Lite-On Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2009 and 2008 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Lite-On Technology Corporation

We have audited the accompanying balance sheets of Lite-On Technology Corporation ("Parent Company") and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Parent Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, as disclosed in Note 2 to the financial statements, we did not audit the financial statements as of and for the years ended December 31, 2009 and 2008 of the consolidated subsidiaries, which were audited by other auditors. The assets of these subsidiaries were 3.83% (NT$7,007,682 thousand) and 19.34% (NT$32,848,643 thousand) of the consolidated total assets as of December 31, 2009 and 2008, respectively. The sales of these subsidiaries were 7.73% (NT$14,376,312 thousand) and 21.53% (NT$49,669,006 thousand) of the consolidated total sales in 2009 and 2008, respectively.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Lite-On Technology Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the consolidated financial statements, effective January 1, 2009, Lite-On Technology Corporation and subsidiaries adopted the newly revised Statements of Financial Accounting Standards No. 10 - “Inventories.” In addition, effective January 1, 2008, Lite-On Technology Corporation and subsidiaries adopted Interpretation 2007-052 - “Accounting for Bonuses to Employees, Directors and Supervisors,” issued by the Accounting Research and Development Foundation of the Republic of China, and relevant requirements promulgated by the Financial Supervisory Commission of the Executive Yuan.

March 1, 2010

Notice to Readers

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

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Par Value)

	2009		2008	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 51,057,529	28	$ 42,987,452	25
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 29)	152,751	-	149,299	-
Available-for-sale financial assets - current (Notes 2 and 6)	9	-	3	-
Notes receivable (Note 2)	72,528	-	47,831	-
Accounts receivable, net (Notes 2 and 7)	38,819,725	21	32,461,049	19
Accounts receivable from related parties (Notes 2 and 24)	103,349	-	8,860	-
Other financial assets - current	2,440,956	1	2,406,563	2
Inventories, net (Notes 2 and 8)	19,275,366	11	19,061,652	11
Prepayments	2,312,870	1	2,874,230	2
Noncurrent assets classified as held for sale (Notes 2 and 9)	-	-	559,897	-
Deferred income tax assets - current (Notes 2 and 21)	1,040,801	1	864,390	1
Other current assets	619,817	-	611,628	-
Total current assets	115,895,701	63	102,032,854	60
INVESTMENTS (Notes 2, 10, 11 and 12)				
Available-for-sale financial assets - noncurrent	3,878,135	2	1,834,848	1
Financial assets carried at cost - noncurrent	2,537,228	1	2,010,182	1
Investments accounted for by the equity method	2,866,326	2	3,958,191	3
Total investments	9,281,689	5	7,803,221	5
PROPERTIES (Notes 2 and 13)				
Cost				
Land	2,738,856	2	2,782,587	2
Buildings	17,924,091	10	18,006,638	10
Machinery and equipment	33,610,484	18	32,982,392	19
Transportation equipment	139,196	-	157,859	-
Office equipment	2,665,408	1	3,059,886	2
Leased assets	1,380,964	1	1,407,655	1
Miscellaneous equipment	3,088,001	2	3,109,449	2
Total cost	61,547,000	34	61,506,466	36
Less: Accumulated depreciation	26,972,057	15	23,093,099	14
Accumulated impairment	1,033,207	1	2,124,963	1
	33,541,736	18	36,288,404	21
Add: Construction in progress and prepayments for equipment	2,830,743	2	2,079,522	1
Net properties	36,372,479	20	38,367,926	22
INTANGIBLE ASSETS (Notes 2 and 14)				
Patents	23,742	-	-	-
Patent use rights	1,909,581	1	2,134,237	1
Goodwill, net	14,783,260	8	14,401,339	9
Land use rights (Note 2)	383,825	1	395,020	-
Other intangible assets	133,103	-	-	-
Total intangible assets	17,233,511	10	16,930,596	10
OTHER ASSETS				
Assets leased to others, net (Notes 2 and 15)	85,245	-	134,663	-
Idle assets, net (Notes 2 and 15)	667,928	-	715,601	-
Refundable deposits (Note 26)	1,377,379	1	1,127,676	1
Deferred charges, net (Note 2)	1,766,320	1	2,429,101	2
Restricted assets - noncurrent (Note 25)	191,488	-	293,424	-
Total other assets	4,088,360	2	4,700,465	3
TOTAL	$ 182,871,740	100	$ 169,835,062	100

	2009		2008	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 16)	$ 1,889,176	1	$ 6,531,252	4
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 29)	92,454	-	113,836	-
Notes payable	281,930	-	1,039,691	1
Accounts payable	52,744,441	29	43,914,127	26
Accounts payable to related parties (Note 24)	400,020	-	352,741	-
Income tax payable (Notes 2 and 21)	2,221,169	1	2,344,966	1
Accrued expenses	10,141,321	5	8,587,854	5
Advance receipts	1,235,809	1	1,367,278	1
Current portion of long-term debts (Note 17)	2,950,287	2	1,478,743	1
Product warranty reserve (Note 2)	1,075,454	1	948,623	-
Other current liabilities	5,879,930	3	6,401,161	4
Total current liabilities	78,911,991	43	73,080,272	43
LONG-TERM LIABILITIES				
Long-term debts, net of current portion (Note 17)	20,612,643	11	20,615,633	12
Hedging derivative liabilities - noncurrent (Notes 2 and 29)	188,357	-	250,304	-
Total long-term liabilities	20,801,000	11	20,865,937	12
RESERVE FOR LAND VALUE INCREMENT TAX (Note 2)	239,693	-	145,717	-
OTHER LIABILITIES				
Accrued pension costs (Notes 2 and 18)	157,306	-	177,150	-
Guarantee deposits received	63,962	-	18,336	-
Deferred income tax liabilities - noncurrent (Notes 2 and 21)	773,575	1	410,303	-
Deferred credits - gain on intercompany transactions (Note 2)	67,071	-	76,146	-
Others	105,416	-	485,731	1
Total other liabilities	1,167,330	1	1,167,666	1
Total liabilities	101,120,014	55	95,259,592	56
SHAREHOLDERS' EQUITY				
Capital stock of parent company at par value of NT$10.00				
Authorized 3,500,000 thousand shares; issued and outstanding 2,262,118 thousand shares in 2009; 2,231,117 thousand shares in 2008	22,621,180	12	22,311,174	13
Advance receipts for common stock	2,430	-	-	-
	22,623,610	12	22,311,174	13
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	7,934,732	4	7,608,080	4
Bond conversion	7,641,499	4	7,641,499	5
Treasury stock transactions	289,235	-	247,956	-
Long-term stock investments	904,659	1	-	-
Merger	10,255,921	6	10,255,921	6
Employee stock options	239	-	-	-
Total capital surplus	27,026,285	15	25,753,456	15
Retained earnings				
Legal reserve	5,521,483	3	5,090,162	3
Unappropriated earnings	8,836,865	5	5,407,146	3
Total retained earnings	14,358,348	8	10,497,308	6
Other equity				
Cumulative translation adjustments	1,208,207	1	2,375,674	2
Net loss not recognized as pension cost	(22,824)	-	(493)	-
Unrealized gain or loss on financial instruments	1,095,436	-	(1,038,763)	(1)
Unrealized loss on cash flow hedging	(188,357)	-	(250,304)	-
Treasury stock - 2009: 58,128 thousand shares; 2008: 57,991 thousand shares	(1,857,643)	(1)	(1,857,643)	(1)
Total other equity	234,819	-	(771,529)	-
Total shareholders' equity of parent company	64,243,062	35	57,790,409	34
MINORITY INTEREST	17,508,664	10	16,785,061	10
Total shareholders' equity	81,751,726	45	74,575,470	44
TOTAL	$ 182,871,740	100	$ 169,835,062	100

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

(With Deloitte & Touche audit report dated March 1, 2010)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	**%**	**Amount**	**%**
SALES (Notes 2 and 24)	$ 189,285,814	102	$ 233,515,903	101
LESS: SALES RETURNS	1,893,442	1	1,713,347	1
SALES ALLOWANCES	1,392,823	1	1,342,899	-
NET SALES	185,999,549	100	230,459,657	100
OTHER OPERATING REVENUE	59,611	-	199,424	-
Total operating revenue	186,059,160	100	230,659,081	100
OPERATING COSTS				
Cost of goods sold (Notes 3, 8, 22 and 24)	155,681,734	83	199,298,835	86
Other operating cost	42,397	-	141,835	-
Total operating costs	155,724,131	83	199,440,670	86
GROSS PROFIT	30,335,029	17	31,218,411	14
REALIZED (UNREALIZED) INTERCOMPANY GAINS (Note 2)	9,075	-	(70,718)	-
REALIZED GROSS PROFIT	30,344,104	17	31,147,693	14
OPERATING EXPENSES (Notes 22 and 24)				
Marketing expenses	9,287,286	5	12,033,649	5
General and administrative expenses	6,896,928	4	7,984,665	4
Research and development expenses	4,108,391	2	4,981,696	2
Total operating expenses	20,292,605	11	25,000,010	11
OPERATING INCOME	10,051,499	6	6,147,683	3
NONOPERATING INCOME AND GAINS				
Interest income	312,828	-	1,131,938	1
Dividend income	51,506	-	66,191	-
Gain on disposal of tangible assets (Note 27)	102,485	-	1,334,592	1
Gain on disposal of investments, net	1,026,941	1	406,476	-
Exchange gain, net (Note 2)	-	-	895,030	-
Valuation gain on financial assets (Notes 2 and 5)	484,824	-	552,557	-
Other income (Note 27)	2,476,991	1	2,336,509	1
Total nonoperating income and gains	4,455,575	2	6,723,293	3

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LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	**%**	**Amount**	**%**
NONOPERATING EXPENSES AND LOSSES				
Interest expense	$ 757,736	1	$ 1,203,191	1
Investment loss recognized under the equity method, net (Notes 2 and 12)	100,622	-	63,519	-
Loss on disposal of tangible assets	168,853	-	179,227	-
Exchange loss, net (Note 2)	120,062	-	-	-
Impairment loss on financial assets available for sale, financial assets carried at cost, properties and idle assets (Notes 2, 10, 11, 13 and 15)	344,058	-	1,360,379	1
Valuation loss on financial liabilities (Notes 2 and 5)	323,828	-	805,081	-
Other expenses (Notes 22 and 27)	1,577,800	1	2,353,088	1
Total nonoperating expenses and losses	3,392,959	2	5,964,485	3
INCOME BEFORE INCOME TAX AND CUMULATIVE EFFECTS RESULTING FROM CHANGES IN ACCOUNTING PRINCIPLES	11,114,115	6	6,906,491	3
INCOME TAX EXPENSE (Notes 2 and 21)	1,998,040	1	1,317,077	1
CONSOLIDATED NET INCOME	$ 9,116,075	5	$ 5,589,414	2
ATTRIBUTED TO:				
Shareholders of parent company	$ 7,051,841	4	$ 4,419,433	2
Minority interest	2,064,234	1	1,169,981	-
	$ 9,116,075	5	$ 5,589,414	2

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LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Pretax	**After-tax**	**Pretax**	**After-tax**
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 23)				
Basic	$ 3.36	$ 3.20	$ 2.16	$ 2.00
Diluted	$ 3.31	$ 3.15	$ 2.14	$ 1.98

Pro forma information on the assumption that shares of Lite-On Technology Corp. held by its direct and indirect subsidiaries were not treated as treasury stock.

	2009		2008	
	Pretax	**After-tax**	**Pretax**	**After-tax**
CONSOLIDATED NET INCOME	$ 7,441,276	$ 7,085,807	$ 4,843,230	$ 4,493,452
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	$3.33	$3.18	$2.16	$2.01
Diluted	$3.29	$3.13	$2.15	$1.99

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

(With Deloitte & Touche audit report dated March 1, 2010) (Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars; Except Cash Dividends Per Share)

	Issued and Outstanding Capital Stock (Note 19)			Capital Surplus (Notes 2 and 19)							Retained Earnings (Notes 2 and 19)									
	Shares (Thousands)	Amount	Advance Receipts for Common Stock	Additional Paid-in Capital from Share Issuance in Excess of Par Value	Bond Conversion	Treasury Stock Transactions	Long-term Stock Investments	Merger	Employee Stock Options	Total	Legal Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments (Note 2)	Net Loss Not Recognized as Pension Cost (Note 2)	Unrealized Gain or Loss on Financial Instruments (Notes 2 and 19)	Unrealized Loss on Cash Flow Hedging (Note 2)	Treasury Stock (Notes 2 and 20)	Minority Interest (Note 2)	Total Shareholders' Equity
BALANCE, JANUARY 1, 2008	2,180,216	$ 21,802,163	$ -	$ 7,608,080	$ 7,641,499	$ 173,937	$ 20,838	$ 10,255,921	$ -	$ 25,700,275	$ 4,246,213	$ 9,286,937	$ 13,533,150	$ 1,025,890	$ (493)	$ 656,447	$ (20,568)	$ (1,104,073)	$ 16,810,300	$ 78,403,091
Appropriation of prior year's earnings																				
Legal reserve	-	-	-	-	-	-	-	-	-	-	843,949	(843,949)	-	-	-	-	-	-	-	-
Cash dividends - 29.5%	-	-	-	-	-	-	-	-	-	-	-	(6,431,638)	(6,431,638)	-	-	-	-	-	-	(6,431,638)
Stock dividends - 0.5%	10,901	109,011	-	-	-	-	-	-	-	-	-	(109,011)	(109,011)	-	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	-	-	(334,905)	(334,905)	-	-	-	-	-	-	(334,905)
Bonus to employees - stock	40,000	400,000	-	-	-	-	-	-	-	-	-	(400,000)	(400,000)	-	-	-	-	-	-	-
Remuneration to directors	-	-	-	-	-	-	-	-	-	-	-	(73,491)	(73,491)	-	-	-	-	-	-	(73,491)
Cash dividends received by subsidiaries	-	-	-	-	-	74,019	-	-	-	74,019	-	-	-	-	-	-	-	-	-	74,019
Adjustment arising from changes in equity in investments due to subsidiaries' distribution of bonus to employees or issuance of common stock for cash	-	-	-	-	-	-	-	-	-	-	-	(75,863)	(75,863)	-	-	-	-	-	-	(75,863)
Adjustment arising from changes in capital surplus from long-term equity investments	-	-	-	-	-	-	(20,838)	-	-	(20,838)	-	(30,367)	(30,367)	-	-	-	-	-	-	(51,205)
Unrealized gain on cash flow hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(229,736)	-	-	(229,736)
Consolidated net income in 2008	-	-	-	-	-	-	-	-	-	-	-	4,419,433	4,419,433	-	-	-	-	-	1,169,981	5,589,414
Adjustment arising from changes in unrealized gain or loss on subsidiaries' financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(289,241)	-	-	-	(289,241)
Unrealized valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,405,969)	-	-	-	(1,405,969)
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	1,349,784	-	-	-	-	-	1,349,784
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(753,570)	-	(753,570)
Effect of change in parent's equity in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,195,220)	(1,195,220)
BALANCE, DECEMBER 31, 2008	2,231,117	22,311,174	-	7,608,080	7,641,499	247,956	-	10,255,921	-	25,753,456	5,090,162	5,407,146	10,497,308	2,375,674	(493)	(1,038,763)	(250,304)	(1,857,643)	16,785,061	74,575,470
Appropriation of prior year's earnings (Note)																				
Legal reserve	-	-	-	-	-	-	-	-	-	-	431,321	(431,321)	-	-	-	-	-	-	-	-
Cash dividends - 14%	-	-	-	-	-	-	-	-	-	-	-	(3,080,773)	(3,080,773)	-	-	-	-	-	-	(3,080,773)
Stock dividends - 0.5%	11,003	110,028	-	-	-	-	-	-	-	-	-	(110,028)	(110,028)	-	-	-	-	-	-	-
Bonus to employees - stock	19,998	199,978	-	318,366	-	-	-	-	-	318,366	-	-	-	-	-	-	-	-	-	518,344
Cash dividends received by subsidiaries	-	-	-	-	-	33,966	-	-	-	33,966	-	-	-	-	-	-	-	-	-	33,966
Adjustment arising from changes in equity in investments due to subsidiaries' distribution of bonus to employees or issuance of common stock for cash	-	-	-	-	-	-	843,478	-	-	843,478	-	-	-	-	-	-	-	-	-	843,478
Adjustment arising from changes in unrealized gain or loss on subsidiaries' financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	283,053	-	-	-	283,053
Adjustment arising from changes in capital surplus from long-term equity investments	-	-	-	-	-	7,313	61,181	-	239	68,733	-	-	-	-	-	-	-	-	-	68,733
Unrealized gain on cash flow hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,947	-	-	61,947
Consolidated net income in 2009	-	-	-	-	-	-	-	-	-	-	-	7,051,841	7,051,841	-	-	-	-	-	2,064,234	9,116,075
Unrealized valuation gain on available-for sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,851,146	-	-	-	1,851,146
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,167,467)	-	-	-	-	-	(1,167,467)
Issuance of stock on the exercise of employee stock options	-	-	2,430	8,286	-	-	-	-	-	8,286	-	-	-	-	-	-	-	-	-	10,716
Effect of change in parent's equity in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,340,631)	(1,340,631)
Change in net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(22,331)	-	-	-	-	(22,331)
BALANCE, DECEMBER 31, 2009	2,262,118	$ 22,621,180	$ 2,430	$ 7,934,732	$ 7,641,499	$ 289,235	$ 904,659	$ 10,255,921	$ 239	$ 27,026,285	$ 5,521,483	$ 8,836,865	$ 14,358,348	$ 1,208,207	$ (22,824)	$ 1,095,436	$ (188,357)	$ (1,857,643)	$ 17,508,664	$ 81,751,726

Note: A bonus of $609,818 thousand to employees and a remuneration of $39,390 thousand to directors had been charged against the earnings of 2008.

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

(With Deloitte & Touche audit report dated March 1, 2010)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	$ 9,116,075	$ 5,589,414
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,830,693	6,229,307
Amortization	1,507,814	3,025,624
Provision for doubtful accounts	10,797	246,244
Valuation loss (gain) on financial instruments, net	(160,996)	252,524
Gain on disposal of investments, net	(1,026,941)	(406,476)
Loss on disposal of properties and idle assets, net	66,368	44,635
Impairment loss on financial assets available for sale, financial assets carried at cost, properties and idle assets	344,058	1,360,379
Investment loss recognized under the equity method, net	100,622	63,519
Cash dividends received from equity-method investees	38,334	11,894
Gain on disposal of noncurrent assets classified as held for sale	(44,217)	-
Product warranty reserve	126,831	(32,766)
Accrued pension costs	(19,844)	(72,765)
Deferred income taxes	186,861	(1,069,567)
Deferred income	(9,075)	70,718
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	135,384	(270,415)
Notes receivable	(24,697)	26,868
Accounts receivable	(6,754,736)	14,915,123
Accounts receivable from related parties	(94,489)	1,389,871
Inventories	(400,509)	9,984,717
Prepayments	(64,874)	(220,462)
Other financial assets - current	(57,742)	818,591
Other current assets	(19,864)	(52,658)
Notes payable	(757,761)	(175,807)
Accounts payable	9,367,350	(16,925,091)
Accounts payable to related parties	47,279	(298,584)
Income taxes payable	(100,448)	204,048
Accrued expenses	2,176,883	(82,369)
Advance receipts	(119,794)	(51,487)
Other current liabilities	(268,983)	943,376
Other liabilities	(380,315)	314,432
Net cash provided by operating activities	18,750,064	25,832,837
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties	(5,025,577)	(15,196,302)
Proceeds from disposal of properties	625,494	6,287,694
Proceeds from disposal of noncurrent assets classified as held for sale	604,114	414,991
Increase in deferred charges	(599,623)	(2,668,463)

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
Decrease (increase) in refundable deposits	$ (261,378)	$ 266,105
Proceeds from disposal of financial assets carried at cost	189,187	-
Proceeds from disposal of investments accounted for by the equity method	171,139	264,827
Decrease (increase) in restricted assets	101,936	(42,006)
Proceeds from disposal of available-for sale financial assets	39,278	5,077,652
Proceeds from capital reduction of financial assets carried at cost	2,464	-
Proceeds from disposal of financial instruments at fair value	778	-
Acquisition of available-for-sale financial assets	-	(5,770,786)
Acquisition of financial assets carried at cost	-	(1,131,933)
Acquisition of long-term investments under the equity method	-	(457,784)
Increase in land use rights	-	(24,144)
Proceeds from disposal of land use rights	-	19,936
Net cash used in investing activities	(4,152,188)	(12,960,213)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(4,625,683)	(6,599,856)
Cash dividends paid	(3,080,773)	(6,431,638)
Increase in long-term debts	1,702,047	2,965,360
Increase (decrease) in minority interest	386,044	(608,089)
Increase (decrease) in guarantee deposits	45,626	(13,519)
Proceeds from exercise of employee stock options	10,716	-
Remuneration to directors and bonuses to employees	-	(240,926)
Cash paid for acquisition of treasury stock	-	(753,570)
Net cash used in financing activities	(5,562,023)	(11,682,238)
EFFECTS OF EXCHANGE RATE CHANGES	(965,776)	1,885,117
NET INCREASE IN CASH	8,070,077	3,075,503
CASH, BEGINNING OF YEAR	42,987,452	39,911,949
CASH, END OF YEAR	$ 51,057,529	$ 42,987,452
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	$ 817,400	$ 2,358,083
Deduct: Capitalized interests	(9,025)	(4,521)
Interest paid (excluding capitalized interests)	$ 808,375	$ 2,353,562
Income tax paid	$ 1,934,976	$ 1,364,207
NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term debts	$ 2,950,287	$ 1,478,743

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
CASH PAID FOR ACQUISITION OF PROPERTIES		
Increase in properties	$ 4,831,702	$ 15,129,721
Decrease in payable for properties	193,875	66,581
	$ 5,025,577	$ 15,196,302

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

(With Deloitte & Touche audit report dated March 1, 2010) (Concluded)

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

1. ORGANIZATION AND OPERATIONS

Lite-On Technology Corporation (the "Parent Company") was established in March 1989. Its shares are traded on the Taiwan Stock Exchange. The Parent Company manufactures and markets (1) computer software, hardware, peripherals and components and (2) monitors, multifunction and all-in-one printers, cameras and Internet systems and image-processing equipment.

