Lite-On Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2012 and 2011 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and the Shareholders
Lite-On Technology Corporation

We have reviewed the accompanying consolidated balance sheets of Lite-On Technology Corporation ("Parent Company") and subsidiaries as of June 30, 2012 and 2011, and the related consolidated statements of income and cash flows for the six months then ended. These financial statements are the responsibility of the Parent Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews.

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

As stated in Note 2 to the consolidated financial statements, we did not review the financial statements as of and for the six months ended June 30, 2012 and 2011 of some consolidated subsidiaries. The assets of these subsidiaries were 37.66% (NT$74,571,688 thousand) and 39.84% (NT$76,773,544 thousand) of the consolidated total assets as of June 30, 2012 and 2011, respectively. The liabilities of these subsidiaries were 22.36% (NT$25,259,787 thousand) and 18.94% (NT$21,112,537 thousand) of the consolidated total liabilities as of June 30, 2012 and 2011, respectively. The operating revenues of these subsidiaries were 21.09% (NT$22,710,575 thousand) and 25.83% (NT$28,310,299 thousand) of the consolidated total operating revenues in the six months ended June 30, 2012 and 2011, respectively. The net incomes of these subsidiaries were 25.77% (NT$1,078,699 thousand) and 29.93% (NT$1,288,944 thousand) of the consolidated total net income in the six months ended June 30, 2012 and 2011, respectively. Also, as stated in Note 12 to the financial statements, the Parent Company had other investments accounted for by the equity method. The carrying values of these investments of NT$928,934 thousand and NT$786,379 thousand as of June 30, 2012 and 2011, respectively, and the consolidated equity in these investees' net loss amounting to NT$36,758 thousand and NT$5,822 thousand in the six months ended June 30, 2012 and 2011, respectively, were based on these investees' unreviewed financial statements for the same reporting periods as those of the Parent Company.

Based on our reviews, except for the adjustments that might have been determined to be necessary had the subsidiaries and other equity-method investees' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements of Lite-On Technology Corporation and its subsidiaries as of and for the six months ended June 30, 2012 and 2011 referred to in the first paragraph for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

August 30, 2012

Notice to Readers

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

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2012		2011	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 4)	$ 62,178,174	32	$ 51,360,448	27
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 30)	23,390	-	61,617	-
Available-for-sale financial assets - current (Notes 2, 6 and 30)	10	-	11	-
Notes receivable (Note 2)	116,465	-	87,490	-
Accounts receivable, net (Notes 2 and 7)	42,350,349	21	40,984,686	21
Accounts receivable from related parties (Notes 2 and 26)	97,131	-	104,088	-
Other receivables from related parties (Note 26)	34,968	-	59,493	-
Other financial assets - current	1,876,995	1	2,093,586	1
Inventories, net (Notes 2 and 8)	22,389,137	11	25,185,739	13
Construction in progress in excess of progressive billings (Notes 2 and 9)	44,451	-	16,138	-
Prepayments and other current assets	3,536,722	2	3,825,587	2
Deferred income tax assets - current (Notes 2 and 23)	936,208	1	989,363	1
Other current assets	331,784	-	300,069	-
Total current assets	133,915,784	68	125,068,315	65
LONG-TERM INVESTMENTS (Notes 2, 10, 11, 12 and 30)				
Available-for-sale financial assets - noncurrent	1,294,830	1	3,467,581	2
Financial assets carried at cost - noncurrent	1,019,873	-	1,643,156	1
Investments accounted for by the equity method	3,560,887	2	3,384,475	1
Prepayments for investments	13,493	-	167,257	-
Total long-term investments	5,889,083	3	8,662,469	4
PROPERTIES (Notes 2 and 13)				
Cost				
Land	2,727,187	1	2,761,387	2
Buildings	20,768,713	11	18,461,683	10
Machinery and equipment	39,958,055	20	35,516,638	18
Transportation equipment	97,628	-	194,981	-
Furniture and fixtures	2,703,690	1	2,571,868	1
Leasehold improvements	2,837,693	2	1,648,698	1
Other equipment	2,001,726	1	5,338,285	3
Total cost	71,094,692	36	66,493,540	35
Less: Accumulated depreciation	33,297,070	17	29,167,339	15
Accumulated impairment	754,588	-	1,718,405	1
	37,043,034	19	35,607,796	19
Construction in progress and prepayment for equipment	2,146,529	1	2,562,289	1
Properties, net	39,189,563	20	38,170,085	20
INTANGIBLE ASSETS (Notes 2 and 14)				
Patents, net	12,436	-	16,959	-
Goodwill, net	14,254,288	7	14,757,237	8
Land use rights	583,717	-	574,595	-
Other intangible assets	1,378,656	1	1,644,267	1
Total intangible assets	16,229,097	8	16,993,058	9
OTHER ASSETS				
Assets leased to others, net (Notes 2 and 15)	112,619	-	115,067	-
Idle assets, net (Notes 2 and 15)	189,252	-	611,166	-
Refundable deposits	274,599	-	299,118	-
Deferred expense, net (Note 2)	2,113,689	1	2,642,975	2
Overdue receivables (Notes 2 and 15)	-	-	14,064	-
Restricted assets - noncurrent (Note 27)	100,440	-	111,450	-
Total other assets	2,790,599	1	3,793,840	2
TOTAL	$ 198,014,126	100	$ 192,687,767	100

	2012		2011	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term bank loans (Note 16)	$ 8,188,222	4	$ 3,209,549	2
Financial liabilities at fair value through profit or loss - current (Notes 2, 5, and 30)	27,543	-	95,819	-
Notes payable	398,175	-	487,148	-
Accounts payable	49,363,648	25	55,641,916	29
Accounts payable to related parties (Note 26)	328,299	-	197,528	-
Income tax payable (Notes 2 and 23)	1,595,966	1	1,763,781	1
Accrued expenses	11,169,730	6	9,728,988	5
Other payables - related parties (Note 26)	17,982	-	27,661	-
Dividend payables	5,132,525	3	6,390,147	3
Advance receipts	1,065,732	-	898,499	1
Progressive billings in excess of construction in progress (Notes 2 and 17)	-	-	56,343	-
Current portion of long-term bank loans (Notes 18 and 30)	1,286,876	1	858,858	-
Obligations under capital leases - current (Notes 19 and 30)	73,833	-	86,247	-
Product warranty (Note 2)	1,108,113	-	1,143,533	1
Other current liabilities	8,004,365	4	8,383,077	4
Total current liabilities	87,761,009	44	88,969,094	46
LONG-TERM LIABILITIES				
Long-term bank loans, net of current portion (Notes 18 and 30)	23,283,015	12	20,579,439	11
Hedging derivative liabilities - noncurrent (Notes 2 and 30)	134,885	-	149,440	-
Obligations under capital leases - noncurrent, net of current portion (Notes 19 and 30)	270,692	-	330,993	-
Total long-term liabilities	23,688,592	12	21,059,872	11
RESERVE FOR LAND VALUE INCREMENT TAX (Note 2)	239,693	-	239,693	-
OTHER LIABILITIES				
Accrued pension liabilities (Note 2)	160,159	-	161,809	-
Guarantee deposits received	95,666	-	72,504	-
Deferred income tax liabilities - noncurrent (Notes 2 and 23)	945,154	1	913,403	1
Deferred credits (Note 2)	87,787	-	75,567	-
Total other liabilities	1,288,766	1	1,223,283	1
Total liabilities	112,978,060	57	111,491,942	58
SHAREHOLDERS' EQUITY				
Capital stock, NT$10.00 par value - parent company				
Authorized - 3,500,000 thousand shares			-	-
Issued and outstanding - 2,279,443 thousand shares in 2012 and 2,284,794 thousand shares in 2011	22,794,426	12	22,847,940	12
Reserve for paid-in capital	158,187	-	251,860	-
Total capital stock	22,952,613	12	23,099,800	12
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	8,421,046	4	8,200,480	4
Bond conversion	7,540,388	4	7,641,499	4
Treasury stock transactions	374,631	-	416,974	-
Long-term stock investments	980,153	1	1,017,796	1
Merger	10,120,217	5	10,255,921	5
Employee stock options	5,168	-	3,922	-
Others	111,865	-	332,706	-
Total capital surplus	27,553,468	14	27,869,298	14
Retained earnings				
Legal reserve	7,847,905	4	7,125,313	4
Unappropriated earnings	8,963,468	4	7,653,505	4
Total retained earnings	16,811,373	8	14,778,818	8
Other equity				
Cumulative translation adjustments	322,920	-	(1,191,371)	-
Net loss not recognized as pension cost	(21,489)	-	(16,934)	-
Unrealized gain (loss) on financial instruments	(472,005)	-	261,432	-
Unrealized loss on cash flow hedging	(134,885)	-	(149,440)	-
Treasury stock - 2012: 27,840 thousand shares; 2011: 58,266 thousand shares	(1,104,073)	(1)	(1,857,643)	(1)
Total other equity	(1,409,532)	(1)	(2,953,956)	(1)
Total shareholders' equity of parent company	65,907,922	33	62,793,960	33
MINORITY INTEREST	19,128,144	10	18,401,865	9
Total shareholders' equity	85,036,066	43	81,195,825	42
TOTAL	$ 198,014,126	100	$ 192,687,767	100

