Advantech Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the
Three Months Ended March 31, 2013 and 2012 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
Advantech Co., Ltd

We have reviewed the accompanying consolidated balance sheets of Advantech Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

The financial statements of the Company's subsidiaries for the three months ended March 31, 2013 and 2012 had not been reviewed, except those of Advantech Automation Corp. (BVI), Advantech Automation Corp. (H.K.) Limited and Advantech Corp., Advantech Europe Holding B.V (reviewed as of March 31, 2013), Advantech Europe B.V (reviewed as of March 31, 2013), Advantech Technology Co., Ltd (reviewed as of March 31, 2013), Advantech Technology (HK) Co., Limited and Advantech Technology (China) Co., Ltd. (AKMC) (reviewed as of March 31, 2013). The total assets of these subsidiaries were 14.06% (NT$3,647,408 thousand) and 24.86% (NT$1,716,943 thousand) of the Company's consolidated total assets as of March 31, 2013 and 2012, respectively. The total liabilities of these subsidiaries were 32.16% (NT$7,523,453 thousand) and 31.82% (NT$2,073,937 thousand) of the Company's consolidated total liabilities as of March 31, 2013 and 2012, respectively. The comprehensive incomes of these subsidiaries were 12.15% (NT$150,207 thousand) and 18.44% (NT$224,631 thousand) of the Company's consolidated comprehensive incomes in the three months ended March 31, 2013 and 2012, respectively. Also, as stated in Note 12 to the consolidated financial statements, the investments accounted for by the equity method were NT$402,390 thousand and NT$371,506 thousand as of March 31, 2013 and 2012, respectively. The equities in earnings of the equity-method investees of these subsidiaries were NT$19,677 thousand and NT$4,653 thousand of the Company's consolidated net income in the three months ended March 31, 2013 and 2012, respectively, and these investment amounts as well as additional disclosures in Note 34 "Information on investees" were based on the investees' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except for the adjustments which could arise from the financial statements of the Company's subsidiaries that had not been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements of Advantech Co., Ltd. and subsidiaries referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the Financial Supervisory Commission of the Republic of China (ROC), International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards" and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 3, 2013

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

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

For the convenience of readers, the independent accountants' review 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 independent accountants' review report and consolidated financial statements shall prevail.

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Note 6)	$ 2,773,068	11	$ 3,272,043	14	$ 2,218,504	9	$ 2,281,279	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	21,856	-	16,879	-	26,735	-	57,204	-
Available-for-sale financial assets - current (Notes 4 and 8)	2,954,949	11	1,537,309	6	2,061,148	9	873,808	4
Debt investments with no active market - current (Notes 6 and 9)	392,736	2	423,428	2	350,521	2	241,882	1
Notes receivable (Notes 4 and 10)	541,041	2	574,292	3	447,282	2	427,256	2
Trade receivables (Notes 4, 5 and 10)	3,896,728	15	3,631,078	15	3,713,802	16	3,381,180	16
Trade receivables from related parties (Note 30)	15,622	-	3,377	-	2,990	-	3,464	-
Other receivables	101,357	-	71,792	-	109,795	-	49,335	-
Inventories (Notes 4 and 11)	4,156,022	16	3,890,166	16	3,849,944	16	3,895,123	18
Other current assets (Notes 15 and 31)	382,260	2	306,949	1	144,210	1	194,137	1
Total current assets	15,235,639	59	13,727,313	57	12,924,931	55	11,404,668	53
NONCURRENT ASSETS								
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	2,399,881	9	2,305,004	10	2,600,532	11	2,343,019	11
Investments accounted for using the equity method (Notes 4 and 12)	402,390	2	379,684	2	371,506	2	363,978	2
Property, plant and equipment (Notes 4, 13 and 31)	6,609,587	26	6,391,636	26	6,129,847	26	6,240,080	29
Goodwill (Notes 4 and 14)	631,347	2	632,181	3	671,699	3	607,363	3
Other intangible assets (Note 4)	363,071	1	349,185	1	405,228	2	367,261	2
Deferred tax assets (Notes 4 and 5)	147,354	1	167,386	1	128,288	1	145,206	-
Prepayments for equipment	15,967	-	22,954	-	21,346	-	27,906	-
Long-term prepayments for lease (Note 15)	95,340	-	93,098	-	95,386	-	98,496	-
Other noncurrent assets (Note 27)	40,087	-	40,304	-	41,730	-	40,029	-
Total noncurrent assets	10,705,024	41	10,381,432	43	10,465,562	45	10,233,338	47
TOTAL	$ 25,940,663	100	$ 24,108,745	100	$ 23,390,493	100	$ 21,638,006	100

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES								
Short-term borrowings (Notes 16 and 31)	$ 153,547	1	$ 151,452	1	$ 151,428	1	$ 171,442	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	23,177	-	9,620	-	6,481	-	53,516	-
Trade payables (Notes 30)	2,836,469	11	2,327,248	10	2,353,371	10	1,709,805	8
Other payables (Note 18)	2,011,051	8	2,074,727	9	1,662,543	7	1,738,402	8
Current tax liabilities (Note 4)	584,841	2	324,613	1	444,702	2	407,157	2
Short-term provision for contingent service cost (Note 4)	104,205	-	106,735	-	104,055	1	112,617	-
Current portion of long-term borrowings (Notes 16 and 31)	355	-	366	-	1,362	-	1,584	-
Other current liabilities	329,897	1	495,582	2	330,227	1	389,165	2
Total current liabilities	6,043,542	23	5,490,343	23	5,054,169	22	4,583,688	21
NONCURRENT LIABILITIES								
Bonds payable (Notes 4 and 17)	163,978	1	184,660	1	764,391	3	760,331	4
Long-term borrowings, net of current portion (Notes 16 and 31)	2,488	-	2,566	-	10,894	-	11,068	-
Deferred tax liabilities (Note 4)	547,286	2	552,179	2	516,307	2	509,752	2
Accrued pension liabilities (Notes 4 and 19)	149,320	1	150,647	-	170,764	1	171,945	1
Other noncurrent liabilities	358	-	1,081	-	1,094	-	1,116	-
Total noncurrent liabilities	863,430	4	891,133	3	1,463,450	6	1,454,212	7
Total liabilities	6,906,972	27	6,381,476	26	6,517,619	28	6,037,900	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY								
Share capital								
Ordinary shares	5,652,059	22	5,639,971	23	5,538,321	24	5,529,961	26
Capital surplus								
Additional paid in capital from share issuance in excess of par value	4,620,005	18	4,563,350	19	3,821,335	16	3,751,469	18
Employee stock options	143,179	-	138,435	1	233,708	1	256,210	1
Changes in percentage of ownership in related parties recognized under the equity method	232	-	-	-	5,412	-	-	-
Total capital surplus	4,763,416	18	4,701,785	20	4,060,455	17	4,007,679	19
Retained earnings								
Legal reserve	2,715,185	10	2,715,185	11	2,359,911	10	2,359,911	11
Special reserve	545,303	2	545,303	2	621,662	3	621,662	3
Unappropriated earnings	4,811,018	19	3,952,535	17	4,269,427	18	3,524,919	16
Total retained earnings	8,071,506	31	7,213,023	30	7,251,000	31	6,506,492	30
Other equity								
Foreign-currency translation reserve	32,923	-	(104,345)	(1)	(35,297)	-	105,408	-
Unrealized gain or loss from available-for-sale financial assets	397,161	2	168,944	1	(40,299)	-	(648,592)	(3)
Total other equity	430,084	2	64,599	-	(75,596)	-	(543,184)	(3)
Total equity attributable to owners of the Company	18,917,065	73	17,619,378	73	16,774,180	72	15,500,948	72
NONCONTROLLING INTERESTS	116,626	-	107,891	1	98,694	-	99,158	-
Total equity	19,033,691	73	17,727,269	74	16,872,874	72	15,600,106	72
TOTAL	$ 25,940,663	100	$ 24,108,745	100	$ 23,390,493	100	$ 21,638,006	100

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

(With Deloitte & Touche review report dated May 3, 2013)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 30)				
Sales	$ 6,378,641	96	$ 6,097,512	97
Other operating revenue	250,946	4	165,043	3
Total operating revenue	6,629,587	100	6,262,555	100
OPERATING COSTS (Notes 11, 21 and 30)	3,863,638	58	3,779,894	60
GROSS PROFIT	2,765,949	42	2,482,661	40
OPERATING EXPENSES (Notes 21 and 30)				
Selling and marketing expenses	718,415	11	599,866	10
Administrative expenses	469,007	7	470,936	8
Research and development expenses	613,545	9	589,557	9
Total operating expenses	1,800,967	27	1,660,359	27
PROFIT FROM OPERATIONS	964,982	15	822,302	13
NONOPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates and joint ventures (Notes 4 and 12)	19,677	-	4,653	-
Interest income	6,583	-	2,002	-
Gain (loss) on disposal of property, plant and equipment	(1,035)	-	32,376	-
Gain on disposal of investments	34,224	1	22,409	-
Foreign exchange gain, net (Note 4)	31,288	-	-	-
Valuation gain on financial instruments (Notes 4 and 7)	11,772	-	46,732	1
Other income (Notes 8 and 30)	22,294	-	24,890	-
Finance costs (Note 21)	(3,205)	-	(5,151)	-
Valuation loss on financial instruments (Notes 4 and 7)	(15,087)	-	(19,731)	-
Foreign exchange loss (Note 4)	-	-	(26,675)	-
Other losses	(4,109)	-	(2,941)	-
Total nonoperating income and expenses	102,402	1	78,564	1
PROFIT BEFORE INCOME TAX	1,067,384	16	900,866	14
INCOME TAX EXPENSE (Notes 4 and 22)	200,416	3	148,629	2
NET PROFIT FOR THE PERIOD	866,968	13	752,237	12

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	$ 166,445	3	$ (167,548)	(3)
Unrealized gain on available-for-sale financial assets (Note 20)	228,217	3	608,293	10
Share of the other comprehensive income of associates and joint ventures	2,783	-	(3,037)	-
Income tax relating to the components of other comprehensive income (expense) (Notes 4 and 22)	(28,115)	-	28,483	-
Other comprehensive income for the period, net of income tax	369,330	6	466,191	7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,236,298	19	$ 1,218,428	19
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 859,867	13	$ 749,537	12
Noncontrolling interests	7,101	-	2,700	-
	$ 866,968	13	$ 752,237	12
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 1,225,352	19	$ 1,216,666	19
Noncontrolling interests	10,946	-	1,762	-
	$ 1,236,298	19	$ 1,218,428	19
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 23)				
Basic	$1.52		$1.35	
Diluted	$1.51		$1.35	

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

(With Deloitte & Touche review report dated May 3, 2013) (Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company												
	Issued Capital (Notes 20 and 24)				Retain Earnings (Notes 4, 20 and 26)				Other Equity (Notes 4 and 20)				
	Share Capital	Advance Receipts for Ordinary Shares	Total	Capital Surplus (Notes 4 and 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Noncontrolling Interests (Notes 4, 20 and 26)	Total Equity
BALANCE AT JANUARY 1, 2012	$ 5,517,971	$ 11,990	$ 5,529,961	$ 4,007,679	$ 2,359,911	$ 621,662	$ 3,524,919	$ 6,506,492	$ 105,408	$ (648,592)	$ 15,500,948	$ 99,158	$ 15,600,106
Issue of ordinary shares for employee share options	11,990	(11,990)	-	-	-	-	-	-	-	-	-	-	-
Recognition of employee share options by the Company	-	8,360	8,360	34,285	-	-	-	-	-	-	42,645	-	42,645
Compensation cost recognized for employee share options	-	-	-	13,079	-	-	-	-	-	-	13,079	-	13,079
Change in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	-	5,412	-	-	-	-	-	-	5,412	-	5,412
Additional acquisition of equity interest in a subsidiary	-	-	-	-	-	-	(4,570)	(4,570)	-	-	(4,570)	(2,226)	(6,796)
Net profit for the three months ended March 31, 2012	-	-	-	-	-	-	749,537	749,537	-	-	749,537	2,700	752,237
Other comprehensive income for the three months ended March 31, 2012, net of income tax	-	-	-	-	-	-	(459)	(459)	(140,705)	608,293	467,129	(938)	466,191
Total comprehensive income (loss) for the three months ended March 31, 2012	-	-	-	-	-	-	749,078	749,078	(140,705)	608,293	1,216,666	1,762	1,218,428
BALANCE AT MARCH 31, 2012	$ 5,529,961	$ 8,360	$ 5,538,321	$ 4,060,455	$ 2,359,911	$ 621,662	$ 4,269,427	$ 7,251,000	$ (35,297)	$ (40,299)	$ 16,774,180	$ 98,694	$ 16,872,874
BALANCE AT JANUARY 1, 2013	$ 5,639,971	$ -	$ 5,639,971	$ 4,701,785	$ 2,715,185	$ 545,303	$ 3,952,535	$ 7,213,023	$ (104,345)	$ 168,944	$ 17,619,378	$ 107,891	$ 17,727,269
Compensation cost recognized for employee share options	-	-	-	5,984	-	-	-	-	-	-	5,984	-	5,984
Change in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	-	232	-	-	-	-	-	-	232	-	232
Additional acquisition of equity interest in a subsidiary	-	-	-	-	-	-	(1,384)	(1,384)	-	-	(1,384)	(2,211)	(3,595)
Convertible bonds converted to ordinary shares	2,838	-	2,838	18,778	-	-	-	-	-	-	21,616	-	21,616
Recognition of employee share options by the Company	9,250	-	9,250	36,637	-	-	-	-	-	-	45,887	-	45,887
Net profit for the three months ended March 31, 2013	-	-	-	-	-	-	859,867	859,867	-	-	859,867	7,101	866,968
Other comprehensive income for the three months ended March 31, 2013, net of income tax	-	-	-	-	-	-	-	-	137,268	228,217	365,485	3,845	369,330
Total comprehensive income (loss) for the three months ended March 31, 2013	-	-	-	-	-	-	859,867	859,867	137,268	228,217	1,225,352	10,946	1,236,298
BALANCE AT MARCH 31, 2013	$ 5,652,059	$ -	$ 5,652,059	$ 4,763,416	$ 2,715,185	$ 545,303	$ 4,811,018	$ 8,071,506	$ 32,923	$ 397,161	$ 18,917,065	$ 116,626	$ 19,033,691

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

(With Deloitte & Touche review report dated May 3, 2013)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,067,384	$ 900,866
Adjustments for:		
Depreciation expenses	95,616	91,004
Amortization expenses	24,065	23,380
Impairment loss recognized on trade receivables	2,435	6,717
Compensation cost of employee share options	5,984	13,079
Finance costs	3,205	5,151
Interest income	(6,583)	(2,002)
Share of profit loss of associates and joint ventures	(19,677)	(4,653)
(Gain) loss on disposal of property, plant and equipment	1,035	(32,376)
Gain on disposal of available-for-sale financial assets	(34,224)	(22,272)
Gain on disposal of former associates	-	(137)
Loss recognized on the write down and disposal of inventories	18,880	43,191
Changes in operating assets and liabilities		
(Increase) decrease in financial assets held for trading	8,580	(16,566)
(Increase) decrease in notes receivable	33,251	(20,026)
Increase in trade receivables	(269,602)	(223,113)
(Increase) decrease in trade receivables - related parties	(12,245)	474
Increase in other receivables	(26,308)	(60,173)
(Increase) decrease in inventories	(284,736)	126,818
(Increase) decrease in other current assets	(75,365)	51,086
Increase in trade payables	509,221	511,671
Decrease in accrued pension liabilities	(1,327)	(1,181)
Decrease in other payables	(68,156)	(298,995)
Decrease in other current liabilities	(165,685)	(67,338)
Cash generated from operations	805,748	1,024,605
Interest received	3,326	1,715
Interest paid	(322)	(118)
Income tax paid	(23,907)	(87,611)
Net cash generated from operating activities	784,845	938,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in prepayments for equipment	6,987	6,560
Purchase of available-for-sale financial assets	(1,975,680)	(1,181,900)
Proceeds of the sale of available-for-sale financial assets	725,488	407,627
Purchase of debt investments with no active market	-	(108,639)
Proceeds of the sale of debt investments with no active market	30,692	-
Net cash inflow on acquisition of subsidiaries	-	3,085
Net cash inflow on disposal of subsidiaries	-	14,503
Payments for property, plant and equipment	(243,151)	(58,357)
Proceeds of the disposal of property, plant and equipment	1,208	62,547

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	**2012**
Increase in refundable deposits	$ -	$ (776)
Decrease in refundable deposits	217	-
Payments for intangible assets	(37,013)	(30,574)
Net cash used in investing activities	(1,491,252)	(885,924)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	2,095	-
Repayments of short-term borrowings	-	(20,014)
Employee share options exercised	45,887	42,645
Repayments of long-term borrowings	(89)	(396)
Refund of guarantee deposits received	(723)	(22)
Changes in noncontrolling interests	(3,595)	(6,796)
Net cash generated from financing activities	43,575	15,417
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	163,857	(130,859)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(498,975)	(62,775)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,272,043	2,281,279
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,773,068	$ 2,218,504

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

(With Deloitte & Touche review report dated May 3, 2013) (Concluded)

1. GENERAL INFORMATION

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.

The Parent Company's shares have been listed on the Taiwan Stock Exchange since December 1999.

The functional currency of the Parent Company is New Taiwan dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Parent Company's stock is listed on the Taiwan Stock Exchange.

As of March 31, 2013 and 2012, the Parent Company and the consolidated subsidiaries (collectively, the "Group") had 6,454 and 5,792 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on May 3, 2013.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Parent Company and all its subsidiaries (the "Group") have not applied the following IFRSs that have been issued by the IASB.

As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission (FSC) has not announced the effective dates for the following new and revised Standards, Amendments and Interpretations:

New, Revised Standards, Amendments and Interpretations		Effective Date Announced by IASB (Note)
Endorsed by the FSC but the effective dates have not yet been determined by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2009 - Amendment to IAS 39	January 1, 2009 or January 1, 2010
IFRS 9 (2009)	Financial Instruments	January 1, 2015
Amendment to IAS 39	Embedded Derivatives	Effective in fiscal year beginning on or after June 30, 2009
Not yet endorsed by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2010 - Amendment to IAS 39	July 1, 2010 or January 1, 2011
Amendments to IFRSs	Annual Improvements to IFRSs 2009 - 2011 Cycle	January 1, 2013
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendments to IFRS 1	Government Loans	January 1, 2013
Amendment to IFRS 7	Disclosures-offsetting Financial Assets and Financial Liabilities	January 1, 2013
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosure	January 1, 2015
Amendments to IFRS 7	Disclosures - Transfers of Financial Assets	July 1, 2011
Amendments to IFRS 9	Financial Instruments	January 1, 2015
Amendment to IFRS 10	Consolidated Financial Statements	January 1, 2013
Amendment to IFRS 11	Joint Arrangements	January 1, 2013
Amendment to IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IFRS 27	Investment Entities	January 1, 2014
Amendment to IFRS 13	Fair Value Measurement	January 1, 2013
Amendment to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendment to IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendment to IAS 19	Employee Benefits	January 1, 2013
Amendment to IAS 27	Separate Financial Statements	January 1, 2013
Amendment to IAS 28	Investments in Associates and Joint Ventures	January 1, 2013
Amendment to IAS 32	Offsetting of Financial Assets and Financial Liabilities	January 1, 2014
Amendment to IAS 20	Stripping Costs in the Production Phase of A Surface Mine	January 1, 2013

Note: Unless otherwise noted, the above new and revised Standards, Amendments and Interpretations are effective for annual periods beginning on or after the respective effective dates.

Except for the following, the initial application of the above new and revised Standards, Amendments and Interpretations had not had any material impact on the Group's accounting policies:

a. Initial application of IFRS 9 "Financial Instruments"

   With regard to financial assets, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model by the Group whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the balance sheet date.

   As for financial liabilities, the main changes are with regard to the classification and measurement of financial liabilities designated as at fair value through profit or loss. IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

b. Since the FSC has not announced the effective date for the above new and revised Standards, Amendments and Interpretations, it is not practicable to provide a reasonable estimate of the impact of the initial application of the Standards, Amendments and Interpretations on the financial position and results of the Group until a detailed review has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the Financial Supervisory Commission (FSC) announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." Under this framework, starting from 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS) , and the Interpretations approved by the FSC.