The Parent Company merged with Lite-On Electronics, Inc., Silitek Corp. and GVC Corp., with the Parent Company as the survivor entity. The merger took effect on November 4, 2002, and the Parent Company thus assumed all rights and obligations of the three merged companies on that date. The Parent Company issued 1,066,508 thousand common shares to the former shareholders of Lite-On Electronics, Inc., Silitek Corp. and GVC Corp. to effect a share swap at this ratio: 1 Parent Company share for 1.54 shares of Lite-On Electronics, Inc., 1.08 shares of Silitek Corp., and 2.58 shares of GVC Corp. The holders of the newly issued shares have the same rights and obligations as the Parent Company's other common shareholders. The merger was approved by the Ministry of Economic Affairs (MOEA) and relevant authorities.

On July 1, 2003 the Parent Company had spun off the operations, assets, and liabilities of its real estate management department to a establish a subsidiary named Lite-On Real Estate Management Co., Ltd. (LOREM) in accordance with the Business Mergers and Acquisition, Law. The Parent Company exchanged its net operating assets for 100,000 thousand common shares of LOREM at a ratio of $36.40745 thousand in net assets for one common share. The spin-off was approved by the MOEA and relevant authorities.

The carrying values of the spin-off assets and liabilities were $3,663,340 thousand and $22,595 thousand, respectively. Related details are shown as follows:

Land	$ 1,444,035
Construction in progress	2,219,305
Reserve for land value increment tax	(22,595)
Net assets	$ 3,640,745

On February 11, 2004, the board of directors of the Parent Company resolved that the Parent Company merge with its subsidiary - Lite-On Enclosure Inc., which paid the Parent Company $49,420 thousand (US$1,498 thousand), in cash. The Parent Company was the survivor entity. The merger was approved by the Taiwan Stock Exchange. The MOEA approved this merger. The Parent Company thus assumed all rights and obligations of the merged company.

On August 27, 2009, the board of directors of the Parent Company resolved that the Parent Company have a short-form merger with its wholly owned subsidiary, Lite-On Real Estate Management Co., Ltd. The Parent Company was the survivor entity. The board of directors resolved that the merger take effect on September 29, 2009. The Parent Company thus assumed all of the subsidiary's rights and obligations.

As of December 31, 2009 and 2008, the Parent Company and subsidiaries had 85,584 and 58,897 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China. In preparing financial statements in conformity with these guidelines and principles, the Parent Company and its subsidiaries (hereinafter referred to as the "Group") are required to make certain estimates and assumptions that could affect the amount of the allowance for doubtful accounts, provision for losses on inventories and properties leased to others, depreciation of properties, and idle assets, amortization of intangible assets and deferred charges, pension cost, income tax, product warranty reserve, bonuses to employees, directors and supervisors. Actual results could differ from these estimates.

For the convenience of readers, 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 financial statements shall prevail.

The Parent Company and its subsidiaries' significant accounting policies are summarized as follows:

Basis for Consolidation

As required by the revised ROC Statement of Financial Accounting Standards No. 7 - "Consolidated Financial Statements," starting from January 2005, consolidated financial statements should include the accounts of the Parent Company and its direct and indirect subsidiaries and other investees over which the Group has controlling influence. All significant intercompany accounts and transactions have been excluded from the consolidation.

Please see Table 3 (attached) for the intercompany relationships and percentages of ownership.

We did not audit the financial statements as of and for the years ended December 31, 2009 and 2008 of Lite-On Electronics (Thailand) Co., Ltd., Lite-On Electronics (Europe) Ltd., Lite-On Technology (Europe) B.V., G&W Technology (BVI) Ltd., Fordgood Electronic Ltd., Philips & Lite-On Digital Solutions Netherlands B.V., Philips & Lite-On Digital Solutions USA Inc., Lite-On Information Technology B.V., Lite-On Information Technology GmbH, Philips & Lite-On Digital Solutions Germany GmbH., Silitech Technology (Europe) Ltd., Lite-On Automotive Electronics (Europe) B.V. We did not audit the financial statements as of and for the year ended December 31, 2008 of Lite-On Japan Ltd., Lite-On Technology (Europe) B.V., Perlos Oyj, Lite-On Electronics H.K. Ltd., Lite-On Electronics Co., Ltd., and Chear Mine Electronics (M) Sdn. Bhd. The financial statements of the aforementioned subsidiaries were audited by other auditors.

In 2009 and 2008, APMCQ Automotive Playback Modules Portugal Unipessoal LDA, Automotive Playback Modules Services Austria GmbH, Philips & Lite-On Digital Solutions Korea Ltd., JVC Lite-On IT Manufacturing and Sales Limited, Lite-On (USA) International Inc., Lite-On IT Trading (Guangzhou) Ltd. and Lite-On Automotive (North America) Inc.; in 2008, ColorBox (L) Bhd., Maxi Switch Inc. and Maxi Switch S.A. de C.V. each had paid-in capital of less than $30,000 thousand; sales of less than $50,000 thousand; and a percentage of less than 10% of their parent's (Lite-On IT Corporation and Lite-On Automotive Corp.) sales, thus, under certain regulations, these investees' financial statements did not have to be audited by independent auditors. The management of the subsidiaries believe that there would have been no significant adjustments had its investees' financial statements been audited by independent auditors.

Minority interests were 56.23%, 60.37%, 34.77%, 60.37% and 28.95% of shareholdings in Lite-On IT Corporation, Silitech Technology Corp. Ltd., Lite-On Japan Ltd., Logah Technology Co., Ltd. and Leotek Electronics Corporation as of December 31, 2009, which were presented separately in consolidated financial statements. Minority interests were 56.13%, 53.27%, 34.77%, 2%, 54.95% and 28.74% of shareholdings in Lite-On IT Corporation, Silitech Technology Corp. Ltd., Lite-On Japan Ltd., Lite-On Integrated Services Inc., Logah Technology Co., Ltd. and Leotek Electronics Corporation as of December 31, 2008, which were presented separately in consolidated financial statements.

The financial statements of consolidated subsidiaries are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - year-end rates; shareholders' equity - historical rates; and income and expenses - average rate during the year.

Mergers

Mergers are accounted for under the Statement of Financial Accounting Standards No. 25 - "Business Combinations." If the Parent Company's payment in cash or other assets exceeds the fair value of the net assets of the dissolved company, the difference is regarded as goodwill. If the market value of equity securities issued in the merger cannot stand for the fair value of the acquired companies' net assets, the fair value of the acquired net assets should be evaluated. The net amount after deducting the par value of equity securities issued in the merger and related costs from the fair value of net assets is included in capital surplus.

Current and Noncurrent Assets and Liabilities

Current assets include cash, financial assets held for trading and other assets consumed or used up within twelve months. Current liabilities include financial liabilities resulting from trading and repaid or settled within 12 months. All other assets and liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents, bank acceptances, are highly liquid financial instruments with maturities of three months or less when acquired and with carrying amounts that approximate their fair values.

Financial Assets/Liabilities at Fair Value through Profit or Loss

Financial instruments at fair value through profit or loss (FVTPL) include financial assets or liabilities for trading and financial assets and liabilities that were designated at the time of initial recognition as assets or liabilities to be measured at fair value, with changes in fair value to be recognized under earnings. Derivatives are initially recognized at fair value, with transaction costs expensed as incurred. After initial recognition, the derivatives are remeasured at fair value, and the changes in fair value are recognized in current earnings. Cash dividends received are recognized under current earnings. Regular purchase or sale of financial assets is recognized and de-recognized using trading date accounting.

Derivatives that do not meet the criteria for hedge accounting are classified as financial assets or liabilities held for trading. When the fair value of a derivative is a positive amount, the derivative is recognized as a financial asset; when the fair value is a negative amount, the derivative is recognized as a financial liability.

The fair value of stocks listed on the Taiwan Stock Exchange or traded over the counter on the GreTai Securities Market ("GreTai") are their closing prices on the balance sheet date. For open-end funds, fair values are their net asset values on the balance sheet date. For bonds, fair values are the reference prices on GreTai on the balance sheet date. Fair values of financial instruments with no active market are estimated through valuation techniques incorporating estimates and assumptions that are consistent with those used by other market participants.

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

Sales revenues are recognized when titles to products and material risks of ownerships are transferred to clients, primarily upon shipment, when the earnings process is mostly completed and the profit has been realized or is realizable. Because the ownership and material risk of unprocessed material are not transferred, material for processing is not recognized as sales revenues.

If customers' payments are due a year after a sales transaction is made, revenue is recognized on the basis of the fair value of the transaction price (which includes commercial and volume discounts negotiated with the buyer by the Group) calculated at interest rates for similar transactions. In these transactions, the fair value and maturity value approximate the transaction price.

Allowance for doubtful receivables is provided on the basis of a periodic review of the collectibility of receivables based on aging analysis, credit ratings and economic conditions.

Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process, merchandise and materials in transit. Before January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total-inventory basis. Market value meant replacement cost for raw materials and supplies and net realizable value for finished goods and work in process. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

Noncurrent Assets Classified as Held for Trading

Effective January 1, 2007, the Group is required to make disclosures based on the newly issued Statement of Financial Accounting Standards (SFAS) No. 38 - "Non-current Assets Classified as Held for Sale and Discontinued Operations." A noncurrent asset is classified as held for sale (HFS) when (a) management is committed to a plan to sell; (b) an active program to locate a buyer is initiated; (c) actions required to complete the plan show that the plan is unlikely to be changed significantly or withdrawn; (d) the asset is available for immediate sale in its present condition subject only to regular sales terms; and (e) the sale is highly probable within one year of classifying an asset as held for sale, with certain exceptions. A noncurrent asset classified as HFS is measured at the lower of its carrying amount or fair value less selling cost. In addition, the asset should not be depreciated and should be presented separately from other assets in the balance sheet.

If there is a difference between the fair value of the noncurrent asset classified as HFS and its book value less selling cost, an impairment loss is recognized in the income statement. If the fair value of the asset recovers, a gain less than or equal to the cumulative impairment loss will be recognized in the income statement.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. When the assets are subsequently measured at fair value, the changes in fair value are excluded from earnings and reported as a separate component of shareholders' equity. The accumulated gains or losses are recognized as earnings when the financial asset is de-recognized from the balance sheet. A regular purchase or sale of financial assets is recognized and de-recognized using trading date accounting.

The fair value of stocks listed on the Taiwan Stock Exchange or traded over the counter on the GreTai Securities Market (“GreTai”) are their closing prices on the balance sheet date. For open-end funds, fair values are their net asset values on the balance sheet date. For bonds, fair values are the reference prices on GreTai on the balance sheet date. Fair values of financial instruments with no active market are estimated through valuation techniques incorporating estimates and assumptions that are consistent with those used by other market participants.

Cash dividends are recognized as investment income on the ex-dividend date but are accounted for as reductions of the original cost of investment if these dividends are declared on the investees’ earnings before investment acquisition. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. After the receipt of stock dividends, the cost per share is recalculated on the basis of the new number of total shares held. For bond securities, the difference between the initially recognized carrying values and maturity values is amortized using the effective interest method. (If the difference is not material, the straight-line method can be used for amortization and subsequent differences are recognized as gain or loss.)

An impairment loss is recognized on the balance sheet date if there are objective evidences that a financial asset is impaired, and this impairment loss is charged to the net income of the current period. This impairment loss can be reversed to the extent of the original carrying value and recognized as adjustments to shareholders’ equity. If the reversible amount of a debt instrument is clearly attributable to an event occurring after the impairment loss was recognized, this amount is recognized as income.

Financial Assets Carried at Cost

Investments with no quoted market prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks, are carried at their original cost. The costs of stocks sold are determined using the weighted-average method. If there is objective evidence of investment impairment, a loss is recognized, but a reversal of this impairment loss is not allowed.

Long-term Equity Investments

Investments in shares of stock of companies in which the Group owns at least 20% of their outstanding common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method. Stock investments accounted for by the equity method are initially carried at cost and subsequently adjusted for the Group’s proportionate share in the investees’ earnings or losses and changes in capital surplus. Cash dividends received are recognized as a reduction of the carrying value of the investments. Investment income (or loss) is recognized whenever the investees recognize income (or loss). If the equity in losses recognized exceeds the original investment acquisition costs plus any advances given to investees, the excess is recorded as part of other liabilities. But, since 2005, if the equity in losses recognized exceeds the original investment acquisition costs, the Group recognizes its investee’s total losses unless other investors commit to and have the ability to assume a portion of the losses. However, when the investees return to profitable operations, the profits should be recognized by the Group totally until its previously recognized losses are covered.

The difference between the cost of the investment and the Group’s equity in the investee’s net assets when an investment is acquired or when the equity method is first adopted, is amortized over five years. However, effective January 1, 2006, under the revised Statement of Financial Accounting Standards No. 5 - “Long-term Investments under the Equity Method,” investment premiums, representing goodwill, are no longer being amortized, but the Group needs to make asset impairment tests regularly or if there are indications that goodwill is probably impaired. If the net fair value of an asset exceeds its investment cost, the excess will be credited to depend on the ratio of noncurrent asset’s (not include non-equity-method financial asset, dispose asset waiting for sale, differ tax asset and prepay pension cost or other pension pay) fair value. If the fair value of a noncurrent asset is not enough for crediting purposes, the excess will be recognized as extraordinary gain. In addition, from January 1, 2006 the unamortized portion of the premiums for the investments acquired before 2006 need no longer be amortized, and the accounting treatment for this portion becomes the same as that for goodwill.

If an investee issues additional shares and the Group acquires these shares at a percentage different from its current equity in the investee, the resulting increase in the Group's equity in its investee's net assets is credited to capital surplus. Any decrease in the Group's equity in the investee's net assets is debited to capital surplus. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated earnings. The equity in the net income or net loss of investees that also have investments in the Group (reciprocal holdings) is computed using the treasury stock method. Upon the disposal of equity-accounted investments, the Group's shares in the capital surplus recognized by the investee Group, if any, will be included in current income in proportion to the investments sold. However, capital surplus from an investee's property disposal is transferred to retained earnings in proportion to the value of the investments sold. If the investee's accounting year is different from the Group's, investment income or loss recognized by the Group is based on its equity on the investee's balance sheet date.

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

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

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

Properties and Leased Assets

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

Assets held under capital leases are initially recognized as assets of the Group at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments; the corresponding liability is included in the balance sheet as obligations under capital leases. The interest included in lease payments is expensed when paid.

Depreciation is computed using the straight-line method over useful lives estimated as follows: buildings, 5 to 60 years; machinery and equipment, 2 to 10 years; molding equipment, 2 to 10 years; transportation equipment, 3 to 10 years; office equipment, 2 to 10 years; miscellaneous equipment, 2 to 10 years; and Leased assets, 3 to 40 years. Properties that have reached their residual value but are still in use are depreciated over their newly estimated service lives.

Upon revaluation of properties and leased assets, the resulting revaluation increment is recognized as part of the cost of the properties, and a reserve for land value increment tax is included in long-term liabilities, with the difference credited to capital surplus.

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

Intangible Assets

Intangible assets acquired are initially recorded at cost and are amortized on a straight-line basis over their estimated useful lives. Patents and client relationships (classified under other intangible assets) are amortized over six years and four years, respectively.

Goodwill arising from a merger or the difference between the cost of the investment and the Group's equity in the investees' net assets is amortized over five years using the straight line method. Effective January 1, 2006, based on the newly revised Statement of Financial Accounting Standards (SFAS) No. 5 - "Long-Term Investments under the Equity Method," goodwill is no longer amortized and is assessed for impairment at least annually.

Effective January 1, 2007, the Company adopted the newly released SFAS No. 37 - "Intangible Assets". Expenditure on research activities is recognized as an expense when incurred. An internally generated intangible asset arising from development activities is capitalized and then amortized on a straight-line basis if the recognition criteria for intangible asset have been met; otherwise, the development expenditure is recognized as an expense when incurred. This accounting change had no material impact on the 2007 consolidated financial statements.

Land Use Rights

Land use rights are amortized over 50 years.

Idle Assets

The idle fixed assets reclassified to other asset are stated at the lower of carrying value or net realizable value and depreciated in straight line method from January 1, 2006.

Deferred Charges

Deferred charges, consisting of computer software costs, royalty expenditures, issuance costs of bonds and office decoration expenditures are amortized using the straight-line method over periods ranging from 2 to 17 years.

Asset Impairment

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

Product Warranty Reserve

Estimate of related cost is based on historical experience on product servicing and the warranty period.

Pension Costs

The Parent Company and subsidiaries have two types of pension plans: Defined benefit and defined contribution.

If the defined benefit pension plan is revised, the prior service costs are amortized using the straight-line method over the average period from the revision date until the benefits are vested. When the benefits are vested, the prior service costs are immediately recognized as expense.

If the defined benefit pension plan is curtailed or settled, the resulting gains or losses should be recognized as part of the net pension cost for the period.

Defined contribution pension costs of the Parent Company, Lite-On IT Corp., Silitech Technology Corp., Li Shin International Enterprise Corp., Logah Technology Co., Ltd., Lite-On Automotive Corp., Leotek Electronics Corp. and Philips & Lite-On Digital Solutions Corporation are recognized on the basis of actuarial calculations. Unrecognized net transition obligations are amortized over 10 to 17 years. Actuarial gain or loss is amortized using the straight-line method over the employees' remaining service years.

Some consolidated subsidiaries, which are mainly in investments, have either very few or even no staff. These subsidiaries have no pension plans and thus do not contribute to pension funds and recognize pension costs. Except for these companies, the consolidated subsidiaries all contribute to pension funds and recognize pension costs based on local government regulations.

Treasury Stock

The Parent Company accounts for the cost of reacquiring its outstanding stock as a deduction to arrive at shareholders' equity.

Upon disposal of the treasury stock, the sales proceeds in excess of the cost are accounted for as capital surplus - treasury stock. If the sales proceeds are less than the cost, the difference is accounted for as a reduction in the remaining balance of capital surplus - treasury stock. If the remaining balance of capital surplus - treasury stock is insufficient to cover the difference, the remainder is recorded as a reduction of retained earnings.

If treasury stock is retired, the weighted-average cost of the retired treasury stock is written off to offset the par value and the capital surplus premium, if any, of the stock retired. If the weighted-average cost written off exceeds the sum of both the par value and the capital surplus premium, the difference is accounted for as either a reduction of capital surplus - treasury stock or a reduction of retained earnings for any deficiency where capital surplus - treasury stock is insufficient to cover the difference. If the weighted-average cost written off is less than the sum of the par value and premium, if any, of the stock retired, the difference is accounted for as an increase in capital surplus - treasury stock of the same type.

Effective January 1, 2002, the Parent Company adopted SFAS No. 30, "Treasury Stocks." SFAS No. 30 requires that the shares of the Parent Company held by subsidiaries should be reclassified from investments in those subsidiaries to treasury stocks. The reclassification amount was based on the carrying value of the subsidiaries' investments in the Parent Company as of January 1, 2002.

Stock-based Compensation

Employee stock option plans with a grant or amendment date on or after January 1, 2004 is accounted for under the interpretations issued by the Accounting Research and Development Foundation ("ARDF"). Parent and Subsidiaries adopted the intrinsic value method, under which compensation cost is recognized on a straight-line basis over the vesting year.

Income Tax

Inter-period allocation for income tax is applied. Deferred tax assets are recognized for the tax effects of deductible temporary differences, loss carryforwards, investment tax credits, and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. Valuation allowance is provided for deferred income tax assets that are not certain to be realized. Deferred income tax assets or liabilities are classified as current or noncurrent according to the nature of related assets or liabilities for financial reporting. But, if a deferred asset or liability cannot be related to an asset or liability in the financial statements, it is classified as current or noncurrent depending on the expected reversal date of the temporary difference.

Tax credits for certain purchases of equipment or technique, research and development, personnel training, and stock investments can be deducted from the current year's tax expense.

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

Income taxes (10%) on undistributed earnings are recorded as expense in the year the shareholders resolve to retain the earnings.

Translation of Foreign-currency Financial Statements and Foreign-currency Transactions

ROC Statement of Financial Accounting Standards No. 14 - "The Effects of Changes in Foreign Exchange Rates" applies to foreign subsidiaries that use their local currencies as their functional currencies. The financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - year-end rates; shareholders' equity - historical rates; and income and expenses - average rate during the year. The resulting translation adjustments are recorded as a separate component of shareholders' equity.

Foreign currency transactions (except derivative transactions) are recorded in New Taiwan dollars at the spot rates of exchange in effect when the transactions occur.

At year-end, the balances of foreign-currency monetary assets and liabilities ("Balances") which carried at fair value are restated at the prevailing exchange rates, and the resulting differences are recorded as follows: Equity-method stock investments - as cumulative translation adjustments under shareholders' equity; other assets and liabilities - as credits or charges to current income.

At year-end, the balances of foreign-currency non-monetary assets and liabilities are restated at the prevailing exchange rates, the resulting differences are recognized as current earnings or a separate component of shareholders' equity, and Balances carried at cost are restated at the history rates and recognized as the rate of the trading rate.