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

(With Deloitte & Touche review report dated August 30, 2012)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2012		2011	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 26)				
Sales	$ 109,075,376	101	$ 111,141,661	101
Less: Sales returns	412,516	-	626,465	-
Sales allowances	1,174,948	1	1,104,149	1
Net sales	107,487,912	100	109,411,047	100
Other operating revenues	192,357	-	196,974	-
Total operating revenues	107,680,269	100	109,608,021	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 24 and 26)	92,565,764	86	93,375,260	85
Other operating cost	140,030	-	60,609	-
Total operating cost	92,705,794	86	93,435,869	85
GROSS PROFIT	14,974,475	14	16,172,152	15
UNREALIZED INTERCOMPANY GAINS (Note 2)	(3,644)	-	-	-
REALIZED GROSS LOSS (Note 2)	-	-	8,698	-
REALIZED GROSS PROFIT	14,970,831	14	16,180,850	15
OPERATING EXPENSES (Note 24)				
Selling and marketing	4,261,963	4	4,813,695	5
General and administrative	3,144,358	3	3,609,512	3
Research and development	2,684,168	2	2,461,367	2
Total operating expenses	10,090,489	9	10,884,574	10
OPERATING INCOME	4,880,342	5	5,296,276	5
NONOPERATING INCOME AND GAINS				
Interest income	477,534	1	245,195	-
Investment income recognized under the equity method, net (Notes 2 and 12)	7,855	-	27,153	-
Dividend income	37,083	-	135,539	-
Gain on disposal of properties	10,696	-	19,312	-
Gain on disposal of investments, net	442,276	-	365,907	1
Foreign exchange gain, net (Note 2)	57,076	-	-	-
Valuation gain on financial assets (Notes 2 and 5)	131,931	-	330,385	-
Other income	924,993	1	762,501	1
Total nonoperating income and gains	2,089,444	2	1,885,992	2

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2012		2011	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Notes 2 and 30)	$ 327,112	-	$ 266,800	-
Loss on disposal of properties	39,122	-	35,058	-
Foreign exchange loss, net (Note 2)	-	-	115,495	-
Impairment loss (Notes 2, 11, 13 and 15)	551,026	1	359,999	1
Valuation loss on financial liabilities (Notes 2 and 5)	159,592	-	160,530	-
Other expenses (Note 24)	489,434	-	807,442	1
Total nonoperating expenses and losses	1,566,286	2	1,745,324	2
INCOME BEFORE INCOME TAX	5,403,500	5	5,436,944	5
INCOME TAX (Notes 2 and 23)	1,218,246	1	1,130,168	1
CONSOLIDATED NET INCOME	$ 4,185,254	4	$ 4,306,776	4
ATTRIBUTABLE TO:				
Parent's shareholders	$ 3,244,429	3	$ 3,149,492	3
Minority interest	940,825	1	1,157,284	1
	$ 4,185,254	4	$ 4,306,776	4

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
Basic	$ 1.44	$ 1.43	$ 1.42	$ 1.40
Diluted	$ 1.43	$ 1.42	$ 1.41	$ 1.38

Pro forma information on the assumption that the Parent Company's shares held by its direct and indirect subsidiaries were not treated as treasury shares:

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
Basic	$ 1.45	$ 1.44	$ 1.44	$ 1.41
Diluted	$ 1.44	$ 1.43	$ 1.42	$ 1.40

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

(With Deloitte & Touche review report dated August 30, 2012) (Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Issued and Outstanding Capital Stock (Note 21)			Capital Surplus (Notes 2 and 21)								Retained Earnings (Notes 2 and 21)								
	Shares (Thousands)	Amount	Reserve for Paid-in Capital	Additional Paid-in Capital in Excess of Par Value	Bond Conversion	Treasury Stock Transactions	Long-term Stock Investments Under the Equity Method	Merger	Employee Stock Options	Miscellaneous	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 Products (Notes 2 and 21)	Unrealized Gain or Loss on Cash Flow Hedging (Note 2)	Treasury Stock (Notes 2 and 22)	Minority Equity (Note 2)	Total Shareholders' Equity
BALANCE, JANUARY 1, 2012	2,309,980	$ 23,099,801	$ -	$ 8,533,185	$ 7,641,499	$ 416,974	$ 907,070	$ 10,255,921	$ 4,602	$ -	$ 27,759,251	$ 7,125,313	$ 11,729,938	$ 18,855,251	$ 1,625,560	$ (17,182)	$ (372,591)	$ (165,225)	$ (1,857,643)	$ 20,151,140	$ 89,078,362
Appropriation of prior year's earnings																					
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	722,592	(722,592)	-	-	-	-	-	-	-	-
Cash dividends - 22.7%	-	-	-	-	-	-	-	-	-	-	-	-	(5,174,335)	(5,174,335)	-	-	-	-	-	-	(5,174,335)
Stock dividends - 0.5%	-	-	113,972	-	-	-	-	-	-	-	-	-	(113,972)	(113,972)	-	-	-	-	-	-	-
Retirement of treasury stock	(30,565)	(305,650)	-	(112,909)	(101,111)	(98,196)	-	(135,704)	-	-	(447,920)	-	-	-	-	-	-	-	753,570	-	-
Issuance of stock on the exercise of employee stock options	28	275	-	770	-	-	-	-	-	-	770	-	-	-	-	-	-	-	-	-	1,045
Bonus to employees - stock	-	-	44,215	-	-	-	-	-	-	111,865	111,865	-	-	-	-	-	-	-	-	-	156,080
Net income for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	-	-	-	3,244,429	3,244,429	-	-	-	-	-	940,825	4,185,254
Adjustment arising from changes in equity investments due to subsidiaries' distribution of bonus to employees or issuance of common stock for cash	-	-	-	-	-	-	60,197	-	-	-	60,197	-	-	-	-	-	-	-	-	-	60,197
Cash dividends received by subsidiaries	-	-	-	-	-	55,853	-	-	-	-	55,853	-	-	-	-	-	-	-	-	-	55,853
Adjustment arising from changes in capital surplus from long-term equity investments	-	-	-	-	-	-	12,886	-	566	-	13,452	-	-	-	-	-	-	-	-	-	13,452
Adjustment arising from changes in unrealized gain or loss on subsidiaries' financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(69,135)	-	-	-	(69,135)
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,302,640)	-	-	-	-	-	(1,302,640)
Unrealized gain on cash flow hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,340	-	-	30,340
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,279)	-	-	-	(30,279)
Change in net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,307)	-	-	-	-	(4,307)
Effect arising from changes in shareholders' entities in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,963,821)	(1,963,821)
BALANCE, JUNE 30, 2012	2,279,443	$ 22,794,426	$ 158,187	$ 8,421,046	$ 7,540,388	$ 374,631	$ 980,153	$ 10,120,217	$ 5,168	$ 111,865	$ 27,553,468	$ 7,847,905	$ 8,963,468	$ 16,811,373	$ 322,920	$ (21,489)	$ (472,005)	$ (134,885)	$ (1,104,073)	$ 19,128,144	$ 85,036,066
BALANCE, JANUARY 1, 2011	2,284,794	$ 22,847,940	$ -	$ 8,200,480	$ 7,641,499	$ 346,691	$ 959,438	$ 10,255,921	$ 2,857	$ -	$ 27,406,886	$ 6,226,667	$ 11,985,007	$ 18,211,674	$ 489,217	$ (22,338)	$ 1,429,993	$ (159,166)	$ (1,857,643)	$ 18,874,015	$ 87,220,578
Appropriation of prior year's earnings																					
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	898,646	(898,646)	-	-	-	-	-	-	-	-
Cash dividends - 28.7%	-	-	-	-	-	-	-	-	-	-	-	-	(6,469,637)	(6,469,637)	-	-	-	-	-	-	(6,469,637)
Stock dividends - 0.5%	-	-	112,711	-	-	-	-	-	-	-	-	-	(112,711)	(112,711)	-	-	-	-	-	-	-
Issuance of common stock from bonus to employees	-	-	139,149	-	-	-	-	-	-	332,706	332,706	-	-	-	-	-	-	-	-	-	471,855
Net income for the six months ended June 30, 2011	-	-	-	-	-	-	-	-	-	-	-	-	3,149,492	3,149,492	-	-	-	-	-	1,157,284	4,306,776
Adjustment arising from changes in equity investments due to subsidiaries' distribution of issuance of common stock for cash	-	-	-	-	-	-	7,590	-	-	-	7,590	-	-	-	-	-	-	-	-	-	7,590
Cash dividends received by subsidiaries	-	-	-	-	-	70,283	-	-	-	-	70,283	-	-	-	-	-	-	-	-	-	70,283
Adjustment arising from changes in unrealized loss on subsidiaries' financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(588,343)	-	-	-	(588,343)
Unrealized gain on cash flow hedging	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,726	-	-	9,726
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,404	-	-	-	-	5,404
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(580,218)	-	-	-	(580,218)
Adjustment arising from changes in capital surplus from long-term equity investments	-	-	-	-	-	-	50,768	-	1,065	-	51,833	-	-	-	-	-	-	-	-	-	51,833
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,680,588)	-	-	-	-	-	(1,680,588)
Effect arising from changes in shareholders' entities in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,629,434)	(1,629,434)
BALANCE, JUNE 30, 2011	2,284,794	$ 22,847,940	$ 251,860	$ 8,200,480	$ 7,641,499	$ 416,974	$ 1,017,796	$ 10,255,921	$ 3,922	$ 332,706	$ 27,869,298	$ 7,125,313	$ 7,653,505	$ 14,778,818	$ (1,191,371)	$ (16,934)	$ 261,432	$ (149,440)	$ (1,857,643)	$ 18,401,865	$ 81,195,825

