 days	-
		ACN	3	Purchase	12,634	Normal	-
		ACN	3	Rental revenue	3,702	Normal	-
		ACN	3	Sales	45,609	Normal	-
		ACN	3	Receivables from related parties	6,208	60-90days	-
		ACN	3	Payables to related parties	4,131	60-90days	-
		ACN	3	Interest expense	597	Normal	-
		ATC	3	Payables to related parties	1,113	60-90days	-
		ATC	3	Sales	5,046,332	Normal	22%
		ATC	3	Purchase	106,964	Normal	-
		ATC	3	Receivables from related parties	226,812	60-90days	1%
		ANA	3	Receivables from related parties	120	60-90days	-
		AISC	3	Receivables from related parties	21,548	Prompt collection	-
		AISC	3	Sales	311,201	Normal	1%
		AEU	3	Purchase	88	Normal	-
		AISC	3	Purchase	6,032	Normal	-
		AISC	3	Payables to related parties	1,393	30 days	-
		AJP	3	Payables to related parties	111	45 days	-
		ANA	3	Payables to related parties	168,954	30 days after invoice date	1%
		ANA	3	Interest expense	3,134	30 days	-
		APL	3	Purchase	11	Normal	-
		APL	3	Payables to related parties	4	Per quarter	-
		ANA	3	Sales	126	Normal	-
		Netstar Technology Co., Ltd.	3	Sales	270,892	Per quarter	1%
		Netstar Technology Co., Ltd.	3	Purchase	28,272	Every two months	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	59,750	Per quarter	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	4,710	Every two months	-
		Advansus Corp	3	Receivables from related parties	3,456	Prompt collection	-
		Advansus Corp	3	Payables to related parties	146,308	60-90days	1%
		Advansus Corp	3	Sales	26,381	Normal	-
		Advansus Corp	3	Purchase	1,458,963	Normal	6%
6	APL	Advantech Co., Ltd.	2	Purchase	11,930	Normal	-
		Advantech Co., Ltd.	2	Sales	17	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	1,628	45 days	-
		AKMC	3	Receivables from related parties	4	Per quarter	-
		AJP	3	Receivables from related parties	7	Per quarter	-
		AEU	3	Payables to related parties	660	30 days	-
		AEU	3	Receivables from related parties	22,672	30 days after invoice date	-
		AEU	3	Sales	11,079	Normal	-
		AJP	3	Sales	7	Normal	-
		AKMC	3	Sales	11	Normal	-
		AEU	3	Purchase	1,504	30 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
7	AEUH	ACN	3	Payables to related parties	\$ 697	60-90days	-
		ACN	3	Purchase	1,742	Normal	-
		ADL	3	Receivables from related parties	498	30 days after invoice date	-
		ADL	3	Interest revenue	2,642	Normal	-
8	ADL	Advantech Co., Ltd.	2	Payables to related parties	1,091	30 days	-
		ADL	3	Other revenue	51	Normal	-
		ADL	3	Other expense	51	Normal	-
		ATC	3	Receivables from related parties	6,881	7 days after invoice date	-
		AEU	3	Other revenue	226,620	Normal	1%
		AEU	3	Commission revenue	226,925	Normal	1%
		AEU	3	Purchase	10,135	Normal	-
		ADL	3	Payables to related parties	24,406	30 days after invoice date	-
		ADL	3	Receivables from related parties	24,406	30 days after invoice date	-
		AEU	3	Payables to related parties	40,256	30 days after invoice date	-
		AEUH	3	Payables to related parties	498	30 days after invoice date	-
		AEUH	3	Interest expense	2,642	Normal	-
		9	ASG	Advantech Co., Ltd.	2	Receivables from related parties	260
Advantech Co., Ltd.	2			Purchase	127,918	Normal	1%
Advantech Co., Ltd.	2			Payables to related parties	16,280	60-90days	-
Advantech Co., Ltd.	2			Sales	11	Normal	-
AMY	3			Receivables from related parties	310	30 days	-
AMY	3			Sales	4,735	Normal	-
AMY	3			Purchase	39	Normal	-
AMY	3			Other expense	50	Normal	-
AEU	3			Receivables from related parties	7	30 days	-
AEU	3			Sales	7	Normal	-
AASC	3			Sales	114	Normal	-
ANA	3			Purchase	216	Normal	-
AEU	3			Purchase	43	Normal	-
ATH	3			Receivables from related parties	30	30 days	-
ATH	3			Sales	1,967	Normal	-
10	AJP	Advantech Co., Ltd.	2	Sales	10	Normal	-
		Advantech Co., Ltd.	2	Purchase	389,935	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	35,745	60-90days	-
		Advantech Co., Ltd.	2	Other expense	14,772	Normal	-
		ANA	3	Purchase	12	Normal	-
		APL	3	Purchase	7	Normal	-
		AEU	3	Payables to related parties	50	30 days	-
		APL	3	Payables to related parties	7	Per quarter	-
		AKMC	3	Receivables from related parties	111	45 days	-
		AEU	3	Receivables from related parties	50	60 days	-
		ACN	3	Purchase	73	Normal	-
		AEU	3	Purchase	11	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
11	AAU	Advantech Co., Ltd.	2	Purchase	\$ 144,304	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	21,030	60-90days	-
		Advantech Co., Ltd.	2	Sales	62	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	2	60-90days	-
		AEU	3	Purchase	184	Normal	-
		ANA	3	Purchase	132	Normal	-
		AMY	3	Receivables from related parties	4	30 days after invoice date	-
		ACN	3	Payables to related parties	1,368	30th of every month	-