The consolidated financial statements of the Parent Company and all its subsidiaries are the first IFRS interim financial statements for part of the period covered by its first IFRS financial statements, the consolidated financial statements for 2013. The date of transition to IFRSs was January 1, 2012. Refer to Note 36 for the impact of IFRS conversion on the consolidated financial statements.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Business Accounting Guidelines, IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in interim financial reports is less than disclosures required in a full set of annual financial reports.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards." The applicable IFRSs have been applied retrospectively by the Group except for some aspects where other IFRSs prohibit retrospective application and specified areas where IFRS 1 grants limited exemptions from the requirements of other IFRSs. For the exemptions that the Group elected, refer to Note 36. The significant accounting policies are set out as below.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the reporting period. Property, plant and equipment, intangible assets, other than assets classified as current are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue. Liabilities that are not classified as current are classified as noncurrent.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company. Control is achieved when the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Parent Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Noncontrolling interests shall be presented in the consolidated balance sheets within equity, separately from the equity of the owners of the Parent Company.

<u>Attribution of total comprehensive income to noncontrolling interests</u>

Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

b. Subsidiaries included in the consolidated financial statements:

The consolidated entities as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 were as follows:

		% of Ownership			
Investor	**Investee**	**March 31, 2013**	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Advantech Co., Ltd.	AAC (BVI)	100.00	100.00	100.00	100.00
	ATC	100.00	100.00	100.00	100.00
	Advansus Corp.	100.00	100.00	100.00	50.00
	Advantech Fund-A	100.00	100.00	100.00	100.00
	AEUH	100.00	100.00	100.00	100.00
	ASG	100.00	100.00	100.00	100.00
	AAU	100.00	100.00	100.00	100.00
	AJP	100.00	100.00	100.00	100.00
	AMY	100.00	100.00	100.00	100.00
	AKR	100.00	100.00	100.00	100.00
	ABR	43.28	43.28	43.28	43.28
	AiST	100.00	100.00	100.00	100.00
	ACA	99.36	99.36	99.36	99.36
	AIN	99.99	99.99	-	-
	AHK	-	-	100.00	100.00
Advantech Fund-A	Netstar Technology Co., Ltd.	95.48	94.28	92.05	89.79
	BCM Embedded Computer Inc.	100.00	100.00	100.00	100.00
	Broadwin Technology Inc.	100.00	100.00	100.00	100.00
	Cemate Technology Inc.	55.00	55.00	55.00	55.00
ATC	ATC (HK)	100.00	100.00	100.00	100.00
ATC (HK)	AKMC	100.00	100.00	100.00	100.00
AAC (BVI)	ANA	100.00	100.00	100.00	100.00
	AAC (HK)	100.00	100.00	100.00	100.00
ANA	ABR	16.72	16.72	16.72	16.72
	AMX	100.00	100.00	-	-
AAC (HK)	ACN	100.00	100.00	100.00	100.00
	AiSC	100.00	100.00	100.00	100.00
	AXA	100.00	100.00	100.00	100.00
ACN	Hangzhou Advantofine Automation Co., Ltd.	60.00	60.00	60.00	60.00
AEUH	AEU	100.00	100.00	100.00	100.00
	APL	100.00	100.00	100.00	100.00
	A-DLOG	-	-	100.00	100.00
AEU	A-DLOG	100.00	100.00	-	-
	Innocore	-	-	100.00	100.00
Innocore	IGL	-	-	100.00	100.00
ASG	ATH	51.00	51.00	51.00	51.00
	AID	100.00	100.00	-	-
Cermate Technology Inc.	Land Mark	100.00	100.00	100.00	100.00
Land Mark	Cermate (Shanghai)	100.00	100.00	100.00	100.00
	Cermate (Shenzhen)	90.00	90.00	90.00	90.00

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date (i.e., the day when the Group obtains control) fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess are recognized immediately in profit or loss as a bargain purchase gain.

Noncontrolling interests may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Functional currency is the currency of the primary economic environment in which the entity operates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Exchange differences arising on the retranslation of non-monetary assets (such as equity instruments) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Parent Company and noncontrolling interests as appropriate).

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process 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 weighted-average cost on the balance sheet date.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The equity method of accounting is used in incorporating investments in associates in these consolidated financial statements. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one period. Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with IAS 23 "Borrowing Costs". Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Derecognition of intangible assets

   An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

   Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The categories of financial assets held by the Group are financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

a) It has been acquired principally for the purpose of selling it in the near term; or

b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 29.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, cash and cash equivalent, debt investments with no active market, and other receivables) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

b. Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are 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 financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

1) Significant financial difficulty of the issuer or counterparty; or

2) Breach of contract, such as a default or delinquency in interest or principal payments; or

3) It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

4) The disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method, less any impairment (see above for the definition of effective interest method):

1) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

a) It has been acquired principally for the purpose of repurchasing it in the near term; or

b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 29.

Investments in equity instruments under financial liabilities at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial liabilities carried at cost. If, in a subsequent period, the fair value of the financial liabilities cannot be reliably measured, the financial liabilities are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, sales of goods are recognized when goods are delivered and title has passed.

b. Rendering of services

Service income is recognized when services are provided.

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

c. Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

d. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

Lease incentives included in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern over which the benefit of the leased asset is diminished.

b. The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income from the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred other than stated above.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

Employee Share Options

Employee share options granted to employees are equity-settled share-based payment transactions, which are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grate date when the share options granted vest immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Interim period income taxes are assessed on an annual basis. Interim period income tax expense is calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Income taxes

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of the deferred tax assets in relation to unused tax losses was $116,109 thousand, $116,109 thousand, $150,346 thousand and $150,346 thousand, respectively. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, no deferred tax asset has been recognized on the tax loss of $111,938 thousand, $111,938 thousand, $130,606 thousand and $130,606 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

b. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of trade receivables was $3,896,728 thousand, $3,631,078 thousand, $3,713,802 thousand and $3,381,180 thousand, respectively (after deducting allowance of $88,362 thousand, $84,588 thousand, $55,774 thousand and $50,788 thousand, respectively).

c. Fair value of derivatives and other financial instruments

As described in Note 29, The Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Note 29 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments. The Group's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

6. CASH AND CASH EQUIVALENTS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Cash on hand	$ 2,745	$ 2,742	$ 3,410	$ 3,174
Checking accounts and demand deposits	2,196,966	2,496,697	2,113,631	2,239,968
Time deposits with original maturities less than three months	573,357	772,604	101,463	38,137
	$ 2,773,068	$ 3,272,043	$ 2,218,504	$ 2,281,279

The market rates of cash in bank at the end of the reporting period were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Time deposits	0.73%-2.85%	0.73%-4.50%	0.40%-3.10%	0.38%-3.30%

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amounts of time deposits with original maturities of more than three months which were classified as "debt investments with no active market," were $392,736 thousand, $423,428 thousand, $350,521 thousand and $241,882 thousand, respectively. (Refer to Note 9).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Financial assets held for trading - current				
Foreign exchange forward contracts	$ 21,856	$ 16,879	$ 26,735	$ 57,204
Financial liabilities held for trading - current				
Foreign exchange forward contracts	$ 23,177	$ 9,620	$ 6,481	$ 53,516

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
March 31, 2013			
Sell	USD/NTD	2013.04-2013.10	USD41,493/NTD1,214,385
	EUR/USD	2013.04-2013.10	EUR8,500/USD11,239
	EUR/NTD	2013.04-2013.10	EUR9,500/NTD368,712
	JPY/USD	2013.04-2013.05	JPY20,000/USD254
	JPY/NTD	2013.04-2013.09	JPY210,000/NTD70,055
December 31, 2012			
Sell	EUR/NTD	2013.01-2013.06	EUR5,000/NTD189,762
	EUR/USD	2013.01-2013.06	EUR10,000/USD13,024
	USD/NTD	2013.01-2013.06	USD41,047/NTD1,201,760
	JPY/NTD	2013.01-2013.05	JPY130,000/NTD47,989
	JPY/USD	2013.01-2013.05	JPY80,000/USD1,023
March 31, 2012			
Sell	USD/NTD	2012.04-2012.07	USD25,517/NTD751,562
	JPY/NTD	2012.04-2012.05	JPY50,000/NTD19,535
	JPY/USD	2012.04-2012.05	JPY40,000/USD517
	EUR/USD	2012.04-2012.07	EUR7,500/USD10,500
	EUR/NTD	2012.04-2012.07	EUR5,500/NTD220,918
January 1, 2012			
Sell	EUR/NTD	2012.01-2012.06	EUR5,500/NTD223,957
	EUR/USD	2012.01-2012.06	EUR13,000/USD18,419
	USD/NTD	2012.01-2012.06	USD44,935/NTD1,308,802
	JPY/USD	2012.01-2012.04	JPY120,000/USD1,517
	JPY/NTD	2012.01-2012.04	JPY140,000/NTD52,273

The Group entered into foreign exchange forward contracts during the three months ended March 31, 2013 and 2012 to manage exposures due to exchange rate fluctuations of foreign-currency denominated assets and liabilities. The Group's financial hedging strategy is to minimize risks due to market price fluctuations and cash flows; however, because these contracts did not meet the criteria for hedge effectiveness, they were not subject to hedge accounting.

During the three months ended March 31, 2013 and 2012, transactions on financial assets and liabilities measured at fair value through profit and loss resulted in net losses of $3,315 thousand and net gains of $27,001 thousand, respectively.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Current	**Noncurrent**	**Current**	**Noncurrent**	**Current**	**Noncurrent**	**Current**	**Noncurrent**
Domestic investments								
Mutual funds	$ 2,880,125	$ -	$ 1,495,111	$ -	$ 2,021,980	$ -	$ 833,866	$ -
Quoted shares								
Chunghwa Telecom Co., Ltd.	45,932	115,410	15,588	117,524	14,994	113,047	16,495	124,364
ASUSTek Computer Inc.	-	1,795,887	-	1,784,146	-	2,000,872	-	1,576,266
Pegatron Corp.	-	455,327	-	370,077	-	453,356	-	609,132
AverMedia Information Inc.	19,525	-	17,464	-	24,174	-	23,447	-
Taiwan 50	9,367	-	9,146	-	-	-	-	-
Foreign investments								
Unquoted foreign shares								
Coban Research and Technologies, Inc. (US$1,020 thousand in March 31, 2013 and 2012)	-	33,257	-	33,257	-	33,257	-	33,257
	$ 2,954,949	$ 2,399,881	$ 1,537,309	$ 2,305,004	$ 2,061,148	$ 2,600,532	$ 873,808	$ 2,343,019

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 their respective purposes for holding the shares.

The Group's designated unquoted foreign shares, which were originally recognized as financial assets measured at cost, amounted to $33,257 thousand. Those shares were recognized as available-for-sale financial assets as of January 1, 2012, the transition date to IFRSs (Note 36). Refer to Note 29 for the determination of fair values of those shares and other available-for-sale financial assets.

For its securities borrowing and lending transactions, the Group placed some of its quoted domestic stock, recorded under available-for-sale assets - noncurrent, in a trust at Chinatrust Commercial Bank. As of March 31, 2013 and 2012, the stocks held in trust amounted to $1,970,885 thousand and $2,049,289 thousand. Please refer to Table 2 for more information. On the transactions, the Group recognized a gains of $1,124 thousand and $1,267 thousand, respectively, as of 2013 and 2012. These amounts were recorded under other nonoperating income.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Time deposits with original maturities of more than three months	$ 392,736	$ 423,428	$ 350,521	$ 241,882

The market interest rates of the time deposits with original maturities of more than three months were from 0.28% to 4.5% and from 0.4% to 3.1% per annum, respectively, as of March 31, 2013 and 2012.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Notes receivable	$ 541,041	$ 574,292	$ 447,282	$ 427,256
Trade receivables	$ 3,985,090	$ 3,715,666	$ 3,769,576	$ 3,431,968
Less: Allowance for impairment loss	(88,362)	(84,588)	(55,774)	(50,788)
	$ 3,896,728	$ 3,631,078	$ 3,713,802	$ 3,381,180

a. Trade receivables

The average credit period on sales of goods was 30-90 days. The Group recognized an allowance for impairment loss of 100% against all receivables over one year because historical experience had been that receivables that are past due beyond one year were not recoverable. Allowance for impairment losses were recognized against trade receivables between 90 days and one year based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Before accepting any new customer, the Group uses past credit records to assess the potential customer's credit quality and defines credit limits by customer. The customers' credit limits and scores are reviewed annually.

The concentration of credit risk was limited due to the fact that the customer base was large and unrelated.

Of the trade receivables balance (aging analysis is shown below) that are past due at the end of the reporting period, the Group had not recognized an allowance for impaired trade receivables for $312,525 thousand, $404,764 thousand, $399,310 thousand and $290,795 thousand as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively, because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to offset against any amounts owed by the Group to the counterparty.

The analysis above was based on the trade receivables past due date.

Aging of receivables that are past due date but not impaired is as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
31 to 60 days	$ 250,782	$ 299,077	$ 294,821	$ 255,214
61 to 90 days	61,743	105,687	104,489	35,581
	$ 312,525	$ 404,764	$ 399,310	$ 290,795

b. Information on the movement in the allowance for impairment loss recognized on trade receivables

Movement in the allowance for impairment loss recognized on trade receivables is as follows:

	2013	2012
Balance at January 1	$ 84,588	$ 50,788
Add: Impairment losses recognized on receivables	2,435	6,717
Deduct: Impairment losses reversed	(178)	(1,112)
Foreign exchange translation gains and losses	1,517	(619)
Balance at March 31	$ 88,362	$ 55,774

11. INVENTORIES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Raw materials	$ 1,707,839	$ 1,701,505	$ 1,776,039	$ 1,714,333
Work in progress	710,925	618,995	680,431	537,887
Finished goods	1,337,597	1,152,589	1,022,309	1,274,747
Inventories in transit	399,661	417,077	371,165	368,156
	$ 4,156,022	$ 3,890,166	$ 3,849,944	$ 3,895,123

a. As of March 31, 2013 and 2012, the allowances for inventory devaluation were $440,931 thousand and $352,952 thousand, respectively.

b. The cost of goods pertaining to inventories as of March 31, 2013 and 2012 were $3,863,638 thousand and $3,779,894 thousand, respectively. In addition, the foregoing amount included losses on write-downs of inventories and the disposal of inventories. Losses on write-downs of inventories were $17,731 thousand and $25,325 thousand as of March 31, 2013 and 2012, respectively. Disposal of inventories amounted to $1,149 thousand and $17,866 thousand as of March 31, 2013 and 2012, respectively.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
Name of Investee	Carrying Value	Percentage of Equity Ownership	Carrying Value	Percentage of Equity Ownership	Carrying Value	Percentage of Equity Ownership	Carrying Value	Percentage of Equity Ownership
Listed companies								
Axiomtek Co., Ltd.	$ 396,137	28.86%	$ 372,944	28.86%	$ 363,897	28.57%	$ 355,638	28.57%
Unlisted companies								
Jan Hsiang Electronics Co., Ltd.	6,253	28.50%	6,740	28.50%	7,609	28.50%	8,340	28.50%
	$ 402,390		$ 379,684		$ 371,506		$ 363,978	

A publicly traded investment accounted for using the equity method, with fair value based on its closing price at the balance sheet date, is summarized as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Axiomtek Co., Ltd.	$ 708,818	$ 602,775	$ 506,021	$ 429,786

The summarized financial information of the Group’s associates is set out below:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Total assets	$ 1,813,411	$ 1,670,287	$ 1,631,056	$ 1,548,482
Total liabilities	$ 473,225	$ 376,742	$ 383,818	$ 327,249

	2013	2012
Revenue	$ 436,178	$ 365,973
Profit for the period	$ 68,203	$ 16,051
Other comprehensive income	$ (2,695)	$ (30,749)

The equity-method investees’ financial statements, which had been used to determine the carrying amounts of the Group’s investments, shares of profits and other comprehensive income of associates, had been reviewed, except those of Jan Hsiang Electronics Co., Ltd. The Group believes that, had Jan Hsiang Electronics Co., Ltd.’s financial statements been reviewed, any adjustments arising would have had no material effect on the Group’s consolidated financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Freehold land	$ 2,821,693	$ 2,818,523	$ 2,821,299	$ 2,842,023
Buildings	2,275,494	2,260,798	2,222,090	2,258,825
Equipment	377,734	409,455	414,315	409,492
Office equipment	108,171	160,679	155,481	197,335
Other facilities	355,072	281,211	285,236	295,858
Property in Construction	671,423	460,970	231,426	236,547
	$ 6,609,587	$ 6,391,636	$ 6,129,847	$ 6,240,080

	Freehold Land	Buildings	Equipment	Office Equipment	Other Facilities	Property in Construction	Total
Cost							
Balance at January 1, 2012	$ 2,842,023	$ 2,810,520	$ 1,058,027	$ 480,556	$ 778,249	$ 236,547	$ 8,205,922
Additions	-	1,715	11,554	8,857	19,111	17,120	58,357
Disposals	(17,616)	(6,427)	(8,215)	(5,599)	(6,308)	-	(44,165)
Acquisitions through business combinations	-	-	27,061	5,823	10,923	-	43,807
Reclassifications	-	18,297	38,696	-	(91,531)	(14,554)	(49,092)
Effect of exchange differences	(3,108)	(35,927)	(11,020)	(4,929)	(6,825)	(7,687)	(69,496)
Balance at March 31, 2012	$ 2,821,299	$ 2,788,178	$ 1,116,103	$ 484,708	$ 703,619	$ 231,426	$ 8,145,333

(Continued)

	Freehold Land	Buildings	Equipment	Office Equipment	Other Facilities	Property in Construction	Total
Balance at January 1, 2013	$ 2,818,523	$ 2,902,510	$ 1,158,555	$ 536,207	$ 838,366	$ 460,970	$ 8,715,131
Additions	-	2,323	7,136	12,561	21,070	200,061	243,151
Disposals	-	(4,901)	(4,576)	(5,149)	(2,595)	(790)	(18,011)
Reclassifications	-	-	(16,089)	3,235	22,297	-	9,443
Effect of exchange differences	3,170	45,553	14,034	5,871	13,434	11,182	93,244
Balance at March 31, 2013	$ 2,821,693	$ 2,945,485	$ 1,159,060	$ 552,725	$ 892,572	$ 671,423	$ 9,042,958

(Concluded)

	Buildings	Equipment	Office Equipment	Other Facilities	Total
Accumulated depreciation and impairment					
Balance at January 1, 2012	$ 551,695	$ 648,535	$ 283,221	$ 482,391	$ 1,965,842
Disposals	(935)	(4,860)	(1,500)	(6,699)	(13,994)
Depreciation expense	22,162	29,184	11,727	27,931	91,004
Effect of exchange differences	(6,647)	(4,704)	(2,858)	(4,235)	(18,444)
Reclassifications	(187)	33,633	38,637	(81,005)	(8,922)
Balance at March 31, 2012	$ 566,088	$ 701,788	$ 329,227	$ 418,383	$ 2,015,486
Balance at January 1, 2013	$ 641,712	$ 749,100	$ 375,528	$ 557,155	$ 2,323,495
Disposals	(4,411)	(3,893)	(4,546)	(2,918)	(15,768)
Depreciation expense	22,961	29,634	15,765	27,256	95,616
Effect of exchange differences	9,730	6,504	3,860	8,489	28,583
Reclassifications	(1)	(19)	53,947	(52,482)	1,445
Balance at March 31, 2013	$ 669,991	$ 781,326	$ 444,554	$ 537,500	$ 2,433,371

The above items of property, plant and equipment were depreciated on a straight-line basis over the following economic lives:

Buildings	15-60 years
Equipment	2-8 years
Office equipment	2-8 years
Other facilities	2-10 years

14. GOODWILL

Goodwill is the difference between the price of purchasing an investment and the acquisition-date fair value of the net assets obtained. Changes in goodwill as of the three months ended March 31, 2013 and 2012 were as follows:

	2013	2012
Cost		
Balance at January 1	$ 632,181	$ 607,363
Additional amounts recognized from business combinations occurring during the period (Note 25)	-	62,931
Effect of exchange differences	(834)	1,405
Balance at March 31	$ 631,347	$ 671,699

15. PREPAYMENTS FOR LEASE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Current assets (included in other current assets)	$ 2,460	$ 2,386	$ 2,398	$ 2,461
Noncurrent assets	95,340	93,098	95,386	98,496
	$ 97,800	$ 95,484	$ 97,784	$ 100,957

Lease prepayments refer to the Group's rights to use land located in Mainland China.

16. BORROWINGS

a. Short term borrowings

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Secured borrowings				
Bank loans	$ -	$ -	$ 147,428	$ 7,000
Unsecured borrowings				
Line of credit borrowings	153,547	151,452	4,000	164,442
	$ 153,547	$ 151,452	$ 151,428	$ 171,422

1) The effective interest rates for secured and unsecured bank borrowings were 1.30%-1.47%, 1.32%-1.63%, 1.50%-1.63%, and 1.35%-1.63% per annum as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively.