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

(With Deloitte & Touche review report dated August 30, 2012)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	$ 4,185,254	$ 4,306,776
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	3,054,197	2,675,927
Amortization	682,283	621,442
Allowance for doubtful accounts	4,414	15,371
Valuation loss (gain) on financial instruments	27,661	(169,855)
Gain on disposal of investments	(442,276)	(365,907)
Loss on disposal of properties and idle assets	28,426	15,746
Impairment loss on financial assets available for sale, financial assets carried at cost, properties and idle assets	551,026	359,999
Investment income recognized under the equity method	(7,855)	(27,153)
Product warranty reserve	92,525	129,141
Accrued pension costs	16,991	7,939
Deferred income taxes	125,295	(257,233)
Deferred credits - gain (loss) on intercompany transactions	3,644	(8,698)
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	45,802	594,246
Notes receivable	(34,426)	(28,957)
Accounts receivable	2,184,427	(860,759)
Accounts receivable from related parties	(96,032)	37,316
Other receivables from related parties	(34,013)	(56,368)
Inventories	5,022,745	849,909
Construction in progress in excess of progressive billings	(6,157)	(4,162)
Prepayments	435,239	(597,419)
Other financial assets - current	(327,678)	(287,982)
Other current assets	23,498	(11,024)
Overdue receivables	-	(14,064)
Notes payable	(100,393)	86,488
Accounts payable	(11,331,503)	(575,914)
Accounts payable to related parties	10,791	(125,631)
Other payables to related parties	(25,076)	(2,653)
Income taxes payable	(543,562)	(636,236)
Accrued expenses	329,844	(966,577)
Advance receipts	(117,266)	(285,856)
Progressive billings in excess of construction in progress	-	11,744
Other current liabilities	2,006,564	1,899,971
Net cash provided by operating activities	5,764,389	6,329,567
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,687,434)	(3,988,483)
Proceeds of the disposal of available-for-sale financial assets	1,534,799	106,227

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2012	2011
Increase in deferred charges	$ (245,840)	$ (461,661)
Proceeds of the disposal of property, plant and equipment	1,384,109	21,157
Decrease in refundable deposits	40,304	105,567
Decrease in restricted assets	7,667	2,534
Increase in land use rights	(3,048)	(31,230)
Proceeds of the disposal of financial assets carried at cost	-	307,876
Increase in prepayments for investment	-	(167,257)
Acquisition of investments under the equity method	-	(110,637)
Net cash used in investing activities	(969,443)	(4,215,907)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	3,554,946	(173,216)
Increase in long-term bank loans	401,061	2,220,628
Decrease in obligations under capital lease	(56,301)	(61,007)
Increase (decrease) in guarantee deposits	10,442	(28,362)
Decrease in minority interest	(2,138,921)	(1,850,930)
Proceeds of the exercise of employee stock options	1,045	-
Net cash provided by financing activities	1,772,272	107,113
EFFECTS OF EXCHANGE RATE CHANGES	(904,427)	(1,301,647)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,662,791	919,126
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	56,515,383	50,441,322
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 62,178,174	$ 51,360,448
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	$ 902,688	$ 168,008
Income tax paid	$ 1,662,566	$ 2,057,249
NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term debts	$ 1,360,709	$ 945,105
Dividend payable	$ 5,132,525	$ 6,390,147
CASH PAID FOR ACQUISITION OF PROPERTIES		
Increase in properties	$ 3,239,484	$ 3,525,749
Decrease in payable for properties	447,950	462,734
	$ 3,687,434	$ 3,988,483

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

(With Deloitte & Touche review report dated August 30, 2012) (Concluded)

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 merged with its subsidiary, Lite-On Enclosure Inc., with the Parent Company as the survivor entity. The merger took effect on April 1, 2004, and the Parent Company thus assumed all rights and obligations of the three merged companies on that date.

As of June 30, 2012 and 2011, the Parent Company and subsidiaries (collectively referred to as the "Group") had 85,866 and 92,366 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The 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 (ROC). The preparation of financial statements in conformity with the foregoing guidelines and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. Actual results may differ from those 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.

The financial statements used as basis of the consolidated subsidiaries' information and related investment amounts were unreviewed except (a) those as of and for the six months ended June 30, 2012 and 2011 of Lite-On IT Corporation, Philip & Lite-On Digital Solutions Corp., High Yield Group Co., Ltd., Lite-On IT International (HK) Ltd., Lite-On Opto Technology (Guangzhou) Co., Ltd., LET (HK) Ltd., Silitech Technology Corp., Silitech (BVI) Holding Ltd., Silitech (Bermuda) Holding Ltd., Silitech Technology Corporation Limited, Silitech (Hong Kong) Holding Ltd., Silitech Technology (SuZhou) Co., Ltd., Xurong Electronic (Shenzhen) Co., Ltd., Logah Technology Corp., Lite-On Overseas Trading Co., Ltd., Lite-On Communications (Guangzhou) Co., Ltd., Lite-On Tech. (Guangzhou) Co., Ltd., Silitek Elec. (Guangzhou) Co., Ltd., Logah Electronics (Su Zhou) Co., Ltd., Guangzhou Lite-On Mobile Electronic Components Co., Ltd. (formerly Perlos (Guangzhou) Electronic Components Co., Ltd.) and Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd. (formerly Perlos (Beijing) Electronic and Telecommunication Components Co., Ltd.); and (b) this as of and for the six months ended June 30, 2012 of Lite-On Capital Inc.

Minority interests were 57.11%, 66.69%, 42.64%, 10.08%, 15.11% and 60.37% of shareholdings in Lite-On IT Corporation, Silitech Technology Corp. Ltd., Lite-On Japan Ltd., Leotek Electronics Corporation, Lite-On Automotive Co., Ltd., and Logah Technology Co., Ltd. as of June 30, 2012, which were presented separately in the consolidated financial statements. Minority interests were 56.79%, 63.37%, 42.64%, 26.60%, 12.69% and 60.37% of shareholdings in Lite-On IT Corporation, Silitech Technology Corp. Ltd., Lite-On Japan Ltd., Leotek Electronics Corporation, Lite-On Automotive Co., Ltd., and Logah Technology Co., Ltd. as of June 30, 2011, which were presented separately in the 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.

Current and Noncurrent Assets and Liabilities

Current assets include cash, financial assets held for trading and other assets to be converted to cash or to be consumed or used up within 12 months. All other assets such as property, plant and equipment and intangible assets are classified as noncurrent. Current liabilities include financial liabilities resulting from trading or to be repaid or settled within 12 months. All other assets and liabilities are classified as noncurrent.

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. On unprocessed materials delivered to subcontractors for further processing, the Corporation does not recognize sales because this delivery does not involve a transfer of the risks and rewards of materials ownership.

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

Royalties are recognized when:

a. It is probable that the economic benefits of a transaction will flow to the Parent Company; and
b. The revenue can be measured reliably.

Royalties are recognized on an accrual basis in accordance with the substance of the contract.

If a contract meets the recognition criteria for sales of goods and the following conditions, royalties are recognized at the time of sale:

a. The amount of the royalties is fixed or the royalties are nonrefundable;
b. The contract is noncancelable;
c. The contract permits the licensee to exploit the assigned rights freely; and
d. The licensor has no remaining obligations to perform.

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

As discussed in Note 3 to the financial statements, on January 1, 2011, the Group adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Group should be covered by SFAS No. 34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

a. Significant financial difficulty of the debtor;
b. Accounts receivable becoming overdue; or
c. It becoming probable that the debtor will enter into bankruptcy or undergo financial reorganization.

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

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collaterals and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Construction Contracts

Revenues on and costs of long-term construction contracts are recognized by the percentage-of-completion method, while revenues and costs of short-term construction contracts are recognized by the full-completion method. Under the percentage-of-completion method, the stage of completion of each contract is measured at the ratio of cumulative construction costs to total estimated contract costs.

Construction revenues and costs for the current year is the excess of cumulative construction revenue and costs, determined using the percentage-of-completion method, in excess of the cumulative construction revenue and costs recognized in prior years. Any estimated loss on a construction contract is recognized currently; any subsequent adjustment of this loss is recognized as income or loss in the year of adjustment.

Construction in progress is carried at cost plus estimated construction profit or less estimated losses. Installment payments or collections received from construction projects are credited to progressive billings. Upon completion of each project, these progressive billings are offset against construction in progress.

Construction expenses incurred under the full-completion method are included in construction in progress, while collections received from construction projects are credited to progressive billings. Upon completion of each project, the construction in progress and progressive billings are recognized as construction revenues and costs, respectively.

At year-end, the balances of construction in progress and progressive billings from construction of each project are netted out, and the result is classified as current asset or current liability.

Inventories

Inventories consist of materials and supplies, work-in-process, finished goods, merchandise, goods in transit and power generation facility held for sale. 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.

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 derecognized from the balance sheet. A regular purchase or sale of financial assets is recognized and derecognized using trade 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 between the results of using the straight-line method and those of the effective interest method 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. An impairment loss for an equity instrument classified as available-for-sale can be reversed to the extent of the original carrying value and recognized as an adjustment 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. The accounting treatment for cash dividends and stock dividends arising from financial assets carried at cost is the same as that for cash and stock dividends arising from available-for-sale financial assets.

Long-term Equity Investments

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 is used to reduce the fair value of each of the noncurrent assets acquired (exclude non-equity-method financial assets, assets for disposal, deferred tax assets and prepaid pension costs or other pension payments), with any remaining excess recognized as extraordinary gain.