		ACN	3	Purchase	2,511	Normal	-
12	Advansus Corp.	Advantech Co., Ltd.	2	Sales	1,936,461	Normal	8%
		Advantech Co., Ltd.	2	Receivables from related parties	138,332	60-90days	1%
		Advantech Co., Ltd.	2	Purchase	14,585	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	5,734	60-90days	-
		Advantech Co., Ltd.	2	Rental expense	7,020	Normal	-
		Advantech Co., Ltd.	2	Other expense	22,434	Normal	-
		AKR	3	Sales	45,182	Normal	-
		AKMC	3	Payables to related parties	3,456	COD	-
		AKMC	3	Purchase	26,381	Normal	-
		AKMC	3	Receivables from related parties	146,308	60-90days	1%
		AKMC	3	Sales	1,458,963	Normal	6%
		BCM Embedded Computer Inc.	3	Receivables from related parties	8,780	60-90days	-
		BCM Embedded Computer Inc.	3	Sales	79,108	Normal	-
		AKR	3	Receivables from related parties	385	60-90days	-
		AiST	3	Payables to related parties	2,252	Normal	-
		AiST	3	Purchase	2,145	Normal	-
		AiST	3	Receivables from related parties	4,100	Normal	-
		AiST	3	Sales	3,905	Normal	-
13	Advantech Fund-A	Advantech Co., Ltd.	2	Rental expense	36	Normal	-
		Advantech Co., Ltd.	2	Interest revenue	931	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	6	COD	-
		Netstar Technology Co., Ltd.	3	Interest revenue	835	Per quarter	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	12,070	Per quarter	-
		Advantech Co., Ltd.	2	Purchase	35,027	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,371	45 days	-
		ASG	3	Payables to related parties	310	30 days	-
		ASG	3	Other revenue	50	Normal	-
		ASG	3	Purchase	4,735	Normal	-
		ANA	3	Purchase	116	60 days	-
		ASG	3	Sales	39	Normal	-
		ACN	3	Payables to related parties	15	60-90days	-
		ACN	3	Purchase	13	Normal	-
AAU	3	Payables to related parties	4	30 days after invoice date	-		
15	SHHQ	ACN	3	Interest revenue	157	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
16	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	\$ 67,343	Normal	-
		Advantech Co., Ltd.	2	Purchase	6,397	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	13,061	60 days	-
		Advantech Co., Ltd.	2	Payables to related parties	1,418	25th of every quarter	-
		Advantech Co., Ltd.	2	Other expense	880	Normal	-
		Advantech Fund-A	3	Interest expense	835	Per quarter	-
		Advantech Fund-A	3	Payables to related parties	12,070	Per quarter	-
		Broadwin Technology, Inc.	3	Interest expense	719	Per quarter	-
		Broadwin Technology, Inc.	3	Payables to related parties	20,000	Per quarter	-
		Lansonic	3	Receivables from related parties	3,676	60 days	-
		AKMC	3	Receivables from related parties	4,710	Every two months	-
		AKMC	3	Sales	28,272	Every two months	-
		AKMC	3	Payables to related parties	59,750	Every two months	-
		AKMC	3	Purchase	270,892	Per quarter	1%
17	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Rental expense	780	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	234	30 days	-
		Advantech Co., Ltd.	2	Purchase	1,223	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	81	30 days	-
		Advantech Co., Ltd.	2	Sales	936	Normal	-
		ACN	3	Payables to related parties	2,079	60 days	-
		AiSC	3	Payables to related parties	838	45 days	-
		Advansus Corp.	3	Payables to related parties	8,780	60-90days	-
		Advansus Corp.	3	Purchase	79,108	Normal	-
		18	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Purchase	2,353
Advantech Co., Ltd.	2			Receivables from related parties	105	60 days	-
Advantech Co., Ltd.	2			Sales	797	Normal	-
Advantech Co., Ltd.	2			Payables to related parties	159	60 days	-
Advantech Co., Ltd.	2			Other expense	770	Normal	-
Netstar Technology Co., Ltd.	3			Interest revenue	719	Per quarter	-
Netstar Technology Co., Ltd.	3			Receivables from related parties	20,000	Per quarter	-
19	AHK	Advantech Co., Ltd.	2	Receivables from related parties	401	60 days	-
		Advantech Co., Ltd.	2	Other revenue	4,980	Normal	-
		ACN	3	Payables to related parties	5,495	60-90days	-
		ACN	3	Purchase	18	Normal	-
		AiSC	3	Payables to related parties	6,019	30 days	-
20	AiSC	Advantech Co., Ltd.	2	Purchase	1,551,083	Normal	7%
		Advantech Co., Ltd.	2	Payables to related parties	227,103	60 days	1%
		Advantech Co., Ltd.	2	Receivables from related parties	259	45 days	-
		AKMC	3	Sales	6,032	Normal	-
		AKMC	3	Purchase	311,201	Normal	1%
		AKMC	3	Payables to related parties	21,548	COD	-
		AKMC	3	Receivables from related parties	1,393	30 days	-
		AEU	3	Purchase	704	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	838	45 days	-
		ACN	3	Interest revenue	1,757	60 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ACN	3	Sales	\$ 173,164	Normal	1%
		ACN	3	Receivables from related parties	36,912	25th of every month	-
