Advantech Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2014 and 2013 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' 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 June 30, 2014, December 31, 2013, and June 30, 2013 and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2014 and 2013, and changes in equity and cash flows for the six months ended June 30, 2014 and 2013. 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. However, the financial statements of an associate, Axiomtek Co., Ltd., as of and for the six months ended June 30, 2014 and 2013 were reviewed by other independent CPAs. This investee's share of the investments accounted for using the equity method were 1.20% (NT$370,003 thousand) and 1.39% (NT$373,827 thousand) of the Company's total consolidated assets as of June 30, 2014 and 2013, respectively. The Company's share of its profit was 1.67% (NT$24,861 thousand), 1.32% (NT$18,726 thousand), 1.80% (NT$52,611 thousand) and 1.50% (NT$37,276 thousand) of the Company's consolidated pretax profits for the three months and six months ended June 30, 2014 and 2013, respectively.

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 as disclosed in the Note 4 for the six months ended June 30, 2014 and 2013 had not been reviewed, except those of Advantech Automation Corp. (BVI), Advantech Automation Corp. (H.K.) Limited, Advantech Corp., Advantech Technology Co., Ltd, Advantech Technology (HK) Co., Limited, Advantech Technology (China) Co., Ltd. (AKMC), Advantech Europe Holding B.V, and Advantech Europe B.V. The total assets of these eight subsidiaries were 14.90% (NT$4,608,262 thousand) and 13.11% (NT$3,515,570 thousand) of the Company's consolidated total assets as of June 30, 2014 and 2013, respectively. The total liabilities of these subsidiaries were 16.91% (NT$1,954,280 thousand) and 17.42% (NT$1,709,033 thousand) of the Company's consolidated total liabilities as of June 30, 2014 and 2013, respectively. The comprehensive incomes of these subsidiaries were 15.61% (NT$208,645 thousand), 25.15% (NT$174,467 thousand), 15.04% (NT$418,563 thousand) and 16.82% (NT$324,674 thousand) of the Company's consolidated comprehensive incomes in the three months and six months ended June 30 2014 and 2013, respectively. Also, as stated in Note 12 to the consolidated financial statements, the investments accounted for by the equity method were NT$26,690 thousand and NT$6,134 thousand as of June 30, 2014 and 2013, respectively. The equities in earnings of the associates were NT$920 thousand, NT$1,512 thousand, NT$1,208 thousand and NT$2,639 thousand of the Company's consolidated net income in the three months and six months ended June 30, 2014 and 2013, respectively, and these investment amounts as well as additional disclosures in Note 32 "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 and the review reports of the other auditors, except for the effects of any adjustments as might have been determined to be necessary had the financial statements of the Company's subsidiaries described in the preceding paragraph 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 and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

August 11, 2014

Notice to Readers

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 auditors' 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 auditors' review report and consolidated financial statements shall prevail.

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2014 (Reviewed) Amount	%	December 31, 2013 (Audited) Amount	%	June 30, 2013 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 3,004,017	10	$ 2,832,358	10	$ 2,668,291	10
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 27)	11,250	-	2,723	-	8,756	-
Available-for-sale financial assets - current (Notes 4, 8 and 27)	3,191,659	10	2,112,427	8	3,974,714	15
Debt investments with no active market - current (Note 9)	471,003	2	568,803	2	397,974	2
Notes receivable (Notes 4 and 10)	762,016	2	749,529	3	599,855	2
Trade receivables (Notes 4 and 10)	5,483,888	18	4,753,568	17	4,450,701	17
Trade receivables from related parties (Note 28)	11,428	-	6,579	-	23,259	-
Other receivables	15,427	-	24,736	-	86,993	-
Other receivables from related parties (Note 28)	54,836	-	-	-	40,254	-
Inventories (Notes 4 and 11)	4,588,444	15	4,030,657	15	3,783,434	14
Other current assets (Notes 15 and 29)	272,237	1	330,250	1	389,393	1
Total current assets	17,866,205	58	15,411,630	56	16,423,624	61
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent, net of current portion (Notes 4, 8 and 27)	2,239,040	7	1,864,424	7	1,863,684	7
Investments accounted for using the equity method (Notes 4 and 12)	396,693	1	402,433	1	379,961	2
Property, plant and equipment (Notes 4, 13 and 29)	8,497,625	28	7,941,679	29	6,846,448	26
Goodwill (Notes 4 and 14)	1,269,015	4	1,265,658	5	631,494	2
Other intangible assets (Note 4)	286,812	1	326,617	1	345,035	1
Deferred tax assets (Notes 4 and 22)	150,041	1	144,047	1	147,312	1
Prepayments for equipment	64,628	-	25,299	-	33,802	-
Long-term prepayments for lease (Note 15)	92,422	-	94,416	-	96,186	-
Other noncurrent assets	58,726	-	59,881	-	41,064	-
Total noncurrent assets	13,055,002	42	12,124,454	44	10,384,986	39
TOTAL	$ 30,921,207	100	$ 27,536,084	100	$ 26,808,610	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 29)	$ 15,225	-	$ 123,144	-	$ -	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 27)	1,401	-	23,722	-	10,889	-
Trade payables (Note 28)	3,306,867	11	3,003,543	11	2,652,626	10
Dividends payable	3,017,820	10	-	-	2,763,586	10
Other payables (Note 18)	3,121,481	10	2,909,390	11	2,343,189	9
Current tax liabilities (Notes 4 and 22)	846,491	3	695,945	3	696,393	3
Short-term warranty provision (Note 4)	134,649	-	122,437	-	118,513	-
Current portion of long-term borrowings and bonds payable (Notes 4, 17 and 27)	-	-	18,348	-	143,952	1
Other current liabilities	179,242	-	336,026	1	364,780	1
Total current liabilities	10,623,176	34	7,232,555	26	9,093,928	34
NONCURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 22)	675,302	2	623,598	2	567,840	2
Long-term accounts payable	101,746	-	102,519	-	-	-
Accrued pension liabilities (Notes 4 and 19)	154,964	1	156,864	1	148,017	1
Other noncurrent liabilities	947	-	358	-	359	-
Total noncurrent liabilities	932,959	3	883,339	3	716,216	3
Total liabilities	11,556,135	37	8,115,894	29	9,810,144	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	5,714,511	18	5,669,249	21	5,656,272	21
Advance receipts for share capital	3,110	-	24,751	-	-	-
Stock dividends to be distributed	569,400	2	-	-	-	-
Total share capital	6,287,021	20	5,694,000	21	5,656,272	21
Capital surplus						
Additional paid-in capital from share issuance in excess of par value	5,025,284	17	4,870,500	18	4,661,659	17
Employee stock options	62,284	-	121,023	-	131,736	1
Changes in equity of associates accounted for using the equity method	36,523	-	4,112	-	463	-
Capital surplus, others	134	-	-	-	-	-
Total capital surplus	5,124,225	17	4,995,635	18	4,793,858	18
Retained earnings						
Legal reserve	3,472,064	11	3,061,424	11	3,061,424	11
Unappropriated earnings	3,809,450	13	5,452,733	20	3,365,589	13
Total retained earnings	7,281,514	24	8,514,157	31	6,427,013	24
Other equity						
Exchange differences on translation of foreign financial statements	82,570	-	130,041	-	78,355	-
Unrealized gain or loss on available-for-sale financial assets	393,081	1	(75,534)	-	(77,635)	-
Total other equity	475,651	1	54,507	-	720	-
Total equity attributable to owners of the Company	19,168,411	62	19,258,299	70	16,877,863	63
NONCONTROLLING INTERESTS	196,661	1	161,891	1	120,603	-
Total equity	19,365,072	63	19,420,190	71	16,998,466	63
TOTAL	$ 30,921,207	100	$ 27,536,084	100	$ 26,808,610	100

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

(With Deloitte & Touche review report dated August 11, 2014)

ADVANTECH CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)								
Sales	$ 9,056,541	98	$ 7,617,297	98	$ 16,940,435	97	$ 13,995,938	97
Other operating revenue	221,472	2	191,340	2	484,130	3	442,286	3
Total operating revenue	9,278,013	100	7,808,637	100	17,424,565	100	14,438,224	100
OPERATING COSTS (Notes 11, 21 and 28)	5,560,706	60	4,613,672	59	10,328,233	59	8,477,310	59
GROSS PROFIT	3,717,307	40	3,194,965	41	7,096,332	41	5,960,914	41
OPERATING EXPENSES (Notes 21 and 28)								
Selling and marketing expenses	983,279	11	790,277	10	1,826,236	10	1,508,692	10
General and administrative expenses	502,434	5	444,309	6	972,930	6	913,316	6
Research and development expenses	719,926	8	665,205	9	1,420,123	8	1,278,750	9
Total operating expenses	2,205,639	24	1,899,791	25	4,219,289	24	3,700,758	25
OPERATING PROFIT	1,511,668	16	1,295,174	16	2,877,043	17	2,260,156	16
NONOPERATING INCOME AND EXPENSES								
Share of the profit of associates accounted for using the equity method (Notes 4 and 12)	25,781	1	20,238	-	53,819	-	39,915	-
Interest income	11,418	-	6,953	-	25,991	-	13,536	-
Gain (loss) on disposal of property, plant and equipment (Note 4)	(996)	-	42,770	1	(838)	-	41,735	-
Gain (loss) on disposal of investments (Note 20)	(17,944)	-	22,971	-	631	-	57,195	-
Foreign exchange gain (loss), net (Note 4)	(88,865)	(1)	30,289	1	(47,566)	-	61,577	1
Gains on financial instruments at fair value through profit or loss (Notes 4 and 7)	12,830	-	8,780	-	14,003	-	20,552	-
Other income (Notes 8 and 28)	22,598	-	19,343	-	45,622	-	41,637	-
Finance costs (Note 21)	(1,120)	-	(2,243)	-	(2,403)	-	(5,448)	-
Losses on financial instruments at fair value through profit or loss (Notes 4 and 7)	17,301	-	(21,259)	-	(38,209)	-	(36,346)	-
Other losses	(4,014)	-	(775)	-	(4,839)	-	(4,884)	-
Total nonoperating income and expenses	(23,011)	-	127,067	2	46,211	-	229,469	1
PROFIT BEFORE INCOME TAX	1,488,657	16	1,422,241	18	2,923,254	17	2,489,625	17
INCOME TAX EXPENSE (Notes 4 and 22)	280,074	3	296,200	4	558,416	3	496,616	3
NET PROFIT FOR THE PERIOD	1,208,583	13	1,126,041	14	2,364,838	14	1,993,009	14

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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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Exchange differences on translating foreign operations (Notes 4 and 20)	$ (146,111)	(2)	$ 50,956	1	$ (60,296)	(1)	$ 217,401	1
Unrealized gain (loss) on available-for-sale financial assets (Notes 4 and 20)	252,450	3	(474,796)	(6)	468,615	3	(246,579)	(2)
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Notes 4 and 20)	(2,639)	-	810	-	(241)	-	3,593	-
Income tax relating to the components of other comprehensive income (expense) (Notes 4, 20 and 22)	24,251	-	(9,305)	-	9,723	-	(37,420)	-
Other comprehensive income (loss) for the period, net of income tax	127,951	1	(432,335)	(5)	417,801	2	(63,005)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,336,534	14	$ 693,706	9	$ 2,782,639	16	$ 1,930,004	13
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 1,201,847	13	$ 1,119,093	14	$ 2,354,588	14	$ 1,978,960	14
Noncontrolling interests	6,736	-	6,948	-	10,250	-	14,049	-
	$ 1,208,583	13	$ 1,126,041	14	$ 2,364,838	14	$ 1,993,009	14
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 1,335,894	14	$ 689,729	9	$ 2,775,732	16	$ 1,915,081	13
Noncontrolling interests	640	-	3,977	-	6,907	-	14,923	-
	$ 1,336,534	14	$ 693,706	9	$ 2,782,639	16	$ 1,930,004	13
EARNINGS PER SHARE (Note 23)								
Basic	$2.10		$1.98		$4.12		$3.50	
Diluted	$2.09		$1.96		$4.10		$3.48	

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

(With Deloitte & Touche review report dated August 11, 2014) (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	Stock dividends to Be Distributed	Total	Capital Surplus (Notes 4, 20, 24, and 26)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain or Loss on Available-for-sale Financial Assets	Total	Noncontrolling Interests (Notes 4, 20 and 26)	Total Equity
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
Appropriation of the 2012 earrings														
Legal reserve	-	-	-	-	-	346,239	-	(346,239)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(545,303)	545,303	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	-	-	-	(2,763,586)	(2,763,586)	-	-	(2,763,586)	-	(2,763,586)
Compensation cost recognized for employee share options	-	-	-	-	11,969	-	-	-	-	-	-	11,969	-	11,969
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	463	-	-	-	-	-	-	463	-	463
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	-	-	(1,384)	(1,384)	-	-	(1,384)	(2,211)	(3,595)
Convertible bonds converted to ordinary shares	5,561	-	-	5,561	36,952	-	-	-	-	-	-	42,513	-	42,513
Issue of ordinary shares for employee share options	10,740	-	-	10,740	42,689	-	-	-	-	-	-	53,429	-	53,429
Net profit for the six months ended June 30, 2013	-	-	-	-	-	-	-	1,978,960	1,978,960	-	-	1,978,960	14,049	1,993,009
Other comprehensive income (loss) for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	-	-	-	-	182,700	(246,579)	(63,879)	874	(63,005)
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	-	-	1,978,960	1,978,960	182,700	(246,579)	1,915,081	14,923	1,930,004
BALANCE AT JUNE 30, 2013	$ 5,656,272	$ -	$ -	$ 5,656,272	$ 4,793,858	$ 3,061,424	$ -	$ 3,365,589	$ 6,427,013	$ 78,355	$ (77,635)	$ 16,877,863	$ 120,603	$ 16,998,466
BALANCE AT JANUARY 1, 2014	$ 5,669,249	$ 24,751	$ -	$ 5,694,000	$ 4,995,635	$ 3,061,424	$ -	$ 5,452,733	$ 8,514,157	$ 130,041	$ (75,534)	$ 19,258,299	$ 161,891	$ 19,420,190
Appropriation of the 2013 earrings														
Legal reserve	-	-	-	-	-	410,640	-	(410,640)	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	-	-	-	(3,017,820)	(3,017,820)	-	-	(3,017,820)	-	(3,017,820)
Stock dividends on ordinary share	-	-	569,400	569,400	-	-	-	(569,400)	(569,400)	-	-	-	-	-
Issue of ordinary shares for employee share options	34,290	(12,800)	-	21,490	80,046	-	-	-	-	-	-	101,536	-	101,536
Compensation cost recognized for employee share options	-	-	-	-	2,278	-	-	-	-	-	-	2,278	-	2,278
Convertible bonds converted to ordinary shares	10,972	(8,841)	-	2,131	13,855	-	-	-	-	-	-	15,986	-	15,986
Change in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	-	-	8,796	-	-	-	-	-	-	8,796	-	8,796
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	23,615	-	-	(11)	(11)	-	-	23,604	27,863	51,467
Net profit for the six months ended June 30, 2014	-	-	-	-	-	-	-	2,354,588	2,354,588	-	-	2,354,588	10,250	2,364,838
Other comprehensive income for the six months ended June 30, 2014, net of income tax	-	-	-	-	-	-	-	-	-	(47,471)	468,615	421,144	(3,343)	417,801
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	-	-	2,354,588	2,354,588	(47,471)	468,615	2,775,732	6,907	2,782,639
BALANCE AT JUNE 30, 2014	$ 5,714,511	$ 3,110	$ 569,400	$ 6,287,021	$ 5,124,225	$ 3,472,064	$ -	$ 3,809,450	$ 7,281,514	$ 82,570	$ 393,081	$ 19,168,411	$ 196,661	$ 19,365,072