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 Corporation (reciprocal holdings) is computed using the treasury stock method. Upon the disposal of equity-method investments, the Corporation's shares in the capital surplus recognized by the investee, 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. The Corporation accounts for its stock held by subsidiaries as treasury stock. Dividends that the Corporation distributes to its subsidiaries are debited to investment income and are credited to capital surplus - treasury stock transactions.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee; however, if the Corporation has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee. The deferred profits are realized through the subsequent sale of the related products to third parties.

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

For all stock investments, costs of investments sold are determined using the weighted 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, 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 between revaluation increment and the land value increment tax 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, client relationships and patent rights (classified under other intangible assets) are amortized over 6 years, 4 years and 12 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 instead assessed for impairment at least annually.

Land Use Rights

Land use rights are amortized over 50 years.

Idle Assets

The idle fixed assets reclassified to other assets are stated at the lower of carrying value or net realizable value and depreciated using the 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 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 even if the asset is carried at a revalued amount. 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. In addition, reversal of impairment loss on goodwill is not allowed.

Product Warranty Reserve

The estimate of the related cost is based on historical experience about product service life and warranty period.

Pension Costs

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

Defined benefit pension costs of the Parent Company and its subsidiaries - 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 valuations. Contributions made under a defined contribution plan are recognized as pension cost during the period in which employees render services.

The prior service costs should be amortized on a straight-line basis over the average period from the plan effective or amendment date until the benefits become vested. When the benefits are already vested right after the introduction of, or changes to, a defined benefit plan, the Parent Company should recognize the prior service cost as expense immediately.

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

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 Statement of Financial Accounting Standards (SFAS) No. 30 - "Accounting for 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 stock. 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 had a grant or amendment date on or after January 1, 2004. Because the Parent Company did not grant new options after 2008, the accounting treatment for employee stock options is still based on the interpretations issued by the Accounting Research and Development Foundation. The Parent Company uses 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 in accordance with 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

The 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 the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates, and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

a. Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;
b. Recognized in profit and loss if the changes in fair value are recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

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 Parent Company. These 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 as follows:

a. Fair value hedge: The gain or loss from remeasuring the hedging instrument at fair value and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss.

b. Cash flow hedge: The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in shareholders' equity. The amount recognized in shareholders' equity is recognized in profit or loss in the same year or years during which the hedged forecast transaction or an asset or liability arising from the hedged forecast transaction affects profit or loss. However, if all or a portion of a loss recognized in shareholders' equity is not expected to be recovered in the future, the amount that is not expected to be recovered is reclassified into profit or loss.

c. Hedge of a net investment in a foreign operation: The portion of the gain or loss on hedging instruments that is determined to be an effective hedge is recognized in shareholders' equity but is recognized as gain or loss on foreign operation disposal.

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 of the hedged item.

3. ACCOUNTING CHANGES

Financial Instruments

On January 1, 2011, the Parent Company and its subsidiaries adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." The main revisions include (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Parent Company and its subsidiaries are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost when a debtor has financial difficulties and the terms of obligations have been modified; and (5) accounting treatment by a debtor for modifications in the terms of obligations. This accounting change had no significant effect on the Parent Company and its subsidiaries.

Operating Segments

On January 1, 2011, the Parent Company and its subsidiaries adopted the newly issued SFAS No. 41 - "Operating Segments." The statement requires that segment information be disclosed on the basis of information about the components of the Group that management uses to make operating decisions. SFAS No. 41 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Parent Company and its subsidiaries' chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 - "Segment Reporting," and the Parent Company and its subsidiaries conformed to the disclosure requirement and provided the operating segment disclosure in the consolidated financial statements accordingly.

4. CASH AND CASH EQUIVALENTS

	June 30	
	2012	**2011**
Cash on hand	$ 9,252	$ 10,456
Checking deposits	1,227,223	2,085,215
Demand deposits	27,468,830	20,560,284
Time deposits	33,472,869	28,704,493
	$ 62,178,174	$ 51,360,448

As of June 30, 2012 and 2011, the bank deposits overseas of the Parent Company were as follows:

	June 30	
	2012	**2011**
Czech - Prague (CZK43,523 thousand in 2012 and CZK125,688 thousand in 2011)	$ 63,805	$ 215,744
Germany - Nuremburg (EUR77 thousand in 2012 and EUR 2 thousand in 2011)	2,890	83
Poland - Warsaw (PLN16 thousand in 2012 and PLN1,014 thousand in 2011)	140	10,631
	$ 66,835	$ 226,458

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

The Parent Company's trading-purpose assets were as follows:

	June 30	
	2012	**2011**
Financial assets resulting from trading		
Currency swap contracts	$ 9,953	$ 54,684
Forward exchange contracts	13,437	6,933
	$ 23,390	$ 61,617
Financial liabilities resulting from trading		
Currency swap contracts	$ 12,216	$ 37,095
Forward exchange contracts	15,159	35,133
Options-put	-	23,047
Interest rate swap contracts	168	544
	$ 27,543	$ 95,819

The subsidiaries' significant outstanding forward contracts, currency swap contracts, interest rate swap contracts, and options as of June 30, 2012 and 2011 were as follows:

	Currency	Maturity	Amount (Thousands)
June 30, 2012			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	July 11, 2012 - July 24, 2012	USD127,000/NTD3,791,260
Forward exchange contracts	EUR/USD	July 3, 2012 - July 17, 2012	EUR9,000/USD11,379
Forward exchange contracts	RMB/USD	September 10, 2012	RMB63,140/USD10,000
Forward exchange contracts	USD/RMB	September 10, 2012	USD10,000/RMB63,140
Silitech Technology Corp.			
Currency swap contracts	USD/NTD	July 9, 2012 - July 11, 2012	USD28,000/NTD837,880
Forward exchange contracts	USD/MYR	July 6, 2012 - September 20, 2012	USD700/MYR2,201
Lite-On Automotive Corp.			
Forward exchange contracts	EUR/NTD	August 1, 2012	EUR487/NTD18,925
Lite-On Automotive Electronics (Guang Zhou) Co., Ltd.			
Forward exchange contracts	USD/RMB	August 23, 2012	USD990/RMB6,236
Forward exchange contracts	EUR/RMB	July 5, 2012	EUR600/RMB4,964

(Continued)

	Currency	Maturity	Amount (Thousands)
Lite-On Mobile Oyj (formerly Perlos Oyj)			
Currency swap contracts	USD/EUR	July 2, 2012	USD11,400/EUR9,095
Currency swap contracts	JPY/USD	August 3, 2012	JPY250,000/USD3,145
Currency swap contracts	HUF/EUR	August 3, 2012	HUF250,000/EUR836
Forward exchange contracts	JPY/USD	July 2, 2012	JPY200,000/USD2,519
Forward exchange contracts	USD/EUR	July 2, 2012	USD1,500/EUR1,207
Forward exchange contracts	USD/INR	July 25, 2012	USD5,000/INR284,014
Forward exchange contracts	USD/RMB	July 25, 2012	USD13,000/RMB82,069
Forward exchange contracts	USD/BRL	August 10, 2012	USD4,000/BRL8,360
Guangzhou Lite-On Mobile Electronic Components Co Ltd. (formerly Perlos (Guangzhou) Electronic Components Co Ltd.)			
Forward exchange contracts	USD/RMB	September 18, 2012	USD4,000/RMB25,320
Lite-On Mobile India Private Limited.			
Forward exchange contracts	USD/INR	July 5, 2012	USD1,500/INR83,790
Leotek Electronic Corp.			
Currency swap contracts	USD/NTD	September 25, 2012	USD900/NTD26,872
Forward exchange contracts	USD/NTD	September 24, 2012	USD2,000/NTD59,160
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	EUR/USD	July 5, 2012	EUR2,400/USD2,986

(Concluded)

	Amount (Thousands)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Settlement Term
Lite-On Japan Ltd.					
Interest rate swap contracts	JPY75,000	February 4, 2008 - January 31, 2013	1.48%	Note	Quarterly

	Currency	Maturity	Amount (Thousands)
June 30, 2011			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	July 8, 2011 - September 20, 2011	USD122,000/NTD3,509,870
Forward exchange contracts	EUR/USD	July 6, 2011	EUR16,000/USD22,725
Silitech Technology Corp.			
Forward exchange contracts	USD/NTD	July 8, 2011 - July 15, 2011	USD2,000/NTD57,903
Forward exchange contracts	USD/MYR	July 19, 2011 - August 17, 2011	USD300/MYR913
Currency swap contracts	USD/NTD	July 7, 2011	USD17,000/NTD487,050
Logah Technology Corp., Ltd.			
Forward exchange contracts	USD/NTD	July 20, 2011 - August 26, 2011	USD10,000/NTD288,000
Lite-On Automotive Electronics (Guang Zhou) Corp., Ltd.			
Forward exchange contracts	USD/RMB	July 7, 2011	USD1,200/RMB7,751
Forward exchange contracts	EUR/RMB	July 14, 2011	EUR709/RMB6,461
Lite-On Electronic (Thailand) Co., Ltd.			
Forward exchange contracts	USD/THB	July 11, 2011	USD2,000/THB61,200
Lite-On Mobile Oyj (formerly Perlos Oyj)			
Currency swap contracts	USD/EUR	July 19, 2011	USD14,000/EUR9,902
Currency swap contracts	EUR/USD	July 15, 2011	EUR3,300/USD4,724
Currency swap contracts	JPY/EUR	July 8, 2011	JPY240,000/EUR2,092
Currency swap contracts	JPY/USD	July 20, 2011	JPY80,000/USD999
Currency swap contracts	HUF/USD	July 20, 2011	HUF250,000/USD918
Currency swap contracts	SEK/EUR	July 20, 2011	SEK9,000/EUR985
Currency swap contracts	USD/JPY	July 8, 2011	USD4,000/JPY322,877
Forward exchange contracts	JPY/USD	July 19, 2011	JPY100,000/USD1,227
Forward exchange contracts	USD/INR	July 27, 2011	USD10,000/INR452,200
Forward exchange contracts	EUR/RMB	August 17, 2011	EUR3,000/RMB27,666
Forward exchange contracts	USD/RMB	July 27, 2011	USD 13,000/RMB83,980
Forward exchange contracts	USD/BRL	July 27, 2011	USD2,000/BRL3,202