2) To meet its financing need, Netstar Technology Co., Ltd., an indirect subsidiary of the Parent Company, obtained from a bank a secured loan and an unsecured credit line, with both having fixed interest rates. The carrying values were $4,000 thousand for the loan as of March 31, 2012 and $7,000 thousand for the credit line as of January 1, 2012.

3) To meet its financing need, Advantech Technology (China) Company Ltd., an indirect subsidiary of the Parent Company, obtained from a bank a secured loan and an unsecured credit line, with both having floating interest rates. The carrying values of the credit lines were $150,547 thousand, $146,452 thousand, $151,442 thousand as of March 31, 2013, December 31, 2012 and January 1, 2012, respectively. As of March 31, 2012, the carrying value of the loan was $147,428 thousand.

4) To meet its financing need, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, obtained a credit line with fixed interest from a bank. The credit line carrying values were $3,000 thousand, $5,000 thousand and $13,000 thousand, as of March 31, 2013, December 31, 2012 and January 1, 2012, respectively.

b. Long-term borrowings

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Secured borrowings				
Bank loans	$ 2,843	$ 2,932	$ 12,256	$ 12,652
Less: Current portion	(355)	(366)	(1,362)	(1,584)
Long-term borrowings: Noncurrent	$ 2,488	$ 2,566	$ 10,894	$ 11,068

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 March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 the effective interest rate was 2.29%.

17. BONDS PAYABLE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unsecured domestic convertible bonds	$ 168,000	$ 190,200	$ 800,000	$ 800,000
Less: Unamortized discount on bonds payable	(4,022)	(5,540)	(35,609)	(39,669)
	$ 163,978	$ 184,660	$ 764,391	$ 760,331

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 an 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 Parent 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 Parent 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 March 31, 2013, the conversion price was $78.22 per share.

18. OTHER PAYABLES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Other payables				
Salaries or bonus payable	$ 1,009,754	$ 1,256,296	$ 725,820	$ 981,384
Payable for royalties	84,628	61,870	57,682	61,843
Payable for employee benefits	97,384	89,795	85,251	90,297
Others	819,285	666,766	793,790	604,878
	$ 2,011,051	$ 2,074,727	$ 1,662,543	$ 1,738,402

Payables for employee benefits consisted of accruals toward employee annual holidays and holiday benefits for long-term services.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Based on the Labor Pension Act (LPA), 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 $24,524 thousand and $22,736 thousand for the three months ended March 31, 2013 and 2012, respectively.

Some consolidated entities, including foreign subsidiaries - ATC, AEUH, AAC (BVI), AAC (HK), AIN and ATC (HK), have either very few or no staff. Therefore, these subsidiaries have no pension plans and thus do not contribute to pension funds nor recognize pension costs.

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

For the three months ended March 31, 2013 and 2012, the pension expenses of these overseas consolidated entities were $25,673 thousand and $21,254 thousand, respectively.

b. Defined benefit plans

The Parent Company and two of its subsidiaries, Netstar Technology Co., Ltd. and Cermate, adopted the defined benefit plan under the Labor Standards Law (LSL). Based on the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Parent Company and these two subsidiaries, contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2012 by Yeh Chong Chi. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. For the three months ended March 31, 2013 and 2012, the Group recognized employee benefit expenses of $1,171 thousand and $2,215 thousand, respectively, calculated using the actuarially determined pension cost rate as of December 31, 2012 and January 1, 2012, respectively.

The principal assumptions used for actuarial valuations were as follows:

	December 31, 2012			**January 1, 2012**	
	Parent Company	**Netstar Technology Co., Ltd.**	**Cermate**	**Parent Company**	**Netstar Technology Co., Ltd.**
Discount rates	1.625%	1.625%	1.625%	1.75%	1.75%
Long-term adjustment rates on average wages	3.250%	2.250%	3.000%	3.25%	2.00%
Expected return on plan assets	1.875%	1.875%	1.875%	2.00%	2.00%

Employee pension expenses for the three months ended March 31, 2013 and 2012 were included in the following line items:

	2013	2012
Operating cost	$ 9,753	$ 7,377
Selling and marketing expenses	$ 16,343	$ 14,630
Administrative expenses	$ 9,990	$ 9,884
Research and development expenses	$ 15,282	$ 14,314

The amounts of the Group's obligations on its defined benefit plans, which were included in the consolidated balance sheets, were as follows:

	December 31, 2012			January 1, 2012	
	Parent Company	Netstar Technology Co., Ltd.	Cermate	Parent Company	Netstar Technology Co., Ltd.
Present value of funded defined benefit obligation	$ (263,402)	$ (16,482)	$ (3,090)	$ (280,726)	$ (22,189)
Fair value of plan assets	116,527	7,832	1,803	116,891	7,353
Deficit	(146,875)	(8,650)	(1,287)	(163,835)	(14,836)
Past service cost not yet recognized	-	6,165	-	-	6,726
Net liability arising from defined benefit obligation	$ (146,875)	$ (2,485)	$ (1,287)	$ (163,835)	$ (8,110)

The major categories of plan assets at the end of the reporting period were as follows:

	December 31, 2012	December 31, 2011
Cash	23.39	22.76
Short-term bills payable	10.45	8.12
Government loans	0.07	0.20
Bonds	11.00	11.49
Fixed-income category	16.06	16.17
Equity securities	38.29	41.26
Others	0.74	-
	100.00	100.00

The overall expected rate of return was based on historical return trends and actuary predictions of the market on the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year time deposits.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (Note 36):

	December 31, 2012			January 1, 2012	
	Parent Company	Netstar Technology Co., Ltd.	Cermate	Parent Company	Netstar Technology Co., Ltd.
Present value of defined benefit obligation	$ (263,402)	$ (16,482)	$ (3,090)	$ (280,726)	$ (22,189)
Fair value of plan assets	116,527	7,832	1,803	116,891	7,353
Deficit	$ (146,875)	$ (8,650)	$ (1,287)	$ (163,835)	$ (14,836)
Experience adjustments on plan liabilities	$ 13,681	$ 6,096	$ 2,082	$ -	$ -
Experience adjustments on plan assets	$ (1,438)	$ (78)	$ (16)	$ -	$ -

The Group expects to make a contribution of $10,983 thousand to the defined benefit plans during the next financial year.

20. EQUITY

a. Share capital

Ordinary shares

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	600,000	600,000	600,000	600,000
Shares authorized	$ 6,000,000	$ 6,000,000	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	565,206	563,997	553,832	552,996
Shares issued	$ 5,652,059	$ 5,639,971	$ 5,538,321	$ 5,529,961

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital surplus

The premium from shares issued in excess of par (share premium from issuance of common shares and conversion of bonds) may be used to offset a deficit; in addition, when the Parent Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited once a year at a certain percentage of the Parent Company's capital surplus).

The capital surplus from long-term investments and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

Under the Parent Company's Articles of Incorporation, if the Parent Company has earnings for the year, it should primarily make taxation payments, offset any past years' deficits and then make appropriations for its legal reserve at 10% of annual net income. In addition, a special reserve should be appropriated as needed. The remainder of the income should be appropriated in the following order:

1) 1% to 20% as bonus to employees;
2) 1% or less as remuneration to directors and supervisors; and
3) Dividends, as proposed by the board of directors.

Recipients of stock bonuses may include subsidiaries' employees who meet the criteria set by the Parent Company's board of directors.

Any appropriations from earnings are recorded in the year of shareholders' approval, following the year the earnings were generated.

The bonuses to employees and remunerations to directors and supervisors were $28,000 thousand and $15,000 thousand for both 2012 and 2011 (included in other payable) 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 estimates. 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 the foreign currency translation reserve and investments revaluation reserve) 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 Parent Company's paid-in capital. Legal reserve may be used to offset deficit. If the Parent Company has no deficit and the legal reserve has exceeded 25% of the Parent 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.

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 on the Web site of the Taiwan Stock Exchange through the Market Observation Post System.

d. Other equity items

1) Foreign currency translation reserve

	2013	2012
Balance at January 1	$ (104,345)	$ 105,408
Exchange differences arising on translating the foreign operations	162,600	(166,610)
Income tax relating to gains arising on translating the net assets of foreign operations	(28,115)	28,483
Share of exchange difference of associates accounted for using the equity method	2,783	(2,578)
Balance at March 31	$ 32,923	$ (35,297)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that were designated as hedging instruments for hedges of net investments in foreign operations were included in the foreign currency translation reserve, and upon the disposal of the foreign operations, were reclassified to profit or loss.

2) Unrealized gain or loss from available-for-sale financial assets

	2013	2012
Balance at January 1	$ 168,944	$ (648,592)
Unrealized gain arising on revaluation of available-for-sale financial assets	262,441	630,565
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	(34,224)	(22,272)
Balance at March 31	$ 397,161	$ (40,299)

Unrealized gain or loss from available-for-sale financial assets refers to the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

e. Noncontrolling interests

	2013	2012
Balance at January 1	$ 107,891	$ 99,158
Attributable to noncontrolling interests:		
Share of profit for the year	7,101	2,700
Exchange difference arising on translation of foreign entities	3,845	(938)
Acquisition of noncontrolling interests in Subsidiaries (Note 26)	(2,211)	(2,226)
Balance at March 31	$ 116,626	$ 98,694

21. NET OPERATING PROFIT

a. Finance costs

	For the Three Months Ended March 31	
	2013	2012
Interest on bank loans	$ 2,271	$ 1,091
Interest on convertible bonds	934	4,060
Total	$ 3,205	$ 5,151

b. Depreciation and amortization

	For the Three Months Ended March 31	
	2013	2012
Property, plant and equipment	$ 95,616	$ 91,004
Intangible assets	24,065	23,380
Total	$ 119,681	$ 114,384

	For the Three Months Ended March 31	
	2013	2012
An analysis of depreciation by function		
Operating costs	$ 32,843	$ 33,670
Operating expenses	62,773	57,334
	$ 95,616	$ 91,004
An analysis of amortization by function		
Operating costs	$ 1,235	$ 1,943
Operating expenses	22,830	21,437
	$ 24,065	$ 23,380

c. Employee benefits expense

	For the Three Months Ended March 31	
	2013	2012
Post-employment benefits (Note 19)		
Defined contribution plans	$ 24,524	$ 22,736
Defined benefit plans	26,844	23,469
	51,368	46,205
Other employee benefits	96,845	84,276
Total employee benefits expense	$ 148,213	$ 130,481
An analysis of employee benefits expense by function		
Operating costs	$ 28,941	$ 26,325
Operating expenses	119,272	104,156
	$ 148,213	$ 130,481

22. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2013	2012
Current tax		
In respect of the current period	$ 213,392	$ 125,156
Deferred tax	(12,976)	23,473
Income tax expense recognized in profit or loss	$ 200,416	$ 148,629

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2013	2012
Deferred tax liabilities		
Recognized in other comprehensive income		
Translation of foreign operations	$ (28,115)	$ 28,483

For the three months ended March 31, 2013, the effective income tax rates were 17% for the Parent Company under the Income Tax Law of the ROC and 25% for subsidiary firms in Mainland China. For those subsidiaries located elsewhere, the income tax expenses were based on the income tax rates of their respective jurisdictions.

c. Integrated income tax

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings generated on and after January 1, 1998	$ 4,811,018	$ 3,952,535	$ 4,629,427	$ 3,524,919
Imputation credits accounts	$ 399,880	$ 399,880	$ 256,138	$ 256,138

The creditable ratios for distribution of earnings of 2012 and 2011 were 11.58% (estimated) and 9.89%, respectively.

For distribution of earnings generated on or after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Parent Company was based on the balance of the imputation credit account (ICA) as of the date of dividend distribution. Because the actual creditable ratio for distribution of earnings should be based upon the ICA balance as of the dividend distribution date, the expected creditable ratio for the 2012 earnings may be adjusted.

d. Income tax assessments

The tax returns through 2007, had been assessed by the tax authorities.

23. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2013	2012
Basic earnings per share	$1.52	$1.35
Diluted earnings per share	$1.51	$1.35

As of three months ended March 31, 2012, the amount of earnings per share increased when have employees' share options were taken into consideration, which means these options had an anti-dilutive effect. Thus, the employees' share options should not be considered when calculating diluted earnings per share.

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share:

Net Profit for the Period

	For the Three Months Ended March 31	
	2013	2012
Earnings used in the computation of basic earnings per share	$ 859,867	$ 749,537
Effect of dilutive potential ordinary shares:		
Convertible bonds	934	-
Employee share options	4,967	-
Earnings used in the computation of diluted earnings per share	$ 865,768	$ 749,537

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Three Months Ended March 31	
	2013	2012
Weighted average number of ordinary shares in computation of basic earnings per share	564,412	553,363
Effect of dilutive potential ordinary shares:		
Convertible bonds	2,302	-
Employee share options	4,892	-
Bonus issue to employees	510	732
Weighted average number of ordinary shares used in the computation of diluted earnings per share	572,116	554,095

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.

24. SHARE-BASED PAYMENTS

Qualified employees of the Parent Company and its subsidiaries were granted 3,000 thousand options in July 2010 and 10,000 thousand options 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 whom meet certain criteria from the Company, both domestic and overseas subsidiaries in which the Parent Company directly or indirectly invests over 50%. 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 share options is as follows:

	For the Three Months Ended March 31			
	2013		2012	
Employee Share Options	**Number of Options (In Thousands)**	**Weighted-average Exercise Price (NT$)**	**Number of Options (In Thousands)**	**Weighted-average Exercise Price (NT$)**
Balance at January 1	8,450	$50.46	11,801	$60.35
Options exercised	925	49.61	836	51.01
Balance at March 31	7,525	50.56	10,965	53.20
Options exercisable, end of period	7,525	50.56	7,965	51.01
Weighted-average fair value of options granted (NT$)	$16.45-20.25		$16.45-20.25	

Information on outstanding options as of March 31, 2013 and 2012 is as follows:

	March 31, 2013		December 31, 2012	
Employee Share Options	**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	2.28	$59.03	3.28
Issuance in 2009	$48.40	1.67	51.01	2.67

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 cost recognized were $5,984 thousand and $13,079 thousand for the three months ended March 31, 2013 and 2012, respectively.

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Advansus Corp.	Production and sale of industrial automation products	January 2, 2012	50%	$ 306,000

The Parent Company acquired 50% of Advansus Corp. from Pegatron Corp. to facilitate the Parent Company's business expansion and improve its economic returns. After this acquisition, the Parent Company's equity in Advansus Corp. became 100%.

b. Considerations transferred

	Advansus Corp.
Cash	$ 306,000

The Parent Company acquired 50% of Advansus Corp. for $306,000 thousand at NT$17 per share. The Parent Company paid $126,000 thousand of the acquisition price as of March 31, 2012 and the remaining $180,000 thousand on June 30, 2012.

c. Assets acquired and liabilities assumed at the date of acquisition

	Advansus Corp.
Current assets	
Cash and cash equivalents	$ 258,170
Financial assets available-for-sale - current	80,030
Trade receivables	231,215
Inventories	249,659
Other current assets	4,008

(Continued)

	Advansus Corp.
Noncurrent assets	
Plant and equipment	$ 19,387
Other assets	3,447
Current liabilities	
Trade and other payables	(330,992)
Tax liabilities	(11,986)
Other current liabilities	(16,800)
Net amount	486,138
Percentage of equity interest acquired	50%
	$ 243,069

(Concluded)

d. Goodwill arising on acquisition

	Advansus Corp.
Consideration transferred	$ 306,000
Less: Fair value of identifiable net assets acquired	(243,069)
Goodwill arising on acquisition	$ 62,931

Goodwill arose in the acquisition of Advansus Corp. because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Advansus Corp. Limited. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

e. Net cash outflow on acquisition of subsidiaries

	For the Three Months Ended March 31, 2013
Consideration paid in cash	$ 126,000
Less: Cash and cash equivalent balances acquired	(129,085)
	$ (3,085)

f. Impact of acquisitions on the results of the Group

The results of acquirees since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	For the Three Months Ended March 31, 2013
Revenue	
Advansus Corp.	$ 579,854
Profit	
Advansus Corp.	$ 4,637

26. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

For the three months ended March 31, 2012, the Group acquired an additional 2.26% of its interest in Netstar Technology Co., Ltd., increasing its continuing interest from 89.79 % to 92.05%.

For the three months ended March 31, 2013, the Group acquired an additional 1.2% of its interest in Netstar Technology Co., Ltd., increasing its continuing interest from 94.28 % to 95.48%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	For the Three Months Ended March 31	
	2013	**2012**
Cash consideration paid	$ (3,595)	$ (6,796)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	2,211	2,226
Differences arising from equity transaction	$ (1,384)	$ (4,570)
Line items adjusted for equity transaction		
Retained earnings	$ (1,384)	$ (4,570)

27. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

a. Lease arrangements

The Group leased offices in the U.S.A., Europe and Japan from third parties; the lease contracts, which will end between 2012 and 2014, are renewable upon expiry.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, refundable deposits (included in other noncurrent assets) paid under operating lease amounted to $16,394 thousand, $16,263 thousand, $15,599 thousand and $14,657 thousand, respectively.

b. The payments recognized as expenses were as follows:

	For the Three Months Ended March 31	
	2013	**2012**
Lease payments	$ 23,389	$ 29,648

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy will remain the same in the next three years.

The Group's capital structure consists of the Group's net debt and equity of the Group.

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a quarterly basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, the management believed that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximated their fair values:

	March 31, 2013		**December 31, 2012**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial liabilities				
Financial liabilities measured at amortized cost:				
Convertible bonds	$ 163,978	$ 296,832	$ 184,660	$ 280,375

	March 31, 2012		**January 1, 2012**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial liabilities				
Financial liabilities measured at amortized cost:				
Convertible bonds	$ 764,391	$ 886,884	$760,331	$810,484

2) Fair value measurements recognized in the balance sheets

Financial instruments are analyzed after initial recognition at fair value and are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The Group’s derivative financial assets all have Level 2 fair values.

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

March 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 21,856	$ -	$ 21,856
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 2,441,448	$ -	$ -	$ 2,441,448
Unlisted securities - other countries				
Equity securities	-	-	33,257	33,257
Mutual funds	2,880,125	-	-	2,880,125
	$ 5,321,573	$ -	$ 33,257	$ 5,354,830
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 23,177	$	$ 23,177

December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 16,879	$ -	$ 16,879
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 2,313,945	$ -	$ -	$ 2,313,945
Unlisted securities - other countries				
Equity securities	-	-	33,257	33,257
Mutual funds	1,495,111	-	-	1,495,111
	$ 3,809,056	$	$ 33,257	$ 3,842,313
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 9,620	$ -	$ 9,620

March 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 26,735	$ -	$ 26,735

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 2,606,443	$ -	$ -	$ 2,606,443
Unlisted securities - other countries				
Equity securities	-	-	33,257	33,257
Mutual funds	2,021,980	-	-	2,021,980
	$ 4,628,423	$ -	$ 33,257	$ 4,661,680
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 6,481	$ -	$ 6,481

(Concluded)

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 57,204	$ -	$ 57,204
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 2,349,704	$ -	$ -	$ 2,349,704
Unlisted securities - ROC				
Equity securities	-	-	33,257	33,257
Mutual funds	833,866	-	-	833,866
	$ 3,183,570	$ -	$ 33,257	$ 3,216,827
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 53,516	$ -	$ 53,516

There were no transfers between Level 1 and 2 in the current and prior periods.

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices. Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument.

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

The fair values of forward contracts are estimated using a yield curve, which projects future interest rate changes in relation to predetermined settlement rates for these contracts on maturity.

c) The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Financial assets				
Fair value through profit or loss (FVTPL)				
Designated as at FVTPL	$ 21,856	$ 16,879	$ 26,735	$ 57,204
Loans and receivables (Note 1)	7,720,552	7,976,010	6,842,894	6,384,396
Available-for-sale financial assets (Note 2)	5,354,830	3,842,313	4,661,680	3,216,827
Financial liabilities				
Fair value through profit or loss (FVTPL)				
Designated as at FVTPL	23,177	9,620	6,481	53,516
Measured at amortized cost (Note 3)	5,167,888	4,741,019	4,943,989	4,392,632

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, note receivables, trade receivables and other receivables.

Note 2: The balances included the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, trade and other payables, and convertible bonds.

c) Financial risk management objectives and policies

The Group's major financial instruments included equity investments, trade receivables, trade payables, and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into transactions involving derivative financial instruments for speculative purposes.

The Corporate Treasury function reported quarterly to the Group's risk management committee.