		ACN	3	Purchase	232,571	Normal	1%
		ACN	3	Payables to related parties	75,321	25th of every month	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Receivables from related parties	12,087	COD	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Sales	55,889	Normal	-
		AHK	3	Receivables from related parties	6,019	30 days	-
21	Hangzhou Advantofine Automation tech. Co., Ltd.	AISC	3	Payables to related parties	12,087	COD	-
		AISC	3	Purchase	55,889	Normal	-
22	AXA	ACN	3	Receivables from related parties	36	25th of every month	-
		ACN	3	Sales	10,925	Normal	-
		ACN	3	Payables to related parties	16,166	COD	-
23	ABR	Advantech Co., Ltd.	2	Purchase	96,394	Normal	-
		Advantech Co., Ltd.	2	Other expense	451	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	25,841	90 days	-
24	Cermate	Advantech Co., Ltd.	2	Payables to related parties	126	Half-year payment (June, December)	-
		Advantech Co., Ltd.	2	Sales	13,837	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	716	Half-year payment (June, December)	-
		Advantech Co., Ltd.	2	Other expense	400	Normal	-
		Cermate (Shenzhen)	3	Purchase	5,527	Normal	-
		Cermate (Shenzhen)	3	Payables to related parties	531	60 days	-
		Cermate (Shenzhen)	3	Receivables from related parties	12,996	30 days	-
		Cermate (Shenzhen)	3	Sales	62,326	Normal	-
25	AKR	Advantech Co., Ltd.	2	Purchase	419,833	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	66,152	COD	-
		Advantech Co., Ltd.	2	Interest expense	21	Normal	-
		Advantech Co., Ltd.	2	Other expense	15,923	Normal	-
		Advansus Corp.	3	Payables to related parties	385	60-90days	-
		ACN	3	Purchase	36	Normal	-
		Advansus Corp.	3	Purchase	45,182	Normal	-
26	DLoG	Advantech Co., Ltd.	2	Purchase	1,527	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	271	30 days	-
		Advantech Co., Ltd.	2	Sales	57	Normal	-
		AEU	3	Payables to related parties	990	30 days	-
27	Cermate (Shenzhen)	Cermate	3	Receivables from related parties	531	60 days	-
		Cermate	3	Sales	5,527	Normal	-
		Cermate	3	Purchase	62,326	Normal	-
		Cermate	3	Payables to related parties	12,996	30 days	-
		Cermate (Shanghai)	3	Sales	32,245	Normal	-
		Cermate (Shanghai)	3	Purchase	371	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
28	Cermate (Shenzhen)	Cermate (Shanghai)	3	Payables to related parties	\$ 1,811	Normal	-
		Cermate (Shenzhen)	3	Receivables from related parties	1,811	Normal	-
		Cermate (Shenzhen)	3	Purchase	32,245	Normal	-
		Cermate (Shenzhen)	3	Sales	371	Normal	-
29	AiST	Advantech Co., Ltd.	2	Interest revenue	85	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	16,694	Normal	-
		Advansus Corp.	3	Payables to related parties	4,100	Normal	-
		Advansus Corp.	3	Purchase	3,905	Normal	-
		Advansus Corp.	3	Receivables from related parties	2,252	Normal	-
		Advansus Corp.	3	Sales	2,145	Normal	-
		Advantech Co., Ltd.	2	Sales	16,450	Normal	-
30	Lansonic	Netstar Technology Co., Ltd.	3	Payables to related parties	3,676	60 days	-
31	ATH	Advantech Co., Ltd.	2	Purchase	29,156	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	4	Normal	-
		ASG	3	Payables to related parties	30	30 days	-
		ASG	3	Purchase	1,967	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
0	Advantech Co., Ltd.	AESC	1	Sales	\$ 1,367,858	Normal	9%
		AESC	1	Receivables from related parties	401,873	30 days	2%
		AESC	1	Purchase	1,420	Normal	-
		ACN	1	Sales	1,849,560	Normal	12%
		ACN	1	Receivables from related parties	314,912	45 days	2%
		ACN	1	Purchase	4,615	Normal	-
		ACN	1	Payables to related parties	1,934	30 days	-
		ATC	1	Purchase	3,793,419	Normal	25%
		ATC	1	Payables to related parties	937,165	60 days	6%
		ATC	1	Royalty income	189,840	Normal	1%
		AKMC	1	Sales	137,095	Normal	1%
		AKMC	1	Receivables from related parties	64,900	45 days	-
		AKMC	1	Payables to related parties	412	60 days	-
		AAU	1	Sales	117,048	Normal	1%
		AAU	1	Receivables from related parties	30,588	60-90 days	-
		AAU	1	Purchase	84	Normal	-
		AAU	1	Payables to related parties	29	60-90 days	-
		ASG	1	Sales	75,206	Normal	-
		ASG	1	Receivables from related parties	11,988	60-90 days	-
		ASG	1	Purchase	777	Normal	-
		ASG	1	Payables to related parties	17	60-90 days	-
		AJP	1	Sales	204,675	Normal	1%
		AJP	1	Receivables from related parties	42,816	60-90 days	-
		AJP	1	Payables to related parties	806	60-90 days	-
		AJP	1	Purchase	103	Normal	-
		Advansus Corp.	1	Sales	10,786	Normal	-
		Advansus Corp.	1	Receivables from related parties	6,063	60-90 days	-
		Advansus Corp.	1	Purchase	1,119,079	Normal	7%
		Advansus Corp.	1	Payables to related parties	122,556	60-90 days	1%
		Advansus Corp.	1	Rental revenue	7,020	Normal	-
