

Advantech Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2012 and 2011 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, 2012 and 2011, 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, 2012 and 2011. The financial statements of these subsidiaries were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the subsidiaries' amounts included herein, is based solely on the reports of other auditors. The total assets of these subsidiaries were 6.67% (NT\$1,602,815 thousand) and 8.19% (NT\$1,767,655 thousand) of the Company's consolidated total assets as of December 31, 2012 and 2011, respectively, and their operating revenues were 8.90% (NT\$2,452,803 thousand) and 13.18% (NT\$3,484,129 thousand) of the Company's consolidated operating revenues in 2012 and 2011, 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, 2012 and 2011, 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.

March 22, 2013

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, 2012 AND 2011

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

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 3,415,871	14	\$ 2,523,161	12	Financial liabilities at fair value through profit or loss (Notes 2, 5 and 23)	\$ 9,620	-	\$ 53,516	-
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 23)	16,879	-	57,204	-	Short-term bank loans (Notes 12 and 23)	151,452	1	171,442	1
Available-for-sale financial assets - current (Notes 2, 6 and 23)	1,537,309	7	873,808	4	Accounts payable (Note 20)	2,327,248	10	1,709,805	8
Notes receivable (Note 2)	574,292	3	427,256	2	Income tax payable (Notes 2 and 17)	324,613	1	407,157	2
Accounts receivable, net of allowance for doubtful accounts of \$84,588 thousand in 2012 and \$50,788 thousand in 2011 (Note 2)	3,631,078	15	3,381,180	16	Accrued expenses (Note 16)	2,158,581	9	1,826,562	8
Accounts receivable - related parties (Notes 2 and 20)	3,377	-	3,464	-	Long-term bank loans - current portion (Notes 13, 21 and 23)	366	-	1,584	-
Other receivables	71,792	-	49,335	-	Advance receipts and other current liabilities	495,582	2	389,165	2
Inventories, net (Notes 2 and 7)	3,890,166	16	3,895,123	18	Total current liabilities	5,467,462	23	4,559,231	21
Other financial assets - current	279,600	1	-	-					
Deferred income tax assets - current (Notes 2 and 17)	70,665	-	74,688	-	LONG-TERM LIABILITIES				
Restricted assets (Note 21)	113,770	1	-	-	Convertible bonds payable (Notes 2, 14 and 23)	184,660	1	760,331	4
Prepayments and other current assets	180,544	1	166,809	1	Long-term bank loans, net of current portion (Notes 13, 21 and 23)	2,566	-	11,068	-
Total current assets	13,785,343	58	11,452,028	53	Total long-term liabilities	187,226	1	771,399	4
LONG-TERM FUNDS AND INVESTMENTS					OTHER LIABILITIES				
Available-for-sale financial assets - noncurrent (Notes 2, 6 and 23)	2,271,747	9	2,309,762	11	Accrued pension liabilities (Notes 2 and 15)	106,239	-	110,856	-
Financial assets carried at cost - noncurrent (Notes 2 and 8)	33,257	-	33,257	-	Guarantee deposits received	1,081	-	1,116	-
Investments accounted for by the equity method (Notes 2 and 9)	387,926	2	371,010	2	Deferred income tax liabilities - noncurrent (Notes 2 and 17)	452,110	2	439,234	2
Total long-term funds and investments	2,692,930	11	2,714,029	13	Deferred credits (Note 2)	89	-	195	-
					Total other liabilities	559,519	2	551,401	2
					Total liabilities	6,214,207	26	5,882,031	27
PROPERTIES (Notes 2, 10 and 21)									
Cost					SHAREHOLDERS' EQUITY				
Land	2,818,523	11	2,842,023	13	Capital stock of parent company, NT\$10.00 par value				
Buildings	2,866,709	12	2,774,902	13	Authorized - 600,000 thousand shares				
Machinery and equipment	1,158,555	5	1,048,094	5	Issued and outstanding - 563,997 thousand shares in 2012 and 551,797 thousand shares in 2011	5,639,971	24	5,517,971	26
Furniture and fixtures	510,138	2	485,976	2	Advance receipts for common stock	-	-	11,990	-
Other equipment	719,727	3	646,744	3	Total capital stock	5,639,971	24	5,529,961	26
Total cost	8,073,652	33	7,797,739	36	Capital surplus				
Accumulated depreciation	2,218,074	9	1,916,626	9	Additional paid-in capital in excess of par	4,563,350	19	3,751,469	18
	5,855,578	24	5,881,113	27	From long-term equity investments	56,977	-	59,191	-
Construction in progress and prepayments for equipment	477,193	2	258,288	1	From stock options	138,435	1	256,210	1
Properties, net	6,332,771	26	6,139,401	28	Total capital surplus	4,758,762	20	4,066,870	19
					Retained earnings				
INTANGIBLE ASSETS (Note 2)					Legal reserve	2,715,185	11	2,359,911	11
Trademarks	84,681	-	88,240	-	Special reserve	545,303	2	621,662	3
Goodwill, net	640,408	3	607,363	3	Unappropriated earnings	3,979,852	17	3,561,361	16
Deferred pension cost (Notes 2 and 15)	1,691	-	6,762	-	Total retained earnings	7,240,340	30	6,542,934	30
Core technology, net	67,680	-	89,362	1	Others				
Superficies, net	95,484	1	100,957	1	Cumulative translation adjustments	(104,345)	(1)	105,408	-
Other intangible assets, net	59,092	-	83,127	-	Net loss not recognized as pension cost	(1,697)	-	(2,121)	-
Total intangible assets	949,036	4	975,811	5	Unrealized gain (loss) on financial instruments	168,944	1	(648,592)	(3)
					Total others	62,902	-	(545,305)	(3)
OTHER ASSETS					Total shareholders' equity of parent company	17,701,975	74	15,594,460	72
Assets leased to others, net (Notes 2 and 11)	17,645	-	18,918	-	Minority interest	108,265	-	99,903	1
Refundable deposits	40,304	-	40,029	-	Total shareholders' equity	17,810,240	74	15,694,363	73
Deferred expense, net (Note 2)	206,418	1	236,178	1					
Total other assets	264,367	1	295,125	1					
TOTAL	\$ 24,024,447	100	\$ 21,576,394	100	TOTAL	\$ 24,024,447	100	\$ 21,576,394	100

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

(With Deloitte & Touche audit report dated March 22, 2013)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 20)				
Sales	\$ 27,029,374	98	\$ 26,124,940	99
Sales returns and allowances	<u>260,659</u>	<u>1</u>	<u>274,389</u>	<u>1</u>
Net sales	26,768,715	97	25,850,551	98
Other operating revenues	<u>783,156</u>	<u>3</u>	<u>583,189</u>	<u>2</u>
Total operating revenues	27,551,871	100	26,433,740	100
OPERATING COSTS (Notes 7 and 20)	<u>16,628,061</u>	<u>60</u>	<u>15,908,882</u>	<u>60</u>
GROSS PROFIT	10,923,810	40	10,524,858	40
REALIZED (UNREALIZED) INTERCOMPANY GAINS (Note 2)	<u>106</u>	<u>-</u>	<u>(259)</u>	<u>-</u>
ADJUSTED GROSS PROFIT	<u>10,923,916</u>	<u>40</u>	<u>10,524,599</u>	<u>40</u>
OPERATING EXPENSES(Notes 18 and 20)				
Marketing	2,960,032	11	2,692,977	10
Administrative	1,699,705	6	1,536,053	6
Research and development	<u>2,405,718</u>	<u>9</u>	<u>2,269,068</u>	<u>9</u>
Total operating expenses	<u>7,065,455</u>	<u>26</u>	<u>6,498,098</u>	<u>25</u>
OPERATING INCOME	<u>3,858,461</u>	<u>14</u>	<u>4,026,501</u>	<u>15</u>
NONOPERATING INCOME AND GAINS				
Interest income	24,357	-	9,653	-
Investment income recognized under the equity method, net (Notes 2 and 9)	49,557	-	23,052	-
Dividend revenue	98,242	-	120,833	-
Gain on disposal of properties	30,919	-	-	-
Gain on disposal of investments, net	58,553	-	-	-
Foreign exchange gain, net (Note 2)	-	-	131,574	1
Rental revenue	21,356	-	38,021	-
Valuation gain on financial instruments, net (Notes 2 and 5)	112,256	1	121,127	1
Other income (Notes 6 and 20)	<u>108,489</u>	<u>1</u>	<u>76,002</u>	<u>-</u>
Total nonoperating income and gains	<u>503,729</u>	<u>2</u>	<u>520,262</u>	<u>2</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense	\$ 20,350	-	\$ 18,281	-
Loss on disposal of investments, net	-	-	20,463	-
Loss on disposal of properties	-	-	1,696	-
Foreign exchange loss, net (Note 2)	42,700	-	-	-
Valuation loss on financial instruments (Notes 2 and 5)	45,597	-	139,504	-
Other expenses (Note 18)	21,665	-	22,681	-
Total nonoperating expenses and losses	130,312	-	202,625	-
INCOME BEFORE INCOME TAX	4,231,878	16	4,344,138	17
INCOME TAX (Notes 2 and 17)	746,068	3	773,311	3
CONSOLIDATED NET INCOME	<u>\$ 3,485,810</u>	<u>13</u>	<u>\$ 3,570,827</u>	<u>14</u>
ATTRIBUTABLE TO:				
Parent's shareholders	\$ 3,462,387	13	\$ 3,552,738	14
Minority interest	23,423	-	18,089	-
	<u>\$ 3,485,810</u>	<u>13</u>	<u>\$ 3,570,827</u>	<u>14</u>
	2012		2011	
	Pretax	After-tax	Pretax	After-tax
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 19)				
Basic	<u>\$ 7.09</u>	<u>\$ 6.22</u>	<u>\$ 7.33</u>	<u>\$ 6.44</u>
Diluted	<u>\$ 7.01</u>	<u>\$ 6.15</u>	<u>\$ 7.32</u>	<u>\$ 6.43</u>

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

(With Deloitte & Touche audit report dated March 22, 2013)

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ADVANTECH CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)**

	Capital Stock - Issued and Outstanding (Note 16)			Capital Surplus (Notes 2 and 16)				Retained Earnings (Notes 2 and 16)				Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension Cost	Unrealized Valuation Gain (Loss) on Financial Instruments (Notes 2 and 23)	Minority Interest	Total Shareholders' Equity
	Shares (Thousands)	Amount	Advance Receipts for Common Stock	Additional Paid-in Capital in Excess of Par Value	From Long-term Equity Investments	From Employee Stock Options	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE, JANUARY 1, 2011	501,634	\$ 5,016,337	\$ -	\$ 4,253,103	\$ 59,898	\$ 79,849	\$ 4,392,850	\$ 2,102,592	\$ 70,136	\$ 2,573,186	\$ 4,745,914	\$ (215,759)	\$ (2,121)	\$ (403,782)	\$ 94,175	\$ 13,627,614
Appropriation of the 2010 earnings																
Legal reserve	-	-	-	-	-	-	-	257,319	-	(257,319)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	551,526	(551,526)	-	-	-	-	-	-
Stock dividends - NT\$0.10 per share	50,163	501,634	-	(501,634)	-	-	(501,634)	-	-	-	-	-	-	-	-	-
Cash dividends - NT\$3.50 per share	-	-	-	-	-	-	-	-	-	(1,755,718)	(1,755,718)	-	-	-	-	(1,755,718)
Net income in 2011	-	-	-	-	-	-	-	-	-	3,552,738	3,552,738	-	-	-	18,089	3,570,827
Issuance of convertible bonds	-	-	-	-	-	44,716	44,716	-	-	-	-	-	-	-	-	44,716
Employee stock options	-	-	11,990	-	-	49,171	49,171	-	-	-	-	-	-	-	-	61,161
Compensation cost recognized for employee stock options	-	-	-	-	-	82,474	82,474	-	-	-	-	-	-	-	-	82,474
Company's proportional recognition of the changes in investees' equity in their investments	-	-	-	-	(707)	-	(707)	-	-	-	-	-	-	-	-	(707)
Changes in unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	(184,625)	-	(184,625)
Equity in the changes in unrealized valuation loss on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	(60,185)	-	(60,185)
Translation adjustment on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	321,167	-	-	673	321,840
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	324	324
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(13,358)	(13,358)
BALANCE, DECEMBER 31, 2011	551,797	5,517,971	11,990	3,751,469	59,191	256,210	4,066,870	2,359,911	621,662	3,561,361	6,542,934	105,408	(2,121)	(648,592)	99,903	15,694,363
Appropriation of the 2011 earnings																
Legal reserve	-	-	-	-	-	-	-	355,274	-	(355,274)	-	-	-	-	-	-
Cash dividends - NT\$5 per share	-	-	-	-	-	-	-	-	-	(2,764,981)	(2,764,981)	-	-	-	-	(2,764,981)
Reversal of special reserve	-	-	-	-	-	-	-	-	(76,359)	76,359	-	-	-	-	-	-
Net income in 2012	-	-	-	-	-	-	-	-	-	3,462,387	3,462,387	-	-	-	23,423	3,485,810
Employee stock options	4,550	45,500	(11,990)	266,771	-	(129,096)	137,675	-	-	-	-	-	-	-	-	171,185
Conversion of convertible bonds	7,650	76,500	-	545,110	-	(34,085)	511,025	-	-	-	-	-	-	-	-	587,525
Compensation cost recognized for employee stock options	-	-	-	-	-	45,406	45,406	-	-	-	-	-	-	-	-	45,406
Company's proportional recognition of the changes in investees' equity in their investments	-	-	-	-	(2,214)	-	(2,214)	-	-	-	-	-	424	-	-	(1,790)
Change in unrealized valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	819,730	-	819,730
Equity in the changes in unrealized valuation loss on available-for-sale financial assets of equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,194)	-	(2,194)
Changes in translation adjustment	-	-	-	-	-	-	-	-	-	-	-	(209,753)	-	-	(9,471)	(219,224)
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,590)	(5,590)
BALANCE, DECEMBER 31, 2012	563,997	5,639,971	-	4,563,350	56,977	138,435	4,758,762	2,715,185	545,303	3,979,852	7,240,340	(104,345)	(1,697)	168,944	108,265	17,810,240

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

(With Deloitte & Touche audit report dated March 22, 2013)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 3,485,810	\$ 3,570,827
Depreciation and amortization	447,303	486,819
Amortization of discount on convertible bonds	11,854	9,388
Provision for doubtful accounts	33,800	9,871
Provision for loss on inventories	41,013	31,240
Loss on disposal of scrap inventories	161,558	86,878
Loss on physical inventory	5,007	4,433
Loss (gain) on disposal of properties, net	(30,919)	1,696
Gain on disposal of long-term equity investments, net	(137)	(13,508)
Loss (gain) on disposal of available-for-sale financial assets	(58,416)	33,971
Cash dividends received from equity-method investees	33,769	45,184
Investment income recognized under equity method, net	(49,557)	(23,052)
Accrued pension liabilities	(4,193)	(2,723)
Compensation cost of employee stock options	45,406	82,474
Deferred income taxes	38,271	104,962
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	(3,571)	7,991
Notes receivable	(147,036)	(79,106)
Accounts receivable	(168,091)	(416,307)
Accounts receivable - related parties	87	15,720
Other receivables	(22,457)	4,161
Other financial assets	(279,600)	-
Inventories	(77,792)	(456,377)
Prepayments and other current assets	(11,731)	195,555
Accounts payable	485,548	(57,162)
Income tax payable	(88,537)	(70,224)
Accrued expenses	298,419	472,961
Advance receipts and other current liabilities	98,017	(119,078)
Deferred credits	(106)	(118)
Net cash provided by operating activities	<u>4,243,719</u>	<u>3,926,476</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(2,555,378)	(833,500)
Proceeds of capital return on available-for-sale financial assets	-	3,520
Proceeds of the disposal of available-for-sale financial assets	2,848,053	155,177
Proceeds of the disposal of equity-method investments	14,503	26,873
Net cash used in the acquisition of subsidiaries	(176,915)	(88,810)
Acquisition of properties	(620,910)	(2,209,668)
Proceeds of the disposal of properties	63,153	957
Decrease (increase) in refundable deposits	650	(11,979)
Decrease in restricted assets	(113,770)	-
Increase in deferred expenses	(25,242)	(85,384)
Net cash used in investing activities	<u>(565,856)</u>	<u>(3,042,814)</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	\$ (19,990)	\$ 122,869
Increase (decrease) in guarantee deposits	(35)	694
Issuance of convertible bonds	-	800,000
Decrease in long-term bank loans	(9,720)	(9,447)
Employee stock options	171,185	61,161
Cash dividends	(2,764,981)	(1,755,718)
Decrease in minority interest	<u>(5,590)</u>	<u>(33,023)</u>
Net cash used in financing activities	<u>(2,629,131)</u>	<u>(813,464)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(156,022)</u>	<u>164,830</u>
NET INCREASE IN CASH	892,710	235,028
CASH, BEGINNING OF YEAR	<u>2,523,161</u>	<u>2,288,133</u>
CASH, END OF YEAR	<u>\$ 3,415,871</u>	<u>\$ 2,523,161</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	<u>\$ 8,519</u>	<u>\$ 8,644</u>
Income tax paid	<u>\$ 791,189</u>	<u>\$ 740,674</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Conversion of convertible bonds	<u>\$ 587,525</u>	<u>\$ -</u>

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

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

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

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

(With Deloitte & Touche audit report dated March 22, 2013)

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(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, 2012 and 2011, the Parent Company and the consolidated subsidiaries (collectively, the "Group") had 6,491 and 5,905 employees, respectively.

2. 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, accrued product warranty reserve, bonuses to employees and remuneration to directors and supervisors, and income tax, etc. Actual results could differ from these estimates.

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

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

Basis for Consolidation

Consolidated financial statements should include direct and indirect subsidiaries or investees in which the Group has controlling interests or has voting rights of over 50%. In 2012 and 2011, the consolidated entities included the Parent Company and all its subsidiaries. All significant intercompany accounts and transactions have been eliminated from the consolidated financial statements.

The financial statements of Advansus Corp. for 2011 have been consolidated under the proportionate consolidated method. All significant intercompany accounts and transactions between the parent and this company have been eliminated from the consolidated financial statements.

The diagram of intercompany relationships and percentages of ownership as of December 31, 2012 and 2011 is shown in Table 9 (attached). The names, locations and other information of investees are shown in Table 7 (attached).

The financial statements of the following companies for 2012 and 2011 were audited by other auditors, i.e., not the Parent Company's auditors: 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 Brazil S/A; and in 2012, DLoG GmbH, an indirect subsidiary of Advantech Europe Holding B.V.

Current and Noncurrent Assets and Liabilities

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

Financial Assets/Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Parent Company recognizes a financial asset or a financial liability on its balance sheet when the Parent Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Parent Company has cost 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 initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

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

Available-for-sale Financial Assets

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

The recognition, derecognition and the fair value bases of available-for-sale financial assets are the same as those of financial assets at FVTPL.

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

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

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

Revenue Recognition, Accounts Receivable, and Allowance for Doubtful Accounts

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

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

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

As discussed in Note 3 to the financial statements, the Group early adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Group should be covered by SFAS No. 34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- The accounts receivable becoming overdue; or
- Probability that the debtor will enter into bankruptcy or undergo financial reorganization.

Accounts receivable that are assessed as not impaired individually are further assessed for collective impairment. Objective evidence of impairment for a portfolio of accounts receivable could include the Group's past difficulty in collecting payments and an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

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

Inventories

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

Financial Assets Carried at Cost

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

Investments Accounted for by the Equity Method

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

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

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

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

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

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

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

Properties and Properties Leased to Others

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

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

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

Intangible Assets

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

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

Deferred Expenses

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

Impairment of Assets

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

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

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

Stock-based Compensation

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

Convertible Bonds Payable

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

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

Pension 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.

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

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

Income Tax

The Group applies the intra-year and inter-year allocation methods to its income tax, whereby (1) a portion of income tax expense is allocated to the cumulative effect of changes in accounting principles or charged or credited directly to shareholders' equity; and (2) deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward 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, and personnel training expenditures are recognized using the flow-through method.

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

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

Foreign Currencies

The financial statements of 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;
- 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 as gain or loss.

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

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued 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 CHANGES

Financial Instruments

On January 1, 2011, the Group adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." The main revisions include (1) impairment on finance lease receivables being now covered by SFAS No. 34; (2) amendment of the scope of the applicability of SFAS No. 34 to insurance contracts; (3) inclusion of loans and receivables originated by the Group in the items covered by SFAS No. 34; (4) the requirement to disclose additional guidelines on impairment testing of financial assets carried at amortized cost if the asset issuer or obligor has financial difficulties and the terms of obligations on the assets have been modified; and (5) the requirement to disclose the Group's accounting treatment for modifications in the terms of its obligations. This accounting change had no significant impact on the Group's financial statements as of and for the year ended December 31, 2011.

Operating Segments

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

4. CASH

	December 31	
	2012	2011
Cash on hand	\$ 2,742	\$ 3,174
Checking and demand deposits	2,496,697	2,239,968
Time deposits: Interest - 0.73%-4.50% in 2012 and 0.38%-3.30% in 2011	<u>916,432</u>	<u>280,019</u>
	<u>\$ 3,415,871</u>	<u>\$ 2,523,161</u>

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments classified as held for trading were as follows:

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
<u>Financial assets held for trading</u>		
Forward contracts	\$ <u>16,879</u>	\$ <u>57,204</u>
<u>Financial liabilities held for trading</u>		
Forward contracts	\$ <u>9,620</u>	\$ <u>53,516</u>

As of December 31, 2012 and 2011, the outstanding forward contracts were as follows:

<u>December 31, 2012</u>	Currency	Maturity	Amount (Thousands)
Sell	EUR/NTD	January 2013 - June 2013	EUR5,000/NTD189,762
	EUR/USD	January 2013 - June 2013	EUR10,000/USD13,024
	USD/NTD	January 2013 - June 2013	USD41,047/NTD1,201,760
	JPY/NTD	January 2013 - May 2013	JPY130,000/NTD47,989
	JPY/USD	January 2013 - May 2013	JPY80,000/USD6,253,835
 <u>December 31, 2011</u>			
Sell	EUR/NTD	January 2012 - June 2012	EUR5,500/NTD223,957
	EUR/USD	January 2012 - June 2012	EUR13,000/USD18,419
	USD/NTD	January 2012 - June 2012	USD44,935/NTD1,308,802
	JPY/USD	January 2012 - April 2012	JPY120,000/USD1,517
	JPY/NTD	January 2012 - April 2012	JPY140,000/NTD52,273

The Parent Company entered into forward contracts in 2012 and 2011 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Parent Company is to minimize risks due to changes in fair value or cash flows.

On trading financial assets or liabilities, there were a net gain of \$66,659 thousand in 2012 and a net loss of \$18,377 thousand in 2011.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>			
	<u>2012</u>		<u>2011</u>	
	Current	Noncurrent	Current	Noncurrent
Mutual funds	\$ 1,495,111	\$ -	\$ 833,866	\$ -
Quoted domestic stocks				
Chunghwa Telecom Co., Ltd.	15,588	117,524	16,495	124,364
ASUSTEK Computer Inc.	-	1,784,146	-	1,576,266
Pegatron Corp.	-	370,077	-	609,132
AverMedia Information Inc.	17,464	-	23,447	-
TW50	9,146	-	-	-
	<u>\$ 1,537,309</u>	<u>\$ 2,271,747</u>	<u>\$ 873,808</u>	<u>\$ 2,309,762</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 of the shares and the purpose of the Company holding the shares.

