Advantech Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2015 and 2014 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 March 31, 2015, December 31, 2014, and March 31, 2014 and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months ended March 31, 2015 and 2014. 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 three months ended March 31, 2015 and 2014 were reviewed by other independent CPAs. This investee's shares of the investments accounted for using the equity method were 1.37% (NT$441,772 thousand) and 1.36% (NT$396,422 thousand) of the Company's total consolidated assets as of March 31, 2015 and 2014, respectively. The Company's share of its profit was 1.58% (NT$23,321 thousand) and 1.93% (NT$27,750 thousand) of the Company's consolidated pretax profits for the three months ended March 31, 2015 and 2014, 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.

As disclosed in Note 12, the financial statements of the Company's subsidiaries included in the consolidation for the three months ended March 31, 2015 and 2014 had not been reviewed, except those of significant subsidiaries. The total assets of the unreviewed subsidiaries were 15.18% (NT$4,906,845 thousand) and 13.72% (NT$4,012,745 thousand) of the Company's consolidated total assets as of March 31, 2015 and 2014, respectively. The total liabilities of the unreviewed subsidiaries were 23.40% (NT$2,079,597 thousand) and 21.70% (NT$1,783,824 thousand) of the Company's consolidated total liabilities as of March 31, 2015 and 2014, respectively. The comprehensive incomes of these subsidiaries were 28.24% (NT$248,670 thousand) and 14.52% (NT$209,918 thousand) of the Company's consolidated comprehensive incomes in the three months ended March 31, 2015 and 2014, respectively. Also, as stated in Note 13 to the consolidated financial statements, the investments accounted for using the equity method were NT$27,323 thousand and NT$56,505 thousand as of March 31, 2015 and 2014, respectively. The equities in earnings of the associates were a loss of NT$334 thousand and a profit of NT$288 thousand of the Company's consolidated net income for the three months ended March 31, 2015 and 2014, respectively, and these investment amounts as well as additional disclosures in Note 31 "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 (FSC) of the Republic of China.

As disclosed in Note 3 to the financial statements, the Group has applied the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers since January 1, 2015 and has disclosed the effects of the retrospective application of the IFRSs and the financial statement restatement resulting from the retrospective IFRS application.

April 30, 2015

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

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

For the convenience of readers, the independent 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	March 31, 2015 (Reviewed) Amount	%	December 31, 2014 (Audited after Restatement) Amount	%	March 31, 2014 (Reviewed after Restatement) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 3,626,116	11	$ 3,122,007	10	$ 3,014,337	10
Financial assets at fair value through profit or loss - current (Notes 7 and 26)	194,580	1	165,402	-	597	-
Available-for-sale financial assets - current (Notes 8 and 26)	4,256,444	13	3,431,359	11	2,563,732	9
Debt investments with no active market - current (Note 9)	1,322	-	5,487	-	351,874	1
Notes receivable (Notes 10 and 27)	850,419	3	949,861	3	746,963	3
Trade receivables (Note 10)	4,667,731	15	4,960,373	16	4,814,100	17
Trade receivables from related parties (Note 27)	2,591	-	5,400	-	36,937	-
Other receivables	14,392	-	36,550	-	47,991	-
Inventories (Note 11)	4,880,234	15	4,781,550	15	4,510,474	15
Other current financial assets (Note 28)	18,650	-	18,650	-	109,310	-
Other current assets (Note 16)	463,040	1	513,393	2	445,206	2
Total current assets	18,975,519	59	17,990,032	57	16,641,521	57
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent, net of current portion (Notes 8 and 26)	2,036,569	6	2,428,569	8	1,980,150	7
Investments accounted for using the equity method (Note 13)	469,095	1	447,663	1	452,927	2
Property, plant and equipment (Notes 14 and 28)	9,129,093	28	8,876,606	28	8,159,607	28
Goodwill (Note 15)	1,117,434	4	1,168,727	4	1,278,095	4
Other intangible assets	249,141	1	286,312	1	304,017	1
Deferred tax assets (Notes 4 and 22)	160,985	1	161,268	1	150,176	1
Prepayments for business facilities	50,897	-	45,511	-	120,726	-
Long-term prepayments for lease (Note 16)	94,960	-	96,516	-	93,718	-
Other noncurrent assets	41,354	-	42,616	-	58,098	-
Total noncurrent assets	13,349,528	41	13,553,788	43	12,597,514	43
TOTAL	$ 32,325,047	100	$ 31,543,820	100	$ 29,239,035	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17 and 28)	$ 123,016	-	$ 3,080	-	$ 20,293	-
Financial liabilities at fair value through profit or loss - current (Notes 7 and 26)	4,286	-	8,698	-	27,359	-
Trade payables (Note 27)	3,106,803	10	3,396,887	11	3,050,604	10
Other payables (Note 18)	2,992,620	9	3,248,268	10	2,818,099	10
Current tax liabilities (Note 22)	1,002,637	3	787,404	3	900,471	3
Short-term warranty provision	129,767	1	141,354	-	129,261	1
Other current liabilities	409,985	1	268,208	1	319,060	1
Total current liabilities	7,769,114	24	7,853,899	25	7,265,147	25
NONCURRENT LIABILITIES						
Deferred tax liabilities (Note 22)	862,479	3	897,940	3	657,147	2
Long-term accounts payable	36,316	-	43,028	-	104,615	-
Net defined benefit liabilities (Notes 4 and 19)	164,881	-	165,428	1	160,485	1
Other noncurrent liabilities	52,819	-	50,506	-	31,996	-
Total noncurrent liabilities	1,116,495	3	1,156,902	4	954,243	3
Total liabilities	8,885,609	27	9,010,801	29	8,219,390	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	6,315,186	19	6,301,031	20	5,694,001	20
Advance receipts for share capital	-	-	11,060	-	20,510	-
Total share capital	6,315,186	19	6,312,091	20	5,714,511	20
Capital surplus	5,378,887	17	5,306,958	17	5,105,067	17
Retained earnings						
Legal reserve	3,472,064	11	3,472,064	11	3,061,424	10
Unappropriated earnings	7,531,089	23	6,353,273	20	6,600,429	23
Total retained earnings	11,003,153	34	9,825,337	31	9,661,853	33
Other equity						
Exchange differences on translation of foreign financial statements	138,237	1	338,356	1	200,973	1
Unrealized gains on available-for-sale financial assets	439,613	1	563,277	2	140,631	-
Total other equity	577,850	2	901,633	3	341,604	1
Total equity attributable to owners of the Company	23,275,076	72	22,346,019	71	20,823,035	71
NONCONTROLLING INTERESTS	164,362	1	187,000	-	196,610	1
Total equity	23,439,438	73	22,533,019	71	21,019,645	72
TOTAL	$ 32,325,047	100	$ 31,543,820	100	$ 29,239,035	100

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

(With Deloitte & Touche review report dated April 30, 2015)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended March 31			
	2015 (Reviewed)		2014 (Reviewed after Restatement)	
	Amount	%	Amount	%
OPERATING REVENUE (Note 27)				
Sales	$ 8,578,074	98	$ 7,883,894	97
Other operating revenue	206,593	2	262,658	3
Total operating revenue	8,784,667	100	8,146,552	100
OPERATING COSTS (Notes 11, 21 and 27)	5,193,888	59	4,767,527	58
GROSS PROFIT	3,590,779	41	3,379,025	42
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	917,755	11	842,957	10
General and administrative expenses	473,185	5	470,657	6
Research and development expenses	848,681	10	700,197	9
Total operating expenses	2,239,621	26	2,013,811	25
OPERATING PROFIT	1,351,158	15	1,365,214	17
NONOPERATING INCOME				
Share of the profit of associates accounted for using the equity method (Note 13)	22,977	-	28,038	1
Interest income	11,136	-	14,573	-
Gains (losses) on disposal of property, plant and equipment	(1,366)	-	158	-
Gains on disposal of investments (Note 20)	169,150	2	18,575	-
Foreign exchange gains (losses), net (Note 21)	(141,134)	(1)	41,299	1
Gains on financial instruments at fair value through profit or loss (Note 7)	55,533	1	1,173	-
Dividend income	88	-	-	-
Other income (Notes 8 and 27)	24,262	-	23,024	-
Finance costs (Note 21)	(851)	-	(1,283)	-
Losses on financial instruments at fair value through profit or loss (Note 7)	(10,353)	-	(55,510)	(1)
Other losses	(229)	-	(825)	-
Total nonoperating income	129,213	2	69,222	1

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended March 31			
	2015 (Reviewed)		2014 (Reviewed after Restatement)	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	$ 1,480,371	17	$ 1,434,436	18
INCOME TAX EXPENSE (Note 22)	274,159	3	278,315	4
NET PROFIT FOR THE PERIOD	1,206,212	14	1,156,121	14
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement on defined benefit plans (Note 20)	-	-	161	-
Income tax relating to items that will not be reclassified (Note 22)	-	-	(27)	-
	-	-	134	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 20)	(238,906)	(3)	85,412	1
Unrealized gains (losses) on available-for-sale financial assets (Note 20)	(123,664)	(1)	216,165	3
Share of the other comprehensive income (losses) of associates accounted for using the equity method (Note 20)	(4,132)	-	2,398	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 20 and 22)	40,988	-	(14,528)	-
Other comprehensive income (loss) for the period, net of income tax	(325,714)	(4)	289,581	4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 880,498	10	$ 1,445,702	18
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 1,206,870	14	$ 1,152,607	14
Noncontrolling interests	(658)	-	3,514	-
	$ 1,206,212	14	$ 1,156,121	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)

	Three Months Ended March 31			
	2015 (Reviewed)		2014 (Reviewed after Restatement)	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 883,087	10	$ 1,439,838	18
Noncontrolling interests	(2,589)	-	5,864	-
	$ 880,498	10	$ 1,445,702	18
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 23)				
Basic	$ 1.91		$ 1.84	
Diluted	$ 1.91		$ 1.83	

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

(With Deloitte & Touche review report dated April 30, 2015) (Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Non-controlling Interests (Notes 20 and 25)	Total Equity
	Issued Capital (Notes 20 and 24)				Retained Earnings (Notes 20 and 25)			Other Equity (Note 20)				
	Share Capital	Advance Receipts for Ordinary Shares	Total	Capital Surplus (Notes 20 and 25)	Legal Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total		
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
Effect of respective application and retrospective restatement	-	-	-	-	-	(5,045)	(5,045)	-	-	(5,045)	-	(5,045)
BALANCE AT JANUARY 1, 2014 AS RESTATED	5,669,249	24,751	5,694,000	4,995,635	3,061,424	5,447,688	8,509,112	130,041	(75,534)	19,253,254	161,891	19,415,145
Recognition of employee share options by the Company	15,910	2,470	18,380	68,137	-	-	-	-	-	86,517	-	86,517
Compensation cost recognized for employee share options	-	-	-	1,139	-	-	-	-	-	1,139	-	1,139
Change in capital surplus from investments in associates accounted for by the equity method	-	-	-	2,606	-	-	-	-	-	2,606	-	2,606
Convertible bonds converted to ordinary shares	8,842	(6,711)	2,131	13,855	-	-	-	-	-	15,986	-	15,986
Difference between consideration paid and carrying amount of subsidiaries acquired	-	-	-	23,292	-	-	-	-	-	23,292	28,855	52,147
Changes in percentage of ownership interest in subsidiaries	-	-	-	403	-	-	-	-	-	403	-	403
Net profit for the three months ended March 31, 2014	-	-	-	-	-	1,152,607	1,152,607	-	-	1,152,607	3,514	1,156,121
Other comprehensive income for the three months ended March 31, 2014, net of income tax	-	-	-	-	-	134	134	70,932	216,165	287,231	2,350	289,581
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	-	1,152,741	1,152,741	70,932	216,165	1,439,838	5,864	1,445,702
BALANCE AT MARCH 31, 2014	$ 5,694,001	$ 20,510	$ 5,714,511	$ 5,105,067	$ 3,061,424	$ 6,600,429	$ 9,661,853	$ 200,973	$ 140,631	$ 20,823,035	$ 196,610	$ 21,019,645
BALANCE AT JANUARY 1, 2015	$ 6,301,031	$ 11,060	$ 6,312,091	$ 5,306,958	$ 3,472,064	$ 6,358,318	$ 9,830,382	$ 338,356	$ 563,277	$ 22,351,064	$ 187,000	$ 22,538,064
Effect of respective application and retrospective restatement	-	-	-	-	-	(5,045)	(5,045)	-	-	(5,045)	-	(5,045)
BALANCE AT JANUARY 1, 2015 AS RESTATED	6,301,031	11,060	6,312,091	5,306,958	3,472,064	6,353,273	9,825,337	338,356	563,277	22,346,019	187,000	22,533,019
Recognition of employee share options by the Company	14,155	(11,060)	3,095	11,854	-	-	-	-	-	14,949	-	14,949
Compensation cost recognized for employee share options	-	-	-	65,469	-	-	-	-	-	65,469	-	65,469
Change in capital surplus from investments in associates accounted for by the equity method	-	-	-	2,496	-	-	-	-	-	2,496	-	2,496
Difference between consideration paid and carrying amount of subsidiaries acquired	-	-	-	(11,457)	-	(29,054)	(29,054)	-	-	(40,511)	(20,049)	(60,560)
Changes in percentage of ownership interest in subsidiaries	-	-	-	3,567	-	-	-	-	-	3,567	-	3,567
Net profit for the three months ended March 31, 2015	-	-	-	-	-	1,206,870	1,206,870	-	-	1,206,870	(658)	1,206,212
Other comprehensive income (loss) for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	-	-	(200,119)	(123,664)	(323,783)	(1,931)	(325,714)
Total comprehensive income (loss) for the three months ended March 31, 2015	-	-	-	-	-	1,206,870	1,206,870	(200,119)	(123,664)	883,087	(2,589)	880,498
BALANCE AT MARCH 31, 2015	$ 6,315,186	$ -	$ 6,315,186	$ 5,378,887	$ 3,472,064	$ 7,531,089	$ 11,003,153	$ 138,237	$ 439,613	$ 23,275,076	$ 164,362	$ 23,439,438