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

Hedging Derivative Financial Instruments

Hedging derivative financial instruments are measured at fair value. The changes in fair values of these instruments are debited or charged to either shareholders equity or current income depending on the hedged items.

Hedge Accounting

Hedge accounting recognizes the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item if the account meets the conditions of hedge accounting. The hedge accounting is summarized as follows:

a. Fair value hedge: The gain or loss of derivative hedging instrument from changes in book value due to changes in exchange rates is recognized as profit or loss. The gain or loss of the hedged item from hedging is adjusted to its book value and recognized in profit or loss.

b. Cash flow hedge: The gain or loss on hedging instruments is recognized as adjustments to shareholders' equity and as gain or loss on a forecast the transaction affecting gain or loss. If the hedged of a forecast transaction results in the recognition of financial assets or liabilities, the gain or loss recognized directly under shareholders' equity should be reclassified into gain or loss in the same period or periods during which the asset acquired or liability assumed affects gain or loss. When net loss recognized as adjustment to shareholders' equity is deemed irreversible, it will be recognized as loss in the current year.

c. Hedge of a net investment in a foreign operating institution: The gain or loss from hedging instruments is recognized as adjustments to shareholders' equity and recognized as income when disposing the foreign operating institution.

The Parent Company and its subsidiaries use hedging to stabilize net interest income or expense and control market value risk. Cash flow hedge is used to reduce interest rate risk, while fair value hedge is used to reduce net present value risk.

Reclassifications

Certain accounts in the financial statements as of and for the year ended December 31, 2008 have been reclassified to be consistent with the presentation of financial statements as of and for the year ended December 31, 2009.

3. ACCOUNTING CHANGES

Accounting for Inventories

On January 1, 2009, the Parent Company and its subsidiaries adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value by item, except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal costs, write-downs of inventories and any reversal of write-downs are recorded as cost of goods sold for the period. This accounting change resulted in decreases of $30,265 thousand in consolidated net income attributed to the Parent Company's shareholders; $57,391 thousand in consolidated net income; and $0.01 (based on the Parent Company's net income) and $0.03 (based on the consolidated net income) in earnings per share (after income tax) for 2009. The Parent Company and its subsidiaries also reclassified nonoperating income and gains of $401,759 thousand and nonoperating expenses and losses of $530,055 thousand to cost of sales for 2008.

4. CASH AND CASH EQUIVALENTS

	December 31	
	2009	2008
Cash on hand	$ 8,066	$ 424,239
Checking deposits	1,388,046	1,362,592
Demand deposits	23,652,800	15,234,527
Time deposits - interest: 0.10%-3.15% in 2009 and 0.24%-4.14% in 2008	26,003,925	25,966,094
Bank acceptances	4,692	-
	$ 51,057,529	$ 42,987,452

As of December 31, 2009 and 2008, the bank deposits overseas of the Parent Company were as follows:

	December 31	
	2009	2008
Czech - Prague (CZK121,678 thousand in 2009 and CZK107,078 thousand in 2008)	$ 212,645	$ 181,873
Poland -Warsaw (PLN717 thousand in 2009)	8,010	-
U.S.A. - New York (US$53 thousand in 2009 and US$349 thousand in 2008)	1,700	11,458
China - Hong Kong (US$1 thousand in 2009 and 2008)	31	40
	$ 222,386	$ 193,371

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2009	2008
Financial assets held for trading		
Currency swap contracts	$ 100,324	$ 143,026
Forward exchange contracts	51,307	4,925
Options-call	1,120	1,348
	$ 152,751	$ 149,299
Financial liabilities held for trading		
Options-put	$ 48,337	$ 93,680
Forward exchange contracts	25,586	6,731
Currency swap contracts	18,531	13,425
	$ 92,454	$ 113,836

The outstanding forward contracts, currency swap contracts, and call option of the subsidiaries as of December 31, 2009 and 2008 are shown as follows:

	Currency	Maturity	Amount (Thousands)
December 31, 2009			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	January 8, 2010 - February 8, 2010	USD153,000/NTD4,947,635
Forward exchange contracts	USD/NTD	January 8, 2010	USD10,000/NTD322,465

(Continued)

	Currency	Maturity	Amount (Thousands)
Leotek Electronic Corp.			
Sell	USD/NTD	January 26, 2010	USD1,497/NTD48,929
Sell	USD/NTD	February 25, 2010	USD1,000/NTD32,805
Sell	USD/NTD	February 25, 2010	USD433/NTD13,866
Sell	USD/NTD	March 25, 2010	USD626/NTD20,044
Sell	USD/NTD	March 25, 2010	USD370/NTD12,003
Sell	USD/NTD	April 26, 2010	USD960/NTD30,842
Sell	USD/NTD	May 25, 2010	USD1,200/NTD38,404
Logah Technology Co., Ltd.			
Sell	USD/NTD	February 10, 2010	USD10,000/NTD9,664
Lite-On Automotive Corp.			
Sell	USD/NTD	January 10, 2010	USD300/NTD322,765
Lite-On Electronic (Thailand) Co., Ltd.			
Sell	USD/THB	January 15, 2010	USD1,300/THB43,468
Sell	USD/THB	January 15, 2010	USD500/THB16,765
Sell	USD/THB	January 19, 2010	USD1,100/THB36,652
Sell	USD/THB	February 16, 2010	USD2,000/THB64,936
Sell	USD/THB	February 16, 2010	USD1,000/THB33,170
Sell	USD/THB	February 16, 2010	USD350/THB11,670
Sell	USD/THB	March 17, 2010	USD100/THB3,316
Sell	USD/THB	March 18, 2010	USD1,000/THB33,050
Perlos Oyj			
Buy	USD/EUR	January 6, 2010	USD1,000/EUR697
Buy	USD/INR	January 8, 2010	USD9,000/INR437,040
Buy	USD/EUR	January 8, 2010	USD4,000/EUR2,656
Buy	USD/EUR	January 8, 2010	USD2,000/EUR1,327
Buy	USD/EUR	January 11, 2010	USD2,000/EUR1,393
Sell	USD/CNY	January 14, 2010	USD2,000/CNY13,651
Sell	USD/CNY	January 19, 2010	USD3,000/CNY20,480
Sell	USD/CNY	January 19, 2010	USD3,000/CNY20,483
Buy	JPY/USD	January 22, 2010	JPY200,000/USD2,218
Sell	USD/CNY	January 22, 2010	USD11,000/CNY75,112
Buy	EUR/USD	January 25, 2010	EUR2,000/USD2,969
Sell	USD/CNY	January 25, 2010	USD3,000/CNY20,486
Buy	USD/EUR	January 25, 2010	USD2,000/EUR1,392
Buy	USD/BRL	January 25, 2010	USD1,000/BRL1,751
Sell	USD/EUR	January 25, 2010	USD2,000/EUR1,394
Buy	USD/EUR	March 8, 2010	USD2,000/EUR1,328
Buy	USD/EUR	March 8, 2010	USD2,000/EUR1,328
Buy	JPY/USD	March 8, 2010	JPY150,000/USD1,676
Buy	JPY/USD	March 8, 2010	JPY100,000/USD1,117

(Continued)

	Currency	Maturity	Amount (Thousands)
Buy	USD/EUR	March 10, 2010	USD5,000/EUR3,364
Buy	USD/INR	March 11, 2010	USD8,000/INR375,440
Buy	USD/INR	March 16, 2010	USD3,000/INR140,460
Buy	USD/EUR	May 12, 2010	USD3,000/EUR2,001
Buy	USD/EUR	May 12, 2010	USD3,000/EUR2,001
Buy	USD/EUR	June 3, 2010	USD2,000/EUR1,328
Buy	USD/EUR	June 4, 2010	USD3,000/EUR2,003
Buy	USD/EUR	June 4, 2010	USD3,000/EUR2,000
Buy	USD/EUR	June 4, 2010	USD3,000/EUR2,002
Currency swap contracts	USD/EUR	January 6, 2010	USD1,500/EUR1,052
Currency swap contracts	HUF/EUR	January 7, 2010	HUF500,000/EUR1,843
Currency swap contracts	JPY/USD	January 7, 2010	JPY10,000/USD111
Currency swap contracts	MXN/USD	January 7, 2010	MXN25,000/USD1,815
Currency swap contracts	USD/EUR	January 8, 2010	USD2,000/EUR1,357
Currency swap contracts	USD/EUR	January 8, 2010	USD4,000/EUR2,718
Currency swap contracts	JPY/USD	January 25, 2010	JPY100,000/USD1,092
Currency swap contracts	SEK/EUR	February 16, 2010	SEK14,200/EUR1,388
Currency swap contracts	SGD/EUR	February 17, 2010	SGD8,600/EUR4,124
Currency swap contracts	USD/EUR	May 12, 2010	USD2,000/EUR1,338
Perlos (Guangzhou) Electronic Components Co., Ltd.			
Sell	USD/CNY	January 15, 2010	USD1,000/CNY6,834
Sell	USD/CNY	January 22, 2010	USD1,000/CNY6,834
Sell	USD/CNY	January 29, 2010	USD1,000/CNY6,834
Sell	USD/CNY	February 12, 2010	USD1,000/CNY6,805
Sell	USD/CNY	February 26, 2010	USD1,000/CNY6,805
Sell	USD/CNY	March 5, 2010	USD1,000/CNY6,809
Sell	USD/CNY	March 12, 2010	USD1,000/CNY6,809
Sell	USD/CNY	March 19, 2010	USD1,000/CNY6,810
Sell	USD/CNY	March 26, 2010	USD1,000/CNY6,810
Sell	USD/CNY	January 29, 2010	USD1,000/CNY6,810
Sell	USD/CNY	February 26, 2010	USD1,000/CNY6,809
Perlos Ltda			
Buy	USD/BRL	January 4, 2010	USD1,000/BRL1,741
Buy	USD/BRL	January 8, 2010	USD500/BRL888
Lite-On Japan Ltd.			
Currency swap contracts	JPY/USD	March 20, 2011	JPY158,250/USD1,500
Currency swap contracts	JPY/USD	March 5, 2012	JPY305,910/USD2,700
Call option	JPY/USD	March 22, 2011	JPY158,250/USD1,500
Call option	JPY/USD	March 5, 2012	JPY305,100/USD2,700
Put option	JPY/USD	March 22, 2011	JPY157,500/USD1,500
Put option	JPY/USD	March 5, 2012	JPY846,450/USD8,100
Lite-On Japan (H.K.) Limited			
Currency swap contracts	USD/JPY	September 14, 2010	USD3,000/JPY274,320

(Continued)

	Currency	Maturity	Amount (Thousands)
December 31, 2008			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	February 25, 2009	USD165,000/NTD5,445,670
Sell	USD/NTD	January 21, 2009	USD18,000/NTD595,752
Sell	EUR/USD	January 15, 2009	EUR7,000/USD9,822
Leotek Electronics Corp.			
Sell	USD/NTD	January 15, 2009	USD1,000/NTD31,965
Sell	USD/NTD	February 27, 2009	USD1,000/NTD33,385
Sell	USD/NTD	March 30, 2009	USD1,000/NTD33,130
Perlos Oyj			
Currency swap contracts	HKD/EUR	February 12, 2009	HKD64,000/EUR6,306
Currency swap contracts	JPY/EUR	February 2, 2009	JPY8,500/EUR70
Currency swap contracts	SEK/EUR	February 12, 2009	SEK6,200/EUR589
Currency swap contracts	SEK/EUR	February 12, 2009	SEK5,000/EUR459
Currency swap contracts	SGD/EUR	February 12, 2009	SGD8,000/EUR4,122
Currency swap contracts	USD/EUR	January 7, 2009	USD8,000/EUR6,172
Currency swap contracts	USD/EUR	January 7, 2009	USD7,500/EUR5,570
Currency swap contracts	USD/EUR	January 22, 2009	USD25,000/EUR17,303
Currency swap contracts	USD/EUR	April 8, 2009	USD20,000/EUR14,730
Sell	JPY/EUR	February 2, 2009	JPY8,500/EUR70
Perlos Ltda			
Buy	BRL/EUR	February 19 - March 2, 2009	BRL7,237/EUR2,128
Perlos (Guangzhou) Electronic Components Co., Ltd.			
Buy	JPY/EUR	January 22 - February 20, 2009	JPY200,000/EUR1,594
Sell	USD/EUR	February 19 - April 16, 2009	USD3,000/EUR2,131
Lite-On Japan Ltd.			
Currency swap contracts	JPY/USD	March 20, 2011	JPY284,850/USD2,700
Currency swap contracts	JPY/USD	March 5, 2012	JPY441,870/USD3,900
Call option	JPY/USD	December 21, 2009 - March 5, 2012	JPY868,350/USD7,800
Put option	JPY/USD	December 21, 2009 - March 5, 2012	JPY1,752,750/USD14,400

(Concluded)

The subsidiaries entered into derivative contracts during the years ended December 31, 2009 and 2008 to manage exposures due to exchange rate fluctuations. The financial risk management objectives of the subsidiaries were to minimize risks due to changes in fair value or cash flows.

Net gain and loss on derivative financial instruments as of December 31, 2009 and 2008 were $160,996 thousand and $252,524 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31	
	2009	2008
Listed stocks	$ 9	$ 3

7. ACCOUNTS RECEIVABLE, NET

	December 31	
	2009	2008
Accounts receivable	$ 39,595,431	$ 33,170,798
Less: Allowance for doubtful accounts	481,500	581,013
Allowance for sales returns and discounts	294,206	128,736
	$ 38,819,725	$ 32,461,049

Movements of allowances for doubtful accounts were as follows:

	Years Ended December 31			
	2009		2008	
	Accounts Receivable	Overdue Receivable	Accounts Receivable	Overdue Receivable
Balance, beginning of year	$ 581,013	$ 945	$ 580,583	$ 586,979
Add: Provision (reversal of provision) for doubtful accounts	(61,804)	72,601	246,244	-
Amounts written off	(37,031)	-	(245,029)	(586,034)
Effect of exchange rate changes	(678)	-	(785)	-
	$ 481,500	$ 73,546	$ 581,013	$ 945

Overdue receivables were classified under other assets and had fully provided an allowance for doubtful accounts (please refer to Note 15).

The unexpired factored accounts receivable of the Parent Company and its subsidiaries as of December 31, 2009 and 2008 were as follows:

The Parent Company

Financial Institution	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
December 31, 2009					
Taishin International Bank	US$ 20,167	US$ 18,380	$ -	Note	$ 160,000
Bank SinoPac	US$ 14,992	US$ 14,978	-	Note	US$ 8,200
December 31, 2008					
Taishin International Bank	US$ 178,531	US$ 210,158	-	Note	US$ 125,000
Taishin International Bank	$ 288,666	US$ 362,565	-	Note	$ 1,844,889
Taipei Fubon Bank	US$ 34,629	US$ 34,629	-	Note	US$ 178,000
Bank SinoPac	US$ 27,601	US$ 27,601	-	Note	US$ 8,200

Philips & Lite-On Digital Solutions Corp,

Financial Institution	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
December 31, 2009					
Taishin International Bank	US$ 22,492	US$ 19,654	$ -	Note	US$ 19,500
Far Eastern International Bank	US$ 986	US$ 986	-	Note	US$ 1,500
December 31, 2008					
Yuanta Bank	US$ 2,766	US$ 2,659	-	Note	US$ 3,000
Ta Chong Bank	US$ 8,067	US$ 8,067	-	Note	US$ 9,000

Silitech Technology Corp.

Financial Institution	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
December 31, 2009					
City Bank	EUR 5,931	EUR 5,931	$ -	3.49-1.75	US$ 20,000
December 31, 2008					
City Bank	US$ 19,600	US$ 19,600	$ -	3.44-5.28	US$ 20,000
	EUR 6,654	EUR 3,206	EUR 3,448	3.44-5.28	US$ 20,000

Note: Based on the rate prevailing upon advance payment.

The above credit lines may be used on a revolving basis. As of December 31, 2009, the amount of factored accounts receivable of the Parent Company and its subsidiaries remaining in 2008 had been collected.

Factored accounts receivable of the Parent Company and its subsidiaries were US$58,637 thousand and EUR5,931 thousand in 2009; US$271,194 thousand, EUR6,654 thousand and $288,666 thousand in 2008, respectively.

The Parent Company and its subsidiaries (Lite-On IT Corp., Philips & Lite-On Digital Solutions Corp. and Silitech Technology Corp.) signed accounts receivable factoring contracts with banks. Under these contracts, the risks on the accounts receivable were transferred to the banks.

8. INVENTORIES, NET

	December 31	
	2009	2008
Materials and supplies	$ 4,895,172	$ 4,567,341
Work in process	2,264,737	1,602,362
Finished goods	5,573,388	2,302,226
Merchandise	5,781,153	7,782,419
Goods in transit	760,916	2,807,304
	$ 19,275,366	$ 19,061,652

As of December 31, 2009 and 2008, the allowance for inventory devaluation was $1,271,755 thousand and $1,418,639 thousand, respectively.

The cost of inventories recognized as cost of sales was $155,681,734 thousand in 2009 and $199,298,835 thousand in 2008. These amounts included a loss of $217,508 thousand on inventory scraps, a reversal of the inventory write-down of $146,884 thousand, a loss of $1,946 thousand on physical inventory, and income from scrap sales of $86,362 thousand for 2009 and a loss of $530,055 thousand on inventory scraps, a reversal of the inventory write-down of $309,637 thousand, and income from scrap sales of $92,122 thousand for 2008. Previous write-downs had been reversed as a result of increased selling prices in certain markets.

9. NONCURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In March 2008, the Parent Company sold its 57.88% equity (24,890,059 shares) in its subsidiary, Cheng Yee Enterprise Limited, to Coxon Precise Industrial Co., Ltd. at US$1.13 per share. This sale will be completed through a series of share transfers, as follows:

Transfer Date	Numbers of Shares for Transfer	Transfer Price (Thousands)
June 30, 2008	8,600,000 shares	US$ 9,718
June 30, 2009	8,600,000 shares	9,718
June 30, 2010	7,690,059 shares	8,690
	24,890,059 shares	US$ 28,126

In the first quarter of 2008, the Parent Company classified the above shares as noncurrent assets held for trading. The fair value of these shares was higher than their book value of $796,398 thousand (about US$26,193 thousand); thus, no impairment loss was recognized. As of December 31, 2008, these shares had a book value of $559,897 thousand. In the first quarter of 2008, the Parent Company classified the above shares as noncurrent assets held for sale. The proceeds of share disposal supposed to be obtained in June 2009 were fully collected, and the transfer of shares also completed, in July 2009.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NONCURRENT

	December 31	
	2009	2008
Domestic listed stocks	$ 3,088,021	$ 1,031,116
Mutual funds	782,150	802,704
Foreign listed stocks	7,964	1,028
	$ 3,878,135	$ 1,834,848

Part of the subsidiary - Lite-On Capital Inc.'s available-for-sale financial assets in 2009 were impaired. Thus, impairment losses were recognized as follows:

	2009
Hannstar Display Corp.	$ 13,380

11. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	December 31	
	2009	2008
Domestic and overseas unquoted common stocks	$ 1,855,824	$ 1,213,903
Emerging market stocks	548,293	611,168
Overseas unquoted preferred stocks	133,111	185,111
	$ 2,537,228	$ 2,010,182

As a result of the absence of market price from active market as well as the fair value cannot be reasonably estimate, the above stocks and funds held by the Parent Company and its subsidiaries are valued based on holding cost.

Some of the Group's financial assets carried at cost - noncurrent in 2009 and 2008 were impaired. Thus, impairment losses were recognized as follows:

	December 31	
	2009	2008
Compound Solar Technology Co., Ltd.	$ 90,000	$ -
Glory Science Co., Ltd.	53,000	-
Aetas Technology Inc.	52,000	-
Northern Lights Semiconductor Corporation	-	39,522
Progressive Optoelectronic Technology Co., Ltd.	-	6,040
Fong Han Electronic Co., Ltd.	-	5,833
	$ 195,000	$ 51,395

12. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	December 31			
	2009		2008	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Long-term stock investments				
Equity method				
Listed				
Lite-On Semiconductor Corp.	$ 1,455,722	20.54	$ 1,512,455	20.50
Payom Solar AG	151,650	20.01	119,795	20.01
Jhen Vei Electronics Co., Ltd.	148,961	17.41	148,531	17.41
	1,756,333		1,780,781	
Unlisted				
Dragonjet Corporation	1,106,401	29.83	1,113,207	29.83
Canfield Ltd.	3,592	33.33	4,834	33.33
NPG Display Ltd.	-	30.00	122,777	30.00
Auria Solar Co., Ltd.	-	-	904,949	23.86
JVC Lite-On IT Manufacturing and Sales, Limited	-	-	15,790	49.00
S/G Industries Inc.	-	-	15,853	49.95
	1,109,993		2,177,410	
	$ 2,866,326		$ 3,958,191	

Although Li Shin International Enterprise Corp. ("Li Shin") held less than 20% of the total voting shares of Jhen Vei Electronics Co., Ltd. ("Jhen Vei"), Li Shin's holding was still significantly higher than that of any other shareholder and was thus deemed to have significant influence over Jhen Vei's. As a result, Li Shi used the equity method to account for its investment in Jhen Vei.

Lite-On IT Corp. held shares of JVC Lite-On IT Manufacturing and Sales, Limited (JVC), Li Shin held shares of Canfield Ltd. ("Canfield"), and Silitech held shares of S/G Industries Inc. Since neither JVC, Canfield nor S/G had paid-in capital of at least $30,000 each, sales of at least $50,000 each, and sales of at least 10% of their respective parents' sales, their financial statements did not have to be audited by independent auditors, as stated in certain guidelines. The management of Lite-On IT Corp., Li Shin and Silitech believed that no significant adjustments would have been required had the financial statements been audited by independent auditors.