For its securities borrowing and lending transactions, the Parent Company put some of its quoted domestic stock recorded under available-for-sale assets - noncurrent into a trust at China Trust Commercial Bank. As of December 31, 2012, the stock held in trust amounted to \$1,988,659 thousand. Please refer to Table 3 for more information. On the transactions, the Parent Company recognized a gain of \$9,115 thousand, recorded under other nonoperating income as of December 31, 2012.

7. INVENTORIES, NET

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Finished goods	\$ 1,152,589	\$ 1,274,747
Work in process	618,995	537,887
Materials and supplies	1,701,505	1,714,333
Inventories in transit	<u>417,077</u>	<u>368,156</u>
	<u>\$ 3,890,166</u>	<u>\$ 3,895,123</u>

As of December 31, 2012 and 2011, the allowances for inventory devaluation were \$423,200 thousand and \$382,187 thousand, respectively.

The costs of goods sold pertaining to inventories as of December 31, 2012 and 2011 were \$16,628,061 thousand and \$15,908,882 thousand, respectively. In addition, for 2012, the foregoing amount included an allowance for loss of \$41,013 thousand, a loss of \$5,007 thousand on physical inventory and a loss of \$161,558 thousand on inventory scrap disposal, and for 2011, the foregoing amount included an allowance for loss of \$31,240 thousand, a loss of \$4,433 thousand on physical inventory and a loss of \$86,878 thousand on inventory scrap disposal.

8. FINANCIAL ASSETS CARRIED AT COST

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Unlisted common traded stocks		
Foreign		
Coban Research and Technologies, Inc. (US\$1,020 thousand)	<u>\$ 33,257</u>	<u>\$ 33,257</u>

The above investment, which had no quoted market price in an active market and had a fair value that could not be reliably measured, was carried at its original cost.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	December 31			
	2012		2011	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Listed				
Axiomtek Co., Ltd.	\$ 381,186	28.86	\$ 362,670	28.57
Unlisted				
Jan Hsiang Electronics Co., Ltd.	<u>6,740</u>	28.50	<u>8,340</u>	28.50
	<u>\$ 387,926</u>		<u>\$ 371,010</u>	

The calculation of the carrying values of the equity-method investments and the equity in their net income or net loss was based on the investees' financial statements in 2012 and 2011 which were reviewed by independent CPAs.

The market values of the listed stocks invested in by the Parent Company, which were calculated on the basis of the closing prices as of December 31, 2012 and 2011, were \$602,775 thousand and \$429,786 thousand, respectively.

10. PROPERTIES

Accumulated depreciation was as follows:

	December 31	
	2012	2011
Buildings	\$ 629,295	\$ 539,883
Machinery and equipment	748,832	641,107
Furniture and fixtures	367,208	285,995
Other equipment	<u>472,739</u>	<u>449,641</u>
	<u>\$ 2,218,074</u>	<u>\$ 1,916,626</u>

11. PROPERTIES LEASED TO OTHERS

	December 31	
	2012	2011
Cost		
Buildings	\$ 28,700	\$ 29,606
Less: Accumulated depreciation	<u>(11,055)</u>	<u>(10,688)</u>
	<u>\$ 17,645</u>	<u>\$ 18,918</u>

12. SHORT-TERM BANK LOANS

	<u>December 31</u>	
	2012	2011
Credit loans - interest: 1.32%-1.63% in 2012 and 1.35%-1.63% in 2011	\$ 151,452	\$ 164,442
Secured loans - interest: 1.50% in 2011	<u>-</u>	<u>7,000</u>
	<u>\$ 151,452</u>	<u>\$ 171,442</u>

As of December 31, 2012 and 2011, the Parent Company's unused short-term credit lines amounted to \$2,837,600 thousand and \$2,274,000 thousand, respectively.

To meet its financing need, Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained a credit loan and a guarantee with fixed interest from a bank. As of December 31, 2011, the carrying value of these obligations was \$7,000 thousand.

To meet its financing need, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a credit loan with fixed interest from a bank. As of December 31, 2012 and 2011, the loan's carrying values were \$5,000 thousand and \$13,000 thousand, respectively.

To meet its financing need, Advantech Technology (China) Company Ltd., an indirect subsidiary of the Parent Company, obtained a credit loan with floating interest from a bank. As of December 31, 2012 and 2011, the loan's carrying values were \$146,452 thousand and \$151,442 thousand, respectively.

13. LONG-TERM BANK LOANS

	Current	Long-term	Total
<u>December 31, 2013</u>			
Mortgage loans	<u>\$ 366</u>	<u>\$ 2,566</u>	<u>\$ 2,932</u>
<u>December 31, 2011</u>			
Mortgage loans	<u>\$ 1,584</u>	<u>\$ 11,068</u>	<u>\$ 12,652</u>

Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a mortgage bank loan for capital expenditure. This loan is repayable every one or three months at various amounts from March 2006 to March 2021. As of December 31, 2012 and 2011, the carrying values of the loan were \$2,932 thousand and \$12,652 thousand, respectively, and interest rate was 2.29%.

14. BONDS PAYABLE

	<u>December 31</u>	
	2012	2011
Unsecured domestic convertible bonds	\$ 190,200	\$ 800,000
Deduct: Unamortized discount on bonds payable	<u>(5,540)</u>	<u>(39,669)</u>
	<u>\$ 184,660</u>	<u>\$ 760,331</u>

On May 26, 2011, the Parent Company issued three-year unsecured convertible bonds, with an aggregate face value of \$800,000 thousand, a coupon rate of 0%, and the effective interest rate of 2.13%. Bondholders may convert the bonds into the Parent Company's common shares at an agreed conversion price between May 27, 2012 and May 16, 2014. If the bonds are not converted, the Company should redeem the bonds at their face value upon maturity. According to the Statement of Financial Accounting Standard (SFAS) No. 36 - "Financial Instruments: Disclosure and Presentation," the Company has bifurcated the bonds into liability and equity components. The bonds had been recorded as stock options from capital surplus amounting to \$44,716 thousand and bonds payable amounting to \$750,943 thousand. As of December 31, 2012, bondholders had converted \$609,800 thousand worth of bonds into 7,650 thousand common shares. Conversion price was \$78.22 per share.

15. 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 and salaries. For these contributions, the Parent Company and domestic subsidiaries recognized pension costs of \$93,365 thousand for 2012 and \$81,702 thousand for 2011.

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

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

Except for the foregoing companies, the overseas consolidated entities all contribute to defined benefit pension funds and recognize pension costs based on local government regulations. For 2012 and 2011, the pension expenses of these overseas consolidated entities were \$76,262 thousand and \$67,555 thousand, respectively.

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

a. Components of net pension cost:

	2012			2011	
	Parent Company	Netstar	Cermate	Parent Company	Netstar
Service cost	\$ 3,338	\$ -	\$ 519	\$ 3,882	\$ -
Interest cost	5,401	426	87	4,591	467
Projected return on plan assets	(2,449)	(152)	(32)	(2,250)	(153)
Amortization	<u>2,774</u>	<u>811</u>	<u>73</u>	<u>1,822</u>	<u>958</u>
Net periodic pension cost	<u>\$ 9,064</u>	<u>\$ 1,085</u>	<u>\$ 647</u>	<u>\$ 8,045</u>	<u>\$ 1,272</u>

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

	2012			2011	
	Parent Company	Netstar	Cermate	Parent Company	Netstar
Benefit obligation					
Vested benefit obligation	\$ 16,493	\$ 822	\$ -	\$ 13,931	\$ 776
Non-vested benefit obligation	<u>147,659</u>	<u>10,347</u>	<u>1,744</u>	<u>154,359</u>	<u>14,754</u>
Accumulated benefit obligation	164,152	11,169	1,744	168,290	15,530
Additional benefits based on future salaries	<u>89,944</u>	<u>4,658</u>	<u>1,207</u>	<u>101,743</u>	<u>5,767</u>
Projected benefit obligation	254,096	15,827	2,951	270,033	21,297
Fair value of plan assets	<u>(116,527)</u>	<u>(7,832)</u>	<u>(1,803)</u>	<u>(116,891)</u>	<u>(7,353)</u>
Funded status	137,569	7,995	1,148	153,142	13,944
Unrecognized net transition obligation	(5,466)	-	(1,382)	(7,289)	(36)
Unrecognized net loss	(30,959)	-	1,992	(43,175)	-
Unamortized service costs	-	(6,165)	-	-	(6,726)
Unamortized net loss	-	(184)	-	-	(6,216)
Additional liabilities	<u>-</u>	<u>1,691</u>	<u>-</u>	<u>-</u>	<u>7,212</u>
Accrued pension cost	<u>\$ 101,144</u>	<u>\$ 3,337</u>	<u>\$ 1,758</u>	<u>\$ 102,678</u>	<u>\$ 8,178</u>
Vested benefit	<u>\$ 19,425</u>	<u>\$ 1,001</u>	<u>\$ -</u>	<u>\$ 16,726</u>	<u>\$ 990</u>

c. Actuarial assumptions as of December 31, 2012 and 2011

	2012			2011	
	Parent Company	Netstar	Cermate	Parent Company	Netstar
Discount rate used in determining present values	1.875%	1.875%	1.875%	2.000%	2.000%
Future salary increase rate	3.250%	2.250%	3.000%	3.250%	2.000%
Expected rate of return on plan assets	1.875%	1.875%	1.875%	2.000%	2.000%

	2012			2011	
	Parent Company	Netstar	Cermate	Parent Company	Netstar
d. Contributions to the fund	<u>\$ 10,598</u>	<u>\$ 406</u>	<u>\$ 348</u>	<u>\$ 9,578</u>	<u>\$ 766</u>
e. Payments from the fund	<u>\$ 11,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,495</u>	<u>\$ -</u>

16. SHAREHOLDERS' EQUITY

Capital Surplus

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

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

Appropriation of Earnings and Dividend Policy

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

- a. 1% to 20% as bonus to employees;
- b. 1% or less as remuneration to directors and supervisors; 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 from 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 \$72,000 thousand for both 2012 and 2011 (classified under accrued expenses) were estimated and accrued on the basis of past experience. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

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

Appropriation of earnings to legal reserve should be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The Parent Company operates in an industry related to computers, and its business related to network servers is new but with significant potential for growth. Thus, in formulating its dividend policy, the Parent Company takes into account the overall business and industry conditions and trends, its objective of enhancing the shareholders' long-term interests, 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 2011 and 2010 were approved in the shareholders' meetings held on June 13, 2012 and May 25, 2011, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2011	2010	2011	2010
Legal reserve	\$ 355,274	\$ 257,319		
Special reserve (reversal)	(76,359)	551,526		
Cash dividends	2,764,981	1,755,718	\$5.0	\$3.5

The bonus to employees and the remuneration to directors and supervisors for 2011 and 2010 approved in the shareholders' meetings on June 13, 2012 and May 25, 2011, respectively, were as follows:

	Cash	
	Years Ended December 31	
	2011	2010
Bonus to employees	\$ 60,000	\$ 20,000
Remuneration to directors and supervisors	12,000	10,000

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

At their meeting on May 25, 2011, the shareholders approved the issuance of 50,163 thousand common shares from capital surplus, which amounted to \$501,634 thousand. This issuance was approved by the Financial Supervisory Commission under the Executive Yuan of the ROC. The board of directors resolved July 17, 2011 as the date of issuance, and the Parent Company then completed its revised registration with the Ministry of Economic Affairs.

The following appropriation of the 2012 earnings and dividends per share was scheduled for presentation for approval at the Parent Company's shareholders meeting on March 22, 2013.

	Appropriation of Earnings	Dividends Per Share (Dollars)
Legal reserve	\$ 346,239	\$ -
Special reserve (reversal)	(545,303)	-
Cash dividends	2,763,586	4.9

The appropriation of the 2012 earnings on bonuses to employees and remuneration to directors and supervisors of the Parent company was scheduled to be presented to the shareholders for approval in their meeting on June 13, 2013.

Information on the appropriation of bonuses 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.

Qualified employees of the Parent Company and its subsidiaries were granted stock options of 3,000 thousand units in July 2010 and 10,000 thousand units in December 2009. Each option entitles the holder to subscribe for one thousand common shares of the Parent Company. The holders of these shares include employees of the Parent Company and both domestic and overseas subsidiaries in which the Parent Company directly or indirectly invests over 50% in, who meet certain criteria. Options issued in July 2010 and December 2009 are valid for five years. Both are exercisable at certain percentages after the second anniversary year from the grant date. The options were granted at an exercise price equal to the closing price of the Parent Company's common shares listed on the grant date. For any subsequent

changes in the Parent Company's paid-in capital, the exercise price and the number of options are adjusted accordingly.

Information on employee stock options is as follows:

	Year Ended December 31			
	2012		2011	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance, beginning of year	11,801	\$53.05	13,000	\$60.35
Options granted	-	-	-	-
Options exercised	<u>3,351</u>	51.08	<u>1,199</u>	51.01
Balance, end of year	<u>8,450</u>	50.46	<u>11,801</u>	53.05
Options exercisable, end of year	<u>8,450</u>	50.46	<u>4,000</u>	51.01
Weighted-average fair value of options granted (NT\$)	<u>\$16.45-\$20.45</u>		<u>\$16.45-\$20.25</u>	

Information on outstanding options as of December 31, 2012 and 2011 is as follows:

	December 31			
	2012		2011	
	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	\$56.10	2.53	\$59.03	3.53
Issuance in 2009	48.40	1.92	51.01	2.92

Options granted in 2010 were priced using the Black-Scholes model, and the inputs to the model were as follows:

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

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

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

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

Compensation costs recognized were \$45,406 thousand for 2012 and \$82,474 thousand for 2011.

17. INCOME TAX

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

	2012	2011
Income tax expense at the statutory rate	\$ 965,578	\$ 977,085
Deduct tax effects of adjustments:		
Permanent differences		
Tax-exempt income	(65,428)	(44,963)
Others	(66,093)	(29,577)
Temporary differences	(61,622)	(56,071)
Additional 10% income tax on unappropriated earnings	50,894	2,322
Additional income tax under the Alternative Minimum Tax Act	-	1,446
Investment tax credits used	(106,668)	(179,152)
Loss carryforwards used	<u>(8,016)</u>	<u>(640)</u>
Income tax currently payable	<u>\$ 708,645</u>	<u>\$ 670,450</u>

- b. Income tax expense consisted of the following:

	2012	2011
Income tax currently payable	\$ 708,645	\$ 670,450
Income tax expense - deferred	38,271	104,962
Adjustments for prior years' tax	<u>(848)</u>	<u>(2,101)</u>
	<u>\$ 746,068</u>	<u>\$ 773,311</u>

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

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

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

	<u>December 31</u>	
	2012	2011
Balance, beginning of year	\$ 407,157	\$ 477,381
Income tax currently payable	708,645	670,450
Payment	<u>(791,189)</u>	<u>(740,674)</u>
Balance, end of year	<u>\$ 324,613</u>	<u>\$ 407,157</u>

d. Net deferred income tax assets (liabilities) as of December 31, 2012 and 2011 were as follows:

	<u>December 31</u>	
	2012	2011
Current		
Deferred income tax assets:		
Allowance for loss on inventories	\$ 43,333	\$ 40,416
Investment tax credits	19,879	-
Unrealized product warranty reserve	11,999	21,606
Excess allowance for doubtful accounts	9,094	6,497
Others	<u>44,973</u>	<u>11,654</u>
	129,278	80,173
Valuation allowance	<u>(48,456)</u>	<u>(4,674)</u>
	<u>80,822</u>	<u>75,499</u>
Deferred income tax liabilities:		
Unrealized exchange gains	<u>(10,157)</u>	<u>(811)</u>
Net deferred income tax assets	<u>\$ 70,665</u>	<u>\$ 74,688</u>
Noncurrent		
Deferred income tax assets:		
Loss carryforwards	\$ 110,561	\$ 105,316
Deferred credits	43,572	34,028
Accumulated equity in the net loss of foreign investees	32,198	35,656
Translation adjustments	21,372	-
Pension cost	17,310	17,465
Investment tax credits	-	45,030
Others	<u>9,331</u>	<u>7,995</u>
	234,344	245,490
Valuation allowance	<u>(139,015)</u>	<u>(177,062)</u>
	<u>95,329</u>	<u>68,428</u>
Deferred income tax liabilities:		
Accumulated equity in the net gains of foreign investees	(541,719)	(507,467)
Others	<u>(5,720)</u>	<u>(195)</u>
	<u>(547,439)</u>	<u>(507,662)</u>
Deferred income tax liabilities, net	<u>\$ (452,110)</u>	<u>\$ (439,234)</u>

- e. As of December 31, 2012 investment tax credits comprised 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>\$ 11,767</u>
<u>Cermate Technologies Inc.</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 1,859</u>
<u>ACA Digital Corporation</u>		
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 6,253</u>

- f. Information on the domestic subsidiary - loss carryforwards of six Taiwan-based subsidiaries, Netstar Technology Co., Ltd., Cermate Technologies Inc., BCM Embedded Computer Inc., Advantech Investment Fund-A Co., Ltd., ACA Digital Corporation, and Advantech Intelligent Service (AiST) as of December 31, 2012 is as follows:

	Netstar	Cermate	BCM	Advantech Fund-A	ACA	Aist	Expiry Year
Year of loss carryforwards							
2003	\$ 3,992	\$ -	\$ -	\$ -	\$ -	\$ -	2013
2004	3,052	-	-	-	-	-	2014
2005	489	-	-	-	-	-	2015
2006	-	-	-	-	-	-	2016
2007	454	2,170	230	3,789	19,350	-	2017
2008	8,741	-	2,826	-	16,114	-	2018
2009	-	1,207	2,646	-	12,818	-	2019
2010	1,195	-	-	-	17,121	-	2020
2011	14,182	-	-	-	-	-	2021
2012	-	-	-	-	-	185	2022
	<u>\$ 32,105</u>	<u>\$ 3,377</u>	<u>\$ 5,702</u>	<u>\$ 3,789</u>	<u>\$ 65,403</u>	<u>\$ 185</u>	

- g. As of December 31, 2012, the status of the Parent Company's five years' exemption from income tax was as follows:

Name	Exemption Item: Investment Plan	Exemption Period
Parent Company	Manufacturing products that integrate life science and business intelligence	2011 to 2015

- h. The Group's imputation credit account (ICA) balances as of December 31, 2012 and 2011 were as follows:

	December 31	
	2012	2011
Parent Company	<u>\$ 349,345</u>	<u>\$ 209,393</u>
Broadwin Technology Inc.	<u>\$ 18,063</u>	<u>\$ 18,825</u>
Advantech Fund-A Co., Ltd.	<u>\$ 21,372</u>	<u>\$ 15,452</u>
Netstar Technology Co., Ltd.	<u>\$ 7,236</u>	<u>\$ 6,810</u>
Advansus Corp.	<u>\$ 1,469</u>	<u>\$ 5,655</u>
Advantech Intelligent Service (AiST)	<u>\$ 955</u>	<u>\$ 2</u>
Cermate Technologies Inc.	<u>\$ 1,432</u>	<u>\$ 1</u>
ACA Digital Corporation	<u>\$ 8</u>	<u>\$ -</u>

The ICA balance for BCM Embedded Computer Inc. was zero as of December 31, 2012.

The expected and actual creditable tax ratios for the Parent Company's earnings of 2012 and 2011, respectively, were 11.58% and 9.89%. The ratio for the imputation credit allocated to the shareholders of the Parent Company is based on the balance of the ICA as of the date of dividend distribution. Thus, the expected creditable ratio for 2012 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

- i. Income tax returns through 2007 had been examined and cleared by the tax authorities.

18. PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	2012			2011		
	Included in Cost of Goods Sold	Included in Operating Expenses	Total	Included in Cost of Goods Sold	Included in Operating Expenses	Total
Personnel expenses						
Payroll	\$ 1,060,935	\$ 3,708,007	\$ 4,768,942	\$ 960,984	\$ 3,294,767	\$ 4,255,751
Insurance	109,619	334,476	444,095	98,983	304,116	403,099
Pension	29,132	152,185	181,317	25,862	132,712	158,574
Others	<u>66,273</u>	<u>193,383</u>	<u>259,656</u>	<u>69,419</u>	<u>168,365</u>	<u>237,784</u>
	<u>\$ 1,265,959</u>	<u>\$ 4,388,051</u>	<u>\$ 5,654,010</u>	<u>\$ 1,155,248</u>	<u>\$ 3,899,960</u>	<u>\$ 5,055,208</u>
Depreciation	\$ 101,492	\$ 246,363	\$ 347,855	\$ 106,618	\$ 239,334	\$ 345,952
Amortization	7,747	90,959	98,706	13,196	126,948	140,144

Expenses for properties leased to others (included in nonoperating expenses and losses - other expenses) were not included in the above depreciation expenses. These expenses were \$742 thousand and \$723 thousand as of 2012 and 2011, respectively.

19. EARNINGS PER SHARE

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

	Amount (Numerator)		Shares (Denominator) (Thousands)	Earnings Per Share	
	Pretax	After-tax		Pretax	After-tax
<u>2012</u>					
Basic EPS					
Net income	\$ 3,948,503	\$ 3,462,387	556,959	<u>\$ 7.09</u>	<u>\$ 6.22</u>
The effect of dilutive potential common stock					
Convertible bonds	11,854	11,854	7,351		
Bonuses to employees	<u>-</u>	<u>-</u>	<u>511</u>		
Diluted EPS	<u>\$ 3,960,357</u>	<u>\$ 3,474,241</u>	<u>564,821</u>	<u>\$ 7.01</u>	<u>\$ 6.15</u>

(Continued)

	<u>Amount (Numerator)</u>		<u>Shares</u>	<u>Earnings Per Share</u>	
	<u>Pretax</u>	<u>After-tax</u>	<u>(Denominator)</u> <u>(Thousands)</u>	<u>Pretax</u>	<u>After-tax</u>
<u>2011</u>					
Basic EPS					
Net income	\$ 4,045,403	\$ 3,552,738	551,797	\$ <u>7.33</u>	\$ <u>6.44</u>
The effect of dilutive potential common stock					
Bonuses to employees	<u>-</u>	<u>-</u>	<u>481</u>		
Diluted EPS	<u>\$ 4,045,403</u>	<u>\$ 3,552,738</u>	<u>552,278</u>	<u>\$ 7.32</u>	<u>\$ 6.43</u>

(Concluded)

The amount of earnings per share increases when the employee's stock option is taken into consideration, which means that the employee's stock option has an anti-dilutive effect. Therefore, the employee's stock option should not be considered when calculating the diluted earnings per share.

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

20. RELATED-PARTY TRANSACTIONS

a. Related parties

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

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

	2012		2011	
	Amount	% to Total	Amount	% to Total
<u>For the year</u>				
Sales				
Axiomtek	\$ 36,777	-	\$ 26,895	-
Jan Hsiang	7	-	30	-
Avalue	-	-	80,237	-
	<u>\$ 36,784</u>	<u>-</u>	<u>\$ 107,162</u>	<u>-</u>
Purchases				
Jan Hsiang	\$ 20,621	-	\$ 19,960	-
Axiomtek	193	-	130	-
	<u>\$ 20,814</u>	<u>-</u>	<u>\$ 20,090</u>	<u>-</u>
Operating expenses				
Office rental expenses				
K&M	\$ 5,360	-	\$ 4,914	-
AIDC	3,491	-	3,491	-
	<u>\$ 8,851</u>	<u>-</u>	<u>\$ 8,405</u>	<u>-</u>
Nonoperating income and gains				
Other revenue				
AIDC	\$ 1,500	1	\$ 1,500	2
Axiomtek	1,322	1	-	-
K&M	500	-	500	1
	<u>\$ 3,322</u>	<u>2</u>	<u>\$ 2,000</u>	<u>3</u>

Other revenues were mainly from management services and technical support.