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

(With Deloitte & Touche review report dated April 30, 2015)

ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2015 (Reviewed)	**2014 (Reviewed after Restatement)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,480,371	$ 1,434,436
Adjustments for:		
Depreciation expenses	139,900	94,126
Amortization expenses	31,393	24,173
Amortization expenses for prepayments of lease obligation	646	637
Recognition of (reversal of) trade receivable provisions	6,959	(19,267)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(45,180)	54,337
Compensation cost of employee share options	65,469	1,139
Finance costs	851	1,283
Interest income	(11,136)	(14,573)
Dividend income	(88)	-
Share of profit of associates accounted for using the equity method	(22,977)	(28,038)
(Gain) loss on disposal of property, plant and equipment	1,366	(158)
Gain on disposal of investments	(169,150)	(18,575)
Loss on bond redemption	-	17
Changes in operating assets and liabilities		
(Increase) decrease in financial assets held for trading	11,590	(48,574)
Decrease in notes receivable	99,442	2,566
(Increase) decrease in trade receivables	290,812	(194,303)
(Increase) decrease in trade receivables due from related parties	2,809	(30,358)
(Increase) decrease in other receivables	24,546	(17,228)
Increase in inventories	(98,684)	(479,817)
(Increase) decrease in other current assets	50,353	(73,178)
Increase (decrease) in trade payables	(290,084)	47,061
Increase in net defined benefit liabilities	(547)	(1,263)
Decrease in other payables	(273,317)	(85,376)
Increase in other current liabilities	141,777	10,265
Increase in other noncurrent liabilities	2,505	4,015
Cash generated from operations	1,439,626	663,347
Interest received	8,836	8,546
Interest paid	(352)	(353)
Income tax paid	(62,256)	(55,182)
Net cash generated from operating activities	1,385,854	616,358
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(2,567,973)	(990,733)
Proceeds from disposal of available-for-sale financial assets	2,171,780	658,439
Proceeds from disposal of investments with no active market	3,898	216,929
Acquisition of investments accounted for using the equity method	-	(18,095)

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ADVANTECH CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2015 (Reviewed)	2014 (Reviewed after Restatement)
Acquisition of property, plant and equipment	$ (409,332)	$ (303,305)
Proceeds from disposal of property, plant and equipment	478	6,981
Decrease in refundable deposits	1,262	1,783
Acquisition of intangible assets	(11,352)	(3,196)
Increase in prepayments for business facilities	(5,386)	(102,850)
Net cash used in investing activities	(816,625)	(534,047)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	119,936	-
Decrease in short-term loans	-	(102,851)
Repayments of bonds	-	(2,400)
Increase in guarantee deposits received	-	392
Decrease in guarantee deposits received	(192)	-
Exercise of employee share options	14,949	86,517
Increase (decrease) in noncontrolling interests	(60,560)	52,147
Net cash generated from financing activities	74,133	33,805
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(139,253)	65,863
NET INCREASE IN CASH AND CASH EQUIVALENTS	504,109	181,979
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,122,007	2,832,358
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 3,626,116	$ 3,014,337

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

(With Deloitte & Touche review report dated April 30, 2015) (Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

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.

On June 26, 2014, the Company's board of directors resolved to have a whale-minnow merger with Netstar Technology Co., Ltd. (Netstar), an indirect 95.51%-owned subsidiary through a wholly-owned subsidiary, Advantech Corporate Investment. The effective merger date was July 27, 2014. As the survivor entity, the Company assumed all assets and liabilities of Netstar.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on April 30, 2015.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC.

   Rule No. 1030029342 and 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 and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

1) 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, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) 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.

3) 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. Refer to Note 26 for the related disclosures.

4) 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 retrospectively apply the above amendments, starting from the year 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates accounted for using the equity method.

   However, the application of the above amendments will not result in any impact on the net profit for the period, other comprehensive income for the period (net of income tax), and total comprehensive income for the period.

5) Revision to IAS 19 "Employee Benefits"

   Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities and retained earnings. The carrying amounts of inventories are not adjusted. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact on the current period is set out below:

Impact on Assets, Liabilities and Equity	**March 31, 2015**
Decrease in net defined benefit liabilities	$ (94)
Increase in retained earnings	$ 94
Decrease in operating expense	$ (94)
Increase in income tax expense	16
Decrease in net profit for the period	(78)
Decrease in total comprehensive income for the period	$ (78)
Decrease in net profit attributable to:	
Owners of the Company	$ (78)
Decrease in total comprehensive income attributable to:	
Owners of the Company	$ (78)
Impact on earnings per share:	
Increase in basic earnings per share	$ -
Increase in diluted earnings per share	$ -

The impact on the prior reporting periods is set out below:

Impact on Assets, Liabilities and Equity	**As Originally Stated**	**Adjustments Arising from Initial Application**	**Restated**
December 31, 2014			
Net defined benefit liabilities	$ 160,383	$ 5,045	$ 165,428
Retained earnings	$ 6,358,318	$ (5,045)	$ 6,353,273
March 31, 2014			
Net defined benefit liabilities	$ 155,440	$ 5,045	$ 160,485
Retained earnings	$ 6,605,474	$ (5,045)	$ 6,600,429

(Continued)

Impact on Assets, Liabilities and Equity	As Originally Stated	Adjustments Arising from Initial Application	Restated
January 1, 2014			
Net defined benefit liabilities	$ 156,864	$ 5,045	$ 161,909
Retained earnings	$ 5,452,733	$ (5,045)	$ 5,447,688

(Concluded)

Impact on Total Comprehensive Income	As Originally Stated	Adjustments Arising from Initial Application	Restated
For the three months ended March 31, 2014			
Operating expense	$ (2,013,650)	$ (161)	$ (2,013,811)
Income tax expense	(278,342)	27	(278,315)
Total effect on net profit for the period	1,156,255	(134)	1,156,121
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan	-	161	161
Income tax relating to items that will not be reclassified	(14,528)	(27)	(14,555)
Total effect on other comprehensive income for the period, net of income tax	289,447	134	289,581
Total effect on total comprehensive income for the period	$ 1,445,702	$ -	$ 1,445,702
Impact on net profit attributable to:			
Owners of the Company	$ 1,152,741	$ 134	$ 1,152,607
Impact on total comprehensive income attributable to:			
Owners of the Company	$ 1,439,838	$ -	$ 1,439,838
Impact on earnings per share:			
For the three months ended March 31, 2014			
Basic	$ 1.84	$ -	$ 1.84
Diluted	$ 1.83	$ -	$ 1.83

6) Annual Improvements to IFRSs: 2009-2011 Cycle

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version in 2015 has material effect on the consolidated balance sheet. In preparing the consolidated financial statements for the year ended December 31, 2015, the Group would present the consolidated balance sheet as of January 1, 2014 in accordance of the above amendments to IAS 1 and disclose related information in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", but not required to make disclosures about the line items of the balance sheet as of January 1, 2014.

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
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
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
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
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
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
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 27 "Equity Method in Separate Financial Statements"	January 1, 2016
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

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.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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. When the debt instruments are derecognized or reclassified the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

The Company held financial assets measured at fair value, with changes in fair value recognized in 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, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

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 and is not low. 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.

2) 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.

3) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

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 and IFRS 13 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.

6) Amendments to IAS 16 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 "Revenue from Contracts 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.

8) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

9) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 7 and IAS 34 were amended in this annual improvement.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods.

IAS 34 was amended to clarify that other disclosure information required by IAS 34 should be included in interim financial statements. If the Group includes the information in other statements (such as management commentary or risk report) issued at the same time, it is not required to repeat the disclosure in the interim financial statements. However, it is required to include a cross-reference from the interim financial statements to that issued statements that is available to users on the same terms and at the same time as the interim financial statements.

10) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Refer to Note 12, Table 7, and Table 9 for information on the subsidiaries included in the consolidated financial statements.

c. Other significant accounting policies

The accounting policies applied to the accompanying consolidated financial statements were the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2014, except for those policies described below.

1) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests are initially measured at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

2) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Nonmonetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

3) Retirement benefit costs

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current and past service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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 plan amendments, settlements, or other significant one-off events

4) Taxation

Income tax expense represents 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the Group's consolidated financial statements for the year ended December 31, 2014 for significant accounting judgments and estimates and key sources of estimation uncertainty, except for those policies described below.

Fair Value Measurements and Valuation Processes

If some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group determine the appropriate valuation techniques for fair value measurements.

Where Level 1 inputs are not available, the Group would determine appropriate inputs by referring to the investment contracts, quoted prices of similar instruments in active markets, and market prices or rates and specific features of derivatives. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly. The Group updates inputs every quarter to confirm the appropriateness of fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 26.

6. CASH AND CASH EQUIVALENTS

	March 31, 2015	December 31, 2014	March 31, 2014
Cash on hand	$ 64,508	$ 4,852	$ 118,223
Checking accounts and demand deposits	3,442,969	2,925,186	2,082,380
Time deposits with original maturities of less than three months	118,639	191,969	813,734
	$ 3,626,116	$ 3,122,007	$ 3,014,337

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2015	December 31, 2014	March 31, 2014
Financial assets held for trading - current			
Derivative financial assets			
Forward exchange contracts	$ 18,589	$ 14,879	$ 597
Nonderivative financial assets			
Domestic quoted shares	108,278	119,525	-
Foreign quoted shares	67,713	30,998	-
	$ 194,580	$ 165,402	$ 597
Financial liabilities held for trading - current			
Derivative financial liabilities			
Forward exchange contracts	$ 4,286	$ 8,698	$ 27,359

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)
March 31, 2015			
Sell	EUR/NTD	2015.04-2015.06	EUR7,000/NTD249,658
	EUR/USD	2015.04-2015.06	EUR1,500/USD1,729
	USD/NTD	2015.04	USD630/NTD19,423
	JPY/NTD	2015.04-2015.07	JPY170,000/NTD44,975
	RMB/NTD	2015.04-2015.06	RMB64,000/NTD318,857
December 31, 2014			
Sell	USD/NTD	2015.01-2015.04	USD1,263/NTD38,634
	EUR/USD	2015.01-2015.04	EUR1,000/USD1,263
	EUR/NTD	2015.01-2015.04	EUR10,500/NTD415,900
	JPY/NTD	2015.01-2015.03	JPY70,000/NTD20,011
	RMB/NTD	2015.01-2015.05	RMB65,000/NTD322,421
March 31, 2014			
Sell	EUR/NTD	2014.04-2014.10	EUR16,500/NTD670,439
	EUR/USD	2014.04	EUR1,000/USD1,346
	USD/NTD	2014.04-2014.07	USD20,846/NTD627,319
	JPY/NTD	2014.04-2014.07	JPY210,000/NTD61,725

The Company entered into forward exchange contracts during the three months ended March 31, 2015 and 2014 to manage exposures due to exchange rate fluctuations of foreign-currency denominated assets and liabilities.

The Company's financial hedging strategy is to minimize risks due to market price fluctuations and cash flows; however, because these contracts did not meet the criteria for hedge effectiveness, they were not subject to hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2015	December 31, 2014	March 31, 2014
Current			
Domestic investments			
Mutual funds	$ 3,233,477	$ 2,351,160	$ 2,516,985
Quoted shares	452,996	133,083	46,747
Foreign investments			
Investment products denominated in RMB	569,971	947,116	-
	$ 4,256,444	$ 3,431,359	$ 2,563,732
Non-current			
Domestic investments			
Quoted shares	$ 1,993,937	$ 2,385,937	$ 1,945,018
Unlisted shares	9,375	9,375	1,875
Foreign investments			
Unlisted foreign shares	33,257	33,257	33,257
	$ 2,036,569	$ 2,428,569	$ 1,980,150

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 March 31, 2015, December 31, 2014 and March 31, 2014, the stocks held in trust amounted to $1,650,285 thousand, $1,792,025 thousand, and $1,471,173 thousand, respectively. Refer to Table 3 for more information. On the transactions, the Group recognized gains of $2 thousand and $51 thousand in the three months ended March 31, 2015 and 2014, respectively. These gains were recorded under other nonoperating income.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	March 31, 2015	December 31, 2014	March 31, 2014
Time deposits with original maturities of more than three months	$ 1,322	$ 5,487	$ 351,874

The market annual interest rates for time deposits with original maturities of more than three months were from 1.00%-2.50%, 1.00%-2.5% and from 1.40%-5.10% as of March 31, 2015, December 31, 2014 and March 31, 2014, respectively.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2015	December 31, 2014	March 31, 2014
Notes receivable	$ 850,419	$ 949,861	$ 746,963
Trade receivables	$ 4,819,337	$ 5,110,375	$ 4,937,347
Less: Allowance for impairment loss	(151,606)	(150,002)	(123,247)
	$ 4,667,731	$ 4,960,373	$ 4,814,100

Trade Receivables

The average credit period on sales of goods was from 30 to 90 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.