The Parent Company's auditors did not audit the financial statements (a) as of and for the years ended December 31, 2009 and 2008 of Payom Solar AG, NPG Display Ltd., DIODES, INC and Dynacard Co., Ltd. (b) as of and for the year ended December 31, 2008 of Auria Solar Co., Ltd. The financial statements of the above mentioned investees accounted for by the equity method were audited by other auditors.

The book value of long-term equity method investments mentioned above that were audited by other auditors were $703,984 thousand and $1,688,023 thousand as of the years ended December 31, 2009 and 2008; the net investment income recognized were $40,124 thousand in 2009 and $32,625 thousand in 2008.

13. PROPERTIES

Accumulated depreciation consisted of the following:

	December 31	
	2009	2008
Buildings	$ 5,126,192	$ 3,904,942
Machinery and equipment	15,786,152	14,252,280
Transportation equipment	92,076	77,525
Office equipment	1,936,343	2,217,018
Leased equipment	876,929	785,726
Miscellaneous equipment	3,154,365	1,855,608
	$ 26,972,057	$ 23,093,099

Depreciation expenses were $5,815,424 thousand in 2009 and $6,228,287 thousand in 2008, respectively.

Some of the Group's properties in 2009 and 2008 were impaired. Thus, impairment losses were recognized as follows:

	December 31	
	2009	2008
Perlos Precision Plastics Moulding Limited Liability Company (Hungary)	$ 40,912	$ 1,019,330
Lite-On Electronic Tianjin Co., Ltd.	6,297	9,721
Lite-On Japan Ltd.	3,883	-
Lite-On IT Corp.	-	108,855
The Parent Company	-	3,380
	$ 51,092	$ 1,141,286

14. INTANGIBLE ASSETS

a. Patents and other intangible assets

The Parent Company completed the purchase of some assets of the IrDA Department of Avago Technologies Limited. Based on Statement of Financial Accounting Standards (SFAS) No. 25 - "Business Combinations" and SFAS No. 37 - "Intangible Assets," goodwill is recognized as the sum of the acquisition cost plus other direct transaction costs minus the fair value of the identifiable net assets acquired. The calculation of goodwill generated as of December 31, 2009 is as follows:

Acquisition costs		$ 708,863
Fair value of identifiable assets acquired		
Inventories	$ 59,278	
Properties	46,700	
Patents	27,134	
Client relationships (recognized as other intangible assets)	163,819	296,931
Goodwill		$ 411,932

As of the end of 2009, the amount amortized for patents, which have an estimated service life of six years, is $3,392 thousand, and that for client relationships, which have an estimated service life of four years, is $30,716 thousand.

b. Patent rights

On April 10, 2006, Lite-On IT Corporation ("LOITC") and Qisda Corp. ("Qisda") signed a contract, under which LOITC will obtain Qisda's subcontract and manufacturing business on optical storage devices, including related authorization on product manufacturing, technology, technology acquisition, patent rights, etc. for $1,226,855 thousand plus 13% equity in LOITC. This acquisition was in line with LOITC's long-term strategic relationship with Qisda to expand production scale and promote market share.

In their special meeting on November 15, 2007, however, LOITC's shareholders approved the board of directors' proposal of August 27, 2007 to cancel the plan to use LOITC's shares to make the payment and to negotiate instead with Qisda for a new payment mode (i.e., wholly pay in cash) and schedule. LOITC thus paid cash for its acquisition at these amounts: $2,695,878 thousand, recorded under intangible assets - patent rights; and $2,806,508 thousand, recorded under goodwill.

As of December 31, 2009 and 2008, the amortization expenses for patent rights were $786,297 thousand and $561,641 thousand, respectively.

c. Goodwill

The amortization period for goodwill resulting from the Parent Company's acquisition of Lite-On Enclosure Inc. in 2004 was approximately five years. However, under the Guidelines Governing the Preparation of Financial Reports, effective January 1, 2006, goodwill need no longer be amortized. As of December 31, 2009 and 2008, the carrying value of goodwill was $132,986 thousand.

Except for the goodwill generated through the acquisition of Lite-On Enclosure Inc. by the Parent Company for $132,986 thousand, the Parent Company's purchase of some assets of the IrDA Department of Avago Technologies Limited for $411,932 thousand, and the goodwill carrying value of $2,806,508 thousand recognized by Lite-On IT Corp., the differences between (a) the acquisition costs of the Parent Company's investments in the subsidiaries and the acquisition costs of the subsidiaries' investments in other companies and (b) the Company's proportionate share in the investee's equity are listed as follows:

	December 31	
	2009	**2008**
Perlos Oyj and its subsidiaries	$ 8,687,811	$ 8,709,334
Li Shin International Enterprise Corp.	1,708,258	1,708,258
Philips & Lite-On Digital Solutions Germany GmbH.	457,175	456,671
Lite-On Automotive Corp.	303,077	312,069
Leotek Electronics Corp.	215,349	215,349
Others	60,164	60,164
	$ 11,431,834	$ 11,461,845

From January 1, 2006, based on the revised of the Statement of Financial Accounting Standards No. 5 - "Long-term Investments in Equity Securities," goodwill should no longer be amortized but should be tested for impairment at regular intervals every year. For this test, the recoverable amount should be evaluated by the value in use of the tangible and intangible assets of the Parent Company and the subsidiaries' optical storage devices, and the project cash flows during the period of the expected use of these devices should be considered. Some factors to consider in assessing value in use are past operating performance, future profit situation under normal operation, operating strategies, industrial development goals on CD-ROM drives, market prospects, etc. Net cash input and the number of residual assets should be estimated, and the value in use of these assets should be calculated net of their weighted average capital cost. If the book value of the assets exceeds value in use, impairment loss is recognized.

15. OTHER ASSETS

a. Leased assets, net (operating lease)

Leotek Electronics Corp. and Li Shin International Enterprise leased out their land, buildings and office equipment as follows:

	December 31	
	2009	2008
Cost		
Land	$ 36,063	$ 41,884
Buildings	57,390	119,104
Office equipment	-	3,160
	93,453	164,148
Less: Accumulated depreciation	8,208	24,275
Accumulated impairment losses	-	5,210
	$ 85,245	$ 134,663

b. Idle assets, net

	December 31	
	2009	2008
Cost		
Land	$ 5,821	$ -
Buildings	549,613	601,601
Machinery and equipment	1,234,691	1,265,892
Transportation equipment	4,382	4,612
Office equipment	50,382	80,563
Other equipment	121,972	156,302
	1,966,861	2,108,970
Less: Accumulated impairment losses	213,132	230,958
Accumulated depreciation	1,085,801	1,162,411
	$ 667,928	$ 715,601

The change in accumulated impairment losses was as follows:

	2009	2008
Balance, beginning of year	$ 230,958	$ 24,742
Impairment losses	84,586	167,698
Disposals	(102,412)	-
Reclassification	-	38,518
Balance, end of year	$ 213,132	$ 230,958

c. Overdue receivables

	December 31 2009	December 31 2008
Overdue receivables	$ 73,546	$ 945
Allowance for doubtful accounts	73,546	945
	$ -	$ -

16. SHORT-TERM LOANS

	December 31 2009	December 31 2008
Unsecured bank loans - interest: 0.79%-4.86% in 2009 and 2.00%-15.80% in 2008	$ 1,889,176	$ 6,531,252

17. LONG-TERM DEBTS (INCLUDING CURRENT PORTION)

	Due Within One Year	Due After One Year	Total
December 31, 2009			
Long-term loans payable - bank	$ 769,601	$ 20,118,778	$ 20,888,379
Overseas unsecured bonds	2,081,113	-	2,081,113
Obligations under capital leases	99,573	493,865	593,438
	$ 2,950,287	$ 20,612,643	$ 23,562,930
December 31, 2008			
Long-term loans payable - bank	$ 1,233,789	$ 17,913,195	$ 19,146,984
Overseas unsecured bonds	131,004	2,083,363	2,214,367
Obligations under capital leases	113,950	619,075	733,025
	$ 1,478,743	$ 20,615,633	$ 22,094,376

a. Long-term bank loans payable-bank

	December 31 2009	December 31 2008
Parent Company	$ 14,500,000	$ 16,300,000
Perlos Oyj	4,162,617	-
Silitech Technology Corp.	1,200,000	111,724
Lite-On Japan Ltd.	825,884	1,541,460
Silitech Technology (Su Zhou) Co., Ltd.	199,878	1,181,504
Shobo International Corporation	-	1,336
Leotek Electronics Corp.	-	10,960
	20,888,379	19,146,984
Less: Current portion of long-term loans payable	769,601	1,233,789
	$ 20,118,778	$ 17,913,195

1) The Parent Company had two long-term loans with contract terms between July 31, 2008 and September 23, 2013 and as of December 31, 2009, with interest rate of 1.104% to 1.270%, payable monthly or quarterly. These loans should be repaid in five or twelve installments from their due dates.

   The Parent Company had two long-term loans with contract terms between July 31, 2008 and September 23, 2013, and as of December 31, 2008, with interest rates of 2.610% to 2.929%, payable monthly or quarterly. These loans should be repaid in five or twelve installments from their due dates.

   On September 23, 2008, the Parent Company signed the contract for a five-year syndicated loan with Citi Bank, Chinatrust Bank, Taipei Fubon Bank, Taishin International Bank, Taiwan Landbank, Taiwan Cooperative Bank, Bank SinoPac, Mega International Commercial Bank, Chang Hwa Bank, Standard Chartered, First Bank, Yuanta Bank, Bank of Taiwan, Entie Commercial Bank, Agribank, and Sumitomo Mitsui Banking Corporation. The credit line is $15 billion, consisting of:

   a) $12 billion, which is a refinancing of existing credit lines to improve financial structure, which should be used as a medium-term loan and may not be used on a revolving basis; and

   b) $3 billion, which is for supporting operations, may be used on a revolving basis.

   The principal of this syndication loan should be repaid in five semiannual installments from September 23, 2011, and the interest rate is set by adding 55 points on the 90-day Taiwan subprime commercial paper interest rate.

   The contract also stipulated that the most recent semiannual or annual consolidated financial statements should show that the Parent Company meets the following requirements:

   a) The current ratio should not be below 100%.

   b) The debt ratio adjusted on cash basis (the ratio of total liabilities plus contingent liabilities minus total cash and cash equivalents divided by tangible equity) should not be above 150%.

   c) The interest coverage ratio should not be below 400%.

   d) The tangible equity (total equity, including minority interest, minus intangible assets) should not be less than NT$45 billion.

   As of December 31, 2009 and 2008, the Parent Company used a) NT$12 billion and b) NT$0.5 billion of the credit line of the above syndicated loan, and a) NT$12 billion and b) NT$2.3 billion, respectively.

2) Perlos Oyj signed a contract for a five-year syndicated loan with Citi Bank, Chinatrust, Taipei Fubon Bank, Taishin International Bank, Taiwan Landbank, Taiwan Cooperative Bank, Bank SinoPac, Mega International Commercial Bank, Chang Hwa Bank, Standard Chartered, First Bank, Yuanta Bank, Bank of Taiwan, Entie Commercial Bank, Agribank, and Sumitomo Mitsui Banking Corporation. The contract includes medium- and long-term loans of EUR100 million (the endorsements and guarantees provided by the Parent Company). Under this contract, Perlos Oyj’s most recent semiannual or annual consolidated financial statements should show compliance with the ratio requirements that are the same as those for the Parent Company. As of December 31, 2009, Perlos Oyj had drawn down EUR90 million on the loan.

3) Silitech Technology Corporation had a long-term loans as of December 31, 2009. The contract includes medium- and long-term loans of $3 billion. As of December 31, 2009, Silitech Technology Corporation had used $1.2 billion, 1.2833%-1.2844% interest floating rate. Contract terms from March 16, 2009 to March 16, 2014, with first repayments on December 16, 2011, repayable for each season and followed by ten equal repayments.

   Silitech Technology Corporation had a long-term loans as of December 31, 2008; contract terms from June 7, 2007 to June 7, 2010. The contract includes medium- and long-term loans of US$20 million, principal amortized semiannually, with first and second repayments of US$3,000 thousand each, followed by five equal payments of US$2,800 thousand. Silitech Technology Corporation had repaid the loan in June 2009 in advance.

4) Lite-On Japan Ltd. had seventeen long-term loans, contract terms from March 31, 2005 to July 31, 2022, 1.0%-5.68% interest floating rate, principal repayable on due days.

5) Silitech Technology (Su Zhou) Co., Ltd. had a long-term loan, contract terms from September 25, 2007 to September 25, 2011; principal amortized semiannually and repaid at both US$2,700 thousand and RMB24,900 thousand for each of the first two installments, repaid US$8,904 thousand and RMB98,840 thousand at the third repayment, followed by four equal repayments of both US$924 thousand and RMB4,340 thousand; 0.80625%-6.804% annual interest rate.

6) Shobo International Corporation - medium- and long-term loans, terms from October 1, 2007 to October 1, 2012; 2.10% annual interest rate.

7) Leotek Electronics Corp.-Taiwan Business Bank (Development Project Credit Loan of Industrial Development Bureau Ministry of Economic Affairs), effective July 2006; principal amortized monthly and repayable at 18 equal installments; 1.00% annual interest rate. Leotek Electronics Corp. had repaid the loan in Jan 2009 in advance.

b. Overseas unsecured bonds

	December 31	
	2009	**2008**
Perlos Oyj	$ 2,081,113	$ 2,083,363
Lite-On Japan Ltd.	-	131,004
	2,081,113	2,214,367
Less: Current portion of overseas convertible bonds payable	2,081,113	131,004
	$ -	$ 2,083,363

1) Perlos Oyj -Bond I, issued through the Nordea Bank; maturity on March 10, 2010; aggregate face value of EUR30,000 thousand; 4.76% nominal interest rate. Bond II - issued through the Skandinaviska Enskilda Banken AB; on January 4, 2010; aggregate face value of EUR15,000 thousand; 4.53% nominal interest rate.

2) Lite-On Japan Ltd.- Bond I, issued through the Bank of Tokyo-Mitsubishi UFJ, Ltd.; maturity on March 31, 2009; aggregate face value of JPY30,000 thousand; 1.005% nominal interest rate. Bond II, issued through the Bank of Tokyo-Mitsubishi UFJ, Ltd.; maturity on March 31, 2009; aggregate face value of JPY30,000 thousand; 1.010% nominal interest rate. Bond III, issued through the Bank of Tokyo-Mitsubishi UFJ, Ltd.; maturity on March 31, 2009; aggregate face value of JPY30,000 thousand; 0.720% nominal interest rate.

c. Obligations under capital leases

	December 31	
	2009	2008
Perlos (Guangzhou) Electronic Components Co., Ltd.	$ 438,049	$ 484,813
Perlos (Beijing) Electronic and Telecommunication Components	112,673	150,966
Perlos (Guangzhou) Engineering Plastics Co., Ltd.	10,392	43,451
Lite-On (Guang Zhou) Infortech Ltd.	9,431	36,286
Perlos Oyj	6,704	9,959
The Parent Company	5,802	-
Perlos AB.	4,297	3,567
Perlos Precision Molds (Shenzhen) Co., Ltd.	3,231	1,806
Perlos Telecommunication and Electronic Components (India) Private Ltd.	2,859	2,177
	593,438	733,025
Less: Current portion of long-term capital lease liabilities	99,573	113,950
	$ 493,865	$ 619,075

1) Perlos (Guangzhou) Electronic Components Co., Ltd. - leased building, machinery and equipment under capital leases from Oct 15, 2006 to Dec 31, 2016. The terms of these leases were between 3 and 10 years, 7.11% interest rate. The building, machinery and equipment can be bought at a bargain purchase price at the end of the lease term.

2) Perlos (Beijing) Electronic and Telecommunication Components- leased building under capital leases from Jan 1, 2003 to Dec 31, 2012. The terms of these leases were 10 years, 4.24% interest rate. The building can be bought at a bargain purchase price at the end of the lease term.

3) Perlos (Guangzhou) Engineering Plastics Co., Ltd. - leased building under capital leases from May 5, 2000 to April 5, 2010. The terms of these leases were 10 years, 4.61% interest rate. The building can be bought at a bargain purchase price at the end of the lease term.

4) Lite-On (Guang Zhou) Infortech Ltd. - leased machinery and equipment under capital leases from June 15, 2006 to Nov 29, 2011. The terms of these leases were 4 years, 3.11% to 5.56% interest rate. The machinery and equipment can be bought at a bargain purchase price at the end of the lease term.

5) Perlos Oyj - leased machinery and equipment under capital leases from Jan 1, 2007 to June 30, 2013. The terms of these leases were between 2 and 6 years, 5.00% interest rate. The machinery and equipment can be bought at a bargain purchase price at the end of the lease term.

6) The Parent Company leased machinery and equipment under capital leases valid from September 1, 2009 to February 1, 2013. The terms of these leases were between three and five years, with 15.6% interest rate. The payments of these leases were between 42 thousand and 120 thousand. The ownership of the leased assets will be transferred to the Parent Company at the end of the lease term.

7) Perlos AB. - leased machinery and equipment under capital leases from Sep 15, 2006 to July 15, 2012. The terms of these leases were between 2 and 6 years, 3.63%-12.83% interest rate. The machinery and equipment can be bought at a bargain purchase price at the end of the lease term.

8) Perlos Precision Molds (Shenzhen) Co., Ltd. - leased machinery and equipment under capital leases from July 1, 2009 to Dec 31, 2011. The terms of these leases were between 2 and 5 years, 11.38% interest rate. The machinery and equipment can be bought at a bargain purchase price at the end of the lease term.

9) Perlos Telecommunication and Electronic Components (India) Private Ltd. - leased machinery and equipment under capital leases from May 25, 2009 to May 26, 2012. The terms of these leases were 3 years, 10.20% to 10.25% interest rate. The machinery and equipment can be bought at a bargain purchase price at the end of the lease term.

18. PENSION PLAN

The Parent Company, Lite-On IT Corp., Silitech Technology Corp., Lite-On Automotive Corp., Li Shin International Enterprise Corp., Leotek Electronics Corp., Logah Technology Co., Ltd. and Philips & Lite-On Digital Solutions Corp. have pension plans for all regular employees, which provide benefits based on length of service and average basic pay for the six months before retirement.

The Parent Company, Lite-On IT Corp., Silitech Technology Corp., Lite-On Automotive Corp., Li Shin International Enterprise Corp., Logah Technology Co., Ltd., Leotek Electronics Corp. and Philips & Lite-On Digital Solutions Corp, contribute monthly an amount equal to 2%, 3%, 2.5%, 2%, 4%, 4%, 2% and 3% of salaries and wages to a pension fund, respectively, which is administered by the employees' pension fund committee and deposited in the Bank of Taiwan in the committee's name.
Other information on the defined benefit plan is summarized as follows:

	December 31	
	2009	**2008**
a. Components of net pension costs:		
Service cost	$ 23,692	$ 24,531
Interest cost	22,988	27,251
Expected return on plan assets	(24,154)	(27,580)
Curtailment gain	(580)	(24,935)
Amortization	(5,553)	(4,446)
Net pension costs	$ 16,393	$ (5,179)
b. Reconciliation of the fund status of the plan and accrued pension cost:		
Benefit obligation		
Vested benefit obligation	$ (110,911)	$ (97,894)
Non-vested benefit obligation	(546,495)	(536,004)
Accumulated benefit obligation	(657,406)	(633,898)
Additional benefits based on future salaries	(318,899)	(336,114)
Projected benefit obligation	(976,305)	(970,012)
Fair value of plan assets	1,044,645	1,028,933
Funded status	68,340	58,921
Unrecognized net transition obligation	16,370	20,001
Non-amortized net gain	(237,907)	(254,246)
Contribution of accrued pension cost	(1,714)	(1,826)
Unrecognized net gain	(2,395)	-
Accrued pension cost	$ (157,306)	$ (177,150)

	December 31	
	2009	2008
c. Actuarial assumptions:		
Discount rate used in determining present values	2.00%-2.75%	2.25%-3.25%
Future salary increase rate	2.50%-3.50%	2.50%-3.50%
Expected rate of return on plan assets	1.50%-2.75%	2.25%-3.40%
d. Contributions to the fund	$ 24,171	$ 34,511
e. Payments from the fund	$ 25,198	$ 36,980

The Labor Pension Act (the "Act") took effect on July 1, 2005. The Group's employees subject to the Labor Standards Law before July 1, 2005 were allowed to choose to continue to be subject to the Labor Standards Law or to be subject to the pension mechanism under this Act, with their service years accumulated until June 30, 2005 to be retained. Those hired on or after July 1, 2005 automatically become subject to the Act.

Based on the Act, the rate of monthly contributions by the Parent Company and subsidiaries - Lite-On IT Corp., Silitech Technology Corp., Lite-On Automotive Corp., Li Shin International Enterprise Corp., Logah Technology Co., Ltd., Leotek Electronics Corp., and Lite-On Integrated Services Inc. and Philips & Lite-On Digital Solutions Corp. to employees' individual pension accounts is at 6% of monthly wages and salaries. For these contributions, the Parent Company and subsidiaries recognized a pension cost of $144,989 thousand and $314,694 thousand in 2009 and 2008.

Some consolidated entities, which are mainly in investments, have either very few or even no staff. These companies have no pension plans and thus do not contribute to pension funds and do not recognize pension costs.

Except for these companies, the remaining companies all contribute to pension funds and recognize pension costs based on local government regulations. The pension expenses recognized for 2009 and 2008 are $642,067 thousand and $600,866 thousand respectively.