	2012		2011	
	Amount	% to Total	Amount	% to Total
<u>At end of year</u>				
Accounts receivable - related parties				
Axiomtek	\$ 3,377	100	\$ 3,464	100
Payables to related parties (part of accounts payable)				
Accounts payable				
Jan Hsiang	\$ 1,280	-	\$ 1,266	-
Axiomtek	6	-	18	-
	<u>\$ 1,286</u>	<u>-</u>	<u>\$ 1,284</u>	<u>-</u>

The rental contracts between the Parent Company and its subsidiaries were based on market rental prices. 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. The compensation of directors, supervisors and management personnel was as follows:

	December 31	
	2012	2011
Salaries and incentives	\$ 53,786	\$ 49,194
Bonus	<u>5,778</u>	<u>5,310</u>
	<u>\$ 59,564</u>	<u>\$ 54,504</u>

21. MORTGAGED OR PLEDGED ASSETS

As of December 31, 2012 and 2011, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, had pledged assets for a letter of credit and long-term bank loans, as follows:

	Year Ended December 31	
	2012	2011
Properties - land	\$ 13,047	\$ 13,047
Properties - buildings	<u>15,206</u>	<u>16,044</u>
	<u>\$ 28,253</u>	<u>\$ 29,091</u>

The Parent Company was required by its supplier to provide a banker's letter of guarantee. The Parent Company offered time deposits of \$109,110 thousand (recorded under restricted assets) as collateral.

Shanghai Advantech Intelligent Services Co., Ltd. (AiSC), an indirect subsidiary of the Parent Company, was required by its supplier to provide a banker's letter of guarantee. AiSC offered time deposits of \$4,660 thousand (recorded under restricted assets) as collateral.

22. SIGNIFICANT COMMITMENT AND CONTINGENCIES

- a. As of December 31, 2012 and 2011, the guarantee notes issued by Cermate Technologies Inc. for its bank loan had amounted to \$40,000 thousand.
- b. As of December 31, 2011, the guarantee notes issued by Netstar Technology Co., Ltd. for its bank loan had amounted to \$48,000 thousand.

23. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Nonderivative financial instruments</u>				
Assets				
Available-for-sale financial assets - current	\$ 1,537,309	\$ 1,537,309	\$ 873,808	\$ 873,808
Available-for-sale financial assets - noncurrent	2,271,747	2,271,747	2,309,762	2,309,762
Liabilities				
Long-term bank loans (including current portion)	2,932	2,932	12,652	12,652
Convertible bonds payable	184,660	280,375	760,331	810,484
<u>Derivative financial instrument location</u>				
Financial assets at fair value through profit or loss - current				
Domestic	6,703	6,703	123	123
Foreign (including foreign corporation's operating locally)	10,176	10,176	57,081	57,081
Financial liabilities at fair value through profit or loss - current				
Domestic	490	490	12,294	12,294
Foreign (including foreign corporation's operating locally)	9,130	9,130	41,222	41,222

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

- 1) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash, notes and accounts receivable, accounts receivable - related parties, other receivables, refundable deposits, restricted assets - current, short-term bank loans, accounts payable, accrued expenses, and guarantee deposits received.
- 2) Fair values of available-for-sale financial assets are based on their quoted market prices.
- 3) The fair value of long-term bank loans (including current portion) is estimated using the present value of future cash flows discounted at the 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. Fair values of financial assets and liabilities based on quoted market prices or on estimates made using valuation techniques, were as follows:

	Based on Quoted Market Price		Determined Using Valuation Techniques	
	December 31		December 31	
	2012	2011	2012	2011
<u>Asset</u>				
Financial assets at fair value through profit or loss -				
current	\$ -	\$ -	\$ 16,879	\$ 57,204
Available-for-sale financial assets - current	1,537,309	873,808	-	-
Available-for-sale financial assets - noncurrent	2,271,747	2,309,762	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss -				
current	-	-	9,260	53,516
Convertible bonds payable	280,375	810,484	-	-

- d. As of December 31, 2012 and 2011, financial assets exposed to fair value risk from interest rate fluctuation amounted to \$1,309,802 thousand and \$280,019 thousand, respectively. As of December 31, 2012 and 2011, financial liabilities exposed to fair value risk from interest rate fluctuation amounted to \$7,932 thousand and \$32,652 thousand, respectively. As of December 31, 2012 and 2011, financial assets exposed to cash flow risk from interest rate fluctuation amounted to \$2,119,181 thousand and \$1,886,373 thousand, respectively. As of December 31, 2012 and 2011, financial liabilities amounted to \$146,452 thousand and \$151,442 thousand respectively.
- e. The Parent Company recognized an unrealized gain of \$819,730 thousand in 2012 and an unrealized loss of \$184,625 thousand in 2011 in shareholders' equity for the changes in fair value of available-for-sale financial assets. The Parent Company also recognized unrealized losses of \$2,194 thousand in 2012 and \$60,185 thousand in 2011 in shareholders' equity for the changes in available-for-sale financial assets held by equity-method investees.
- 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 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 funds and hedged assets and liabilities.

Available-for-sale financial assets held by the Group are mainly publicly traded stocks. Thus, price fluctuations in the open market would result in changes in fair values of these financial instruments.

- 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Group if the counter-parties or third parties breach financial instrument contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. Since the counter-parties to the foregoing derivative financial instruments are reputable financial institutions, management believes its exposure to default by counter-parties is low.
- 3) Liquidity risk. The Group's operating funds are deemed sufficient to meet the cash flow demand; thus, liquidity risk is not considered significant. In addition, the Group's investments in mutual funds and publicly traded stock are easily valued at its market value, with the exception of those long-term equity investments valued under the equity method which exhibit higher cash flow risk due to the lack of an active market. Additionally, the contracted forward rate is decided on the contract starting dates. Thus, the cash flow risk on forward contracts is low.

24. ADDITIONAL DISCLOSURES

- a. Except for those mentioned in Notes 20 and 22 and Tables 1 to 6, no additional disclosures are required by the Securities and Futures Bureau for the Parent Company and its investees and on investments 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, 2012, accumulated inward remittance of earnings as of December 31, 2012 and maximum allowable limit on investment: Table 8 attached
 - 2) Significant transaction with overseas subsidiary with direct or indirect investments in China: Notes 20 and Tables 1, 5 and 6.
- c. Intercompany relationships and significant intercompany transactions: Table 10 attached

25. OPERATING SEGMENT FINANCIAL INFORMATION

- a. The profit and loss of the operating segments are evaluated after tax and used for performance evaluation. In addition, the general accounting policies used by the operating segments have no significant difference from that of which is described in Note 2.
- b. General information

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

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

c. Segment information

December 31, 2012								
	Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Income								
From outside customers	\$ 4,530,022	\$ 10,310,153	\$ 1,952,705	\$ 7,033,021	\$ 3,376,261	\$ -	\$ 349,709	\$ 27,551,871
Income from sales between segments	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	24,357	24,357
Income total	<u>\$ 4,530,022</u>	<u>\$ 10,310,153</u>	<u>\$ 1,952,705</u>	<u>\$ 7,033,021</u>	<u>\$ 3,376,261</u>	<u>\$ -</u>	<u>\$ 374,066</u>	<u>\$ 27,576,228</u>
Interest expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,350	\$ 20,350
Depreciation and amortization	-	-	-	-	-	-	447,303	447,303
Income from equity-method investments	-	-	-	-	-	-	49,557	49,557
Segment profit (loss)	1,021,450	2,062,077	90,667	1,031,489	319,314	-	(293,119)	4,231,878
Investments accounted for by the equity method	-	-	-	-	-	-	387,926	387,926
Capital expense from noncurrent assets	-	-	-	-	-	-	797,825	797,825
Segment assets							\$ 24,024,447	\$ 24,024,447

December 31, 2011								
	Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Other Segments	Reconciliation and Elimination	Total
Income								
From outside customers	\$ 4,303,841	\$ 7,897,072	\$ 2,664,150	\$ 7,130,852	\$ 3,225,184	\$ 135,615	\$ 1,077,026	\$ 26,433,740
Income from sales between segments	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	9,653	9,653
Income total	<u>\$ 4,303,841</u>	<u>\$ 7,897,072</u>	<u>\$ 2,664,150</u>	<u>\$ 7,130,852</u>	<u>\$ 3,225,184</u>	<u>\$ 135,615</u>	<u>\$ 1,086,679</u>	<u>\$ 26,443,393</u>
Interest expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,281	\$ 18,281
Depreciation and amortization	-	-	-	-	-	-	486,819	486,819
Income from equity-method investments	-	-	-	-	-	-	23,052	23,052
Segment profit (loss)	1,201,192	1,801,348	178,498	1,033,158	248,068	-	(118,126)	4,344,138
Investments accounted for by the equity method	-	-	-	-	-	-	371,010	371,010
Capital expense from noncurrent assets	-	-	-	-	-	-	2,298,478	2,298,478
Segment assets	-	-	-	-	-	-	\$ 21,576,394	\$ 21,576,394

d. Geographical information

	Revenue from External Customers		Noncurrent Assets	
	December 31		December 31	
	2012	2011	2012	2011
Taiwan	\$ 7,285,241	\$ 6,367,381	\$ 4,598,994	\$ 4,445,597
Asia	7,948,637	8,069,825	1,994,087	1,908,530
America	7,943,499	7,347,502	348,488	357,664
Europe	3,997,590	4,321,036	603,667	695,282
Other	<u>376,904</u>	<u>327,996</u>	<u>938</u>	<u>3,264</u>
	<u>\$ 27,551,871</u>	<u>\$ 26,433,740</u>	<u>\$ 7,546,174</u>	<u>\$ 7,410,337</u>

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

The income above was generated from transactions with external customers. There were no sales between segments in the years ended December 31, 2012 and 2011.

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

26. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

	December 31					
	2012			2011		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 347,080	29.040	\$10,079,203	\$ 249,530	30.275	\$ 7,554,521
RMB	391,681	4.660	1,825,233	281,091	4.807	1,351,204
EUR	13,172	38.49	506,990	15,545	39.180	609,503
KRW	8,750,531	0.027	236,264	6,966,316	0.026	181,124
JPY	577,611	0.336	194,077	547,532	0.391	214,085
AUD	3,328	30.165	100,389	3,703	30.735	113,812
SGD	4,030	23.76	95,753	4,148	23.31	96,690
<u>Financial liabilities</u>						
Monetary items						
USD	78,371	29.040	2,275,894	58,809	30.275	1,780,442
RMB	109,893	4.660	512,101	89,454	4.807	430,005
EUR	8,962	38.49	344,947	12,073	39.18	473,020

27. PLAN FOR THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

<u>Contents of Plan</u>	<u>Responsible Department</u>	<u>Status of Execution</u>
1) Establish the IFRS task force.	Finance, information technology, human resources and internal audit divisions	Completed
2) Make an IFRS implementation plan.	Finance division	Completed
3) Identify the differences between ROC GAAP and IFRSs.	Finance division	Completed
4) Identify the consolidated entities under IFRSs.	Finance division	Completed
5) Evaluate the impact of optional exemptions under IFRS 1 - "First-time Adoption of International Financial Reporting Standards."	Finance division	Completed
6) Evaluate the possible impact of IFRS adoption on the IT systems (the Group did not ask for help from independent CPAs).	Finance, information technology, human resources and internal audit divisions	Completed
7) Determine which internal controls may require modification.	Finance, information technology, human resources and internal audit divisions	Completed
8) Select accounting policies under the IFRSs that apply to the Parent Company and subsidiaries.	Finance division	Completed
9) Determine which optional exemptions under IFRS 1 apply to the Parent Company and subsidiaries.	Finance division	Completed

(Continued)

<u>Contents of Plan</u>	<u>Responsible Department</u>	<u>Status of Execution</u>
10) Prepare the opening balance sheet in conformity with IFRSs.	Finance division	Completed
11) Prepare comparative financial information under IFRSs for 2012.	Finance division	In progress
12) Complete the modification of relevant internal controls (including the financial reporting process and IT system).	Finance, information technology, human resources and internal audit divisions	Completed

(Concluded)

- b. As of December 31, 2012, the Group has assessed the potential material differences, shown below, between the Republic of China's generally accepted accounting policies (ROC GAAP) and the accounting policies to be adopted under IFRSs:

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

<u>ROC GAAP</u>		<u>Effect of Transition to IFRSs</u>			<u>IFRSs</u>		<u>Note</u>
<u>Item</u>	<u>Amount</u>	<u>Recognition and Measurement Difference</u>	<u>Presentation Difference</u>	<u>Amount</u>	<u>Item</u>		
Current assets							
Cash and cash equivalents	\$ 2,523,161	\$ -	\$ (241,882)	\$ 2,281,279	Cash and cash equivalents	g)	
Financial assets at fair value through profit or loss	57,204	-	-	57,204	Financial assets at fair value through profit or loss		
Available-for-sale financial assets - current	873,808	-	-	873,808	Available-for-sale financial assets - current		
Notes receivable	427,256	-	-	427,256	Notes receivable		
Accounts receivable (total)	3,431,968	-	-	3,431,968	Accounts receivable (total)		
Provision for doubtful accounts	(50,788)	-	-	(50,788)	Provision for doubtful accounts		
Receivables from related parties, net	3,464	-	-	3,464	Receivables from related parties, net		
Other receivables	49,335	-	-	49,335	Other receivables		
Restricted assets	-	-	241,882	241,882	Bond investments with no active market	g)	
Inventories, net	3,895,123	-	-	3,895,123	Inventories		
Deferred income tax assets - current	74,688	-	(74,688)	-	-	a)	
Prepaid expenses and other current assets	166,809	-	49,069	215,878	Other current assets	h), i) and k)	
Total current assets	11,452,028	-	(25,619)	11,426,409	Total current assets		
Long-term investments							
Investments accounted for using the equity method	371,010	(6,837)	(195)	363,978	Investments accounted for using the equity method	n) and p)	
Available-for-sale financial assets - noncurrent	2,309,762	-	33,257	2,343,019	Available-for-sale financial assets - noncurrent	l)	
Financial assets carried at cost	33,257	-	(33,257)	-	-	l)	
Total long-term investments	2,714,029	(6,837)	(195)	2,706,997	Total long-term investments		
Properties							
Cost	7,797,739	6,012	128,220	7,931,971	Cost	h), j) and m)	
Minus: Accumulated depreciation	(1,916,626)	(1,124)	(10,688)	(1,928,438)	Accumulated depreciation	h), j) and m)	
Construction in progress and prepayments for equipment	258,288	-	(258,288)	-	-	k)	
Properties, net	6,139,401	4,888	(140,756)	6,003,533	Property, plant and equipment		
Total intangible assets	975,811	(6,762)	5,575	974,624	Intangible assets	e), h) and i)	

(Continued)

ROC GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference			
Other assets							
Assets leased to others, net	\$ 18,918	\$ -	\$ (18,918)	\$ -			m)
Deferred income tax assets - noncurrent	-	-	145,206	145,206		Deferred income tax assets - noncurrent	a) and b)
Refundable deposits	40,029	-	-	40,029		Refundable deposits	
Deferred expenses	236,178	-	(236,178)	-		Deferred expenses	h)
Long-term prepaid expenses	-	-	341,208	341,208		Long-term prepaid expenses	h), i) and k)
Total other assets	<u>295,125</u>	<u>-</u>	<u>231,318</u>	<u>526,443</u>			
Total	<u>\$ 21,576,394</u>	<u>\$ (8,711)</u>	<u>\$ 70,323</u>	<u>\$ 21,638,006</u>	Total		
Current liabilities							
Short-term bank loans	\$ 171,442	\$ -	\$ -	\$ 171,442		Short term bank loans	
Financial liabilities at fair value through profit or loss	53,516	-	-	53,516		Financial liabilities at fair value through profit or loss	
Accounts payable	1,709,805	-	-	1,709,805		Accounts payable	
Income tax payable	407,157	-	-	407,157		Current tax liabilities	
Accrued expense	1,826,562	24,457	-	1,851,019		Accrued expense	c)
Advance receipts and other current liabilities	389,165	-	-	389,165		Advance receipts and other current liabilities	
Long-term bank loans - current portion	1,584	-	-	1,584		Long-term bank loans - current portion	
Total current liabilities	<u>4,559,231</u>	<u>24,457</u>	<u>-</u>	<u>4,583,688</u>		Total current liabilities	
Long-term liabilities							
Accrued convertible bonds	760,331	-	-	760,331		Accrued convertible bonds	
Long-term bank loans	<u>11,068</u>	<u>-</u>	<u>-</u>	<u>11,068</u>		Long-term bank loans	
Total long-term liabilities	<u>771,399</u>	<u>-</u>	<u>-</u>	<u>771,399</u>			
Other liabilities							
Accrued pension cost	110,856	61,089	-	171,945		Defined-benefit plan liability	d) and e)
Guarantee deposits	1,116	-	-	1,116		Guarantee deposits	
Deferred credits	195	-	(195)	-			n)
Deferred income tax liabilities - noncurrent	439,234	-	70,518	509,752		Deferred income tax liabilities - noncurrent	b)
Total other liabilities	<u>551,401</u>	<u>61,089</u>	<u>70,323</u>	<u>682,813</u>			
Total liabilities	<u>5,882,031</u>	<u>85,546</u>	<u>70,323</u>	<u>6,037,900</u>	Total liabilities		
Shareholders' equity							
Capital stock	5,517,971	-	-	5,517,971		Capital stock	
Advance receipts for common stock	11,990	-	-	11,990		Advance receipts for common stock	
Total capital stock	<u>5,529,961</u>	<u>-</u>	<u>-</u>	<u>5,529,961</u>		Total capital stock	
Capital surplus							
Additional paid-in capital from share issuance in excess of par value	3,751,469	-	-	3,751,469		Additional paid-in capital from share issuance in excess of par value	
From long-term equity investments	59,191	(59,191)	-	-			f)
From stock options	<u>256,210</u>	<u>-</u>	<u>-</u>	<u>256,210</u>		From stock options	
Total capital surplus	<u>4,066,870</u>	<u>(59,191)</u>	<u>-</u>	<u>4,007,679</u>		Total capital surplus	
Retained earnings	<u>6,542,934</u>	<u>(36,442)</u>	<u>-</u>	<u>6,506,492</u>		Retained earnings	c), d), e), f), j) and p)
Others							
Cumulative translation adjustments	105,408	-	-	105,408		Foreign currency translation reserve	p)
Unrealized loss on financial instruments	(648,592)	-	-	(648,592)		Unrealized loss on financial instruments	
Net loss not recognized as pension cost	(2,121)	2,121	-	-			e)
Total others	<u>(545,305)</u>	<u>2,121</u>	<u>-</u>	<u>(543,184)</u>		Total others	
Total shareholders' equity of parent company	<u>15,594,460</u>	<u>(93,512)</u>	<u>-</u>	<u>15,500,948</u>		Equity attributable to shareholders of the parent	
Minority interest	<u>99,903</u>	<u>(745)</u>	<u>-</u>	<u>99,158</u>		Noncontrolling interests	c) and d)
Total shareholders' equity	<u>15,694,363</u>	<u>(94,257)</u>	<u>-</u>	<u>15,600,106</u>	Total shareholders' equity		
Total	<u>\$ 21,576,394</u>	<u>\$ (8,711)</u>	<u>\$ 70,323</u>	<u>\$ 21,638,006</u>	Total		

(Concluded)

2) Reconciliation of the consolidated balance sheet as of December 31, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		Note
		Item	Amount	Recognition and Measurement Difference	Presentation Difference	
Current assets						
Cash and cash equivalents	\$ 3,415,871	\$ -	\$ (143,828)	\$ 3,272,043	Cash and cash equivalents	g)
Financial assets at fair value through profit or loss	16,879	-	-	16,879	Financial assets at fair value through profit or loss	
Available-for-sale financial assets - current	1,537,309	-	-	1,537,309	Available-for-sale financial assets - current	
Notes receivable	574,292	-	-	574,292	Notes receivable	
Accounts receivable (total)	3,715,666	-	-	3,715,666	Accounts receivable	
Allowance for doubtful accounts	(84,588)	-	-	(84,588)	Allowance for doubtful accounts	
Receivables from related parties	3,377	-	-	3,377	Receivables from related parties	
Other receivables	71,792	-	-	71,792	Other receivables	
Inventories, net	3,890,166	-	-	3,890,166	Inventories	
Deferred income tax assets - current	70,665	-	(70,665)	-	-	a)
-	-	-	143,828	143,828	Bond investments with no active market	g)
Restricted assets	113,770	-	-	113,770	Restricted assets	
Other financial assets - current	279,600	-	-	279,600	Other financial assets - current	
Prepaid expenses and other current assets	180,544	-	359,849	540,393	Other current assets	h), i) and k)
Total current assets	13,785,343	-	289,184	14,074,527	Total current assets	
Long-term funds and investments						
Investments accounted for by the equity method	387,926	(8,153)	(89)	379,684	Investments accounted for by the equity method	n)
Available-for-sale financial assets - noncurrent	2,271,747	-	33,257	2,305,004	Available-for-sale financial assets - noncurrent	l)
Financial assets carried at cost	33,257	-	(33,257)	-	-	l)
Total long-term investments	2,692,930	(8,153)	(89)	2,684,688		
Properties						
Cost	8,073,652	7,098	173,411	8,254,161	Property, plant and equipment Cost	h), j) and m)
Minus: Accumulated depreciation	(2,218,074)	(1,361)	(104,060)	(2,323,495)	Accumulated depreciation	h), j) and m)
Construction in progress and prepayment for equipment	477,193	-	(477,193)	-	-	k)
Properties, net	6,332,771	5,737	(407,842)	5,930,666	Property, plant and equipment	
Total intangible assets	949,036	(1,691)	42,248	989,593	Intangible assets	e), h) and i)
Other assets						
Assets leased to others, net	17,645	-	(17,645)	-	-	m)
Deferred income tax assets - noncurrent	-	107	167,279	167,386	Deferred income tax assets - noncurrent	a), b) and d)
Refundable deposits	40,304	-	-	40,304	Refundable deposits	
Deferred expenses	206,418	-	(206,418)	-	-	h)
Long-term prepaid expenses	-	-	229,808	229,808	Long-term prepaid expenses	h), i) and k)
Total other assets	264,367	107	173,024	437,498		
Total	\$ 24,024,447	\$ (4,000)	\$ 96,525	\$ 24,116,972	Total	
Current liabilities						
Short-term bank loans	\$ 151,452	\$ -	\$ -	\$ 151,452	Short-term bank loans	
Financial liabilities at fair value through profit or loss	9,620	-	-	9,620	Financial liabilities at fair value through profit or loss	
Accounts payable	2,327,248	-	-	2,327,248	Accounts payable	
Income tax payable	324,613	-	-	324,613	Current tax liabilities	
Accrued expenses	2,158,581	22,881	-	2,181,462	Accrued expenses	c)
Advance receipts and current liabilities	495,582	-	-	495,582	Advance receipts and current liabilities	
Long-term bank loans - current portion	366	-	-	366	Long-term bank loans - current portion	
Total current liabilities	5,467,462	22,881	-	5,490,343	Total current liabilities	