1) Market risk

The Group's activities expose it primarily to financial risks on changes in foreign currency exchange rates (see [a] below) and interest rates (see [b] below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed it to foreign currency risk. The Group's sales were denominated in currencies other than the functional currency of the group entity making the sale; likewise the costs were denominated in the group entity's functional currency. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Assets				
USD	$ 1,590,719	$ 1,516,732	$ 1,111,201	$ 1,033,015
EUR	37,198	33,101	35,469	10,187
Liabilities				
USD	1,994,777	1,706,228	1,244,479	1,257,147

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Assets				
USD	$ 29	$ 9,858	$ 4,822	$ 444
EUR	16,963	55	19,470	56,517
JPY	4,864	6,966	2,443	243
	$ 21,856	$ 16,879	$ 26,735	$ 57,204
Liabilities				
USD	$ 22,076	$ 163	$ 5,963	$ 49,903
EUR	869	9,457	518	3,613
JPY	232	-	-	-
	$ 23,177	$ 9,620	$ 6,481	$ 53,516

Sensitivity analysis

The Group was mainly exposed to U.S. dollar and Euro currencies.

The following table details the Group’s sensitivity to a 5% increase in New Taiwan dollars (the functional currency) against the relevant foreign currencies. This 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of reasonable changes in foreign exchange rates. The sensitivity analysis only includes outstanding monetary items denominated in foreign currencies and forward contracts designated as cash flow hedges, and their translation is adjusted at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis includes cash and cash equivalents, trade receivables, bank borrowings and trade payables. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative

	U.S. Dollar Impact For the Three Months Ended March 31		**Euro Impact For the Three Months Ended March 31**	
	2013	**2012**	**2013**	**2012**
Profit or loss	$ (18,929) (Note 1)	$ (5,858) (Note 1)	$ 13,992 (Note 2)	$ 12,833 (Note 2)

Note 1: This was mainly attributable to the exposure outstanding on U.S. dollars denominated cash, trade receivables, trade payables, and bank borrowing, which were not hedged at the end of the reporting period.

Note 2: This was mainly attributable to the exposure outstanding on Euro denominated cash, trade receivables and payables, which were not hedged at the end of the reporting period.

The Groups sensitivity to foreign currency increased during the current period mainly due to the increase in financial liabilities denominated in the U.S. dollars.

b) Interest rate risk

The Group’s floating-rate bank savings are exposed to risk on changes in interest rates for financial assets. The Group was also exposed to risk on changes in interest rates for financial liabilities, specifically fixed and floating-rate bank borrowings. The Group was not engaged in hedging activities for speculative purposes. The Group’s management monitors fluctuations in market interest rates regularly to ensure that interest rate risks are minimized.

The Group’s fixed-term bank deposits are exposed to fair value interest rate risk; however, this expected risk is insignificant.

The carrying amount of the Groups financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Fair value interest rate risk				
Financial assets	$ 1,075,203	$ 1,309,802	$ 456,668	$ 280,019
Financial liabilities	5,843	7,932	163,684	32,652
Cash flow interest rate risk				
Financial assets	1,968,811	2,119,181	1,878,535	1,886,373
Financial liabilities	150,547	146,452	-	151,442

Sensitivity analysis

The sensitivity analyses below were determined based on the Groups exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents managements assessment of the reasonably possible change in interest rates.

Had interest rates been 50 basis points higher and all other variables had been held constant, the Group’s pretax profit for the three months ended March 31, 2013 and 2012 would have increased by $2,273 thousand and $2,348 thousand, respectively. Had interest rates been 50 basis points lower, the effects on the Group’s pretax profit would have been of the same amounts but negative. The source of the negative effects would have been mainly the floating-interest rates on bank savings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and open-end mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

Had equity prices been 1% higher, pretax other comprehensive gains for the three months ended March 31, 2013 and 2012 would have increased by $53,216 thousand and $46,284 thousand, respectively, as a result of changes in fair value of available-for-sale investments. Had equity prices been 1% lower, the effects on pretax other comprehensive gains would have been of the same amounts but negative.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Groups maximum exposure to credit risk due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognized financial assets, as stated in the balance sheets.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider the Group's credit risk as significantly reduced.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Groups operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $3,266,775 thousand, $2,972,600 thousand, $2,615,500 thousand and $2,401,000 thousand, respectively.

a) Liquidity and interest risk rate tables

The following table details the Groups remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group will be required to pay. The tables included both interest and principal cash flows.

For the liabilities with floating interests, the undiscounted amounts were derived from the interest rate curve at the end of the reporting period.

March 31, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year - 5 Years
Nonderivative financial liabilities					
Noninterest bearing		$ 1,322,612	$ 2,924,347	$ 598,234	$ 163,978
Variable interest rate liabilities	1.30%-1.32%	159	489	151,838	-
Fixed interest rate liabilities	1.47%-2.29%	3,009	103	314	2,805
		$ 1,325,780	$ 2,924,939	$ 750,386	$ 166,783

December 31, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year - 5 Years
Nonderivative financial liabilities					
Noninterest bearing		$ 1,309,170	$ 2,330,508	$ 760,009	$ 184,660
Variable interest rate liabilities	1.30%-1.32%	155	476	147,709	-
Fixed interest rate liabilities	1.47%-2.29%	5,012	100	326	2,894
		$ 1,314,337	$ 2,331,084	$ 908,044	$ 187,554

March 31, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year - 5 Years
Nonderivative financial liabilities					
Noninterest bearing		$ 1,247,023	$ 2,236,287	$ 528,876	$ 764,391
Variable interest rate liabilities	1.30%-1.32%	158	483	148,705	-
Fixed interest rate liabilities	1.47%-2.29%	2,026	2,390	1,226	12,424
		$ 1,249,207	$ 2,239,160	$ 678,807	$ 776,815

January 1, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year - 5 Years
Nonderivative financial liabilities					
Noninterest bearing		$ 1,024,408	$ 1,967,139	$ 452,804	$ 760,331
Variable interest rate liabilities	1.30%-1.32%	162	496	152,752	-
Fixed interest rate liabilities	1.47%-2.29%	46	16,474	5,407	12,613
		$ 1,024,616	$ 1,984,109	$ 610,963	$ 772,944

The amounts included above for variable interest rate instruments for both nonderivative financial assets and liabilities were subject to change if variable interest rates at the end of the reporting period differed from estimates of interest rates.

The following tables detailed the Group's liquidity analysis of its derivative financial instruments. The tables were based on the undiscounted contractual net cash inflows and outflows on derivative instruments that were settled on a net basis.

March 31, 2013

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 396,990	$ 1,128,248	$ 462,580	$ 1,987,818
Outflows	399,868	1,135,018	454,253	1,989,139
	$ (2,878)	$ (6,770)	$ 8,327	$ (1,321)

December 31, 2012

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 368,157	$ 1,148,748	$ 333,113	$ 1,850,018
Outflows	363,794	1,144,847	334,118	1,842,759
	$ 4,363	$ 3,901	$ (1,005)	$ 7,259

March 31, 2012

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 452,584	$ 1,415,457	$ -	$ 1,868,041
Outflows	442,683	1,405,104	-	1,847,787
	$ 9,901	$ 10,353	$ -	$ 20,254

January 1, 2012

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 450,421	$ 941,229	$ 772,797	$ 2,164,447
Outflows	459,758	943,771	757,230	2,160,759
	$ (9,337)	$ (2,542)	$ 15,567	$ 3,688

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Parent Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below.

a. Trading transactions

	Sales of goods For the Three Months Ended March 31		Purchases of goods For the Three Months Ended March 31	
	2013	2012	2013	2012
Associates	$ 18,351	$ 4,908	$ 3,831	$ 4,441

	Operating Expenses For the Three Months Ended March 31	
	2013	2012
Associates	$ 2,213	$ 2,213

	Nonoperating Income and Profit For the Three Months Ended March 31	
	2013	2012
Associates	$ 500	$ 500

The balances of trade receivables from related parties that were outstanding at the end of the reporting period were as follows:

	Trade Receivables from Related Parties			
	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Associates	$ 15,622	$ 3,377	$ 2,990	$ 3,464

	Trade Payables to Related Parties			
	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Associates	$ 1,585	$ 1,286	$ 2,176	$ 1,284

Lease contracts formed between the Company and its subsidiaries were based on market rental prices and stipulated normal payment terms. There was no significant difference in the sales price and payment terms given to related parties and unrelated parties. When payment terms with related parties were not stipulated, they were decided on the basis of mutual agreement.

b. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the three months ended March 31, 2013 and 2012 were as follows:

	For the Three Months Ended March 31	
	2013	2012
Short-term benefits	$ 8,195	$ 10,447
Post-employment benefits	28,014	34,066
Share-based payments	853	1,909
	$ 37,062	$ 46,422

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, Cermate Technologies Inc., an indirect subsidiary of the Parent Company, had pledged assets for a letter of credit and long-term bank borrowings, as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Fixed assets - land	$ 13,047	$ 13,047	$ 13,047	$ 13,047
Fixed assets - buildings	14,997	15,206	15,834	16,044
	$ 28,044	$ 28,253	$ 28,881	$ 29,091

As of March 31, 2013, the Parent Company was required by its supplier to provide a bankers' letter of guarantee. The Parent Company offered time deposits of $109,110 thousand (recorded under other current assets) as collateral.

As of March 31, 2012, Shanghai Advantech Intelligent Services Co., Ltd. (AiSC), an indirect subsidiary of the Parent Company, was required by its supplier to provide a bankers' letter of guarantee. AiSC offered time deposits of $4,684 thousand (recorded under other current assets) as collateral.

32. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

a. As of March 31, 2013 and 2012, the guarantee notes issued by Cermate Technologies Inc. for its bank borrowings had amounted to $40,000 thousand.

b. As of March 31, 2011, the guarantee notes issued by Netstar Technology Co., Ltd. for its bank loan had amounted to $48,000 thousand.

33. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

March 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	52,751	29.825 (USD:NTD)	$ 1,573,299
USD	584	6.21 (USD:RMB)	17,420
EUR	973	38.23 (EUR:NTD)	37,198
			$ 1,627,917
Financial liabilities			
Monetary items			
USD	51,381	29.825 (USD:NTD)	$ 1,532,438
USD	15,501	6.21 (USD:RMB)	462,339
			$ 1,994,777

December 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	611	6.232 (USD:RMB)	$ 17,745
USD	51,618	29.04 (USD:NTD)	1,498,987
EUR	860	38.49 (EUR:NTD)	33,101
			$ 1,549,833
Financial liabilities			
Monetary items			
USD	43,920	29.04 (USD:NTD)	$ 1,275,437
USD	14,834	6.232 (USD:RMB)	430,791
			$ 1,706,228

March 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	466	6.30 (USD:RMB)	$ 13,754
USD	37,189	29.51 (USD:NTD)	1,097,447
EUR	900	39.41 (EUR:NTD)	35,469
			$ 1,146,670
Financial liabilities			
Monetary items			
USD	25,125	29.51 (USD:NTD)	$ 741,439
USD	17,045	29.51 (USD:NTD)	503,040
			$ 1,244,479

January 1, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	271	6.30 (USD:RMB)	$ 8,206
USD	33,850	30.275 (USD:NTD)	1,024,809
EUR	260	39.18 (EUR:NTD)	10,187
			$ 1,043,202
Financial liabilities			
Monetary items			
USD	27,675	30.275 (USD:NTD)	$ 837,861
USD	13,845	6.30 (USD:RMB)	419,286
			$ 1,257,147

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Lending funds to others. (Table 1)

2) Holding of securities at the end of the period. (Table 2)

3) Aggregate purchases or sales of the same securities reaching NT$100 million or 20 percent of paid-in capital or more. (Table 3)

4) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 4)

5) Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 5)

6) Name, locations, and other information on investees. (Table 6)

7) Information on investments in mainland China. (Table 7)

8) Organization chart. (Table 8)

9) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 9)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area. (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 9)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 9)

c) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)

35. SEGMENT INFORMATION

a. Segment information is provided to the Groups 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 Groups 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.

b. Segment information

	March 31, 2013							
	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	$ 1,101,106	$ 2,633,549	$ 501,075	$ 1,554,919	$ 792,406	$ -	$ 46,532	$ 6,629,587
Income from sales between segments	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	6,583	6,583
Income total	$ 1,101,106	$ 2,633,549	$ 501,075	$ 1,554,919	$ 792,406	$ -	$ 53,115	$ 6,636,170
Interest expense	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,205	$ 3,205
Depreciation and amortization	-	-	-	-	-	-	119,681	119,681
Income from equity-method investments	-	-	-	-	-	-	19,677	19,677
Segment profit (loss)	$ 266,660	$ 517,702	$ 28,934	$ 312,258	$ 161,131	$ -	$ (219,301)	$ 1,067,384
Investments accounted for by the equity method	$ -	$ -	$ -	$ -	$ -	$ -	$ 402,390	$ 402,390
Capital expense from noncurrent assets	-	-	-	-	-	-	280,164	280,164
Segment assets	$ -	$ -	$ -	$ -	$ -	$ -	$ 25,940,663	$ 25,940,663

	March 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	$ 994,718	$ 2,242,670	$ 560,102	$ 1,603,488	$ 742,197	$ -	$ 119,380	$ 6,262,555
Income from sales between segments	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	2,002	2,002
Income total	$ 994,718	$ 2,242,670	$ 560,102	$ 1,603,488	$ 742,197	$ -	$ 121,382	$ 6,264,557
Interest expense	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,151	$ 5,151
Depreciation and amortization	-	-	-	-	-	-	114,384	114,384
Income from equity-method investments	-	-	-	-	-	-	4,653	4,653
Segment profit (loss)	$ 257,495	$ 441,966	$ 25,525	$ 201,756	$ 72,288	$ -	$ (98,164)	$ 900,866
Investments accounted for by the equity method	$ -	$ -	$ -	$ -	$ -	$ -	$ 371,506	$ 371,506
Capital expense from noncurrent assets	-	-	-	-	-	-	88,931	88,931
Segment assets	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,390,493	$ 23,390,493

The income above was generated from transactions with external customers. There were no sales between segments in the three months ended March 31, 2013 and 2012.

36. FIRST-TIME ADOPTION OF IFRSS

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the three months ended March 31, 2013 are the first IFRS interim financial statements for part of the period covered by its first IFRS financial statements, the consolidated financial statements for 2013. The Group not only followed the significant accounting policies stated in Note 4 but also complied with the requirements under IFRS 1 "First-time Adoption of IFRS" endorsed by the Financial Supervisory Commission (FSC) as the basis for the preparation.

b. As of March 31, 2013, 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

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	Note
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	

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
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 receivables (total)	3,431,968	-	-	3,431,968	Trade receivables	
Provision for doubtful accounts	(50,788)	-	-	(50,788)	Allowance for impairment loss	
Accounts receivables from related parties (net)	3,464	-	-	3,464	Trade receivables from related parties	
Other receivables	49,335	-	-	49,335	Other receivables	
Restricted assets	-	-	241,882	241,882	Debt investment with no active market - current	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	-	27,328	194,137	Other current assets	h) and i)
Total current assets	11,452,028	-	(47,360)	11,404,668	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 measured at cost	33,257	-	(33,257)	-	-	l)
Total long-term investments	2,714,029	(6,837)	(195)	2,706,997		
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	-	(21,741)	236,547	Property in construction	k)
Properties, net	6,139,401	4,888	(95,791)	6,240,080	Property, plant and equipment	
Total intangible assets	975,811	(6,762)	5,575	974,624	Intangible assets	e), h) and i)
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)
prepayments for equipment	-	-	27,906	27,906	Prepayments for equipment	k)
Long-term prepayments	-	-	98,496	98,496	Long-term prepayments	h) and i)
Total other assets	295,125	-	16,512	311,637		
Total assets	$ 21,576,394	$ (8,711)	$ 70,323	$ 21,638,006	Total assets	
Current liabilities						
Short-term bank loans	$ 171,442	$ -	$ -	$ 171,442	Short-term borrowings	
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	Trade payables	
Income tax payable	407,157	-	-	407,157	Current tax liabilities	
Accrued expenses	1,826,562	24,457	-	1,851,019	Accrued expenses	c)
Advance receipts and other current liabilities	389,165	-	-	389,165	Advance receipts and other current liabilities	
Current portion of long-term bank loans	1,584	-	-	1,584	Current portion of long-term borrowings	
Total current liabilities	4,559,231	24,457	-	4,583,688	Total current liabilities	
Noncurrent liabilities						
Accrued convertible bonds	760,331	-	-	760,331	Bonds payable	
Long-term bank loans	11,068	-	-	11,068	Long-term borrowings	
Total long-term liabilities	771,399	-	-	771,399		

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Other liabilities						
Accrued pension cost	$ 110,856	$ 61,089	$ -	$ 171,945	Accrued pension liabilities	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 tax liabilities - noncurrent	b)
Total other liabilities	551,401	61,089	70,323	682,813		
Total liabilities	5,882,031	85,546	70,323	6,037,900	Total liabilities	
Equity attributable to owners of the Company						
Share capital						
Capital stock	5,517,971	-	-	5,517,971	Ordinary shares	
Advance receipts for common stock	11,990	-	-	11,990	Advance receipts for ordinary shares	
Total capital stock	5,529,961	-	-	5,529,961	Total issued capital	
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	256,210	-	-	256,210	From stock options	
Total capital surplus	4,066,870	(59,191)	-	4,007,679	Total capital surplus	
Retained earnings	6,542,934	(36,442)	-	6,506,492	Retained earnings	c), d), e), f), j) and p)
Others						
Cumulative translation adjustments	105,408	-	-	105,408	Foreign currency translation reserve	
Unrealized loss on financial instruments	(648,592)	-	-	(648,592)	Unrealized loss from available-for-sale financial assets	
Net loss not recognized as pension cost	(2,121)	2,121	-	-	-	e)
Total others	(545,305)	2,121	-	(543,184)	Total others	
Total shareholders' equity of Parent Company	15,594,460	(93,512)	-	15,500,948	Total equity attributable to owners of the Company	
Minority interests	99,903	(745)	-	99,158	Noncontrolling interests	c) and d)
Total shareholders' equity	15,694,363	(94,257)	-	15,600,106	Total equity	
Total liabilities and shareholders' equity	$ 21,576,394	$ (8,711)	$ 70,323	$ 21,638,006	Total liabilities and equity	

(Concluded)

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

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Current assets						
Cash and cash equivalents	$ 2,522,179	$ -	$ (303,675)	$ 2,218,504	Cash and cash equivalents	g)
Financial assets at fair value through profit or loss	26,735	-	-	26,735	Financial assets at fair value through profit or loss	
Available-for-sale financial assets	2,061,148	-	-	2,061,148	Available-for-sale financial assets	
Notes receivable	447,282	-	-	447,282	Notes receivable	
Accounts receivables (total)	3,769,576	-	-	3,769,576	Trade receivables	
Allowance for doubtful accounts	(55,774)	-	-	(55,774)	Allowance for impairment loss	
Accounts receivables from related parties (net)	2,990	-	-	2,990	Trade receivables from related parties	
Other receivables	109,795	-		109,795	Other receivables	
-	-	-	350,521	350,521	Debt investment with no active market	