The Group recognized an allowance for impairment loss of 100% against all receivables over 1 year because historical experience had been that receivables that are past due beyond 1 year were not recoverable. Allowance for impairment loss were recognized against trade receivables between 90 days and 1 year based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

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 was as follows:

	March 31, 2015	December 31, 2014	March 31, 2014
Not overdue	$ 4,057,768	$ 4,165,906	$ 4,207,218
Overdue			
1 to 90 days	534,624	747,270	518,362
91 to 360 days	154,331	117,746	146,578
Over 360 days	72,614	79,453	65,189
	$ 4,819,337	$ 5,110,375	$ 4,937,347

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

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

	March 31, 2015	December 31, 2014	March 31, 2014
1 to 30 days	$ 393,446	$ 607,795	$ 358,328
31 to 60 days	102,086	99,746	85,919
61 to 90 days	39,092	39,729	74,115
	$ 534,624	$ 747,270	$ 518,362

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:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 3,150	$ 137,652	$ 140,802
Add: Impairment losses recognized (reversed) on receivables	100	(19,367)	(19,267)
Less: Amounts written off during the period as uncollectible	-	(238)	(238)
Foreign exchange translation gains and losses	-	1,950	1,950
Balance at March 31, 2014	$ 3,250	$ 119,997	$ 123,247
Balance at January 1, 2015	$ 19,802	$ 130,200	$ 150,002
Add: Impairment losses recognized on receivables	350	6,609	6,959
Less: Amounts written off during the period as uncollectible	-	(226)	(226)
Foreign exchange translation gains and losses	-	(5,129)	(5,129)
Balance at March 31, 2015	$ 20,152	$ 131,454	$ 151,606

11. INVENTORIES

	March 31, 2015	December 31, 2014	March 31, 2014
Raw materials	$ 1,630,264	$ 1,578,803	$ 1,752,224
Work in process	1,014,662	894,068	913,404
Finished goods	1,761,706	1,740,456	1,378,776
Inventories in transit	473,602	568,223	466,070
	$ 4,880,234	$ 4,781,550	$ 4,510,474

The costs of inventories recognized as costs of goods sold for the three months ended March 31, 2015 and 2014 were $5,193,888 thousand and $4,767,527 thousand, respectively.

The costs of inventories were decreased by $478,304 thousand and $516,110 thousand as of March 31, 2015 and 2014, respectively when stated at the lower of cost or net realizable values.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The entities included in the consolidated statements are listed below.

			% of Ownership			
Investor	Investee	Main Business	March 31, 2015	December 31, 2014	March 31, 2014	Remark
The Company	AAC (BVI)	Investment and management service	100.00	100.00	100.00	
	ATC	Sale of industrial automation products	100.00	100.00	100.00	

(Continued)

Investor	Investee	Main Business	% of Ownership March 31, 2015	December 31, 2014	March 31, 2014	Remark
	Advansus Corp.	Production and sale of industrial automation products	100.00	100.00	100.00	a)
	Advantech Corporate Investment	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	80.00	80.00	63.28	a), b)
	ACA	Production and sale of portable industrial automation products	100.00	100.00	100.00	a)
	AIN	Sale of industrial automation products	99.99	99.99	99.99	a)
	AdvanPOS	Production and sale of POS system	82.85	69.47	64.03	a), c)
	ALTC	Production and sale of machine control solution	89.93	89.93	89.73	a), d)
	AMX	Sale of industrial automation products	100.00	100.00	-	a), b)
Advantech Corporate Investment	Netstar	Production and sale of industrial automation products	-	-	95.51	a), e)
	AiST	Design, develop and sale of intelligent service	100.00	100.00	100.00	a)
	Cermate	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	
ANA	ABR	Sale of industrial automation products	-	-	16.72	a), b)
	AMX	Sale of industrial automation products	-	-	100.00	a), b)
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	a), f)
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	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	Bright Mind Ltd.	General investment	100.00	100.00	100.00	a)
Bright Mind Ltd.	AdvanPOS Shanghai	Production and sale of POS system	100.00	100.00	100.00	a)
ALTC	Better Auto	General investment	100.00	100.00	100.00	a)
Better Auto	Famous Now Limited	General investment	100.00	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	100.00	a)

(Concluded)

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

Remark b: As a result of an investment restructuring in 2014, ABR and AMX became the Company's direct subsidiaries at equity interests of 80% and 100%, respectively.

Remark c: In the third quarter of 2013, the Company acquired 70.19% equity in AdvanPOS, which was recognized as a consolidated entity as of December 31, 2013. AdvanPOS issued ordinary shares for the exercise of employee share options, decreasing the Company's holding interest by 8.08% in 2014. In the first quarter of 2015 and fourth quarter of 2014, the Company subscribed for an additional 3,028 thousand and 1,127 thousand shares of AdvanPOS, respectively, increasing its holding interest by 20.74%. These transactions increased its interest from 70.19 % to 82.85%.

Remark d: In 2013, the Company acquired 99.97% equity of ALTC and later bought the rest of this subsidiary's shares, resulting in the subsidiary's becoming wholly owned by the Company. Thus, ALTC was recognized as a consolidated entity as of December 31, 2013.

In the first quarter of 2014, the Company sold 10.27% of its holding of ALTC shares to ALTC's employees; in the second and third quarters of 2014, the Company bought 0.14% and 0.06%, respectively, of ALTC's outstanding shares. These transactions reduced its continuing interest from 100% to 89.93%.

Remark e: In 2014, the Company had a whale-minnow merge with Netstar, with the Company as the survivor entity.

Remark f: In the fourth quarter of 2013, the Company had acquired 100% equity of GPEG, which was recognized as a consolidated entity as of December 31, 2013. In the fourth quarter of 2014, GPEG merged with AEU, with AEU as the survivor entity.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

Immaterial associates	March 31, 2015	December 31, 2014	March 31, 2014
Listed companies			
Axiomtek Co., Ltd. (Axiomtek)	$ 441,772	$ 420,063	$ 396,422
Unlisted companies			
Deneng Scientific Research Co., Ltd. (Deneng)	17,784	17,758	16,622
Jan Hsiang Electronics Co., Ltd. (Jan Hsiang)	9,539	9,842	7,640
GPEG K&M Ltd.	-	-	32,243
	$ 469,095	$ 447,663	$ 452,927

In January 2014, the Group subscribed for 658 thousand ordinary shares of Deneng for $18,095 thousand in cash and acquired 39.69% interest in the investee; thus, the Group could exercise significant influence over the investee.

When the Group disposed of all of its interest in GPEG K&M Ltd. in June 2014, which resulted in proceeds of $1,407 thousand (GBP28 thousand) and a loss of $19,313 thousand, it ceased to have significant influence on this investee.

Level 1 fair value measurements of an associate with open market price:

Name of Investee	March 31, 2015	December 31, 2014	March 31, 2014
Axiomtek	$ 1,482,842	$ 1,599,909	$ 1,373,991

The Group's investment in the above associate was accounted for using the equity method.

The financial statements used in the calculation of the Group's share of the profit or loss and other comprehensive income of equity-method investees have not been reviewed by independent CPAs, except those of Axiomtek.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Office Equipment	Other Facilities	Construction in Progress	Total
Cost							
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	-	-	9,620	20,312	25,473	247,900	303,305
Disposals	-	-	(4,134)	(4,413)	(8,249)	-	(16,796)
Reclassifications	-	1,245	2,642	(153)	34,678	-	38,412
Effect of exchange differences	3,552	4,885	(364)	5,482	3,019	(2,065)	14,509
Balance at March 31, 2014	$ 2,920,091	$ 3,074,958	$ 1,308,189	$ 662,373	$ 995,445	$ 2,067,061	$ 11,028,117
Accumulated depreciation and impairment							
Balance at January 1, 2014	$ -	$ 758,190	$ 914,897	$ 456,049	$ 617,872	$ -	$ 2,747,008
Disposals	-	-	(3,496)	(4,238)	(2,239)	-	(9,973)
Depreciation expense	-	22,230	29,977	17,219	24,700	-	94,126
Reclassifications	-	63	-	(425)	31,351	-	30,989
Effect of exchange differences	-	1,178	(277)	3,993	1,466	-	6,360
Balance at March 31, 2014	$ -	$ 781,661	$ 941,101	$ 472,598	$ 673,150	$ -	$ 2,868,510
Carrying amounts at March 31, 2014	$ 2,920,091	$ 2,293,297	$ 367,088	$ 189,775	$ 322,295	$ 2,067,061	$ 8,159,607
Cost							
Balance at January 1, 2015	$ 3,065,315	$ 5,320,186	$ 1,554,609	$ 757,649	$ 1,364,432	$ 40,886	$ 12,103,077
Additions	-	82,015	16,025	11,456	27,859	277,560	414,915
Disposals	-	-	(26,232)	(5,145)	(10,101)	-	(41,478)
Reclassifications	-	(5,438)	19,698	(2,038)	21,509	(10,180)	23,551
Effect of exchange differences	(5,444)	(38,498)	(8,634)	(15,830)	(18,019)	(283)	(86,708)
Balance at March 31, 2015	$ 3,059,871	$ 5,358,265	$ 1,555,466	$ 746,092	$ 1,385,680	$ 307,983	$ 12,413,357
Accumulated depreciation and impairment							
Balance at January 1, 2015	$ -	$ 899,536	$ 1,044,178	$ 490,419	$ 792,338	$ -	$ 3,226,471
Disposals	-	-	(25,902)	(4,654)	(9,078)	-	(39,634)
Depreciation expense	-	39,791	33,805	23,713	42,591	-	139,900
Reclassifications	-	(857)	29	(3,819)	2,297	-	(2,350)
Effect of exchange differences	-	(11,452)	(4,909)	(12,888)	(10,874)	-	(40,123)
Balance at March 31, 2015	$ -	$ 927,018	$ 1,047,201	$ 492,771	$ 817,274	$ -	$ 3,284,264
Carrying amounts at March 31, 2015	$ 3,059,871	$ 4,431,247	$ 508,265	$ 253,321	$ 568,406	$ 307,983	$ 9,129,093

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

15. GOODWILL

	For the Three Months Ended March 31	
	2015	2014
Cost		
Balance at January 1	$ 1,168,727	$ 1,265,658
Effect of exchange differences	(51,293)	12,437
Balance at March 31	$ 1,117,434	$ 1,278,095

16. PREPAYMENTS FOR LEASE OBLIGATION

	March 31, 2015	December 31, 2014	March 31, 2014
Current assets (included in other current assets)	$ 2,582	$ 2,606	$ 3,554
Noncurrent assets	94,960	96,516	93,718
	$ 97,542	$ 99,122	$ 97,272

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

17. BORROWINGS

Short-term Borrowings

	March 31, 2015	December 31, 2014	March 31, 2014
Unsecured borrowings			
Line of credit borrowings	$ 123,016	$ 3,080	$ 20,293

The range of weighted average effective interest rates on bank loans were 0.80%-1.36%, 0.80%-1.30% and 0.80%-1.18% per annum as of March 31, 2015, December 31, 2014 and March 31, 2014, respectively.

18. OTHER LIABILITIES

	March 31, 2015	December 31, 2014	March 31, 2014
Other payables			
Payable for salaries or bonuses	$ 1,780,602	$ 2,168,012	$ 1,641,716
Payable for royalties	145,797	48,622	51,921
Payable for employee benefits	118,238	122,618	105,860
Others	947,983	909,016	1,018,602
	$ 2,992,620	$ 3,248,268	$ 2,818,099

19. RETIREMENT BENEFIT PLANS

Pension costs using the actuarially determined pension cost rate on December 31, 2014 and 2013 were $1,405 thousand and $2,052 thousand for the three months ended March 31, 2015 and 2014, respectively.

20. EQUITY

a. Share capital

Ordinary shares

	March 31, 2015	December 31, 2014	March 31, 2014
Number of shares authorized (in thousands)	800,000	800,000	600,000
Amount of shares authorized	$ 8,000,000	$ 8,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	631,518	631,209	571,451
Amount of shares issued and fully paid	$ 6,315,186	$ 6,312,091	$ 5,714,511

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

b. Capital surplus

	March 31, 2015	December 31, 2014	March 31, 2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of common shares	$ 3,396,888	$ 3,396,888	$ 3,396,888
Arising from conversion of bonds	931,849	931,849	931,849
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	11,457	23,292
May be used to offset a deficit only			
Arising from changes in percentage of ownership interest in subsidiaries (2)	4,246	679	2,955
Arising from employee share options	773,357	736,092	574,264
Arising from distribution of stock dividends	78,614	78,614	78,614
May not be used for any purpose			
Arising from share of changes in capital surplus of associates	13,022	10,526	4,166
Arising from employee share options	180,911	140,853	93,039
	$ 5,378,887	$ 5,306,958	$ 5,105,067

1) Such capital surplus 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 transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

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.

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.

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

For the three months ended March 31, 2015 and 2014, the bonuses to employees and remunerations to directors and supervisors were $35,000 thousand and $25,000 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. For the calculation of the number of 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. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

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 appropriation of earnings, including bonus to employees and the remuneration to directors and supervisors for 2014 and 2013 were approved in the shareholders' meetings on March 31, 2015 and June 18, 2014, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2014	2013	2014	2013
Legal reserve	$ 490,778	$ 410,640	$ -	$ -
Cash dividends	3,787,255	3,017,820	6.0	5.3
Stock dividends	-	569,400	-	1.0

	Cash Dividends For the Year Ended December 31	
	2014	2013
Bonus to employees	$ 126,000	$ 70,000
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 March 31, 2015 and June 18, 2014 and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013.