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

(With Deloitte & Touche review report dated August 11, 2014)

ADVANTECH CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,923,254	$ 2,489,625
Adjustments for:		
Depreciation expenses	220,883	179,711
Amortization expenses	49,609	54,371
Provision (reversal of provision) for bad-debt expense	(4,301)	18,910
Net loss on financial assets or liabilities at fair value through profit or loss	24,206	15,794
Compensation cost of employee share options	2,278	11,969
Finance costs	2,403	5,448
Interest income	(25,991)	(13,536)
Share of profit of associates accounted for using the equity method	(53,819)	(39,915)
(Gain) loss on disposal of property, plant and equipment	838	(41,735)
Gain on disposal of investments	(631)	(61,567)
Loss on disposal of investments accounted for using the equity method	-	4,372
Loss recognized on the write-down, shortage and disposal of inventories	101,604	71,315
Loss on bond redemption	17	-
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(55,054)	(6,402)
Increase in notes receivable	(12,487)	(25,563)
Increase in trade receivables	(725,241)	(838,533)
Increase in trade receivables due from related parties	(4,849)	(19,882)
(Increase) decrease in other receivables	12,914	(14,190)
(Increase) decrease in inventories	(659,391)	35,417
(Increase) decrease in other current assets	58,013	(82,476)
Increase in trade payables	303,324	325,378
(Decrease) in accrued pension liabilities	(1,900)	(2,630)
Increase in other payables	225,465	278,335
Decrease in other current liabilities	(156,784)	(130,016)
Cash generated from operations	2,224,360	2,214,200
Interest received	22,386	12,525
Interest paid	(3,544)	(1,739)
Income tax paid	(378,614)	(181,349)
Net cash generated from operating activities	1,864,588	2,043,637

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ADVANTECH CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2014	**2013**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (2,217,781)	$ (3,224,293)
Proceeds of the disposal of available-for-sale financial assets	1,244,440	1,034,695
Proceeds of the disposal of investments with no active market	97,800	25,454
Acquisition of investments accounted for using the equity method	(18,095)	-
Proceeds of the disposal of investments accounted for using the equity method	1,407	-
Proceeds of the disposal of subsidiaries	-	11,654
Acquisition of property, plant and equipment	(756,152)	(549,552)
Proceeds of the disposal of property, plant and equipment	7,454	74,818
(Increase) decrease in refundable deposits	1,155	(760)
Acquisition of intangible assets	(25,773)	(46,079)
Increase in prepayments for business facilities	(39,329)	(10,848)
Net cash used in investing activities	(1,704,874)	(2,684,911)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(107,919)	(151,452)
Repayments of bonds	(2,400)	-
Repayments of long-term borrowings	-	(2,932)
(Decrease) increase in guarantee deposits received	589	(722)
Exercise of employee share options	101,536	53,429
Increase (decrease) in noncontrolling interests	51,467	(3,595)
Net cash generated from (used in) financing activities	43,273	(105,272)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(31,328)	142,794
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	171,659	(603,752)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,832,358	3,272,043
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 3,004,017	$ 2,668,291

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

(With Deloitte & Touche review report dated August 11, 2014) (Concluded)

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

1. GENERAL INFORMATION

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

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

To improve the entire operating efficiency of Advantech Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), the Company's board of directors resolved on June 30, 2009 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 Company assumed all assets and liabilities of AIMS.

The functional currency of the Company is the New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 11, 2014.

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

a. The 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
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 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Except for the following, the initial application of the above 2013 IFRSs version, whenever applied, would not have any material impact on the Group's accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

   IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 12 "Disclosure of Interests in Other Entities"

   IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

4) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

5) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will apply the above amendments in presenting the consolidated statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of associates and joint ventures accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (loss) arising from defined benefit plans) of associates and joint ventures accounted for using the equity method.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group was continuingly to assess other possible impacts that the application of the 2013 IFRSs version will have on the Group’s financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IFRS 11 " Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

   Recognition and measurement of financial assets

   With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

   For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

   a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

   b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required.

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, 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. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

2) Amendment to IAS 19: Amendment in 2013

The amended IAS 19 states that if contributions from employees or third parties are not linked to service, these contributions affect the remeasurement of the net defined benefit liability (asset). If the contributions are linked solely to service, the employees' service rendered in that period in which they are paid, these contributions may be recognized as a reduction of service cost in the same period. If the contributions depend on the number of years of service, an entity is required to attribute these contributions to service periods as a reduction of service cost.

3) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments" were amended in this annual improvement.

The amended IFRS 2 changes the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

5) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 "Investment Property" were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

6) Amendments to IAS16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

(a) in which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or

(b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

7) IFRS 15 “Return from Contract with customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and operating result, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2013, except for those described below.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

1) Subsidiaries included in consolidated financial statements

			% of Ownership			
Investor	**Investee**	**Main Business**	**June 30, 2014**	**December 31, 2013**	**June 30, 2013**	**Remark**
Advantech Co., Ltd.	AAC (BVI)	Investment and management service	100.00	100.00	100.00	
	ATC	Sale of industrial automation products	100.00	100.00	100.00	
	Advansus Corp.	Production and sale of industrial automation products	100.00	100.00	100.00	a)
	Advantech Corporate Investment (formerly named Advantech Investment Fund-A Co., Ltd.)	Investment holding company	100.00	100.00	100.00	a)
	AEUH	Investment and management service	100.00	100.00	100.00	
	ASG	Sale of industrial automation products	100.00	100.00	100.00	a)
	AAU	Sale of industrial automation products	100.00	100.00	100.00	a)
	AJP	Sale of industrial automation products	100.00	100.00	100.00	a)
	AMY	Sale of industrial automation products	100.00	100.00	100.00	a)
	AKR	Sale of industrial automation products	100.00	100.00	100.00	a)
	ABR	Sale of industrial automation products	63.28	63.28	43.28	a)
	AiST	Installment, assembly, and production of computers	-	-	100.00	a), b)
	ACA	Production and sale of industrial automation products	100.00	100.00	99.36	a)
	AIN	Sale of industrial automation products	99.99	99.99	99.99	a)
	AdvanPOS Technology Co., Ltd.	Production and sale of POS system	64.03	64.47	-	a), c)
	Advantech - LNC Technology Co., Ltd.	Production and sale of machine control solution	89.87	100.00	-	a), d)
Advantech Corporate Investment	Netstar Technology Co., Ltd.	Production and sale of industrial automation products	95.51	95.49	95.48	a)
	AiST (formerly named Broadwin Technology Inc.)	Design, develop and sale of intelligent service	100.00	100.00	100.00	a), b)
	Cemate Technology Inc.	Manufacturing of electronic parts, computer, and peripheral devices	55.00	55.00	55.00	a)
ATC	ATC (HK)	Investment and management service	100.00	100.00	100.00	
ATC (HK)	AKMC	Production and sale of components of industrial automation products	100.00	100.00	100.00	
AAC (BVI)	ANA	Sale and fabrication of industrial automation products	100.00	100.00	100.00	
	AAC (HK)	Investment and management service	100.00	100.00	100.00	

(Continued)

Investor	Investee	Main Business	% of Ownership June 30, 2014	December 31, 2013	June 30, 2013	Remark
ANA	ABR	Sale of industrial automation products	16.72	16.72	16.72	a)
	AMX	Sale of industrial automation products	100.00	100.00	100.00	a)
AAC (HK)	ACN	Sale of industrial automation products	100.00	100.00	100.00	
	AiSC	Sale of industrial automation products	100.00	100.00	100.00	
	AXA	Development and production of software products	100.00	100.00	100.00	
ACN	Hangzhou Advantofine Automation Co., Ltd.	Processing and sale of industrial automation products	60.00	60.00	60.00	
AEUH	AEU	Sale of industrial automation products	100.00	100.00	100.00	
	APL	Sale of industrial automation products	100.00	100.00	100.00	a)
AEU	A-DLOG	Design, R&D and sale of industrial automation vehicles and related products	100.00	100.00	100.00	a)
	GPEG	Design, R&D and sale of gambling computer products	100.00	100.00	-	a), e)
ASG	ATH	Production of computers	51.00	51.00	51.00	a)
	AID	Sale of industrial automation products	100.00	100.00	100.00	a)
Cermate Technology Inc.	Land Mark	General investment	100.00	100.00	100.00	a)
Land Mark	Cermate (Shanghai)	Sale of industrial electronic equipments	100.00	100.00	100.00	a)
	Cermate (Shenzhen)	Production of LCD touch panel, USB cable, and industrial computer	90.00	90.00	90.00	a)
AdvanPOS Technology Co., Ltd.	Bright Mind Ltd.	General investment	100.00	100.00	-	a)
Bright Mind Ltd.	AdvanPOS Technology Shanghai Co., Ltd.	Production and sale of POS system	100.00	100.00	-	a)
Advantech - LNC Technology Co., Ltd.	Better Auto Holdings Ltd.	General investment	100.00	100.00	-	a)
Better Auto Holdings Ltd.	Famous Now Limited	General investment	100.00	100.00	-	a)
Famous Now Limited	Dongguan Pou Yuen Digital Technology Co., Ltd.	Production and sale of industrial automation products	100.00	100.00	-	a)

(Concluded)

Remark a: Not major subsidiaries and their financial statements had not been reviewed.

Remark b: Subsidiaries AiST and Broadwin Technology Inc. ("Broadwin") had merged as of June 30, 2013 with Broadwin, the survivor entity, changing its name to Advantech Intelligent Service (AiST) after the merger.

Remark c: As of September 30, 2013, the Company had acquired 70.19% of AdvanPOS Technology Co., Ltd., which was recognized as a consolidated entity as of December 31, 2013. AdvanPOS Technology Co., Ltd. issued common shares for the exercise of employee share options, decreasing the Company's shareholding ratio to 64.03% in June 2014.

Remark d: As of September 30, 2013, the Company had acquired 100% equity of Advantech - LNC Technology Co., Ltd. (ALTC), which was recognized as a consolidated entity as of December 31, 2013. The Company disposed 10.27% and repurchased 0.14% of its holding shares in January and April, respectively, decreasing its shareholding ratio from 100% to 89.87%.

Remark e: The Company had acquired 100% equity of GPEG, which was recognized as a consolidated entity as of December 31, 2013.

c. Retirement benefit costs

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.

d. Income taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2013.

6. CASH AND CASH EQUIVALENTS

	June 30, 2014	December 31, 2013	June 30, 2013
Cash on hand	$ 52,810	$ 73,474	$ 2,842
Checking accounts and demand deposits	2,389,599	2,233,909	2,222,488
Time deposits with original maturities less than three months	561,608	524,975	442,961
	$ 3,004,017	$ 2,832,358	$ 2,668,291

Cash equivalents include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of changes in value; these were held for the purpose of meeting short-term cash commitments.

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

	June 30, 2014	December 31, 2013	June 30, 2013
Time deposits	0.24%-3.25%	0.64%-5.50%	0.75%-5.09%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets held for trading - current			
Forward exchange contracts	$ 11,250	$ 2,723	$ 8,756
Financial liabilities held for trading - current			
Forward exchange contracts	$ 1,401	$ 23,722	$ 10,889

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

	Currency	Maturity Date	Notional Amount (In Thousands)
June 30, 2014			
Sell	USD/NTD	2014.07-2014.10	USD16,000/NTD481,498
	EUR/USD	2014.09-2014.10	EUR1,000/USD1,377
	EUR/NTD	2014.07-2015.01	EUR17,500/NTD718,555
	JPY/NTD	2014.07-2014.11	JPY240,000/NTD70,781
December 31, 2013			
Sell	EUR/NTD	2014.01-2014.07	EUR14,000/NTD557,094
	EUR/USD	2014.01-2014.04	EUR2,000/USD2,681
	USD/NTD	2014.01-2014.04	USD20,181/NTD595,802
	JPY/NTD	2014.01-2014.04	JPY170,000/NTD50,830
June 30, 2013			
Sell	USD/NTD	2013.07-2014.01	USD28,660/NTD850,666
	EUR/USD	2013.07-2014.01	EUR7,500/USD9,957
	EUR/NTD	2013.07-2013.12	EUR9,000/NTD352,698
	JPY/USD	2013.10-2013.11	JPY20,000/USD204
	JPY/NTD	2013.07-2013.12	JPY200,000/NTD61,739

The Company entered into forward exchange contracts during the six months ended June 30, 2014 and 2013 to manage exposures due to exchange rate fluctuations of foreign-currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2014		December 31, 2013		June 30, 2013	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Domestic investments						
Mutual funds	$ 3,031,947	$ -	$ 2,056,368	$ -	$ 3,898,247	$ -
Quoted shares						
Chunghwa Telecom Co., Ltd.	-	-	46,080	115,782	50,485	126,851
ASUSTek Computer Inc.	-	1,744,741	-	1,404,176	-	1,304,825
Pegatron Corp.	-	459,167	-	309,334	-	398,751
AVer Information Inc.	-	-	-	-	16,615	-
Taiwan 50	11,212	-	9,979	-	9,367	-
Taiwan Hon Chuan Enterprise Co., Ltd.	148,500	-	-	-	-	-
Unlisted shares						
BroadTec System Inc.	-	1,500	-	1,500	-	-
BioSenseTek Corp	-	375	-	375	-	-
Foreign investments						
Unquoted foreign shares						
Coban Research and Technologies, Inc. (US$1,020 thousand in June 30, 2014, December 31, 2013 and June 30, 2013)	-	33,257	-	33,257	-	33,257
	$ 3,191,659	$ 2,239,040	$ 2,112,427	$ 1,864,424	$ 3,974,714	$ 1,863,684

For its securities borrowing and lending transactions, the Group placed some of its quoted domestic stocks, recorded under available-for-sale assets - noncurrent, in a trust at Chinatrust Commercial Bank. As of June 30, 2014 and 2013, the stocks held in trust amounted to $1,658,400 thousand and $1,537,085 thousand, respectively. Refer to Table 3 for more information. On the transactions, the Group recognized gains of $82 thousand and $1,502 thousand during the periods of six months ended June 30, 2014 and 2013, respectively. These gains were recorded under other nonoperating income.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	June 30, 2014	December 31, 2013	June 30, 2013
Time deposits with original maturities of more than three months	$ 471,003	$ 568,803	$ 397,974

The market annual interest rates for time deposits with original maturities of more than three months were from 1.40% to 4.90% and from 1.60% to 5.00%, as of the six months ended June 30, 2014 and 2013, respectively.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	June 30, 2014	December 31, 2013	June 30, 2013
Notes receivable	$ 762,016	$ 749,529	$ 599,855
Trade receivables	$ 5,618,860	$ 4,894,370	$ 4,555,387
Less: Allowance for impairment loss	(134,972)	(140,802)	(104,686)
	$ 5,483,888	$ 4,753,568	$ 4,450,701

a. Trade receivables

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables that were past due date but not impaired were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
31 to 60 days	$ 190,578	$ 102,869	$ 135,567
61 to 90 days	27,717	50,581	45,360
	$ 218,295	$ 153,450	$ 180,927

The above aging schedule was based on the past due dates.