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Other financial assets	$ 4,684	$ -	$ -	$ 4,684	Other financial assets	g)
Inventories, net	3,849,944	-		3,849,944	Inventories	
Deferred income tax assets	64,079	-	(64,079)	-	-	a)
Held-to-maturity financial assets - current	46,846	-	(46,846)	-	-	
Prepaid expenses and other current assets	120,432	-	19,094	139,526	Other current assets	h) and i)
Total current assets	12,969,916	-	(44,985)	12,924,931	Total current assets	
Long-term investments						
Investments accounted for using the equity method	378,850	(7,229)	(115)	371,506	Investments accounted for using the equity method	n)
Available-for-sale financial assets	2,567,275	-	33,257	2,600,532	Available-for-sale financial assets	l)
Financial assets carried at cost	33,257	-	(33,257)	-	-	l)
Total long-term investments	2,979,382	(7,229)	(115)	2,972,038		
Properties					Property, plant and equipment	
Cost	7,803,524	6,285	104,098	7,913,907	Cost	h), j) and m)
Minus: Accumulated depreciation	(1,997,392)	(1,184)	(16,910)	(2,015,486)	Accumulated depreciation	h), j) and m)
Construction in progress and prepayments for equipment	247,622	-	(16,196)	231,426	Property in construction	k)
Properties, net	6,053,754	5,101	70,992	6,129,847	Property, plant and equipment	
Intangible assets	1,033,243	(11,332)	55,016	1,076,927	Intangible assets	e), h), i) and q)
Other assets						
Assets leased to others, net	18,251	-	(18,251)	-	-	m)
Deferred income tax assets-noncurrent	-	-	128,288	128,288	Deferred income tax assets-noncurrent	a) and b)
Refundable deposits	41,730	-	-	41,730	Refundable deposits	
Deferred expenses	243,583	-	(243,583)	-		h)
Prepayments for equipment	-	-	21,346	21,346	Prepayments for equipment	k)
Long-term prepayments	-	-	95,386	95,386	Long-term prepayments	h) and i)
Total other assets	303,564	-	(16,814)	286,750		
Total assets	$ 23,339,859	$ (13,460)	$ 64,094	$ 23,390,493	Total assets	
Current liabilities						
Short-term loans	$ 151,428	$ -	$ -	$ 151,428	Short-term borrowings	
Financial liabilities at fair value through profit or loss	6,481	-	-	6,481	Financial liabilities at fair value through profit or loss	
Accounts payable	2,353,371	-	-	2,353,371	Trade payables	
Income tax payable	444,702	-	-	444,702	Current tax liabilities	
Accrued expenses	1,742,826	23,772	-	1,766,598	Accrued expenses	c)
Advance receipts and other current liabilities	330,227	-	-	330,227	Advance receipts and other current liabilities	
Current portion of long-term bank loans	1,362	-	-	1,362	Current portion of long-term borrowings	
Total current liabilities	5,030,397	23,772	-	5,054,169	Total current liabilities	
Long-term liabilities						
Accured Convertible bonds	764,391	-	-	764,391	Bonds payable	
Long-term bank loans	10,894	-	-	10,894	Long-term borrowings	
Total long-term liabilities	775,285	-	-	775,285		
Other liabilities						
Accrued pension cost	110,541	60,223	-	170,764	Accrued pension liabilities	d) and e)
Guarantee deposits	1,094	-	-	1,094	Guarantee deposits	
Deferred credits	115	-	(115)	-		n)
Deferred income tax liabilities - noncurrent	452,098	-	64,209	516,307	Deferred tax liabilities - noncurrent	b)
Total other liabilities	583,368	60,233	64,094	688,165		
Total liabilities	6,369,530	83,995	64,094	6,517,619	Total liabilities	

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Equity attributable to owners of the Company						
Share capital						
Capital stock	$ 5,529,961	$ -	$ -	$ 5,529,961	Ordinary shares	
Advance receipts for common stock	8,360	-	-	8,360	Advance receipts for ordinary shares	
Total capital stock	5,538,321	-	-	5,538,321	Total issued capital	
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	3,821,335	-	-	3,821,335	-	
From long-term equity investments	64,603	(64,603)	-	-	-	f)
Employee stock option	233,708	-	-	233,708	-	
-	-	5,412	-	5,412	Changes in percentage of ownership in related parties recognized under the equity method	
Total capital surplus	4,119,646	(59,191)	-	4,060,455	Capital surplus	
Retained earnings				-		
Legal reserve	2,359,911	-	-	2,359,911	Legal reserve	
Special reserve	621,662	-	-	621,662	Special reserve	
Unappropriated earnings	4,309,066	(39,639)	-	4,269,427	Unappropriated earnings	c), d), e), f), and j)
Total retained earnings	7,290,639	(39,639)	-	7,251,000	Total retained earnings	
Others						
Cumulative translation adjustments	(35,297)	-	-	(35,297)	Foreign currency translation reserve	
Unrealized loss on financial instruments	(40,299)	-	-	(40,299)	Unrealized loss from available-for sale financial assets	
Net loss not recognized as pension cost	(2,121)	2,121	-	-	-	e)
Total equity others	(77,717)	2,121	-	(75,596)		
Total shareholders' equity of the Parent Company	16,870,889	(96,709)	-	16,774,180	Equity attributable to owners of the Company	
Minority interests	99,440	(746)	-	98,694	Noncontrolling interests	c) and d)
Total shareholders' equity	16,970,329	(97,455)	-	16,872,874	Total shareholders' equity	
Total liabilities and shareholders' equity	$ 23,339,859	$ (13,460)	$ 69,094	$ 23,390,493	Total liabilities and equity	

(Concluded)

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

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
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 receivables (total)	3,715,666	-	-	3,715,666	Trade receivables	
Allowance for doubtful accounts	(84,588)	-	-	(84,588)	Allowance for impairment loss	
Account receivables from related parties	3,377	-	-	3,377	Trade receivables from related parties	
Other receivables	71,792	-	-	71,792	Other receivables	

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Inventories, net	$ 3,890,166	$ -	$ -	$ 3,890,166	Inventories	
Deferred income tax assets - current	70,665	-	(70,665)	-	-	a)
-	-	-	423,428	423,428	Debt investment with no active market	g)
Restricted assets	113,770	-	-	113,770	Restricted assets	
Other financial assets - current	279,600	-	(279,600)	-	-	g)
Prepaid expenses and other current assets	180,544	-	12,635	193,179	Other current assets	h) and i)
Total current assets	13,785,343	-	(58,030)	13,727,313	Total current assets	
Long-term 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					Property, plant and equipment	
Cost	8,073,652	7,098	173,411	8,254,161	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	-	(16,223)	460,970	Property in construction	k)
Properties, net	6,332,771	5,737	53,128	6,391,636	Property, plant and equipment	
Total intangible assets	949,036	(9,918)	42,248	981,366	Intangible assets	e), h), i) and q)
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)
Prepayments for equipment	-	-	22,954	22,954	Prepayments for equipment	k)
Long-term prepaid expenses	-	-	93,098	93,098	Long-term prepayments	h) and i)
Total other assets	264,367	107	59,268	323,742		
Total assets	$ 24,024,447	$ (12,227)	$ 96,525	$ 24,108,745	Total assets	
Current liabilities						
Short-term bank loans	$ 151,452	$ -	$ -	$ 151,452	Short-term borrowings	
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	Trade payables	
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	Current portion of long-term borrowings	
Total current liabilities	5,467,462	22,881	-	5,490,343	Total current liabilities	
Long-term liabilities						
Accrued convertible bonds	184,660	-	-	184,660	Bonds payable	
Long-term bank loans	2,566	-	-	2,566	Long-term bank borrowings	
Total long-term liabilities	187,226	-	-	187,226		
Other liabilities						
Accrued pension cost	106,239	44,408	-	150,647	Accrued pension liabilities	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 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	

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Equity attributable to owners of the Company						
Share capital						
Capital stock	$ 5,639,971	$ -	$ -	$ 5,639,971	Ordinary shares	
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	
Total capital surplus	4,758,762	(56,977)	-	4,701,785	Capital surplus	
Retained earnings	7,240,340	(27,317)	-	7,213,023	Retained earnings	c), d), e), f), j) and p)
Others						
Cumulative translation adjustments	(104,345)	-	-	(104,345)	Foreign currency translation reserve	
Unrealized gain on financial instruments	168,944	-	-	168,944	Unrealized gain 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	(82,597)	-	17,619,378	Total equity attributable to owners of the Company	
Minority interest	108,265	(374)	-	107,891	Noncontrolling interests	c) and d)
Total shareholders' equity	17,810,240	(82,971)	-	17,727,269	Total shareholders' equity	
Total liabilities and shareholders' equity	$ 24,024,447	$ (12,227)	$ 96,525	$ 24,108,745	Total liabilities and equity	

(Concluded)

4) Reconciliation of the consolidated statement of comprehensive income for the three months ended March 31, 2012

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Net sales	$ 6,267,463	$ -	$ (4,908)	$ 6,262,555	Operating revenue, net	n)
Cost of sales	3,772,436	(516)	7,974	3,779,894	Operating costs	c), n) and o)
Gross profit	2,495,027	(516)	(12,882)	2,482,661	Gross profit	
Operating expenses						
Research and development	587,950	1,607	-	589,557	Research and development expenses	c)
Administrative	471,354	(604)	186	470,936	Administrative expenses	c), j), and m)
Marketing	615,002	(12,254)	(12,882)	599,866	Selling and marketing expenses	c) and o)
Total	1,674,306	(1,251)	(12,696)	1,660,359		
Operating income	820,721	(1,767)	(186)	822,302	Profit from operations	
Nonoperating income and gains						
Dividend revenue	-	-	-	-	Dividend revenue	
Investment income recognized under the equity method, net	4,587	66	-	4,653	Share of other comprehensive income of associates and joint ventures	p)
Gain on disposal of properties, net	32,376	-	-	32,376	Gain on disposal of properties	
Interest income	2,002	-	-	2,002	Interest income	
Gain on disposal of investments, net	22,409	-	-	22,409	Gain on disposal of investments, net	
Rental income	7,702	-	-	7,702	Rental income	
Foreign exchange gain, net	-	-	-	-	Foreign exchange gain, net	
Valuation gain on financial instruments, net	46,732	-	-	46,732	Other gains	
Other income	17,188	-	-	17,188	Other income	
Total operating expenses	132,996	66	-	133,062		

(Continued)

ROC GAAP Item	Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Nonoperating expenses and losses						
Loss on disposal of properties	$ -	$ -	$ -	$ -	Operating cost	
Interest expense	5,151	-	-	5,151	Finance costs	
Valuation loss on financial instruments, net	19,731	-	-	19,731	Other losses	
Exchange loss, net	26,675	-	-	26,675	Foreign exchange loss, net	
Other expenses	3,127	-	(186)	2,941	Other losses	m)
Total operating expenses	54,684	-	(186)	54,498		
Income before income tax	899,033	(1,833)	-	900,866	Profit before income tax	
Income tax expense	148,629	-	-	148,629	Income tax expense	
Net income	$ 750,404	$ (1,883)	$ -	752,237	Net profit for the period	
				(167,548)	Exchange differences on translating foreign operations	
				608,293	Unrealized gain on available-for-sale financial assets	
				(3,037)	Share of other comprehensive income of associates and joint ventures	
				28,483	Income tax relating to components of other comprehensive income	
				466,191	Other comprehensive income for the period, net of income tax	
				$ 1,218,428	Total comprehensive income for the period	

(Concluded)

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

ROC GAAP Item	Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Net sales	$ 27,551,871	$ -	$ (36,777)	$ 27,515,094	Operating revenues, net	n)
Operating costs	16,627,955	(773)	79,691	16,706,873	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	Selling and 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	Profit from operations	
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	Share of other comprehensive income of associates and joint ventures	p)
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	Other gains	
Other income	108,489	-	-	108,489	Other income	
Total nonoperating income and gains	503,729	213	-	503,942		

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Recognition and Measurement Difference	Effect of Transition to IFRSs: Presentation Difference	IFRSs Amount	IFRSs Item	Note
Nonoperating expenses and losses						
Interest expense	$ 20,350	$ -	$ -	$ 20,350	Finance costs	
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	21,665	-	(742)	20,923	Other losses	m)
Total nonoperating expenses	130,312	-	(742)	129,570		
Income before income tax	4,231,878	5,223	-	4,237,101	Profit before income tax	
Income tax expense	746,068	(85)	-	745,983	Income tax expense	d)
Net income	$ 3,485,810	$ 5,308	$ -	3,491,118	Net profit for the period	
				(209,753)	Exchange differences on translating foreign operations	
				817,536	Unrealized gain on available-for-sale financial assets	
				19,052	Actuarial gains and losses arising from defined benefit plans	d)
				(3,239)	Income tax relating to components of other comprehensive income	d)
				623,596	Other comprehensive income for the period, net of income tax	
				$ 4,114,714	Total comprehensive income for period	

(Concluded)

6) Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

Business combinations

The Group elected not to apply IFRS 3, "Business Combinations," retrospectively to business combinations that occurred before the date of transition. Therefore, in the opening balance sheet, the amount of goodwill generated from past business combinations remains the same compared with the one under ROC GAAP as of December 31, 2011.

The exemption of electing not to apply IFRS 3 "Business Combinations" also applied to investments in associates 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 shared-based payment transactions granted and vested before the date of transition.

Deemed cost

The Group applied IFRSs retrospectively to measure property, plant and equipment and intangible assets as of the date of transition.

Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition.

The impact of taking the optional exemption on the group will be explained in the next section "7) Explanations of significant reconciling items in the transition to IFRSs".

7) Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under R.O.C. GAAP and the accounting policies adopted under IFRSs were as follows:

a) Classification of deferred tax assets/liabilities and valuation allowance

Under ROC GAAP, valuation allowances are provided to the extent that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred tax assets are recognized to the extent that it is highly probable that taxable profits will be available against which the deductible temporary differences can be used; thus, the valuation allowance account will no longer be used.

In addition, under ROC GAAP, deferred tax assets and liabilities are classified as current or noncurrent in accordance with the classification of its related assets or liabilities. However, if a deferred income tax assets or liabilities do not relate to assets or liabilities in the financial statements, it is classified as either current or noncurrent based on the expected length of time before its reversal. Under IFRSs, deferred tax assets and liabilities are classified as noncurrent assets or liabilities.

As of December 31, 2012, March 31, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets to noncurrent assets were $70,665 thousand, $64,079 thousand and $74,688 thousand, respectively.

b) Offsetting deferred tax assets and liabilities

Under ROC GAAP, the Group's deferred tax assets and liabilities should only be shown at their net value with current deferred tax assets offsetting by current deferred tax liabilities. The same applies to noncurrent deferred tax assets and liabilities. Under IFRS, businesses have a legally enforceable right to offset income tax assets and liabilities of the current period. In addition, 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, March 31, 2012 and January 1, 2012, the results of offsetting the Group's deferred tax assets and deferred tax liabilities were $96,614 thousand, $64,209 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, March 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, $23,772 thousand and $24,457 thousand, respectively. Also, as of December 31, 2012, March 31, 2012 and January 1, 2012, the retained earnings were adjusted for decreases of $22,858 thousand, $23,752 thousand and $24,441 thousand, respectively. The noncontrolling interests were adjusted for decreases of $23 thousand, $20 thousand, and $16 thousand, respectively. Salary expense were adjusted for decreases of $1,583 thousand in 2012 and $689 thousand for the three months ended March 31, 2012.

d) Employee benefits - actuarial gains and losses on defined benefit 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, March 31, 2012 and January 1, 2012, the Group had elected to recognize all cumulative actuarial gains and losses on employee benefits in retained earnings in accordance with IAS No.19 "Employee Benefits," and on electing to adopt an exemption under IFRS 1 "First-time Adoption of International Financial Reporting Standards," adjusted accrued pension liabilities for increases of $46,099 thousand, $67,435 thousand and $68,301 thousand, respectively, and adjusted retained earnings and noncontrolling interests as of January 1, 2012 for decreases of $67,572 thousand and $729 thousand, respectively. In addition, in 2012, decreases in pension cost and noncontrolling interests were $2,578 thousand and $680 thousand, respectively, and deferred tax assets and tax benefits were adjusted for increases of $107 thousand and $85 thousand respectively. Pension cost was adjusted for a decrease of $864 thousand and noncontrolling interests was adjusted for an increase of $4 thousand for the three months ended March 31, 2012. In 2012, recognized actuarial gains and losses from both defined benefit plans and noncontrolling 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 noncontrolling interests were adjusted for decreases of $3,239 thousand and $216 thousand, respectively, and deferred income tax liabilities was adjusted for an increase of $3,455 thousand.

e) Employee benefits - minimum pension liability

Under ROC GAAP, minimum pension liability 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 liabilities, 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 March 31 and January 1, 2012,, the Group's accrued pension liabilities, deferred pension costs and retained earnings were adjusted for decreases of $7,212 thousand, $6,762 thousand and $1,671 thousand for both periods, 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, a change in the Parent Company's holding percentage and its interest in the investee's net assets will result, such difference will be adjusted to capital surplus-long term equity investments 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, a change in the investing company's holding percentage in the investee will result. 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, March 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, $64,603 thousand and $59,191 thousand, respectively; retained earnings were adjusted for increases of $56,977 thousand, $59,191 thousand, and $59,191 thousand, respectively. The percentage of ownership in related parties recognized under the equity method was adjusted for an increase of $5,412 thousand for the three months ended March 31, 2012.

g) Time deposits with maturities more than three months

Under ROC GAAP, "cash and cash equivalents" comprise of cash on hand, demand deposits, check deposits, time deposits that are cancellable and 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 more than three months were reclassified to bond investments with no active market.

As of December 31, 2012, March 31, 2012 and January 1, 2012, the reclassification resulted in adjustments of $423,428 thousand, $350,521 thousand and $241,882 thousand, respectively, to debt 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, and long-term prepaid expenses.

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

As of March 31, 2012, the Group reclassified deferred expenses to fixed assets, intangible assets, prepaid expenses, and long-term prepaid expenses amounting to $68,937 thousand, $152,800 thousand, $16,696 thousand and $5,150 thousand, respectively.

As of January 1, 2012, the Group reclassified deferred expense to fixed assets, intangible assets, prepaid expenses, and 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 leases in accordance with IAS 17 - “Leases.”

As of December 31, 2012, the Group reclassified prepayment for leases - current (included in other current assets) and prepayment for leases - noncurrent (included in long-term prepayments) amounting to $2,386 thousand and $93,098 thousand, respectively.

As of March 31, 2012, the Group reclassified prepayment for leases - current (included in other current assets) and the prepayment for leases - noncurrent (included in long-term prepayments) amounting to $2,398 thousand and $95,386 thousand, respectively.

As of January 1, 2012, the Group reclassified prepayment for leases - current (included in other current assets) and the prepayment for leases - noncurrent (included in long-term prepayments) amounting to $2,461 thousand and $98,496 thousand, respectively.

j) Capitalization of superficies

Under ROC GAAP, amortization of superficies during the period of factory construction should be recognized under 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 Group’s revenue-generating activities.

As of December 31, 2012, March 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 thousand, $5,101 thousand and $4,888 thousand, respectively, and the retained earnings were adjusted for increases of $4,888 thousand for both periods. The depreciation expense was adjusted for an increase of $237 thousand and the amortization expense was adjusted for a decrease of $1,086 thousand in 2012. The depreciation expense was adjusted for an increase of $59 thousand and the amortization expense was adjusted for a decrease of $272 thousand for the three months ended March 31, 2012.
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k) Classification of the prepayments for equipment

Under ROC GAAP, 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, March 31, 2012 and January 1, 2012, based on the nature of the prepayments for equipment, the Group reclassified prepayments for equipment (included in fixed assets) amounting to $16,223 thousand, $16,196 thousand and $21,741 thousand, respectively, to prepayments for equipment - noncurrent.

l) Financial assets carried at cost

Under Regulations Governing the Preparation of Financial Reports by Securities Issuers, unlisted shares or shares 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.

Under IFRSs, unlisted equity instruments are classified under financial assets held for sale and measured at fair value.

As of December 31, 2012, March 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 properly.

As of December 31, 2012, March 31, 2012 and January 1, 2012, the amounts reclassified from leased assets to property, plant and equipment were $17,645 thousand $18,251 thousand and $18,918 thousand, respectively. In 2012 and for the three months ended March 31, 2012, depreciation expenses - assets leased to others of $742 thousand and $186 thousand, respectively, had been reclassified from nonoperating expenses and losses - others to operating expenses - administration.

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, March 31, 2012 and January 1, 2012, the Group reclassified deferred credits of $89 thousand, $115 thousand and $195 thousand, respectively, to investments accounted for by the equity method.

As of December 31, 2012 and March 31, 2012, the Group's unrealized gross profit and loss on downstream transactions were adjusted for decreases in operating revenue and operating costs amounting to $36,777 thousand and $4,908 thousand, respectively.

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 amounting to $116,468 thousand in 2012 and $12,882 thousand for the three months ended March 31, 2012 to cost of goods sold.

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p) Investments in associates - adjustments

The Group's investments in associates that are accounted for by the equity method are 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 investments accounted for by the equity method.

As of March 31, 2012, the adjustment of the Group’s investment in associates accounted for by the equity method led to decreases of $7,295 thousand in retained earnings and $7,229 thousand in 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, 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 in 2012, and $66 thousand for the three months ended March 31, 2012, respectively.

8) Significant reconciliation items of statement of cash flow

Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under IAS 7” Statement of Cash Flow”, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Therefore, time deposits with a carrying amount of $423,428 thousand, $350,521 thousand and $241,882 thousand as of December 31, 2012, March 31, 2012 and January 1, 2012, respectively, held by the Group was for investment purposes and thus no longer classified as cash under IFRSs.