(Continued)

ROC GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	
Long-term liabilities							
Accrued convertible bonds	\$ 184,660	\$ -	\$ -	\$ 184,660	Accrued convertible bonds		
Long-term bank loans	2,566	-	-	2,566	Long-term bank loans		
Total long-term liabilities	187,226	-	-	187,226			
Other liabilities							
Accrued pension cost	106,239	44,408	-	150,647	Defined-benefit plan liability		d) and e)
Guarantee deposits	1,081	-	-	1,081	Guarantee deposits		
Deferred credits	89	-	(89)	-	Deferred credits		n)
Deferred income tax liabilities - noncurrent	452,110	3,455	96,614	552,179	Deferred income tax liabilities - noncurrent		b) and d)
Total other liabilities	559,519	47,863	96,525	703,907			
Total liabilities	6,214,207	70,744	96,525	6,381,476	Total liabilities		
Shareholders' equity							
Capital stock	5,639,971	-	-	5,639,971	Capital stock		
Capital surplus							
Additional paid-in capital from share issuance in excess of par value	4,563,350	-	-	4,563,350	Additional paid-in capital from share issuance in excess of par value		
From long-term equity investments	56,977	(56,977)	-	-			f)
From stock options	138,435	-	-	138,435	From stock options		
-	-	(2,214)	-	(2,214)	Changes in percentage of ownership in related parties recognized under the equity method		f)
Total capital surplus	4,758,762	(59,191)	-	4,699,571	Capital surplus		
Retained earnings	7,240,34	(16,876)	-	7,223,464	Retained earnings		c), d), e), f), j) and p)
Others							
Cumulative translation adjustments	(104,345)	-	-	(104,345)	Foreign currency translation reserve		p)
Unrealized gain on financial instruments	168,944	-	-	168,944	Unrealized gain or loss from available-for-sale financial assets		
Net loss not recognized as pension cost	(1,697)	1,697	-	-			e)
Total others	62,902	1,697	-	64,599	Total others		
Total shareholders' equity of the Parent Company	17,701,975	(74,368)	-	17,627,605	Equity attributable to shareholders of the Parent Company		
Minority interest	108,265	(374)	-	107,891	Noncontrolling interests		c) and d)
Total shareholders' equity	17,810,240	(74,743)	-	17,735,496	Total shareholders' equity		
Total	\$ 24,024,447	\$ (4,000)	\$ 96,525	\$ 24,116,972	Total		

(Concluded)

3) Reconciliation of the consolidated statement of comprehensive income in 2012

ROC GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	
Net sales	\$ 27,551,871	\$ -	\$ (36,777)	\$ 27,515,094	Net sales		n)
Operating costs	16,627,95	(773)	79,69	16,706,87	Operating costs		c), d), n) and o)
Gross profit	10,923,916	773	(116,468)	10,808,221	Gross profit		
Operating expenses							
Marketing	2,960,032	(678)	(116,468)	2,842,886	Marketing expenses		c), d) and o)
Administration	1,699,705	(1,118)	742	1,699,329	Administration expenses		c), d), j) and m)
Research and development	2,405,718	(2,441)	-	2,403,277	Research and development expenses		c) and d)
Total	7,065,455	(4,237)	(115,726)	6,945,492			
Operating income	3,858,461	5,010	(742)	3,862,729	Operating income		

(Continued)

ROC GAAP		Effect of Transition to IFRSs			IFRSs		Note
		Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	
Nonoperating income and gains							
Dividend income	\$ 98,242	\$ -	\$ -	\$ 98,242	Dividend revenue		
Investment income recognized under the equity method, net	49,557	213	-	49,770	Equity in earnings of investees, net		
Gain on disposal of properties	30,919	-	-	30,919	Gain on disposal of properties		
Interest income	24,357	-	-	24,357	Interest income		
Gain on disposal of investments, net	58,553	-	-	58,553	Gain on disposal of investments, net		
Rental revenue	21,356	-	-	21,356	Rental revenue		
Valuation gain on financial instruments, net	112,256	-	-	112,256	Valuation gain on financial instruments, net		
Other income	<u>108,489</u>	<u>-</u>	<u>-</u>	<u>108,489</u>	Other income		
Total nonoperating income and gains	<u>503,729</u>	<u>213</u>	<u>-</u>	<u>503,942</u>			
Nonoperating expenses and losses							
Interest expense	20,350	-	-	20,350	Finance cost		
Valuation loss on financial instruments	45,597	-	-	45,597	Valuation loss on financial instruments		
Foreign exchange loss, net	42,700	-	-	42,700	Foreign exchange loss, net		
Other expenses	<u>21,665</u>	<u>-</u>	<u>(742)</u>	<u>20,923</u>	Other gains and losses		m)
Total nonoperating expenses	<u>130,312</u>	<u>-</u>	<u>(742)</u>	<u>129,570</u>			
Income before income tax	<u>4,231,878</u>	<u>5,223</u>	<u>-</u>	<u>4,237,101</u>	Income before income tax		
Income tax expense	<u>746,068</u>	<u>(85)</u>	<u>-</u>	<u>745,983</u>	Income tax expense		d)
Net income	<u>\$ 3,485,810</u>	<u>\$ 5,308</u>	<u>\$ -</u>	<u>3,491,118</u>	Net income		
				(209,753)	Foreign currency translation reserve		
				817,536	Unrealized gain from available-for-sale financial assets		
				(1,002)	Share of other comprehensive income of associates		p)
				19,052	Actuarial gains from defined benefit plans		d)
				(3,239)	Aggregate income tax expense related to total other comprehensive income		d)
				<u>622,594</u>	Other comprehensive income for the period, net of tax effect		
				<u>\$ 4,113,712</u>	Total comprehensive income for period		

(Concluded)

4) Exemptions from IFRS 1

IFRS 1 - "First-time Adoption of International Financial Reporting Standards" (IFRS 1) states the procedures for the Group's first consolidated financial statements to be prepared in accordance with IFRSs. Under IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply to those accounting policies in its opening balance sheet at the date of transition to IFRSs (January 1, 2012; the transition date); except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The main optional exemptions the Group adopted are summarized as follows:

Business combinations

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

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

Share-based payment transactions

The Group elected to take the optional exemption from applying IFRS 2, "Share-based Payment," retrospectively for the share-based payment transactions granted and vested before the date of transition to IFRSs.

Cost recognition

At the date of transition to IFRSs, the Group should measure properties and intangible properties at cost in accordance with IFRSs, retrospectively applying relevant regulations.

Employee benefits

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

The impact of taking the optional exemption on the group will be explained in the next section "5) Notes on the reconciliation of the significant differences".

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

As of December 31, 2012, the Group had assessed the material differences, shown below, between the Republic of China's generally accepted accounting policies (ROC GAAP) and the accounting policies to be adopted under IFRSs:

a) Classification of the deferred income tax asset/liability and the valuation allowance

Under ROC GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, specifically International Accounting Standards (IAS 12) - "Income Taxes," deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits and the valuation allowance account is no longer used.

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

As of December 31, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets to noncurrent assets were \$70,665 thousand and \$74,688 thousand, respectively.

b) Offsetting between deferred tax assets and liabilities

Under ROC GAAP, the Group's deferred tax assets and liabilities should only be shown at their net value; current deferred tax assets are to be offset by current deferred tax liabilities. The same applies to noncurrent deferred tax assets and liabilities. Under IFRS, firms/businesses have a legally enforceable right to offset income tax assets and liabilities of the current period and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority, deferred tax assets should be offset by deferred tax liabilities.

As of December 31, 2012 and January 1, 2012, the results of the offset of the Group's deferred tax assets and deferred tax liabilities were \$96,614 thousand and \$70,518 thousand, respectively.

c) Employee benefits - short-term cumulative compensated absences

Under ROC GAAP, there are no specific rules pertaining to the recognition of short term absences, being usually recognized when the cost has been incurred. However, under IFRSs, when the employees render services that increase their entitlement to future compensated absences, an entity should recognize the expected cost of employee benefits at the end of reporting periods.

As of December 31, 2012 and January 1, 2012, the Group's reclassification adjustment of short-term cumulative compensated absences resulted in accrued expense increases of \$22,881 thousand and \$24,457 thousand, respectively. Also, as of December 31, 2012 and January 1, 2012, the retained earnings were adjusted for decreases of \$24,441 thousand in both periods, and the minority interests were adjusted for decreases of \$16 thousand in both periods. In 2012, salary expense and minority interest were adjusted for decreases of \$1,583 thousand and \$7 thousand, respectively.

d) Employee benefits - actuarial gains and losses on pension plans

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

As of December 31, 2012 and January 1, 2012, the Group had elected to recalculate all cumulative actuarial gains and losses relating to employee benefits in accordance to IFRS 1 "First Time Adoption of International Financial Reporting Standards," which resulted in an increase in accrued pension liabilities by \$46,099 thousand and \$68,301 thousand, respectively, and decreases in retained earnings and minority interest by \$67,572 thousand and \$729 thousand, respectively. In addition, in 2012, decreases in pension cost and minority interests were \$2,578 thousand and \$680 thousand, respectively, and deferred income tax assets and income tax benefits were adjusted for increases of \$107 thousand and \$85 thousand respectively. In 2012, recognized actuarial gains and losses from defined both benefit plans and minority interests were adjusted for increases of \$19,052 thousand and \$1,274 thousand, respectively. After the consideration of the effect of changes in income tax - other comprehensive income, income tax and minority interests were adjusted for decreases of \$3,239 thousand and \$216 thousand, respectively, and deferred income tax liabilities were adjusted for an increase of \$3,455.

e) Employee benefits - minimum pension liability

Under ROC GAAP, the Group to be recognized on the balance sheet is the required minimal standard. If the accrued pension liability is lower than that standard, the shortfall is recognized by crediting accrued pension liability.

Under IFRSs, there is no requirement to recognize pension liability to a certain minimum.

As of December 31, 2012, the Group's accrued pension cost, deferred pension cost and retained earnings were adjusted for decreases of \$1,691 thousand, \$1,691 thousand and \$1,697 thousand respectively, and as a result of these decreases, net loss not recognized as pension cost was adjusted for an increase of \$1,697 thousand.

As of January 1, 2012, the Group's accrued pension cost, deferred pension cost and retained earnings were adjusted for decreases of \$7,212 thousand, \$6,762 thousand and \$1,671 thousand, respectively, and as a result of these decreases, net loss not recognized as pension cost was adjusted for an increase of \$2,121 thousand.

- f) Parent Company's accounting treatment for capital surplus, long-term equity investment adjustment-changes in carrying values of equity-method investments due to disproportional subscriptions to additionally issued shares of investees.

Under ROC GAAP, if an investee issues new shares and an investor does not purchase new shares proportionately, which results in a change in the Parent Company's holding percentage and its interest in the investee's net assets, such difference shall be adjusted to capital surplus and long-term equity investment accounts.

Under IFRSs, if the investing company subscribes for additional investee's shares at a percentage different from its existing ownership percentage, which results in a change in the investing company's holding percentage in the investee, the resulting carrying amount of the investment in the investee differs from the amount of its share in the investee's equity. The investing company records such a difference as an adjustment to long-term investments, with the corresponding amount charged or credited to capital surplus. If the investing company subscribes for additional investee's shares at a percentage different from its existing ownership percentage, which results in a loss in the investing company's holding percentage in the investee, the loss is recognized in other comprehensive income and reclassified proportionally to the loss under related parties. This accounting method is deemed the same foundation as that for the disposal of assets and liabilities of related parties.

Any change in the Group's equity interests that does not result in the loss of controlling influence over its subsidiaries will be deemed as equity transactions. In addition, based on the "Adoption of IFRS-Q&A" issued by the Taiwan Stock Exchange, capital surplus items not covered by the IFRS, the ROC Company law and the legal interpretations of the Ministry of Economic Affairs (MOEA) will be adjusted at the date of transition to IFRSs.

As of December 31, 2012 and January 1, 2012, after making the adjustments as described above, the Group's "capital surplus - long-term equity investments" decreased by \$56,977 thousand and \$59,191 thousand, respectively; retained earnings were adjusted for increases of \$59,191 thousand as of both dates. The percentage of ownership in related parties recognized under the equity method was adjusted for an increase of \$2,214 thousand in 2012.

- g) Time deposits with maturity of over three months

Under ROC GAAP, "cash and cash equivalents" comprise of cash on hand, demand deposits, check deposits, time deposits that are cancellable but without any loss of principal and readily salable negotiable certificates without any loss of principal. However, under IFRSs, an investment normally qualifies as a cash equivalent only when it is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value. Thus, an investment normally meets the definition of a cash equivalent when it has a maturity of three months or less from the date of acquisition. After IFRSs adoption, time deposits held by the Group for investment purposes with maturities of over three months were reclassified to bond investments with no active market.

As of December 31, 2012 and January 1, 2012, the reclassification resulted in adjustments of \$143,828 thousand and \$241,882 thousand, respectively, to bond investments with no active market.

h) Deferred expenses

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

As of December 31, 2012, the Group reclassified deferred expenses to fixed assets, intangible assets, prepaid expenses, or long-term prepaid expenses amounting to \$51,706 thousand, \$137,732 thousand, \$10,249 thousand and \$6,731 thousand, respectively.

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

i) Superficies

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

As of December 31, 2012, prepayment for lease - current (recorded under other current assets) and the prepayment for lease - noncurrent (recorded under long-term prepayment) were adjusted for the amounts of \$2,386 thousand and \$93,098 thousand, respectively.

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

j) Capitalization of superficies

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

As of December 31, 2012 and January 1, 2012, based on the accounting treatment for the capitalization of superficies, the fixed assets were adjusted for increases of \$5,737 and \$4,888 thousand, respectively, and the retained earnings were adjusted for increases of \$4,888 thousand for both period-end dates. In 2012, the depreciation expense was adjusted for an increase of \$237 thousand, and the amortization expense was adjusted for a decrease of \$1,086 thousand.

k) Classification of the prepayments for equipment

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

As of December 31, 2012, based on the nature of the prepayments for equipment, the Group reclassified prepayments for equipment of \$347,214 thousand to prepayment (recorded under other current assets) and of \$129,979 thousand, to long-term prepayments.

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

l) Financial assets carried at cost

Under Regulations Governing the Preparation of Financial Reports by Securities Issuers, non-publicly traded stocks or stocks not traded in the Emerging Stock Market which are held by investors with no significant influence over their investees should be recognized as financial assets carried at cost.

As of December 31, 2012 and January 1, 2012, the Group reclassified financial assets carried at cost to available for sale financial assets amounted to \$33,257 thousand for both period-end dates.

m) The classification of assets leased to others

Under IFRSs, assets leased to others originally classified under other assets, are reclassified as property, plant and equipment according to their nature. Based on IAS 40 - "Investment Property," investment properties refer to properties held by the entity to earn rental revenue or in an anticipation of a capital gain. The subsidiaries' leased assets mainly consist of factories leased to suppliers. As the factories cannot be sold separately and comprise of an insignificant portion of the plant, they are not to be considered as investment property.

As of December 31, 2012 and January 1, 2012, the amounts reclassified from leased assets to property, plant and equipment were \$17,645 thousand and \$18,918 thousand, respectively. As of December 31, 2012, depreciation expenses - assets leased to others of \$742 thousand had been reclassified from nonoperating expenses and losses - others to operating expenses - administrative.

n) Investments in associates - unrealized profits from downstream transactions

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

As of December 31, 2012 and January 1, 2012, the Group reclassified deferred credits of \$89 thousand and \$195 thousand, respectively, to investments accounted for by the equity method.

In 2012, the Group's unrealized gross profit and loss on downstream transactions are adjusted for decreases in the operating revenue and operating cost of \$36,777 thousand.

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

Under the IFRSs, based on the nature of operating transactions, the Group reclassified RMA (return merchandise authorization) in warranty cost of \$116,468 thousand to cost of goods sold.

p) Investments in associates - adjustments

The Parent company's investments in associates that are accounted for by the equity method analyzed and reconciled accordingly after the adoption of IFRS. The main reconciliation items include employee benefits and short-term cumulative compensated absences.

As of December 31, 2012, the adjustment of the Group's investment in associates accounted for by the equity method led to decreases of \$8,366 thousand in retained earnings and \$8,153 thousand in the investments accounted for by the equity method.

As of January 1, 2012, the adjustment of the Group's investment in associates accounted for by the equity method led to decreases of \$6,837 thousand in retained earnings and \$6,837 thousand in investments accounted for by the equity method.

In addition, in 2012, the adjustment of the Group's investments in associates by the equity method led to an increase of \$213 thousand in the gain on these investments.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

YEAR ENDED DECEMBER 31, 2012

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

No.	Financier	Counter-party	Financial Statement Account	Credit Line (Note E)		Actual Disbursement		Interest Rate	Nature of Financing	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can be Provided by the Financier
				Maximum Balance for the Period	Ending Balance	Maximum Balance for the Period	Ending Balance						Item	Value		
1	AEUH	AEU	Other receivable - related parties	\$ 28,868 (EUR 750 thousand)	\$ 28,868 (EUR 750 thousand)	\$ 28,868 (EUR 750 thousand)	\$ 28,868 (EUR 750 thousand)	4%	Short-term financing	\$ -	Financing need	\$ -	-	-	\$ 1,770,198 (Note B)	\$ 3,540,396 (Note B)
2	ANA	AKMC	Other receivable - related parties	165,648 (US\$ 5,600 thousand)	139,392 (US\$ 4,800 thousand)	165,648 (US\$ 5,600 thousand)	139,392 (US\$ 4,800 thousand)	2%	Short-term financing	-	Financing need	-	-	-	1,770,198 (Note B)	3,540,396 (Note B)
3	AISC	ACN	Other receivable - related parties	239,791 (RMB 50,911 thousand)	142,279 (RMB 30,532 thousand)	239,791 (RMB 50,911 thousand)	142,279 (RMB 30,532 thousand)	2%	Short-term financing	-	Financing need	-	-	-	242,320 (Note C)	242,320 (Note C)
4	Advantech Fund-A	Advantech Co., Ltd. (the "Company")	Other receivable - related parties	300,000	300,000	-	-	1.2%	Short-term financing	-	Financing need	-	-	-	373,409 (Note D)	373,409 (Note D)

Note A. The exchange rates as of December 31, 2012 were EUR1.00=NT\$38.49; US\$1.00=NT\$29.04; and RMB1.00=NT\$4.66.

Note B. The maximum amount of financing to individual counter-parties which are not based in Taiwan that can be provided by the financier are 20% and 10% of the financier's net asset value, respectively.

Note C. The maximum amount of financing that can be provided by the financier is RMB52,000 thousand. For more efficient use of capital by the subsidiaries in Mainland China, the financing is deposited to a special capital-financing bank account in Citibank and is managed by ACN.

Note D. The maximum amount for a counter-party based in Taiwan is 40% of the net asset value of the financier.

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

ADVANTECH CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2012

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

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Year	Ending Balance	Value of Collaterals Property, Plant, and Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%)	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Advantech Co., Ltd. (the "Company")	AAU	Equity-method investee	\$ 1,770,198 (Note A)	\$ 5,916 (US\$ 200 thousand)	\$ -	\$ -	-	\$ 5,310,594 (Note B)
		Cermate Technologies Inc.	Equity-method investee	1,770,198 (Note A)	40,000	-	-	-	5,310,594 (Note B)
		ACA	Equity-method investee	1,770,198 (Note A)	50,000	-	-	-	5,310,594 (Note B)
		A-DLoG	Indirect subsidiary	1,770,198 (Note A)	59,325 (EUR 1,500 thousand)	-	-	-	5,310,594 (Note B)
		Advansus Corp.	Equity-method investee	1,770,198 (Note A)	1,000	-	-	-	5,310,594 (Note B)
		AiST	Equity-method investee	1,770,198 (Note A)	200,000	-	-	-	5,310,594 (Note B)
		Advantech Fund-A	Equity-method investee	1,770,198 (Note A)	300,000	-	-	-	5,310,594 (Note B)
		AKMC	Indirect subsidiary	1,770,198 (Note A)	599,800 (US\$ 20,000 thousand)	-	-	-	5,310,594 (Note B)
1	AAC (HK)	AiSC	Equity-method investee	1,770,198 (Note A)	587,580 (RMB124,670 thousand)	-	-	-	5,310,594 (Note B)

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

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

C. The exchange rates as of December 31, 2012 were US\$1.00=NT\$29.04; RMB1.00=NT\$4.66; EUR1.00=NT\$38.49

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS
YEAR ENDED DECEMBER 31, 2012

(In Thousands of New Taiwan Dollars/Foreign Currency)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note	
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value		
Advantech Co., Ltd. (the "Company")	<u>Stock</u>								
	AAC (BVI)	Subsidiary	Long-term equity investments	29,623,834	\$ 2,589,026	100.00	\$ 2,588,261	Note A	
	ATC	"	"	38,750,000	2,820,584	100.00	2,828,405	Note A	
	Advansus Corp.	"	"	36,000,000	552,834	100.00	575,380	Note A	
	Advantech Fund-A	"	"	90,000,000	929,538	100.00	933,522	Note A	
	Axiomtek	Equity-method investee	"	20,537,984	338,617	26.55	338,617	Note A	
	AEUH	Subsidiary	"	9,572,024	911,637	100.00	911,767	Note A	
	ASG	"	"	1,450,000	113,421	100.00	113,421	Note A	
	AAU	"	"	500,204	77,113	100.00	77,113	Note A	
	AJP	"	"	1,200	168,123	100.00	168,123	Note A	
	AMY	"	"	2,000,000	39,628	100.00	39,628	Note A	
	AKR	"	"	600,000	154,322	100.00	154,322	Note A	
	ABR	"	"	971,055	33,129	43.28	33,129	Note A	
	AiST	"	"	5,000,000	52,673	100.00	52,673	Note A	
	ACA	"	"	7,948,839	325,489	99.36	338,815	Note A	
	AIN	"	"	999,999	1,424	99.99	1,424	Note A	
	ASUSTek Computer Inc.	-	-	Available for sale financial assets - noncurrent	5,464,461	1,784,146	0.73	1,784,146	Notes B and D
	Pegatron Corp.	-	-	"	9,855,570	370,077	0.43	370,077	Notes B and E
	Chunghwa Telecom Co., Ltd.	-	-	"	1,243,636	117,524	0.02	117,524	Notes B and F
		<u>Fund</u>							
	Taishin 1699 Money Market	-	Available for sale financial assets - current	35,809,736.85	470,146	-	470,146	Note C	
	Eastspring Inv Well Pool Fund	-	"	11,359,677.70	150,002	-	150,002	Note C	
Advantech Fund-A	<u>Stock</u>								
	Netstar Technology Co., Ltd.	Subsidiary	Long-term equity investments	23,570,533	279,171	94.28	279,171	Note A	
	BCM Embedded Computer Inc.	"	"	4,500,000	18,007	100.00	18,007	Note A	
	Broadwin Technology Inc.	"	"	6,777,571	150,297	100.00	150,297	Note A	
	Cermate Technologies Inc.	"	"	5,500,000	94,518	55.00	94,518	Note A	
	Axiomtek	Equity-method investee	"	1,787,000	42,569	2.31	42,569	Note A	