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

	Impairment Loss on a Collective Basis
Balance at January 1, 2013	$ 84,588
Add: Impairment losses recognized on receivables	18,910
Less: Amounts written off as uncollectible	(1,429)
Effect of exchange rate changes	2,617
Balance at June 30, 2013	$ 104,686
Balance at January 1, 2014	$ 140,802
Less: Impairment losses reversed	(4,301)
Less: Amounts written off as uncollectible	(751)
Effect of exchange rate changes	(778)
Balance at June 30, 2014	$ 134,972

11. INVENTORIES

	June 30, 2014	December 31, 2013	June 30, 2013
Raw materials	$ 1,605,397	$ 1,706,136	$ 1,592,600
Work in process	1,003,601	656,018	625,365
Finished goods	1,570,400	1,145,321	1,229,788
Inventories in transit	409,046	523,182	335,681
	$ 4,588,444	$ 4,030,657	$ 3,783,434

The costs of inventories recognized as costs of goods sold for the three months ended June 30, 2014 and 2013 were $5,560,706 thousand and $4,613,672 thousand, respectively, and for the six months ended June 30, 2014 and 2013, $10,328,233 thousand and $8,477,310 thousand, respectively.

The costs of inventories recognized as cost of goods sold included inventory write-downs, inventory shortage, and loss on inventory disposal of (a) $8,814 thousand, $339 thousand, and $29,914 thousand, respectively, for the three months ended June 30, 2014 and (b) $5,999 thousand, $592 thousand, and $46,154 thousand, respectively, for the three months ended June 30, 2013. Inventory write-downs, inventory shortage, and loss on inventory disposal of were (a) $66,071 thousand, $225 thousand, and $35,308 thousand, respectively, for the six months ended June 30, 2014 and (b) $23,730 thousand, $282 thousand, and $47,303 thousand, respectively, for the six months ended June 30, 2013.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

Name of Investee	June 30, 2014 Carrying Value	June 30, 2014 Percentage of Equity Ownership	December 31, 2013 Carrying Value	December 31, 2013 Percentage of Equity Ownership	June 30, 2013 Carrying Value	June 30, 2013 Percentage of Equity Ownership
Listed companies						
Axiomtek Co., Ltd.	$ 370,003	26.30	$ 363,653	26.45	$ 373,827	28.86
Unlisted companies						
Deneng Scientific Research Co., Ltd.	18,240	39.69	-	-	-	-
Jan Hsiang Electronics Co., Ltd.	8,450	28.50	7,444	28.50	6,134	28.50
GPEG K&M Ltd.	-	-	31,336	25.00	-	-
	$ 396,693		$ 402,433		$ 379,961	

The fair values of publicly traded investments accounted for using the equity method are summarized as follows, based on the closing price of those investments at the balance sheet date:

	June 30, 2014	December 31, 2013	June 30, 2013
Axiomtek Co., Ltd.	$ 1,567,048	$ 1,152,181	$ 704,353

13. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2014	December 31, 2013	June 30, 2013
Freehold land	$ 2,929,792	$ 2,916,539	$ 2,806,109
Buildings	4,325,599	2,310,638	2,268,860
Equipment	501,979	385,528	368,154
Office equipment	255,650	185,096	118,391
Other facilities	444,262	322,652	349,193
Construction in progress	40,343	1,821,226	935,741
	$ 8,497,625	$ 7,941,679	$ 6,846,448

	Freehold Land	Buildings	Equipment	Office Equipment	Other Facilities	Property in Construction	Total
Cost							
Balance at January 1, 2013	$ 2,818,523	$ 2,902,510	$ 1,158,555	$ 536,207	$ 838,366	$ 460,970	$ 8,715,131
Additions	-	2,839	15,139	37,906	37,328	456,340	549,552
Disposals	(17,089)	(7,785)	(16,339)	(7,027)	(5,631)	(800)	(54,671)
Reclassifications	-	-	1,658	3,998	26,497	-	32,153
Effect of exchange differences	4,675	70,783	21,154	10,547	19,231	19,231	145,621
Balance at June 30, 2013	$ 2,806,109	$ 2,968,347	$ 1,180,167	$ 581,631	$ 915,791	$ 935,741	$ 9,387,786
Balance at January 1, 2014	$ 2,916,539	$ 3,068,828	$ 1,300,425	$ 641,145	$ 940,524	$ 1,821,226	$ 10,688,687
Additions	-	16,955	79,780	121,895	122,704	414,818	756,152
Disposals	-	-	(6,461)	(7,819)	(23,976)	-	(38,256)
Reclassifications	13,248	2,093,631	125,353	(44,234)	114,534	(2,195,433)	107,099
Effect of exchange differences	5	(46,585)	(9,722)	(4,239)	(8,903)	(268)	(69,712)
Balance at June 30, 2014	$ 2,929,792	$ 5,132,829	$ 1,489,375	$ 706,748	$ 1,144,883	$ 40,343	$ 11,443,970

	Buildings	Equipment	Office Equipment	Other Facilities	Total
Accumulated depreciation and impairment					
Balance at January 1, 2013	$ 641,712	$ 749,100	$ 375,528	$ 557,155	$ 2,323,495
Disposals	(4,524)	(6,734)	(6,029)	(4,301)	(21,588)
Depreciation expense	46,205	59,650	29,775	44,081	179,711
Effect of exchange differences	16,094	9,997	7,249	12,469	45,809
Reclassifications	-	-	56,717	(42,806)	13,911
Balance at June 30, 2013	$ 699,487	$ 812,013	$ 463,240	$ 566,598	$ 2,541,338
Balance at January 1, 2014	$ 758,190	$ 914,897	$ 456,049	$ 617,872	$ 2,747,008
Disposals	-	(4,958)	(8,376)	(16,630)	(29,964)
Depreciation expense	57,037	62,855	33,851	67,140	220,883
Effect of exchange differences	(8,091)	(5,670)	433	(5,034)	(18,362)
Reclassifications	94	20,272	(30,859)	37,273	26,780
Balance at June 30, 2014	$ 807,230	$ 987,396	$ 451,098	$ 700,621	$ 2,946,345

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

Buildings	
Main buildings	20-60 years
Electronic equipment	5 years
Engineering systems	5 years
Equipment	2-8 years
Office equipment	2-8 years
Other facilities	2-10 years

Refer to Note 29 for the carrying amount of property, plant and equipment pledged by the Group to secure its borrowings.

14. GOODWILL

	For the Six Months Ended June 30	
	2014	2013
Cost		
Balance at January 1	$ 1,265,658	$ 632,181
Derecognized on disposal of a subsidiary (Note 25)	-	(6,279)
Effect of exchange differences	3,357	5,592
Balance at June 30	$ 1,269,015	$ 631,494

15. PREPAYMENTS FOR LEASE OBLIGATION

	June 30, 2014	December 31, 2013	June 30, 2013
Current assets (included in other current assets)	$ 2,463	$ 3,556	$ 2,497
Noncurrent assets	92,422	94,416	96,186
	$ 94,885	$ 97,972	$ 98,683

Lease prepayments are for the Group's land-use right in Mainland China.

16. BORROWINGS

a. Short term borrowings

	June 30, 2014	December 31, 2013	June 30, 2013
Secured borrowings			
Bank loans	$ -	$ 97,797	$ -
Unsecured borrowings			
Line of credit borrowings	15,225	25,347	-
	$ 15,225	$ 123,144	$ -

1) The annual weighted average effective interest rates for secured and unsecured bank borrowings were 0.80% to 1.18%, 1.18% and 1.32% to 1.63% as of June 30, 2014, December 31, 2013 and June 30, 2013, respectively.

2) To meet its financing need, Advantech Technology (China) Company Ltd., a Company subsidiary, obtained a bank credit loan with a floating interest rate. As of June 30, 2013, AKMC had repaid its bank loans in advance because it had sufficient funds and had no financing needs.

3) To meet its financing need, Cermate Technologies Inc., a Company subsidiary of the Company, obtained a bank credit loan with fixed interest rate. As of June 30, 2013, Cermate Technologies Inc. had repaid its bank loans in advance considering it held sufficient funds and had no financing needs.

4) To meet its financing needs, AdvanPOS Technology Co., Ltd, a Company subsidiary, obtained a bank credit loan with a floating interest rate. The loan's carrying value was $15,000 thousand and $25,000 thousand as of June 30, 2014 and December 31, 2013, respectively.

5) To meet its finance needs, Advantech Brasil Ltda, a Company subsidiary, obtained a bank credit loan with a fixed interest rate. The carrying value was $225 thousand and $347 thousand as of June 30, 2014 and December 31, 2013, respectively.

6) To meet its financing needs, GPEG, a Company subsidiary, pledged some of its accounts receivable for a loan. The loan's carrying value was $97,797 thousand as of December 31, 2013. As of March 31, 2014, GPEG had repaid its short-term loans in advance.

b. Long-term borrowings

Cermate Technologies Inc., a subsidiary of the Company, obtained a mortgage bank loan for acquisition of land and building. This loan is repayable every one or three months at various amounts from March 2006 to March 2021. As of June 30, 2013, Cermate Technologies Inc. had repaid its bank loans in advance considering it held sufficient funds and had no financing needs.

17. BONDS PAYABLE

	June 30, 2014	December 31, 2013	June 30, 2013
Unsecured domestic convertible bonds	$ -	$ 18,500	$ 146,700
Less: Unamortized discount on bonds payable	-	(152)	(2,748)
Less: Current portion	-	(18,348)	(143,952)
	$ -	$ -	$ -

On May 26, 2011, the 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 Company's common shares at an agreed conversion price between May 27, 2012 and May 16, 2014. If the bonds are not converted, the Company should redeem the bonds at their face value upon maturity. According to the Statement of International Accounting Standard No. 32 "Financial Instruments: Disclosures" the Company has bifurcated the bonds into liability and equity components. The bonds had been recorded as stock options from capital surplus amounting to $44,716 thousand and as bonds payable amounting to $750,943 thousand. As of June 30, 2014, the bonds that had been converted into 10,116 thousand shares amounted to $797,600 thousand.

The balance of outstanding convertible bonds was less than 10% of the aggregate face value of NT$800,000 thousand as of January 31, 2014. Under the contract on bond issuance and conversion, the Company should buy back all the outstanding bonds. Thus, the Company redeemed the outstanding bonds for $2,400 thousand, resulting in a loss of $17 thousand.

18. OTHER LIABILITIES

	June 30, 2014	December 31, 2013	June 30, 2013
Other payables			
Salaries or bonuses payable	$ 1,726,681	$ 1,790,658	$ 1,273,547
Payable for royalties	191,748	88,992	107,482
Payable for employee benefits	111,811	110,196	119,325
Others	1,091,241	919,544	842,835
	$ 3,121,481	$ 2,909,390	$ 2,343,189

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

19. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2013 and 2012, and recognized in the following line items in their respective periods:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Operating cost	$ 230	$ 296	$ 541	$ 600
Marketing expenses	$ 135	$ 124	$ 373	$ 399
Administration expenses	$ 98	$ 148	$ 677	$ 507
Research and development expenses	$ 255	$ 401	$ 1,018	$ 1,170

20. EQUITY

a. Share capital

Ordinary shares

	June 30, 2014	December 31, 2013	June 30, 2013
Number of shares authorized (in thousands)	800,000	600,000	600,000
Amount of shares authorized	$ 8,000,000	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	628,702	569,400	565,627
Amount of shares issued	$ 6,287,021	$ 5,694,000	$ 5,656,272

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

The change in authorized shares was due to the issuance of stock dividends.

b. Capital surplus

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

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

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, if the 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 or reversed as needed, adding cumulative retained earnings from previous periods and retaining partially, retained earnings for corporate growth. 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 Company's board of directors.

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

For the six months ended June 30, 2014 and 2013, the bonuses to employees and remunerations to directors and supervisors were $42,000 thousand and $38,000 thousand (included in other payables), respectively. These amounts 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 at the share bonus by the fair value of the shares. The fair value of the shares refers to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items shall be transferred from a special reserve to unappropriated earnings before any appropriation of earnings generated before 2012 shall be made.

The Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC on April 6, 2012 and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

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

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

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

The appropriation of earnings, including bonus to employees and the remuneration to directors and supervisors for 2013 and 2012 were approved in the shareholders' meetings on June 18, 2014 and June 13, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (Dollars)	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 410,640	$ 346,239	$ -	$ -
Reversal of special reserve	-	(545,303)	-	-
Cash dividends	3,017,820	2,763,586	5.3	4.9
Stock dividends	569,400	-	1.0	-

	Cash Dividends	
	2013	**2012**
Bonus to employees	$ 70,000	$ 60,000
Remuneration to directors and supervisors	12,000	12,000

There was no significant difference between the approved amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 18, 2014 and June 13, 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012.