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7” Statement of Cash Flow”, cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of $3,326 thousand and $1,715 thousand, respectively, for the three months ended March 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

TABLE 1

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
THREE MONTHS ENDED MARCH 31, 2013
(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	Accounts receivables - related parties	$ 30,030 (EUR 750 thousand)	$ 28,673 (EUR 750 thousand)	$ 30,030 (EUR 750 thousand)	$ 28,673 (EUR 750 thousand)	4%	Short-term financing	$ -	Financing need	$ -	None	None	$ 1,891,707 (Note B)	$ 3,783,414 (Note B)
2	ANA	AKMC	Accounts receivables - related parties	143,160 (US$ 4,800 thousand)	143,160 (US$ 4,800 thousand)	143,160 (US$ 4,800 thousand)	143,160 (US$ 4,800 thousand)	2%	Short-term financing	-	Financing need	-	None	None	1,891,707 (Note B)	3,783,414 (Note B)
3	AiSC	ACN	Accounts receivables - related parties	124,338 (RMB 26,182 thousand)	89,835 (RMB 18,704 thousand)	124,338 (RMB 26,182 thousand)	89,835 (RMB 18,704 thousand)	2%	Short-term financing	-	Financing need	-	None	None	249,756 (Note C)	249,756 (Note C)

Note A: The exchange rates as of March 31, 2013 were EUR1.00=38.23, US$1.00=29.825 and RMB1.00=4.803.

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 credit lines of maximum balance and the ending balance were approved by the financiers’ board of directors.

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS
THREE MONTHS ENDED MARCH 31, 2013
(In Thousands of New Taiwan Dollars/Foreign Currency)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Advantech Co., Ltd. (the "Company")	Stock							
	AAC (BVI)	Subsidiary	Long-term equity investments	29,623,834	$ 2,579,861	100.00	$ 2,579,861	Note A
	ATC	〃	〃	38,750,000	2,842,298	100.00	2,842,298	Note A
	Advansus Corp.	〃	〃	36,000,000	582,630	100.00	582,630	Note A
	Advantech Fund-A	〃	〃	90,000,000	934,252	100.00	934,252	Note A
	Axiomtek	Equity-method investee	〃	20,537,984	352,301	26.55	352,301	Note A
	AEUH	Subsidiary	〃	9,572,024	780,638	100.00	780,638	Note A
	ASG	〃	〃	1,450,000	88,238	100.00	88,238	Note A
	AAU	〃	〃	500,204	73,076	100.00	73,076	Note A
	AJP	〃	〃	1,200	153,020	100.00	153,020	Note A
	AMY	〃	〃	2,000,000	39,412	100.00	39,412	Note A
	AKR	〃	〃	600,000	153,155	100.00	153,155	Note A
	ABR	〃	〃	971,055	43,985	43.28	43,985	Note A
	AiST	〃	〃	5,000,000	50,611	100.00	50,611	Note A
	ACA	〃	〃	7,948,839	382,967	99.36	382,967	Note A
	AIN	〃	〃	999,999	4,357	99.99	4,357	Note A
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	5,023,461.00	1,795,887	0.67	1,795,887	Notes B and D
	Pegatron Corp.	-	〃	9,855,570.00	455,327	0.43	455,327	Notes B and E
	Chunghwa Telecom Co., Ltd.	-	〃	1,243,636.00	115,410	0.02	115,410	Notes B and F
	Fund							
	Taishin 1699 Money Market	-	Available for sale financial assets - current	36,509,427.74	480,135	-	480,135	Note C
	Eastspring Inv Well Pool Fund	-	〃	22,679,775.20	299,994	-	299,994	Note C
	Mega Diamond Money Market	-	〃	56,464,715.25	687,531	-	687,531	Note C
	Yuanta Wan Tai Money Market	-	〃	36,034,467.20	531,134	-	531,134	Note C
Advantech Fund-A	Stock							
	Netstar Technology Co., Ltd.	Subsidiary	Long-term equity investments	23,870,117	285,614	95.48	285,614	Note A
	BCM Embedded Computer Inc.	〃	〃	4,500,000	17,994	100.00	17,994	Note A
	Broadwin Technology Inc.	〃	〃	6,777,571	148,073	100.00	148,073	Note A
	Cermate Technologies Inc.	〃	〃	5,500,000	94,527	55.00	94,527	Note A
	Axiomtek	Equity-method investee	〃	1,787,000	43,836	2.31	43,836	Note A

(Continued)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Chunghwa Telecom Co., Ltd.	-	Available for sale financial assets - current	494,952	$ 45,932	0.006	$ 45,932	Note B
	AverMedia Information Inc.	-	〃	808,500	19,525	0.823	19,525	Note B
	Taiwan 50	-	〃	170,000	9,367	-	9,367	Note B
	COBAN Research and Technologies, Inc.	-	Financial assets carried at cost - noncurrent	600,000	33,257	6.85	33,257	-
	Fund							
	Eastspring Inv Well Pool Fund	-	Available for sale financial assets - current	8,392,207.10	111,007	-	111,007	Note C
	FSITC Money Market	-	〃	252,491.74	43,823	-	43,823	Note C
	Fuh Hwa Money Market	-	〃	4,021,632.80	56,608	-	56,608	Note C
	Taishin 1699 Money Market	-	〃	839,816.46	11,044	-	11,044	Note C
Advansus Corp.	Fund							
	Taishin 1699 Money Market	-	〃	9,403,292.47	123,663	-	123,663	Note C
AiST	Fund							
	Fuh Hwa Money Market	-	〃	1,977,034.20	27,829	-	27,829	Note C
ATC	Stock							
	ATC (HK)	Subsidiary	Long-term equity investments	41,650,001	2,059,803	100.00	2,059,803	Note A
ATC (HK)	Stock							
	AKMC	〃	〃	-	2,059,803	100.00	2,059,803	Note A
AAC (BVI)	Stock							
	ANA	〃	〃	10,952,606	1,458,988	100.00	1,458,988	Note A
	AAC (HK)	〃	〃	15,230,001	1,289,650	100.00	1,289,650	Note A
ANA	Stock							
	AMX	〃	〃	-	1,323	100.00	1,323	Note A
AAC (HK)	Stock							
	ACN	〃	〃	-	673,989	100.00	673,989	Note A
	AiSC	〃	〃	-	622,155	100.00	622,155	Note A
	AXA	〃	〃	-	(8,202)	100.00	(8,202)	Note A
ACN	Stock							
	Hangzhou Advantofine Automation Co., Ltd.	〃	〃	-	14,068	60.00	14,068	Note A
AEUH	Stock							
	AEU	〃	〃	8,609,658	860,479	100.00	860,479	Note A
	APL	〃	〃	6,350	42,128	100.00	42,128	Note A

(Continued)

Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
AEU	Stock							
	A-DLoG	Subsidiary	Long-term equity investments	1	$ 614,833	100.00	$ 614,833	Note A
ASG	Stock							
	ATH	〃	〃	51,000	14,252	51.00	14,252	Note A
	AID	〃	〃	300,000	961	100.00	961	Note A
Netstar Technology Co., Ltd.	Stock							
	Jan Hsiang Electronics Co., Ltd.	Equity-method investee	〃	655,500	6,253	28.50	6,253	Note A
	Fund							
	Mega Diamond Money Market	-	Available for sale financial assets - current	6,585,605.73	80,188	-	80,188	Note C
Cermate Technologies Inc.	Stock							
	Land Mark	Subsidiary	Long-term equity investments	972,284	52,710	100.00	52,710	Note A
BCM Embedded Computer Inc.	Fund							
	FSITC Money Market	-	Available for sale financial assets - current	61,033.03	10,593	-	10,593	Note C
Broadwin Technology Inc.	Fund							
	FSITC Money Market	-	Available for sale financial assets - current	230,155.49	39,946	-	39,946	Note C
	Fuh Hwa Money Market	-	〃	469,058.20	6,602	-	6,602	Note C
	Eastspring Inv Well Pool Fund	-	〃	870,735.60	11,518	-	11,518	Note C
Land Mark	Stock							
	Cermate (Shanghai)	Subsidiary	Long-term equity investments	-	25,212	100.00	25,212	Note A
	Cermate (Shenzhen)	〃	〃	-	27,464	90.00	27,464	Note A
ACA	Fund							
	Union Money Market	-	Available for sale financial assets - current	3,126,557.99	40,175	-	40,175	Note C
	Mega Diamond Money Market	-	〃	2,220,595.61	27,039	-	27,039	Note C
	Taishin 1699 Money Market	-	〃	22,150,138.89	291,296	-	291,296	Note C

Note A: The financial statements used as basis of net asset values had all been reviewed, except those of AAC (BVI), AAC (HK), ANA, AEUH, AEU, ATC, ATC (HK) and AKMC.
Note B: Market value was based on the closing price on March 31, 2013.
Note C: Market value was based on the net asset values of the open-ended mutual funds on March 31, 2013.
Note D: The amount included $1,483,625 thousand, the carrying value of 4,150,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 8 of the financial statements for more information.
Note E: The amount included $371,910 thousand, the carrying value of 8,050,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 8 of the financial statements for more information.
Note F: The amount included $115,350 thousand, the carrying value of 1,243,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 8 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
THREE MONTHS ENDED MARCH 31, 2013
(In Thousands of New Taiwan Dollars)

Company Holding the Securities	Securities Type and Name/Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
Advantech Co., Ltd. (the "Company")	Fund													
	Mega Diamond Money Market	Available for sale financial assets - current	-	-	-	$ -	56,464,715.25	$ 687,500	-	$ -	$ -	$ -	56,464,715.25	$ 687,500
	Taishin 1699 Money Market	Available for sale financial assets - current	-	-	35,809,736.85	469,145	37,200,204.18	489,000	36,500,513.29	480,000	478,224	1,776	36,509,427.74	479,921
	Eastspring Inv Well Pool Money Market	Available for sale financial assets - current	-	-	11,359,677.70	150,000	11,320,097.50	149,500	-	-	-	-	22,679,775.20	299,500
	Yuanta Wan Tai Money Market	Available for sale financial assets - current			-	-	36,034,467.20	530,800	-	-	-	-	36,034,467.20	530,800
	Stock													
	ASUSTek Computer Inc.	Available for sale financial assets - noncurrent	-	-	5,464,461	1,613,268	-	-	441,000	161,870	130,196	31,674	5,023,461.00	1,483,072

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
THREE MONTHS ENDED MARCH 31, 2013
(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")	AEU	Indirect subsidiary	Sale	$ (604,237)	12.64	45 days after month end	Contract price	No significant difference from terms for related parties	$ 769,061	23.28	
	ACN	Indirect subsidiary	Sale	(385,757)	8.07	45 days after month end	Contract price	No significant difference from terms for related parties	427,976	12.95	
	AKMC	Indirect subsidiary	Sale	(162,980)	3.41	45 days after month end	Contract price	No significant difference from terms for related parties	58,036	1.76	
	AiSC	Indirect subsidiary	Sale	(441,547)	9.24	45 days after month end	Contract price	No significant difference from terms for related parties	539,259	16.32	
	ANA	Indirect subsidiary	Sale	(1,564,932)	32.73	45 days after month end	Contract price	No significant difference from terms for related parties	384,992	11.65	
	AKR	Subsidiary	Sale	(112,909)	2.36	45 days after month end	Contract price	No significant difference from terms for related parties	54,294	1.64	
	ATC	Subsidiary	Purchase	1,481,373	43.96	45 days after month end	Contract price	No significant difference from terms for related parties	(1,233,448)	52.42	
	Advansus Corp.	Subsidiary	Purchase	126,205	3.75	30 days after month end	Contract price	No significant difference from terms for related parties	(87,650)	3.72	
	ACA	Subsidiary	Purchase	739,410	21.94	30 days after month end	Contract price	No significant difference from terms for related parties	(370,799)	15.76	
ATC	Advantech Co., Ltd.	Ultimate parent company	Sale	(1,481,373)	98.96	45 days after month end	Contract price	No significant difference from terms for related parties	1,233,448	96.49	
Advansus Corp.	Advantech Co., Ltd.	Ultimate parent company	Sale	(126,205)	20.34	30 days after month end	Contract price	No significant difference from terms for related parties	87,650	21.00	
ACA	Advantech Co., Ltd.	Ultimate parent company	Sale	(739,410)	67.14	30 days after month end	Contract price	No significant difference from terms for related parties	370,799	62.23	
ANA	Advantech Co., Ltd.	Ultimate parent company	Purchase	1,564,932	90.70	45 days after month end	Contract price	No significant difference from terms for related parties	(384,992)	89.55	
AEU	Advantech Co., Ltd.	Ultimate parent company	Purchase	604,237	89.72	45 days after month end	Contract price	No significant difference from terms for related parties	(769,061)	89.73	
ACN	Advantech Co., Ltd.	Ultimate parent company	Purchase	385,757	66.30	45 days after month end	Contract price	No significant difference from terms for related parties	(427,976)	65.69	

(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	
AKMC	Advantech Co., Ltd.	Ultimate parent company	Purchase	$ 162,980	11.39	45 days after month end	Contract price	No significant difference from terms for related parties	$ (58,036)	4.99	
AiSC	Advantech Co., Ltd.	Ultimate parent company	Purchase	441,547	64.58	45 days after month end	Contract price	No significant difference from terms for related parties	(539,259)	84.60	
AKR	Advantech Co., Ltd.	Ultimate parent company	Purchase	112,909	54.85	45 days after month end	Contract price	No significant difference from terms for related parties	(54,294)	45.79	
Advansus Corp.	AKMC	Related enterprise	Sale	(161,632)	26.04	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	99,621	23.87	
AKMC	ATC	Related enterprise	Sale	(1,469,759)	93.19	Next 30 days after month end	Mark-up pricing	No significant difference from terms for related parties	449,348	85.86	
ACA	Advansus Corp.	Related enterprise	Sale	(114,192)	10.37	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	51,569	8.65	
	AKMC	Related enterprise	Sale	(228,680)	20.77	45 days after month end	Mark-up pricing	No significant difference from terms for related parties	151,632	25.45	
AKMC	Advansus Corp.	Related enterprise	Purchase	161,632	11.30	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(99,621)	8.56	
ATC	AKMC	Related enterprise	Purchase	1,469,759	100.00	Next 30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(449,348)	99.20	
Advansus Corp.	ACA	Related enterprise	Purchase	114,192	21.06	30 days after month end	Mark-up pricing	No significant difference from terms for related parties	(51,569)	11.11	
AKMC	ACA	Related enterprise	Purchase	228,680	15.98	Immediate payment	Mark-up pricing	No significant difference from terms for related parties	(151,632)	13.03	

Note: All intercompany transactions have been eliminated from consolidation.

(Concluded)

TABLE 5

ADVANTECH CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2013
(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	$ 770,674	3.17	$ -	-	$ 117,736	$ -
	AiSC	Indirect subsidiary	539,426	3.23	-	-	144,557	-
	ACN	Indirect subsidiary	431,623	2.99	-	-	154,004	-
	ANA	Indirect subsidiary	386,767	12.92	-	-	311,781	-
ATC	Advantech Co., Ltd.	Parent company	1,233,448	4.63	-	-	470,020	-
ACA	Advantech Co., Ltd.	Parent company	370,799	15.15	-		238,604	
AKMC	ATC	Related enterprise	449,348	2.8	-	-	461,242	-
ACA	AKMC	Related enterprise	151,632	36.12	-	-	40,417	-
ANA	AKMC	Related enterprise	144,329	1.97	-	-	173,386	-
AiSC	ACN	Related enterprise	121,883	4.59	-	-	17,955	-

Note: All intercompany transactions have been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
THREE MONTHS ENDED MARCH 31, 2013
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note)	Note
				March 31, 2013	December 31, 2012	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	$ 2,579,861	$ 88,458	$ 85,815	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	2,842,298	(68,786)	(63,734)	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	486,000	486,000	36,000,000	100.00	582,630	37,313	31,370	Subsidiary
	Advantech Fund-A	Taipei, Taiwan	Investment holding company	900,000	900,000	90,000,000	100.00	934,252	12,938	13,194	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	249,059	249,059	20,537,984	26.55	352,301	69,869	18,550	Equity-method investee
	AEUH	Helmond, The Netherlands	Investment and management service	1,146,489	1,146,489	9,572,024	100.00	780,638	(4,606)	(4,625)	Subsidiary
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	88,238	2,315	2,315	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	73,076	(1,538)	(1,538)	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	153,020	(3,427)	(3,427)	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	39,412	932	932	Subsidiary
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	153,155	6,858	6,858	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	-	-	971,055	43.28	43,985	14,896	8,937	Subsidiary
	AiST	Taipei, Taiwan	Sale of industrial automation products	50,000	50,000	5,000,000	100.00	50,611	(1,679)	(1,679)	Subsidiary
	ACA	Taipei, Taiwan	Production and sale of portable industrial computing products	141,562	141,562	7,948,839	99.36	382,967	61,625	56,919	Subsidiary
	AIN	India	Sale of industrial automation products	5,567	5,567	999,999	99.99	4,357	2,856	2,856	Subsidiary
Advantech Fund-A	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	291,159	287,564	23,870,117	95.48	285,614	15,215	13,987	Indirect subsidiary
	BCM Embedded Computer Inc.	Taipei, Taiwan	Telecommunications equipment and electronic parts manufacturing	45,500	45,500	4,500,000	100.00	17,994	(30)	(30)	Indirect subsidiary
	Broadwin Technology Inc.	Taipei, Taiwan	Assembly and production of computers	142,063	142,063	6,777,571	100.00	148,073	(2,015)	(2,015)	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	94,527	(1,861)	(1,024)	Indirect subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	40,816	40,816	1,787,000	2.31	43,836	69,869	1,614	Equity-method investee
ATC	ATC (HK)	Hong Kong	Investment and management service	1,212,730	1,212,730	41,650,001	100.00	2,059,803	16,878	16,878	Indirect subsidiary
ATC (HK)	AKMC	Jiangsu, China	Production and sale of industrial automation products	1,212,730	1,212,730	-	100.00	2,059,803	16,878	16,878	Indirect subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,458,988	33,009	33,009	Indirect subsidiary
	AAC (HK)	Hong Kong	Investment and management service	539,146	539,146	15,230,001	100.00	1,289,650	55,503	55,503	Indirect subsidiary
ANA	AMX	Mexico	Sale of industrial automation products	3,090	2,047	-	100.00	1,323	(649)	(649)	Indirect subsidiary
AAC (HK)	ACN	Beijing, China	Sale of industrial automation products	185,356	185,356	-	100.00	673,989	34,748	34,748	Indirect subsidiary
	AiSC	Shanghai, China	Sale of industrial automation products	257,040	257,040	-	100.00	622,155	31,083	31,083	Indirect subsidiary
	AXA	Xi'an, China	Development and production of software products	32,960	32,960	-	100.00	(8,202)	(10,263)	(10,263)	Indirect subsidiary
ACN	Hangzhou Advantofine Automation Co., Ltd.	Hangzhou, China	Processing and sale of peripherals	13,727	13,727	-	60.00	14,068	(1,575)	(945)	Indirect subsidiary
AEUH	AEU	Eindhoven, The Netherlands	Sale of industrial automation products	316,403	316,403	8,609,658	100.00	860,479	(6,213)	(6,213)	Indirect subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	14,176	14,176	6,350	100.00	42,128	2,577	2,577	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	614,833	4,798	4,798	Indirect subsidiary
ASG	ATH	Thailand	Production of computers	7,537	7,537	51,000	51.00	14,252	2,164	1,104	Indirect subsidiary
	AID	Indonesia	Sale of industrial automation products	3,330	3,330	300,000	100.00	961	(1,088)	(1,088)	Indirect subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note)	Note
				March 31, 2013	December 31, 2012	Shares	Percentage of Ownership	Carrying Value			
Netstar Technology Co., Ltd.	Jan Hsiang Electronics Co., Ltd.	Taipei, Taiwan	Electronic parts and components manufacturing	$ 3,719	$ 3,719	$ 655,500	28.50	$ 6,253	$ (1,711)	$ (487)	Equity-method investee
Cermate Technologies Inc.	LandMark	BVI	General investment	28,200	28,200	972,284	100.00	52,710	(743)	(834)	Indirect subsidiary
LandMark	Cermate (Shanghai)	Shanghai, China	Sale of industrial electronic products	US$ 572	US$ 572	-	100.00	25,212	(97)	(97)	Indirect subsidiary
	Cermate (Shenzhen)	Shenzhen, China	Manufacture of LCD touch panels, USB data cables and industrial automation products	US$ 308	US$ 308	-	90.00	27,464	(718)	(647)	Indirect subsidiary

Note: The financial statements used as basis of net asset values had all been reviewed, except those of AAC (BVI), AAC (HK), ANA, AEUH, AEU, ATC, ATC (HK) and AKMC. All other investee companies were all unreviewed as of the three months ended of March 31, 2013.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2013
(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, 2013 (Note E)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2013 (Note E)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes A and B)	Carrying Value as of March 31, 2013	Accumulated Inward Remittance of Earnings as of March 31, 2013
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$ 41,650 thousand	Indirect	$ 1,112,473 (US$ 37,300 thousand)	$ -	$ -	$ 1,112,473 (US$ 37,300 thousand)	100	$ 16,878	$ 2,059,803	$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$ 4,230 thousand	Indirect	159,027 (US$ 5,332 thousand)	-	-	159,027 (US$ 5,332 thousand)	100	34,748	673,989	335,084 (US$ 11,235 thousand) (Note E)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Production and sale of industrial automation products	US$ 8,000 thousand	Indirect	238,600 (US$ 8,000 thousand)	-	-	238,600 (US$ 8,000 thousand)	100	31,083	622,155	-
Xi’an Advantech Software Ltd. (AXA)	Development and production of software products	US$ 1,000 thousand	Indirect	(Note C)	-	-	(Note C)	100	(10,263)	(8,202)	-

Accumulated Investment in Mainland China as of March 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Maximum Allowable Limit on Investment
$1,516,064 (US$50,832 thousand) (Notes D and E)	$2,057,925 (US$69,000 thousand) (Note E)	$1,420,215 (Note F)

Note A: The financial statements used as basis of net asset values were reviewed by independent CPAs, except those of AAC (BVI), AAC (HK), ANA, AEUH, AEU, ATC, ATC (HK) and AKMC. All other investee companies were all unreviewed as of the three months ended of March 31, 2013.