(Continued)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	164,952	\$ 15,588	0.002	\$ 15,588	Note B
	AverMedia Information Inc.	-	"	808,500	17,464	0.823	17,464	Note B
	Taiwan 50	-	"	170,000	9,146	-	9,146	Note B
	COBAN Research and Technologies, Inc.	-	Financial assets carried at cost - noncurrent	600,000	33,257	6.85	33,257	-
	<u>Fund</u>							
	Eastspring Inv Well Pool Fund	-	Available for sale financial assets - current	8,392,207.10	110,817	-	110,817	Note C
	FSITC Money Market	-	"	522,240.28	90,497	-	90,497	Note C
	Fuh Hwa Money Market	-	"	4,021,632.80	56,514	-	56,514	Note C
	Taishin 1699 Money Market	-	"	839,816.46	11,026	-	11,026	Note C
Advansus Corp.	<u>Fund</u>							
	Taishin 1699 Money Market	-	Available for sale financial assets - current	10,697,254.15	140,444	-	140,444	Note C
AiST	<u>Fund</u>							
	FSITC Money Market	-	Available for sale financial assets - current	36,425.03	6,312	-	6,312	Note C
	Fuh Hwa Money Market	-	"	2,581,311.30	36,274	-	36,274	Note C
ATC	<u>Stock</u>							
	ATC (HK)	Subsidiary	Long-term equity investments	41,650,001	1,978,271	100.00	1,978,271	Note A
ATC (HK)	<u>Stock</u>							
	AKMC	Subsidiary	Long-term equity investments	-	1,978,271	100.00	1,978,271	Note A
AAC (BVI)	<u>Stock</u>							
	ANA	Subsidiary	Long-term equity investments	10,952,606	1,388,064	100.00	1,388,064	Note A
	AAC (HK)	"	"	15,230,001	1,198,121	100.00	1,198,121	Note A
ANA	<u>Stock</u>							
	ABR	-	Financial assets carried at cost - noncurrent	375,192	5,585	16.72	5,585	Note A
	AMX	-	Long-term equity investment	-	903	100.00	903	Note A
AAC (HK)	<u>Stock</u>							
	ACN	Subsidiary	Long-term equity investments	-	619,971	100.00	619,971	Note A
	AiSC	"	"	-	574,047	100.00	574,047	Note A
	AXA	"	"	-	2,318	100.00	2,318	Note A
ACN	<u>Stock</u>							
	Hangzhou Advantofine Automation Co., Ltd.	Subsidiary	Long-term equity investments	-	14,578	60.00	14,578	Note A

(Continued)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AEUH	<u>Stock</u> AEU	Subsidiary	Long-term equity investments	8,609,658	\$ 872,475	100.00	\$ 872,475	Note A
	APL	"	"	6,350	40,771	100.00	40,771	Note A
AEU	<u>Stock</u> A-DLoG	Subsidiary	Long-term equity investments	1	621,123	100.00	621,123	Note A
ASG	<u>Stock</u> ATH	Subsidiary	Long-term equity investments	51,000	12,192	51.00	12,192	Note A
	AID	"	"	100,000	2,081	100.00	2,081	
Netstar Technology Co., Ltd.	<u>Stock</u> Jan Hsiang Electronics Co., Ltd.	Subsidiary	Long-term equity investments	655,500	6,740	28.50	6,740	Note A
	<u>Fund</u> Mega Diamond Money Market	-	Available for sale financial assets - current	3,544,332.18	43,081	-	43,081	Note C
Cermate Technologies Inc.	<u>Stock</u> Land Mark	Subsidiary	Long-term equity investments	972,284	51,827	100.00	51,827	Note A
BCM Embedded Computer Inc.	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	61,033.03	10,576	-	10,576	Note C
Broadwin Technology Inc.	<u>Fund</u> FSITC Money Market	-	Available for sale financial assets - current	258,991.69	44,880	-	44,880	Note C
	Fuh Hwa Money Market	-	"	469,058.20	6,591	-	6,591	Note C
	Eastspring Inv Well Pool Fund	"	"	530,393.70	7,003	-	7,003	Note C
Land Mark	<u>Stock</u> Cermate (Shanghai)	Subsidiary	Long-term equity investments	-	24,584	100.00	24,584	Note A
	Cermate (Shenzhen)	"	"	-	27,283	90.00	27,283	Note A
ACA	<u>Fund</u> Union Money Market	-	Available for sale financial assets - current	1,569,883.36	20,139	-	20,139	Note C
	Taishin 1699 Money Market	-	"	22,150,138.89	290,809	-	290,809	Note C

Note A: The financial statements used as basis of net asset values had all been audited, except those of AIN.

Note B: Market value was based on the closing price on December 31, 2012.

Note C: Market value was based on the net asset values of the open-ended mutual funds on December 31, 2012.

Note D: The amount included \$1,518,225 thousand, the carrying value of 4,650,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 6 of the financial statements for more information.

Note E: The amount included \$352,970 thousand, the carrying value of 9,400,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 6 of the financial statements for more information.

Note F: The amount included \$117,464 thousand, the carrying value of 1,243,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 6 of the financial statements for more information.

(Concluded)

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, 2012
 (In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Name/Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Advantech Co., Ltd. (the "Company")	<u>Fund</u>													
	Mega Diamond Money Market	Available for sale financial assets - current	-	-	-	\$ -	23,166,011.89	\$ 280,000	23,166,011.89	\$ 280,943	\$ 280,000	\$ 943	-	\$ -
	FSITC Money Market	Available for sale financial assets - current	-	-	959,093.15	165,000	704,052.28	121,300	1,663,145.43	287,100	286,300	800	-	-
	Fuh Hwa Money Market	Available for sale financial assets - current	-	-	7,171,749.00	100,000	11,451,978.60	160,000	18,623,727.60	260,501	260,000	501	-	-
	Taishin 1699 Money Market	Available for sale financial assets - current	-	-	-	-	46,761,118.32	612,000	10,951,381.47	143,500	142,855	645	35,809,736.85	469,145
	Eastspring Inv Well Pool Money Market	Available for sale financial assets - current	-	-	7,633,879.16	100,000	25,075,457.90	330,000	21,349,659.36	280,798	280,000	798	11,359,677.70	150,000
	Yuanta Wan Tai Money Market	Available for sale financial assets - current	-	-	-	-	19,127,636.10	280,000	19,127,636.10	280,817	280,000	817	-	-
Advantech Co., Ltd. (the "Company")	<u>Stock</u>													
	Advansus Corp.	Investment accounted for by the equity method	Pegatron Corp.	-	18,000,000.00	228,914	18,000,000.00	306,000 (Note)	-	-	-	-	36,000,000.00	552,834
	ASUSTek Computer Inc.	Available for sale financial assets - current	-	-	7,314,461	2,159,442	-	-	1,850,000	574,086	546,174	27,912	5,464,461	1,613,268
Advantech Co., Ltd. (the "Company")	Pegatron Corp.	Available for sale financial assets - current	-	-	18,486,570	665,516	-	-	8,631,000	335,286	310,717	24,569	9,855,570	354,799
	Advansus Corp.													
Advantech Co., Ltd. (the "Company")	<u>Fund</u>													
	FSITC Money Market	Available for sale financial assets - current	-	-	465,121.72	80,000	638,454.77	110,000	1,103,576.49	190,486	190,000	486	-	-
Advantech Co., Ltd. (the "Company")	Taishin 1699 Money Market	Available for sale financial assets - current	-	-	-	-	18,346,315.23	240,000	7,649,061.08	100,000	99,970	30	10,697,254.15	140,030
	ACA													
Advantech Co., Ltd. (the "Company")	<u>Fund</u>													
	Taishin 1699 Money Market	Available for sale financial assets - current	-	-	-	-	22,532,600.72	295,003	382,461.83	5,000	4,995	5	22,150,138.89	290,008

Note: The Company acquired 50% of Advansus Corp. from Pegatron Corp. for \$306,000 thousand (i.e., at NT\$17.00 per share).

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, 2012

(In Thousands of New Taiwan Dollars/Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd. (the "Company")	ANA	Indirect subsidiary	Sale	\$ (5,725,064)	29	45 days after month end	Contract price	No significant difference from terms for related parties	\$ 582,220	16	
	AEU	Indirect subsidiary	Sale	(2,287,520)	12	45 days after month end	Contract price	No significant difference from terms for related parties	753,188	21	
	ACN	Indirect subsidiary	Sale	(2,040,739)	11	45 days after month end	Contract price	No significant difference from terms for related parties	599,673	17	
	AiSC	Indirect subsidiary	Sale	(1,808,316)	9	45 days after month end	Contract price	No significant difference from terms for related parties	554,476	16	
	AKMC	Indirect subsidiary	Sale	(552,028)	3	45 days after month end	Contract price	No significant difference from terms for related parties	50,263	1	
	AKR	Subsidiary	Sale	(450,791)	2	45 days after month end	Contract price	No significant difference from terms for related parties	54,162	2	
	AJP	Subsidiary	Sale	(342,516)	2	45 days after month end	Contract price	No significant difference from terms for related parties	37,212	1	
	AAU	Subsidiary	Sale	(182,368)	1	45 days after month end	Contract price	No significant difference from terms for related parties	22,911	1	
	ASG	Subsidiary	Sale	(124,034)	1	45 days after month end	Contract price	No significant difference from terms for related parties	15,314	-	
	ATC	Subsidiary	Purchase	7,228,877	50	45 days after month end	Contract price	No significant difference from terms for related parties	(1,328,515)	69	
	ACA	Subsidiary	Purchase	2,035,310	14	30 days after month end	Contract price	No significant difference from terms for related parties	(19,617)	1	
	Advansus Corp.	Subsidiary	Purchase	565,184	4	30 days after month end	Contract price	No significant difference from terms for related parties	(29,052)	2	
	Netstar Technology Co., Ltd.	Subsidiary	Purchase	106,554	1	60 days after month end	Contract price	No significant difference from terms for related parties	(29,776)	2	
	ATC	Advantech Co., Ltd.	Ultimate parent company	Sale	(7,228,877)	99	45 days after month end	Contract price	No significant difference from terms for related parties	1,328,515	96
Advansus Corp.	Advantech Co., Ltd.	Ultimate parent company	Sale	(565,184)	25	30 days after month end	Contract price	No significant difference from terms for related parties	29,052	9	
ACA	Advantech Co., Ltd.	Ultimate parent company	Sale	(2,035,310)	62	30 days after month end	Contract price	No significant difference from terms for related parties	19,617	13	

(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	
Netstar Technology Co., Ltd.	Advantech Co., Ltd.	Ultimate parent company	Sale	\$ (106,554)	3	60 days after month end	Contract price	No significant difference from terms for related parties	\$ 29,776	32	
ANA	Advantech Co., Ltd.	Ultimate parent company	Purchase	5,725,064	88	45 days after month end	Contract price	No significant difference from terms for related parties	(582,220)	92	
AEU	Advantech Co., Ltd.	Ultimate parent company	Purchase	2,287,520	74	45 days after month end	Contract price	No significant difference from terms for related parties	(753,188)	100	
AJP	Advantech Co., Ltd.	Ultimate parent company	Purchase	342,516	90	45 days after month end	Contract price	No significant difference from terms for related parties	(37,212)	99	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	2,040,739	73	45 days after month end	Contract price	No significant difference from terms for related parties	(599,673)	62	
AKMC	Advantech Co., Ltd.	Ultimate parent company	Purchase	552,028	8	45 days after month end	Contract price	No significant difference from terms for related parties	(50,263)	5	
AiSC	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,808,316	63	45 days after month end	Contract price	No significant difference from terms for related parties	(554,476)	84	
AKR	Advantech Co., Ltd.	Ultimate parent company	Purchase	450,791	58	45 days after month end	Contract price	No significant difference from terms for related parties	(54,162)	52	
ASG	Advantech Co., Ltd.	Ultimate parent company	Purchase	124,034	16	45 days after month end	Contract price	No significant difference from terms for related parties	(15,314)	73	
AAU	Advantech Co., Ltd.	Ultimate parent company	Purchase	182,368	23	30 days upon delivery	Contract price	No significant difference from terms for related parties	(22,911)	55	
Advansus Corp.	AKMC	Related enterprise	Sale	(957,386)	34	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	101,103	32	
	ACA	Related enterprise	Sale	(211,708)	8	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	36,298	11	
	AKR	Related enterprise	Sale	(131,097)	5	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	14,938	5	
ACN	AiSC	Related enterprise	Sale	(284,041)	10	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	29,909	6	
AKMC	ATC	Related enterprise	Sale	(6,636,409)	92	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	500,419	87	
	Netstar Technology Co., Ltd.	Related enterprise	Sale	(270,282)	4	Next 60 days after month end	Mark-up pricing	No significant difference from terms for related parties	34,368	6	
	AiSC	Related enterprise	Sale	(216,458)	3	30 days upon delivery	Mark-up pricing	No significant difference from terms for related parties	32,757	6	

(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	
AiSC	ACN	Related enterprise	Sale	\$ (141,855)	4	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	\$ 166,774	25	
	AKMC	Related enterprise	Sale	(203,196)	6	Immediate payment	Mark-up pricing	No significant difference from terms for related parties	49,929	7	
ACA	Advansus Corp.	Related enterprise	Sale	(497,365)	15	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	37,522	25	
	AKMC	Related enterprise	Sale	(747,521)	23	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	92,265	62	
AKMC	Advansus Corp.	Related enterprise	Purchase	957,386	15	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(101,103)	11	
AKR	Advansus Corp.	Related enterprise	Purchase	131,097	17	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(14,938)	14	
ACA	Advansus Corp.	Related enterprise	Purchase	211,708	7	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(36,298)	6	
AiSC	ACN	Related enterprise	Purchase	284,041	10	60 days after month end	Mark-up pricing	No significant difference from terms for related parties	(29,909)	5	
ATC	AKMC	Related enterprise	Purchase	6,636,409	100	Next 30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(500,419)	99	
Netstar Technology Co., Ltd.	AKMC	Related enterprise	Purchase	270,282	64	Next 60 days after month end	Mark-up pricing	No significant difference from terms for related parties	(34,368)	99	
AiSC	AKMC	Related enterprise	Purchase	216,458	8	Immediate payment	Mark-up pricing	No significant difference from terms for related parties	(32,757)	5	
ACN	AiSC	Related enterprise	Purchase	141,855	5	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	(166,774)	17	
AKMC	AiSC	Related enterprise	Purchase	203,196	3	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(49,929)	5	
Advansus Corp.	ACA	Related enterprise	Purchase	497,365	20	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(37,522)	9	
AKMC	ACA	Related enterprise	Purchase	747,521	11	Immediate payment	Mark-up pricing	No significant difference from terms for related parties	(92,265)	10	

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2012
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Advantech Co., Ltd. (the "Company")	AEU	Indirect subsidiary	\$ 753,188	2.92	\$ -	-	\$ 236,936	\$ -
	AiSC	Indirect subsidiary	554,476	3.71	-	-	235,697	-
	ACN	Indirect subsidiary	599,673	3.76	-	-	176,759	-
	ANA	Indirect subsidiary	582,220	10.56	-	-	582,220	-
ATC	Advantech Co., Ltd.	Parent company	1,328,515	5.82	-	-	602,798	-
AKMC	ATC	Related enterprise	500,419	15.22	-	-	30,405	-
Advansus Corp.	AKMC	Related enterprise	101,103	14.12	-	-	42,154	-
ANA	AKMC	Related enterprise	139,392	0.08	-	-	3,879	-
AiSC	ACN	Related enterprise	166,774	1.67	-	-	166,774	-

TABLE 7

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note A)	Note
				December 31, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd. (the "Company")	AAC (BVI)	BVI	Investment and management service	\$ 993,108	\$ 993,108	29,623,834	100.00	\$ 2,589,026	\$ 246,153	\$ 249,066	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	2,820,584	264,353	264,155	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	486,000	180,000	36,000,000	100.00	552,834	126,464	118,073	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment holding company	900,000	900,000	90,000,000	100.00	929,538	76,444	74,890	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	249,059	249,059	20,537,984	26.55	338,617	177,881	46,925	Equity-method investee
	AEUH	Helmond, The Netherlands	Investment and management service	1,146,489	1,146,489	9,572,024	100.00	911,637	(28)	(158)	Subsidiary
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	113,421	12,128	12,128	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	77,113	2,815	2,815	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	168,123	1,114	1,114	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	39,628	2,585	2,585	Subsidiary
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	154,322	37,740	37,740	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	33,129	18,800	11,280	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	52,673	(876)	(876)	Subsidiary
	AHK	Mongkok, Hong Kong	Sale of industrial automation products	-	4,393	-	-	-	360	360	Subsidiary
	ACA	Taipei, Taiwan	Production and sale of portable industrial computing products	141,562	141,562	7,948,839	99.36	325,489	186,491	171,972	Subsidiary
	AIN	India	Sale of industrial automation products	5,567	-	999,999	99.99	1,424	(4,020)	(4,020)	Subsidiary
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	287,564	274,078	23,570,533	94.28	279,171	60,160	55,992	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	18,007	192	192	Indirect subsidiary
	Broadwin Technology Inc.	Taipei, Taiwan	Assembly and production of computers	142,063	142,063	6,777,571	100.00	150,297	3,368	3,368	Indirect subsidiary
	Cermate Technologies Inc.	Taipei, Taiwan	Production and sale of electrical equipment, telecommunications equipment and electronic parts manufacturing	71,500	71,500	5,500,000	55.00	94,518	19,622	10,792	Indirect subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	40,816	35,329	1,787,000	2.31	42,569	177,881	3,609	Equity-method investee
ATC	ATC (HK)	Hong Kong	Investment and management service	1,212,730	1,212,730	41,650,001	100.00	1,978,271	184,065	184,065	Indirect subsidiary
ATC (HK)	AKMC	Jiangsu, China	Production and sale of industrial automation products	1,212,730	1,212,730	-	100.00	1,978,271	184,065	184,065	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,388,064	167,481	167,481	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment and management service	539,146	539,146	15,230,001	100.00	1,198,121	77,109	77,109	Indirect subsidiary
ANA	AMX	Mexico	Sale of industrial automation products	2,047	-	-	100.00	903	(1,080)	(1,080)	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	185,356	185,356	-	100.00	619,971	17,409	17,409	Indirect subsidiary
	AiSC	Shanghai, China	Sale of industrial automation products	257,040	257,040	-	100.00	574,047	57,057	57,057	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	2,318	1,100	1,100	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processing and sale of peripherals	13,727	13,727	-	60.00	14,578	(1,191)	(714)	Equity-method investee
AEUH	AEU	Eindhoven, The Netherlands	Sale of industrial automation products	316,403	316,403	8,609,658	100.00	730,253	(2,094)	(4,675)	Indirect subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	14,176	14,176	6,350	100.00	40,771	2,001	2,001	Indirect subsidiary
AEU	A-DLoG	Munich, Germany	Design, R&D and sale of industrial automation vehicles and related products	553,536	553,536	1	100.00	621,123	34,273	34,273	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note A)	Note
				December 31, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
ASG	ATH AID	Thailand Indonesia	Production of computers	\$ 7,537	\$ 7,537	51,000	51.00	\$ 12,192	\$ 2,761	\$ 1,408	Indirect subsidiary
			Sale of industrial automation products	3,330	-	300,000	100.00	2,081	(5,248)	(5,248)	Indirect subsidiary
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	3,719	3,719	655,500	28.50	6,740	(1,999)	(977)	Indirect subsidiary
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	28,200	972,284	100.00	51,827	9,076	8,915	Indirect subsidiary
LandMark	Cermate (Shanghai) Cermate (Shenzhen)	Shanghai, China Shenzhen, China	Sale of industrial electronic products	US\$ 572	US\$ 572	-	100.00	24,584	1,495	1,495	Indirect subsidiary
			Manufacture of LCD touch panels, USB data cables and industrial automation products	US\$ 308	US\$ 308	-	90.00	27,283	8,424	7,581	Indirect subsidiary

Note A: The financial statements used as basis of net asset values had all been audited, except those of AIN.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2012

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US\$41,650 thousand	Indirect	\$ 1,083,192 (US\$ 37,300 thousand)	\$ -	\$ -	\$ 1,083,192 (US\$ 37,300 thousand)	100	\$ 184,065	\$ 1,978,271	\$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US\$4,230 thousand	Indirect	154,841 (US\$ 5,332 thousand)	-	-	154,841 (US\$ 5,332 thousand)	100	17,409	619,971	326,264 (US 11,235 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US\$8,000 thousand	Indirect	232,320 (US\$ 8,000 thousand)	-	-	232,320 (US\$ 8,000 thousand)	100	57,057	574,047	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US\$1,000 thousand	Indirect	(Note C)	-	-	(Note C)	100	1,100	2,318	-

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Allowable Limit on Investment
\$1,476,161 (US\$50,832 thousand) (Note D)	\$2,003,760 (US\$69,000 thousand)	\$10,686,144 (Note F)

Note A: The financial statements used as basis of net asset values were reviewed by independent CPAs.

Note B: The significant events, prices, payment terms and unrealized gains or losses generated on trading between Advantech Co., Ltd. (the "Company") and its investees in Mainland China are described in Note 20 of the financial statements and Tables 1, 5 and 6.

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

Note D: Included is the outflow of US\$200 thousand on the investment in Yan Hua (Guang Zhou Bao Shui Qu) Co., Ltd. located in a free trade zone in Guang Zhou. When this investee was liquidated in September 2005, the outward investment remittance ceased upon the approval of the Ministry of Economic Affairs (MOEA). For each future capital return, the Company will apply to the MOEA for the approval of the return as well as reduce the accumulated investment amount by the return amount

Note E: The exchange rate was US\$1.00=NT\$29.04.

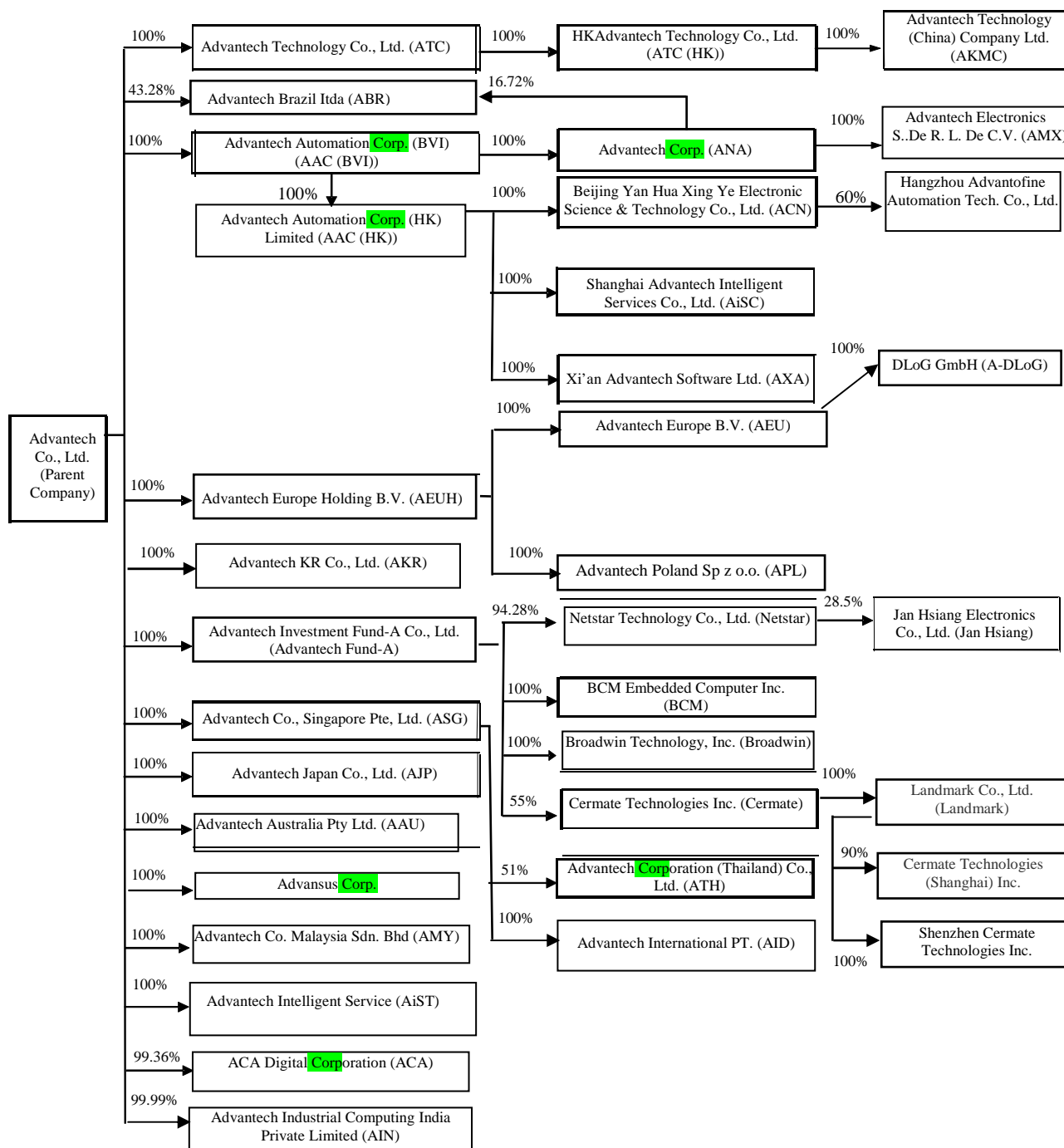
Note F: The maximum allowable limit on investment was based on 60% of the consolidated net asset value of the "Company".