Information on bonuses to employees and remuneration to directors and supervisors approved in the shareholders' meetings is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity items

1) Foreign currency translation reserve

	For the Six Months Ended June 30	
	2014	**2013**
Balance at January 1	$ 130,041	$ (104,345)
Exchange differences on translating the net assets of foreign operations	(56,953)	216,527
Income tax relating to gains arising on translating the net assets of foreign operations	9,723	(37,420)
Share of exchange difference of associates accounted for using the equity method	(241)	3,593
Balance at June 30	$ 82,570	$ 78,355

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.

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

	For the Six Months Ended June 30	
	2014	2013
Balance at January 1	$ (75,534)	$ 168,944
Unrealized gain (loss) on revaluation of available-for-sale financial assets	448,486	(185,012)
Cumulative gain (loss) reclassified to profit or loss on disposal of available-for-sale financial assets	20,129	(61,567)
Balance at June 30	$ 393,081	$ (77,635)

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

	For the Six Months Ended June 30	
	2014	2013
Balance at January 1	$ 161,891	$ 107,891
Attributable to noncontrolling interests:		
Share of profit for the period	10,250	14,049
Exchange difference on translation of foreign entities	(3,343)	874
Acquisition of noncontrolling interests in subsidiaries (Note 26)	(444)	(2,211)
Disposal of noncontrolling interests in subsidiaries (Note 26)	28,307	-
Balance at June 30	$ 196,661	$ 120,603

21. NET OPERATING PROFIT

a. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Interest on bank overdrafts and loans	$ 1,120	$ 1,373	$ 2,382	$ 3,644
Interest on convertible bonds	-	870	21	1,804
	$ 1,120	$ 2,243	$ 2,403	$ 5,448

b. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Property, plant and equipment	$ 126,757	$ 84,095	$ 220,883	$ 179,711
Intangible assets	24,799	30,306	49,609	54,371
	$ 151,556	$ 114,401	$ 270,492	$ 234,082
An analysis of depreciation by function				
Operating costs	$ 30,473	$ 20,800	$ 59,539	$ 53,643
Operating expenses	96,284	63,295	161,344	126,068
	$ 126,757	$ 84,095	$ 220,883	$ 179,711
An analysis of amortization by function				
Operating costs	$ 830	$ 996	$ 1,730	$ 2,231
Operating expenses	23,969	29,310	47,879	52,140
	$ 24,799	$ 30,306	$ 49,609	$ 54,371

c. Employee benefit expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Post-employment benefits (Note 19)				
Defined contribution plans	$ 64,645	$ 51,004	$ 119,610	$ 100,665
Defined benefit plans	718	969	2,609	2,676
	65,363	51,973	122,219	103,341
Other employee benefits	1,659,920	1,499,111	3,394,504	2,915,931
Total employee benefit expense	$ 1,725,283	$ 1,551,084	$ 3,516,723	$ 3,019,272
An analysis of employee benefits expense by function				
Operating costs	$ 360,757	$ 326,104	$ 747,755	$ 629,875
Operating expenses	1,364,526	1,224,980	2,768,968	2,389,397
	$ 1,725,283	$ 1,551,084	$ 3,516,723	$ 3,019,272

22. INCOME TAX RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Current tax				
Current period	$ 226,679	$ 195,124	$ 492,129	$ 408,516
Income tax expense for unappropriated earnings	10,854	89,787	10,854	89,787
Deferred tax	42,541	11,289	55,433	(1,687)
Income tax expense recognized in profit or loss	$ 280,074	$ 296,200	$ 558,416	$ 496,616

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Deferred tax				
Current period:				
Translation of foreign operations	$ 24,251	$ (9,305)	$ 9,723	$ (37,420)

c. Integrated income tax

	June 30, 2014	December 31, 2013	June 30, 2013
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	$ 3,809,450	$ 5,452,733	$ 3,365,589
Imputation credits accounts	$ 731,716	$ 521,664	$ 598,460

The creditable ratios for the distribution of the earnings of 2013 and 2012 were 13.42% (expected ratio) and 10.88% (actual ratio), respectively.

Under the Income Tax Law, for the distribution of earnings generated after January 1, 1998, the imputation credits allocable to ROC resident shareholders of the Company are calculated on the basis of the creditable ratio as of the date of dividend distribution. Accordingly, the actual imputation credits allocable to shareholders of the Company are based on the balance of imputation credit accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

d. Income tax assessments

The tax returns through 2008 have been assessed by the tax authorities. The Company and subsidiaries disagreed with the tax authorities' assessment of its 2008 tax return and applied for a reexamination. Nevertheless, to be conservative, the Company and its subsidiaries provided for the income tax assessed by the tax authorities.

23. EARNINGS PER SHARE

(In New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Basic earnings per share	$ 2.10	$ 1.98	$ 4.12	$ 3.50
Pro forma earnings per share that were adjusted retrospectively to reflect the effects of changes in the number of shares due to the issuance of bonuses after the approval of these consolidated financial statements	$ 1.91	$ 1.80	$ 3.75	$ 3.18
Diluted earnings per share	$ 2.09	$ 1.96	$ 4.10	$ 3.48
Pro forma earnings per share that were adjusted retrospectively to reflect the effects of changes in the number of shares due to the issuance of bonuses after the approval of these consolidated financial statements	$ 1.90	$ 1.79	$ 3.73	$ 3.16

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

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
Earnings used in the computation of basic earnings per share	$ 1,201,847	$ 1,119,093	$ 2,354,588	$ 1,978,960
Effect of dilutive potential ordinary shares:				
Convertible bonds	-	870	21	1,804
Employee share options	-	4,967	-	9,934
Earnings used in the computation of diluted earnings per share	$ 1,201,847	$ 1,124,930	$ 2,354,609	$ 1,990,698

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Weighted average number of ordinary shares in computation of basic earnings per share	571,529	565,260	570,867	564,837
Effect of dilutive potential ordinary shares:				
Convertible bonds	-	2,138	36	2,220
Employee share options	2,583	4,904	3,058	4,904
Bonuses issued to employees	444	666	464	666
Weighted average number of ordinary shares used in the computation of diluted earnings per share	574,556	572,968	574,425	572,627

If the Company decides to settle bonuses paid to employees in cash or shares, the Company assumes that the entire amount of the bonus would be settled in shares, and the resulting potential shares will be included in the weighted average number of outstanding shares used in the computation of diluted earnings per share, if the effect is dilutive. This dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the 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 Company. The holders of these shares include employees whom meet certain criteria from the Company, from both domestic and overseas subsidiaries in which the 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 Company’s common shares listed on the grant date. For any subsequent changes in the Company’s paid-in capital, the exercise price and the number of options will be adjusted accordingly.

Information on employee share options as of June 30, 2014 and 2013 is as follows:

	For the Six Months Ended June 30			
	2014		2013	
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	5,300	$48.80	8,450	$50.46
Options exercised	2,149	47.25	1,074	49.75
Balance at June 30	3,151	49.85	7,376	50.56

(Continued)

Employee Share Options	For the Six Months Ended June 30			
	2014		2013	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Options exercisable, end of the period	3,151	$49.85	7,376	$50.56
Weighted-average fair value of options granted (NT$)	$16.45-$20.25		$16.45-$20.25	

(Concluded)

Information on outstanding options for the six months ended June 30, 2014 and 2013 is as follows:

Employee Share Options	June 30			
	2014		2013	
	Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)	Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)
Issuance in 2010	$54.20	1.03	$56.10	2.03
Issuance in 2009	46.70	0.42	48.40	1.42

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

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

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

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

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

Compensation costs recognized were $2,278 thousand and $11,969 thousand for the six months ended June 30, 2014 and 2013.

25. DISPOSAL OF SUBSIDIARIES

As of June 30, 2013, the Group had disposed 100% of its equity interests in BCM Embedded Computer Inc. (BCM), which manufactured telecommunications equipment and electronic parts. The subsidiary was disposed of because an analysis had shown a decline in the subsidiary's business scope and its failure to improve the Group's economic returns and resource use. On June 30, 2013, this disposal was completed and control of BCM was passed to the acquirer.

a. Consideration received from the disposal

	Disposal of BCM Embeded Computer Inc.
Consideration received in cash and cash equivalents	$ 13,500

b. Analysis of asset and liabilities on the date control was lost

	BCM Embeded Computer Inc.
Current assets	
Cash and cash equivalents	$ 1,846
Available-for-sale financial assets	10,609
Other current assets	32
Noncurrent assets	
Property, plant and equipment	1
Current liabilities	
Other current liabilities	(786)
Net assets disposed of	$ 11,702

c. Loss on disposal of subsidiary

	For the Six Months Ended June 30, 2013
Consideration received	$ 13,500
Net assets disposed of	(11,702)
Goodwill	(6,279)
Unrealized gains (losses) on available-for-sale financial assets reclassified from equity to profit or loss on loss of control of subsidiary	109
Loss on disposal	$ (4,372)

d. Net cash inflow on disposal of subsidiary

	For the Six Months Ended June 30, 2013
Consideration received in cash and cash equivalents	$ 13,500
Less: Cash and cash equivalents disposed of	(1,846)
	$ 11,654

26. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

As of June 30, 2014 and 2013, the Group acquired an additional 0.02% and 1.20% interest in Netstar Technology Service, increasing its interest from 95.49% to 95.51% and 94.28% to 95.48%, respectively.

In January and April 2014, the Group disposed 10.27% and gained 0.14% of its holding shares in Advantech - LNC Technology Co., Ltd., respectively, decreasing its interest from 100% to 89.87%.

AdvanPOS Technology Co., Ltd. issued ordinary shares for the exercise of employee share options, decreasing the Group's holding interest from 70.19% to 64.03%.

	For the Six Months Ended June 30	
	2014	**2013**
Cash consideration received (paid)	$ 51,467	$ (3,595)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from (to) noncontrolling interests	(27,863)	2,211
Differences arising from equity transaction	$ 23,604	$ (1,384)
Line items adjusted for equity transaction		
Unappropriated retained earnings	$ (11)	$ (1,384)
Difference between consideration and carrying amount of subsidiaries disposed	$ 23,615	$ -

27. 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:

	June 30, 2014		December 31, 2013		June 30, 2013	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial liabilities						
Financial liabilities measured at amortized cost						
Convertible bonds	$ -	$ -	$ 18,348	$ 49,656	$ 143,952	$ 263,195

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.

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices); 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 (unobservable inputs).

June 30, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Derivative financial assets	$ -	$ 11,250	$ -	$ 11,250
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 2,363,620	$ -	$ -	$ 2,363,620
Unlisted securities - ROC				
Equity securities	-	-	1,875	1,875
Unlisted securities - other countries				
Equity securities	-	-	33,257	33,257
Mutual funds	3,031,947	-	-	3,031,947
	$ 5,395,567	$ -	$ 35,132	$ 5,430,699
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 1,401	$ -	$ 1,401

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 2,723	$ -	$ 2,723
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 1,885,351	$ -	$ -	$ 1,885,351
Unlisted securities - ROC				
Equity securities	-	-	1,875	1,875
Unlisted securities - other countries				
Equity securities	-	-	33,257	33,257
Mutual funds	2,056,368	-	-	2,056,368
	$ 3,941,719	$ -	$ 35,132	$ 3,976,851
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 23,722	$ -	$ 23,722

June 30, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 8,756	$ -	$ 8,756
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 1,906,894	$ -	$ -	$ 1,906,894
Unlisted securities - other countries				
Equity securities	-	-	33,257	33,257
Mutual funds	3,898,247	-	-	3,898,247
	$ 5,805,141	$ -	$ 33,257	$ 5,838,398
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 10,889	$ -	$ 10,889

As of June 30, 2014 and 2013, there were no transfers between Levels 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.

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

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ 11,250	$ 2,723	$ 8,756
Loans and receivables (Note 1)	9,802,615	8,935,573	8,267,327
Available-for-sale financial assets (Note 2)	5,430,699	3,976,851	5,838,398
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	1,401	23,722	10,889
Measured at amortized cost (Note 3)	9,563,139	6,156,944	7,903,353

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, 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 borrowings, trade and other payables, dividends payable, long-term accounts payable, accrued convertible bonds with maturity less than 1 year, and long-term borrowings.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, trade receivables, trade payables, bonds payable, 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 financial instrument transactions (including derivative financial instruments) for speculative purposes.

The Corporate Treasury function reported quarterly to the board of directors on the Group's current derivative instrument management.

1) Market risk

The Group's activities expose it primarily to financial risks of 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 manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by entering into a variety of derivative financial instruments, which allow the Company to mitigate but not fully eliminate the effect. Exchange rate exposures were managed within approved policy parameters utilizing forward exchange contracts.

Since these forward exchange contracts with maturity of less than 6 months did not meet the criteria for hedge effectiveness, they were not subject to hedge accounting.

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 are presented in New Taiwan dollar amounts, as follows:

	June 30, 2014	**December 31, 2013**	**June 30, 2013**
Assets			
USD	$ 3,550,859	$ 3,057,863	$ 3,737,760
EUR	984,796	776,618	775,131
RMB	3,795,164	3,332,046	2,069,915
Liabilities			
USD	3,642,030	3,349,757	3,668,837
RMB	1,210,736	1,231,279	1,035,901

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period are presented in New Taiwan dollar amounts, as follows:

	June 30, 2014	**December 31, 2013**	**June 30, 2013**
Assets			
USD	$ 4,008	$ 390	$ 236
EUR	7,054	16	7,122
JPY	188	2,317	1,398
	$ 11,250	$ 2,723	$ 8,756
Liabilities			
	$ -	$ 5,221	$ 8,721
USD	1,211	18,486	1,637
EUR	190	15	531
JPY			
	$ 1,401	$ 23,722	$ 10,889

Sensitivity analysis

The Group was mainly exposed to U.S. dollar, Euro and Chinese Yuan 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. The 5% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and their translation at the end of the reporting period is adjusted for a 5% change in exchange rates. A positive number below indicates an increase in post-tax profit and other equity associated with a 5% strengthening of the New Taiwan dollar against the relevant currency. For a 5% weakening of the New Taiwan dollar 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 Six Months Ended June 30		Euro Impact For the Six Months Ended June 30		Chinese Yuan Impact For the Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Profit or loss	$ 19,335 (Note 1)	$ (32,045) (Note 1)	$ 64,532 (Note 2)	$ 41,694 (Note 2)	$ 7,166 (Note 3)	$ 51,711 (Note 3)

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.