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 35 of the financial statements and Tables 1, 5 and 6.

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

(Continued)

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$29.825.

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

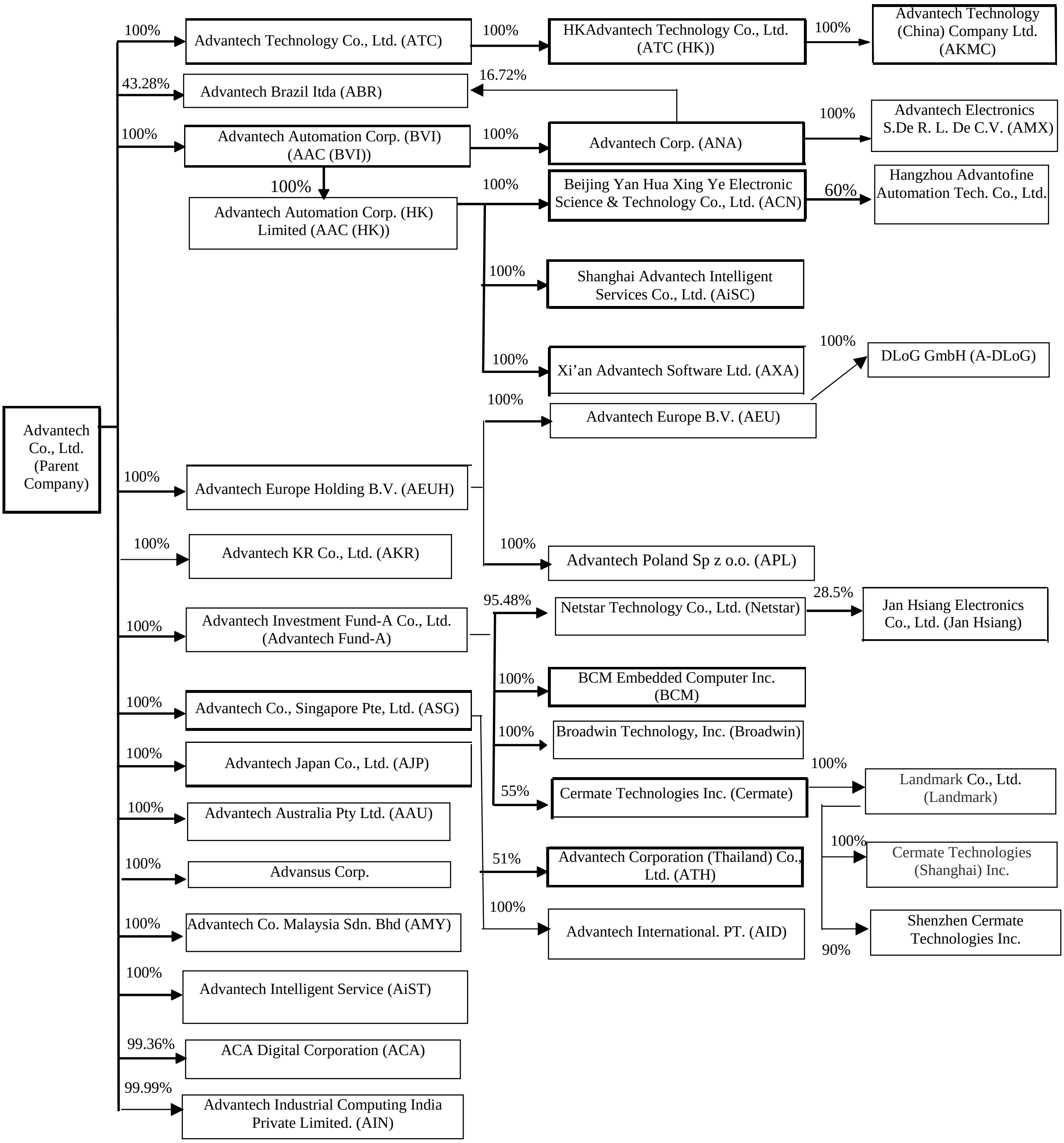
(Concluded)

TABLE 8

ADVANTECH CO., LTD. AND SUBSIDIARIES

ORGANIZATION CHART
MARCH 31, 2013 AND 2012

Intercompany relationships and percentages of ownership as of March 31, 2013 are shown below:



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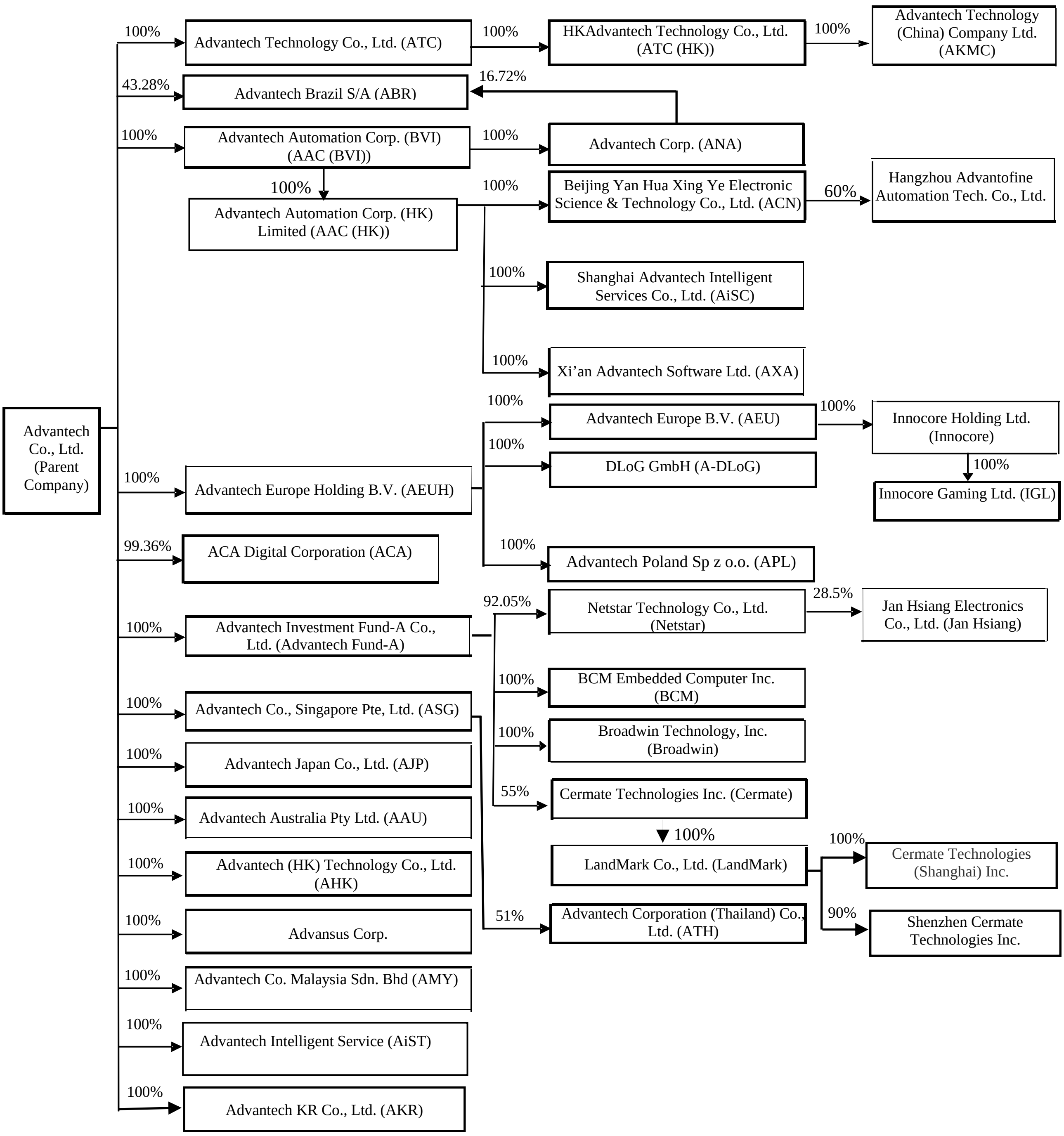
(Continued)

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



(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)