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) Exchange difference arising on translating the financial statements of foreign operations

	For the Three Months Ended March 31	
	2015	2014
Balance at January 1	$ 338,356	$ 130,041
Exchange differences on translating the net assets of foreign operations	(236,975)	83,062
Income tax relating to gains arising on translating the net assets of foreign operations	40,988	(14,528)
Share of exchange difference of associates accounted for using the equity method	(4,132)	2,398
Balance at March 31	$ 138,237	$ 200,973

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

	For the Three Months Ended March 31	
	2015	2014
Balance at January 1	$ 563,277	$ (75,534)
Unrealized gain on revaluation of available-for-sale financial assets	45,486	234,740
Cumulative loss reclassified to profit or loss on disposal of available-for-sale financial assets	(169,150)	(18,575)
Balance at March 31	$ 439,613	$ 140,631

e. Noncontrolling interests

	For the Three Months Ended March 31	
	2015	2014
Balance at January 1	$ 187,000	$ 161,891
Attributable to noncontrolling interests:		
Share of profit (loss) for the period	(658)	3,514
Exchange difference on translation of foreign entities	(1,931)	2,350
Noncontrolling interests arising from acquisition of subsidiaries (Note 25)	(20,049)	(45)
Partial disposal of subsidiaries (Note 25)	-	28,900
Balance at March 31	$ 164,362	$ 196,610

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Finance costs

	For the Three Months Ended March 31	
	2015	2014
Interest on bank loans	$ 851	$ 1,262
Interest on convertible bonds	-	21
	$ 851	$ 1,283

b. Depreciation and amortization

	For the Three Months Ended March 31	
	2015	2014
Property, plant and equipment	$ 139,900	$ 94,126
Intangible assets	31,393	24,173
	$ 171,293	$ 118,299

(Continued)

	For the Three Months Ended March 31	
	2015	2014
An analysis of depreciation by function		
Operating costs	$ 31,597	$ 29,066
Operating expenses	108,303	65,060
	$ 139,900	$ 94,126
An analysis of amortization by function		
Operating costs	$ 100	$ 900
Operating expenses	31,293	23,273
	$ 31,393	$ 24,173

(Concluded)

c. Employee benefit expense

	For the Three Months Ended March 31	
	2015	2014
Post-employment benefits		
Defined contribution plans	$ 65,721	$ 54,965
Defined benefit plans (Note 19)	1,405	2,052
	67,126	57,017
Other employee benefits	1,841,756	1,734,584
Total employee benefit expense	$ 1,908,882	$ 1,791,601
An analysis of employee benefits expense by function		
Operating costs	$ 430,203	$ 386,998
Operating expenses	1,478,679	1,404,603
	$ 1,908,882	$ 1,791,601

d. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2015	2014
Foreign exchange gains	$ 297,430	$ 221,437
Foreign exchange losses	(438,564)	(180,138)
Net gains	$ (141,134)	$ 41,299

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 March 31	
	2015	2014
Current tax		
In respect of current period	$ 269,443	$ 265,450
Deferred tax		
In respect of current period	5,810	12,865
Adjustments for prior periods	(1,094)	-
Income tax expense recognized in profit or loss	$ 274,159	$ 278,315

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2015	2014
Deferred tax		
In respect of current period		
Translation of foreign operations	$ 40,988	$ (14,528)
Actuarial gains and losses on defined benefit plan	-	(27)
	$ 40,988	$ (14,555)

c. Integrated income tax

	March 31, 2015	December 31, 2014	March 31, 2014
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	$ 7,531,089	$ 6,353,273	$ 6,600,429
Imputation credits accounts	$ 271,571	$ 271,571	$ 521,664

	For the Years Ended December 31	
	2014 (Expected)	2013
Creditable ratio for distribution of earning	13.42%	9.57%

d. Income tax assessments

The Company’s tax returns through 2010 have been assessed by the tax authorities. The Company disagreed with the tax authorities’ assessment of its 2008 and 2009 tax returns and applied for reexamination. Nevertheless, to be conservative, the Company provided for the income tax assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended March 31	
	2015	**2014**
Basic earnings per share	$ 1.91	$ 1.84
Diluted earnings per share	$ 1.91	$ 1.83

The earnings per share computation were retrospectively adjusted for the effects of adjustments resulting from bonus stock issues on September 7, 2014. The basic and diluted after-tax earnings per share adjusted retrospectively were as follows:

	For the Three Months Ended March 31, 2014	
	Before Adjusted Retrospectively	**After Adjusted Retrospectively**
Basic earnings per share	$ 2.02	$ 1.84
Diluted earnings per share	$ 2.01	$ 1.83

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 March 31	
	2015	**2014**
Earnings used in the computation of basic earnings per share	$ 1,206,870	$ 1,152,607
Effect of dilutive potential ordinary shares:		
Convertible bonds	-	21
Earnings used in the computation of diluted earnings per share	$ 1,206,870	$ 1,152,628

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

	For the Three Months Ended March 31	
	2015	**2014**
Weighted average number of ordinary shares in computation of basic earnings per share	631,341	627,145
Effect of dilutive potential ordinary shares:		
Convertible bonds	-	71
Employee share options	960	3,460
Bonuses issued to employees	680	494
Weighted average number of ordinary shares used in the computation of diluted earnings per share	632,981	631,170

If the Company offered 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 5,000 options in August 2014; 3,000 options in July 2010; and 10,000 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 set by the Company, from both domestic and overseas subsidiaries in which the Company directly or indirectly invests over 50%. Options issued on August 2014, July 2010, and December 2009 are valid for six, five and five years, respectively. All are exercisable at certain percentages after the second anniversary year from the grant date. Options granted in 2009 and 2010 had an exercise price equal to the closing price of the Company's common shares listed on the grant date, and the exercise price of those granted in 2014 was NT$100 per share. For any subsequent changes in the Company's paid-in capital, the exercise price and the number of options will be adjusted accordingly.

There were no issuance of employee share options for the three months ended March 31, 2015 and 2014. Information on employee share options were as follows:

	For the Three Months Ended March 31			
	2015		2014	
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	5,644	$ 94.10	5,300	$ 48.80
Options exercised	(310)	48.30	1,838	47.07
Balance at March 31	5,334	96.76	3,462	49.71
Options exercisable, end of the period	334	48.30	3,462	49.71
Weighted-average fair value of options granted (NT$)	-		-	

The weighted-average fair values of employee share options exercised on the exercise date were from NT$224 to NT$275 and from NT$184 to NT$204 for the three months ended March 31, 2015 and 2014, respectively.

Information on outstanding options for the three months ended March 31, 2015 and 2014 is as follows:

	For the Three Months Ended March 31			
	2015		2014	
Employee Share Options	**Exercise Price (NT$)**	**Weighted-average Remaining Contractual Life (Years)**	**Exercise Price (NT$)**	**Weighted-average Remaining Contractual Life (Years)**
Issuance in 2014	$100.00	5.38	$ -	-
Issuance in 2010	48.30	0.28	54.20	1.28
Issuance in 2009	-	-	46.70	0.67

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

	2014	**2010**	**2009**
Grant-date share price (NT$)	$239.5	$67.4	$61.9
Exercise price (NT$)	$100	$67.4	$61.9
Expected volatility	28.28-29.19%	34.11-35.15%	37.78%-35.22%
Expected life (years)	4-5.5 years	3.5-4.5 years	3.5-4.5 years
Expected dividend yield	0%	0%	0%
Risk-free interest rate	1.07%-1.30%	0.92%-1.10%	0.58%-0.79%

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

Compensation costs recognized were $65,469 thousand and $1,139 thousand for the three months ended March 31, 2015 and 2014.

Qualified employees of AdvanPOS, a subsidiary of the Company, were granted 800 options in December 2010. Each option entitles the holder to subscribe for one thousand common shares of AdvanPOS. These option were valid for two years. All were exercisable at certain percentages after the first anniversary year from the grant date. For the exercise of options, AdvanPOS issued new shares to the employees at NT$10 per share.

Information on employee share options as of March 31, 2015 and 2014 is as follows:

	For the Three Months Ended March 31			
	2015		2014	
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	446	$ 10.00	800	$ 10.00
Options exercised	(423)	10.00	(135)	10.00
Options expired	(23)	-	-	-
Options forfeited	-	-	(36)	-
Balance at March 31	-	-	629	10.00
Options exercisable, end of the period	-	-	377	10.00

Information on outstanding options for the three months ended March 31, 2015 and 2014 is as follows:

	For the Three Months Ended March 31			
	2015		2014	
Employee Share Options	**Exercise Price (NT$)**	**Weighted-average Remaining Contractual Life (Years)**	**Exercise Price (NT$)**	**Weighted-average Remaining Contractual Life (Years)**
Issuance in 2010	$ 10.00	-	$ 10.00	1.67

Options granted by AdvanPOS in 2014 were priced using the Black-Scholes model, and the inputs to the model were as follows:

	2010
Grant-date share price (NT$)	$12.39
Exercise price (NT$)	$10
Expected volatility	30.43%
Expected life (years)	2 years
Expected dividend yield	0%
Risk-free interest rate	1.345%

25. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

a. AdvanPOS issued ordinary shares for the exercise of employee share options, decreasing the Company's holding interest by 8.08% since 2014. In the first quarter of 2015 and fourth quarter of 2014, the Company subscribed for an additional 3,028 thousand and 1,127 thousand shares of AdvanPOS, increasing its continuing interest by 20.74%. These transactions increased its continuing from 70.19% to 82.85%.

b. In the first quarter of 2014, the Group acquired an additional 0.02% holding interests in Netstar, increasing its interest to 95.49% and 95.51%. The Company merged with Netstar at the end of the third quarter of 2014 as a result of investment restructuring.

c. The Group acquired an additional 0.03% holding interest in ALTC in November 2013. In the first quarter of 2014, the Group sold 10.27% of its holding of shares of ALTC to ALTC's employees; in the second and third quarters of 2014, the Company bought 0.14% and 0.06%, respectively, of ALTC's outstanding shares. These transactions reduced its continuing interest from 100% to 89.93%.
The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

	For the Three Months Ended March 31, 2015
	AdvanPOS
Cash consideration received (paid)	$ (60,560)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	20,049
Differences arising from equity transaction	$ (40,511)

(Continued)

	For the Three Months Ended March 31, 2015
	AdvanPOS
Line items adjusted for equity transaction	
Capital surplus - difference between consideration received or paid and carrying amounts of the subsidiaries' net assets during actual disposal or acquisition	$ (11,457)
Retained earnings	(29,054)
	$ (40,511)
Capital surplus - changes in percentage of ownership interest in subsidiaries	$ 3,567

(Concluded)

	For the Three Months Ended March 31, 2014			
	Netstar	ALTC	AdvanPOS	Total
Cash consideration received (paid)	$ (56)	$ 52,203	$ -	$ 52,147
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	45	(28,900)	-	(28,855)
Differences arising from equity transaction	$ (11)	$ 23,303	$ -	$ 23,292
Line items adjusted for equity transaction				
Capital surplus - difference between consideration received or paid and carrying amounts of the subsidiaries' net assets during actual disposal or acquisition	$ (11)	$ 23,303	$ -	$ 23,292
Capital surplus - changes in percentage of ownership interest in subsidiaries	-	-	403	403
	$ (11)	$ 23,303	$ 403	$ 23,695

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 18,589	$ -	$ 18,589
Non-derivative financial asset held for trading	175,991	-	-	175,991
	$ 175,991	$ 18,589	$ -	$ 194,580
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 2,446,933	$ -	$ -	$ 2,446,933
Unlisted securities - ROC				
Equity securities	-	-	9,375	9,375
Unlisted securities - other countries				
Equity securities	-	-	33,257	33,257
Mutual funds	3,233,477	-	-	3,233,477
Investment products denominated in RMB	-	-	569,971	569,971
	$ 5,680,410	$ -	$ 612,603	$ 6,293,013
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 4,286	$ -	$ 4,286

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 14,879	$ -	$ 14,879
Non-derivative financial asset held for trading	150,523	-	-	150,523
	$ 150,523	$ 14,879	$ -	$ 165,402
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	2,519,020	-	-	2,519,020
Unlisted securities - ROC				
Equity securities	-	-	9,375	9,375

(Continued)

	Level 1	Level 2	Level 3	Total
Unlisted securities - other countries				
Equity securities	$ -	$ -	$ 33,257	$ 33,257
Mutual funds	2,351,160	-	-	2,351,160
Investment products denominated in RMB	-	-	947,116	947,116
	$ 4,870,180	$ -	$ 989,748	$ 5,859,928
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 8,698	$ -	$ 8,698

(Concluded)

March 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 597	$ -	$ 597
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 1,991,765	$ -	$ -	$ 1,991,765
Unlisted securities - ROC				
Equity securities	-	-	1,875	1,875
Unlisted securities - other countries				
Equity securities	-	-	33,257	33,257
Mutual funds	2,516,985	-	-	2,516,985
	$ 4,508,750	$ -	$ 35,132	$ 4,543,882
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 27,359	$ -	$ 27,359

As of March 31, 2015 and 2014, there were no transfers between Levels 1 and 2.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2015

	Available-for-sale Financial Assets		
Financial assets	Equity Instruments	Investment Products	Total
Balance at January 1, 2015	$ 42,632	$ 947,116	$ 989,748
Purchases	-	676,568	676,568
Disposal	-	(1,045,145)	(1,045,145)
Effect of foreign exchange	-	(8,568)	(8,568)
Balance at March 31, 2015	$ 42,632	$ 569,971	$ 612,603

For the three months ended March 31, 2014

	Available-for-sale Financial Assets		
	Equity Instruments	**Investment Products**	**Total**
Financial assets			
Balance at January 1, 2014	$ 35,132	$ -	$ 35,132
Purchases	-	-	-
Balance at March 31, 2014	$ 35,132	$ -	$ 35,132

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Derivatives held by the Company were foreign currency forward contracts, whose fair values were calculated using discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair values of investment products denominated in RMB were using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. Had the inputs to the valuation model been changed to reflect reasonably possible alternative assumptions and had all the other variables been held constant, the fair value of the shares would have decreased/increased.

b. Categories of financial instruments

	March 31, 2015	**December 31, 2014**	**March 31, 2014**
Financial assets			
Fair value through profit or loss (FVTPL)	$ 194,580	$ 165,402	$ 597
Held for trading (Note 1)	9,181,221	9,098,328	9,121,512
Loans and receivables (Note 2)	6,293,013	5,859,928	4,543,882
Available-for-sale financial assets			
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	4,286	8,698	27,359
Measured at amortized cost (Note 3)	6,258,755	6,691,263	5,993,611

Note 1: The balance included the carrying amount of held-for-trading financial assets measured at cost.