19. SHAREHOLDERS' EQUITY

On September 25, 1996, the Parent Company issued 4,900 thousand units of global depositary receipts (GDRs) on the London Stock Exchange. These GDRs represented 49,000 thousand common shares of the Parent Company.

On April 3, 1995, GVC Corp. issued 5,000 units of GDRs on the London Stock Exchange. These GDRs represented 25,000 thousand common shares of GVC Corp, which were assumed by the Parent Company as a result of a merger. As of November 4, 2002, the outstanding GDRs were 7,627 thousand units, or 38,136 thousand common shares of GVC Corp. For merger purposes, these GDRs were exchanged for the Parent Company's 1,478 thousand marketable equity securities, which represent 14,781 thousand common shares of the Parent Company.

As of December 31, 2009, the outstanding marketable equity securities were 5,177 thousand units, representing 51,770 thousand common shares of the Parent Company. The rights and obligation of security holders are the same as those of common shareholders, except for voting rights. As of December 31, 2009, the unredeemed GDRs amounted to 2,012 thousand units.

Employee Stock Option Plans

In December 2007, there was a grant of 30,000 options to qualified employees of the Parent Company and its subsidiaries. Each option entitles the holder to subscribe for one thousand common shares of the Parent Company when exercisable. The options granted are valid for 6 years and exercisable at certain percentages after the second, the third, and the fourth anniversary year from the grant date. The options were granted at an exercise price equal to the closing price of the Parent Company's common shares listed on the TSEC on the grant date. For distributing cash dividends and stock dividends, and reducing capitals (besides writing off treasury stocks), the exercise price and the number of options are adjusted accordingly.

Other information on the employee stock option plans is as follows:

	Years Ended December 31			
	2009		2008	
	Number of Options (In Thousands)	Weighted -average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted -average Exercise Price (NT$)
Balance, beginning of year	25,150	$ 44.1	30,000	$ 46.6
Options expired	(2,263)	44.1	(4,850)	46.6
Options exercised	(243)	44.1	-	-
Balance, end of year	22,644	44.1	25,150	46.6
Weighted-average fair value of options granted in thousand	$ 16.964		$ 16.964	

The weighted-average remaining life of the outstanding and exercisable options as of December 31, 2009 and 2008 was 4 and 5 years, respectively.

Compensation cost recognized under the intrinsic value method was $0 thousand for the year ended December 31, 2009. Had the Parent Company recognized compensation cost based on the fair value method using the Binomial option pricing model, the assumption and pro forma result of the Parent Company for the years ended December 31, 2009 and 2008 would have been as follows:

	Years Ended December 31	
	2009	2008
Assumptions		
Risk-free interest rate	2.5101%	2.5101%
Expected life	4 year	5 year
Expected volatility	40.07%	40.07%
Expected dividend yield	7.07%	7.07%
Net income		
As reported	$ 7,051,841 thousand	$ 4,419,433 thousand
Pro forma	$ 6,850,394 thousand	$ 4,217,985 thousand

(Continued)

	Years Ended December 31	
	2009	2008
Basic after income tax earnings per share (New Taiwan dollar)		
As reported	$3.20	$2.00
Pro forma	3.11	1.91
Diluted after income tax earnings per share (New Taiwan dollar)		
As reported	3.15	1.98
Pro forma	3.06	1.89

(Concluded)

Capital Surplus

Under the Company Law, capital surplus from long-term investments under the equity method may not be used for any purpose. Otherwise, the capital surplus can only be used to offset a deficit. However, the capital surplus from share issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds, capital surplus from merger, and treasury stock transactions) can be capitalized, which however is limited to a certain percentage of the Parent Company's paid-in capital.

Appropriation of Earnings and Dividend Policy

The Parent Company's Articles of Incorporation provide that the annual net income, less any deficit and 10% legal reserve as well as special reserve equal to the debit balances of the shareholders' equity accounts, together with the distributable unappropriated earnings of prior years, can be retained partially on the basis of operating requirements. The remainder should be distributed as follows:

a. Bonus to employees: Not below 10%
b. Remuneration to directors: Not above 1.5%
c. Others are dividends

If the bonus to employees described above is share bonus, it may be distributed to the employees of subsidiaries of the Parent Company. The requirements and the method of distribution of these share bonuses are resolved by the board of directors as authorized.

The bonus to employees and remuneration to directors recognized for 2009 and 2008 were estimated on the basis of past appropriation experience at 15% and 1%, respectively, of the estimated appropriations from prior year's earnings. Material differences between these estimates and the amounts proposed by the Board of Directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by shareholders differ from the proposed amounts, the differences are recorded in the year of the shareholders' resolution as a change in accounting estimate. If stock bonuses are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of the shares on the day preceding the shareholders' meeting.

These appropriations should be resolved by the shareholders in the following year and given effect in the financial statements of that year.

On June 22, 2009 and June 25, 2008, the shareholders resolved the appropriation of earnings and dividend per share in 2008 and 2007 as follows:

	Appropriation of Earnings		Dividend Per Share (Dollars)	
	2008	2007	2008	2007
Legal reserve	$ 431,321	$ 843,949	$ -	$ -
Stock dividends	110,028	109,011	0.05	0.05
Cash dividends	3,080,773	6,431,638	1.40	2.95
Bonus to employees - stock	-	400,000	-	-
Bonus to employees - cash	-	334,905	-	-
Remuneration to directors and supervisors	-	73,491	-	-

The sharing with employees of profits of $91,473 thousand in cash and $518,345 thousand in stock as well as the remuneration to directors of $38,390 thousand for 2008 was approved in the shareholders' meeting on June 22, 2009. The amount of the stock bonus to employees of 19,998 thousand shares was determined at the closing price of the Parent Company's common shares (after considering the effect of dividends) of the day immediately preceding the shareholders' meeting.

The appropriation of the earnings for 2008 was approved by the Financial Supervisory Commission, Executive Yuan, ROC. The board of directors resolved that the date of distributing stock dividends and cash dividends was August 23, 2009.

As of March 1, 2010, the auditors' report date, the Parent Company's board of directors had not decided the appropriation of the 2009 earnings. Related information may be accessed through the Market Observation Post System through the Web site of the Taiwan Stock Exchange.

Under the regulations of the Securities and Futures Bureau, the Parent Company should appropriate a special reserve equivalent to the debit balances, as of the balance sheet date, in the shareholders' equity account, except for treasury stock and deficit. The special reserve will be distributable when the debit balances in the shareholders' equity are reversed.

According to the regulations of Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan, R.O.C. the companies listed on the Taiwan Stock Exchange Corporation (TSEC) and the GreTai Securities Market (GTSM) should contribute the special reserve on the basis of the proportionate share as the same as the difference between market value and book value of the subsidiaries holding the Parent company's stock and the amount cannot be appropriated. If the valuation of the stock rises up thereafter, TSEC/GTSM listed companies can reverse the special reserve as much as the reversal of valuation on the basis of the proportionate share (please refer to the Note 20).

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

Under the Company Law, the appropriation for legal reserve should be made until the reserve equals the Parent Company's paid-in capital. This reserve may be used to offset a deficit. Also, when the reserve reaches 50% of the capital, up to 50% may be transferred to capital.

For the years ended December 31, 2009 and 2008, the Parent Company's movements of unrealized gain or loss on financial instruments were as follows:

	Recognized in Shareholders' Equity	Equity-method Investments Recognized in Shareholders' Equity	Total
Year ended December 31, 2009			
Balance, beginning of year	$ (648,632)	$ (390,131)	$ (1,038,763)
Increase in 2009	1,851,146	283,053	2,134,199
Balance, end of year	$ 1,202,514	$ (107,078)	$ 1,095,436
Year ended December 31, 2008			
Balance, beginning of year	$ 757,337	$ (100,890)	$ 656,447
Decrease in 2008	(1,405,969)	(289,241)	(1,695,210)
Balance, end of year	$ (648,632)	$ (390,131)	$ (1,038,763)

20. TREASURY STOCK (COMMON STOCK)

Unit: In Thousand Shares

Reason for Repurchase	Beginning of Year	Changes in Fiscal Year Increase	Changes in Fiscal Year Decrease	End of Year
2009				
Parent Company's shares held by direct and indirect subsidiaries reclassified from long-term stock investments to treasury stock	27,426	137	-	27,563
For transfer to employees	30,565	-	-	30,565
	57,991	137	-	58,128
2008				
Parent Company's shares held by direct and indirect subsidiaries reclassified from long-term stock investments to treasury stock	27,290	136	-	27,426
For transfer to employees	-	30,565	-	30,565
	27,290	30,701	-	57,991

At the end of 2009 and 2008, the Parent Company transferred $1,104,073 thousand from available-for-sales financial asset of direct and indirect subsidiaries to treasury stock proportionate to its ownership. Both the carrying value and market value of treasury stock mentioned above were $1,326,003 thousand in 2009 and $589,561 thousand in 2008.

The Parent Company held a meeting of the Board of Directors on August 27, 2008 and approved a share buyback plan to repurchase the Corporation's common shares up to 30,000 thousand shares listed on the TSE during the period from September 28, 2008 to October 27, 2008 for the buyback price in the range from $20.48 to $43.6. The Corporation had repurchased 18,565 thousand common shares and the cost of buyback amounted to $485,427 thousand. All the treasury stock repurchased under this share buyback plan was for transfer to employees.

The Parent Company held a meeting of the Board of Directors on October 28, 2008 and approved a share buyback plan to repurchase the Corporation's common shares up to 40,000 thousand shares listed on the TSE during the period from October 29, 2008 to December 28, 2008 for the buyback price in the range from $13 to $37.1. The Corporation had repurchased 12,000 thousand common shares and the cost of buyback amounted to $268,143 thousand. All the treasury stock repurchased under this share buyback plan was for transfer to employees.

Under the Securities and Exchange Law, the maximum number of treasury stock purchased should not exceed 10% of the Parent Company's total outstanding shares, and the aggregate purchase cost should not exceed the sum of retained earnings, additional paid-in capital in excess of par value and realized capital surplus. The treasury stock cannot be pledged or exercise shareholders' rights. Treasury stock should be reissued within three years from the reacquisition date. Shares not transferred within the time limit will be deemed unissued, and the Parent Company should register with the authorities the change in the number of shares.

Under the Securities and Exchange Law, the treasury stocks acquired by the Parent Company can't be pledged and have no right not only to receive dividends but also to vote. The Parent Company's stock acquired by its subsidiaries should be regarded as treasury stock. Except for participating the Parent Company's raising capital by cash, the right of these subsidiaries have no difference with other shareholders. But, since June 22, 2005, under the amended Company Law, the subsidiaries holding the Parent Company's stocks lost the right to vote.

21. INCOME TAX

a. The reconciliation of income tax expense - current to income tax expense for income before income tax at statutory rate is as follows:

	2009	2008
Income tax expense on income before income tax using the statutory rate	$ 3,917,325	$ 3,177,911
Deduct tax effects of:		
Permanent differences	(1,514,889)	(1,342,676)
Temporary differences	(386,025)	413,888
Unappropriated earning rates tax (10%)	165,673	61,866
Basic income tax	104,345	98,578
Less: Investment tax credits	(245,686)	(247,856)
Income tax expense - current	$ 2,040,743	$ 2,161,711

b. The components of income tax expense are shown below:

	2009	2008
Income tax expense - current	$ 2,040,743	$ 2,161,711
Deferred income tax	186,861	(1,069,567)
Prior year's adjustment	(229,714)	224,933
Tax separately levied on interest from short-term bills	150	-
Income tax expense	$ 1,998,040	$ 1,317,077

c. The components of deferred income tax assets and liabilities were as follows:

	December 31	
	2009	2008
Current		
Deferred income tax assets		
Investment tax credits	$ 500,325	$ -
Allowance for loss on inventories	177,056	172,679
Accrued warranty expense	164,770	262,645
Unrealized sales return and allowance	131,686	99,402
Loss carryforwards	42,304	22,195
Unrealized sales profit	39,797	53,923
Reimbursement payable	30,794	-
Foreign exchange loss, net	28,786	101,929
Excess provisions for doubtful receivables	13,438	104,221
Unrealized losses on financial liability	-	157
Others	74,389	98,214
	1,203,345	915,365
Valuation allowance	(56,691)	(21,223)
	1,146,654	894,142
Deferred income tax liabilities		
Unrealized foreign exchange gain	(105,435)	(21,695)
Others	(418)	(8,057)
	(105,853)	(29,752)
Deferred income tax assets, net	$ 1,040,801	$ 864,390
Noncurrent		
Deferred income tax assets		
Investment tax credit	$ 1,308,114	$ 1,361,595
Accumulated equity in the net loss of foreign investees	549,624	660,282
Loss carryforwards	333,167	-
Permanent loss on long-term investments	189,039	261,957
Excess provisions for pension costs	91,815	79,678
Allowance for loss on idle assets	15,639	1,554
Impairment loss	13,414	43,753
Reimbursement payable	-	51,783
Others	71,313	13,562
	2,572,125	2,474,164
Valuation allowance	(1,301,547)	(1,064,720)
	1,270,578	1,409,444

(Continued)

	December 31	
	2009	2008
Deferred income tax liabilities		
Accumulated equity in the net gain of foreign investees	$ (1,829,069)	$ (1,593,008)
Unrealized amortization of goodwill	(205,757)	(198,145)
Others	(9,327)	(28,594)
	(2,044,153)	(1,819,747)
Deferred income tax liabilities, net	$ (773,575)	$ (410,303)

(Concluded)

The income tax rate of the Parent Company and its subsidiaries used in recognizing deferred income tax was 20%. The income tax rate of other subsidiaries used in recognizing deferred income tax was based on legal tax rate.

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Group recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as a deferred income tax benefit or expense.

Income tax returns through 2007 have been examined and cleared by the tax authorities. The Parent Company disagreed with the tax authorities' assessment of its 2004 to 2007 tax return and had applied for a re-examination. Nevertheless, the Parent Company has provided for the income tax assessed by the tax authorities for conservatism.

d. The information on investment tax credit is as follows:

Legislation	Deduction Item	Tax Credit Amount	Unused Tax Credits Ending Balance	Expiry Year
Statute for Upgrading Industries	Research and development cost and professional training expenses	$ 541,660	$ 500,325	2010
	Research and development cost and professional training expenses	383,157	367,632	2011
	Research and development cost and professional training expenses	274,632	274,632	2012
	Research and development cost and professional training expenses	205,872	205,872	2013
		$ 1,405,321	$ 1,348,461	

e. The integrated income tax information is as follows:

	December 31	
	2009	2008
Balance of ICA		
The Parent Company	$ 516,753	$ 408,248

The expected tax credit ratio on earnings as of December 31, 2008 and applicable tax credit ratio on earnings as of December 31, 2007 are as follows:

	2009	2008
The Parent Company	10.32%	9.43%

The unappropriated earnings as of December 31, 2009 and 2008 did not include earnings generated up to December 31, 1997.

22. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSE

	2009			2008		
	Included in Cost of Sales	Included in Operating Expenses	Total	Included in Cost of Sales	Included in Operating Expenses	Total
Employment						
Salary	$ 12,049,919	$ 12,814,209	$ 24,864,128	$ 8,131,449	$ 9,962,555	$ 18,094,004
Insurance	796,469	789,720	1,586,189	603,992	624,829	1,228,821
Pension	298,645	504,804	803,449	357,882	552,499	910,381
Others	1,374,669	638,516	2,013,185	1,111,119	933,236	2,044,355
	14,519,702	14,747,249	29,266,951	10,204,442	12,073,119	22,277,561
Depreciation	4,733,147	1,082,277	5,815,424	4,770,100	1,458,187	6,228,287
Amortization	402,438	1,105,376	1,507,814	1,328,254	1,685,451	3,013,705
	$ 19,655,287	$ 16,934,902	$ 36,590,189	$ 16,302,796	$ 15,216,757	$ 31,519,553

Expense for depreciation of idle assets and assets leased to others which were $15,269 thousand and $1,020 thousand as of December 31, 2009 and 2008, respectively (included in nonoperating expenses - other expenses), were not included in the above depreciation expenses.

The expense for the amortization of issuance cost of bonds of the Parent Company, which was $11,919 thousand as of December 31, 2008 (included in nonoperating expenses - other expenses), was not included in the above amortization expenses.

23. EARNINGS PER SHARE

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

	Amounts (Numerator)		Shares (Denominator)	Earnings Per Share (Dollars)	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
2009					
Basic consolidated EPS					
Consolidated net income	$ 7,407,310	$ 7,051,841	2,203,990	$ 3.36	$ 3.20
The effect of potential common stock with dilution effect					
Bonus to employees	-	-	31,776		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
The net income of common shareholders plus the effect of potential common stock	$ 7,407,310	$ 7,051,841	2,235,366	$ 3.31	$ 3.15

(Continued)

	Amounts (Numerator)		Shares (Denominator)	Earnings Per Share (Dollars)	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
Pro forma information on the assumption that the Parent Company's shares held by its direct and indirect subsidiaries were not treated as treasury stocks					
Basic consolidated EPS					
Consolidated net income	$ 7,441,276	$ 7,085,807	2,231,553	$ 3.33	$ 3.18
The effect of potential common stock with dilution effect					
Bonus to employees	-	-	31,376		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
The net income of common shareholders plus the effect of potential common stock	$ 7,441,276	$ 7,085,807	2,262,929	$ 3.29	$ 3.13
2008					
Basic consolidated EPS					
Consolidated net income	$ 4,769,211	$ 4,419,433	2,209,716	$ 2.16	$ 2.00
The effect of potential common stock with dilution effect					
Bonus to employees	-	-	18,611		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
The net income of common stock holders plus the effect of potential common stock	$ 4,769,211	$ 4,419,433	2,228,327	$ 2.14	$ 1.98
Pro forma information on the assumption that the Parent Company's shares held by its direct and indirect subsidiaries were not treated as treasury stocks					
Basic consolidated EPS					
Consolidated net income	$ 4,843,230	$ 4,493,452	2,237,280	$ 2.16	$ 2.01
The effect of potential common stock with dilution effect					
Bonus to employees	-	-	18,611		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
The net income of common shareholders plus the effect of potential common stock	$ 4,843,230	$ 4,493,452	2,255,891	$ 2.15	$ 1.99

(Concluded)

The Parent Company presumes that the partial amount of the bonus to employees will be settled in shares and potential shares from bonus to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of bonus to employees by the closing price (after consideration of the dilutive effect of dividends) of the common shares on the balance sheet date. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shares of employee bonus are resolved in the shareholders' meeting in the following year. The average number of shares outstanding for EPS calculation has no dilutive effect for the issuance of common stock-based compensation in 2008.

At the end of 2009 and 2008, the stock-based compensation exercise price was greater than the average price of the shares, the number of common shares outstanding decreased and earnings per share increased, and these developments had an anti-dilutive effect on shares; thus, these shares were not included in the calculation of diluted EPS.

The average number of shares outstanding for EPS calculation was adjusted retroactively for the issuance of stock dividends. Thus, in 2008, basic and diluted EPS before tax decreased from $2.17 to $2.16 and from $2.15 to $2.14, respectively, and basic and diluted EPS after tax decreased from $2.01 to $2.00 and from $1.99 to $1.98 respectively.

24. RELATED-PARTY TRANSACTIONS

Significant transactions with related parties are summarized below and in the accompanying Tables 1 and 2:

a. The sale price of the Parent Company's and subsidiaries' purchases from Lite-On Semiconductor Corp. in 2009 and 2008 is based on cost plus specific profit. Except for these purchases, the sales terms between the Parent Company and its related parties are normal.

b. The cost of the Parent Company's and subsidiaries' purchases from Lite-On Semiconductor Corp. in 2009 and 2008 is based on cost plus specific profit. Except for these purchases, the purchase terms between the Parent Company and its related parties are normal.

c. The financing provided by the Parent Company and Subsidiary Companies in 2009 and 2008 are summarized in Note 2.

d. The financing and endorsements and guarantees provided by the Parent Company and Subsidiary Companies in 2009 and 2008 are summarized in Note 2.

e. Compensation of directors, supervisors and management personnel:

	Years Ended December 31	
	2009	**2008**
Bonus	$ 431,428	$ 712,294
Salaries	118,905	239,456
Special compensation	71,690	96,396
Incentives	13,065	21,997
	$ 635,088	$ 1,070,143

25. MORTGAGED OR PLEDGED ASSETS-NONCURRENT

	December 31	
	2009	**2008**
Mortgaged or pledged assets - noncurrent		
Time deposits	$ 167,325	$ 232,983
Demand deposits	24,163	29,341
Checking deposits	-	31,100
	$ 191,488	$ 293,424

Mortgaged or pledged assets - noncurrent included Lite-On IT Corporation and Logah Electronics (Su Zhou) Co., Ltd.'s guarantee deposits with the export customs agency and other guarantee items for shipment clearance in advance of customs duty payments, which were $191,488 thousand and $153,448 thousand as of December 31, 2009 and 2008, respectively.

In 2006, Hon Hai Precision Co., Ltd. ("Hon Hai") claimed some subsidiaries - Logah Technology Co., Ltd. ("Logah") and Logah Electronics (Su Zhou) Co., Ltd. ("Logah Su Zhou") - were in breach of certain debt covenants with Hon Hai and requested the court to execute a provisional seizure against Logah's assets worth $180,000 thousand. To maintain their regular operation while facing this seizure order, Logah and its subsidiary provided the court with cash (including time, checking and demand deposits) of $139,976 thousand for seizure as of December 31, 2008.

Logah, however, reconciled with Hon Hai. Thus, the proceedings on the above case ended on March 11, 2009.

26. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

a. In October 2009, the U.S. Development of Justice (DOJ) announced that it make antitrust investigations of CD-ROM factories. Lite-On IT Corp. ("Lite-On IT") received an investigation notice from the DOJ. Lite-ON IT stated it would cooperate with the DOJ in the investigation. Later, in October 2009, CMP Consulting Service, Inc. filed an antitrust group lawsuit against Lite-On IT and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, Philips & Lite-On Digital Solutions USA, Inc. and other companies with related businesses - totaling 13 companies, with a court in California. In November 2009, KI, Inc. also filed an antitrust group lawsuit against Lite-On IT and its subsidiaries - Philips & Lite-On Digital Solutions Corporation, Philips & Lite-On Digital Solutions USA, Inc. and other companies with related businesses - totaling 15 companies, with a court in California. Lite-On IT assigned lawyers to deal with these lawsuits. As of March 1, 2010, the date of the accompanying auditors' report, these cases were still in the preliminary stage, and Lite-On IT could not estimate possible outcomes.

b. Lite-On IT Corp. ("Lite-On IT") had entered into a joint operations agreement with certain unrelated parties. Thus, starting from the first quarter of 2007, Lite-On IT will appropriate funds quarterly into a refundable deposit account as a guarantee for technical development authorization. The 2009 and 2008 year-end balance of this refundable deposit account was $1,140,209 thousand and $845,060 thousand, respectively.

27. OTHER EVENTS

a. On February 3, 2008, the Parent Company's factory in Shijie Town in Dong Guan City in China burned down because of an accident. Based on recent physical counts, the estimated loss on the factories, equipment and inventories of Titanic Capital Services Ltd., Lite-On Computer Tech (DG), Yet Foundate Ltd., and Silitech Electronic (DG) Ltd., subsidiaries of the Corporation, was NT$1.085 billion (about US$33,700 thousand) at book value. As of March 1, 2010, the Parent Company had reconfirmed to the insurance company the list of property damaged and compensation. Property damage by this fire accident is currently being verified by the Parent Company and the insurance company. The Parent Company believes that the property and business insurance is enough to cover this loss.

b. To focus on the Parent Company's core business, the board of directors resolved on April 29, 2008 the transfer of the Parent Company' s Digital Display Business Unit (DDBU) to Wistron Corporation ("Wistron") for around $8.738 billion. The transaction involves the transfer of DDBU's sales, assets, and liabilities, including DDBU's inventory, equipment, intellectual property, accrued warranty, and personnel, which belonged to the Parent Company and its subsidiaries in British Virgin Islands, China and U.S.A. In their regular meeting on June 25, 2008, the Parent Company's shareholders approved this transfer. As of December 31, 2008, this transaction had been completed, i.e., all of DDBU's sales, assets, and liabilities had been transferred to Wistron, and the receivables on this transaction had been fully collected. The excess collections on the intangible asset transactions were $1.2 billion, included in nonoperating income - gain on disposal of tangible assets.

c. BENQ Mobile GmbH & OHG ("BENQ"), a customer of Perlos Oyj, was declared bankrupt by a German court. Perlos Oyj appointed lawyers to file a business loss lawsuit against its insolvency administrator and accrued compensation of about EUR43.6 million for business loss as a result of the bankruptcy. In 2006, Perlos Oyj recognized losses resulting from BENQ's bankruptcy and estimated compensation receivables oaf about EUR3.1 million. In the first half of 2009, the local court decided the lawsuit in favor of Perlos Oyj and ordered BENQ to pay Perlos Oyj a compensation of approximately EUR15.26 million. At the end of 2009, all compensation was paid, of which Perlos Oyj retained about EUR10.53 million (approximately $487.21 million), included in nonoperating income, after deducting compensation payable to suppliers of about EUR1.63 million and initially recognizing compensation receivables of about EUR3.1 million.

d. Responding to the global economic downturn, a subsidiary of the Parent Company, Lite-On IT Corporation, adjusted its research and development (R&D) direction and product line by reducing the scale of the R&D department of the grandson company, Philips & Lite-On Digital Solutions Netherlands B.V., and estimated the related possible expenses and at about $144,355 thousand (approximately EUR3,135 thousand) and $508,321 thousand (approximately EUR10,977 thousand) in 2009 and 2008, respectively. This amount was recorded in nonoperating expenses - other expenses.

28. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Parent Company and its investees:

1) Financing provided: Note 2 to the financial statements

2) Endorsement/guarantee provided: Note 2 to the financial statements

3) Marketable securities held: Note 2 to the financial statements

4) Marketable securities acquired and disposed of at costs or prices of at least $100 million or 20% of the capital stock: Note 2 to the financial statements

5) Acquisition of individual real estates at costs of at least $100 million or 20% of the capital stock: Note 2 to the financial statements

6) Disposition of individual real estates at least $100 million or 20% of the capital stock: Note 2 to the financial statements

7) Total purchase from or sale to related parties amounting to at least $100 million or 20% of the capital stock: Note 2 to the financial statements

8) Receivables from related parties amounting to at least $100 million or 20% of the capital stock: Note 2 to the financial statements

9) Names, locations, and related information of investees on which the Parent Company exercises significant influence: Note 2 to the financial statements

10) Derivative financial transactions: Note 29 to the financial statements

b. Investment in Mainland China

1) Investment in Mainland China: Note 2 to the financial statements

2) Significant direct or indirect transactions with the investee, prices, payment terms, and unrealized gain or loss: Note 2 to the financial statements

29. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

Nonderivative Financial Instruments	December 31 2009 Carrying Amount	2009 Fair Value	2008 Contract Amount	2008 Fair Value
Assets				
Available-for-sale financial assets - current	$ 9	$ 9	$ 3	$ 3
Available-for-sale financial assets - noncurrent	3,878,135	3,878,135	1,834,848	1,834,848
Financial assets measured at cost - noncurrent	2,537,228	-	2,010,182	-
Liabilities				
Current portion of long-term debts	2,950,287	2,950,287	1,478,743	1,478,743
Long-term debts, net of current portion	20,612,643	20,612,643	20,615,633	20,615,633

Derivative Financial Instruments	Currency	December 31 2009 Carrying Amount	2009 Fair Value	2008 Contract Amount	2008 Fair Value
Lite-On Technology Corp.					
Derivative financial liability for hedging - noncurrent					
Interest rate swap	US$ and NT$	$ (188,357)	$ (188,357)	$ (250,304)	$ (250,304)
Location					
Domestic	US$ and NT$	(188,357)	(188,357)	(250,304)	(250,304)
Lite-On IT Corp.					
Financial assets at fair value through profit or loss - current					
Forward exchange contracts	US$ and EUR	2,165	2,165	4,797	4,797
Cross currency swap	US$, EUR and NT$	47,045	47,045	42,209	42,209
Location					
Domestic	US$, EUR and NT$	2,165	2,165	1,460	1,460
Foreign (foreign corporation operating in domestic district included)	US$, EUR and NT$	47,045	47,045	45,546	45,546
Financial liabilities at fair value through profit or loss - current					
Forward exchange contracts	US$, EUR and NT$	-	-	(1,389)	(1,389)
Cross currency swap	US$, EUR and NT$	-	-	(13,425)	(13,425)
Location					
Domestic	US$, EUR and NT$	-	-	(8,134)	(8,134)
Foreign (foreign corporation operating in domestic district included)	US$, EUR and NT$	-	-	(6,680)	(6,680)
Leotek Electronics Corp.					
Financial assets at fair value through profit or loss - current					
Forward exchange contracts	US$ and NT$	2,091	2,091	-	-
Location					
Domestic	US$ and NT$	2,091	2,091	-	-
Financial liabilities at fair value through profit or loss - current					
Forward exchange contracts	US$ and NT$	-	-	(628)	(628)
Location					
Domestic	US$ and NT$	-	-	(628)	(628)

(Continued)

Derivative Financial Instruments	Currency	December 31 2009 Carrying Amount	December 31 2009 Fair Value	December 31 2008 Contract Amount	December 31 2008 Fair Value
Perlos Oyj					
Financial assets at fair value through profit or loss - current					
Cross currency swap	US$, EUR, MXN and SEK	$ 5,273	$ 5,273	$ 19,624	$ 19,624
Forward exchange contracts	US$, EUR, CNY, and BRL	44,201	44,201	128	128
Location					
Domestic					
Foreign (foreign corporation operating in domestic district included)	EUR, JPY, SEK, SGD, MXN, HUF and US$	49,474	49,474	19,752	19,752
Financial liabilities at fair value through profit or loss - current					
Forward exchange contracts	EUR, JPY, US$, HKD, SGD CNY, and INR	(24,398)	(24,398)	-	-
Cross currency swap	EUR, JPY, US$, HKD, SGD CNY, and INR	(11,509)	(11,509)	-	-
Location					
Foreign (foreign corporation operating in domestic district included)	EUR, SEK, JPY, MXN, US$, HKD,SGD, and INR	(35,907)	(35,907)	-	-
Perlos Ltda					
Financial assets at fair value through profit or loss - current					
Forward exchange contracts	US$ and BRL	90	90	-	-
Location					
Foreign (foreign corporation operating in domestic district included)	US$ and BRL	90	90	-	-
Financial liabilities at fair value through profit or loss - current					
Forward exchange contracts	US$ and BRL	(315)	(315)	(3,429)	(3,429)
Location					
Foreign (foreign corporation operating in domestic district included)	US$ and BRL	(315)	(315)	(3,429)	(3,429)
Perlos (Guangzhou) Electronic Components Co., Ltd.					
Financial assets at fair value through profit or loss - current					
Forward exchange contracts	CNY and JPY	110	110	-	-
Location					
Foreign (foreign corporation operating in domestic district included)	CNY and JPY	110	110	-	-
Financial liabilities at fair value through profit or loss - current					
Forward exchange contracts	CNY and US$	(717)	(717)	-	-
Location					
Foreign (foreign corporation operating in domestic district included)	CNY and US$	(717)	(717)	-	-

(Continued)

Derivative Financial Instruments	Currency	December 31			
		2009		2008	
		Carrying Amount	Fair Value	Contract Amount	Fair Value
Lite-On Electronics (Thailand) Ltd.					
Financial liabilities at fair value through profit or loss - current					
Forward exchange contracts	US$ and THB	$ (156)	$ (156)	$ (827)	$ (827)
Location					
Foreign (foreign corporation operating in domestic district included)	US$ and THB	(156)	(156)	(827)	(827)
Lite-On Automotive Corp.					
Financial assets at fair value through profit or loss - current					
Forward exchange contracts	US$	123	123	-	-
Location					
Foreign (foreign corporation operating in domestic district included)	US$	123	123	-	-
Lite-On Japan Ltd.					
Financial assets at fair value through profit or loss - current					
Options-call	US$ and JPY	1,120	1,120	1,348	1,348
Forward exchange contracts	US$ and JPY	48,006	48,006	81,193	81,193
Location					
Domestic	-			-	-
Foreign (foreign corporation operating in domestic district included)	US$ and JPY	49,126	49,126	82,541	82,541
Financial liabilities at fair value through profit or loss - current					
Forward exchange contracts	US$ and JPY	(1,012)	(1,012)	-	-
Options-put	US$ and JPY	(48,337)	(48,337)	(93,680)	(93,680)
Location					
Domestic					
Foreign (foreign corporation operating in domestic district included)	US$ and JPY	(49,349)	(49,349)	(93,680)	(93,680)
Lite On Japan (H.K.) Pte. Ltd.					
Financial liabilities at fair value through profit or loss - current					
Forward exchange contracts	US$ and JPY	(6,010)	(6,010)	-	-
Location					
Foreign (foreign corporation operating in domestic district included)	US$ and JPY	(6,010)	(6,010)	-	-
Logah Technology Corp.					
Financial assets at fair value through profit or loss - current					
Forward exchange contracts	US$ and NT$	2,527	2,527	-	-
Location					
Foreign (foreign corporation operating in domestic district included)	US$ and NT$	2,527	2,527	-	-

(Concluded)

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

1) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash, notes receivable, accounts receivable, receivables from related parties, other financial assets - current, Noncurrent assets classified as held for sale, short-term debts, deposits received, notes and accounts payable, accrued expenses, payables to related parties, and current portion of long-term debts.

2) The carrying amounts of the refundable deposits and guarantee deposits received approximate their fair values due to the amount which will be received in the future approaches to the book value.

3) Fair values of the available-for-sale assets are based on their quoted prices in an active market. Fair values of derivatives are based on their quoted prices in an active market. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

4) Financial assets carried at cost have no fair values because these are investments in unlisted stocks with no quoted market prices and determining their fair value entails an unreasonably high cost.

5) Fair value of long-term loans is estimated using the present value of future cash flows. The rate for long-term debts with interests of our company are all floating rate, its book value is the fair market value.

c. The fair values of the Parent Company and its subsidiaries financial assets and liabilities were based on quoted market prices or on estimates using certain valuation techniques, as follows:

	Based on the Quoted Market Price		Determined Using Valuation Techniques	
	December 31		December 31	
	2009	2008	2009	2008
Lite-On Technology Corp.				
Assets				
Available-for-sale financial assets - noncurrent	$ 2,763,743	$ 912,597	$ -	$ -
Liabilities				
Derivative financial liabilities for hedging - noncurrent	-	-	188,357	250,304
Long-term debts (including current portion)	-	-	14,505,802	16,300,000
Lite-On IT Corporation				
Assets				
Financial assets at fair value through profit or loss - current	-	-	49,210	47,006
Available-for-sale financial assets - noncurrent	124,562	48,656	-	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	-	14,814
Silitech Technology Corp.				
Liabilities				
Long-term debts (including current portion)	-	-	1,200,000	111,724

(Continued)

	Based on the Quoted Market Price		Determined Using Valuation Techniques	
	December 31		December 31	
	2009	2008	2009	2008
Silitech Technology (SuZhou) Co., Ltd.				
Liabilities				
Long-term debts (including current portion)	$ -	$ -	$ 199,878	$ 1,181,504
Lite-On Capital Inc.				
Assets				
Available-for-sale financial assets - noncurrent	13,657	9,034	-	-
Leotek Electronics Corporation				
Assets				
Financial assets at fair value through profit or loss - current	-	-	2,091	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	-	628
Long-term debts (including current portion)	-	-	-	10,960
Lite-On Electronics Co., Ltd.				
Assets				
Available-for-sale financial assets - noncurrent	222,914	228,705	-	-
Lite-On International Holding Co., Ltd.				
Assets				
Available-for-sale financial assets - noncurrent	324,336	333,102	-	-
Yet Foundate Ltd.				
Assets				
Available-for-sale financial assets - noncurrent	234,900	240,897	-	-
Lite-On (Guang Zhou) Infortech Ltd.				
Liabilities				
Long-term debts (including current portion)	-	-	9,431	36,286
Lite-On Automotive Corp.				
Assets				
Available-for-sale financial assets - noncurrent	192,181	60,829	-	-
Financial assets at fair value through profit or loss - current	-	-	123	-
Li Shin International Enterprise Corp.				
Assets				
Available-for-sale financial assets - noncurrent	9	3	-	-

(Continued)

	Based on the Quoted Market Price		Determined Using Valuation Techniques	
	December 31		December 31	
	2009	2008	2009	2008
Logah Technology Corp.				
Assets				
Financial assets at fair value through profit or loss - current	$ -	$ -	$ 2,527	$ -
Lite-On Electronics (Thailand) Ltd.				
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	156	-
Lite-On Japan Ltd.				
Assets				
Financial assets at fair value through profit or loss - current	-	-	49,126	82,541
Available-for-sale financial assets - noncurrent	1,842	1,028	-	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	49,349	93,680
Long-term debts (including current portion)	-	-	825,884	1,673,800
Lite-On Japan (H.K.) Ltd.				
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	6,010	-
Perlos Oyj				
Assets				
Available-for-sale financial assets - noncurrent	-	-	49,474	19,752
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	35,907	4,714
Long-term debts (including current portion)	-	-	6,821,935	2,780,102
Perlos (Guangzhou) Electronic Components Co., Ltd.				
Assets				
Financial assets at fair value through profit or loss - current	-	-	110	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	717	-
Perlos Ltda				
Assets				
Financial assets at fair value through profit or loss - current	-	-	90	-
Liabilities				
Financial liabilities at fair value through profit or loss - current	-	-	315	-

(Concluded)

d. As of December 31, 2009 and 2008, financial assets exposed to fair value risk from interest rate fluctuation amounted to $26,171,250 thousand and $26,199,077 thousand, respectively; financial assets exposed to cash flow risk from interest rate fluctuation amounted to $23,676,963 thousand and $15,263,868 thousand, respectively; and financial liabilities exposed to cash flow risk from interest rate fluctuation amounted to $25,452,106 thousand and $28,625,628 thousand.

e. The Parent Company recognized the increase of $1,851,146 thousand and the decrease of $1,405,969 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets on December 31, 2009 and 2008, respectively.

f. Financial risks

1) Market risk. The derivative financial instruments categorized as financial assets at fair value through profit or loss are mainly used to hedge exchange rate fluctuations of non- functional foreign currency-dominated stocks and sales. The market risk is not significant due to the gain or loss on derivatives will offset by the gain or loss on the exchange rate fluctuations of hedged items. The available-for-sale financial assets held by the cooperation and its subsidiaries are listed stocks. Thus, price fluctuations in the open market would result in changes in fair values of these stocks.

2) Credit risk. Credit risk represents the potential loss that would be incurred by the Parent Company and its subsidiaries if the counter-parties or other parties breach the contracts. Thus, contracts with positive fair values on the balance sheet date are evaluated for credit risk. In addition, since the counter-parties to derivative financial transactions are reputable financial institutions, management believes its exposure to default by counter-parties is low.

3) Liquidity risk. For long-term equity-method investments and financial assets carried at cost, the Parent Company and its subsidiaries keep liquidity reserves, which are available on a short term. Additionally, the contracted forward rate is decided on the contract starting dates. Thus, the cash flow risk on forward contracts is low.

4) Cash flow hedge. The Parent Company's liabilities with floating interest rate might be affected by changes in the market rate. Thus, future cash flows on those liabilities might fluctuate, exposing the Parent Company to cash flow risk. To hedge against this risk, the Parent Company entered into an interest rate swap contract with a bank to change the rate on its liabilities from floating to fixed. Other information on the cash flow hedge transactions is summarized below.

Financial Instruments	**Date**	**Nominal Principal**	**Float Rate**	**Fixed Rate**	**Settlement Date**	**Due Date**
Lite-On Technology Corp.						
Interest rate swap	December 31, 2009	$ 1,500,000	Note	2.375%	Quarterly	2013.9.23
	December 31, 2009	1,000,000	〃	2.3575%	Quarterly	2013.9.23
	December 31, 2009	1,500,000	〃	2.323%	Quarterly	2013.9.23
	December 31, 2009	1,000,000	〃	2.275%	Quarterly	2013.9.23
	December 31, 2009	1,000,000	〃	2.2125%	Quarterly	2013.9.23
Interest rate swap	December 31, 2008	1,500,000	Note	2.375%	Quarterly	2013.9.23
	December 31, 2008	1,000,000	〃	2.3575%	Quarterly	2013.9.23
	December 31, 2008	1,500,000	〃	2.323%	Quarterly	2013.9.23
	December 31, 2008	1,000,000	〃	2.275%	Quarterly	2013.9.23
	December 31, 2008	1,000,000	〃	2.2125%	Quarterly	2013.9.23

Note: Based on the average rate for 90-day notes in Taiwan's secondary market.

Hedged Items	Designated Hedging Instruments: Financial Instruments Designated	Fair Value December 31: 2009	2008	Expected Period of Cash Flows	Expected Period of Realizing Gains or Losses
Medium and long-term loans	Interest rate swap	$(188,357)	$(250,304)	2008-2013	2008-2013

30. SEGMENT INFORMATION

a. Industry: The Parent Company and its subsidiaries are engaged in a single industry only, the manufacture and sale of monitors, multifunction and all-in-one printers, printers, modems and computer peripherals.

b. Foreign operations: Because sales to unaffiliated customers and identifiable assets of foreign segments were less than 10 percent of those of the Parent Company and subsidiaries, there was no need to disclose information on foreign operations.

c. Export sales: Export sales are summarized by geographical area as follows:

Geographical Area	2009	2008
America	$ 41,493,444	$ 29,819,990
Europe	26,780,811	49,567,374
Asia	77,981,258	90,038,290
Others	1,164,868	1,531,296
	$ 179,740,760	$ 170,956,950

d. Major customers

No single customer accounted for at least 10% of the Group’s sales; thus, the disclosure of major customers doesn’t apply to here.

TABLE 1

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (Note 1)	Receivable from Related Parties: Accounts Receivable Amount	Accounts Receivable % (Note 2)	Other Receivable Amount	Other Receivable % (Note 2)	Total	Payable to Related Parties: Accounts Payable Amount	Accounts Payable % (Note 2)	Other Payable Amount	Other Payable % (Note 2)	Total
2009											
Lite-On Semiconductor Corp.	a	$ 86,065	83	$ 15,678	15	$ 101,743	$ 309,547	77	$ 2,857	-	$ 312,404
Silpert Travel Service Co., Ltd.	d	-	-	-	-	-	-	-	5,073	1	5,073
Jen Vei Electronics Co. Ltd. (Pors Wiring (Su Zhou) Co., Ltd.)	b	-	-	5	-	5	13,383	4	-	-	13,383
S/G Industries Inc.	b	-	-	1,601	2	1,601	-	-	-	-	-
Canfield Ltd.	b	-	-	-	-	-	-	-	69,160	18	69,160
		$ 86,065	83	$ 17,284	17	$ 103,349	$ 322,930	81	$ 77,090	19	$ 400,020
2008											
Lite-On Semiconductor Corp.	a	$ -	-	$ 3,237	37	$ 3,237	$ 126,457	36	$ -	-	$ 126,457
Silpert Travel Service Co., Ltd.	d	-	-	-	-	-	-	-	3,667	1	3,667
Apor Development Limited	b	-	-	-	-	-	-	-	773	-	773
Jen Vei Electronics Co. Ltd. (Pors Wiring (Su Zhou) Co., Ltd.)	b	-	-	-	-	-	31,338	9	-	-	31,338
S/G Industries Inc.	b	130	1	23	-	153	-	-	-	-	-
Chi Mei Machinery Corp.	e	-	-	-	-	-	53,544	15	45,479	13	99,023
Canfield Ltd.	b	-	-	-	-	-	-	-	91,483	26	91,483
Others (Note 3)		5,214	59	256	3	5,470	-	-	-	-	-
		$ 5,344	60	$ 3,516	40	$ 8,860	$ 211,339	60	$ 141,402	40	$ 352,741

Note 1: a. Equity-method investee.
b. An investee of a subsidiary.
c. Its chairman is a relative of the Parent Company’s chairman.
d. Its director is the parent company’s chairman.
e. An investee of an equity-method subsidiary of Chi Mei Hold Co., Ltd.’s major shareholders.