Note 3: This was mainly attributable to the exposure outstanding on Chinese Yuan denominated cash, trade receivables and trade payables, which were not hedged at the end of the reporting period.

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:

	June 30, 2014	**December 31, 2013**	**June 30, 2013**
Fair value interest rate risk			
Financial assets	$ 1,088,711	$ 1,203,088	$ 950,045
Financial liabilities	225	347	-
Cash flow interest rate risk			
Financial assets	2,170,745	2,115,055	2,066,309
Financial liabilities	15,000	122,797	-

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's 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 six months ended June 30, 2014 and 2013 would have increased by $5,389 thousand and $5,166 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 six months ended June 30, 2014 and 2013 would have increased by $53,956 thousand and $58,051 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 Group's 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 determining 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 Group's 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 June 30, 2014, December 31, 2013 and June 30, 2013, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $3,295,256 thousand, $3,416,360 thousand, and $2,995,750 thousand, respectively.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed 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 can be required to pay. The tables included both interest and principal cash flows. Specifically bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on agreed repayment dates.

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

June 30, 2014

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 - 5 Years
Non-derivative financial liabilities					
Non-interest bearing		$ 4,146,334	$ 4,665,008	$ 634,772	$ 101,746
Variable interest rate liabilities	0.5-1.18	15	29	15,008	-
Fixed interest rate liabilities	0.8	19	38	170	-
		$ 4,146,368	$ 4,665,075	$ 649,950	$ 101,746

December 31, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 - 5 Years
Non-derivative financial liabilities					
Non-interest bearing		$ 3,654,211	$ 1,554,717	$ 719,123	$ 102,519
Variable interest rate liabilities	0.5-1.18	269	537	125,219	-
Fixed interest rate liabilities	0.8	29	58	262	-
		$ 3,654,509	$ 1,555,312	$ 844,604	$ 102,519

June 30, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1 - 5 Years
Non-derivative financial liabilities					
Non-interest bearing		$ 2,970,630	$ 3,980,884	$ 951,839	$ -

The amounts included above for variable interest rate instruments for non-derivative financial liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) The following tables shows 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 settle on a net basis.

June 30, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 267,422	$ 582,091	$ 462,436	$ 1,311,949
Outflows	265,979	578,238	457,883	1,302,100
	$ 1,443	$ 3,853	$ 4,553	$ 9,849

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Gross settled				
Forward exchange contracts				
Inflows	$ 324,748	$ 552,632	$ 405,861	$ 1,283,241
Outflows	330,514	560,089	413,637	1,304,240
	$ (5,766)	$ (7,457)	$ (7,776)	$ (20,999)

June 30, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Gross settled				
Forward exchange contracts				
Inflows	$ 400,980	$ 889,936	$ 273,499	$ 1,564,415
Outflows	404,851	888,500	273,197	1,566,548
	$ (3,871)	$ 1,436	$ 302	$ (2,133)

28. TRANSACTIONS WITH RELATED PARTIES

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

a. Sales of goods

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Associates	$ 16,210	$ 31,876	$ 57,261	$ 50,227
Other related parties	-	-	177	-
	$ 16,210	$ 31,876	$ 57,438	$ 50,227

b. Purchases of goods

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Associates	$ 7,713	$ 4,655	$ 12,495	$ 8,486

c. Receivables from related parties (excluding loans to related parties)

Related Party	June 30, 2014	December 31, 2013	June 30, 2013
Associates	$ 11,428	$ 6,579	$ 23,259

The outstanding trade receivables from related parties are unsecured. As of June 30, 2014, December 31, 2013, and June 30, 2013, the Group had no bad-debt expenses recognized for trade receivables from related parties.

d. Other receivables from related parties

Related Party	June 30, 2014	December 31, 2013	June 30, 2013
Associates	$ 54,836	$ -	$ 40,254

e. Payables to related parties (excluding loans from related parties)

Accounts	Related Party	June 30, 2014	December 31, 2013	June 30, 2013
Accounts payable	Associates	$ 2,866	$ 1,784	$ 1,689

The outstanding trade payables from related parties are unsecured.

f. Other transactions with related parties

	Operating Expenses For the Three Months Ended June 30		Operating Expenses For the Six Months Ended June 30	
Related Party	**2014**	**2013**	**2014**	**2013**
Rental expenses				
Other related parties	$ 1,319	$ 2,213	$ 3,532	$ 4,426

	Other Income For the Three Months Ended June 30		Other Income For the Six Months Ended June 30	
Related Party	**2014**	**2013**	**2014**	**2013**
Other				
Other related parties	$ 690	$ 250	$ 1,381	$ 750

Lease contracts formed between the Company and its associates were based on market rental prices and stipulated normal payment terms. There were no significant differences in the selling price and payment terms for related parties and those for unrelated parties. When normal payment terms with related parties were not stipulated, the payment terms were decided on the basis of mutual agreement.

g. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the six months ended June 30, 2014 and 2013 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party	**2014**	**2013**	**2014**	**2013**
Short-term employee benefits	$ 13,404	$ 11,193	$ 26,808	$ 19,388
Post-employment benefits	37	28	73	56
Share-based payments	76	853	152	1,706
	$ 13,517	$ 12,074	$ 27,033	$ 21,150

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. As of June 30, 2014, December 31, 2013 and June 30, 2013, AdvanPOS Technology Co., Ltd. and Cermate Technologies Inc., subsidiaries of the Company, had pledged the following assets for short-term and long-term bank borrowings. However, as of June 30, 2014, AdvanPOS Technology had canceled the pledged assets.

	June 30, 2014	December 31, 2013	June 30, 2013
Fixed assets - land	$ -	$ 54,843	$ -
Fixed assets - buildings, net of accumulated depreciation	-	38,950	-
	$ -	$ 93,793	$ -

b. As of June 30, 2014, December 31, 2013 and June 30, 2013, as requested by suppliers, the Company pledged a time deposit of $55,900 thousand, $109,110 thousand and $109,110 thousand, respectively (included in other current assets) for a bank guarantee for the Company's purchases.

c. As of June 30, 2014 and December 31, 2013, AdvanPOS Technology Co., Ltd. pledged a time deposit of $200 thousand as collateral for short-term and long-term borrowing (included in other current assets).

30. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

a. As of June 30, 2014, December 31, 2013 and June 30, 2013, the guarantee notes issued by Cermate Technologies Inc. for its bank borrowings had amounted to $40,000 thousand.

b. As of June 30, 2014, December 31, 2013 and March 31, 2013, the guarantee notes issued by Netstar Technology Co., Ltd. for its bank loan had amounted to $1,459 thousand.

31. EXCHANGE RATE FOR FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

June 30, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 118,897	29.865 (USD:NTD)	$ 3,550,859
RMB	528,937	4.811 (RMB:NTD)	2,544,716
RMB	259,915	0.161 (RMB:USD)	1,250,448
EUR	24,149	40.78 (EUR:NTD)	984,796
			$ 8,330,819

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 85,121	29.865 (USD:NTD)	$ 2,542,139
RMB	251,660	4.811 (RMB:NTD)	1,210,736
USD	36,829	6.208 (USD:RMB)	1,099,891
			$ 4,852,766

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 102,596	29.805 (USD:NTD)	$ 3,057,863
RMB	420,934	4.9040 (RMB:NTD)	2,064,261
RMB	258,522	0.1650 (RMB:USD)	1,267,785
EUR	18,900	41.090 (EUR:NTD)	776,618
			$ 7,166,527
Financial liabilities			
Monetary items			
USD	$ 73,106	29.805 (USD:NTD)	$ 2,178,937
RMB	251,077	4.9040 (RMB:NTD)	1,231,279
USD	39,283	6.0777 (USD:RMB)	1,170,820
			$ 4,581,036

June 30, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 124,592	30.00 (USD:NTD)	$ 3,737,760
RMB	227,262	0.163 (RMB:USD)	1,108,350
RMB	197,163	4.877 (RMB:NTD)	961,565
EUR	19,799	39.15 (EUR:NTD)	775,131
			$ 6,582,806

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 79,721	30.00 (USD:NTD)	$ 2,391,619
USD	42,574	6.151 (USD:RMB)	1,277,218
RMB	212,405	4.877 (RMB:NTD)	1,035,901
			$ 4,704,738

(Concluded)

32. SEPARATELY DISCLOSED ITEMS

All significant intercompany transactions have been eliminated from consolidation.

a. Information on significant transactions and b. information on investees:

1) Financing provided to others. (Table 1)

2) Endorsement/guarantee provided. (Table 2)

3) Marketable securities held. (Table 3)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 6)

9) Transactions of financial instruments. (Notes 7 and 27)

10) Significant transactions between the Company and subsidiaries. (Table 10)
11) Name, locations, and other information of investees. (Table 7)

12) Organization chart. (Table 9)

c. 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 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, their prices, and 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 10)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 10)

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)

33. SEGMENT INFORMATION

a. Segment information is provided to the Group's chief operating decision maker for allocating resources to the segments and assessing their performance. The information focuses on every type of products sold or services provided. The Groups segment information disclosed is as follows:

1) Industrial automation services: Focus on services retaining to industrial automation;

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

	For the Six Months Ended June 30, 2014						
	Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Services	Global Customer Services	Reconciliation and Elimination	Total
Income							
From external customers	$ 2,516,301	$ 7,144,101	$ 1,558,966	$ 4,214,720	$ 1,888,181	$ 102,296	$ 17,424,565
Income from intersegment sales	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	25,991	25,991
Income total	$ 2,516,301	$ 7,144,101	$ 1,558,966	$ 4,214,720	$ 1,888,181	$ 128,287	$ 17,450,556
Finance costs	$ -	$ -	$ -	$ -	$ -	$ 2,403	$ 2,403
Depreciation and amortization	-	-	-	-	-	270,492	270,492
Share of profit or loss of associates accounted for using the equity method	-	-	-	-	-	53,819	53,819
Segment profit (loss)	$ 602,582	$ 1,305,225	$ 209,087	$ 760,353	$ 432,574	$ (386,567)	$ 2,923,254

(Continued)

	For the Six Months Ended June 30, 2014						
	Industrial Automation Services	**Embedded Boards and Design-in Services**	**Intelligent Services**	**Design and Manufacturing Services**	**Global Customer Services**	**Reconciliation and Elimination**	**Total**
Investments accounted for by the equity method	$ -	$ -	$ -	$ -	$ -	$ 396,693	$ 396,693
Capital expense from noncurrent assets	-	-	-	-	-	774,247	774,247
Segment assets	$ -	$ -	$ -	$ -	$ -	$ 30,921,207	$ 30,921,207

(Concluded)

	For the Six Months Ended June 30, 2013						
	Industrial Automation Services	**Embedded Boards and Design-in Services**	**Intelligent Services**	**Design and Manufacturing Services**	**Global Customer Services**	**Reconciliation and Elimination**	**Total**
Income							
From external customers	$ 2,318,992	$ 5,677,723	$ 1,055,043	$ 3,553,310	$ 1,703,807	$ 129,349	$ 14,438,224
Income from intersegment sales	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	13,536	13,536
Income total	$ 2,318,992	$ 5,677,723	$ 1,055,043	$ 3,553,310	$ 1,703,807	$ 142,885	$ 14,451,760
Finance costs	$ -	$ -	$ -	$ -	$ -	$ 5,448	$ 5,448
Depreciation and amortization	-	-	-	-	-	234,082	234,082
Share of profit or loss of associates accounted for using the equity method	-	-	-	-	-	39,915	39,915
Segment profit (loss)	$ 581,357	$ 1,112,456	$ 58,989	$ 728,242	$ 317,195	$ (308,614)	$ 2,489,625
Investments accounted for by the equity method	$ -	$ -	$ -	$ -	$ -	$ 379,961	$ 379,961
Capital expense from noncurrent assets	-	-	-	-	-	549,552	549,552
Segment assets	$ -	$ -	$ -	$ -	$ -	$ 26,808,610	$ 26,808,610

The income above was generated from transactions with external customers. There were no sales between segments during the six months ended June 30, 2014 and 2013, respectively.

Segment income refers to the income generated by each segment, excluding allocable central management costs and remuneration to directors and supervisors, share of the profit (loss) of associates and joint ventures, gain (loss) on disposal of associates, rental income, interest income, gain (loss) on disposal of properties, plant and equipment, gain (loss) on disposal of investments, foreign exchange net (gain) loss, valuation gain (loss) on financial instruments, finance costs, and income tax expense. This segment income is the measure reported to the operation's decision maker and is used in the allocation of resources among segments and performance evaluation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note A)	Lender	Borrower	Financial Statement Account	Related Parties	Credit Line (Note D)		Actual Borrowing		Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
					Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Ending Balance						Item	Value		
0	Advantech Co., Ltd.	AEU	Accounts receivable - related parties	Yes	$ 141,828 (EUR 3,383 thousand)	$ 137,938 (EUR 3,383 thousand)	$ 141,828 (EUR 3,383 thousand)	$ 137,938 (EUR 3,383 thousand)	2.00	Short-term financing	$ -	Financing need	$ -	None	None	$ 1,916,841 (Note C)	$ 3,833,682 (Note C)
1	AEUH	AEU	Accounts receivable - related parties	Yes	31,448 (EUR 750 thousand)	30,585 (EUR 750 thousand)	31,448 (EUR 750 thousand)	30,585 (EUR 750 thousand)	4.00	Short-term financing	-	Financing need	-	None	None	1,916,841 (Note C)	3,833,682 (Note C)
2	ANA	AKMC	Accounts receivable - related parties	Yes	140,162 (US$ 4,600 thousand)	137,379 (US$ 4,600 thousand)	140,162 (US$ 4,600 thousand)	137,379 (US$ 4,600 thousand)	2.00	Short-term financing	-	Financing need	-	None	None	1,916,841 (Note C)	3,833,682 (Note C)
3	Better Auto Holdings Limited	Dongguan Pou Yuen Digital Technology Co., Ltd.	Accounts receivable - related parties	Yes	22,690 (RMB 4,520 thousand)	21,746 (RMB 4,520 thousand)	22,690 (RMB 4,520 thousand)	21,746 (RMB 4,520 thousand)	-	Short-term financing	-	Financing need	-	None	None	1,916,841 (Note C)	3,833,682 (Note C)
		Dongguan Pou Yuen Digital Technology Co., Ltd.	Accounts receivable - related parties	Yes	15,235 (US$ 500 thousand)	14,933 (US$ 500 thousand)	15,235 (US$ 500 thousand)	14,933 (US$ 500 thousand)	-	Short-term financing	-	Financing need	-	None	None	1,916,841 (Note C)	3,833,682 (Note C)
4	Advantech Corporate Investment (formerly named Advantech Investment Fund-A Co., Ltd.)	AdvanPOS Technology Co., Ltd.	Accounts receivable - related parties	Yes	100,000	100,000	100,000	100,000	1.15	Short-term financing	-	Financing need	-	None	None	1,916,841 (Note C)	3,833,682 (Note C)
		Advantech-LNC Technology Co., Ltd.	Accounts receivable - related parties	Yes	50,000	50,000	50,000	-	1.15	Short-term financing	-	Financing need	-	None	None	1,916,841 (Note C)	3,833,682 (Note C)

Note A: Parent company: 0; investee companies are numbered sequentially from 1.