(Continued)

	Currency	Maturity	Amount (Thousands)
Guangzhou Lite-On Mobile Electronic Components Co Ltd. (formerly Perlos (Guangzhou) Electronic Components Co Ltd.)			
Forward exchange contracts	USD/RMB	July 14, 2011	USD2,000/RMB13,084
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.			
Forward exchange contracts	JPY/USD	July 25, 2011	JPY389,510/USD4,865
Forward exchange contracts	USD/RMB	July 18, 2011	USD2,000/RMB12,966
Lite-On Japan Ltd.			
Call option	JPY/USD	March 5, 2012	JPY101,700/USD900
Put option	JPY/USD	March 5, 2012	JPY282,150/USD2,700
Currency swap contracts	JPY/USD	March 5, 2012	JPY101,970/USD900
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	JPY/USD	July 6, 2011	JPY74,000/USD922
Forward exchange contracts	EUR/USD	July 6, 2011	EUR5,000/USD7,294
Forward exchange contracts	SGD/USD	July 6, 2011	SGD700/USD568
Forward exchange contracts	HUF/USD	July 6, 2011	HUF384,000/USD2,103

(Concluded)

	Amount (Thousands)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Settlement Term
Lite-On Japan Ltd.					
Interest rate swap contracts	JPY175,000	February 4, 2008 - January 31, 2013	1.48%	Note	Quarterly

Note: Based on the Taipei interbank offered rate (Tibor) for three month plus a margin of 0.35%.

The subsidiaries entered into derivative contracts during the six months ended June 30, 2012 and 2011 to manage exposures due to fluctuations of foreign exchange rates. The derivative contracts entered into by the subsidiaries did not meet the criteria for hedge accounting. Thus, the derivative contracts classified as financial assets or financial liabilities at fair value through profit or loss. The financial risk management objectives of the subsidiaries were to minimize risks due to changes in fair value or cash flows.

Net losses and gains on derivative financial instruments as of June 30, 2012 and 2011, respectively, were $27,661 thousand and $169,855 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	June 30	
	2012	2011
Domestic quoted stocks	$ 10	$ 11

7. ACCOUNTS RECEIVABLE, NET

	June 30	
	2012	2011
Accounts receivable	$ 43,202,512	$ 41,540,820
Allowance for doubtful accounts	(272,796)	(303,218)
Allowance for sales returns and discounts	(579,367)	(252,916)
	$ 42,350,349	$ 40,984,686

Movements of allowances for doubtful accounts were as follows:

	Six Months Ended June 30			
	2012		2011	
	Accounts Receivable	Overdue Receivable	Accounts Receivable	Overdue Receivable
Balance, beginning of period	$ 270,049	$ 187,491	$ 416,384	$ 64,204
Allowance (reversal of allowance) for doubtful accounts	(6,831)	11,245	16,058	(687)
Amounts written off	(4,379)	-	(536)	(58,938)
Reclassification to overdue receivable	18,115	(18,115)	(123,758)	123,758
Effect of exchange rate changes	(4,158)	(10,611)	(4,930)	-
	$ 272,796	$ 170,010	$ 303,218	$ 128,337

Overdue receivables were classified under other assets (please refer to Note 15).

The unexpired factored accounts receivable of the Parent Company and its subsidiaries as of June 30, 2012 and 2011 were as follows:

The Parent Company

Factor	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates for Advances Received (%)	Credit Line
June 30, 2012					
None					
June 30, 2011					
Taishin International Bank	US$ 527	US$ 502	$ -	Note	US$ 160,000

Philips & Lite-On Digital Solutions Corp.

Factor	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates for Advances Received (%)	Credit Line
June 30, 2012					
Taishin International Bank	US$ 4,158	US$ 4,081	$ -	Note	US$ 8,500
June 30, 2011					
Taishin International Bank	US$ 5,356	US$ 4,060	$ -	Note	US$ 13,500

Silitech Technology Corp.

Factor	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates for Advances Received (%)	Credit Line
June 30, 2012					
City Bank	EUR 976	EUR 4,774	EUR -	Note	US$ 30,000
	US$ 13,166	US$ 13,565	US$ 3,803	1.78-1.85	
June 30, 2011					
City Bank	EUR 13,748	EUR 18,981	EUR 2,092	1.63-2.08	US$ 34,000
	US$ 17,502	US$ 20,379	US$ 6,365	0.90-0.97	
	RMB -	RMB 3,967	RMB -	Note	US$ 9,000

Note: The Parent Company and its subsidiaries had not used the advance payments made by the factors on the accounts receivable.

The above credit lines may be used on a revolving basis. As of June 30, 2012, the amount of factored accounts receivable of the Parent Company and its subsidiaries remaining in 2011 had been collected.

Factored accounts receivable of the Parent Company and its subsidiaries amounted to USD17,324 thousand, EUR976 thousand on June 30, 2012; and USD23,385 thousand and EUR13,748 thousand on June 30, 2011.

The Parent Company and its subsidiaries (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

	June 30	
	2012	2011
Materials and supplies	$ 2,849,860	$ 6,113,172
Finished goods	9,559,288	6,063,158
Work in process	2,981,498	3,158,420
Merchandise	5,496,893	6,558,042
Goods in transit	1,501,598	1,504,684
Power generation facility held for sale	-	1,788,263
	$ 22,389,137	$ 25,185,739

As of June 30, 2012 and 2011, the allowances for inventory devaluation were $1,777,491 thousand and $1,358,714 thousand, respectively.

The costs of inventories recognized as cost of sales were $92,565,764 thousand and $93,375,260 thousand as of June 30, 2012 and 2011, respectively.

9. CONSTRUCTION IN PROGRESS IN EXCESS OF PROGRESSIVE BILLINGS

Item	Contract Cost	Cost Incurred to Date	Estimated Costs to Complete Construction	Construction in Progress	Progressive Billings	Percentage of Completion (%)	Estimated Completion Year	Gross Profit to Be Recognized
June 30, 2012								
Solar Power project	$ 594,796	$ 474,676	$ 72,262	$ 520,217	$ 475,766	80-100	2011	$ 45,541
June 30, 2011								
Solar Power project	$ 49,256	$ 39,869	$ 3,368	$ 49,190	$ 33,052	80-100	2011	$ 9,321

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NONCURRENT

	June 30	
	2012	2011
Domestic quoted stocks	$ 1,077,507	$ 2,476,580
Overseas quoted stocks	120,510	285,915
Mutual funds	96,813	705,086
	$ 1,294,830	$ 3,467,581

One of the Group’s available-for-sale financial assets in the six months ended June 30, 2012 was impaired. Thus, an impairment loss was recognized as follows:

	Six Months Ended June 30, 2012
HannStar Display Corporation	$ 67,432

11. FINANCIAL ASSETS CARRIED AT COST- NONCURRENT

	June 30	
	2012	2011
Domestic and overseas unquoted common stocks	$ 725,981	$ 1,205,203
Emerging market stocks	293,892	437,953
	$ 1,019,873	$ 1,643,156

The above stocks and funds had no quoted price in an active market or reliable fair values; thus, these investments were measured at cost.

Some of the Group's financial assets carried at cost - noncurrent as of the six months ended June 2012 were impaired. Thus, impairment losses were recognized as follows:

	Six Months Ended June 30, 2012
Auria Solar Co., Ltd.	$ 460,187
Compound Solar Technology Co., Ltd.	10,000
	$ 470,187

12. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	June 30			
	2012		2011	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Long-term stock investments				
Equity method				
Listed				
Lite-On Semiconductor Corp.	$ 1,524,450	20.45	$ 1,440,898	20.31
Jhen Vei Electronics Co., Ltd.	108,646	17.12	132,851	17.12
	1,633,096		1,573,749	
Unlisted				
Dragonjet Corporation	998,857	29.74	1,024,347	29.74
LiteStar JV Holding (BVI) Co., Ltd.	748,213	30.00	674,064	30.00
Epricrystal (Changzhou) Co., Ltd.	136,630	5.00	92,431	5.00
Kompaktsolar GmbH	20,664	51.00	16,777	51.00
Lite-Space Technology Company Limited	19,694	27.00	-	-
Canfield Ltd.	3,733	33.33	3,107	33.33
	1,927,791		1,810,726	
	$ 3,560,887		$ 3,384,475	

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 Shin used the equity method to account for its investment in Jhen Vei.

Lite-On Electronic (Tianjin) Co., Ltd., a subsidiary of the Parent company, held less than 20% of the equity interest in Epricrystal (Changzhou) Co., Ltd. ("Epricrystal"), but an equity-method investee of the Parent company, LiteStar JV Holding (BVI) Co., Ltd. owned more than 20% interest of Epricrystal, enabling the Group to exercise significant influence. Thus, the Group accounted for this investment by the equity method.