		Advansus Corp.	1	Other revenue	10,784	Normal	-
		Advansus Corp.	1	Rental expense	13,607	Normal	-
		AIMS	1	Rental revenue	150	Normal	-
AIMS	1	Other revenue	11	Normal	-		
BCM Embedded Computer Inc.	1	Rental revenue	780	Normal	-		
BCM Embedded Computer Inc.	1	Receivables from related parties	1,028	30 days	-		

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		BCM Embedded Computer Inc.	1	Payables to related parties	\$ 70	30 days	-
		BCM Embedded Computer Inc.	1	Purchase	617	Normal	-
		BCM Embedded Computer Inc.	1	Sales	1,287	Normal	-
		Advantech Fund - A	1	Rental revenue	36	Normal	-
		Broadwin Technology, Inc.	1	Sales	4,244	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	1,849	60 days	-
		Broadwin Technology, Inc.	1	Purchase	566	Normal	-
		Broadwin Technology, Inc.	1	Payables to related parties	953	60 days	-
		ADL	1	Purchase	169	Normal	-
		ADL	1	Receivables from related parties	403	30 days	-
		ADL	1	Payables to related parties	551	30 days	-
		AMY	1	Sales	20,588	Normal	-
		AMY	1	Receivables from related parties	2,995	45 days	-
		AMY	1	Purchase	62	Normal	-
		AMY	1	Payables to related parties	829	Normal	-
		APL	1	Sales	10,334	Normal	-
		APL	1	Receivables from related parties	2,591	45 days	-
		APL	1	Payables to related parties	1,129	30 days after invoice date	-
		APL	1	Purchase	44	Normal	-
		Netstar Technology Co., Ltd.	1	Purchase	46,629	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	10,715	60 days	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	5,310	25th of every quarter	-
		Netstar Technology Co., Ltd.	1	Sales	4,800	Normal	-
		Jan Hsiang	1	Purchase	17,475	Normal	-
		Jan Hsiang	1	Payables to related parties	2,222	60 days	-
		Jan Hsiang	1	Sales	20	Normal	-
		AYS	1	Purchase	114,948	Normal	1%
		AYS	1	Payables to related parties	22,983	90 days	-
		AiSC	1	Sales	1,128,714	Normal	7%
		AiSC	1	Receivables from related parties	337,713	45 days	2%
		AiSC	1	Payables to related parties	8,020	45 days	-
		ADMC	1	Sales	2	Normal	-
		ANA	1	Sales	2,404,789	Normal	16%
		ANA	1	Purchase	37,029	Normal	-
		ANA	1	Receivables from related parties	186,770	45 days	1%
		ANA	1	Payables to related parties	3,491	45 days	-
		AHK	1	Purchase	373	Normal	-
		AHK	1	Payables to related parties	4	60 days	-
		ABR	1	Receivables from related parties	14,574	90 days	-
		ABR	1	Sales	90,008	Normal	1%
		ABR	1	Payables to related parties	56	Normal	-
1	ANA	Advantech Co., Ltd.	2	Sales	37,029	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	3,491	45 days	-
		Advantech Co., Ltd.	2	Purchase	2,404,789	Normal	16%
		Advantech Co., Ltd.	2	Payables to related parties	186,770	45 days	1%
		ASG	3	Sales	233	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AEU	3	Sales	\$ 2,563	Normal	-
		AESC	3	Sales	5,609	Normal	-
		AESC	3	Receivables from related parties	63,088	60-90 days	-
		AESC	3	Purchase	2,905	Normal	-
		AESC	3	Interest revenue	1,712	Normal	-
		ATC	3	Receivables from related parties	6	60-90 days	-
		ATC	3	Sales	671	Normal	-
		AAU	3	Sales	133	Normal	-
		AAU	3	Receivables from related parties	3	60-90 days	-
		AAU	3	Payables to related parties	398	30 days after invoice date	-
		ACN	3	Sales	1,967	Normal	-
		AKMC	3	Receivables from related parties	92,771	30 days after invoice date	1%
		AKMC	3	Interest revenue	1,514	30 days	-
		AKL	3	Sales	21	Normal	-
		AJP	3	Sales	330	Normal	-
		AJP	3	Receivables from related parties	76	15 days after invoice date	-
		AMY	3	Receivables from related parties	31	30 days	-
		Advansus Corp.	3	Purchase	1,220	Normal	-
2	AESC	Advantech Co., Ltd.	2	Sales	1,420	Normal	-
		Advantech Co., Ltd.	2	Purchase	1,367,858	Normal	9%
		Advantech Co., Ltd.	2	Payables to related parties	401,873	30 days	2%
		ADL	3	Sales	13,622	Normal	-
		ADL	3	Commission expense	372,873	Normal	2%
		ADL	3	Receivables from related parties	32,306	30 days after invoice date	-
		ADL	3	Payables to related parties	(28,497)	30 days after invoice date	-
		APL	3	Purchase	32,458	Normal	-
		APL	3	Receivables from related parties	44	30 days after invoice date	-
		APL	3	Payables to related parties	18,778	30 days after invoice date	-
		AMY	3	Receivables from related parties	7	30 days after invoice date	-
		ACN	3	Receivables from related parties	293	30 days after invoice date	-
		AJP	3	Receivables from related parties	7	30 days after invoice date	-
		AJP	3	Sales	7	Normal	-
		ANA	3	Sales	2,905	Normal	-
		ANA	3	Purchase	5,609	Normal	-
		ANA	3	Interest expense	1,712	Normal	-
		ANA	3	Payables to related parties	63,088	60-90 days	-
		APL	3	Sales	103	30 days after invoice date	-
		AAU	3	Sales	21	Normal	-
		ASG	3	Purchase	66	Normal	-