Note B: The exchange rates as of June 30, 2014 were EUR1=NT$40.78, US$1=NT$29.865 and RMB1=NT$4.811

Note C: The maximum amounts of financing to individual counterparties 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 D: The maximum balance and ending balances for the credit lines were approved by the financiers' board of directors.

Note E: All intercompany financing has been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars)

No. (Note A)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note B)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note C)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Advantech Co., Ltd. (the "Company")	AdvanPOS Technology Co., Ltd.	Subsidiary	$ 1,916,841	$ 153,264	$ 149,969	$ 15,000	$ -	-	$ 5,750,523	Y	N	N
		Advantech-LNC Technology Co., Ltd.	Subsidiary	1,916,841	167,585	163,983	-	-	-	5,750,523	Y	N	N
		ACA Digital Corporation	Subsidiary	1,916,841	121,880	119,260	-	-	-	5,750,523	Y	N	N
1	Netstar Technology Co., Ltd.	Advantech Intelligent Service (AiST)	Related enterprise	1,916,841	470	470	-	-	-	5,750,523	N	N	N

Note A: Parent company: 0; investee companies are numbered sequentially from 1.

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

Note C: 30% of the Company's net asset value.

TABLE 3

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Advantech Co., Ltd.	Stock							
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	5,239,461	$ 1,744,741	0.71	$ 1,744,741	Notes A and C
	Pegatron Corp.	-	〃	8,055,570	459,167	0.35	459,167	Notes A and D
	Fund							
	Mega Diamond Money Market	-	Available for sale financial assets - current	88,689,272.90	1,088,342	-	1,088,342	Note B
	Capital Money Market	-	〃	37,428,356.20	591,593	-	591,593	Note B
	Fuh Hwa RMB Money Market Fund	-	〃	5,633,150.20	278,339	-	278,339	Note B
	Mega RMB Money Market	-	〃	7,061,826.09	342,214	-	342,214	Note B
Advantech Corporate Investment (formerly named Advantech Investment Fund-A Co., Ltd.)	Stock							
	Taiwan 50	-	〃	170,000	11,212	-	11,212	Note A
	Taiwan Hon Chuan Enterprise Co., Ltd.		〃	2,500,000	148,500	0.96	148,500	Note A
	COBAN Research and Technologies, Inc.	-	Available for sale financial assets - noncurrent	600,000	33,257	6.85	33,257	-
	BroadTec System Inc.	-	〃	150,000	1,500	10.00	1,500	-
	BiosenseTek Corp.	-	〃	37,500	375	1.79	375	-
	Fund							
	Eastspring Investment Well Pool Fund	-	Available for sale financial assets - current	5,491,643.20	73,184	-	73,184	Note B
Advansus Corp.	Fund							
	Taishin 1699 Money Market	-	〃	11,348,670.49	150,353	-	150,353	Note B
	Jih Sun Money Market	-	〃	5,312,808.77	77,029	-	77,029	Note B
Netstar Technology Co., Ltd.	Fund							
	Mega Diamond Money Market	-	〃	15,514,319.64	190,382	-	190,382	Note B
Cermate Technology Inc.	Fund							
	East Investment Well Pool Fund	-	〃	2,936,326.70	39,131	-	39,131	Note B
Advantech Intelligent Service	Fund							
	East Investment Well Pool Fund	-	〃	2,987,293.30	39,810	-	39,810	Note B

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
ACA	Fund							
	Mega Diamond Money Market	-	〃	6,793,985.85	$ 83,372	-	$ 83,372	Note B
	Taishin 1699 Money Market	-	〃	5,787,464.01	76,675	-	76,675	Note B
Advantech-LNC Technology Co., Ltd.	Fund							
	Mega Diamond Money Market	-	〃	124,080.11	1,523	-	1,523	Note B

Note A: Market value was based on the closing price on June 30, 2014.

Note B: Market value was based on the net asset values of the open-ended mutual funds on June 30, 2014.

Note C: The amount included $1,381,950 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 D: The amount included $276,450 thousand, the carrying value of 4,850,000 shares held in trust with China Trust Commercial Bank. Please refer to Note 8 of the financial statements for more information.

Note E: Please refer to Table 7 and 8 for information on investees.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount (Cost)	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Cost)
	Fund													
Advance Co., Ltd.	Mega Diamond Money Market	Available-for-sale financial assets - current	-	-	77,279,008.82	$ 944,030	26,932,886.26	$ 330,000	15,522,622.18	$ 190,000	$ 189,328	$ 672	88,689,272.90	$ 1,084,702
	Capital Money Market	Available-for-sale financial assets - current	-	-	18,926,086.30	298,000	26,492,428.10	418,000	7,990,158.20	126,000	125,797	203	37,428,356.20	590,203
	Eastspring Investment Well Pool Fund	Available-for-sale financial assets - current	-	-	-	-	23,968,096.80	319,000	23,968,096.80	319,226	319,000	226	-	-
	Mega RMB Money Market	Available-for-sale financial assets - current	-	-	-	-	7,061,826.09	345,117	-	-	-	-	7,061,826.09	345,117

TABLE 5

ADVANTECH CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Advantech Co., Ltd.	AEU	Subsidiary	Sale	$ (1,553,684)	12.26	30 days after month-end	Contract price	No significant difference in terms for related parties	$ 995,032	21.12	
	ANA	Subsidiary	Sale	(3,692,690)	29.14	45 days after month-end	Contract price	No significant difference in terms for related parties	587,319	12.47	
	ACN	Subsidiary	Sale	(1,929,851)	15.23	45 days after month-end	Contract price	No significant difference in terms for related parties	1,004,508	21.33	
	AiSC	Subsidiary	Sale	(563,050)	4.44	45 days after month-end	Contract price	No significant difference in terms for related parties	332,968	7.07	
	AKMC	Subsidiary	Sale	(568,163)	4.48	45 days after month-end	Contract price	No significant difference in terms for related parties	155,244	3.30	
	AJP	Subsidiary	Sale	(198,671)	1.57	60-90 days	Contract price	No significant difference in terms for related parties	56,908	1.21	
	AKR	Subsidiary	Sale	(300,926)	2.37	60 days after invoice date	Contract price	No significant difference in terms for related parties	72,466	1.54	
	ATC	Subsidiary	Purchase	4,615,830	49.73	60 days after month-end	Contract price	No significant difference in terms for related parties	(1,516,687)	51.13	
	Advansus Corp.	Subsidiary	Purchase	570,372	6.14	Usual trade terms	Contract price	No significant difference in terms for related parties	(243,165)	8.20	
	ACA	Subsidiary	Purchase	1,590,846	17.14	Usual trade terms	Contract price	No significant difference in terms for related parties	(497,152)	16.76	
ACA	AKMC	Related enterprise	Sale	(665,574)	25.06	Usual trade terms	Contract price	No significant difference in terms for related parties	241,989	29.77	
	Advansus Corp.	Related enterprise	Sale	(391,121)	14.73	Usual trade terms	Contract price	No significant difference in terms for related parties	67,900	8.35	
AKMC	ACN	Related enterprise	Sale	(103,028)	2.27	Usual trade terms	Contract price	No significant difference in terms for related parties	51,287	8.36	
	ATC	Parent company	Sale	(4,224,458)	93.04	Usual trade terms	Contract price	No significant difference in terms for related parties	490,934	80.05	
	Netstar Technology Co., Ltd.	Related enterprise	Sale	(126,353)	2.78	Usual trade terms	Contract price	No significant difference in terms for related parties	53,101	8.66	
Advansus Corp.	ACA	Related enterprise	Sale	(112,365)	5.99	Usual trade terms	Contract price	No significant difference in terms for related parties	19,598	2.88	
	AKMC	Related enterprise	Sale	(530,792)	28.30	Usual trade terms	Contract price	No significant difference in terms for related parties	200,774	29.51	

Note A: All intercompany gains and losses from investment have been eliminated from consolidation.

ADVANTECH CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note A)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Advantech Co., Ltd. (the "Company")	AiSC	Subsidiary	$ 332,968	1.84	$ -	-	$ 96,220	$ -
	ACN	Subsidiary	1,004,508	4.69	-	-	197,251	-
	ANA	Subsidiary	587,319	15.97	-	-	441,881	-
	AKMC	Subsidiary	155,244	7.34	-	-	86,438	-
	AEU	Subsidiary	995,032	3.22	-	-	123,845	-
ATC	Advantech Co., Ltd.	Parent company	1,516,687	6.00	-	-	705,397	-
ACA	Advantech Co., Ltd.	Parent company	497,152	8.50	-	-	487,379	-
Advansus Corp.	Advantech Co., Ltd.	Parent company	243,165	5.06	-	-	146,512	-
AKMC	ATC	Parent company	490,934	15.40	-	-	484,109	-
ACA	AKMC	Related enterprise	241,989	5.07	-	-	77,567	-
ANA	AKMC	Related enterprise	138,022	0.04 (Note B)	-	-	5,986	-
Advansus Corp.	AKMC	Related enterprise	200,744	5.80	-	-	78,607	-

Note A: All intercompany gains and losses from investment have been eliminated from consolidation.

Note B: The rate refers to a financing transaction.

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars/Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2014			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note A)	Note
				June 30, 2014	December 31, 2013	Shares	Percentage of Ownership	Carrying Value			
Advantech Co., Ltd.	AAC (BVI)	BVI	Investment and management service	$ 993,108	$ 993,108	29,623,834	100.00	$ 3,067,817	$ 170,727	$ 166,129	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	3,329,600	183,367	182,292	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	486,000	486,000	36,000,000	100.00	743,952	132,327	122,626	Subsidiary
	Advantech Corporate Investment	Taipei, Taiwan	Investment holding company	900,000	900,000	90,000,000	100.00	1,065,860	50,250	50,610	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	249,059	249,059	20,537,984	26.30	370,003	199,414	52,611	Equity-method investee
	AdvanPOS Technology Co., Ltd.	Taipei, Taiwan	Production and sale of POS system	319,461	319,461	12,778,455	64.03	313,005	(13,223)	(8,490)	Subsidiary
	Advantech-LNC Technology Co., Ltd.	Taichung, Taiwan	Production and sale of machine control solution	478,477	530,000	26,960,000	89.87	491,360	16,434	14,764	Subsidiary
	AEUH	Helmond, The Netherlands	Investment and management service	1,146,489	1,146,489	9,572,024	100.00	827,369	(2,686)	(2,346)	Subsidiary
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	97,650	6,288	6,288	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	48,663	(4,947)	(4,947)	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	151,071	4,497	4,497	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	33,342	1,777	1,777	Subsidiary
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	221,794	36,646	36,646	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	39,616	39,616	1,419,804	80.00	53,761	12,002	9,601	Subsidiary
	ACA	Taipei, Taiwan	Production and sale of industrial automation products	146,440	146,440	8,000,000	100.00	563,110	166,242	165,086	Subsidiary
	AIN	India	Sale of industrial automation products	5,567	5,567	999,999	99.99	(2,182)	(249)	(249)	Subsidiary
Advantech Corporate Investment (formerly named Advantech Investment Fund-A Co., Ltd.)	Netstar Technology Co., Ltd.	Taipei, Taiwan	Production and sale of industrial automation products	291,252	291,196	23,877,841	95.51	389,855	48,347	46,180	Subsidiary
	AiST	Taipei, Taiwan	Design, develop and sale of intelligent services	142,063	142,063	6,777,571	100.00	147,888	(2,671)	(2,671)	Subsidiary
	Cermate Technology Inc.	Taipei, Taiwan	Manufacturing of electronic parts, computer, and peripheral devices	71,500	71,500	5,500,000	55.00	105,681	16,464	9,055	Subsidiary
	Deneng Scientific Research Co., Ltd.	Taichung, Taiwan	Installment and sale of electronic components and software	18,095	-	658,000	39.69	18,240	509	202	Equity-method investee
ATC	ATC (HK)	Hong Kong	Investment and management service	1,212,730	1,212,730	41,650,001	100.00	2,315,281	97,423	97,423	Subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,691,392	70,772	70,772	Subsidiary
	AAC (HK)	Hong Kong	Investment and management service	539,146	539,146	15,230,001	100.00	1,512,789	100,011	100,011	Subsidiary
ANA	AMX	Mexico	Sale of industrial automation products	4,922	4,922	-	100.00	1,477	(793)	(793)	Subsidiary
AEUH	AEU	Eindhoven, The Netherlands	Sale of industrial automation products	316,403	316,403	8,609,658	100.00	771,070	(4,353)	(4,353)	Subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	14,176	14,176	6,350	100.00	49,517	2,271	2,271	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	611,429	5,075	(9,670)	Subsidiary
	GPEG	London, UK	Design, R&D and sale of gaming computer products	278,641	278,641	221,176	100.00	253,327	(34,401)	(34,401)	Subsidiary
GPEG	GPEG K&M Ltd.	Korea	Design, R&D and sale of gaming computer products	-	8,175	-	-	-	-	-	Equity-method investee
ASG	ATH	Thailand	Production of computers	7,537	7,537	51,000	51.00	15,318	2,001	1,020	Subsidiary
	AID	Indonesia	Sale of industrial automation products	4,797	4,797	300,000	100.00	(823)	(2,165)	(2,165)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2014			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note A)	Note
				June 30, 2014	December 31, 2013	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	$ 8,450	$ 3,338	$ 1,006	Equity-method investee
Cermate Technology Inc.	LandMark	BVI	General investment	28,200	28,200	972,284	100.00	50,690	7,884	7,447	Subsidiary
Advantech-LNC Technology Co., Ltd.	Better Auto	BVI	General investment	264,445	264,445	8,556,096	100.00	165,226	1,820	2,114	Subsidiary
Better Auto	Famous Now	BVI	General investment	US$ 4,000	US$ 4,000	1	100.00	169,358	(18,183)	(18,183)	Subsidiary
AdvanPOS Technology Co., Ltd.	Bright Mind Limited	Samoa	General investment	US$ 200	US$ 200	200	100.00	(301)	(413)	(413)	Subsidiary

Note A: The financial statements used as basis of net asset values had not been reviewed by independent CPAs, except those of AAC (BVI), AAC (HK), ANA, ATC, ATC (HK), AKMC, AEUH, AEU and Axiomtek.