Note 2: 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 (including those from related parties).

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

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 Group to mitigate but not fully eliminate the effect.

These forward exchange contracts 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) are set out in Note 30. As for the carrying amounts of derivatives exposing to foreign currency risk at the end of the reporting period, refer to Note 7.

<u>Sensitivity analysis</u>

The Group was mainly exposed to the U.S. dollar, Euro and Renminbi.

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 pre-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 pre-tax profit and other equity, and the balances below would be negative.

	U.S. Dollar Impact For the Three Months Ended March 31		Euro Impact For the Three Months Ended March 31		Renminbi Impact For the Three Months Ended March 31	
	2015	2014	2015	2014	2015	2014
Profit or loss	$ 45,688 (Note 1)	$ (39,783) (Note 1)	$ 48,066 (Note 2)	$ 15,268 (Note 2)	$ (14,976) (Note 3)	$ (5,087) (Note 3)

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

Note 3: This was mainly attributable to the exposure outstanding on Renminbi 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:

	March 31, 2015	December 31, 2014	March 31, 2014
Fair value interest rate risk			
Financial assets	$ 708,582	$ 216,106	$ 1,274,918
Financial liabilities	123,016	3,080	293
Cash flow interest rate risk			
Financial assets	3,177,307	2,586,731	1,966,310
Financial liabilities	-	-	20,000

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 management's 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 pre-tax profit for the three months ended March 31, 2015 and 2014 would have increased by $3,972 thousand and $2,433 thousand, respectively. Had interest rates been 50 basis points lower, the effects on the Group's pre-tax 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. The Group's equity price risk was mainly concentrated on open-end mutual funds and equity instruments trading in the Taiwan Stock Exchange.

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, pre-tax profits for the year ended December 31, 2014 would have increased by $1,760 thousand as a result of changes in fair value of held-for-trading investments. Pre-tax other comprehensive income for the three months ended March 31, 2015 and 2014 would have increased by $56,804 thousand and $45,088 thousand, respectively, as a result of changes in fair value of available-for-sale investments. Had equity prices been 1% lower, the effects on pre-tax 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 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 and, thus, no concentration of credit risk was observed.

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.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

As of March 31, 2015, December 31, 2014 and March 31, 2014, the Company had available unutilized short-term bank loan facilities set out in (c) below.

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.

March 31, 2015

	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	$ 3,338,075	$ 1,731,649	$ 1,029,699	$ 36,316
Fixed interest rate liabilities	10,135	113,073	-	-
	$ 3,348,210	$ 1,844,722	$ 1,029,699	$ 36,316

December 31, 2014

	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	$ 4,150,363	$ 1,722,512	$ 772,280	$ 43,028
Fixed interest rate liabilities	10	20	3,069	-
	$ 4,150,373	$ 1,722,532	$ 775,349	$ 43,028

March 31, 2014

	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	$ 3,592,854	$ 1,652,370	$ 623,479	$ 104,615
Variable interest rate liabilities	20	38	20,177	-
Fixed interest rate liabilities	25	49	221	-
	$ 3,592,899	$ 1,652,457	$ 643,877	$ 104,615

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 gross cash inflows and outflows on those derivative instruments that require gross settlement.

March 31, 2015

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 257,635	$ 429,070	$ -	$ 686,705
Outflows	244,726	427,676	-	672,402
	$ 12,909	$ 1,394	$ -	$ 14,303

December 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 229,050	$ 602,341	$ 5,024	$ 836,415
Outflows	225,029	600,162	5,043	830,234
	$ 4,021	$ 2,179	$ (19)	$ 6,181

March 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Total
Gross settled				
Forward exchange contracts				
Inflows	$ 318,483	$ 530,939	$ 549,813	$ 1,399,235
Outflows	326,687	542,733	556,577	1,425,997
	$ (8,204)	$ (11,794)	$ (6,764)	$ (26,762)

c) Financing facilities

	December 31	
	2014	2013
Unsecured bank loan facilities		
Amount used	$ 123,000	$ 20,000
Amount unused	3,257,221	3,403,905
	$ 3,380,221	$ 3,423,905

27. 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

	For the Three Months Ended March 31	
Related Party Categories	**2015**	**2014**
Associates	$ 2,728	$ 41,051
Other related parties	-	177
	$ 2,728	$ 41,228

b. Purchases of goods

	For the Three Months Ended March 31	
Related Party Categories	**2015**	**2014**
Associates	$ 5,093	$ 4,782

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

Line Items	Related Party Categories	March 31, 2015	December 31, 2014	March 31, 2014
Accounts receivable - related parties	Associates	$ 2,591	$ 5,400	$ 36,751
	Other related parties	-	-	186
		$ 2,591	$ 5,400	$ 36,937
Notes receivable	Associates	$ 148	$ 370	$ -

The outstanding trade receivables from related parties are unsecured. As of March 31, 2015 and 2014, the Group had no bad-debt expenses recognized for trade receivables from related parties.

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

Accounts	Related Party Categories	March 31, 2015	December 31, 2014	March 31, 2014
Accounts payable	Associates	$ 2,239	$ 1,546	$ 1,989

The outstanding trade payables from related parties are unsecured.

e. Other transactions with related parties

		Operating Expenses For the Three Months Ended March 31	
Line Items	**Related Party Categories**	**2015**	**2014**
Rental expenses	Other related parties	$ -	$ 2,213

		Other Income For the Three Months Ended March 31	
Line Items	**Related Party Categories**	**2015**	**2014**
Rental income	Other related parties	$ 5	$ -

		Other Income For the Three Months Ended March 31	
Line Items	**Related Party Categories**	**2015**	**2014**
Other	Other related parties	$ 686	$ 691

Lease contracts formed between the Company and its associates were based on market rental prices and had 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 based on mutual agreement.

f. Compensation of key management personnel

	For the Three Months Ended March 31	
	2015	2014
Short-term employee benefits	$ 10,274	$ 13,404
Post-employment benefits	29	36
Share-based payments	6,547	76
	$ 16,850	$ 13,516

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

a. As of March 31, 2014, AdvanPOS had pledged the following assets for short-term and long-term bank borrowings.

	March 31, 2014
Fixed assets - land	$ 54,843
Fixed assets - buildings, net of accumulated depreciation	38,695
	$ 93,538

b. As of March 31, 2015, December 31, 2014 and March 31, 2014, as requested by suppliers, the Company pledged time deposits of $18,650 thousand, $18,650 thousand and $109,110 thousand, respectively, for bank guarantees for the Company's purchases.

c. As of March 31, 2014, AdvanPOS pledged a time deposit of $200 thousand as collateral for short-term borrowing.

29. SIGNIFICANT COMMITMENTS

As of March 31, 2015 and December 31, 2014, the Company had a construction contract amounting to $1,627,500 thousand for a newly constructed science park located in Linkou in Taoyuan City. The remaining payables were $1,338,430 thousand and $1,491,661 thousand, respectively.

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

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

March 31, 2015

Unit: In Thousands of New Taiwan Dollars and Foreign Currencies, Except for Exchange Rate

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 135,225	31.300 (USD:NTD)	$ 4,232,543
RMB	381,767	5.0440 (RMB:NTD)	1,925,633
RMB	239,250	0.1612 (RMB:USD)	1,206,772
EUR	24,068	33.650 (EUR:NTD)	809,888
			$ 8,174,836
Nonmonetary items			
USD	1,986	31.300 (USD:NTD)	$ 62,162
Financial liabilities			
Monetary items			
USD	77,575	31.300 (USD:NTD)	$ 2,428,098
RMB	199,118	5.0440 (RMB:NTD)	1,004,351
USD	27,825	6.2054 (USD:RMB)	870,922
RMB	41,808	0.1612 (EUR:NTD)	210,879
			$ 4,514,250

December 31, 2014

Unit: In Thousands of New Taiwan Dollars and Foreign Currencies, Except for Exchange Rate

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 134,791	31.650 (USD:NTD)	$ 4,266,135
RMB	490,578	5.0920 (RMB:NTD)	2,498,023
RMB	270,388	0.1609 (RMB:USD)	1,376,807
EUR	17,712	38.470 (EUR:NTD)	681,381
			$ 8,822,346
Nonmonetary items			
USD	992	31.650 (USD:NTD)	$ 31,397

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	80,059	31.650 (USD:NTD)	$ 2,533,867
RMB	262,127	5.0920 (RMB:NTD)	1,334,751
USD	35,997	6.2156 (USD:RMB)	1,139,304
RMB	114,709	0.1609 (RMB:USD)	584,098
			$ 5,592,020

(Concluded)

March 31, 2014

Unit: In Thousands of New Taiwan Dollars and Foreign Currencies, Except for Exchange Rate

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 100,411	30.470 (USD:NTD)	$ 3,059,519
RMB	462,286	4.9000 (RMB:NTD)	2,265,204
RMB	254,739	0.1610 (RMB:USD)	1,248,295
EUR	22,783	41.930 (EUR:NTD)	955,271
			$ 7,528,289
Financial liabilities			
Monetary items			
USD	70,839	30.470 (USD:NTD)	$ 2,158,452
USD	38,843	6.218 (USD:RMB)	1,183,482
RMB	240,432	4.9000 (RMB:NTD)	1,178,119
			$ 4,520,053

For the three months ended March 31, 2015 and 2014, realized and unrealized net foreign exchange gains (losses) were $(141,134) thousand and $41,299 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

31. SEPARATELY DISCLOSED ITEMS

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 26)

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. (Tables 1, 5 and 6)

32. 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 revenues and results

The following was an analysis of the Group's revenues and results from continuing operations by reportable segment:

	Industrial Automation Services	Embedded Boards and Design-in Services	Intelligent Services	Design and Manufacturing Service	Global Customer Services	Other	Total
Three months ended March 31, 2015							
Revenues from external customers	$ 1,346,356	$ 3,653,390	$ 739,091	$ 2,074,367	$ 971,463	$ -	$ 8,784,667
Inter-segment revenues	-	11,546	-	-	-	-	11,546
Segment revenues	$ 1,346,356	$ 3,664,936	$ 739,091	$ 2,074,367	$ 971,463	$ -	8,796,213
Eliminations							(11,546)
Consolidated revenues							8,784,667
Segment income (loss)	$ 261,443	$ 647,802	$ 75,293	$ 327,142	$ 250,681	$ (211,203)	1,351,158
Other revenues							24,262
Other income and expense							82,825
Finance costs							(851)
Share of profits of associates accounted for using the equity method							22,977
Profit before tax (continuing operations)							$ 1,480,371
Three months ended March 31, 2014							
Revenues from external customers	$ 1,282,812	$ 3,171,168	$ 801,384	$ 1,990,631	$ 900,557	$ -	$ 8,146,552
Inter-segment revenues	-	6,534	-	-	-	-	6,534
Segment revenues	$ 1,282,812	$ 3,177,702	$ 801,384	$ 1,990,631	$ 900,557	$ -	8,153,086
Eliminations							(6,534)
Consolidated revenues							8,146,552
Segment income (loss)	$ 288,090	$ 567,996	$ 113,685	$ 377,250	$ 207,741	$ (189,548)	1,365,214
Other revenues							23,024
Other income and expense							19,443
Finance costs							(1,283)
Share of profits of associates accounted for using the equity method							28,038
Profit before tax (continuing operations)							$ 1,434,436

The income above was generated from transactions with external customers. There were no sales between segments during the three months ended March 31, 2015 and 2014, respectively.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

ADVANTECH CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(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	Ending Balance						Item	Value		
1	AEUH	AEU	Accounts receivable - related parties	Yes	$ 26,775 (EUR 750 thousand)	$ 25,238 (EUR 750 thousand)	$ 25,238 (EUR 750 thousand)	4.00	Short-term financing	$ -	Financing need	$ -	None	None	$ 2,327,505 (Note C)	$ 4,655,010 (Note C)
2	ANA	AKMC	Accounts receivable - related parties	Yes	129,150 (US$ 4,100 thousand)	128,330 (US$ 4,100 thousand)	109,550 (US$ 3,500 thousand)	2.00	Short-term financing	-	Financing need	-	None	None	2,327,505 (Note C)	4,655,010 (Note C)
3	Better Auto	Dongguan Pou Yuen Digital Technology Co., Ltd.	Accounts receivable - related parties	Yes	22,799 (RMB 4,520 thousand)	22,799 (RMB 4,520 thousand)	22,799 (RMB 4,520 thousand)	-	Short-term financing	-	Financing need	-	None	None	2,327,505 (Note C)	4,655,010 (Note C)
		Dongguan Pou Yuen Digital Technology Co., Ltd.	Accounts receivable - related parties	Yes	15,750 (US$ 500 thousand)	15,650 (US$ 500 thousand)	15,650 (US$ 500 thousand)	-	Short-term financing	-	Financing need	-	None	None	2,327,505 (Note C)	4,655,010 (Note C)
4	Advantech Corporate Investment	AdvanPOS	Accounts receivable - related parties	Yes	100,000	100,000	-	1.15	Short-term financing	-	Financing need	-	None	None	2,327,505 (Note C)	4,655,010 (Note C)
5	Cermate (Shanghai)	Cermate (Shenzhen)	Prepayments of inventories	Yes	15,132 (RMB 3,000 thousand)	15,132 (RMB 3,000 thousand)	2,176 (RMB 431 thousand)	-	Short-term financing	-	Financing need	-	None	None	2,327,505 (Note C)	4,655,010 (Note C)

Note A: Investee companies are numbered sequentially from 1.

Note B: The exchange rates as of March 31, 2015 were EUR1=NT$33.65, US$1=NT$31.30 and RMB1=NT$5.044.