		ASG	3	Payables to related parties	12	30 days	-
		ASG	3	Sales	7	Normal	-
		AiSC	3	Sales	2,706	Normal	-
		ACN	3	Sales	975	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
3	ACN	Advantech Co., Ltd.	2	Sales	\$ 4,615	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,934	30 days	-
		Advantech Co., Ltd.	2	Purchase	1,849,560	Normal	12%
		Advantech Co., Ltd.	2	Payables to related parties	314,912	45 days	2%
		ANA	3	Purchase	1,967	Normal	-
		AHK	3	Sales	11	Every two months	-
		AHK	3	Receivables from related parties	5,797	60-90 days	-
		AKMC	3	Purchase	23,838	Normal	-
		AKMC	3	Payables to related parties	3,859	60-90 days	-
		AKMC	3	Sales	13,695	Normal	-
		AKMC	3	Rental expense	3,827	Normal	-
		AKMC	3	Receivables from related parties	99,536	60-90 days	1%
		AKMC	3	Interest revenue	2,166	Normal	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Sales discount	(1,928)	Normal	-
		SHHQ	3	Sales	70,205	Normal	-
		SHHQ	3	Purchase	10,471	Normal	-
		SHHQ	3	Interest expense	912	Normal	-
		SHHQ	3	Payables to related parties	83,535	60-90 days	1%
		AXA	3	Receivables from related parties	15,529	Prompt collection	-
		AXA	3	Payables to related parties	39	25th of every month	-
		AiSC	3	Interest expense	740	60 days	-
		AiSC	3	Receivables from related parties	95,833	25th of every month	1%
		AiSC	3	Sales	248,685	Normal	2%
		AiSC	3	Purchase	80,256	Normal	1%
		AiSC	3	Payables to related parties	81,379	25th of every month	-
		AAU	3	Receivables from related parties	1,805	30 days	-
		AAU	3	Sales	4,688	Normal	-
		AAC(BVI)	3	Dividend payable	14,703	Cash on delivery	-
		AEU	3	Receivables from related parties	822	60-90 days	-
		AEU	3	Sales	2,941	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	2,645	Normal	-
		AESC	3	Purchase	975	Normal	-
AESC	3	Payables to related parties	293	30 days after invoice date	-		
4	ATC	Advantech Co., Ltd.	2	Receivables from related parties	937,165	60 days	6%
		Advantech Co., Ltd.	2	Royalty expense	189,840	Normal	1%
		Advantech Co., Ltd.	2	Sales	3,793,419	Normal	25%
		AKMC	3	Purchase	3,144,546	Normal	21%
		AKMC	3	Payables to related parties	311,241	60-90 days	2%
		AKMC	3	Sales	41,861	Normal	-
		AKMC	3	Receivables from related parties	17,750	60-90 days	-
		ANA	3	Purchase	671	Normal	-
		ANA	3	Payables to related parties	6	60-90 days	-
		ADL	3	Payables to related parties	3,237	7 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
5	AKMC	Advantech Co., Ltd.	2	Purchase	\$ 137,095	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	64,900	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	412	60 days	-
		ACN	3	Purchase	13,695	Normal	-
		ACN	3	Rental revenue	3,827	Normal	-
		ACN	3	Sales	23,838	Normal	-
		ACN	3	Receivables from related parties	3,859	60-90 days	-
		ACN	3	Payables to related parties	99,536	60-90 days	1%
		ACN	3	Interest expense	2,166	Normal	-
		AAU	3	Sales	302	Normal	-
		ADMC	3	Sales	1,125	Normal	-
		ATC	3	Payables to related parties	17,750	60-90 days	-
		ATC	3	Sales	3,144,546	Normal	21%
		ATC	3	Purchase	41,861	Normal	-
		ATC	3	Receivables from related parties	311,241	60-90 days	2%
		AISC	3	Receivables from related parties	34,125	Prompt collection	-
		AISC	3	Sales	156,145	Normal	1%
		AISC	3	Purchase	4,260	Normal	-
		AISC	3	Payables to related parties	2,666	30 days	-
		AJP	3	Payables to related parties	114	45 days	-
		ANA	3	Payables to related parties	92,771	30 days after invoice date	1%
		ANA	3	Interest expense	1,514	30 days	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	9,546	Per quarter	-
		Netstar Technology Co., Ltd.	3	Sales	98,338	Per quarter	1%
		Netstar Technology Co., Ltd.	3	Purchase	12,814	Per quarter	-
		LANSONIC Technology Ltd.	3	Sales	34	Normal	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	12,814	Cash on delivery	-
		Advansus Corp.	3	Receivables from related parties	357	Prompt collection	-
		Advansus Corp.	3	Payables to related parties	149,902	60-90 days	1%
		Advansus Corp.	3	Sales	308	Normal	-
Advansus Corp.	3	Purchase	1,199,369	Normal	8%		
6	ADMC	Advantech Co., Ltd.	2	Purchase	2	Normal	-
		AYS	3	Sales	111,254	Normal	1%
		AKMC	3	Purchase	1,125	Normal	-
7	APL	Advantech Co., Ltd.	2	Purchase	10,334	Normal	-
		Advantech Co., Ltd.	2	Sales	44	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,591	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,129	30 days after invoice date	-
		ADL	3	Receivables from related parties	22	30 days after invoice date	-
		ASG	3	Receivables from related parties	23	Normal	-
		AESC	3	Payables to related parties	44	30 days after invoice date	-
		AESC	3	Receivables from related parties	18,778	30 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