Note B: All intercompany gains and losses from investment have been eliminated from consolidation.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(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, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2014	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes A)	Carrying Value as of June 30, 2014	Accumulated Inward Remittance of Earnings as of June 30, 2014
					Outflow	Inflow					
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$ 41,650 thousand (Note F)	Indirect	$ 1,113,965 (US$ 37,300 thousand)	$ -	$ -	$ 1,113,965 (US$ 37,300 thousand)	100	$ 97,423	$ 2,315,281	$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$ 4,230 thousand	Indirect	159,240 (US$ 5,332 thousand)	-	-	159,240 (US$ 5,332 thousand)	100	113,658	850,475	335,533 (US$ 11,235 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Sale of industrial automation products	US$ 8,000 thousand	Indirect	238,920 (US$ 8,000 thousand)	-	-	238,920 (US$ 8,000 thousand)	100	(14,225)	668,175	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US$ 1,000 thousand	Indirect	(Note C)	-	-	(Note C)	100	(34)	(8,298)	-
Hangzhou Advantofine Automation Tech. Co., Ltd.	Processing and sale of industrial automation products	RMB 3,000 thousand	Indirect	(Note D)	-	-	(Note D)	60	(677)	12,133	-

Accumulated Investment in Mainland China as of June 30, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Allowable Limit on Investment
$1,518,098 (US$50,832 thousand) (Note E)	$2,060,685 (US$69,000 thousand)	$11,619,043 (Note H)

Note A: The financial statements used as basis of net asset values had not been reviewed by independent CPAs, except those of AAC (BVI), AAC (HK), ANA, ATC, ATC (HK), AKMC, AEUH, AEU.

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

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

(Continued)

Note D: Remittance by ACN.

Note E: 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 F: For Advantech Technology (China) Company Ltd., there was a capital increase of US$4,350 thousand out of earnings as of December 31, 2013.

Note G: The exchange rate was US$1.00=NT$29.865.

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

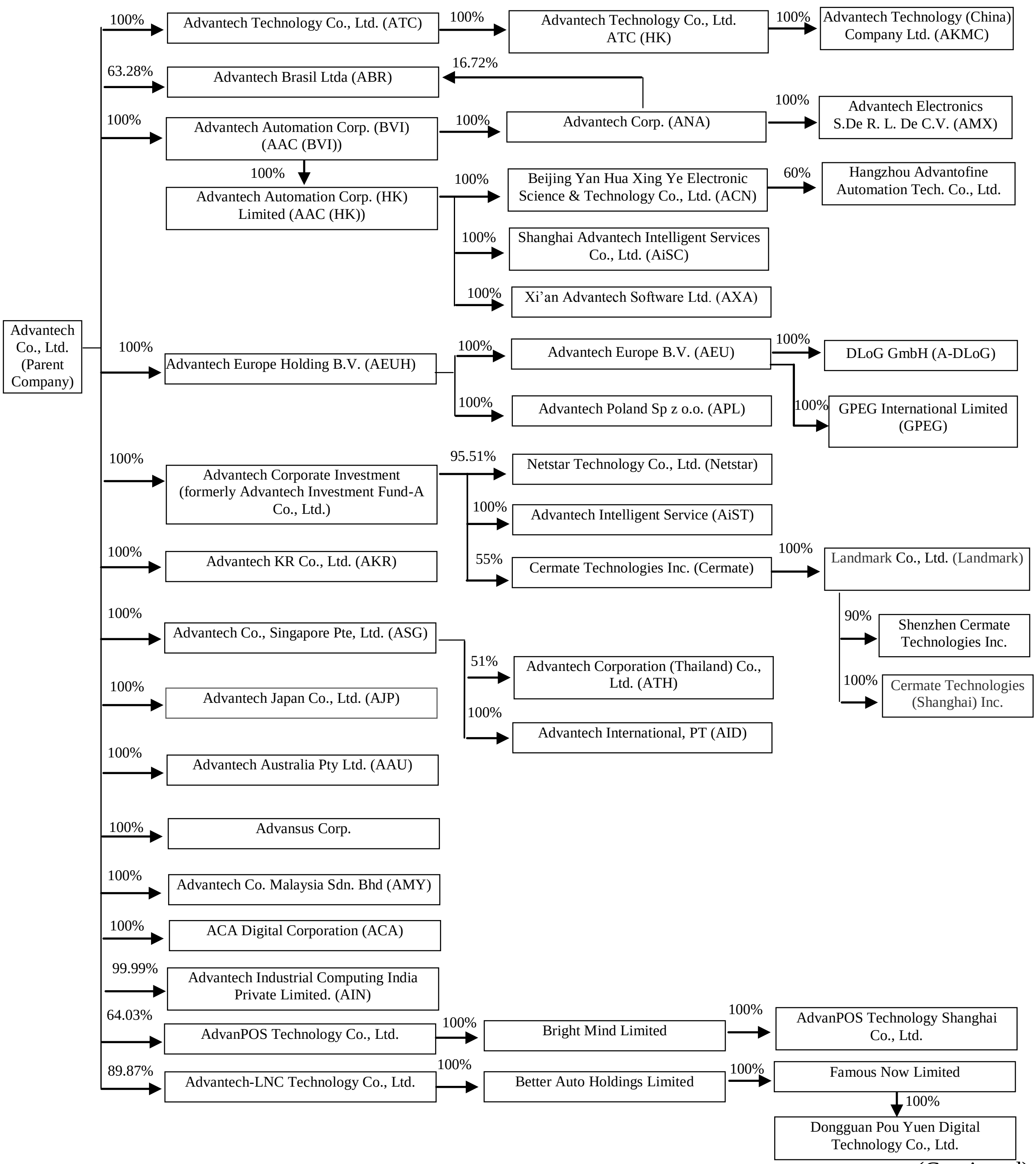
Note I: All intercompany gains and losses from investment have been eliminated from consolidation.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

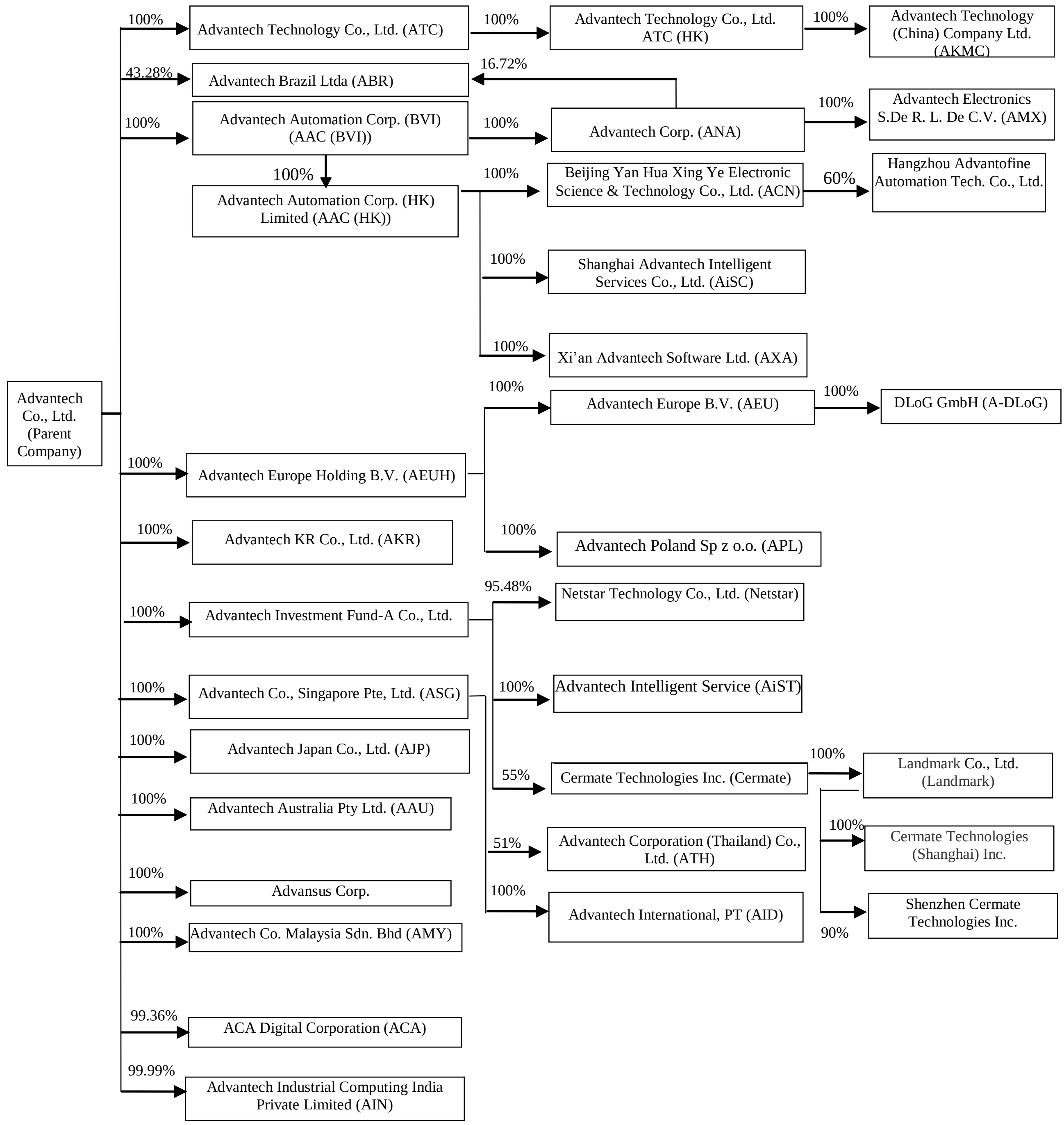
ORGANIZATION CHART
JUNE 30, 2014 AND 2013

Intercompany relationships and percentages of ownership as of June 30, 2014 are shown below:



(Continued)

Intercompany relationships and percentages of ownership as of June 30, 2013 are shown below:



(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
0	Advantech Co., Ltd.	AAC (HK)	1	Receivables from related parties	$ 81	45 days EOM	-
		AAU	1	Other revenue	1,319	Normal	-
		AAU	1	Receivables from related parties	28,556	60-90 days	-
		AAU	1	Sales revenue	74,725	Normal	-
		ABR	1	Other revenue	1,464	Normal	-
		ABR	1	Receivables from related parties	51,961	90 days EOM	-
		ABR	1	Sales revenue	85,647	Normal	-
		ACA	1	Receivables from related parties	441	30 days EOM	-
		ACA	1	Other revenue	2,520	Normal	-
		ACN	1	Receivables from related parties	1,004,508	45 days EOM	3
		ACN	1	Sales revenue	1,929,851	Normal	11
		A-DLoG	1	Other revenue	2,038	Normal	-
		A-DLoG	1	Receivables from related parties	4,775	30 days after invoice date	-
		A-DLoG	1	Sales revenue	26,302	Normal	-
		AEU	1	Other revenue	6,731	Normal	-
		AEU	1	Receivables from related parties	995,032	30 days EOM	3
		AEU	1	Sales revenue	1,553,684	Normal	9
		AEU	1	Interest revenue	1,384	Normal	-
		AID	1	Receivables from related parties	2,638	45 days after invoice date	-
		AID	1	Sales revenue	3,750	Normal	-
		AIN	1	Sales revenue	8,899	Normal	-
		AIN	1	Receivables from related parties	23,518	60 days EOM	-
		AiSC	1	Receivables from related parties	332,968	45 days EOM	1
		AiSC	1	Sales revenue	563,050	Normal	3
		AJP	1	Other revenue	1,806	Normal	-
		AJP	1	Receivables from related parties	56,908	60-90 days	-
		AJP	1	Sales revenue	198,671	Normal	1
		AKMC	1	Receivables from related parties	155,244	45 days EOM	1
		AKMC	1	Sales revenue	568,163	Normal	3
		AKR	1	Other revenue	2,449	Normal	-
		AKR	1	Receivables from related parties	72,466	60 days after invoice date	-
		AKR	1	Sales revenue	300,926	Normal	2
		AMY	1	Other revenue	943	Normal	-
		AMY	1	Receivables from related parties	13,364	45 days EOM	-
		AMY	1	Sales revenue	35,665	Normal	-
		ANA	1	Other revenue	8,618	Normal	-
		ANA	1	Receivables from related parties	587,319	45 days EOM	2