Note C: The financing limit for each borrower and for the aggregate financing were 10% and 20%, respectively, of the Company's net asset values.

Note D: The maximum balance for the period and ending balance are approved by the board of directors of financiers.

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

TABLE 2

ADVANTECH CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note A)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	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 B)	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	The Company	ACA	Subsidiary	$ 2,327,505	$ 126,000	$ -	$ -	$ -	-	$ 6,982,515	Y	N	N

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

Note B: 30% of the Company’s net asset value.

TABLE 3

ADVANTECH CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Stock							
	ASUSTek Computer Inc.	-	Available for sale financial assets - noncurrent	5,239,461	$ 1,650,430	0.71	$ 1,650,430	Notes A and C
	Pegatron Corp.	-	〃	4,055,570	343,507	0.16	343,507	Notes A and D
	Fund							
	Mega Diamond Money Market	-	Available for sale financial assets - current	104,042,745.55	1,282,296	-	1,282,296	Note B
	Capital Money Market	-	〃	35,357,851.10	561,221	-	561,221	Note B
	Taishin 1699 Money Market	-	〃	19,550,342.13	260,106	-	260,106	Note B
	CTBC Hwa-win Money Market Fund	-	〃	54,382,452.50	589,511	-	589,511	Note B
	Franklin Templeton SinoAm First Fund	-	〃	7,878,590.90	80,000	-	80,000	Note B
Advantech Corporate Investment	Stock							
	Sercomm Corp.	-	Financial assets at fair value through profit or loss - current	117,000	7,898	0.05	7,898	Note A
	Allied Circuit Co., Ltd.	-	〃	2,800,000	100,380	5.44	100,380	Note A
	NXP Semiconductors N.V.	-	〃	6,850	21,518	1.15	21,518	Note A
	InvenSense, Inc.	-	〃	23,283	11,084	0.03	11,084	Note A
	Freescale Semiconductor, Ltd.	-	〃	5,699	7,271	-	7,271	Note A
	Honeywell International Inc.	-	〃	3,365	10,986	-	10,986	Note A
	Google Inc. - Class A	-	〃	152	2,639	-	2,639	Note A
	Linear Technology Corporation	-	〃	9,704	14,215	-	14,215	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	-
	Jaguar Technology	-	〃	500,000	7,500	16.67	7,500	-
	Taiwan Hon Chuan Enterprise Co., Ltd.	-	Available for sale financial assets - current	464,000	28,026	0.18	28,026	Note A
	Phison Electronics Corporation	-	〃	1,500,000	390,000	0.76	390,000	Note A
	Vanguard International Semiconductor Corp.	-	〃	174,000	9,257	0.01	9,257	Note A
	Radiant Opto - Electronics Corporation	-	〃	264,000	25,713	0.06	25,713	Note A
	Fund							
	Taishin 1699 Money Market	-	Available for sale financial assets - current	6,976,551.87	92,819	-	92,819	Note B
Advansus Corp.	Fund							
	CTBC Hwa-win Money Market Fund	-	〃	3,179,111.30	34,462	-	34,462	Note B

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Cermate	Fund Mega Diamond Money Market	-	〃	2,028,858.48	$ 25,005	-	$ 25,005	Note B
Advantech Intelligent Service	Fund Franklin Templeton SinoAm First Fund	-	〃	4,924,749.82	50,006	-	50,006	Note B
ACA	Fund Mega Diamond Money Market	-	〃	19,321,070.49	238,126	-	238,126	Note B
ALTC	Fund Mega Diamond Money Market	-	〃	886,184.43	10,922	-	10,922	Note B
AdvanPOS	Fund Mega Diamond Money Market	-	〃	730,492.47	9,003	-	9,003	Note B

Note A: Market value was based on the closing price on March 31, 2015.

Note B: Market value was based on the net asset values of the open-ended mutual funds on March 31, 2015.

Note C: The amount included $4,150,000 thousand, the carrying value of 1,307,250 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 $4,050,000 thousand, the carrying value of 343,035 shares held in trust with China Trust Commercial Bank. Please refer to Note 8 of the financial statements for more information.

(Concluded)

TABLE 4

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 THREE MONTHS ENDED MARCH 31, 2015
(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 (Note)		Disposal				Ending Balance	
					Shares	Amount (Cost)	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Cost)
The Company	Fund													
	Mega Diamond Money Market	Available-for-sale financial assets - current	-	-	76,853,657.47	$ 945,000	27,189,088.08	$ 335,000	-	$ -	$ -	$ -	104,042,745.55	$ 1,280,000
	CTBC Hwa-win Money Market Fund	Available-for-sale financial assets - current	-	-	-	-	54,382,452.50	589,000	-	-	-	-	54,382,452.50	589,000
	Stock													
	Pegatron Corp.	Available for sale financial assets - noncurrent	-	-	7,814,570	281,325	-	-	3,759,000	302,946	135,324	167,622	4,055,570.00	146,001
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Investment product 90 days guaranteed-yield investment product in RMB	Available-for-sale financial assets - current	-	-	-	554,840 (RMB 110,000)	-	554,840 (RMB 110,000)	-	562,314 (RMB 111,480)	554,840 (RMB 110,000)	7,474 (RMB 1,480)	-	554,840 (RMB 110,000)

Note: The exchange rate as of March 31, 2015 was RMB1=NT$5.044.

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 THREE MONTHS ENDED MARCH 31, 2015
(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	
The Company	AEU	Subsidiary	Sale	$ (899,832)	13.68	30 days after month-end	Contract price	No Significant difference in terms for related parties	$ 891,686	19.84	
	ANA	Subsidiary	Sale	(2,026,344)	30.81	45 days after month-end	Contract price	No Significant difference in terms for related parties	492,056	10.95	
	ACN	Subsidiary	Sale	(1,025,270)	15.59	45 days after month-end	Contract price	No Significant difference in terms for related parties	1,242,434	27.65	Note A
	Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Subsidiary	Sale	(173,595)	2.64	45 days after month-end	Contract price	No Significant difference in terms for related parties	236,411	5.26	Note B
	AKMC	Subsidiary	Sale	(360,729)	5.49	45 days after month-end	Contract price	No Significant difference in terms for related parties	195,858	4.36	Note C
	AJP	Subsidiary	Sale	(110,032)	1.67	60-90 days	Contract price	No Significant difference in terms for related parties	93,198	2.07	
	AKR	Subsidiary	Sale	(185,221)	2.82	60 days after invoice date	Contract price	No Significant difference in terms for related parties	71,207	1.58	
	ATC	Subsidiary	Purchase	2,384,716	49.73	Usual trade terms	Contract price	No Significant difference in terms for related parties	(1,043,169)	35.83	
	Advansus Corp.	Subsidiary	Purchase	724,667	15.11	Usual trade terms	Contract price	No Significant difference in terms for related parties	(528,100)	18.14	
	ACA	Subsidiary	Purchase	741,354	15.46	Usual trade terms	Contract price	No Significant difference in terms for related parties	(277,746)	9.54	
ACA	Advansus Corp.	Related enterprise	Sale	(268,342)	24.90	Usual trade terms	Contract price	No Significant difference in terms for related parties	120,790	24.99	
AKMC	ATC	Parent company	Sale	(2,204,292)	95.67	Usual trade terms	Contract price	No Significant difference in terms for related parties	261,125	78.42	
Advansus Corp.	AKMC	Related enterprise	Sale	(589,148)	36.75	Usual trade terms	Contract price	No Significant difference in terms for related parties	313,683	30.76	

Note A: Realized gain for the period was $3,424 thousand.

Note B: Realized gain for the period was $519 thousand.

Note C: Realized gain for the period was $1,591 thousand.

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

TABLE 6

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 THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note A)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	AAU	Subsidiary	$ 111,149	3.53	$ -	-	$ -	$ -
	AiSC	Subsidiary	236,411	2.46	-	-	55,484	-
	ACN	Subsidiary	1,242,434	3.09	-	-	206,804	-
	AEU	Subsidiary	891,686	4.35	-	-	143,708	-
	AKMC	Subsidiary	195,858	6.12	-	-	-	-
	ANA	Subsidiary	492,056	11.90	-	-	441,995	-
					-	-		-
ATC	The Company	Parent company	1,043,169	7.01	-	-	689,918	
								-
ACA	The Company	Parent company	277,746	11.32	-	-	-	
								-
Advansus Corp.	The Company	Parent company	528,100	5.87	-	-	-	
	AKMC	Related enterprise	313,683	5.97	-	-	72,537	-
AKMC	ATC	Parent company	261,125	18.69	-	-	70,243	-
ACA	Advansus Corp.	Related enterprise	120,790	10.19	-	-	3,481	-
ANA	AKMC	Related enterprise	109,550	(Note A)	-	-	-	-

Note A: Transactions involved financing activities.

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

TABLE 7

ADVANTECH CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars/Foreign Currency, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note A)	Note
				March 31, 2015	December 31, 2014	Shares	Percentage of Ownership	Carrying Value			
The Company	AAC (BVI)	BVI	Investment and management service	$ 1,000,207	$ 1,000,207	29,623,834	100.00	$ 3,477,683	$ 60,261	$ 61,827	Subsidiary
	ATC	BVI	Sale of industrial automation products	1,231,118	1,231,118	38,750,000	100.00	3,497,903	16,047	17,435	Subsidiary
	Advansus Corp.	Taipei, Taiwan	Production and sale of industrial automation products	486,000	486,000	36,000,000	100.00	863,974	101,999	102,194	Subsidiary
	Advantech Corporate Investment	Taipei, Taiwan	Investment holding company	900,000	900,000	100,000,000	100.00	1,106,420	(10,671)	(10,687)	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	249,059	249,059	20,537,984	26.21	441,772	88,977	23,321	Equity-method investee
	AdvanPOS	Taipei, Taiwan	Production and sale of POS system	402,555	341,995	16,933,182	82.85	334,174	(10,243)	(8,481)	Subsidiary
	ALTC	Taichung, Taiwan	Production and sale of machine control solution	478,825	478,825	26,980,000	89.93	517,693	8,783	7,898	Subsidiary
	Jan Hsiang	Taipei, Taiwan	Electronic parts and components manufacturing	3,719	3,719	655,500	28.50	9,539	(1,073)	(303)	Equity-method investee
	AMX	Mexico	Sale of industrial automation products	4,922	4,922	-	100.00	1,108	376	376	Subsidiary
	AEUH	Helmond, The Netherlands	Investment and management service	1,262,051	1,262,051	12,572,024	100.00	902,238	53,978	52,919	Subsidiary
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	96,156	4,078	4,078	Subsidiary
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	36,384	(3,189)	(3,189)	Subsidiary
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	145,242	3,765	3,765	Subsidiary
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	34,618	1,808	1,808	Subsidiary
	AKR	Seoul, Korea	Sale of industrial automation products	73,355	73,355	600,000	100.00	231,408	3,880	3,880	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	43,216	43,216	1,794,996	80.00	43,213	(6,314)	(5,051)	Subsidiary
	ACA	Taipei, Taiwan	Production and sale of industrial automation products	146,440	146,440	8,000,000	100.00	518,155	43,508	43,666	Subsidiary
	AIN	India	Sale of industrial automation products	5,567	5,567	999,999	99.99	(6,857)	(780)	(780)	Subsidiary
Advantech Corporate Investment	AiST	Taipei, Taiwan	Design, develop and sale of intelligent services	142,063	142,063	10,000,000	100.00	165,091	(6,941)	(6,941)	Subsidiary
	Cermate	Taipei, Taiwan	Manufacturing of electronic parts, computer, and peripheral devices	71,500	71,500	5,500,000	55.00	116,047	1,386	746	Subsidiary
	Deneng	Taichung, Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	17,784	(104)	(41)	Equity-method investee
ATC	ATC (HK)	Hong Kong	Investment and management service	1,212,730	1,212,730	41,650,001	100.00	2,527,171	17,894	19,281	Subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	1,887,793	30,024	30,288	Subsidiary
	AAC (HK)	Hong Kong	Investment and management service	539,146	539,146	15,230,001	100.00	1,715,985	30,237	31,540	Subsidiary
AEUH	AEU	Eindhoven, The Netherlands	Sale of industrial automation products	431,963	431,963	11,314,280	100.00	848,183	53,279	52,221	Subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	14,176	14,176	6,350	100.00	43,576	1,204	1,204	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	527,258	19,416	15,441	Subsidiary
ASG	ATH	Thailand	Production of computers	7,537	7,537	51,000	51.00	16,220	1,827	932	Subsidiary
	AID	Indonesia	Sale of industrial automation products	4,797	4,797	300,000	100.00	3,079	1,330	1,330	Subsidiary
Cermate	LandMark	BVI	General investment	28,200	28,200	972,284	100.00	59,661	(487)	17	Subsidiary
ALTC	Better Auto	BVI	General investment	264,445	264,445	8,556,096	100.00	138,840	(11,176)	(11,114)	Subsidiary
Better Auto	Famous Now	BVI	General investment	US$ 4,000	US$ 4,000	1	100.00	103,220	(8,181)	(8,181)	Subsidiary
AdvanPOS	Bright Mind Limited	Samoa	General investment	US$ 200	US$ 200	200	100.00	167	(206)	(206)	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 Axiomatek.

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

Note C: Refer to Table 8 for investments in mainland China.