8	AEU	ACN	3	Payables to related parties	\$ 822	60-90 days	-
		ACN	3	Purchase	2,941	Normal	-
		ADL	3	Sales	2,440,683	30 days after invoice date	16%
		ANA	3	Purchase	2,563	Normal	-
		ADL	3	Receivables from related parties	859	30 days after invoice date	-
9	ADL	Advantech Co., Ltd.	2	Sales	169	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	551	30 days	-
		Advantech Co., Ltd.	2	Payables to related parties	403	30 days	-
		ATC	3	Receivables from related parties	3,237	7 days after invoice date	-
		AESC	3	Commission revenue	372,873	Normal	2%
		AESC	3	Purchase	13,622	Normal	-
		AESC	3	Receivables from related parties	(28,497)	30 days after invoice date	-
		AESC	3	Payables to related parties	32,306	30 days after invoice date	-
		AEU	3	Payables to related parties	859	30 days after invoice date	-
		AEU	3	Purchase	2,440,683	30 days after invoice date	16%
		APL	3	Payables to related parties	22	30 days after invoice date	-
10	ASG	Advantech Co., Ltd.	2	Receivables from related parties	17	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	75,206	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	11,988	60-90 days	-
		Advantech Co., Ltd.	2	Sales	777	Normal	-
		AMY	3	Receivables from related parties	79	30 days	-
		AMY	3	Sales	1,282	Normal	-
		AMY	3	Purchase	7	Normal	-
		AMY	3	Other revenue	(172)	30 days	-
		AESC	3	Receivables from related parties	12	30 days	-
		AESC	3	Sales	66	Normal	-
		AAU	3	Sales	1,462	Normal	-
		AAU	3	Receivables from related parties	16	45 days after invoice date	-
		AAU	3	Other revenue	17	45 days after invoice date	-
		ANA	3	Purchase	233	Normal	-
		AJP	3	Payables to related parties	14	45 days	-
11	AJP	Advantech Co., Ltd.	2	Sales	103	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	806	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	204,675	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	42,816	60-90 days	-
		ANA	3	Purchase	330	Normal	-
		AKMC	3	Receivables from related parties	114	45 days	-
		ASG	3	Receivables from related parties	14	45 days	-
		AESC	3	Purchase	7	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
12	AAU	Advantech Co., Ltd.	2	Purchase	\$ 117,048	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	30,588	60-90 days	-
		Advantech Co., Ltd.	2	Sales	84	Normal	-
		AKMC	3	Purchase	302	Normal	-
		AESC	3	Purchase	21	Normal	-
		ANA	3	Purchase	133	Normal	-
		ANA	3	Payables to related parties	3	60-90 days	-
		ANA	3	Receivables from related parties	398	30 days after invoice date	-
		ASG	3	Purchase	1,462	Normal	-
		ASG	3	Payables to related parties	16	45 days after invoice date	-
		ASG	3	Other expense	17	45 days after invoice date	-
		ACN	3	Payables to related parties	1,805	30 days	-
		ACN	3	Purchase	4,688	Normal	-
13	Advansus Corp.	Advantech Co., Ltd.	2	Sales	1,119,079	Normal	7%
		Advantech Co., Ltd.	2	Receivables from related parties	122,556	60-90 days	1%
		Advantech Co., Ltd.	2	Purchase	10,786	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	6,063	60-90 days	-
		Advantech Co., Ltd.	2	Rental expense	7,020	Normal	-
		Advantech Co., Ltd.	2	Rental revenue	13,607	Normal	-
		Advantech Co., Ltd.	2	Other expense	10,784	Normal	-
		ANA	3	Sales	1,220	Normal	-
		AKMC	3	Payables to related parties	357	Cash on delivery	-
		AKMC	3	Purchase	308	Normal	-
		AKMC	3	Receivables from related parties	149,902	60-90 days	1%
		AKMC	3	Sales	1,199,369	Normal	8%
		LANSONIC Technology Ltd.	3	Sales	1,009	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	4,784	60-90 days	-
		BCM Embedded Computer Inc.	3	Sales	35,377	Normal	-
		Netstar Technology Co., Ltd.	3	Sales	47	Normal	-
14	AIMS	Advantech Co., Ltd.	2	Rental expense	150	Normal	-
		Advantech Co., Ltd.	2	Other expense	11	Cash on delivery	-
15	Advantech Fund - A	Advantech Co., Ltd.	2	Rental expense	36	Normal	-
		Netstar Technology Co., Ltd.	3	Interest revenue	809	Per quarter	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	60,201	Per quarter	-
16	AMY	Advantech Co., Ltd.	2	Sales	62	Normal	-
		Advantech Co., Ltd.	2	Purchase	20,588	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	2,995	45 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	829	Normal	-
		ASG	3	Payables to related parties	79	30 days	-
		ASG	3	Sales	7	Normal	-
		ASG	3	Other expense	(172)	30 days	-
		ANA	3	Sales	23	Normal	-
		ANA	3	Payables to related parties	31	30 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
17	SHHQ	AISC	3	Receivables from related parties	\$ 5,322	25th of every month	-
		ACN	3	Purchase	70,205	Normal	-
		ACN	3	Receivables from related parties	83,535	60-90 days	1%