TABLE 9

ADVANTECH CO., LTD. AND SUBSIDIARIES

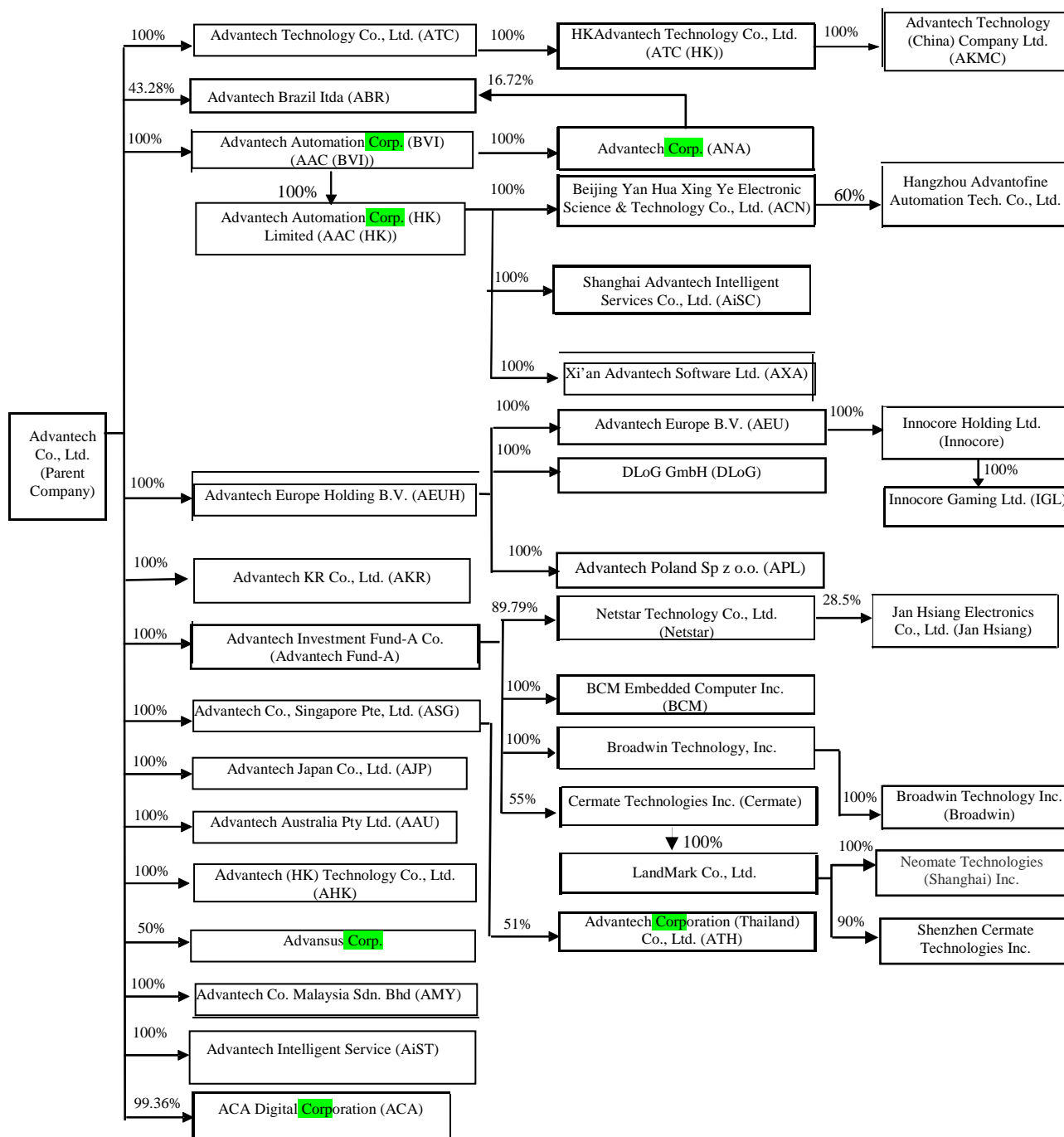
**ORGANIZATION CHART
DECEMBER 31, 2012 AND 2011**

Intercompany relationships and percentages of ownership as of December 31, 2012 are shown below:



(Continued)

Intercompany relationships and percentages of ownership as of December 31, 2011 are shown below:



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

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

2012

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd.	AAC (HK)	1	Operating expense	\$ 5,475	Normal	-
		AAC (HK)	1	Payables from related parties	837	45 days EOM	-
		AAC (HK)	1	Receivables from related parties	34	45 days EOM	-
		AAU	1	Sales	182,368	Normal	1%
		AAU	1	Receivables from related parties	23,592	60-90 days	-
		AAU	1	Other revenue	3,569	Normal	-
		AAU	1	Payables from related parties	101	60-90 days	-
		AAU	1	Purchase	32	Normal	-
		ABR	1	Sales	96,991	Normal	-
		ABR	1	Receivables from related parties	27,618	90 days EOM	-
		ABR	1	Other revenue	4,532	Normal	-
		ACA	1	Purchase	2,035,310	Normal	7%
		ACA	1	Sales	81,011	Normal	-
		ACA	1	Payables from related parties	19,617	30 days EOM	-
		ACA	1	Receivables from related parties	10,211	30 days EOM	-
		ACA	1	Other revenue	5,040	45 days after invoice date	-
		ACN	1	Sales	2,040,739	Normal	7%
		ACN	1	Receivables from related parties	603,223	45 days EOM	3%
		ACN	1	Other revenue	14,141	Normal	-
		ACN	1	Purchase	1,585	Normal	-
		ACN	1	Payables from related parties	686	30 days EOM	-
		A-DLoG	1	Sales	37,316	Normal	-
		A-DLoG	1	Purchase	34,454	Normal	-
		A-DLoG	1	Other revenue	9,900	Normal	-
		A-DLoG	1	Payables from related parties	2,342	30 days after invoice date	-
		A-DLoG	1	Receivables from related parties	2,277	30 days after invoice date	-
		AEU	1	Sales	2,287,520	Normal	8%
		AEU	1	Receivables from related parties	754,648	30 days EOM	3%
		AEU	1	Other revenue	13,740	Normal	-
		AEU	1	Purchase	3,780	Normal	-
		AEU	1	Payables from related parties	986	30 days EOM	-
		AID	1	Receivables from related parties	44	45 days after invoice date	-
AIN	1	Receivables from related parties	1,063	60 days EOM	-		

(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)
		AISC	1	Sales	\$ 1,808,316	Normal	7%
		AISC	1	Receivables from related parties	554,639	45 days EOM	2%
		AISC	1	Other revenue	6,483	90 days EOM	-
		AISC	1	Purchase	2,369	60 days after invoice date	-
		AISC	1	Payables from related parties	1,695	45 days EOM	-
		AJP	1	Sales	342,516	Normal	1%
		AJP	1	Receivables from related parties	38,376	60-90 days	-
		AJP	1	Other revenue	15,357	Normal	-
		AJP	1	Payables from related parties	360	60-90 days	-
		AJP	1	Purchase	22	Normal	-
		AKMC	1	Sales	552,028	Normal	2%
		AKMC	1	Receivables from related parties	50,387	45 days EOM	-
		AKR	1	Sales	450,791	Normal	2%
		AKR	1	Receivables from related parties	55,399	Prompt collection	-
		AKR	1	Other revenue	7,354	Normal	-
		AMX	1	Receivables from related parties	2	60 days EOM	-
		AMY	1	Sales	50,936	Normal	-
		AMY	1	Receivables from related parties	7,776	45 days EOM	-
		AMY	1	Other revenue	2,438	Normal	-
		AMY	1	Purchase	18	Normal	-
		ANA	1	Sales	5,725,064	Normal	21%
		ANA	1	Receivables from related parties	585,237	45 days EOM	2%
		ANA	1	Purchase	82,760	Normal	-
		ANA	1	Other revenue	20,924	Normal	-
		ANA	1	Payables from related parties	11,331	45 days EOM	-
		APL	1	Sales	10,774	Normal	-
		APL	1	Receivables from related parties	393	45 days EOM	-
		APL	1	Purchase	37	Normal	-
		ASG	1	Sales	124,034	Normal	-
		ASG	1	Receivables from related parties	15,864	60-90 days	-
		ASG	1	Operating expense	6,164	Normal	-
		ASG	1	Other revenue	3,338	Normal	-
		ASG	1	Purchase	94	Normal	-
		ATC	1	Purchase	7,228,877	Normal	26%
		ATC	1	Payables from related parties	1,328,515	60 days EOM	6%
		ATC	1	Royalty revenue	364,848	Normal	1%
		ATH	1	Sales	35,719	Normal	-
		ATH	1	Receivables from related parties	2,190	30 days after invoice date	-
		ATH	1	Other revenue	2,286	Normal	-
		ATH	1	Purchase	14	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	60	Normal	-
		Cermate	1	Purchase	7,322	Normal	-
		Cermate	1	Sales	1,970	Normal	-
		Cermate	1	Payables from related parties	639	30 days EOM	-
		Cermate	1	Other revenue	720	Normal	-
		Cermate	1	Receivables from related parties	63	30 days EOM	-
		Broadwin Technology, Inc.	1	Other revenue	960	Normal	-
		Broadwin Technology, Inc.	1	Sales	1,366	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)
		Broadwin Technology, Inc.	1	Purchase	\$ 237	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	436	60 days EOM	-
		Broadwin Technology, Inc.	1	Payables from related parties	47	60 days EOM	-
		Advantech Fund-A	1	Rental revenue	36	Normal	-
		Advantech Fund-A	1	Receivables from related parties	3	Normal	-
		Advansus Corp.	1	Purchase	565,184	Normal	2%
		Advansus Corp.	1	Sales	12,298	Normal	-
		Advansus Corp.	1	Receivables from related parties	3,145	60-90 days	-
		Advansus Corp.	1	Other revenue	51	Normal	-
		Advansus Corp.	1	Rental revenue	60	Normal	-
		Advansus Corp.	1	Payables from related parties	29,052	60-90 days	-
		Netstar Technology Co., Ltd.	1	Purchase	106,554	Normal	-
		Netstar Technology Co., Ltd.	1	Payables from related parties	29,776	60 days EOM	-
		Netstar Technology Co., Ltd.	1	Sales	1,693	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	960	Normal	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	174	25th of every quarter	-
1	ACN	ACA	3	Sales	6,706	Normal	-
		ACA	3	Receivables from related parties	63	30 days EOM	-
		AEU	3	Receivables from related parties	826	30 days EOM	-
		AEU	3	Sales	753	Normal	-
		AiSC	3	Sales	284,041	Normal	1%
	ACN (ABJ)	AiSC	3	Payables from related parties	166,774	25th of every month	1%
		AiSC	3	Purchase	141,855	Normal	1%
	ACN	AiSC	3	Receivables from related parties	29,909	Prompt collection	-
		AiSC	3	Interest expense	2,981	Normal	-
		AKMC	3	Purchase	44,533	Normal	-
		AKMC	3	Sales	8,242	Normal	-
		AKMC	3	Payables from related parties	5,560	60-90 days	-
		AKMC	3	Rental expense	3,727	Normal	-
		AKMC	3	Receivables from related parties	861	60-90 days	-
		AKR	3	Sales	39	Normal	-
		AMY	3	Sales	89	Normal	-
		AMY	3	Receivables from related parties	17	60-90 days	-
		ANA	3	Purchase	934	Normal	-
		ANA	3	Sales	665	30 days EOM	-
		ANA	3	Receivables from related parties	216	30 days EOM	-
		ASG	3	Sales	410	Normal	-
		ASG	3	Receivables from related parties	35	Prompt collection	-
		AXA	3	Receivables from related parties	21,611	60 days EOM	-
		AXA	3	Other expense	6,325	Normal	-
		AXA	3	Payables from related parties	82	25th of every month	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advantech Co., Ltd.	2	Purchase	\$ 2,040,739	Normal	7%
		Advantech Co., Ltd.	2	Payables from related parties	603,223	45 days EOM	3%
		Advantech Co., Ltd.	2	Other expense	14,141	Normal	-
		Advantech Co., Ltd.	2	Sales	1,585	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	686	30 days EOM	-
		Cermate (Shenzhen)	3	Payables from related parties	26	Payment upon delivery	-
		Advantofine	3	Purchase	661	Normal	-
2	AAU	A-DLoG	3	Purchase	156	Normal	-
		AEU	3	Payables from related parties	20	30 days EOM	-
		AEU	3	Purchase	246	Normal	-
		AiSC	3	Purchase	300	60 days EOM	-
		ANA	3	Purchase	55	Normal	-
		ANA	3	Payables from related parties	6	60-90 days	-
		ASG	3	Payables from related parties	24	45 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	182,368	Normal	1%
		Advantech Co., Ltd.	2	Payables from related parties	23,592	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	3,569	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	101	60-90 days	-
		Advantech Co., Ltd.	2	Sales	32	Normal	-
3	ABR	Advantech Co., Ltd.	2	Purchase	96,991	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	27,618	90 days EOM	-
		Advantech Co., Ltd.	2	Other expense	4,532	Normal	-
4	ACA	ACN	3	Purchase	6,706	Normal	-
		ACN	3	Payables from related parties	63	60-90 days	-
		AiSC	3	Purchase	19,083	60 days after invoice date	-
		AiSC	3	Sales	8,353	60-90 days	-
		AiSC	3	Payables from related parties	115	60 days after invoice date	-
		AiSC	3	Receivables from related parties	11	25th of every month	-
		AKMC	3	Sales	747,521	Normal	3%
		AKMC	3	Receivables from related parties	92,265	45 days EOM	-
		ANA	3	Payables from related parties	997	60 days after invoice date	-
		ANA	3	Purchase	5,514	60 days EOM	-
		Advantech Co., Ltd.	2	Sales	2,035,310	Normal	7%
		Advantech Co., Ltd.	2	Purchase	81,011	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	19,617	30 days EOM	-
		Advantech Co., Ltd.	2	Payables from related parties	10,211	30 days EOM	-
		Advantech Co., Ltd.	2	Other expense	5,040	45 days after invoice date	-
		Advansus Corp.	3	Sales	497,365	Normal	2%
		Advansus Corp.	3	Receivables from related parties	37,522	45 days EOM	-
		Advansus Corp.	3	Purchase	211,708	30 days EOM	1%
		Advansus Corp.	3	Payables from related parties	36,298	30 days EOM	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details				
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)	
5	ADL (AFR)	ADL	3	Receivables from related parties	\$ 687	30 days after invoice date	-	
	ADL	ADL (AFR)	3	Payables from related parties	687	30 days after invoice date	-	
	ADL (AUK)	ADL (AFR)	3	Payables from related parties	31	30 days after invoice date	-	
		ADL (AIT)	ADL (AIT)	3	Payables from related parties	9	30 days EOM	-
	ADL (AIT)	ADL (AUK)	ADL (AUK)	3	Receivables from related parties	9	30 days after invoice date	-
	ADL (AFR)	A-DLoG	A-DLoG	3	Receivables from related parties	770	30 days upon delivery	-
	ADL	AEU	AEU	3	Receivables from related parties	15,484	30 days after invoice date	-
	ADL (AIT)	AEU	AEU	3	Receivables from related parties	5,843	30 days after invoice date	-
	ADL (AUK)	AEU	AEU	3	Receivables from related parties	5,101	30 days after invoice date	-
	ADL (AFR)	AEU	AEU	3	Receivables from related parties	2,003	30 days after invoice date	-
	ADL (AUK)	AEU	AEU	3	Payables from related parties	216	30 days after invoice date	-
	ADL	AEU	AEU	3	Payables from related parties	81	30 days after invoice date	-
		AEU	AEU	3	Commission revenue	87,731	Normal	-
	ADL (AIT)	AEU	AEU	3	Commission revenue	56,938	Normal	-
	ADL (AFR)	AEU	AEU	3	Commission revenue	32,113	Normal	-
	ADL (AUK)	AEU	AEU	3	Commission revenue	19,196	Normal	-
	ADL (AUK)	AEU	AEU	3	Royalty revenue	2,440	Normal	-
	ADL	AEUH	AEUH	3	Interest expense	812	Normal	-
	ADL (AUK)	ANA	ANA	3	Receivables from related parties	552	Prompt collection	-
	ADL	ATC	ATC	3	Receivables from related parties	4,323	7 days after invoice date	-
	ADL (AUK)	ATC	ATC	3	Receivables from related parties	2,391	30 days after invoice date	-
	ADL (AFR)	AUK	AUK	3	Receivables from related parties	31	30 days after invoice date	-
	ADL	Advantech Co., Ltd.	Advantech Co., Ltd.	2	Receivables from related parties	19	30 days after invoice date	-
	6	AEUH	ADL	3	Interest revenue	812	Normal	-
			AEU	3	Receivables from related parties	29,002	30 days after invoice date	-
	8	AiSC	AAC (HK)	3	Receivables from related parties	5,438	90 days	-
			AAU	3	Sales	300	60 days EOM	-
ACN			3	Receivables from related parties	166,774	25th of every month	1%	
ACN			3	Sales	141,855	Normal	1%	
ACN			3	Interest revenue	2,981	Normal	-	
ACA			3	Sales	19,083	60 days after invoice date	-	
ACA			3	Purchase	8,353	60-90 days	-	
ACA			3	Receivables from related parties	115	60 days after invoice date	-	
ACA			3	Payables from related parties	11	25th of every month	-	
ACN			3	Purchase	284,041	Normal	1%	
ACN			3	Payables from related parties	29,909	25th of every month	-	
AEU			3	Sales	29	Immediate payment	-	
AEU			3	Receivables from related parties	29	Immediate payment	-	
AEU			3	Purchase	143	Normal	-	
AKMC			3	Purchase	216,458	Normal	1%	
AKMC			3	Sales	203,196	Normal	1%	
AKMC	3	Receivables from related parties	49,929	30 days EOM	-			
AKMC	3	Payables from related parties	32,757	Immediate payment	-			