In January 2011, Lite-On Green Technologies B.V. (LOGTBV), a subsidiary of the Parent company, signed a joint venture contract with Kompakt Betriebs and Verwaltungs GmbH, and formed the Company named Kompaktsolar GmbH ("Kompak"). Under the contract, LOGTBV had no controlling interest over the financial, operating and personnel hiring policy decisions but owned 51%. Thus, the Group accounted for this investment by the equity method. LOGTBV was not included in the accompanying consolidated financial statements but the proportional consolidation method was applied to this investee.

As of June 30, 2012 and 2011, the book values of the long-term equity-method investees whose financial statements had not been reviewed by independent accountants were $928,934 thousand and $786,379 thousand as of June 30, 2012 and 2011, respectively; the net investment results recognized were losses of $36,758 thousand and $5,822 thousand as of June 30, 2012 and 2011. (The financial statements as of and for the six months ended June 30, 2012 and 2011 of three equity-method investees, Lite-On Semiconductor Corp., Jhen Vei Electronics Co., Ltd. and Dragonjet Corporation, had been reviewed.)

13. PROPERTIES

Accumulated depreciation consisted of the following:

	June 30	
	2012	**2011**
Buildings	$ 5,859,156	$ 4,888,750
Machinery and equipment	21,732,410	17,042,519
Transportation equipment	76,165	150,832
Office equipment	2,021,342	1,836,976
Leased equipment	2,138,211	1,141,564
Miscellaneous equipment	1,469,786	4,106,698
	$ 33,297,070	$ 29,167,339

Depreciation expenses were $3,054,197 thousand as of June 30, 2012 and $2,669,313 thousand as of June 30, 2011.

Some of the Group's properties as of the six months ended June 2012 and 2011 were impaired. Thus, impairment losses (reversal of impairment loss) were recognized as follows:

	Six Months Ended June 30	
	2012	**2011**
Lite-On Green Technologies S.R.L.	$ 20,269	$ -
Lite-On Technology (Europe) B.V.	258	-
Remeo Tetti PV1 S.R.L.	(7,120)	-
Perlos Mexico Holding Corp.	-	224,207
Perlos Mexico S.A. de C.V.	-	92,853
Lite-On Electronic (Tianjin) Co., Ltd.	-	17,076
Lite-On Automotive Corp.	-	(2,423)
	$ 13,407	$ 331,713

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. Statement of Financial Accounting Standards (SFAS) No. 25 - "Business Combinations" and SFAS No. 37 - "Intangible Assets" define recognized goodwill as the sum of the acquisition cost plus other direct transaction costs minus the fair value of the identifiable net assets acquired. Thus, the calculation of goodwill generated as of December 31, 2009 was 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 six months ended June 2012 and 2011, the amounts amortized for patents, which have an estimated service life of six years, were $14,698 and $10,175 thousand, respectively, and those for client relationships, which have an estimated service life of four years, were $133,102 and $92,148 thousand, respectively.

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 the six months ended June 2012 and 2011, the accumulated amortization for patent rights amounted to $1,347,939 thousand and $1,123,282 thousand, respectively.

b. 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, 2011 and 2010, 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 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., resulted in differences between the acquisition costs of the Parent Company's investments in the subsidiaries and the acquisition costs of the subsidiaries' investments in other companies; the Company's proportionate share in the investees' equity are listed as follows:

	June 30	
	2012	**2011**
Lite-On Mobile Oyj (formerly Perlos Oyj) and subsidiaries	$ 8,587,440	$ 8,652,372
Li Shin International Enterprise Corp.	1,708,258	1,708,258
Lite-On Automotive Corp.	303,073	303,073
Leotek Electronics Corp.	221,453	219,424
Philips & Lite-On Digital Solutions Germany GmbH.	-	455,372
Others	82,638	67,312
	$ 10,902,862	$ 11,405,811

From January 1, 2006, based on the revised of the Statement of Financial Accounting Standards No. 5 - "Long-term Investments under the Equity Method," 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 projected 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 operations, 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.

In December 2011, Lite-On IT Corp. had recognized an impairment loss on its subsidiary, Philips & Lite-On Digital Solutions Germany GmbH, because the recoverable amount of goodwill was estimated to be less than its carrying amount. Besides, no other investment impairment loss was recognized by the Group.

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:

	June 30	
	2012	**2011**
Cost		
Land	$ 37,767	$ 37,766
Buildings	91,247	92,853
	129,014	130,619
Accumulated depreciation	(16,395)	(15,552)
	$ 112,619	$ 115,067

b. Idle assets, net

	June 30	
	2012	**2011**
Cost		
Buildings	$ 197,772	$ 497,812
Machinery and equipment	297,673	1,226,572
Transportation equipment	-	3,705
Office equipment	15,298	46,439
Miscellaneous equipment	143,115	121,745
	653,858	1,896,273
Accumulated depreciation	(307,610)	(1,043,340)
Accumulated impairment losses	(156,996)	(241,767)
	$ 189,252	$ 611,166

The change in accumulated impairment losses was as follows:

	2012	**2011**
Balance, beginning of period	$ 160,967	$ 203,227
Impairment losses	-	28,286
Reclassification	-	10,254
Effect of exchange rate changes	(3,971)	-
Balance, end of period	$ 156,996	$ 241,767

c. Overdue receivables, net

	June 30	
	2012	**2011**
Overdue receivables	$ 170,010	$ 142,401
Allowance for doubtful accounts	(170,010)	(128,337)
	$ -	$ 14,064

16. SHORT-TERM BANK LOANS

	June 30	
	2012	**2011**
Unsecured bank loans - interest 0.9197%-1.057% in 2012 and 0.54%-5.454% in 2011	$ 8,188,222	$ 3,209,549

17. PROGRESSIVE BILLINGS IN EXCESS OF CONSTRUCTION IN PROGRESS

Item	Contract Cost	Cost Incurred to Date	Estimated Costs to Complete Construction	Construction in Progress	Progressive Billings	Percentage of Completion (%)	Estimated Completion Year	Gross Profit to Be Recognized
June 30, 2012								
None								
June 30, 2011								
Solar Power Project	$ 544,968	$ 358,099	$ 102,502	$ 389,478	$ 445,821	72-100	2011	$ 31,379

18. LONG-TERM BANK LOANS (INCLUDING CURRENT PORTION)

	June 30 2012	June 30 2011
Parent Company	$ 15,700,000	$ 14,200,000
Lite-On Mobile Pte. Ltd.	6,571,407	4,319,246
Silitech Technology Corp.	1,407,000	2,010,000
Lite-On Japan Ltd.	592,784	595,266
Silitech Technology (Su Zhou) Co., Ltd.	298,700	313,785
	24,569,891	21,438,297
Current portion of long-term bank loans	(1,286,876)	(858,858)
	$ 23,283,015	$ 20,579,439

a. As of June 30, 2012, the Parent Company had four long-term bank loans with contract terms between September 23, 2008 and October 19, 2016 and an interest rate of 1.495% to 1.671%, payable monthly or quarterly. These loans should be repaid in three, five, or eight installments or at lump sum on loan maturity.

As of June 30, 2011, the Parent Company had two long-term loans with contract terms between September 23, 2008 and September 23, 2013 and an interest rate of 1.377% to 1.53%, payable monthly or quarterly. These loans should be repaid in five or eight installments from their due dates.

On September 23, 2008, the Parent Company signed the contract for a five-year syndicated loan with Citibank and 15 other financial institutions, and on May 16, 2011 changed the contract period to seven years from 2008. The repayment period is between September 23, 2008 and September 22, 2015. The credit line is NT$15 billion, consisting of:

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

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

The principal of this syndication loan should be repaid in five semiannual installments from September 23, 2013, and the interest rate is the 90-day Taiwan subprime commercial paper interest rate plus 55 points.

Under the syndicated loan agreement, the Parent Company should maintain certain financial ratios based on the most recent semiannual or annual consolidated financial statements. As of June 30, 2012 and 2011, the Parent Company was in compliance with all of the loan covenants.

b. Lite-On Mobile Pte. Ltd. had a syndicated loan, with a contract term from April 29, 2011 to April 29, 2016. The floating interest rates was 1.06685% to 1.335% as of June 30, 2012, and principal repayable from April 29, 2014 in five semiannual installments.

   This contract is a five-year syndicated loan of US$200 million and was signed with Citibank and 14 other financial institutions (the endorsements and guarantees were provided by the Parent Company). As of June 30, 2012, Lite-On Mobile Pte. Ltd. had used all of the credit line of the syndicated loan.

c. Silitech Technology Co., Ltd. entered into a NT$3 billion syndicated loan with Taiwan Landbank, with a contract term from March 16, 2009 to March 16, 2014. As of June 30, 2012 and 2011, Silitech Technology Corporation had used NT$2.01 billion of the credit line. The floating interest rates were 1.6903% to 1.5803%, respectively and principal repayable from December 16, 2011 in 10 quarterly installments.

d. As of June 30, 2012 and 2011, Lite-On Japan Ltd. had twenty-one long-term bank loans, with contract terms from November 10, 2006 to February 28, 2017 and interest rate of 1.16% to 1.75%. All loans are installment loans and are repaid over time with a set number of scheduled payments.

e. Silitech Technology (Su Zhou) Co., Ltd. entered into a US$10 million long-term bank loan with Taipei Fubon Bank, with contract term from August 27, 2010 to August 27, 2013. The floating interest rates were 1.21685% and 1.004% as of June 30, 2012 and 2011, respectively; principal is amortized semiannually and repaid at US$3,000 thousand for each of the first two installments and at US$4,000 thousand on the third repayment. As of June 30, 2012, Silitech Technology (Su Zhou) Co., Ltd. had used all of the credit line of the loan.