March 31, 2013

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
0	Advantech Co., Ltd.	AAC (HK)	1	Operating expense	$ 1,062	Normal	-
		AAC (HK)	1	Payables from related parties	480	45 days EOM	-
		AAC (HK)	1	Receivables from related parties	35	45 days EOM	-
		AAU	1	Sales	31,427	Normal	-
		AAU	1	Other revenue	781	Normal	-
		AAU	1	Purchase	2	Normal	-
		AAU	1	Receivables from related parties	39,960	60-90 days	-
		AAU	1	Payables from related parties	2	60-90 days	-
		ABR	1	Sales	33,361	Normal	1%
		ABR	1	Other revenue	1,114	Normal	-
		ABR	1	Receivables from related parties	25,428	90 days EOM	-
		ACA	1	Purchase	739,410	Normal	11%
		ACA	1	Sales	1,032	Normal	-
		ACA	1	Other revenue	1,260	45 days after invoice date	-
		ACA	1	Payables from related parties	370,799	30 days EOM	1%
		ACA	1	Receivables from related parties	882	30 days EOM	-
		ACN	1	Receivables from related parties	431,623	45 days EOM	2%
		ACN	1	Sales	385,757	Normal	6%
		ACN	1	Purchase	69	Normal	-
		A-DLoG	1	Sales	8,292	Normal	-
		A-DLoG	1	Purchase	7,249	Normal	-
		A-DLoG	1	Other revenue	1,574	Normal	-
		A-DLoG	1	Receivables from related parties	3,052	30 days after invoice date	-
		A-DLoG	1	Payables from related parties	1,360	30 days after invoice date	-
		AEU	1	Receivables from related parties	770,674	30 days EOM	3%
		AEU	1	Sales	604,237	Normal	9%
		AEU	1	Other revenue	3,602	Normal	-
		AEU	1	Purchase	2,067	Normal	-
		AEU	1	Payables from related parties	3,277	30 days EOM	-
		AID	1	Receivables from related parties	178	45 days after invoice date	-
		AID	1	Sales	127	45 days after invoice date	-
		AIN	1	Receivables from related parties	2,144	60 days after invoice date	-
		AIN	1	Payables from related parties	811	60 days after invoice date	-
		AIN	1	Sales	291	60 days after invoice date	-
		AIN	1	Purchase	420	60 days after invoice date	-
		AIN	1	Other expense	3,227	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AiSC	1	Receivables from related parties	$ 539,426	45 days EOM	2%
		AiSC	1	Sales	441,547	Normal	7%
		AiSC	1	Purchase	629	60 days after invoice date	-
		AiSC	1	Payables from related parties	649	45 days EOM	-
		AJP	1	Sales	64,502	Normal	1%
		AJP	1	Other revenue	1,663	Normal	-
		AJP	1	Receivables from related parties	32,558	60-90 days	-
		AJP	1	Payables from related parties	376	60-90 days	-
		AKMC	1	Receivables from related parties	58,287	45 days EOM	-
		AKMC	1	Sales	162,980	Normal	2%
		AKR	1	Receivables from related parties	55,297	Collection upon delivery	-
		AKR	1	Sales	112,909	Normal	2%
		AKR	1	Other revenue	1,455	Normal	-
		AMY	1	Sales	13,591	Normal	-
		AMY	1	Other revenue	564	Normal	-
		AMY	1	Receivables from related parties	12,239	45 days EOM	-
		ANA	1	Receivables from related parties	386,766	45 days EOM	1%
		ANA	1	Sales	1,564,932	Normal	24%
		ANA	1	Purchase	28,462	Normal	-
		ANA	1	Other revenue	5,237	Normal	-
		ANA	1	Payables from related parties	16,309	45 days EOM	-
		APL	1	Sales	2,146	Normal	-
		APL	1	Purchase	1	Normal	-
		APL	1	Receivables from related parties	2,513	45 days EOM	-
		APL	1	Payables from related parties	340	30 days after invoice date	-
		ASG	1	Receivables from related parties	45,777	60-90 days	-
		ASG	1	Sales	24,647	Normal	-
		ASG	1	Operating expense	141	Normal	-
		ASG	1	Other revenue	727	Normal	-
		ASG	1	Payables from related parties	48	60-90 days	-
		ATC	1	Payables from related parties	1,233,448	60 days EOM	5%
		ATC	1	Purchase	1,481,373	Normal	22%
		ATC	1	Royalty revenue	75,012	Normal	-
		ATH	1	Sales	10,438	Normal	-
		ATH	1	Other revenue	580	Normal	-
		ATH	1	Receivables from related parties	6,186	30 days after invoice date	-
		BCM Embedded Computer Inc.	1	Rental revenue	15	Normal	-
		BCM Embedded Computer Inc.	1	Receivables from related parties	63	30 days EOM	-
		Cermate	1	Purchase	1,112	Normal	-
		Cermate	1	Other revenue	180	Normal	-
		Cermate	1	Payables from related parties	324	30 days EOM	-
		Cermate	1	Receivables from related parties	63	30 days EOM	-
		Broadwin Technology, Inc.	1	Other revenue	240	Normal	-
		Broadwin Technology, Inc.	1	Sales	119	Normal	-
		Broadwin Technology, Inc.	1	Purchase	178	Normal	-
		Broadwin Technology, Inc.	1	Receivables from related parties	395	60 days EOM	-
		Broadwin Technology, Inc.	1	Payables from related parties	357	60 days EOM	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advantech Fund-A	1	Rental revenue	$ 9	Normal	-
		Advantech Fund-A	1	Receivables from related parties	3	Normal	-
		AiST	1	Receivables from related parties	6,979	Normal	-
		AiST	1	Purchase	1,514	Normal	-
		AiST	1	Sales	7,095	Normal	-
		AiST	1	Payables from related parties	46	30 days EOM	-
		Advansus Corp.	1	Payables from related parties	87,650	60-90 days	-
		Advansus Corp.	1	Purchase	126,205	Normal	2%
		Advansus Corp.	1	Sales	2,433	Normal	-
		Advansus Corp.	1	Rental revenue	15	Normal	-
		Advansus Corp.	1	Rental expense	43	Normal	-
		Advansus Corp.	1	Receivables from related parties	323	60-90 days	-
		Netstar Technology Co., Ltd.	1	Payables from related parties	21,355	60 days EOM	-
		Netstar Technology Co., Ltd.	1	Purchase	19,745	Normal	-
		Netstar Technology Co., Ltd.	1	Sales	21	Normal	-
		Netstar Technology Co., Ltd.	1	Other revenue	240	Normal	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	274	25th of every quarter	-
1	ACN	AEU	3	Payables from related parties	127	Prepayment	-
		AEU	3	Sales	1,280	Normal	-
		AEU	3	Receivables from related parties	1,679	30 days EOM	-
		AiSC	3	Sales	65,821	Normal	1%
		AiSC	3	Interest expense	662	Normal	-
		AiSC	3	Receivables from related parties	31,516	Collection upon delivery	-
		AiSC	3	Purchase	34,568	Normal	1%
		AiSC	3	Payables from related parties	121,883	25th of every month	-
		AKMC	3	Purchase	9,169	Normal	-
		AKMC	3	Sales	1,782	Normal	-
		AKMC	3	Rental expense	1,060	Normal	-
		AKMC	3	Payables from related parties	5,246	60-90 days	-
		AKMC	3	Receivables from related parties	1,688	60-90 days	-
		AKR	3	Receivables from related parties	71	45 days EOM	-
		AKR	3	Sales	88	Normal	-
		AMY	3	Sales	24	Normal	-
		AMY	3	Receivables from related parties	46	60-90 days	-
		ANA	3	Sales	336	30 days EOM	-
		ANA	3	Receivables from related parties	80	30 days EOM	-
		AXA	3	Receivables from related parties	32,662	60 days EOM	-
		AXA	3	Payables from related parties	90	25th of every month	-
		Advantech Co., Ltd.	2	Payables from related parties	431,623	45 days EOM	2%
		Advantech Co., Ltd.	2	Purchase	385,757	Normal	6%
		Advantech Co., Ltd.	2	Sales	69	Normal	-
		Advantofine	3	Purchase	879	Normal	-
		Advantofine	3	Payables from related parties	1,043	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
2	AAU	AiSC	3	Payables from related parties	$ 564	60 days EOM	-
		AiSC	3	Purchase	556	60 days EOM	-
		AKMC	3	Receivables from related parties	126	30 days after invoice date	-
		ANA	3	Purchase	23	Normal	-
		ANA	3	Payables from related parties	23	60-90 days	-
		Advantech Co., Ltd.	2	Payables from related parties	39,960	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	31,427	Normal	-
		Advantech Co., Ltd.	2	Other expense	781	Normal	-
		Advantech Co., Ltd.	2	Sales	2	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	2	60-90 days	-
3	ABR	Advantech Co., Ltd.	2	Payables from related parties	25,428	90 days EOM	-
		Advantech Co., Ltd.	2	Purchase	33,361	Normal	1%
		Advantech Co., Ltd.	2	Other expense	1,114	Normal	-
4	ACA	AiSC	3	Purchase	6,879	60 days after invoice date	-
		AiSC	3	Payables from related parties	1,861	60 days after invoice date	-
		AKMC	3	Sales	228,680	Normal	3%
		AKMC	3	Receivables from related parties	151,632	45 days EOM	1%
		Advantech Co., Ltd.	2	Receivables from related parties	370,799	30 days EOM	1%
		Advantech Co., Ltd.	2	Sales	739,410	Normal	11%
		Advantech Co., Ltd.	2	Purchase	1,032	Normal	-
		Advantech Co., Ltd.	2	Other expense	1,260	45 days after invoice date	-
		Advantech Co., Ltd.	2	Payables from related parties	882	30 days EOM	-
		Advansus Corp.	3	Sales	114,192	Normal	2%
		Advansus Corp.	3	Receivables from related parties	51,569	45 days EOM	-
		Advansus Corp.	3	Purchase	66,349	30 days EOM	1%
		Advansus Corp.	3	Payables from related parties	32,099	30 days EOM	-
5	ADL (AFR)	ADL	3	Receivables from related parties	725	30 days after invoice date	-
	ADL (AIT)	ADL	3	Payables from related parties	34	30 days after invoice date	-
	ADL	ADL (AFR)	3	Payables from related parties	725	30 days after invoice date	-
	ADL	ADL (AIT)	3	Receivables from related parties	34	30 days after invoice date	-
	ADL (AFR)	A-DLoG	3	Receivables from related parties	765	30 days upon delivery	-
	ADL	AEU	3	Commission revenue	19,746	Normal	-
	ADL	AEU	3	Receivables from related parties	13,316	30 days after invoice date	-
	ADL	AEU	3	Payables from related parties	394	30 days after invoice date	-
	ADL (AFR)	AEU	3	Commission revenue	9,450	Normal	-
	ADL (AFR)	AEU	3	Purchase	3	30 days after invoice date	-
	ADL (AFR)	AEU	3	Receivables from related parties	1,878	30 days after invoice date	-
	ADL (AFR)	AEU	3	Payables from related parties	15	30 days after invoice date	-
	ADL (AIT)	AEU	3	Commission revenue	12,222	Normal	-
	ADL (AIT)	AEU	3	Receivables from related parties	4,075	30 days after invoice date	-
	ADL (AIT)	AEU	3	Payables from related parties	183	30 days after invoice date	-
	ADL (AUK)	AEU	3	Commission revenue	2,462	Normal	-
	ADL (AUK)	AEU	3	Receivables from related parties	5,944	30 days after invoice date	-
	ADL (AUK)	AEU	3	Payables from related parties	305	30 days after invoice date	-
	ADL	AEUH	3	Interest expense	97	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
	ADL (ABN)	ANA	3	Purchase	$ 9	Normal	-
	ADL (AIT)	ANA	3	Purchase	185	30 days after invoice date	-
	ADL	APL	3	Receivables from related parties	6	30 days after invoice date	-
	ADL	ATC	3	Receivables from related parties	4,388	7 days after invoice date	-
	ADL (AIT)	ATC	3	Receivables from related parties	2,635	30 days after invoice date	-
6	AEUH	ADL	3	Interest revenue	97	Normal	-
		AEU	3	Interest revenue	195	Normal	-
7	AMX	ANA	3	Payables from related parties	1,346	Immediate payment	-
8	AiSC	AAC (HK)	3	Receivables from related parties	6,993	90 days	-
		AAU	3	Receivables from related parties	564	30 days EOM	-
		AAU	3	Sales	556	60 days after invoice date	-
		ABJ (ACN)	3	Receivables from related parties	121,883	25th of every month	1%
		ABJ (ACN)	3	Sales	34,568	Normal	1%
		ABJ (ACN)	3	Interest revenue	662	Normal	-
		ACA	3	Sales	6,879	60 days after invoice date	-
		ACA	3	Receivables from related parties	1,861	60 days after invoice date	-
		ACN	3	Payables from related parties	31,516	25th of every month	-
		ACN	3	Purchase	65,821	Normal	1%
		AEU	3	Sales	8	Immediate payment	-
		AEU	3	Receivables from related parties	8	Immediate payment	-
		AKMC	3	Receivables from related parties	40,698	30 days EOM	-
		AKMC	3	Payables from related parties	30,006	Immediate payment	-
		AKMC	3	Purchase	36,212	Normal	-
		AKMC	3	Sales	37,980	Normal	1%
		ASG	3	Sales	72	30 days EOM	-
		ASG	3	Receivables from related parties	73	30 days EOM	-
		Advantech Co., Ltd.	2	Payables from related parties	539,426	45 days EOM	2%
		Advantech Co., Ltd.	2	Purchase	441,547	Normal	7%
		Advantech Co., Ltd.	2	Sales	629	60 days after invoice date	-
		Advantech Co., Ltd.	2	Receivables from related parties	649	45 days EOM	-
		BCM Embedded Computer Inc.	3	Receivables from related parties	154	Immediate payment	-
		Advantofine	3	Sales	7,949	Normal	-
		Advantofine	3	Receivables from related parties	6,877	Collection upon delivery	-
9	AJP	A-DLoG	3	Purchase	98	45 days EOM	-
		AKMC	3	Payables from related parties	7	30 days EOM	-
		ANA	3	Purchase	83	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	32,558	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	64,502	Normal	1%
		Advantech Co., Ltd.	2	Other expense	1,663	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	376	60-90 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
10	AKMC	AAU	3	Payables from related parties	$ 126	30 days EOM	-
		ACA	3	Payables from related parties	151,632	45 days EOM	1%
		ACA	3	Purchase	228,680	Normal	3%
		ACN	3	Sales	9,169	Normal	-
		ACN	3	Purchase	1,782	Normal	-
		ACN	3	Rental revenue	1,060	Normal	-
		ACN	3	Receivables from related parties	5,246	60-90 days	-
		ACN	3	Payables from related parties	1,688	60-90 days	-
		AEU	3	Sales	188	Normal	-
		AEU	3	Receivables from related parties	194	30 days after invoice date	-
		AEU	3	Payables from related parties	123	Normal	-
		AiSC	3	Payables from related parties	40,698	30 days EOM	-
		AiSC	3	Receivables from related parties	30,006	Collection upon delivery	-
		AiSC	3	Sales	36,212	Normal	-
		AiSC	3	Purchase	37,980	Normal	-
		AJP	3	Receivables from related parties	7	30 days EOM	-
		AKR	3	Sales	31	30 days after invoice date	-
		AKR	3	Receivables from related parties	3	30 days after invoice date	-
		ANA	3	Payables from related parties	144,329	30 days after invoice date	1%
		ANA	3	Purchase	2,107	Normal	-
		ANA	3	Interest expense	708	Normal	-
		ANA	3	Sales	49	Normal	-
		ANA	3	Receivables from related parties	13	60-90 days	-
		ATC	3	Receivables from related parties	449,348	60-90 days	2%
		ATC	3	Payables from related parties	4,867	60-90 days	-
		ATC	3	Sales	1,469,759	Normal	22%
		ATC	3	Purchase	7,071	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	58,287	45 days EOM	-
		Advantech Co., Ltd.	2	Purchase	162,980	Normal	2%
		Cermate (Shenzhen)	3	Payables from related parties	2,591	40 days EOM	-
		Cermate (Shenzhen)	3	Purchase	6,627	40 days EOM	-
		Advansus Corp.	3	Payables from related parties	99,621	60-90 days	-
		Advansus Corp.	3	Purchase	161,632	Normal	2%
		Advansus Corp.	3	Sales	3,407	Normal	-
		Advansus Corp.	3	Receivables from related parties	3,413	Collection upon delivery	-
		Netstar Technology Co., Ltd.	3	Receivables from related parties	32,806	Next 60 days EOM	-
		Netstar Technology Co., Ltd.	3	Sales	54,535	Normal	1%
		Netstar Technology Co., Ltd.	3	Purchase	130	Normal	-
		Netstar Technology Co., Ltd.	3	Payables from related parties	132	Next 60 days EOM	-
11	AKR	ACN	3	Payables from related parties	71	45 days EOM	-
		ACN	3	Purchase	88	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AEU	3	Purchase	$ 475	Normal	-
		AEU	3	Payables from related parties	50	30 days after invoice date	-
		AKMC	3	Purchase	31	30 days after invoice date	-
		AKMC	3	Payables from related parties	3	30 days after invoice date	-
		ANA	3	Payables from related parties	35	45 days after invoice date	-
		ANA	3	Purchase	35	45 days after invoice date	-
		Advantech Co., Ltd.	2	Payables from related parties	55,297	Immediate payment	-
		Advantech Co., Ltd.	2	Purchase	112,909	Normal	2%
		Advantech Co., Ltd.	2	Other expense	1,455	Normal	-
		Advansus Corp.	3	Payables from related parties	25,449	60-90 days	-
		Advansus Corp.	3	Purchase	25,691	Normal	-
12	AMY	ACN	3	Purchase	24	Normal	-
		ACN	3	Payables from related parties	46	60-90 days	-
		ASG	3	Purchase	1,979	Normal	-
		ASG	3	Payables from related parties	1,163	30 days EOM	-
		Advantech Co., Ltd.	2	Payables from related parties	12,239	45 days EOM	-
		Advantech Co., Ltd.	2	Purchase	13,591	Normal	-
		Advantech Co., Ltd.	2	Other expense	564	Normal	-
13	ANA	AAU	3	Sales	23	Normal	-
		AAU	3	Receivables from related parties	23	60-90 days	-
		ACN	3	Purchase	336	30 days EOM	-
		ACN	3	Payables from related parties	80	30 days EOM	-
		ADL (ABN)	3	Sales	9	Normal	-
		ADL (AIT)	3	Sales	185	30 days after invoice date	-
		AEU	3	Payables from related parties	7,676	30 days after invoice date	-
		AEU	3	Sales	134	Normal	-
		AEU	3	Receivables from related parties	19	60-90 days	-
		AEU	3	Purchase	14,002	Normal	-
		AJP	3	Sales	83	Normal	-
		AKR	3	Receivables from related parties	35	45 days after invoice date	-
		AKR	3	Sales	35	45 days after invoice date	-
		AKMC	3	Receivables from related parties	144,329	30 days after invoice date	1%
		AKMC	3	Sales	2,107	Normal	-
		AKMC	3	Interest revenue	708	Normal	-
		AKMC	3	Purchase	49	Normal	-
		AKMC	3	Payables from related parties	13	60-90 days	-
		AMX	3	Receivables from related parties	1,346	Collection upon delivery	-
		Advantech Co., Ltd.	2	Payables from related parties	386,766	45 days EOM	1%
		Advantech Co., Ltd.	2	Receivables from related parties	16,309	45 days EOM	-
		Advantech Co., Ltd.	2	Purchase	1,564,932	Normal	24%
		Advantech Co., Ltd.	2	Sales	28,462	Normal	-
		Advantech Co., Ltd.	2	Other expense	5,237	Normal	-
14	APL	ADL	3	Payables from related parties	6	30 days after invoice date	-
		AEU	3	Receivables from related parties	31,176	30 days after invoice date	-
		AEU	3	Sales	11,951	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AEU	3	Commission revenue	$ 1,842	60 days EOM	-
		AEU	3	Purchase	396	Normal	-
		AEU	3	Payables from related parties	156	30 days EOM	-
		Advantech Co., Ltd.	2	Payables from related parties	2,513	45 days EOM	-
		Advantech Co., Ltd.	2	Purchase	2,146	Normal	-
		Advantech Co., Ltd.	2	Sales	1	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	340	30 days after invoice date	-
15	ASG	AID	3	Other revenue	14	30 days upon delivery	-
		AID	3	Sales	165	30 days after invoice date	-
		AID	3	Receivables from related parties	11	30 days upon delivery	-
		AiSC	3	Purchase	72	30 days EOM	-
		AiSC	3	Payables from related parties	73	30 days EOM	-
		AMY	3	Sales	1,979	Normal	-
		AMY	3	Receivables from related parties	1,163	30 days EOM	-
		ATH	3	Sales	686	Normal	-
		ATH	3	Other revenue	802	Normal	-
		ATH	3	Receivables from related parties	520	30 days EOM	-
		Advantech Co., Ltd.	2	Payables from related parties	45,777	60-90 days	-
		Advantech Co., Ltd.	2	Purchase	24,647	Normal	-
		Advantech Co., Ltd.	2	Other revenue	141	Normal	-
		Advantech Co., Ltd.	2	Other expense	727	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	48	60-90 days	-
16	ATC	ADL	3	Payables from related parties	4,388	30 days after invoice date	-
		ADL (AIT)	3	Payables from related parties	2,635	30 days after invoice date	-
		AEU	3	Payables from related parties	1,159	30 days after invoice date	-
		AKMC	3	Payables from related parties	449,348	60-90 days	2%
		AKMC	3	Receivables from related parties	4,867	60-90 days	-
		AKMC	3	Purchase	1,469,759	Normal	22%
		AKMC	3	Sales	7,071	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,233,448	60 days after invoice date	5%
		Advantech Co., Ltd.	2	Sales	1,481,373	Normal	22%
		Advantech Co., Ltd.	2	Royalty expense	75,012	Normal	1%
17	ATH	ASG	3	Payables from related parties	520	30 days EOM	-
		ASG	3	Purchase	686	Normal	-
		ASG	3	Other expense	802	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	6,186	30 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	10,438	Normal	-
		Advantech Co., Ltd.	2	Other expense	580	Normal	-
18	AXA	ACN	3	Payables from related parties	32,662	Immediate payment	-
		ACN	3	Receivables from related parties	90	25th of every month	-
19	A-DLoG	ADL (AFR)	3	Payables from related parties	765	30 days upon delivery	-
		AEU	3	Payables from related parties	1,325	30 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AEU	3	Purchase	$ 1,749	Normal	-
		AEU	3	Receivables from related parties	594	30 days upon delivery	-
		AEU	3	Sales	605	30 days upon delivery	-
		AJP	3	Sales	98	30 days after invoice date	-
		Advantech Co., Ltd.	2	Payables from related parties	3,052	30 days after invoice date	-
		Advantech Co., Ltd.	2	Receivables from related parties	1,360	30 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	8,292	Normal	-
		Advantech Co., Ltd.	2	Sales	7,249	Normal	-
		Advantech Co., Ltd.	2	Other expense	1,574	Normal	-
20	Cermate (Shenzhen)	AKMC	3	Receivables from related parties	2,591	40 days EOM	-
		AKMC	3	Sales	6,627	40 days EOM	-
		Cermate (Shanghai)	3	Sales	4,821	Normal	-
		Cermate (Shanghai)	3	Payables from related parties	4,537	60 days EOM	-
		Cermate	3	Payables from related parties	9,319	30 days EOM	-
		Cermate	3	Sales	4,526	Normal	-
		Cermate	3	Receivables from related parties	2,082	60 days EOM	-
		Cermate	3	Purchase	9,243	Normal	-
21	Cermate	Advantech Co., Ltd.	2	Receivables from related parties	324	30-60 days	-
		Advantech Co., Ltd.	2	Sales	1,112	Normal	-
		Advantech Co., Ltd.	2	Other expense	180	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	63	30-60 days	-
		Cermate (Shenzhen)	3	Receivables from related parties	9,319	30 days EOM	-
		Cermate (Shenzhen)	3	Purchase	4,526	Normal	-
		Cermate (Shenzhen)	3	Payables from related parties	2,082	60 days EOM	-
		Cermate (Shenzhen)	3	Sales	9,243	Normal	-
22	Cermate (Shanghai)	Cermate (Shenzhen)	3	Purchase	4,821	Normal	-
		Cermate (Shenzhen)	3	Receivables from related parties	4,537	60 days EOM	-
23	BCM Embedded Computer Inc.	AiSC	3	Payables from related parties	154	Immediate payment	-
		Advantech Co., Ltd.	2	Rental expense	15	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	63	30 days EOM	-
24	Advansus Corp.	ACA	3	Payables from related parties	51,569	45 days EOM	-
		ACA	3	Receivables from related parties	32,099	30 days EOM	-
		ACA	3	Purchase	114,192	Normal	2%
		ACA	3	Sales	66,349	Normal	1%
		AKMC	3	Receivables from related parties	99,621	60-90 days	-
		AKMC	3	Payables from related parties	3,413	Immediate payment	-
		AKMC	3	Sales	161,632	Normal	2%
		AKMC	3	Purchase	3,407	Normal	-
		AKR	3	Receivables from related parties	25,449	60-90 days	-
		AKR	3	Sales	25,691	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	87,650	60-90 days	-
		Advantech Co., Ltd.	2	Payables from related parties	323	60-90 days	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		Advantech Co., Ltd.	2	Sales	$ 126,205	Normal	2%
		Advantech Co., Ltd.	2	Purchase	2,433	Normal	-
		Advantech Co., Ltd.	2	Rental expense	15	Normal	-
		Advantech Co., Ltd.	2	Rental revenue	43	Normal	-
		Netstar Technology Co., Ltd.	3	Sales	4	30 days EOM	-
25	Netstar Technology Co., Ltd.	AKMC	3	Payables from related parties	32,806	Next 60 days EOM	-
		AKMC	3	Purchase	54,535	Normal	1%
		AKMC	3	Sales	130	Normal	-
		AKMC	3	Receivables from related parties	132	Next 60 days EOM	-
		Advantech Co., Ltd.	2	Receivables from related parties	21,355	60 days EOM	-
		Advantech Co., Ltd.	2	Payables from related parties	274	25th of every quarter	-
		Advantech Co., Ltd.	2	Sales	19,745	Normal	-
		Advantech Co., Ltd.	2	Purchase	21	Normal	-
		Advantech Co., Ltd.	2	Other expense	240	Normal	-
		Advansus Corp.	3	Purchase	4	Normal	-
26	AEU	ACN	3	Receivables from related parties	127	Prepayment	-
		ACN	3	Payables from related parties	1,679	30 days EOM	-
		ACN	3	Purchase	1,280	Normal	-
		ADL	3	Payables from related parties	13,316	30 days after invoice date	-
		ADL	3	Receivables from related parties	394	30 days after invoice date	-
		ADL	3	Commission expense	19,746	Normal	-
		ADL (AFR)	3	Sales	3	30 days after invoice date	-
		ADL (AFR)	3	Payables from related parties	1,878	30 days after invoice date	-
		ADL (AFR)	3	Commission expense	9,450	Normal	-
		ADL (AFR)	3	Receivables from related parties	15	30 days after invoice date	-
		ADL (AIT)	3	Payables from related parties	4,075	30 days after invoice date	-
		ADL (AIT)	3	Receivables from related parties	183	30 days after invoice date	-
		ADL (AIT)	3	Commission expense	12,222	Normal	-
		ADL (AUK)	3	Receivables from related parties	305	30 days after invoice date	-
		ADL (AUK)	3	Payables from related parties	5,944	30 days after invoice date	-
		ADL (AUK)	3	Commission expense	2,462	Normal	-
		A-DLoG	3	Receivables from related parties	1,325	30 days upon delivery	-
		A-DLoG	3	Payables from related parties	594	30 days upon delivery	-
		A-DLoG	3	Sales	1,749	30 days upon delivery	-
		A-DLoG	3	Purchase	605	30 days upon delivery	-
		AEUH	3	Interest expense	195	Normal	-
		AiSC	3	Purchase	8	Immediate payment	-
		AiSC	3	Payables from related parties	8	Immediate payment	-
		AKMC	3	Payables from related parties	194	60-90 days	-
		AKMC	3	Receivables from related parties	123	Normal	-
		AKMC	3	Purchase	188	Normal	-
		AKR	3	Sales	475	Normal	-
		AKR	3	Receivables from related parties	50	30 days after invoice date	-
		ANA	3	Receivables from related parties	7,676	30 days after invoice date	-
		ANA	3	Purchase	134	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ANA	3	Payables from related parties	$ 19	60-90 days	-
		ANA (AASC)	3	Sales	14,002	Normal	-
		APL	3	Payables from related parties	31,176	30 days after invoice date	-
		APL	3	Receivables from related parties	156	30 days EOM	-
		APL	3	Purchase	11,951	Normal	-
		APL	3	Commission expense	1,842	60 days EOM	-
		APL	3	Sales	396	Normal	-
		ATC	3	Receivables from related parties	1,159	30 days after invoice date	-
		Advantech Co., Ltd.	2	Payables from related parties	770,674	30 days EOM	3%
		Advantech Co., Ltd.	2	Receivables from related parties	3,277	30 days EOM	-
		Advantech Co., Ltd.	2	Purchase	604,237	Normal	9%
		Advantech Co., Ltd.	2	Other expense	3,602	Normal	-
		Advantech Co., Ltd.	2	Sales	2,067	Normal	-
27	AAC (HK)	AiSC	3	Payables from related parties	6,993	90 days	-
		Advantech Co., Ltd.	2	Receivables from related parties	480	45 days EOM	-
		Advantech Co., Ltd.	2	Other revenue	1,062	60 days EOM	-
		Advantech Co., Ltd.	2	Payables from related parties	35	45 days EOM	-
28	Advantofine	ACN	3	Receivables from related parties	1,043	Normal	-
		ACN	3	Sales	879	Normal	-
		AiSC	3	Payables from related parties	6,877	Immediate payment	-
		AiSC	3	Purchase	7,949	Normal	-
29	Advantech Fund-A	Advantech Co., Ltd.	2	Rental expense	9	Normal	-
		Advantech Co., Ltd.	2	Payables from related parties	3	Normal	-
30	Broadwin Technology, Inc.	Advantech Co., Ltd.	2	Payables from related parties	395	60 days EOM	-
		Advantech Co., Ltd.	2	Receivables from related parties	357	60 days EOM	-
		Advantech Co., Ltd.	2	Other expense	240	Normal	-
		Advantech Co., Ltd.	2	Purchase	119	Normal	-
		Advantech Co., Ltd.	2	Sales	178	Normal	-
31	AIN	Advantech Co., Ltd.	2	Payables from related parties	2,144	60 days EOM	-
		Advantech Co., Ltd.	2	Receivables from related parties	811	60 days EOM	-
		Advantech Co., Ltd.	2	Purchase	291	60 days EOM	-
		Advantech Co., Ltd.	2	Sales	420	60 days EOM	-
		Advantech Co., Ltd.	2	Other revenue	3,227	Normal	-
32	AID	ASG	3	Other expense	14	30 days upon delivery	-
		ASG	3	Purchase	165	30 days after invoice date	-
		ASG	3	Payables from related parties	11	30 days upon delivery	-
		Advantech Co., Ltd.	2	Payables from related parties	178	45 days after invoice date	-
		Advantech Co., Ltd.	2	Purchase	127	45 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details (Note D)			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
33	AiST	Advantech Co., Ltd.	2	Payables from related parties	$ 6,979	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	46	30 days EOM	-
		Advantech Co., Ltd.	2	Purchase	7,095	Normal	-
		Advantech Co., Ltd.	2	Sales	1,514	Normal	-

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, amounts are shown as a percentage to consolidated total assets as of March 31, 2013, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended March 31, 2013.

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

(Concluded)