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AMY	3	Sales	\$ 495	30 days EOM	-
		ANA	3	Receivables from related parties	179	Prompt collection	-
		ASG	3	Sales	833	30 days EOM	-
		ASG	3	Receivables from related parties	212	30 days EOM	-
		AXA	3	Other expense	32,794	60 days EOM	-
		Advantech Co., Ltd.	2	Purchase	1,808,316	Normal	7%
		Advantech Co., Ltd.	2	Payables from related parties	554,639	45 days EOM	2%
		Advantech Co., Ltd.	2	Other expense	6,483	90 days EOM	-
		Advantech Co., Ltd.	2	Sales	2,369	60 days after invoice date	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,695	45 days EOM	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	149	Immediate payment	-
		Advantofine	3	Sales	36,791	Normal	-
		Advantofine	3	Receivables from related parties	7,631	Prompt collection	-
9	AJP	AEU	3	Purchase	23	Normal	-
		AKMC	3	Payables from related parties	6	30 days EOM	-
		ANA	3	Purchase	23	Normal	-
		ASG	3	Payables from related parties	17	30 days EOM	-
		ASG	3	Purchase	18	30 days EOM	-
		Advantech Co., Ltd.	2	Purchase	342,516	Normal	1%
		Advantech Co., Ltd.	2	Payables from related parties	38,376	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	15,357	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	360	60-90 days	-
		Advantech Co., Ltd.	2	Sales	22	Normal	-
10	AKMC	ACA	3	Purchase	747,521	Normal	3%
		ACA	3	Payables from related parties	92,265	45 days EOM	-
		ACN	3	Sales	44,533	Normal	-
		ACN	3	Purchase	8,242	Normal	-
		ACN	3	Receivables from related parties	5,560	60-90 days	-
		ACN	3	Rental revenue	3,727	Normal	-
		ACN	3	Payables from related parties	861	60-90 days	-
		AEU	3	Payables from related parties	197	Normal	-
		AEU	3	Sales	114	Normal	-
		AEU	3	Receivables from related parties	20	30 days after invoice date	-
		AEU	3	Purchase	121	Normal	-
		AiSC	3	Sales	216,458	Normal	1%
		AiSC	3	Purchase	203,196	Normal	1%
		AiSC	3	Payables from related parties	49,929	30 days EOM	-
		AiSC	3	Receivables from related parties	32,757	Prompt collection	-
		AJP	3	Receivables from related parties	6	30 days EOM	-
		AKR	3	Receivables from related parties	17	30 days after invoice date	-
		ANA	3	Payables from related parties	139,392	30 days after invoice date	1%
		ANA	3	Purchase	5,259	Normal	-
		ANA	3	Interest expense	3,096	Normal	-
		ANA	3	Receivables from related parties	1,409	60-90 days	-
		ANA	3	Sales	409	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)
		ATC	3	Sales	\$ 6,636,409	Normal	24%
		ATC	3	Receivables from related parties	500,419	60-90 days	2%
		ATC	3	Purchase	50,568	Normal	-
		ATC	3	Payables from related parties	30,400	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	552,028	Normal	2%
		Advantech Co., Ltd.	2	Payables from related parties	50,387	45 days EOM	-
		Cermate (Shenzhen)	3	Purchase	27,041	40 days EOM	-
		Cermate (Shenzhen)	3	Payables from related parties	535	40 days EOM	-
		Cermate	3	Purchase	101	Normal	-
		Cermate	3	Payables from related parties	27	Normal	-
		Advansus Corp.	3	Purchase	957,386	Normal	3%
		Advansus Corp.	3	Payables from related parties	101,103	60-90 days	-
		Advansus Corp.	3	Sales	2,675	Normal	-
		Advansus Corp.	3	Receivables from related parties	482	Prompt collection	-
		Netstar Technology Co., Ltd.	3	Sales	270,282	Normal	1%
		Netstar Technology Co., Ltd.	3	Receivables from related parties	34,368	Next 60 days EOM	-
		Netstar Technology Co., Ltd.	3	Purchase	1,737	Normal	-
		Netstar Technology Co., Ltd.	3	Payables from related parties	388	Next 60 days EOM	-
		Netstar Technology Co., Ltd.	3	Other expense	37,526	60 days EOM	-
11	AKR	ACN	3	Purchase	39	Normal	-
		AEU	3	Purchase	195	Normal	-
		AKMC	3	Payables from related parties	17	30 days after invoice date	-
		ANA	3	Purchase	155	45 days EOM	-
		Advantech Co., Ltd.	2	Purchase	450,791	Normal	2%
		Advantech Co., Ltd.	2	Payables from related parties	55,399	Immediate payment	-
		Advantech Co., Ltd.	2	Other expense	7,354	Normal	-
		Advansus Corp.	3	Purchase	131,097	Normal	-
		Advansus Corp.	3	Payables from related parties	14,938	60-90 days	-
12	AMY	ACN	3	Purchase	89	Normal	-
		ACN	3	Payables from related parties	17	60-90 days	-
		AEU	3	Purchase	15	Normal	-
		AiSC	3	Purchase	495	30 days EOM	-
		ASG	3	Purchase	7,797	Normal	-
		ASG	3	Sales	33	Normal	-
		ASG	3	Payables from related parties	1	30 days EOM	-
		ATH	3	Sales	41	Normal	-
		Advantech Co., Ltd.	2	Purchase	50,936	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	7,776	45 days EOM	-
		Advantech Co., Ltd.	2	Other expense	2,438	Normal	-
		Advantech Co., Ltd.	2	Sales	18	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)		
13	ANA	AAU	3	Sales	\$ 55	Normal	-		
		AAU	3	Receivables from related parties	6	60-90 days	-		
		ACA	3	Receivables from related parties	997	60 days after invoice date	-		
		ACA	3	Sales	5,514	60 days after invoice date	-		
		ACN	3	Sales	934	Normal	-		
		ACN	3	Purchase	665	30 days EOM	-		
		ACN	3	Payables from related parties	216	30 days EOM	-		
		ADL (AUK)	3	Payables from related parties	552	60 days EOM	-		
		AEU	3	Payables from related parties	13,948	30 days after invoice date	-		
		AEU	3	Sales	4,381	Normal	-		
		AEU	3	Receivables from related parties	1,226	60-90 days	-		
		AEU	3	Purchase	49,673	Normal	-		
		AiSC	3	Payables from related parties	179	Prompt collection	-		
		AJP	3	Sales	23	Normal	-		
		AKMC	3	Receivables from related parties	139,392	30 days after invoice date	1%		
		AKMC	3	Sales	5,259	Normal	-		
		AKMC	3	Interest revenue	3,096	Normal	-		
		AKMC	3	Payables from related parties	1,409	60-90 days	-		
		AKMC	3	Purchase	409	Normal	-		
		AKR	3	Sales	155	45 days after invoice date	-		
		AMX	3	Receivables from related parties	1,191	Prompt collection	-		
		ASG	3	Sales	129	Normal	-		
		Advantech Co., Ltd.	2	Purchase	5,725,064	Normal	21%		
		Advantech Co., Ltd.	2	Payables from related parties	585,237	45 days EOM	2%		
		Advantech Co., Ltd.	2	Sales	82,760	Normal	-		
		Advantech Co., Ltd.	2	Other expense	20,924	Normal	-		
		Advantech Co., Ltd.	2	Receivables from related parties	11,331	45 days EOM	-		
		Advansus Corp.	3	Payables from related parties	32	Prepayment	-		
		14	APL	AEU	3	Receivables from related parties	26,587	30 days after invoice date	-
				AEU	3	Payables from related parties	13	30 days EOM	-
AEU	3			Sales	9,744	Normal	-		
AEU	3			Commission revenue	6,839	60 days EOM	-		
AEU	3			Purchase	773	Normal	-		
Advantech Co., Ltd.	2			Purchase	10,774	Normal	-		
Advantech Co., Ltd.	2			Payables from related parties	393	45 days EOM	-		
Advantech Co., Ltd.	2	Sales	37	Normal	-				
15	ASG	AAU	3	Receivables from related parties	24	45 days after invoice date	-		
		ACN	3	Purchase	410	Normal	-		
		ACN	3	Payables from related parties	35	Immediate payment	-		
		AID	3	Receivables from related parties	26	30 days upon delivery	-		
		AID	3	Sales	16	30 days after invoice date	-		
		AIN	3	Receivables from related parties	25	30 days after invoice date	-		
		AiSC	3	Purchase	833	30 days EOM	-		
		AiSC	3	Payables from related parties	212	30 days EOM	-		

(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)
		AJP	3	Sales	\$ 18	30 days after invoice date	-
		AJP	3	Receivables from related parties	17	30 days after invoice date	-
		AMY	3	Sales	7,797	Normal	-
		AMY	3	Purchase	33	Normal	-
		AMY	3	Receivables from related parties	1	30 days EOM	-
		ANA	3	Purchase	129	Normal	-
		ATH	3	Receivables from related parties	6,470	30 days EOM	-
		ATH	3	Sales	3,108	Normal	-
		ATH	3	Other expense	2,967	45 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	124,034	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	15,864	60-90 days	-
		Advantech Co., Ltd.	2	Other revenue	6,164	Normal	-
		Advantech Co., Ltd.	2	Other expense	3,338	Normal	-
		Advantech Co., Ltd.	2	Sales	94	Normal	-
16	ATC	ADL	3	Payables from related parties	4,323	30 days after invoice date	-
		ADL (AUK)	3	Payables from related parties	2,391	30 days after invoice date	-
		AEU	3	Payables from related parties	1,176	30 days after invoice date	-
		AKMC	3	Purchase	6,636,409	Normal	24%
		AKMC	3	Payables from related parties	500,419	60-90 days	2%
		AKMC	3	Sales	50,568	Normal	-
		AKMC	3	Receivables from related parties	30,400	60-90 days	-
		Advantech Co., Ltd.	2	Sales	7,228,877	Normal	26%
		Advantech Co., Ltd.	2	Receivables from related parties	1,328,515	60 days EOM	6%
		Advantech Co., Ltd.	2	Royalty expense	364,848	Normal	1%
17	ATH	AMY	3	Purchase	41	Normal	-
		ASG	3	Payables from related parties	6,470	30 days EOM	-
		ASG	3	Purchase	3,108	Normal	-
		ASG	3	Other revenue	2,967	45 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	35,719	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	2,190	30 days after invoice date	-
		Advantech Co., Ltd.	2	Other expense	2,286	Normal	-
		Advantech Co., Ltd.	2	Sales	14	Normal	-
18	AXA	ACN	3	Payables from related parties	21,611	Immediate payment	-
		ACN	3	Other revenue	6,325	Normal	-
		ACN	3	Receivables from related parties	82	25th of every month	-
		AiSC	3	Other revenue	32,794	60 days EOM	-
19	A-DLoG	AAU	3	Sales	156	Normal	-
		ADL (AFR)	3	Payables from related parties	770	30 days upon delivery	-
		AEU	3	Payables from related parties	3,551	30 days upon delivery	-
		AEU	3	Purchase	11,625	30 days upon delivery	-
		AEU	3	Sales	1,235	30 days upon delivery	-

(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 Co., Ltd.	2	Purchase	\$ 37,316	Normal	-
		Advantech Co., Ltd.	2	Sales	34,454	Normal	-
		Advantech Co., Ltd.	2	Other expense	9,900	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	2,342	30 days after invoice date	-
		Advantech Co., Ltd.	2	Payables from related parties	2,277	30 days after invoice date	-
21	Cermate (Shenzhen)	ACN	3	Receivables from related parties	26	Collection upon delivery	-
		AKMC	3	Sales	27,041	40 days EOM	-
		AKMC	3	Receivables from related parties	535	40 days EOM	-
		Cermate (Shanghai)	3	Sales	24,360	Normal	-
		Cermate (Shanghai)	3	Payables from related parties	7,155	60 days EOM	-
		Cermate (Shanghai)	3	Purchase	310	Normal	-
		Cermate	3	Sales	11,621	Normal	-
		Cermate	3	Receivables from related parties	422	60 days EOM	-
		Cermate	3	Purchase	89,081	Normal	-
		Cermate	3	Payables from related parties	11,184	30 days EOM	-
22	Cermate	AKMC	3	Sales	101	Normal	-
		AKMC	3	Receivables from related parties	27	Normal	-
		Advantech Co., Ltd.	2	Sales	7,322	Normal	-
		Advantech Co., Ltd.	2	Purchase	1,970	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	639	30 to 60 days	-
		Advantech Co., Ltd.	2	Other expense	720	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	63	30 to 60 days	-
		Cermate (Shenzhen)	3	Purchase	11,621	Normal	-
		Cermate (Shenzhen)	3	Payables from related parties	422	60 days EOM	-
		Cermate (Shenzhen)	3	Sales	89,081	Normal	-
		Cermate (Shenzhen)	3	Receivables from related parties	11,184	30 days EOM	-
23	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Other expense	960	Normal	-
		Advantech Co., Ltd.	2	Purchase	1,366	Normal	-
		Advantech Co., Ltd.	2	Sales	237	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	436	60 days EOM	-
		Advantech Co., Ltd.	2	Receivables from related parties	47	60 days EOM	-
	Cermate (Shanghai)	Cermate (Shenzhen)	3	Purchase	24,360	Normal	-
		Cermate (Shenzhen)	3	Receivables from related parties	7,155	60 days EOM	-
		Cermate (Shenzhen)	3	Sales	310	Normal	-
24	BCM Embedded Computer Inc.	AiSC	3	Payables from related parties	149	Immediate payment	-
		Advantech Co., Ltd.	2	Rental expense	60	Normal	-
		Advansus Corp.	3	Purchase	2,411	Normal	-
25	Advansus Corp.	ACA	3	Purchase	497,365	Normal	2%
		ACA	3	Sales	211,708	Normal	1%
		ACA	3	Payables from related parties	37,522	45 days EOM	-
		ACA	3	Receivables from related parties	36,298	30 days EOM	-

(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	\$ 957,386	Normal	3%
		AKMC	3	Receivables from related parties	101,103	60-90 days	-
		AKMC	3	Purchase	2,675	Normal	-
		AKMC	3	Payables from related parties	482	Immediate payment	-
		AKR	3	Sales	131,097	Normal	-
		AKR	3	Receivables from related parties	14,938	60-90 days	-
		ANA	3	Receivables from related parties	32	30 days EOM	-
		Advantech Co., Ltd.	2	Sales	565,184	Normal	2%
		Advantech Co., Ltd.	2	Purchase	12,298	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	3,145	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	51	Normal	-
		Advantech Co., Ltd.	2	Rental expense	60	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	29,052	60-90 days	-
		BCM Embedded Computer Inc.	3	Sales	2,411	Normal	-
26	Netstar Technology Co., Ltd.	AKMC	3	Purchase	270,282	Normal	1%
		AKMC	3	Payables from related parties	34,368	Next 60 days EOM	-
		AKMC	3	Sales	1,737	Normal	-
		AKMC	3	Receivables from related parties	388	Next 60 days EOM	-
		AKMC	3	Other revenue	37,526	60 days EOM	-
		Advantech Co., Ltd.	2	Sales	106,554	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	29,776	60 days EOM	-
		Advantech Co., Ltd.	2	Purchase	1,693	Normal	-
		Advantech Co., Ltd.	2	Other expense	960	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	174	25th of every quarter	-
27	AEU	AAU	3	Receivables from related parties	20	30 days EOM	-
		AAU	3	Sales	246	Normal	-
		ACN	3	Payables from related parties	826	30 days EOM	-
		ACN	3	Purchase	753	Normal	-
		ADL	3	Payables from related parties	15,484	30 days after invoice date	-
		ADL	3	Receivables from related parties	81	30 days after invoice date	-
		ADL (AFR)	3	Payables from related parties	2,003	30 days after invoice date	-
		ADL (AFR)	3	Commission expense	32,113	Normal	-
		ADL (AIT)	3	Payables from related parties	5,843	30 days after invoice date	-
		ADL (AIT)	3	Commission expense	56,938	Normal	-
		ADL (AUK)	3	Payables from related parties	5,101	30 days after invoice date	-
		ADL (AUK)	3	Receivables from related parties	216	30 days after invoice date	-
		ADL (AUK)	3	Commission expense	19,196	Normal	-
		ADL (AUK)	3	Royalty expense	2,440	Normal	-
		A-DLoG	3	Receivables from related parties	3,551	30 days upon delivery	-
		A-DLoG	3	Sales	11,625	30 days upon delivery	-
		A-DLoG	3	Purchase	1,235	30 days upon delivery	-
		AEUH	3	Payables from related parties	29,002	30 days after invoice date	-
		AiSC	3	Purchase	29	Immediate payment	-
		AiSC	3	Payables from related parties	29	Immediate payment	-
		AiSC	3	Sales	143	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)
		AJP	3	Sales	\$ 23	Normal	-
		AKMC	3	Receivables from related parties	197	Normal	-
		AKMC	3	Purchase	114	Normal	-
		AKMC	3	Payables from related parties	20	60-90 days	-
		AKMC	3	Sales	121	Normal	-
		AKR	3	Sales	195	Normal	-
		AMY	3	Sales	15	Normal	-
		ANA	3	Receivables from related parties	13,948	30 days after invoice date	-
		ANA	3	Purchase	4,381	Normal	-
		ANA	3	Payables from related parties	1,226	60-90 days	-
		ANA	3	Sales	49,673	Normal	-
		APL	3	Payables from related parties	26,587	30 days after invoice date	-
		APL	3	Receivables from related parties	13	30 days EOM	-
		APL	3	Purchase	9,744	Normal	-
		APL	3	Commission expense	6,839	60 days EOM	-
		APL	3	Sales	773	Normal	-
		ATC	3	Receivables from related parties	1,176	30 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	2,287,520	Normal	8%
		Advantech Co., Ltd.	2	Payables from related parties	754,648	30 days EOM	3%
		Advantech Co., Ltd.	2	Other expense	13,740	Normal	-
		Advantech Co., Ltd.	2	Sales	3,780	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	986	30 days after invoice date	-
28	AAC (HK)	AiSC	3	Payables from related parties	5,438	90 days	-
		Advantech Co., Ltd.	2	Other revenue	5,475	60 days EOM	-
		Advantech Co., Ltd.	2	Receivables from related parties	837	45 days EOM	-
		Advantech Co., Ltd.	2	Payables from related parties	34	45 days EOM	-
29	Advantofine	ACN	3	Sales	661	Normal	-
		AiSC	3	Purchase	36,791	Normal	-
		AiSC	3	Payables from related parties	7,631	Immediate payment	-
30	Advantech Fund-A	Advantech Co., Ltd.	2	Rental expense	36	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	3	Normal	-
31	AIN	ASG	3	Payables from related parties	25	30 days after invoice date	-
		Advantech Co., Ltd.	2	Payables from related parties	1,063	60 days EOM	-
32	AID	ASG	3	Payables from related parties	26	30 days upon delivery	-
		ASG	3	Purchase	16	30 days after invoice date	-
		Advantech Co., Ltd.	2	Payables from related parties	44	45 days after invoice date	-
39	AMX	ANA	3	Payables from related parties	1,191	Immediate payment	-
		Advantech Co., Ltd.	2	Payables from related parties	2	60 days EOM	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			% to Consolidated Assets/Revenue (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	Advantech Co., Ltd.	AAC (HK)	1	Receivables from related parties	\$ 47	45 days EOM	-
		AAC (HK)	1	Payables to related parties	1454	45 days EOM	-
		AAU	1	Receivables from related parties	44,945	60-90 days	-
		AAU	1	Sales	166,614	Normal	1%
		AAU	1	Other revenue	3,115	Normal	-
		AAU	1	Purchase	74	Normal	-
		AAU	1	Payables to related parties	33	60-90 days	-
		ABR	1	Receivables from related parties	22,476	90 days EOM	-
		ABR	1	Sales	90,944	Normal	-
		ABR	1	Other revenue	1,356	Normal	-
		ACA	1	Receivables from related parties	4,634	30 days EOM	-
		ACA	1	Purchase	403,886	Normal	2%
		ACA	1	Sales	44,244	Normal	-
		ACA	1	Payables to related parties	130,522	30 days EOM	1%
		ACN	1	Sales	2,168,638	Normal	10%
		ACN	1	Receivables from related parties	490,012	45 days EOM	2%
		ACN	1	Other revenue	33,447	Normal	-
		ACN	1	Purchase	12,994	Normal	-
		ACN	1	Payables to related parties	505	30 days EOM	-
		AEU	1	Sales	2,369,391	Normal	11%
		AEU	1	Receivables from related parties	818,076	30 days EOM	4%
		AEU	1	Other revenue	15,547	Normal	-
		AEU	1	Payables to related parties	1,220	30 days EOM	-
		AEU	1	Purchase	1,741	Normal	-
		AHK	1	Operating expense	5,693	Normal	-
		AiSC	1	Sales	1,686,624	Normal	8%
		AiSC	1	Receivables from related parties	419,821	45 days EOM	2%
		AiSC	1	Payables to related parties	40	45 days EOM	-
		AJP	1	Sales	360,905	Normal	2%
		AJP	1	Receivables from related parties	31,081	60-90 days	-
		AJP	1	Other revenue	17,249	Normal	-
		AJP	1	Payables to related parties	856	60-90 days	-
		AJP	1	Purchase	9	Normal	-
		AKMC	1	Sales	424,309	Normal	2%
		AKMC	1	Payables to related parties	645	60 days EOM	-
		AKR	1	Sales	391,402	Normal	2%
		AKR	1	Receivables from related parties	24,934	Prompt collection	-
		AKR	1	Purchase	4,713	Normal	-
		AKR	1	Other revenue	5,936	Normal	-
		AMY	1	Sales	37,871	Normal	-
AMY	1	Receivables from related parties	6,824	45 days EOM	-		
AMY	1	Other revenue	1,763	Normal	-		
AMY	1	Operating expense	459	Normal	-		
ANA	1	Sales	5,299,400	Normal	25%		
ANA	1	Purchase	142,695	Normal	1%		
ANA	1	Payables to related parties	34,865	45 days EOM	-		

(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	1	Other revenue	\$ 23,941	Normal	-
		ANA	1	Receivables from related parties	514,185	45 days EOM	2%
		APL	1	Sales	10,324	Normal	-
		APL	1	Receivables from related parties	807	45 days EOM	-
		APL	1	Payables to related parties	1	30 days after invoice date	-
		APL	1	Purchase	77	Normal	-
		ASG	1	Sales	120,936	Normal	1%
		ASG	1	Receivables from related parties	28,371	60-90 days	-
		ASG	1	Other revenue	2,810	Normal	-
		ASG	1	Payables to related parties	431	60-90 days	-
		ASG	1	Operating expense	5,146	Normal	-
		ASG	1	Purchase	13	Normal	-
		ATC	1	Purchase	6,504,451	Normal	30%
		ATC	1	Payables to related parties	1,156,197	60 days EOM	5%
		ATC	1	Royalty revenue	325,933	Normal	2%
		ATH	1	Sales	52,863	Normal	-
		ATH	1	Receivables from related parties	3,204	30 days after invoice date	-
		ATH	1	Other revenue	509	Normal	-
		ATH	1	Purchase	39	Normal	-
		ATH	1	Payables to related parties	10	Normal	-
		A-DLoG	1	Sales	14,844	Normal	-
		A-DLoG	1	Receivables from related parties	3,533	30 days after invoice date	-
		A-DLoG	1	Other revenue	6,479	Normal	-
		A-DLoG	1	Payables to related parties	1,081	30 days after invoice date	-
		A-DLoG	1	Purchase	4,489	Normal	-
		Innocore	1	Sales	6,151	Normal	-
		BCM Embedded Computer Inc.	1	Purchase	2,285	Normal	-
		BCM Embedded Computer Inc.	1	Sales	596	Normal	-
		BCM Embedded Computer Inc.	1	Rental revenue	780	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	137	30 days EOM	-
		Cermate	1	Purchase	14,582	Normal	-
		Cermate	1	Payables to related parties	905	Half-year payment (June and December)	-
		Cermate	1	Other revenue	720	Normal	-
		Cermate	1	Receivables from related parties	40	Half-year payment (June and December)	-
		Cermate	1	Sales	200	Normal	-
		Broadwin	1	Sales	2,158	Normal	-
		Broadwin	1	Other revenue	960	Normal	-
		Broadwin	1	Purchase	190	Normal	-
		Broadwin	1	Receivables from related parties	625	60 days EOM	-
		Broadwin	1	Payables to related parties	21	60 days EOM	-
		Advantofine	1	Purchase	315	Normal	-
		Advantech Fund-A	1	Interest expense	1,783	Normal	-
		Advantech Fund-A	1	Rental revenue	36	Normal	-
		Advantech Fund-A	1	Receivables from related parties	9	Normal	-
		AiST	1	Purchase	413,480	Normal	2%

(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)
		AiST	1	Sales	\$ 26,378	Normal	-
		Advansus Corp.	1	Purchase	1,156,603	Normal	5%
		Advansus Corp.	1	Payables to related parties	63,319	60-90 days	-
		Advansus Corp.	1	Sales	10,288	Normal	-
		Advansus Corp.	1	Other revenue	17,010	Normal	-
		Advansus Corp.	1	Rental revenue	7,020	Normal	-
		Advansus Corp.	1	Receivables from related parties	4,139	60-90 days	-
		Netstar Technology Co., Ltd.	1	Purchase	75,629	Normal	-
		Netstar Technology Co., Ltd.	1	Payables to related parties	19,952	60 days EOM	-
		Netstar Technology Co., Ltd.	1	Other revenue	960	Normal	-
		Netstar Technology Co., Ltd.	1	Sales	6,519	Normal	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	4,261	25th of last month of every quarter	-
1	ACN	ABJ (ACN)	3	Receivables from related parties	782	45 days EOM	-
		ACA	3	Receivables from related parties	1,888	30 days EOM	-
		ACA	3	Purchase	177,240	Normal	1%
		ACA	3	Sales	7,148	Normal	-
	ACN (ASZ)	ACN	3	Payables to related parties	4,458	45 days EOM	-
	ACN (ABJ)	ACN	3	Payables to related parties	782	45 days EOM	-
	ACN (ASZ)	ACN (ABJ)	3	Receivables from related parties	782	Prompt collection	-
	ACN (ABJ)	ACN (ASZ)	3	Payables to related parties	782	45 days EOM	-
	ACN	AEU	3	Receivables from related parties	2,601	30 days EOM	-
		AEU	3	Sales	3,051	Normal	-
		AiSC	3	Sales	296,736	Normal	1%
	ACN (ABJ)	AiSC	3	Purchase	206,285	Normal	1%
		AiSC	3	Payables to related parties	218,871	25th of every month	1%
		AiSC	3	Interest expense	1,478	Normal	-
	ACN	AiSC	3	Receivables from related parties	156,437	Prompt collection	1%
		AiSC	3	Interest revenue	38	Normal	-
		AJP	3	Sales	33	Normal	-
		AKMC	3	Sales	20,815	Normal	-
		AKMC	3	Purchase	30,282	Normal	-
		AKMC	3	Payables to related parties	10,035	60-90 days	-
		AKMC	3	Rental expense	3,606	Normal	-
		AKMC	3	Receivables from related parties	3,539	60-90 days	-
		AKR	3	Sales	28	Normal	-
		AMY	3	Sales	25	Normal	-
		ANA	3	Purchase	319	Normal	-
		ANA	3	Payables to related parties	31	30 days EOM	-
		ANA	3	Receivables from related parties	2,144	30 days EOM	-
		ANA	3	Sales	2,570	30 days EOM	-
		ASZ (ACN)	3	Receivables from related parties	4,458	45 days EOM	-
		AXA	3	Payables to related parties	22,823	25th of every month	-
		AXA	3	Receivables from related parties	45,795	60 days EOM	-
		Advantech Co., Ltd.	2	Purchase	2,168,638	Normal	10%
		Advantech Co., Ltd.	2	Payables to related parties	490,012	45 days EOM	2%