TABLE 8

ADVANTECH CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(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, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of March 31, 2015	Accumulated Inward Remittance of Earnings as of March 31, 2015
					Outflow	Inflow						
Advantech Technology (China) Company Ltd. (AKMC)	Production and sale of components of industrial automation products	US$ 41,650 thousand (Note F)	Indirect	$ 1,167,490 (US$ 37,300 thousand)	$ -	$ -	$ 1,167,490 (US$ 37,300 thousand)	$ 17,894	100	$ 18,297	$ 2,525,784	$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. (ACN)	Sale of industrial automation products	US$ 4,230 thousand	Indirect	166,892 (US$ 5,332 thousand)	-	-	166,892 (US$ 5,332 thousand)	30,855	100	31,404	915,556	351,562 (US$ 11,232 thousand)
Shanghai Advantech Intelligent Services Co., Ltd. (AiSC)	Sale of industrial automation products	US$ 8,000 thousand	Indirect	250,400 (US$ 8,000 thousand)	-	-	250,400 (US$ 8,000 thousand)	7,285	100	8,039	762,615	-
Xi'an Advantech Software Ltd. (AXA)	Development and production of software products	US$ 1,000 thousand	Indirect	(Note C)	-	-	(Note C)	(8,091)	100	(8,091)	34,246	-
Hangzhou Advantofine Automation Tech. Co., Ltd.	Processing and sale of industrial automation products	RMB 3,000 thousand	Indirect	(Note D)	-	-	(Note D)	(25)	60	(15)	13,515	-

Accumulated Investment in Mainland China as of March 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Allowable Limit on Investment
$1,591,042 (US$50,832 thousand) (Note E)	$2,159,700 (US$69,000 thousand)	$14,063,647 (Note H)

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

Note B: The significant events, prices, payment terms and unrealized gains or losses generated on trading between the Company and its investees in Mainland China are described in Note 31 of the financial statements and Tables 1, 5 and 6.

Note C: Remittance by AAC (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 AKMC, there was a capital increase of US$4,350 thousand out of earnings as of March 31, 2014.

Note G: The exchange rate was US$1.00=NT$31.30.

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

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

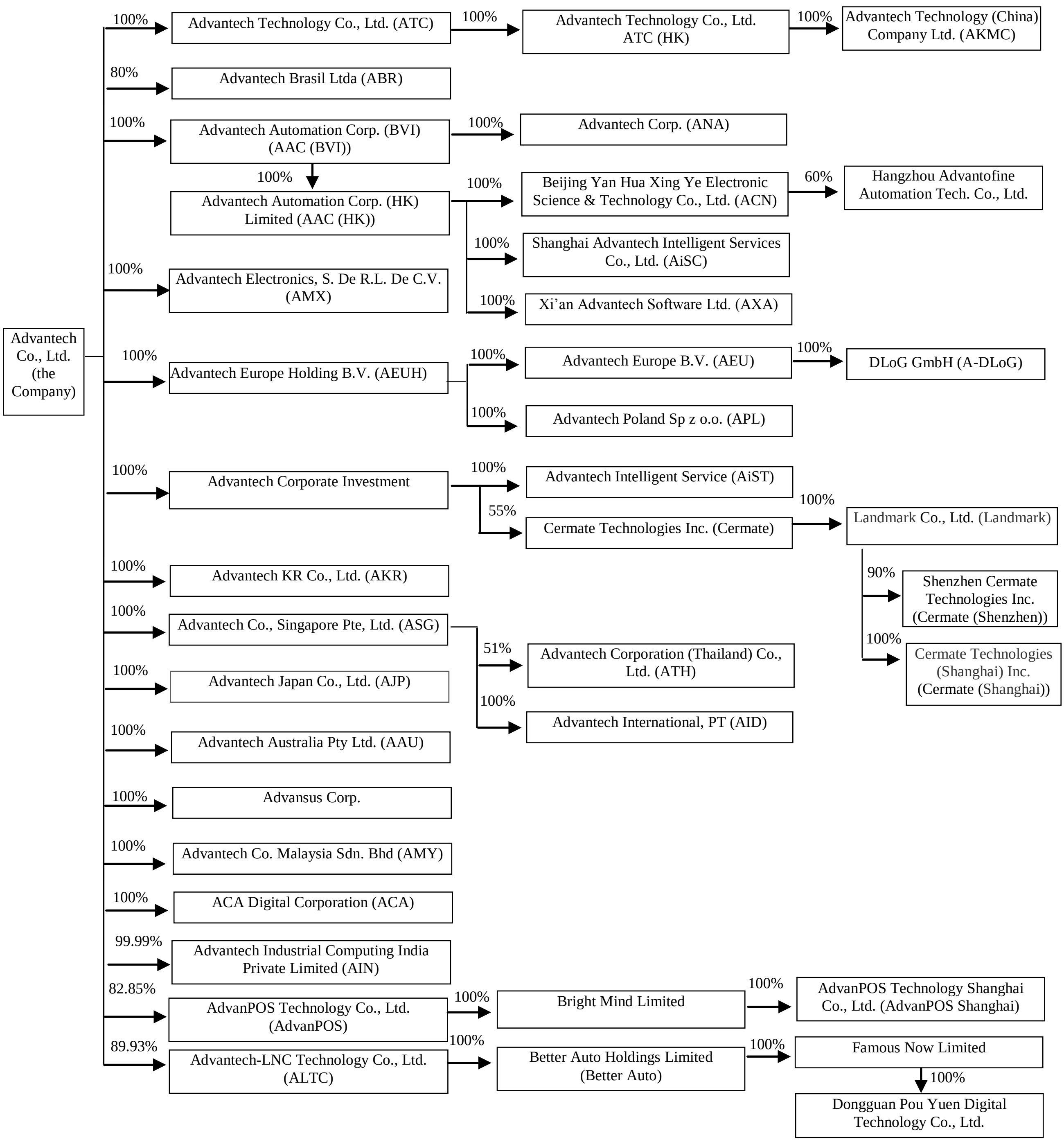
(Concluded)

TABLE 9

ADVANTECH CO., LTD. AND SUBSIDIARIES

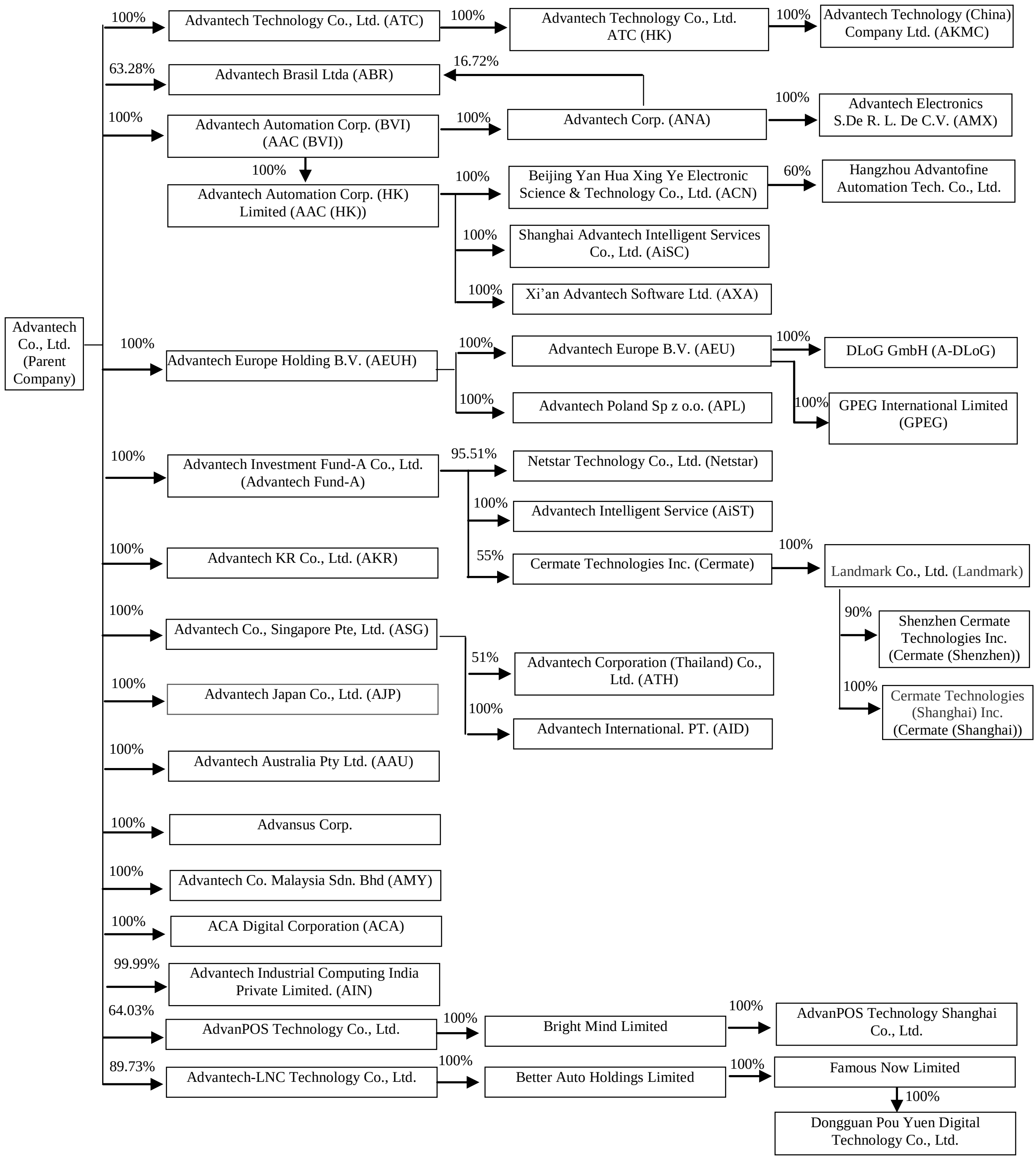
ORGANIZATION CHART
MARCH 31, 2015 AND 2014

Intercompany relationships and percentages of ownership as of March 31, 2015 are shown below:



(Continued)

Intercompany relationships and percentages of ownership as of March 31, 2014 are shown below:



(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN ADVANTECH CO., LTD. AND SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
0	The Company	AAC (HK)	a	Other receivables from related parties	$ 61	45 days EOM	-
		AAU	a	Other revenue	894	Normal	-
		AAU	a	Other receivables from related parties	1,776	60-90 days	-
		AAU	a	Receivables from related parties	111,149	60-90 days	-
		AAU	a	Sales revenue	72,756	Normal	1
		ABR	a	Other revenue	954	Normal	-
		ABR	a	Other receivables from related parties	1,130	90 days EOM	-
		ABR	a	Receivables from related parties	13,296	90 days EOM	-
		ABR	a	Sales revenue	21,123	Normal	-
		ACN	a	Receivables from related parties	1,242,434	45 days EOM	4
		ACN	a	Sales revenue	1,025,270	Normal	12
		A-DLoG	a	Other revenue	1,418	Normal	-
		A-DLoG	a	Other receivables from related parties	952	30 days after invoice date	-
		A-DLoG	a	Receivables from related parties	16,414	30 days after invoice date	-
		A-DLoG	a	Sales revenue	21,946	Normal	-
		AEU	a	Sales revenue	899,832	Normal	10
		AEU	a	Other revenue	5,017	Normal	-
		AEU	a	Other receivables from related parties	3,464	30 days EOM	-
		AEU	a	Receivables from related parties	891,686	30 days EOM	3
		AID	a	Receivables from related parties	2,528	45 days after invoice date	-
		AID	a	Sales revenue	2,481	Normal	-
		AIN	a	Sales revenue	642	Normal	-
		AIN	a	Other receivables from related parties	62	60 days EOM	-
		AIN	a	Receivables from related parties	29,276	60 days EOM	-
		AiSC	a	Other receivables from related parties	115	45 days EOM	-
		AiSC	a	Receivables from related parties	236,411	45 days EOM	1
		AiSC	a	Sales revenue	173,595	Normal	2
		AJP	a	Other revenue	1,291	Normal	-
		AJP	a	Other receivables from related parties	605	60-90 days	-
		AJP	a	Receivables from related parties	93,198	60-90 days	-
		AJP	a	Sales revenue	110,032	Normal	1
		AKMC	a	Receivables from related parties	195,858	45 days EOM	1
		AKMC	a	Sales revenue	360,729	Normal	4
		AKR	a	Other revenue	1,734	Normal	-
		AKR	a	Other receivables from related parties	1,253	60 days after invoice date	-
		AKR	a	Receivables from related parties	71,207	60 days after invoice date	-
		AKR	a	Sales revenue	185,221	Normal	2