19. OBLIGATIONS UNDER CAPITAL LEASES

	June 30	
	2012	**2011**
Guangzhou Lite-On Mobile Electronic Components Co., Ltd. (formerly Perlos (Guangzhou) Electronic Components Co., Ltd.)	$ 321,148	$ 353,606
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd. (formerly Perlos (Beijing) Electronic and Telecommunication Components Co., Ltd.)	19,805	55,144
Lite-On Mobile Oyj (formerly Perlos Oyj)	1,926	1,835
Lite-On Mobile Sweden AB (formerly Perlos AB)	1,243	3,337
The Parent Company	403	745
Lite-On Mobile India Private Limited. (formerly Perlos Telecommunication and Electronic Components (India) Private Ltd.)	-	1,418
Shenzhen Lite-On Mobile Precision Molds Co., Ltd. (formerly Perlos Precision Molds (Shenzhen) Co., Ltd.	-	793
Lite-On (Guangzhou) Infortech Co., Ltd.	-	362
	344,555	417,240
Current portion of long-term capital lease liabilities	(73,833)	(86,247)
	$ 270,692	$ 330,993

a. Guangzhou Lite-On Mobile Electronic Components Co., Ltd. (formerly Perlos (Guangzhou) Electronic Components Co., Ltd.) leased buildings under capital leases valid from January 1, 2007 to December 31, 2016. The terms of these leases were 10 years, with 7.11% interest rate.

b. Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd. (formerly Perlos (Beijing) Electronic and Telecommunication Components Co., Ltd.) - leased building under capital leases from January 1, 2003 to December 31, 2012. The terms of these leases were 10 years, 4.24% interest rate.

c. Lite-On Mobile Oyj (formerly Perlos Oyj) leased machinery and equipment under capital leases valid from July 1, 2009 to September 30, 2015. The terms of these leases were between 3 and 4 years, with 5.00% interest rate.

d. Lite-On Mobile Sweden AB (formerly Perlos AB) leased machinery and equipment under capital leases valid from April 1, 2009 to January 15, 2013. The terms of these leases were between 2 and 3 years, with 2.79% to 12.83% interest rate

e. The Parent Company leased machinery and equipment under capital leases valid from September 1, 2009 to June 1, 2013. The terms of these leases were between 3 and 5 years, with 15.6% interest rate. The monthly 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.

f. Lite-On Mobile India Private Limited. (formerly Perlos Telecommunication and Electronic Components (India) Private Ltd.) leased machinery and equipment under capital leases valid from September 15, 2009 to April 18, 2013. The terms of these leases were between three and five years, with 10.24% interest rate.

g. Shenzhen Lite-On Mobile Precision Molds Co., Ltd. (formerly Perlos Precision Molds (Shenzhen) Co., Ltd.) leased machinery and equipment under capital leases valid from July 1, 2009 to December 31, 2011. The terms of these leases were 2 and behalf years, with 11.38% interest rate. The machinery and equipment were then bought at a bargain purchase price at the end of the lease term.

h. Lite-On (Guangzhou) Infortech Co., Ltd. leased machinery and equipment under capital leases valid from June 15, 2006 to November 29, 2011. The terms of these leases were 4 years, with 3.11% to 5.56% interest rate. The machinery and equipment were then bought at a bargain purchase price at the end of the lease term.

20. PENSION PLAN

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. 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%, 2%, 4%, 2% and 3%, respectively, of salaries and wages to a pension fund, which is administered by the employees' pension fund committees and deposited in the Bank of Taiwan in the committee's name. The Parent Company and Subsidiaries pension costs were $13,945 thousand and 11,976 thousand for the six months ended June 30, 2012, and 2011, respectively.

Based on the Labor Pension Act (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., 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 pension costs of $86,332 thousand and 79,349 thousand for the six months ended June 30, 2012, and 2011, respectively.

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 were $215,458 thousand and 175,077 thousand for the six months ended June 30, 2012, and 2011, respectively.

21. 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 Corporation as a result of a merger, with the Parent Company as the survivor entity. 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 represented the Parent Company's 14,781 thousand common shares.

As of June 30, 2012, the outstanding marketable equity securities were 5,196 thousand units, representing 51,957 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 June 30, 2012, the unredeemed GDRs amounted to 979 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 Taiwan Stock Exchange on the grant date. For distributing cash dividends and stock dividends and for capital reduction (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:

	Six Months Ended June 30			
	2012		2011	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of period	19,819	$ 38.0	20,655	$ 41.4
Options expired	(815)	38.0	(353)	41.4
Options exercised	(28)	38.0	-	41.4
Balance, end of period	18,976	38.0	20,302	41.4
Weighted-average fair value of options granted in thousands of shares	$ 16.964		$ 16.964	

The weighted-average remaining lives of the outstanding and exercisable options as of June 30, 2012 and 2011 were 1.5 and 2.5 years, respectively.

Compensation cost recognized under the intrinsic value method was $0 thousand for the year ended June 30, 2012 and 2011 respectively. 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 six months ended June 30, 2012 and 2011 would have been as follows:

	Six Months Ended June 30	
	2012	**2011**
Assumptions		
Risk-free interest rate	2.5101%	2.5101%
Expected life	1.5 years	2.5 years
Expected volatility	40.07%	40.07%
Expected dividend yield	7.07%	7.07%
Net income		
As reported	$ 3,244,429 thousand	$ 3,149,492 thousand
Pro forma	$ 3,244,429 thousand	$ 3,133,719 thousand
Basic after income tax earnings per share (New Taiwan dollars)		
As reported	$1.43	$1.40
Pro forma	$1.43	$1.39
Diluted after income tax earnings per share (New Taiwan dollars)		
As reported	$1.42	$1.38
Pro forma	$1.42	$1.38

Capital Surplus

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

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

Appropriation of Earnings and Dividend Policy

To ensure the availability of cash for the Parent Company's present and future expansion plans and to meet shareholders' cash flow requirements, the Parent Company prefers to distribute more stock dividends. In principle, cash dividends are limited to 10% of total dividends distributed.

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: At least 1%.
b. Bonus to directors: 1.5% or less
c. Others, as dividends.

If the bonus to employees is in the form of shares, it may be distributed to the employees' subsidiaries. The requirements and the method of distribution of these share bonuses are based on resolutions passed by the board of directors.

The bonus to employees and the remuneration to directors recognized for 2011 and 2010 were estimated on the basis of net income at 13.5% and 0.85%, respectively, and past appropriation experience at 15% and 1%, respectively. Material differences between these estimates and the amounts proposed by the Board of Directors in the following year are adjusted in the year of the proposal. 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 19, 2012 and June 22, 2011, the shareholders resolved the appropriation of earnings and dividend per share in 2011 and 2010 as follows:

	Appropriation of Earnings		**Dividend Per Share (Dollars)**	
	2011	**2010**	**2011**	**2010**
Legal reserve	$ 722,592	$ 898,646	$ -	$ -
Stock dividends	113,972	112,711	0.05	0.05
Cash dividends	5,174,335	6,469,637	2.27	2.87

The sharing with employees of profits of $819,420 thousand in cash and $156,080 thousand in stock as well as the remuneration to directors of $61,420 thousand for 2011 was approved in the shareholders' meeting on June 19, 2012. The amount of the stock bonus to employees of 4,422 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 2011 was approved by the Financial Supervisory Commission, Executive Yuan, ROC. The board of directors approved August 13, 2012 as the date of distributing stock dividends and cash dividends.

Information on the profit sharing to employees and bonus to directors is available on the Market Observation Post System website 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.

Under the regulations of the Securities and Futures Bureau and the Financial Supervisory Commission under the Executive Yuan of the ROC, the companies listed on the Taiwan Stock Exchange Corporation (TSEC) and the GreTai Securities Market (GTSM) should have a special reserve in which an amount equal to the book value in excess of the market value of treasury shares held by subsidiaries should be transferred from unappropriated earnings at the proportion owned by the Parent Company. This special reserve may be reversed to the extent of the decrease in the net debit balance. 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 Note 22).

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

For the six months ended June 30, 2012 and 2011, the movements of the Parent Company's unrealized gain or loss on financial instruments were as follows:

	Recognized in Shareholders' Equity	Equity-method Investments Recognized in Shareholders' Equity	Total
Six months ended June 30, 2012			
Balance, beginning of period	$ (38,540)	$ (334,051)	$ (372,591)
Increase (decrease) in 2012	265,415	(69,135)	196,280
Transferred to profit or loss	(295,694)	-	(295,694)
Balance, end of period	$ 68,819	$ (403,186)	$ (472,005)
Six months ended June 30, 2011			
Balance, beginning of period	$ 1,097,107	$ 332,886	$ 1,429,993
Decrease in 2011	(580,218)	(588,343)	(1,168,561)
Balance, end of period	$ 516,889	$ (255,457)	$ 261,432

22. TREASURY STOCK (COMMON STOCK)

Unit: In Thousand Shares

	Six Months Ended June 30			
Reason for Repurchase	**Beginning of January 1**	**Increase**	**Decrease**	**End of June 30**
2012				
Parent Company's shares held by direct and indirect subsidiaries reclassified from long-term stock investments to treasury stock	27,840	-	-	27,840
For transfer to employees	30,565	-	30,565	-
	58,405	-	30,565	27,840

(Continued)

Reason for Repurchase	Six Months Ended June 30 Beginning of January 1	Increase	Decrease	End of June 30
2011				
Parent Company's shares held by direct and indirect subsidiaries reclassified from long-term stock investments to treasury stock	27,701	-	-	27,701
For transfer to employees	30,565	-	-	30,565
	58,266	-	-	58,266

(Concluded)

As of June 30, 2012 and 2011, the Parent Company transferred $1,104,073 thousand from available-for-sale financial assets 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 $1,073,374 thousand in 2012 and $1,066,448 thousand in 2011.