Note 2: Percentage of specific account balance.

Note 3: Significant transactions between the entities of consolidation have already eliminated.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (Note 1)	Sales (Note 2) Amount	Sales (Note 2) % (Note 3)	Purchases (Note 2) Amount	Purchases (Note 2) % (Note 3)	Other Revenue	Rental Expense	Other Expense (Note 4)	Property Transaction Book Value	Property Transaction Proceeds	Property Transaction Disposal Gain (Loss)	Property Transaction Cost
2009												
Silpert Travel Service Co., Ltd.	c	$ -	-	$ -	-	$ -	$ 48	$ 45,702	$ -	$ -	$ -	$ -
Lite-On Semiconductor Corp.	a	413,748	-	823,026	1	3,241	-	-	-	-	-	-
Dragonjet Corporation	a	-	-	-	-	199	-	-	-	-	-	-
Pors Wiring (Su Zhou) Co., Ltd.	b	-	-	51,959	-	-	-	-	-	-	-	-
S/G Industries Inc.	b	105,392	-	-	-	-	-	21,783	-	-	-	-
		$ 519,140	-	$ 874,985	1	$ 3,440	$ 48	$ 67,485	$ -	$ -	$ -	$ -
2008												
Silpert Travel Service Co., Ltd.	c	$ -	-	$ -	-	$ -	$ -	$ 69,117	$ -	$ -	$ -	$ -
Lite-On Semiconductor Corp.	a	-	-	261,455	-	-	-	-	-	-	-	-
B.H Precision Industrial Co., Ltd.	a	-	-	-	-	436	-	-	-	-	-	-
Dragonjet Corporation	a	-	-	-	-	164	-	-	-	-	-	-
Pors Wiring (Su Zhou) Co., Ltd.	b	-	-	58,751	-	-	-	-	-	-	-	-
Chi Mei Machinery Corp.	d	-	-	101,757	-	914	-	40,042	-	-	-	-
S/G Industries Inc.	b	132,598	-	-	-	-	-	-	-	-	-	-
Others (Note 3)		33,763	-	1,983	-	-	-	-	-	-	-	-
Total		$ 166,361	-	$ 423,946	-	$ 1,514	$ -	$ 109,159	$ -	$ -	$ -	$ -

Note 1:
- a. Equity-method investee.
- b. An investee of an equity-method subsidiary.
- c. Its chairman is a relative of the Parent Company's chairman.
- d. An investee of an equity-method subsidiary of Chi Mei Hold Co., Ltd.'s major shareholders.
- e. Its director is the CEO of an investee of an equity-method subsidiary.

Note 2: Except for certain transactions described in Note 24, these sales and purchases were conducted under normal terms.

Note 3: Percentage of specific account balance.

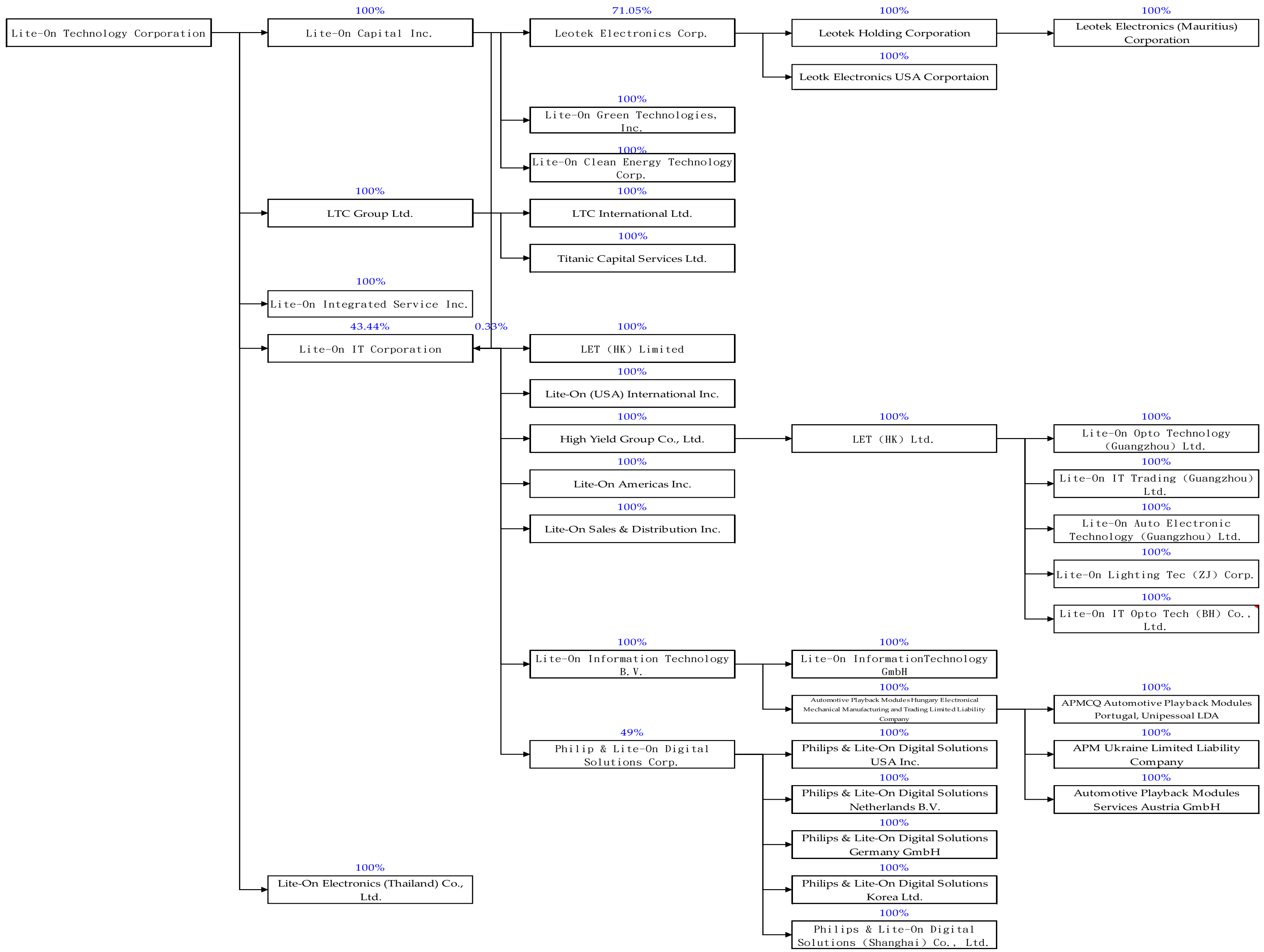
Note 4: Mainly included reprocessing fees, promotion fees and repair expenses.

Note 5: Significant transactions between the entities of consolidation have already eliminated.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
YEARS ENDED DECEMBER 31, 2009 AND 2008

December 31, 2009



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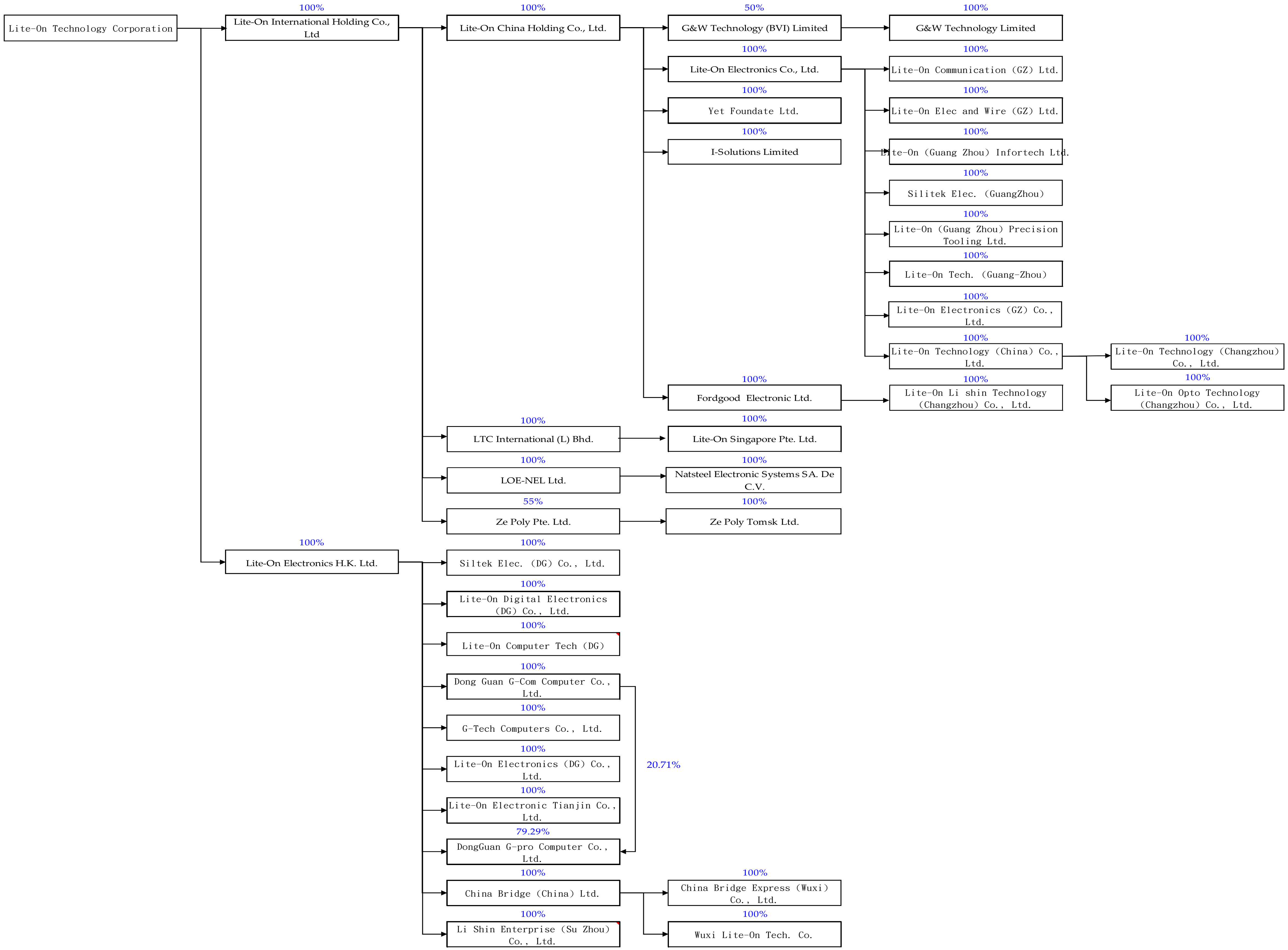
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Yet Foundate Ltd.
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Lite-On Elec and Wire (GZ) Ltd.
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I-Solutions Limited
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Silitek Elec. (GuangZhou)
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Lite-On (Guang Zhou) Precision Tooling Ltd.
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Lite-On Tech. (Guang-Zhou)
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Fordgood Electronic Ltd.
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Lite-On Li shin Technology (Changzhou) Co., Ltd.
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Lite-On Opto Technology (Changzhou) Co., Ltd.
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LTC International (L) Bhd.
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Lite-On Singapore Pte. Ltd.
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LOE-NEL Ltd.
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Natsteel Electronic Systems SA. De C.V.
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Ze Poly Pte. Ltd.
100%
Ze Poly Tomsk Ltd.
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Lite-On Electronics H.K. Ltd.
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Siltek Elec. (DG) Co., Ltd.
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Lite-On Digital Electronics (DG) Co., Ltd.
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Lite-On Computer Tech (DG)
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Dong Guan G-Com Computer Co., Ltd.
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G-Tech Computers Co., Ltd.
100%
Lite-On Electronics (DG) Co., Ltd.
20.71%
100%
Lite-On Electronic Tianjin Co., Ltd.
79.29%
DongGuan G-pro Computer Co., Ltd.
100%
China Bridge (China) Ltd.
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China Bridge Express (Wuxi) Co., Ltd.
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Li Shin Enterprise (Su Zhou) Co., Ltd.
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Wuxi Lite-On Tech. Co.

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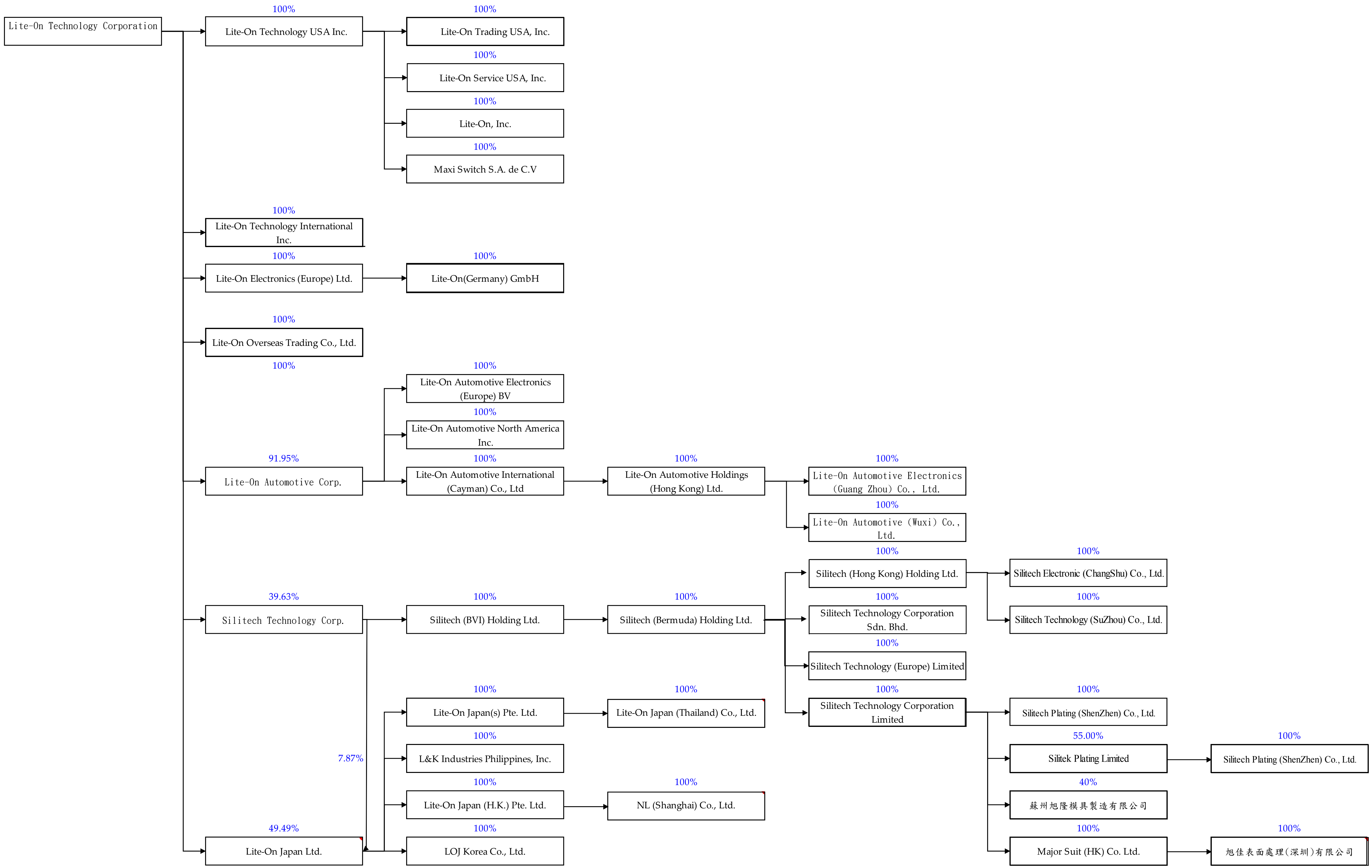
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Lite-On Service USA, Inc.
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Lite-On, Inc.
100%
Maxi Switch S.A. de C.V
100%
Lite-On Technology International Inc.
100%
Lite-On Electronics (Europe) Ltd.
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Lite-On(Germany) GmbH
100%
Lite-On Overseas Trading Co., Ltd.
100%
100%
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Lite-On Automotive North America Inc.
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Lite-On Automotive Corp.
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Lite-On Automotive International (Cayman) Co., Ltd
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Lite-On Automotive Holdings (Hong Kong) Ltd.
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Lite-On Automotive Electronics (Guang Zhou) Co., Ltd.
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Lite-On Automotive (Wuxi) Co., Ltd.
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Silitech (Bermuda) Holding Ltd.
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Silitech (Hong Kong) Holding Ltd.
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Silitech Electronic (ChangShu) Co., Ltd.
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Silitech Technology (SuZhou) Co., Ltd.
100%
Silitech Technology Corporation Sdn. Bhd.
100%
Silitech Technology (Europe) Limited
100%
Silitech Technology Corporation Limited
100%
Silitech Plating (ShenZhen) Co., Ltd.
55.00%
Silitek Plating Limited
100%
Silitech Plating (ShenZhen) Co., Ltd.
40%
蘇州旭隆模具製造有限公司
100%
Major Suit (HK) Co. Ltd.
100%
旭佳表面處理(深圳)有限公司
7.87%
49.49%
Lite-On Japan Ltd.
100%
Lite-On Japan(s) Pte. Ltd.
100%
Lite-On Japan (Thailand) Co., Ltd.
100%
L&K Industries Philippines, Inc.
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Lite-On Japan (H.K.) Pte. Ltd.
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NL (Shanghai) Co., Ltd.
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LOJ Korea Co., Ltd.