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AMY	a	Other revenue	$ 654	Normal	-
		AMY	a	Other receivables from related parties	432	45 days EOM	-
		AMY	a	Receivables from related parties	20,559	45 days EOM	-
		AMY	a	Sales revenue	28,129	Normal	-
		ANA	a	Other revenue	7,437	Normal	-
		ANA	a	Other receivables from related parties	2,676	45 days EOM	-
		ANA	a	Receivables from related parties	492,056	45 days EOM	2
		ANA	a	Sales revenue	2,026,344	Normal	23
		APL	a	Receivables from related parties	1,529	45 days EOM	-
		APL	a	Sales revenue	2,339	Normal	-
		ASG	a	Other revenue	884	Normal	-
		ASG	a	Other receivables from related parties	686	60-90 days	-
		ASG	a	Receivables from related parties	29,813	60-90 days	-
		ASG	a	Sales revenue	45,334	Normal	1
		ATC	a	Other receivables from related parties	5	Normal	-
		ATC	a	Royalty revenue	118,756	Normal	1
		ATH	a	Other revenue	643	Normal	-
		ATH	a	Other receivables from related parties	420	30 days after invoice date	-
		ATH	a	Receivables from related parties	11,102	30 days after invoice date	-
		ATH	a	Sales revenue	15,564	Normal	-
		ACA	a	Other receivables from related parties	441	30 days EOM	-
		ACA	a	Other revenue	1,260	Normal	-
		Cermate	a	Sales revenue	784	Normal	-
		Cermate	a	Other receivables from related parties	105	30 days EOM	-
		Cermate	a	Receivables from related parties	422	30 days EOM	-
		Cermate	a	Other revenue	300	Normal	-
		Advantech Corporate Investment	a	Rental revenue	9	Normal	-
		Advantech Corporate Investment	a	Other receivables from related parties	3	30 days EOM	-
		AiST	a	Receivables from related parties	4,154	30 days EOM	-
		AiST	a	Sales revenue	14,236	Normal	-
		AiST	a	Other revenue	300	Normal	-
		Advansus Corp.	a	Rental revenue	1,535	Normal	-
		Advansus Corp.	a	Other receivables from related parties	1,741	60-90 days	-
		Advansus Corp.	a	Receivables from related parties	2,827	60-90 days	-
		Advansus Corp.	a	Sales revenue	9,020	Normal	-
		AdvanPOS	a	Sales revenue	5,641	Normal	-
		AdvanPOS	a	Other receivables from related parties	158	60 days EOM	-
		AdvanPOS	a	Receivables from related parties	3,889	60 days EOM	-
		ALTC	a	Other revenue	300	Normal	-
		ALTC	a	Sales revenue	143	Normal	-
		ALTC	a	Other receivables from related parties	381	60-90 days	-
		ALTC	a	Receivables from related parties	144	60-90 days	-
1	AAU	The Company	b	Receivables from related parties	1,019	60-90 days	-
		The Company	b	Sales revenue	5	Normal	-
		The Company	b	Other revenue	1,060	Normal	-
		AEU	c	Receivables from related parties	22	30 days after invoice date	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AEU	c	Sales revenue	$ 23	Normal	-
		AKMC	c	Receivables from related parties	406	30 days after invoice date	-
		ANA	c	Sales revenue	485	Normal	-
2	ABR	The Company	b	Sales revenue	4	Normal	-
		The Company	b	Receivables from related parties	483	30 days after invoice date	-
3	ACN	The Company	b	Sales revenue	29	Normal	-
		AEU	c	Sales revenue	218	Normal	-
		AEU	c	Receivables from related parties	280	30 days EOM	-
		AiSC	c	Sales revenue	26,280	Normal	-
		AiSC	c	Receivables from related parties	9,473	Immediate payment	-
		AKMC	c	Receivables from related parties	4,660	60-90 days	-
		AKMC	c	Sales revenue	5,101	Normal	-
		ANA	c	Sales revenue	168	Normal	-
		ANA	c	Receivables from related parties	197	30 days EOM	-
		AXA	c	Other receivables from related parties	11,400	60 days EOM	-
		ACA	c	Sales revenue	801	Normal	-
		ACA	c	Receivables from related parties	937	30 days EOM	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	c	Sales revenue	8,763	Normal	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	c	Receivables from related parties	16,519	60 days after invoice date	-
4	AEU	The Company	b	Receivables from related parties	292	30 days EOM	-
		The Company	b	Sales revenue	936	Normal	-
		AAU	c	Sales revenue	141	Normal	-
		ACN	c	Receivables from related parties	112	30 days after invoice date	-
		A-DLoG	c	Sales revenue	4,719	Normal	-
		A-DLoG	c	Receivables from related parties	2,801	30 days upon delivery	-
		AKMC	c	Receivables from related parties	458	30 days EOM	-
		AMY	c	Receivables from related parties	43	30 days after invoice date	-
		AMY	c	Sales revenue	35	Normal	-
		ANA	c	Sales revenue	12,495	Normal	-
		ANA	c	Royalty revenue	512	Normal	-
		ANA	c	Receivables from related parties	11,261	30 days after invoice date	-
5	AEUH	AEU	c	Receivables from related parties	813	30 days after invoice date	-
6	AAC (HK)	The Company	b	Receivables from related parties	751	45 days EOM	-
		The Company	b	Other revenue	1,132	Normal	-
7	AiSC	AAC (HK)	c	Other receivables from related parties	5,247	90 days	-
		ACN	c	Rental revenue	1,571	Normal	-
		ACN	c	Sales revenue	2,863	Normal	-
		ACN	c	Other receivables from related parties	25,574	Immediate payment	-
		ACN	c	Receivables from related parties	1,286	Immediate payment	-
		AEU	c	Sales revenue	4	Normal	-
		AEU	c	Receivables from related parties	29	Immediate payment	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AKMC	c	Receivables from related parties	$ 28,529	30 days EOM	-
		AKMC	c	Sales revenue	29,532	Normal	-
		ACA	c	Receivables from related parties	8	60 days after invoice date	-
		ACA	c	Sales revenue	22	Normal	-
8	AJP	The Company	b	Receivables from related parties	769	60-90 days	-
		The Company	b	Sales revenue	240	Normal	-
		ACN	c	Receivables from related parties	18	45 days EOM	-
		ACN	c	Sales revenue	31	Normal	-
9	AKMC	The Company	b	Receivables from related parties	4,519	60 days EOM	-
		ACN	c	Rental revenue	1,130	Normal	-
		ACN	c	Sales revenue	52,385	Normal	1
		ACN	c	Other receivables from related parties	750	60-90 days	-
		ACN	c	Receivables from related parties	36,012	60-90 days	-
		AEU	c	Sales revenue	89	Normal	-
		AEU	c	Receivables from related parties	51	30 days after invoice date	-
		AiSC	c	Sales revenue	32,747	Normal	-
		AiSC	c	Receivables from related parties	25,889	Immediate payment	-
		ANA	c	Sales revenue	807	Normal	-
		ANA	c	Receivables from related parties	195	60-90 days	-
		ATC	c	Receivables from related parties	261,125	60-90 days	1
		ATC	c	Sales revenue	2,204,292	Normal	25
		ACA	c	Sales revenue	1,440	Normal	-
		ACA	c	Receivables from related parties	1,438	60-90 days	-
		Advansus Corp.	c	Receivables from related parties	1,671	Immediate payment	-
		Advansus Corp.	c	Sales revenue	2,431	Normal	-
		AdvanPOS	c	Sales revenue	4,720	Normal	-
		AdvanPOS	c	Receivables from related parties	1,199	30 days EOM	-
10	AKR	The Company	b	Sales revenue	2	Normal	-
		A-DLoG	c	Sales revenue	352	Normal	-
11	AMY	ASG	c	Other receivables from related parties	34	30 days EOM	-
		ATH	c	Sales revenue	175	Normal	-
		ATH	c	Receivables from related parties	10	Immediate payment	-
12	ANA	The Company	b	Receivables from related parties	5,769	45 days EOM	-
		The Company	b	Sales revenue	8,054	Normal	-
		AAU	c	Sales revenue	61	Normal	-
		ACN	c	Sales revenue	14	Normal	-
		ACN	c	Receivables from related parties	14	30 days EOM	-
		AEU	c	Sales revenue	1,767	Normal	-
		AEU	c	Receivables from related parties	119	60-90 days	-
		AJP	c	Sales revenue	4	Normal	-
		AJP	c	Receivables from related parties	4	30 days after invoice date	-
		AKMC	c	Other revenue	583	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
		AKMC	c	Other receivables from related parties	$ 109,550	Financing	-
		AMY	c	Receivables from related parties	12	30 days EOM	-
		AMY	c	Sales revenue	12	Normal	-
		ATC	c	Receivables from related parties	5,270	60-90 days	-
		ATC	c	Sales revenue	9,363	Normal	-
		ACA	c	Sales revenue	28,720	Normal	-
		ACA	c	Receivables from related parties	24,520	60 days EOM	-
13	APL	The Company	b	Receivables from related parties	51	30 days after invoice date	-
		The Company	b	Sales revenue	15	Normal	-
		AEU	c	Receivables from related parties	29,714	30 days after invoice date	-
		AEU	c	Sales revenue	11,904	Normal	-
		ANA	c	Receivables from related parties	3	30 days after invoice date	
14	ASG	The Company	b	Receivables from related parties	23	60-90 days	-
		The Company	b	Sales revenue	1	Normal	-
		The Company	b	Other revenue	175	Normal	-
		AID	c	Receivables from related parties	108	30 days upon delivery	-
		AID	c	Sales revenue	4	Normal	-
		AMY	c	Receivables from related parties	801	30 days EOM	-
		AMY	c	Sales revenue	1,439	Normal	-
		ATH	c	Sales revenue	189	Normal	-
		ATH	c	Receivables from related parties	392	30 days EOM	-
15	ATC	The Company	b	Receivables from related parties	1,043,169	60 days EOM	3
		The Company	b	Sales revenue	2,384,716	Normal	27
		AKMC	c	Receivables from related parties	362	60-90 days	-
		AKMC	c	Sales revenue	13,715	Normal	-
16	ATH	AKR	c	Receivables from related parties	27	30 days after invoice date	-
		AMY	c	Sales revenue	43	Normal	-
		AMY	c	Receivables from related parties	42	30 days after invoice date	-
17	AMX	The Company	b	Other revenue	1,177	Normal	-
18	AIN	The Company	b	Receivables from related parties	25	60 days EOM	-
19	A-DLoG	The Company	b	Receivables from related parties	17,609	30 days after invoice date	-
		The Company	b	Sales revenue	17,625	Normal	-
		AAU	c	Receivables from related parties	467	30 days after invoice date	-
		AAU	c	Sales revenue	617	Normal	-
		AEU	c	Sales revenue	468	Normal	-
		AEU	c	Receivables from related parties	443	30 days upon delivery	-
		AKR	c	Receivables from related parties	22	60 days EOM	-
		AKR	c	Sales revenue	23	Normal	-
		ANA	c	Receivables from related parties	102	30 days EOM	-
		ANA	c	Sales revenue	108	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
20	ACA	The Company	b	Receivables from related parties	$ 277,746	30 days EOM	1
		The Company	b	Sales revenue	741,354	Normal	8
		ACN	c	Receivables from related parties	6,267	60-90 days	-
		ACN	c	Sales revenue	1,380	Normal	-
		AKMC	c	Receivables from related parties	61,920	45 days EOM	-
		AKMC	c	Sales revenue	66,704	Normal	1
		Advansus Corp.	c	Sales revenue	268,342	Normal	3
		Advansus Corp.	c	Receivables from related parties	120,790	45 days EOM	-
21	ALTC	The Company	b	Receivables from related parties	3,500	60 days EOM	-
		The Company	b	Rental revenue	414	Normal	-
		The Company	b	Sales revenue	1,346	Normal	-
		Dongguan Pou Yuen Digital Technology Co., Ltd.	c	Sales revenue	54,219	Normal	1
		Dongguan Pou Yuen Digital Technology Co., Ltd.	c	Receivables from related parties	53,842	90 days EOM	-
22	Cermate	The Company	b	Receivables from related parties	829	30-60 days	-
		The Company	b	Sales revenue	1,476	Normal	-
		Cermate (Shenzhen)	c	Receivables from related parties	12,854	30 days EOM	-
		Cermate (Shenzhen)	c	Sales revenue	9,410	Normal	-
23	Cermate (Shenzhen)	ACN	c	Sales revenue	5	Normal	-
		ACN	c	Receivables from related parties	6	Cash on delivery	-
		AKMC	c	Receivables from related parties	1,734	40 days EOM	-
		AKMC	c	Sales revenue	7,776	Normal	-
		Cermate (Shanghai)	c	Sales revenue	5,874	Normal	-
		Cermate (Shanghai)	c	Other receivables from related parties	2,176	30 days EOM	-
		Cermate	c	Sales revenue	3,138	Normal	-
		Cermate	c	Receivables from related parties	1,336	60 days EOM	-
		Hangzhou Advantofine Automation Tech. Co., Ltd.	c	Sales revenue	13	Normal	-
24	Cermate (Shanghai)	Cermate (Shenzhen)	c	Sales revenue	267	Normal	-
25	Advansus Corp.	The Company	b	Receivables from related parties	528,100	60-90 days	2
		The Company	b	Sales revenue	724,667	Normal	8
		AKMC	c	Receivables from related parties	313,683	60-90 days	1
		AKMC	c	Sales revenue	589,148	Normal	7
		AKR	c	Receivables from related parties	8,917	60-90 days	-
		AKR	c	Sales revenue	23,331	Normal	-
		ANA	c	Receivables from related parties	12	30 days EOM	-
		ANA	c	Sales revenue	29	Normal	-
		ACA	c	Receivables from related parties	24,072	30 days EOM	-
		ACA	c	Sales revenue	54,392	Normal	-
		AdvanPOS	c	Receivables from related parties	61	60 days EOM	-
		AdvanPOS	c	Sales revenue	545	Normal	-
26	Advantech Corporate Investment	AdvanPOS	c	Other revenue	177	Normal	-

(Continued)

Number (Note A)	Company Name	Counter Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Consolidated Assets/Revenue (Note C)
27	AiST	The Company	b	Receivables from related parties	$ 259	60 days EOM	-
		The Company	b	Sales revenue	12	Normal	-
		ACN	c	Sales revenue	16	Normal	-
		ACN	c	Receivables from related parties	16	90 days EOM	-
28	AdvanPOS	The Company	b	Receivables from related parties	248	60 days EOM	-
		The Company	b	Sales revenue	239	Normal	-
		AEU	c	Sales revenue	11	Normal	-
		AEU	c	Receivables from related parties	11	30 days after invoice date	-
		AiSC	c	Receivables from related parties	764	30 days after invoice date	-
		AiSC	c	Sales revenue	1,712	Normal	-
		AKMC	c	Receivables from related parties	24	30 days after invoice date	-
		AKMC	c	Sales revenue	14	Normal	-
		ATH	c	Sales revenue	348	Normal	-
		AiST	c	Sales revenue	57	Normal	-

Note A: The parent company and its subsidiaries are numbered as follows:

a. “0” for Advantech Co., Ltd.
b. Subsidiaries are numbered from “1”.

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

a. From the parent company to its subsidiary.
b. From the subsidiary to its parent company.
c. Between subsidiaries.

Note C: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of March 31, 2015, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the three months ended March 31, 2015.

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

(Concluded)