(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 Co., Ltd.	2	Sales	\$ 12,994	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	505	30 days EOM	-
		Advantech Co., Ltd.	2	Other expense	33,447	Normal	-
2	AAU	AEU	3	Purchase	157	Normal	-
		ANA	3	Purchase	55	Normal	-
		ANA	3	Payables to related parties	14	60-90 days	-
		ASG	3	Receivables from related parties	33	30 days EOM	-
		ASG	3	Purchase	18	Normal	-
		ASG	3	Payables to related parties	23	45 days after invoice date	-
		A-DLoG	3	Payables to related parties	29	30 days after invoice date	-
		A-DLoG	3	Purchase	276	Normal	-
		Advantech Co., Ltd.	2	Purchase	166,614	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	44,945	60-90 days	-
		Advantech Co., Ltd.	2	Sales	74	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	33	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	3,115	Normal	-
3	ABR	A-DLoG	3	Purchase	122	Normal	-
		Advantech Co., Ltd.	2	Purchase	90,944	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	22,476	90 days EOM	-
		Advantech Co., Ltd.	2	Other expense	1,356	Normal	-
4	ACA	ACN	3	Payables to related parties	1,888	60-90 days	-
		ACN	3	Purchase	7,148	Normal	-
		ACN	3	Sales	177,240	Normal	1%
		AKMC	3	Payables to related parties	211	60-90 days	-
		AKMC	3	Receivables from related parties	49,824	45 days EOM	-
		AKMC	3	Purchase	200	Next 30 days	-
		ATC	3	Sales	60,065	45 days EOM	-
		Advantech Co., Ltd.	2	Sales	403,886	Normal	2%
		Advantech Co., Ltd.	2	Purchase	44,244	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	4,634	30 days EOM	-
		Advantech Co., Ltd.	2	Receivables from related parties	130,522	30 days EOM	1%
		Advantech Fund-A	3	Interest expense	65	Normal	-
		AiST	3	Purchase	46,977	Normal	-
		Advansus Corp.	3	Purchase	74,380	Normal	-
		Advansus Corp.	3	Payables to related parties	35,222	30 days EOM	-
		Advansus Corp.	3	Receivables from related parties	20,165	45 days EOM	-
5	ADL	AEU	3	Commission revenue	86,275	Normal	-
	ADL (AIT)	AEU	3	Commission revenue	68,553	Normal	-
	ADL (AUK)	AEU	3	Receivables from related parties	14,644	30 days after invoice date	-
	ADL (AFR)	AEU	3	Commission revenue	46,600	Normal	-
	ADL (AIT)	AEU	3	Receivables from related parties	8,505	30 days after invoice date	-
	ADL (AUK)	AEU	3	Commission revenue	24,361	Normal	-
	ADL (AFR)	AEU	3	Receivables from related parties	8,351	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)
	ADL	AEU	3	Receivables from related parties	\$ 6,856	30 days after invoice date	-
		AEU	3	Payables to related parties	18,138	30 days after invoice date	-
	ADL (AFR)	AEU	3	Payables to related parties	421	30 days after invoice date	-
	ADL (AUK)	AEUH	3	Payables to related parties	19,590	30 days after invoice date	-
	ADL (ABN)	ANA	3	Purchase	177	Normal	-
	ADL (AUK)	Innocore	3	Receivables from related parties	21,417	Prompt collection	-
	ADL	Advantech Co., Ltd.	2	Payables to related parties	253	30 days EOM	-
		Advantech Co., Ltd.	2	Receivables from related parties	248	30 days after invoice date	-
6	AEUH	ADL (AUK)	3	Receivables from related parties	19,590	30 days after invoice date	-
7	AHK	AAC (HK)	3	Sales	14	Normal	-
		Advantech Co., Ltd.	2	Other revenue	5,693	Normal	-
8	AiSC	AAC (HK)	3	Receivables from related parties	1,310	90 days	-
		ABJ (ACN)	3	Sales	206,285	Normal	1%
		ABJ (ACN)	3	Receivables from related parties	218,871	25th of every month	1%
		ABJ (ACN)	3	Interest revenue	1,478	Normal	-
		ACN	3	Purchase	296,736	Normal	1%
		ACN	3	Payables to related parties	11,800	25th of every month	-
		ACN	3	Interest expense	38	Normal	-
		AKMC	3	Purchase	156,141	Normal	1%
		AKMC	3	Payables to related parties	42,494	Prompt payment	-
		AKMC	3	Sales	8,434	Normal	-
		AKMC	3	Receivables from related parties	563	30 days EOM	-
		BCM	3	Receivables from related parties	154	Prompt collection	-
		Advantech Co., Ltd.	2	Purchase	1,686,624	Normal	8%
		Advantech Co., Ltd.	2	Payables to related parties	419,821	45 days EOM	2%
		Advantech Co., Ltd.	2	Receivables from related parties	40	45 days EOM	-
		Advantofine	3	Sales	67,104	Normal	-
		Advantofine	3	Receivables from related parties	11,996	Prompt collection	-
9	AJP	ACN	3	Purchase	33	Normal	-
		AEU	3	Payables to related parties	1	90 days EOM	-
		AKMC	3	Receivables from related parties	121	45 days EOM	-
		ANA	3	Purchase	22	Normal	-
		Advantech Co., Ltd.	2	Purchase	360,905	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	31,081	60-90 days	-
		Advantech Co., Ltd.	2	Sales	9	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	856	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	17,249	Normal	-
10	AKMC	ACA	3	Receivables from related parties	211	60-90 days	-
		ACA	3	Payables to related parties	49,824	45 days EOM	-
		ACA	3	Sales	200	Next 30 days	-
		ACN	3	Receivables from related parties	10,035	60-90 days	-
		ACN	3	Purchase	20,815	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)
		ACN	3	Sales	\$ 30,282	Normal	-
		ACN	3	Payables to related parties	3,539	60-90 days	-
		ACN	3	Rental revenue	3,606	Normal	-
		AEU	3	Receivables from related parties	1,326	30 days after invoice date	-
		AEU	3	Sales	1,302	Normal	-
		AEU	3	Payables to related parties	802	Normal	-
		AiSC	3	Sales	156,141	Normal	1%
		AiSC	3	Receivables from related parties	42,494	Prompt collection	-
		AiSC	3	Purchase	8,434	Normal	-
		AiSC	3	Payables to related parties	563	30 days EOM	-
		AJP	3	Payables to related parties	121	45 days EOM	-
		AKR	3	Receivables from related parties	29	30 days after invoice date	-
		ANA	3	Payables to related parties	173,533	30 days after invoice date	1%
		ANA	3	Receivables from related parties	29	60-90 days	-
		ANA	3	Interest expense	3,380	Normal	-
		ANA	3	Sales	849	Normal	-
		ANA	3	Purchase	3,400	Normal	-
		ATC	3	Sales	6,105,541	Normal	28%
		ATC	3	Purchase	56,241	Normal	-
		ATC	3	Payables to related parties	16,793	60-90 days	-
		ATC	3	Receivables from related parties	371,810	60-90 days	2%
		ATH	3	Receivables from related parties	33	30 days after invoice date	-
		A-DLoG	3	Purchase	115	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	645	60 days EOM	-
		Advantech Co., Ltd.	2	Purchase	424,309	Normal	2%
		Cermate (Shenzhen)	3	Payables to related parties	3,183	40 days EOM	-
		Cermate (Shenzhen)	3	Purchase	3,353	40 days EOM	-
		Cermate	3	Sales	1,743	Normal	-
		Cermate	3	Receivables from related parties	1,688	60 days EOM	-
		Advantofine	3	Receivables from related parties	118	next 60 days	-
		AiST	3	Purchase	277,795	Normal	1%
		Advansus Corp.	3	Purchase	494,327	Normal	2%
		Advansus Corp.	3	Payables to related parties	34,505	60-90 days	-
		Advansus Corp.	3	Sales	31,104	Normal	-
		Advansus Corp.	3	Receivables from related parties	2,787	Prompt collection	-
		Netstar Technology Co., Ltd.	3	Sales	259,320	Normal	1%
		Netstar Technology Co., Ltd.	3	Purchase	3,573	Normal	-
		Netstar Technology Co., Ltd.	3	Payables to related parties	619	Next 60 days	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	45,165	Next 60 days	-
11	AKR	ACN	3	Purchase	28	Normal	-
		AKMC	3	Payables to related parties	29	30 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	391,402	Normal	2%
		Advantech Co., Ltd.	2	Payables to related parties	24,933	Prompt payment	-
		Advantech Co., Ltd.	2	Sales	4,713	Normal	-
		Advantech Co., Ltd.	2	Other expense	5,936	Normal	-
		Advansus Corp.	3	Purchase	113,615	Normal	1%

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advansus Corp.	3	Payables to related parties	\$ 9,483	60-90 days	-
		AEU	3	Payables to related parties	12	30 days after invoice date	-
		AEU	3	Purchase	12	Normal	-
12	AMY	ACN	3	Purchase	25	Normal	-
		AMY	3	Purchase	22	Normal	-
		ASG	3	Purchase	34	Normal	-
		Advantech Co., Ltd.	2	Purchase	37,871	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	6,824	45 days EOM	-
		Advantech Co., Ltd.	2	Other expense	1,763	Normal	-
		Advantech Co., Ltd.	2	Other revenue	459	Normal	-
13	ANA	AAU	3	Receivables from related parties	14	60-90 days	-
		AAU	3	Sales	55	Normal	-
		ACN	3	Receivables from related parties	31	30 days EOM	-
		ACN	3	Sales	319	Normal	-
		ACN	3	Payables to related parties	2,144	30 days EOM	-
		ACN	3	Purchase	2,570	30 days EOM	-
		ADL (ABN)	3	Sales	177	Normal	-
		AEU	3	Purchase	27,079	Normal	-
		AEU	3	Payables to related parties	10,182	30 days after invoice date	-
		AEU	3	Interest revenue	201	Normal	-
		AEU	3	Receivables from related parties	1,456	60-90 days	-
		AEU	3	Sales	2,425	Normal	-
		AEU	3	Interest expense	98	Normal	-
	AAC (HK)	AHK	3	Purchase	14	Normal	-
		AiSC	3	Payables to related parties	1,310	90 days	-
	ANA	AJP	3	Sales	22	Normal	-
		AKR	3	Sales	155	45 days after invoice date	-
		AKMC	3	Interest revenue	3,380	Normal	-
		AKMC	3	Purchase	849	Normal	-
		AKMC	3	Sales	3,400	Normal	-
		AKMC	3	Payables to related parties	29	60-90 days	-
		AKMC	3	Receivables from related parties	173,533	30 days after invoice date	1%
		ASG	3	Payables to related parties	43	30 days EOM	-
		A-DLoG	3	Purchase	299	Normal	-
		Advantech Co., Ltd.	2	Purchase	5,299,400	Normal	25%
		Advantech Co., Ltd.	2	Payables to related parties	514,185	45 days EOM	2%
		Advantech Co., Ltd.	2	Sales	142,695	Normal	1%
		Advantech Co., Ltd.	2	Other expense	23,941	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	34,865	45 days EOM	-
14	APL	AEU	3	Receivables from related parties	22,658	30 days after invoice date	-
		AEU	3	Purchase	43,062	Normal	-
		AEU	3	Sales	37	Normal	-
		AEU	3	Payables to related parties	172	30 days EOM	-
		Advantech Co., Ltd.	2	Purchase	10,324	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 Co., Ltd.	2	Payables to related parties	\$ 807	45 days EOM	-
		Advantech Co., Ltd.	2	Sales	77	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1	30 days after invoice date	-
15	ASG	AAU	3	Receivables from related parties	23	45 days after invoice date	-
		AAU	3	Payables to related parties	33	Next 30 days	-
		AAU	3	Sales	18	Normal	-
		AEU	3	Purchase	133	Normal	-
		AMY	3	Sales	34	Normal	-
		ANA	3	Receivables from related parties	43	30 days EOM	-
		ATH	3	Sales	5,342	Normal	-
		ATH	3	Receivables from related parties	1,791	30 days EOM	-
		ATH	3	Other revenue	1,338	Normal	-
		Advantech Co., Ltd.	2	Purchase	120,936	Normal	1%
		Advantech Co., Ltd.	2	Payables to related parties	28,371	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	2,810	Normal	-
		Advantech Co., Ltd.	2	Sales	13	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	431	60-90 days	-
		Advantech Co., Ltd.	2	Other revenue	5,146	Normal	-
16	ATC	ACA	3	Purchase	60,065	45 days EOM	-
		AEU	3	Payables to related parties	2,094	30 days after invoice date	-
		AKMC	3	Payables to related parties	371,810	60-90 days	2%
		AKMC	3	Purchase	6,105,541	Normal	28%
		AKMC	3	Sales	56,241	Normal	-
		AKMC	3	Receivables from related parties	16,793	60-90 days	-
		Advantech Co., Ltd.	2	Sales	6,504,451	Normal	30%
		Advantech Co., Ltd.	2	Receivables from related parties	1,156,197	60 days EOM	5%
		Advantech Co., Ltd.	2	Royalty expense	325,933	Normal	2%
17	ATH	AKMC	3	Payables to related parties	33	30 days after invoice date	-
		ASG	3	Purchase	5,342	Normal	-
		ASG	3	Payables to related parties	1,791	30 days EOM	-
		ASG	3	Other expense	1,338	Normal	-
		Advantech Co., Ltd.	2	Other expense	509	Normal	-
		Advantech Co., Ltd.	2	Purchase	52,863	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	3,204	30 days after invoice date	-
		Advantech Co., Ltd.	2	Sales	39	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	10	Normal	-
18	AXA	ACN	3	Payables to related parties	45,795	Prompt payment	-
		ACN	3	Receivables from related parties	22,823	25th of every month	-
20	BCM	AiSC	3	Payables to related parties	154	60 days EOM	-
21	A-DLoG	AAU	3	Receivables from related parties	29	30 days after invoice date	-
		AAU	3	Sales	276	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)
		ABR	3	Sales	\$ 122	Normal	-
		AEU	3	Sales	415	Normal	-
		AEU	3	Payables to related parties	58	30 days after invoice date	-
		AKMC	3	Sales	115	Normal	-
		ANA	3	Sales	299	Normal	-
		Advantech Co., Ltd.	2	Other expense	6,479	Normal	-
		Advantech Co., Ltd.	2	Purchase	14,844	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	3,533	30 days after invoice date	-
		Advantech Co., Ltd.	2	Sales	4,489	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,081	30 days after invoice date	-
22	Innocore	ADL (AUK)	3	Payables to related parties	21,417	Prompt collection	-
		AEU	3	Payables to related parties	45,505	30 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	6,151	Normal	-
24	BCM Embedded Computer Inc.	Advantech Co., Ltd.	2	Sales	2,285	Normal	-
		Advantech Co., Ltd.	2	Purchase	596	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	137	30 days EOM	-
		Advantech Co., Ltd.	2	Rental expense	780	Normal	-
		Advansus Corp.	3	Purchase	79,690	Normal	-
		Advansus Corp.	3	Payables to related parties	1,793	60-90 days	-
25	Cermate (Shanghai)	Cermate (Shenzhen)	3	Purchase	28,458	Normal	-
		Cermate (Shenzhen)	3	Receivables from related parties	6,595	60 days EOM	-
		Cermate (Shenzhen)	3	Sales	202	Normal	-
26	Cermate (Shenzhen)	AKMC	3	Receivables from related parties	3,183	40 days EOM	-
		AKMC	3	Sales	3,353	40 days EOM	-
		Cermate (Shanghai)	3	Sales	28,458	Normal	-
		Cermate (Shanghai)	3	Payables to related parties	6,595	60 days EOM	-
		Cermate (Shanghai)	3	Purchase	202	Normal	-
		Cermate	3	Purchase	67,453	Normal	-
		Cermate	3	Payables to related parties	18,111	30 days EOM	-
		Cermate	3	Sales	11,125	Normal	-
		Cermate	3	Receivables from related parties	1,476	60 days EOM	-
27	Cermate	AKMC	3	Purchase	1,743	Normal	-
		AKMC	3	Payables to related parties	1,688	60 days EOM	-
		Advantech Co., Ltd.	2	Other expense	720	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	905	Half-year payment (June and December)	-
		Advantech Co., Ltd.	2	Sales	14,582	Normal	-
		Advantech Co., Ltd.	2	Purchase	200	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	40	Half-year payment (June and December)	-
		Cermate (Shenzhen)	3	Sales	67,453	Normal	-
		Cermate (Shenzhen)	3	Purchase	11,125	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)
		Cermate (Shenzhen)	3	Payables to related parties	\$ 1,476	60 days EOM	-
		Cermate (Shenzhen)	3	Receivables from related parties	18,111	30 days EOM	-
28	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Other expense	960	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	21	60 days EOM	-
		Advantech Co., Ltd.	2	Purchase	2,158	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	625	60 days EOM	-
		Advantech Co., Ltd.	2	Sales	190	Normal	-
29	Advantofine	AiSC	3	Purchase	67,104	Normal	-
		AiSC	3	Payables to related parties	11,996	Prompt payment	-
		AKMC	3	Receivables from related parties	118	Next 60 days EOM	-
		Advantech Co., Ltd.	2	Sales	315	Normal	-
30	Advantech Fund-A	ACA	3	Interest revenue	65	Normal	-
		Advantech Co., Ltd.	2	Interest revenue	1,783	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	9	Normal	-
		Advantech Co., Ltd.	2	Rental expense	36	Normal	-
		Netstar Technology Co., Ltd.	3	Interest revenue	185	Normal	-
31	AiST	ACA	3	Sales	46,977	Normal	-
		AKMC	3	Sales	277,795	Normal	1%
		Advantech Co., Ltd.	2	Sales	413,480	Normal	2%
		Advantech Co., Ltd.	2	Purchase	26,378	Normal	-
		Advansus Corp.	3	Purchase	130,951	Normal	1%
		Advansus Corp.	3	Sales	298,721	Normal	1%
32	Advansus Corp.	ACA	3	Receivables from related parties	35,222	30 days EOM	-
		ACA	3	Payables to related parties	20,165	45 days EOM	-
		ACA	3	Sales	74,380	Normal	-
		AKMC	3	Sales	494,327	Normal	2%
		AKMC	3	Receivables from related parties	34,505	60-90 days	-
		AKMC	3	Purchase	31,104	Normal	-
		AKMC	3	Payables to related parties	2,787	Prompt payment	-
		AKR	3	Sales	113,615	Normal	1%
		AKR	3	Receivables from related parties	9,483	60-90 days	-
		Advantech Co., Ltd.	2	Other expense	17,010	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	63,319	60-90 days	-
		Advantech Co., Ltd.	2	Sales	1,156,603	Normal	5%
		Advantech Co., Ltd.	2	Purchase	10,288	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	4,139	60-90 days	-
		Advantech Co., Ltd.	2	Rental expense	7,020	Normal	-
		BCM Embedded Computer Inc.	3	Sales	79,690	Normal	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	1,793	60-90 days	-
		AiST	3	Sales	130,951	Normal	1%
		AiST	3	Purchase	298,721	Normal	1%

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
33	Netstar Technology Co., Ltd.	AKMC	3	Purchase	\$ 259,320	Normal	1%
		AKMC	3	Payables to related parties	45,165	next 60 days EOM	-
		AKMC	3	Sales	3,573	Normal	-
		AKMC	3	Receivables from related parties	619	next 60 days EOM	-
		Advantech Co., Ltd.	2	Other expense	960	Normal	-
		Advantech Co., Ltd.	2	Sales	75,629	Normal	-
		Advantech Co., Ltd.	2	Purchase	6,519	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	4,261	25th of every quarter	-
		Advantech Co., Ltd.	2	Receivables from related parties	19,952	60 days EOM	-
		Advantech Fund-A	3	Interest expense	185	Normal	-
35	AEU	ACN	3	Payables to related parties	2,601	30 days EOM	-
		ACN	3	Purchase	3,051	Normal	-
		ADL	3	Receivables from related parties	18,138	30 days after invoice date	-
		ADL	3	Commission expense	86,275	Normal	-
		ADL	3	Payables to related parties	6,856	30 days after invoice date	-
		ADL (AFR)	3	Receivables from related parties	421	30 days after invoice date	-
		ADL (AFR)	3	Commission expense	46,600	Normal	-
		ADL (AFR)	3	Payables to related parties	8,351	30 days after invoice date	-
		ADL (AIT)	3	Commission expense	68,553	Normal	-
		ADL (AIT)	3	Payables to related parties	8,505	30 days after invoice date	-
		ADL (AUK)	3	Payables to related parties	14,644	30 days after invoice date	-
		ADL (AUK)	3	Commission expense	24,361	Normal	-
		AJP	3	Receivables from related parties	1	90 days EOM	-
		AKMC	3	Payables to related parties	1,326	60-90 days	-
		AKMC	3	Purchase	1,302	Normal	-
		ANA	3	Sales	27,079	Normal	-
		ANA	3	Purchase	2,425	Normal	-
		ANA	3	Payables to related parties	1,456	60-90 days	-
		ATC	3	Receivables from related parties	2,094	30 days after invoice date	-
		AKMC	3	Receivables from related parties	802	Normal	-
		ANA	3	Receivables from related parties	10,182	30 days after invoice date	-
		ANA	3	Interest expense	201	Normal	-
		ANA	3	Interest revenue	98	Normal	-
		APL	3	Payables to related parties	22,658	30 days after invoice date	-
		APL	3	Sales	43,062	Normal	-
		AKR	3	Receivables from related parties	12	30 days after invoice date	-
		APL	3	Receivables from related parties	172	30 days EOM	-
		APL	3	Purchase	37	Normal	-
		A-DLoG	3	Receivables from related parties	58	30 days after invoice date	-
		A-DLoG	3	Purchase	415	Normal	-
		Innocore	3	Receivables from related parties	45,505	60 days EOM	-
		Advantech Co., Ltd.	2	Other expense	15,547	Normal	-
		Advantech Co., Ltd.	2	Payables to related parties	818,076	30 days EOM	4%
		Advantech Co., Ltd.	2	Sales	1,741	Normal	-
		Advantech Co., Ltd.	2	Purchase	2,369,391	Normal	11%
		Advantech Co., Ltd.	2	Receivables from related parties	1,220	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)
		AAU	3	Sales	\$ 157	Normal	-
		ASG	3	Sales	133	Normal	-
		AMY	3	Sales	22	Normal	-
		AKR	3	Sales	12	Normal	-
37	AAC (HK)	Advantech Co., Ltd.	2	Receivables from related parties	1454	45 days EOM	-
		Advantech Co., Ltd.	2	Payables to related parties	47	45 days EOM	-

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, 2012 and 2011, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the years ended December 31, 2012 and 2011.

Note D: All intercompany transactions have been eliminated from the consolidation.

(Concluded)