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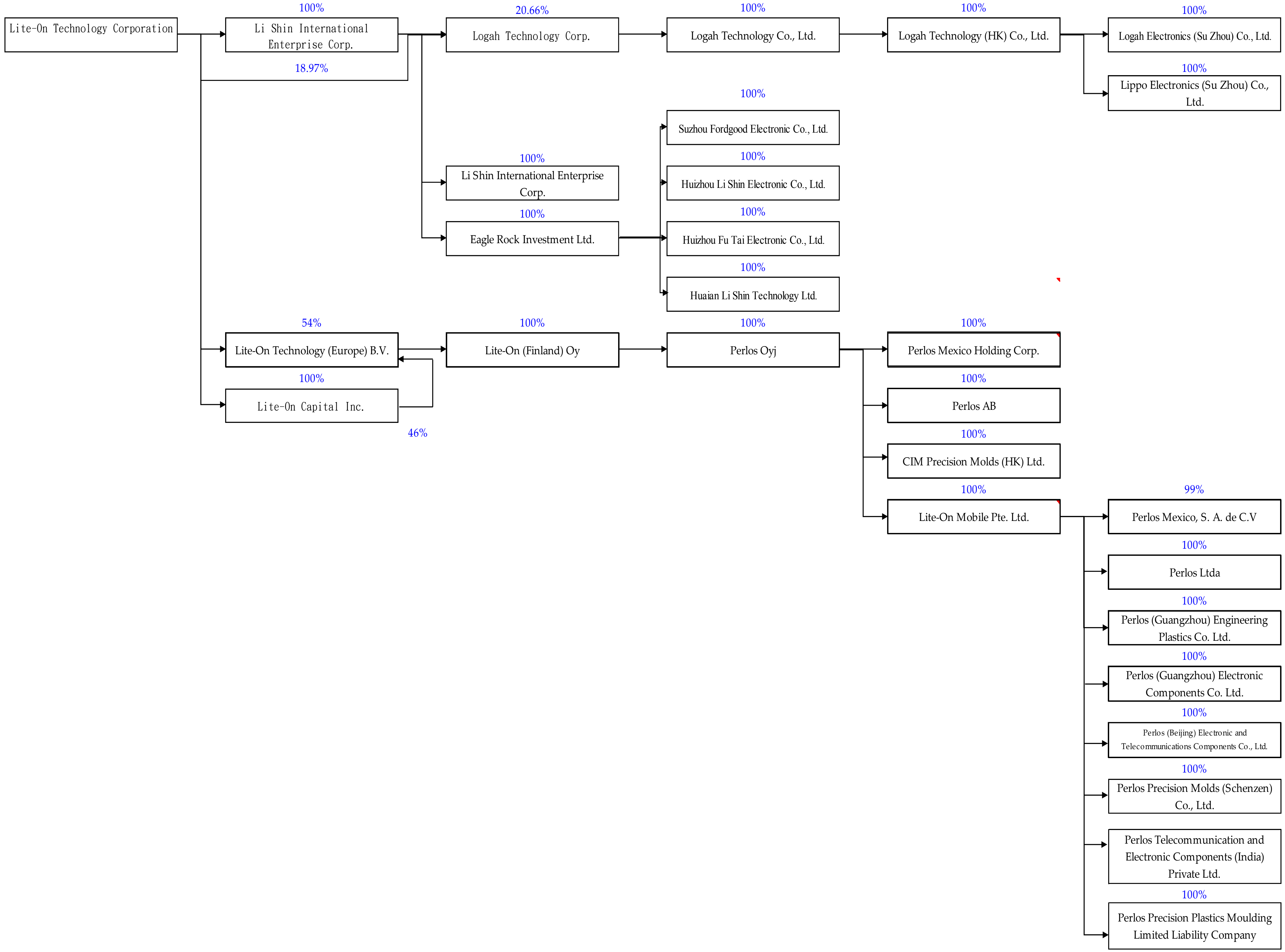

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Li Shin International Enterprise Corp.
18.97%
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Logah Technology Corp.
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Logah Technology Co., Ltd.
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Logah Technology (HK) Co., Ltd.
100%
Logah Electronics (Su Zhou) Co., Ltd.
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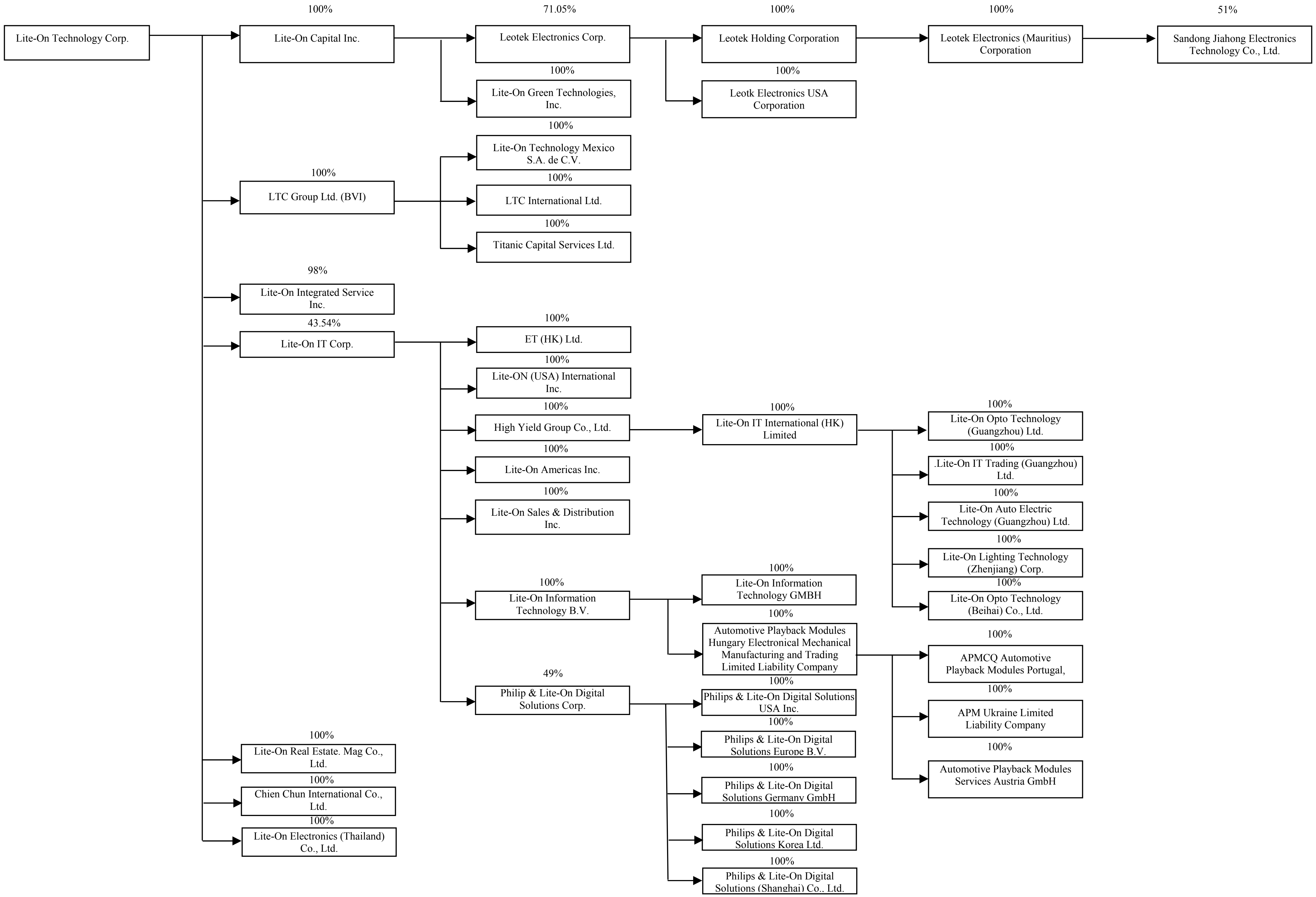
Lippo Electronics (Su Zhou) Co., Ltd.
100%
Li Shin International Enterprise Corp.
100%
Eagle Rock Investment Ltd.
100%
Suzhou Fordgood Electronic Co., Ltd.
100%
Huizhou Li Shin Electronic Co., Ltd.
100%
Huizhou Fu Tai Electronic Co., Ltd.
100%
Huaian Li Shin Technology Ltd.
54%
Lite-On Technology (Europe) B.V.
100%
Lite-On Capital Inc.
46%
100%
Lite-On (Finland) Oy
100%
Perlos Oyj
100%
Perlos Mexico Holding Corp.
100%
Perlos AB
100%
CIM Precision Molds (HK) Ltd.
100%
Lite-On Mobile Pte. Ltd.
99%
Perlos Mexico, S. A. de C.V
100%
Perlos Ltda
100%
Perlos (Guangzhou) Engineering Plastics Co. Ltd.
100%
Perlos (Guangzhou) Electronic Components Co. Ltd.
100%
Perlos (Beijing) Electronic and Telecommunications Components Co., Ltd.
100%
Perlos Precision Molds (Schenzen) Co., Ltd.
Perlos Telecommunication and Electronic Components (India) Private Ltd.
100%
Perlos Precision Plastics Moulding Limited Liability Company

(Concluded)

December 31, 2008



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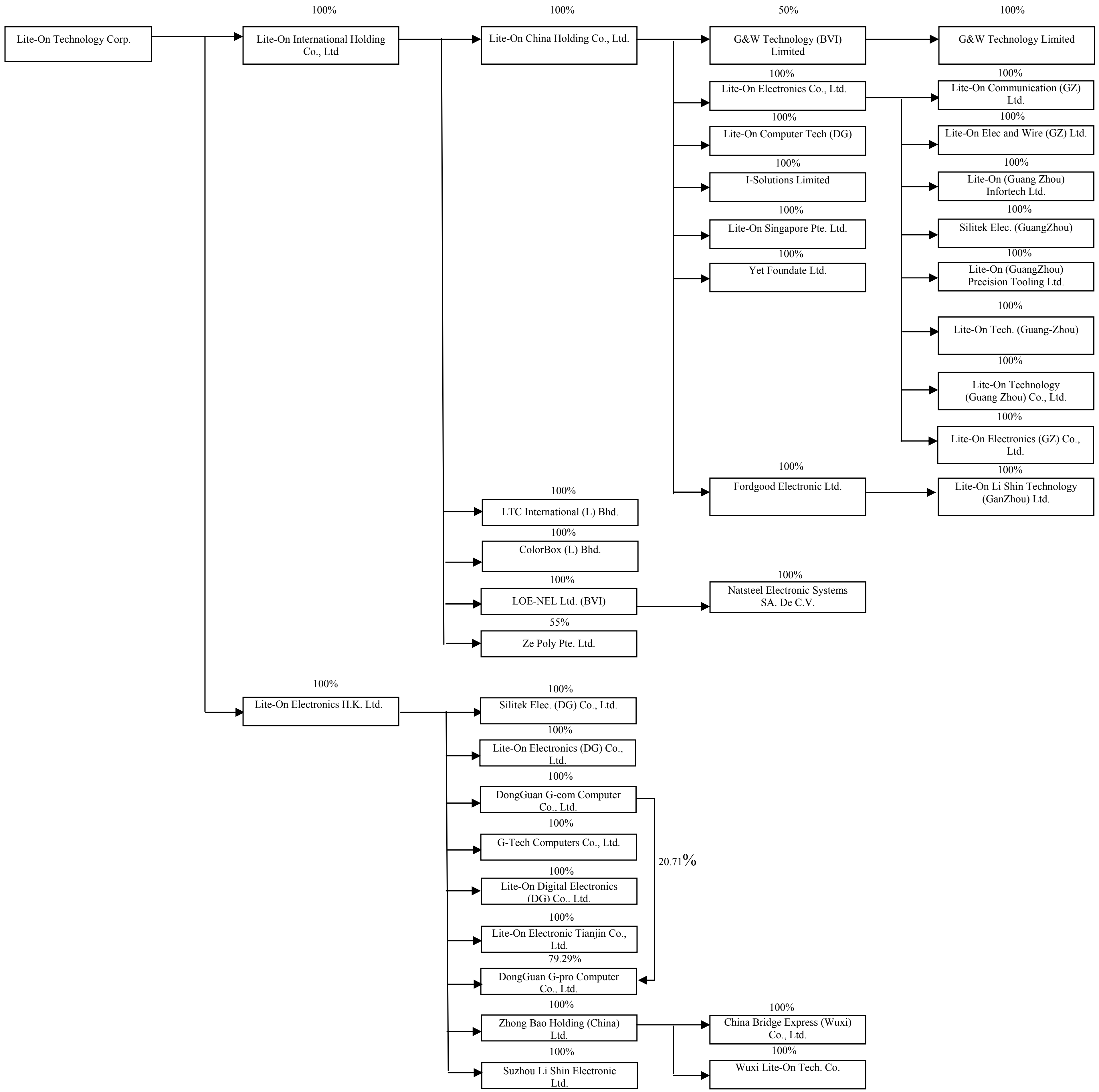
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Lite-On China Holding Co., Ltd.
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G&W Technology (BVI) Limited
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Lite-On Electronics Co., Ltd.
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Lite-On Communication (GZ) Ltd.
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Lite-On Elec and Wire (GZ) Ltd.
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Lite-On (Guang Zhou) Infortech Ltd.
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Silitek Elec. (GuangZhou)
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Lite-On (GuangZhou) Precision Tooling Ltd.
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100%
Lite-On Electronics (GZ) Co., Ltd.
100%
Lite-On Computer Tech (DG)
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I-Solutions Limited
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Lite-On Singapore Pte. Ltd.
100%
Yet Foundate Ltd.
100%
Fordgood Electronic Ltd.
100%
Lite-On Li Shin Technology (GanZhou) Ltd.
100%
LTC International (L) Bhd.
100%
ColorBox (L) Bhd.
100%
LOE-NEL Ltd. (BVI)
100%
Natsteel Electronic Systems SA. De C.V.
55%
Ze Poly Pte. Ltd.
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Lite-On Electronics H.K. Ltd.
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Silitek Elec. (DG) Co., Ltd.
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Lite-On Electronics (DG) Co., Ltd.
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DongGuan G-com Computer Co., Ltd.
20.71%
100%
G-Tech Computers Co., Ltd.
100%
Lite-On Digital Electronics (DG) Co., Ltd.
100%
Lite-On Electronic Tianjin Co., Ltd.
79.29%
DongGuan G-pro Computer Co., Ltd.
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Zhong Bao Holding (China) Ltd.
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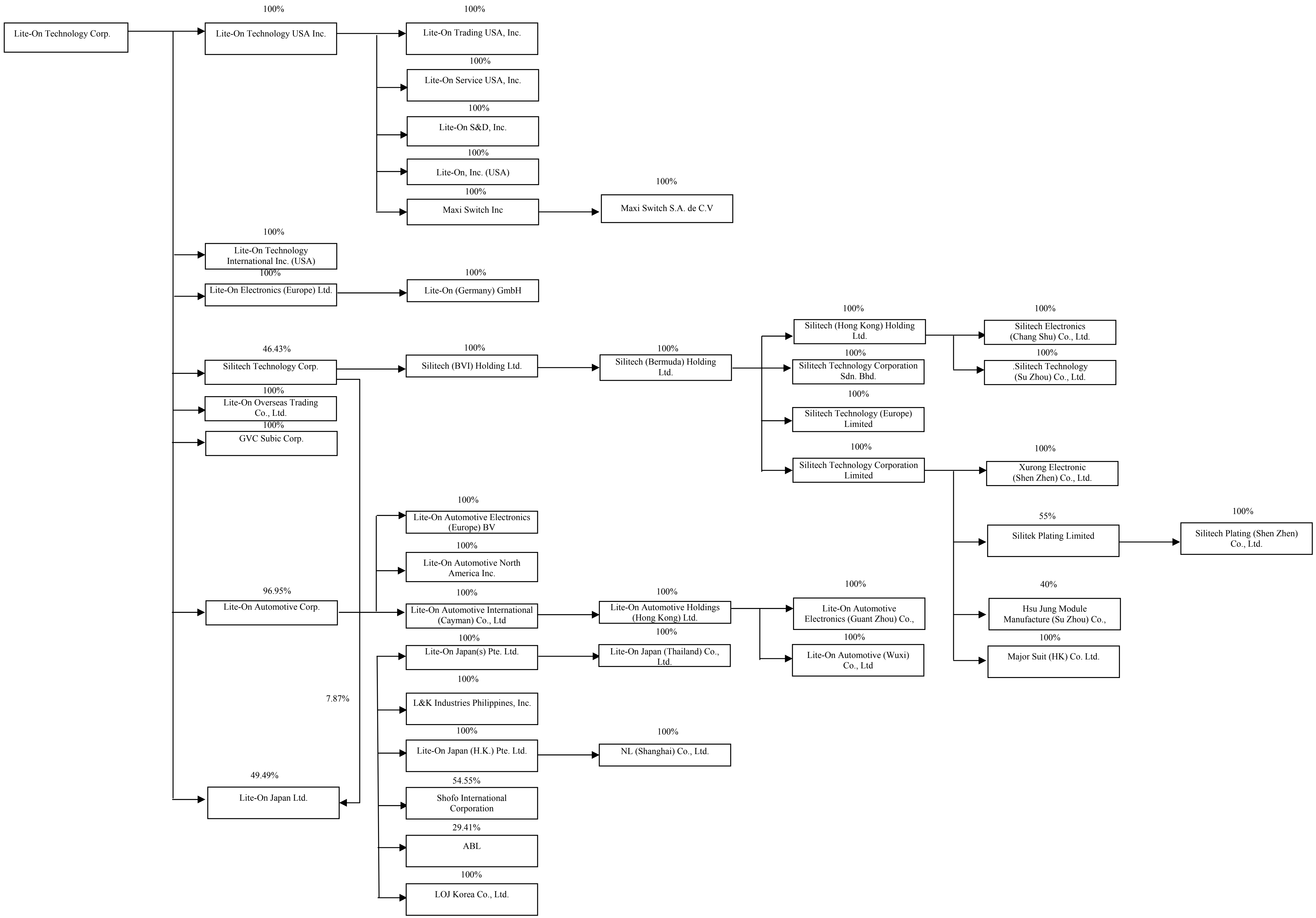
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Lite-On Service USA, Inc.
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Lite-On S&D, Inc.
100%
Lite-On, Inc. (USA)
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Maxi Switch Inc
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Maxi Switch S.A. de C.V
100%
Lite-On Technology International Inc. (USA)
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Lite-On Electronics (Europe) Ltd.
100%
Lite-On (Germany) GmbH
46.43%
Silitech Technology Corp.
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Silitech (Hong Kong) Holding Ltd.
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Silitech Electronics (Chang Shu) Co., Ltd.
100%
.Silitech Technology (Su Zhou) Co., Ltd.
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Silitech Technology Corporation Sdn. Bhd.
100%
Silitech Technology (Europe) Limited
100%
Silitech Technology Corporation Limited
100%
Xurong Electronic (Shen Zhen) Co., Ltd.
55%
Silitek Plating Limited
100%
Silitech Plating (Shen Zhen) Co., Ltd.
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Hsu Jung Module Manufacture (Su Zhou) Co.,
100%
Major Suit (HK) Co. Ltd.
100%
Lite-On Overseas Trading Co., Ltd.
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100%
L&K Industries Philippines, Inc.
100%
Lite-On Japan (H.K.) Pte. Ltd.
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ABL
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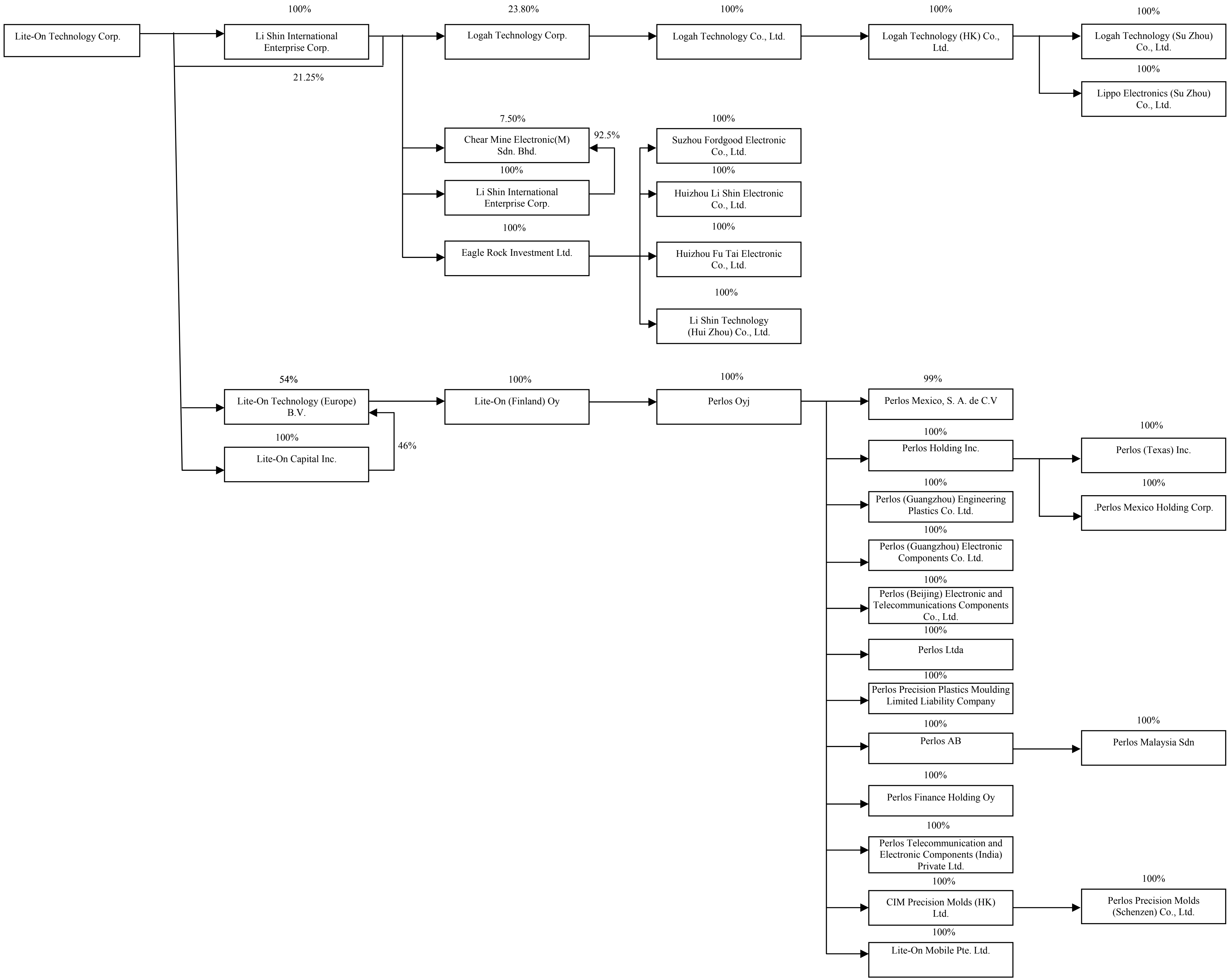
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Logah Technology (HK) Co., Ltd.
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Logah Technology (Su Zhou) Co., Ltd.
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Lippo Electronics (Su Zhou) Co., Ltd.
7.50%
Chear Mine Electronic(M) Sdn. Bhd.
92.5%
100%
Li Shin International Enterprise Corp.
100%
Eagle Rock Investment Ltd.
100%
Suzhou Fordgood Electronic Co., Ltd.
100%
Huizhou Li Shin Electronic Co., Ltd.
100%
Huizhou Fu Tai Electronic Co., Ltd.
100%
Li Shin Technology (Hui Zhou) Co., Ltd.
54%
Lite-On Technology (Europe) B.V.
100%
Lite-On Capital Inc.
46%
100%
Lite-On (Finland) Oy
100%
Perlos Oyj
99%
Perlos Mexico, S. A. de C.V
100%
Perlos Holding Inc.
100%
Perlos (Texas) Inc.
100%
.Perlos Mexico Holding Corp.
100%
Perlos (Guangzhou) Engineering Plastics Co. Ltd.
100%
Perlos (Guangzhou) Electronic Components Co. Ltd.
100%
Perlos (Beijing) Electronic and Telecommunications Components Co., Ltd.
100%
Perlos Ltda
100%
Perlos Precision Plastics Moulding Limited Liability Company
100%
Perlos AB
100%
Perlos Malaysia Sdn
100%
Perlos Finance Holding Oy
100%
Perlos Telecommunication and Electronic Components (India) Private Ltd.
100%
CIM Precision Molds (HK) Ltd.
100%
Perlos Precision Molds (Schenzen) Co., Ltd.
100%
Lite-On Mobile Pte. Ltd.

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