		ACN	3	Sales	10,471	Normal	-
		ACN	3	Interest revenue	912	Normal	-
18	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Sales	46,629	Normal	-
		Advantech Co., Ltd.	2	Purchase	4,800	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	10,715	60 days	-
		Advantech Co., Ltd.	2	Payables to related parties	5,310	25th of every quarter	-
		Advantech Fund - A	3	Interest expense	809	Per quarter	-
		Advantech Fund - A	3	Payables to related parties	60,201	Per quarter	-
		Broadwin Technology, Inc.	3	Interest expense	602	Per quarter	-
		Broadwin Technology, Inc.	3	Payables to related parties	40,202	Per quarter	-
		AKMC	3	Receivables from related parties	12,814	Cash on delivery	-
		AKMC	3	Sales	12,814	Per quarter	-
		LANSONIC Technology Ltd.	3	Sales	7,834	every month	-
		Jan Hsiang	3	Sales	5	45 days	-
		AKMC	3	Payables to related parties	9,546	Per quarter	-
		AKMC	3	Purchase	98,338	Per quarter	1%
Advansus Corp.	3	Purchase	47	Normal	-		
19	Jan Hsiang	Advantech Co., Ltd.	2	Sales	17,475	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	2,222	60 days	-
		Advantech Co., Ltd.	2	Purchase	20	Normal	-
		Netstar Technology Co., Ltd.	3	Purchase	5	45 days	-
20	AYS	Advantech Co., Ltd.	2	Sales	114,948	Normal	1%
		Advantech Co., Ltd.	2	Receivables from related parties	22,983	90 days	-
		ADMC	3	Purchase	111,254	Normal	1%
21	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Rental expense	780	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	1,028	30 days	-
		Advantech Co., Ltd.	2	Purchase	1,287	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	70	30 days	-
		Advantech Co., Ltd.	2	Sales	617	Normal	-
		ACN	3	Payables to related parties	2,645	Normal	-
		AISC	3	Payables to related parties	1,273	Cash on delivery	-
		Advansus Corp.	3	Payables to related parties	4,784	60-90 days	-
		Advansus Corp.	3	Sales	438	30 days	-
Advansus Corp.	3	Purchase	35,377	Normal	-		
22	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Purchase	4,244	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	953	60 days	-
		Advantech Co., Ltd.	2	Sales	566	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	1,849	60 days	-
		Netstar Technology Co., Ltd.	3	Interest revenue	602	Per quarter	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	40,202	Per quarter	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
23	AHK	Advantech Co., Ltd.	2	Sales	\$ 373	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	4	60 days	-
		ACN	3	Payables to related parties	5,797	60-90 days	-
		ACN	3	Purchase	11	Normal	-
		AiSC	3	Payables to related parties	10,788	30 days	-
24	AiSC	Advantech Co., Ltd.	2	Purchase	1,128,714	Normal	7%
		Advantech Co., Ltd.	2	Payables to related parties	337,713	60 days	2%
		Advantech Co., Ltd.	2	Receivables from related parties	8,020	45 days	-
		AKMC	3	Sales	4,260	Normal	-
		AKMC	3	Purchase	156,145	Normal	1%
		AKMC	3	Payables to related parties	34,125	Prompt payment	-
		AKMC	3	Receivables from related parties	2,666	30 days	-
		SHHQ	3	Payables to related parties	5,322	25th of every month	-
		AESC	3	Purchase	2,706	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	1,273	Prompt collection	-
		ACN	3	Interest revenue	740	60 days	-
		ACN	3	Sales	80,256	Normal	1%
		ACN	3	Receivables from related parties	81,379	25th of every month	-
		ACN	3	Purchase	248,685	Normal	2%
		ACN	3	Payables to related parties	95,833	25th of every month	1%
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Receivables from related parties	18,023	Prompt collection	-
		Hangzhou Advantofine Automation tech. Co., Ltd.	3	Sales	78,626	Normal	1%
AHK	3	Receivables from related parties	10,788	30 days	-		
25	Hangzhou Advantofine Automation tech. Co., Ltd.	ACN	3	Purchase discount	(1,928)	Normal	-
		AiSC	3	Payables to related parties	18,023	Cash on delivery	-
		AiSC	3	Purchase	78,626	Normal	1%
26	AXA	ACN	3	Receivables from related parties	39	25th of every month	-
		ACN	3	Payables to related parties	15,529	Cash on delivery	-
27	AAC(BVI)	ACN	3	Dividend receivable	14,703	Prompt collection	-
28	ABR	Advantech Co., Ltd.	2	Purchase	90,008	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	14,574	90 days	-
29	AKL	ANA	3	Purchase	21	Normal	-
30	LANSONIC Technology Ltd.	Advansus Corp.	3	Purchase	1,009	Normal	-
		AKMC	3	Purchase	34	Normal	-
		Netstar Technology Co., Ltd.	3	Purchase	7,834	Every month	-
31	APL	AESC	3	Sales	32,458	Normal	-

(Continued)

Note A: The Parent Company and its subsidiaries are numbered as follows:

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

Note B: The flow of related-party transactions is as follows:

1. From the Parent Company to its subsidiary.
2. From the subsidiary to its Parent Company.
3. Between subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2008; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the years ended December 31, 2008.

Note D: All intercompany transactions have been written off.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

GEOGRAPHIC INFORMATION
YEARS ENDED DECEMBER 31, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

	2010						2009							
	Taiwan	Asia	Europe	America	Oceania	Adjustments and Elimination	Consolidated	Taiwan	Asia	Europe	America	Oceania	Adjustments and Elimination	Consolidated
Sales to other than consolidated entities	\$ 5,849,447	\$ 7,298,500	\$ 3,260,476	\$ 6,330,044	\$ 292,072	\$ -	\$ 23,030,539	\$ 4,149,678	\$ 4,990,890	\$ 2,031,930	\$ 3,903,850	\$ 246,292	\$ -	\$ 15,322,640
Sales among consolidated entities	<u>13,742,338</u>	<u>6,078,139</u>	<u>26,002</u>	<u>182,161</u>	<u>62</u>	<u>(20,028,702)</u>	<u>-</u>	<u>8,683,604</u>	<u>4,099,710</u>	<u>8,313</u>	<u>48,556</u>	<u>84</u>	<u>(12,840,267)</u>	<u>-</u>
Total sales	<u>\$ 19,591,785</u>	<u>\$ 13,376,639</u>	<u>\$ 3,286,478</u>	<u>\$ 6,512,205</u>	<u>\$ 292,134</u>	<u>\$(20,028,702)</u>	<u>\$ 23,030,539</u>	<u>\$ 12,833,282</u>	<u>\$ 9,090,600</u>	<u>\$ 2,040,243</u>	<u>\$ 3,952,406</u>	<u>\$ 246,376</u>	<u>\$(12,840,267)</u>	<u>\$ 15,322,640</u>
Operating income	<u>\$ 2,111,990</u>	<u>\$ 673,998</u>	<u>\$ 2,894</u>	<u>\$ 291,809</u>	<u>\$ 10,235</u>	<u>\$ 372,930</u>	\$ 3,463,856	<u>\$ 1,218,438</u>	<u>\$ 484,411</u>	<u>\$ (176,785)</u>	<u>\$ 42,905</u>	<u>\$ 495</u>	<u>\$ 231,312</u>	\$ 1,800,776
Interest revenue							9,066							14,858
Equity in net income (loss) of investees, net							56,285							36,417
Other non-operating income and gains							407,099							236,089
Interest expense							(4,794)							(7,588)
Other non-operating expenses and losses							<u>(274,873)</u>							<u>(33,859)</u>
Income before income tax							<u>\$ 3,656,639</u>							<u>\$ 2,046,693</u>
Identifiable assets	<u>\$ 11,899,105</u>	<u>\$ 6,062,883</u>	<u>\$ 1,635,768</u>	<u>\$ 1,893,375</u>	<u>\$ 121,749</u>	<u>\$ (3,746,572)</u>	\$ 17,866,308	<u>\$ 15,520,416</u>	<u>\$ 4,427,302</u>	<u>\$ 725,497</u>	<u>\$ 1,334,527</u>	<u>\$ 147,186</u>	<u>\$ (5,893,939)</u>	\$ 16,260,989
Long-term investments							369,408							<u>372,977</u>
Total assets							<u>\$ 18,235,716</u>							<u>\$ 16,633,966</u>

Notes:

- A. The Corporation operates principally in Republic of China (domestic), Asia, Oceania, Europe and America.
- B. Revenues from inter-division goods and services.
- C. Representing revenues minus costs and operating expenses. Operating expenses include costs and expenses that directly correspond to a geographic area, excluding general and administrative expenses and interest expense.
- D. Representing tangible assets that are used by the geographic area directly, excluding.
- Assets maintained for general corporate purposes;
 - Advances or loans to, or investments in, another geographic area; and
 - Equity-method investments in shares of stock.