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ANA	1	Sales revenue	$ 3,692,690	Normal	21
		APL	1	Receivables from related parties	754	45 days EOM	-
		APL	1	Sales revenue	5,298	Normal	-
		ASG	1	Other revenue	1,309	Normal	-
		ASG	1	Receivables from related parties	29,013	60-90 days	-
		ASG	1	Sales revenue	79,487	Normal	-
		ATC	1	Royalty revenue	231,100	Normal	1
		ATH	1	Other revenue	990	Normal	-
		ATH	1	Receivables from related parties	2,493	30 days after invoice date	-
		ATH	1	Sales revenue	18,163	Normal	-
		Cermate Technologies Inc.	1	Sales revenue	1,186	Normal	-
		Cermate Technologies Inc.	1	Receivables from related parties	83	30 days EOM	-
		Cermate Technologies Inc.	1	Other revenue	360	Normal	-
		Advantech Corporate Investment	1	Rental revenue	18	Normal	-
		AiST	1	Receivables from related parties	8,121	30 days EOM	-
		AiST	1	Sales revenue	44,657	Normal	-
		AiST	1	Other revenue	480	Normal	-
		Advansus Corp.	1	Rental revenue	30	Normal	-
		Advansus Corp.	1	Receivables from related parties	2,716	60-90 days	-
		Advansus Corp.	1	Sales revenue	19,361	Normal	-
		Netstar Technology Co., Ltd.	1	Sales revenue	3,944	Normal	-
		Netstar Technology Co., Ltd.	1	Receivables from related parties	169	25th of every quarter	-
		Netstar Technology Co., Ltd.	1	Other revenue	480	Normal	-
		AdvanPOS Technology Co., Ltd.	1	Sales revenue	24,844	Normal	-
		AdvanPOS Technology Co., Ltd.	1	Receivables from related parties	8,011	60 days EOM	-
		Advantech-LNC Technology Co., Ltd.	1	Sales revenue	1,058	Normal	-
		Advantech-LNC Technology Co., Ltd.	1	Receivables from related parties	185	60 - 90 days EOM	-
1	ACN	Advantech Co., Ltd.	2	Receivables from related parties	351	30 days EOM	-
		Advantech Co., Ltd.	2	Sales revenue	123	Normal	-
		AEU	3	Receivables from related parties	662	30 days EOM	-
		AiSC	3	Sales revenue	96,677	Normal	1
		AiSC	3	Receivables from related parties	11,682	Immediate payment	-
		AKMC	3	Receivables from related parties	4,291	60-90 days	-
		AKMC	3	Sales revenue	7,824	Normal	-
		AKR	3	Receivables from related parties	36	45 days EOM	-
		AKR	3	Sales revenue	160	Normal	-
		ANA	3	Sales revenue	1,398	30 days EOM	-
		ANA	3	Receivables from related parties	1,021	30 days EOM	-
		ASZ	3	Receivables from related parties	4,095	60 days EOM	-
		AXA	3	Receivables from related parties	35,787	60 days EOM	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Sales revenue	21,424	Normal	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Receivables from related parties	16,953	60 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
2	AAU	Advantech Co., Ltd.	2	Receivables from related parties	$ 601	60-90 days	-
		Advantech Co., Ltd.	2	Sales revenue	21	Normal	-
		Advantech Co., Ltd.	2	Other revenue	608	Normal	-
		AKMC	3	Receivables from related parties	294	30 days after invoice date	-
		ANA	3	Sales revenue	545	Normal	-
		AKMC	3	Sales revenue	545	Normal	-
		ANA	3	Receivables from related parties	554	30 days after invoice date	-
3	ACA	Advantech Co., Ltd.	2	Receivables from related parties	497,152	30 days EOM	2
		Advantech Co., Ltd.	2	Sales revenue	1,590,846	Normal	9
		AKMC	3	Receivables from related parties	241,989	45 days EOM	1
		AKMC	3	Sales revenue	665,574	Normal	4
		Advansus Corp.	3	Sales revenue	391,121	Normal	2
		Advansus Corp.	3	Receivables from related parties	67,900	45 days EOM	-
4	AEUH	AEU	3	Interest revenue	207	Normal	-
		AEU	3	Receivables from related parties	30,721	30 days after invoice date	-
5	Advantech-LNC Technology Co., Ltd.	Advantech Co., Ltd.	2	Receivables from related parties	8,683	60 days EOM	-
		Advantech Co., Ltd.	2	Sales revenue	8,269	Normal	-
		Better Auto	3	Royalty revenue	3,456	Normal	-
		Dongguan Pou Yuen Digital Technology Co., Ltd.	3	Unearned revenue	230	Normal	-
		Better Auto	3	Receivables from related parties	52,720	90 days EOM	-
6	AiSC	AAC (HK)	3	Receivables from related parties	1,408	90 days	-
		AKMC	3	Sales revenue	86,832	Normal	-
		ACN	3	Sales revenue	68,830	Normal	-
		AEU	3	Receivables from related parties	24	Immediate payment	-
		AKMC	3	Receivables from related parties	18,948	30 days EOM	-
		ACA	3	Receivables from related parties	258	60 days after invoice date	-
		ANA	3	Sales revenue	726	Normal	-
		ACA	3	Sales revenue	8,572	Normal	-
		ANA	3	Receivables from related parties	343	Immediate payment	-
		ACN	3	Receivables from related parties	28,476	Immediate payment	-
		Advantech Co., Ltd.	2	Receivables from related parties	411	45 days EOM	-
		Advantech Co., Ltd.	2	Sales revenue	4,820	Normal	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Receivables from related parties	899	Immediate payment	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	3	Sales revenue	6,963	Normal	-
7	AJP	Advantech Co., Ltd.	2	Receivables from related parties	244	60-90 days	-
		Advantech Co., Ltd.	2	Sales revenue	191	Normal	-
		Advantech Co., Ltd.	2	Other revenue	3,122	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
8	AKMC	ACN	3	Rental revenue	$ 2,194	Normal	-
		ACN	3	Sales revenue	103,028	Normal	1
		AEU	3	Sales revenue	45	Normal	-
		ACN	3	Receivables from related parties	52,144	60-90 days	-
		AEU	3	Receivables from related parties	43	30 days after invoice date	-
		AiSC	3	Sales revenue	74,216	Normal	-
		AKR	3	Sales revenue	41	Normal	-
		AiSC	3	Receivables from related parties	13,666	Immediate payment	-
		AKR	3	Receivables from related parties	4	30 days after invoice date	-
		ANA	3	Sales revenue	350	Normal	-
		ANA	3	Receivables from related parties	64	60-90 days	-
		ATC	3	Receivables from related parties	490,934	60-90 days	2
		ATC	3	Sales revenue	4,224,458	Normal	24
		Advansus Corp.	3	Receivables from related parties	961	Immediate payment	-
		Advansus Corp.	3	Sales revenue	5,805	Normal	-
		AdvanPOS Technology Co., Ltd.	3	Sales revenue	916	Normal	-
		Netstar Technology Co., Ltd.	3	Sales revenue	126,353	Normal	1
		Netstar Technology Co., Ltd.	3	Receivables from related parties	53,101	Next 60 days EOM	-
9	AKR	Advantech Co., Ltd.	2	Sales revenue	671	Normal	-
10	AMY	ASG	3	Receivables from related parties	36	30 days EOM	-
		ATH	3	Other revenue	4	Normal	-
		ASG	3	Other revenue	222	Normal	-
		ATH	3	Receivables from related parties	4	Immediate payment	-
11	ANA	Advantech Co., Ltd.	2	Receivables from related parties	5,499	45 days EOM	-
		Advantech Co., Ltd.	2	Sales revenue	18,228	Normal	-
		ACA	3	Sales revenue	59,563	Normal	-
		Advansus Corp.	3	Sales revenue	138	Normal	-
		AKMC	3	Interest revenue	1,389	Normal	-
		AEU	3	Sales revenue	42,710	Normal	-
		AAU	3	Receivables from related parties	1	60 days after invoice date	-
		AEU	3	Receivables from related parties	26,524	60-90 days	-
		AKMC	3	Receivables from related parties	138,022	30 days EOM、Financing	-
		AKR	3	Receivables from related parties	102	45 days after invoice date	-
		AKMC	3	Sales revenue	2,556	60 days after invoice date	-
		AKR	3	Sales revenue	103	Normal	-
		ACA	3	Receivables from related parties	26,805	60 days EOM	-
		AAU	3	Sales revenue	57	Normal	-
		ASG	3	Sales revenue	99	Normal	-
		AdvanPOS Technology Co., Ltd.	3	Sales revenue	21	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
12	APL	AEU	3	Receivables from related parties	$ 39,106	30 days after invoice date	-
		AEU	3	Sales revenue	23,414	Normal	-
		AEU	3	Commission revenue	9,392	Normal	-
		Advantech Co., Ltd.	2	Receivables from related parties	2	30 days after invoice date	-
		Advantech Co., Ltd.	2	Sales revenue	40	Normal	-
13	ASG	Advantech Co., Ltd.	2	Receivables from related parties	48	60-90 days	-
		Advantech Co., Ltd.	2	Sales revenue	819	Normal	-
		Advantech Co., Ltd.	2	Other revenue	5,724	Normal	-
		AID	3	Receivables from related parties	1,099	30 days upon delivery	-
		AID	3	Sales revenue	429	Normal	-
		AMY	3	Sales revenue	4,822	Normal	-
		ATH	3	Sales revenue	3,525	Normal	-
		ATH	3	Other revenue	1,892	Normal	-
		AMY	3	Receivables from related parties	849	30 days EOM	-
		ATH	3	Receivables from related parties	802	30 days EOM	-
14	ATC	Advantech Co., Ltd.	2	Receivables from related parties	1,516,687	60 days EOM	5
		Advantech Co., Ltd.	2	Sales revenue	4,615,830	Normal	26
		AKMC	3	Receivables from related parties	6,944	60-90 days	-
		AKMC	3	Sales revenue	44,171	Normal	-
15	AXA	ACN	3	Other revenue	10,296	Normal	-
		AiSC	3	Other revenue	14,219	Normal	-
		ACN	3	Receivables from related parties	878	30 days EOM	-
16	A-DLoG	Advantech Co., Ltd.	2	Receivables from related parties	1,908	30 days after invoice date	-
		Advantech Co., Ltd.	2	Sales revenue	14,114	Normal	-
		AAU	3	Receivables from related parties	52	30 days after invoice date	-
		AiSC	3	Sales revenue	1,421	Normal	-
		AEU	3	Sales revenue	216	Normal	-
		AEU	3	Receivables from related parties	178	30 days upon delivery	-
		AAU	3	Sales revenue	52	Normal	-
		AKR	3	Receivables from related parties	451	60 days EOM	-
		ANA	3	Receivables from related parties	448	30 days EOM	-
		AKR	3	Sales revenue	458	Normal	-
		ANA	3	Sales revenue	455	Normal	-
17	AEU	Advantech Co., Ltd.	2	Receivables from related parties	1,141	30 days EOM	-
		Advantech Co., Ltd.	2	Sales revenue	692	Normal	-
		ACN	3	Receivables from related parties	136	30 days after invoice date	-
		AKMC	3	Receivables from related parties	549	30 days EOM	-
		A-DLoG	3	Receivables from related parties	1,391	30 days upon delivery	-
		APL	3	Receivables from related parties	291	30 days EOM	-
		APL	3	Sales revenue	634	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		ANA	3	Sales revenue	$ 17,105	Normal	-
		ANA	3	Royalty revenue	888	Normal	-
		ANA	3	Receivables from related parties	7,982	30 days after invoice date	-
		ATC	3	Receivables from related parties	14,415	30 days after invoice date	-
		AKR	3	Sales revenue	53	Normal	-
		GPEG	3	Receivables from related parties	13	30 days after invoice date	-
		A-DLoG	3	Sales revenue	4,451	Normal	-
18	Cermate (Shenzhen)	Cermate (Shanghai)	3	Sales revenue	13,762	Normal	-
		Cermate Technologies Inc.	3	Sales revenue	13,878	Normal	-
		Cermate Technologies Inc.	3	Receivables from related parties	4,432	60 days EOM	-
		AKMC	3	Receivables from related parties	609	40 days EOM	-
		ACN	3	Sales revenue	3	Normal	-
		AKMC	3	Sales revenue	13,292	Normal	-
19	Cermate Technologies Inc.	Advantech Co., Ltd.	2	Receivables from related parties	1,761	30-60 days	-
		Advantech Co., Ltd.	2	Sales revenue	4,699	Normal	-
		Cermate (Shenzhen)	3	Receivables from related parties	18,094	30 days EOM	-
		Cermate (Shenzhen)	3	Sales revenue	44,611	Normal	-
20	Cermate (Shanghai)	Cermate (Shenzhen)	3	Receivables from related parties	11,736	60 days EOM	-
		Cermate (Shenzhen)	3	Sales revenue	344	Normal	-
21	Advansus Corp.	AKMC	3	Receivables from related parties	200,774	60-90 days	1
		Advantech Co., Ltd.	2	Receivables from related parties	243,165	60-90 days	1
		Advantech Co., Ltd.	2	Sales revenue	570,372	Normal	3
		ACA	3	Receivables from related parties	19,598	30 days EOM	-
		AKR	3	Receivables from related parties	20,708	60-90 days	-
		ANA	3	Receivables from related parties	18	30 days EOM	-
		ACA	3	Sales revenue	112,365	Normal	1
		AKMC	3	Sales revenue	530,792	Normal	3
		AKR	3	Sales revenue	66,757	Normal	-
		ANA	3	Sales revenue	48	Normal	-
		AdvanPOS Technology Co., Ltd.	3	Receivables from related parties	552	60 days EOM	-
		AdvanPOS Technology Co., Ltd.	3	Sales revenue	525	Normal	-
22	Netstar Technology Co., Ltd.	Advantech Co., Ltd.	2	Receivables from related parties	25,679	60 days EOM	-
		Advantech Co., Ltd.	2	Sales revenue	60,525	Normal	-
		ANA	3	Receivables from related parties	2,067	60 days EOM	-
		AKMC	3	Receivables from related parties	1,278	60 days EOM	-
		AKMC	3	Sales revenue	3,018	Normal	-
		ANA	3	Sales revenue	1,887	Normal	-
		AJP	3	Sales revenue	1,015	Normal	-

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note A)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
23	AAC (HK)	Advantech Co., Ltd.	2	Receivables from related parties	$ 717	45 days EOM	-
		Advantech Co., Ltd.	2	Other revenue	2,172	Normal	-
24	Advantech Corporate Investment	Advantech-LNC Technology Co., Ltd.	3	Interest revenue	31	Normal	-
		AdvanPOS Technology Co., Ltd.	3	Receivables from related parties	100,000	Financing	-
		AdvanPOS Technology Co., Ltd.	3	Interest revenue	575	Normal	-
25	AIN	Advantech Co., Ltd.	2	Receivables from related parties	434	60 days EOM	-
		Advantech Co., Ltd.	2	Other revenue	730	Normal	-
26	AiST	ACN	3	Sales revenue	26	Normal	-
		ACN	3	Receivables from related parties	15	90 days EOM	-
		Advantech Co., Ltd.	2	Receivables from related parties	12,071	60 days EOM	-
		Advantech Co., Ltd.	2	Sales revenue	2,159	Normal	-
27	AMX	Advantech Co., Ltd.	2	Other revenue	1,323	Normal	-
28	AdvanPOS Technology Co., Ltd.	AiSC	3	Receivables from related parties	3,189	30 days after invoice date	-
		Advantech Co., Ltd.	2	Receivables from related parties	96	60 days EOM	-
		Advantech Co., Ltd.	2	Sales revenue	119	Normal	-
		ATH	3	Receivables from related parties	31	30 days after invoice date	-
		AdvanPOS Technology Shanghai Co., Ltd.	3	Receivables from related parties	2,464	30 days after invoice date	-
		AiSC	3	Sales revenue	7,656	Normal	-
		AKMC	3	Sales revenue	11	Normal	-
		ATH	3	Sales revenue	148	Normal	-
		AiST	3	Sales revenue	257	Normal	-
29	Better Auto	Dongguan Pou Yuen Digital Technology Co., Ltd.	3	Receivables from related parties	36,679	Financing	-

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 June 30, 2014, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended June 30, 2014.

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

(Concluded)