In their meeting on August 27, 2008, the Parent Company's Board of Directors approved a plan to repurchase up to 30,000 thousand shares listed on the Taiwan Stock Exchange (TSE) between September 28, 2008 and October 27, 2008, with the buyback price ranging from NT$20.48 to NT$43.60. On October 28, 2008, the Parent Company's Board of Directors approved the repurchase of up to 40,000 thousand shares listed on the TSE between October 29, 2008 and December 28, 2008, with the buyback price ranging from NT$13.00 to NT$37.10. The Parent Company bought back a total of 30,565 thousand shares during the repurchase periods and retired all these shares in January 2012.

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 Parent Company shall neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury stock, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

23. INCOME TAX

a. The reconciliation of income tax expense - current to income tax expense for income before income tax at the 17% statutory rate was as follows:

	Six Months Ended June 30	
	2012	**2011**
Income tax expense on income before income tax using the statutory rate	$ 1,731,318	$ 1,816,932
Deduct tax effects of:		
Permanent differences	(344,659)	(459,413)
Temporary differences	(106,083)	(112,957)
Unappropriated earnings tax rate (10%)	223,158	190,612
Less: Investment tax credits	13,901	432,148
Loss carryforwards used	(156,264)	(201,207)
Income tax expense - current	$ 1,361,371	$ 1,666,115

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

	Six Months Ended June 30	
	2012	**2011**
Income tax expense - current	$ 1,361,371	$ 1,666,115
Deferred income tax	125,295	(257,233)
Prior year's adjustment	(268,420)	(278,714)
Income tax expense	$ 1,218,246	$ 1,130,168

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

	June 30	
	2012	**2011**
Current		
Deferred income tax assets		
Investment tax credits	$ 243,658	$ 311,440
Accrued warranty expense	152,877	141,467
Allowance for loss on inventories	142,090	184,336
Unrealized sales profit	115,266	47,207
Unrealized sales return and allowance	104,962	78,334
Unrealized loss and expense	92,864	50,069
Exchange loss, net	74,576	99,766
Loss carryforwards	42,946	56,217
Loss of inventory scrap	19,368	16,913
Excess allowance for doubtful accounts	7,002	14,068
Others	59,041	63,804
	1,054,650	1,063,621
Valuation allowance	(75,021)	(25,127)
	979,629	1,038,494
Deferred income tax liabilities		
Exchange gain, net	(43,421)	(49,131)
Deferred income tax assets, net	$ 936,208	$ 989,363

(Continued)

	June 30	
	2012	2011
Noncurrent		
Deferred income tax assets		
Accumulated equity in the net loss of foreign investees	$ 878,543	$ 759,613
Impairment loss on assets	518,709	194,205
Loss carryforwards	419,038	344,834
Excess provisions for pension costs	86,969	83,780
Unrealized loss on financial instruments	81,212	-
Excess allowance for doubtful accounts	51,210	-
Investment tax credit	8,560	602,701
Others	123,257	232,347
	2,167,498	2,217,480
Valuation allowance	(933,898)	(1,240,737)
	1,233,600	976,743
Deferred income tax liabilities		
Accumulated equity in the net gain of foreign investees	(1,794,699)	(1,586,655)
Unrealized amortization of goodwill	(293,401)	(234,531)
Cumulative translation adjustments	(87,697)	-
Others	(2,957)	(68,960)
	(2,178,754)	(1,890,146)
Deferred income tax liabilities, net	$ (945,154)	$ (913,403)

(Concluded)

Income tax returns through 2009 have been examined by the tax authorities. The Parent Company disagreed with the tax authorities' assessment of its 2007 to 2009 tax returns and had applied for a reexamination. Nevertheless, the Parent Company made a provision for the income tax assessed.

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	$ 159,246	$ 15,085	2012
	Research and development cost and professional training expenses	205,669	205,669	2013
		$ 364,915	$ 220,754	

e. The integrated income tax information is as follows:

	June 30	
	2012	2011
Balance of the imputation credit account		
The Parent Company	$ 634,676	$ 778,930

The estimated and actual creditable tax ratios of the Parent Company for the distribution of earnings of 2011 and 2010, respectively, were 5.37% and 6.32%, respectively.

The unappropriated earnings as of June 30, 2012 and 2011 did not include earnings generated up to December 31, 1997.

24. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSE

	Six Months Ended June 30					
	2012			2011		
	Included in Cost of Sales	Included in Operating Expenses	Total	Included in Cost of Sales	Included in Operating Expenses	Total
Employment						
Salary	$ 5,367,124	$ 3,860,439	$ 9,227,563	$ 5,626,833	$ 3,884,175	$ 9,511,008
Insurance	453,543	328,968	782,511	340,453	300,804	641,257
Pension	138,140	177,595	315,735	114,440	151,962	266,402
Others	610,900	294,529	905,429	612,982	180,462	793,444
	6,569,707	4,661,531	11,231,238	6,694,708	4,517,403	11,212,111
Depreciation	2,664,242	389,955	3,054,197	2,200,524	468,789	2,669,313
Amortization	303,398	378,885	682,283	231,174	390,268	621,442
	$ 9,537,347	$ 5,430,371	$ 14,967,718	$ 9,126,406	$ 5,376,460	$ 14,502,866

Depreciation expenses for idle assets and assets leased to others of $1,123 thousand and $6,614 thousand, respectively, (included in nonoperating expenses - other expenses), were not included in the above depreciation expenses as of June 30, 2012 and 2011.

25. 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
Six months ended June 30, 2012					
Basic consolidated EPS					
Consolidated net income	$3,256,668	$ 3,244,429	2,262,982	$ 1.44	$ 1.43
Effect of potential common shares with dilutive effect					
Bonus to employees	-	-	16,323		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
The net income of common shareholders plus the effect of potential common shares	$ 3,256,668	$ 3,244,429	2,279,305	$ 1.43	$ 1.42
Pro forma information on the assumption that the Parent Company's shares held by its direct and indirect subsidiaries were not treated as treasury shares					
Basic consolidated EPS					
Consolidated net income	$ 3,312,521	$ 3,300,282	2,290,821	$ 1.45	$ 1.44
Effect of potential common shares with dilutive effect					
Bonus to employees	-	-	16,323		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
Net income of common shareholders plus the effect of potential common shares	$ 3,312,521	$ 3,300,282	2,307,144	$ 1.44	$ 1.43

(Continued)

	Amounts (Numerator) Pretax	Amounts (Numerator) After-tax	Shares (Denominator) (Thousands)	Earnings Per Share (Dollars) Pretax	Earnings Per Share (Dollars) After-tax
Six months ended June 30, 2011					
Basic consolidated EPS					
Consolidated net income	$ 3,201,806	$ 3,149,492	2,249,196	$ 1.42	$ 1.40
Effect of potential common stock with dilutive effect					
Bonus to employees	-	-	26,667		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
Net income of common shareholders plus the dilutive effect of potential common shares	$ 3,201,806	$ 3,149,492	2,275,863	$ 1.41	$ 1.38
Pro forma information on the assumption that the Parent Company's shares held by its direct and indirect subsidiaries were not treated as treasury shares					
Basic consolidated EPS					
Consolidated net income	$ 3,272,089	$ 3,219,775	2,276,897	$ 1.44	$ 1.41
Effect of potential common shares with dilutive effect					
Bonus to employees	-	-	26,667		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
Net income of common shareholders plus the dilutive effect of potential common shares	$ 3,272,089	$ 3,219,775	2,303,564	$ 1.42	$ 1.40

(Concluded)

If the Parent Company presumes that the partial amount of the bonus to employees will be settled in shares, these potential 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. The dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shares for employee bonuses are resolved in the shareholders' meeting in the following year.

In the six months ended June 30, 2012 and 2011, 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; 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. This adjustment caused the basic EPS before tax to decrease from NT$1.44 to NT$1.42, and diluted EPS to decrease from NT$1.42 to NT$1.41 in the six months ended June 30, 2012. The basic EPS after tax decreased from NT1.41 to NT$1.40 and the diluted EPS decreased from NT$1.40 to NT$1.38 in the six months ended June 30, 2011.

26. RELATED-PARTY TRANSACTIONS

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

a. The price of the Group's sales to Lite-On Semiconductor Corp. for the six months ended June 30, 2012 and 2011 was calculated at cost plus specific profit. Except for these purchases, the sales terms between the Group and its related parties were normal.

b. The cost of the Group's purchases from Lite-On Semiconductor Corp. for the six months ended June 30, 2012 and 2011 was based on cost plus specific profit. Except for these purchases, the purchase terms between the Group and its related parties were normal.

c. Operating lease contracts with related parties were based on market prices and made under normal terms.

27. MORTGAGED OR PLEDGED ASSETS - NONCURRENT

	June 30	
	2012	**2011**
Mortgaged or pledged assets - noncurrent		
Time deposits	$ 88,686	$ 98,931
Demand deposits	11,754	12,519
	$ 100,440	$ 111,450

Mortgaged or pledged assets - noncurrent included the guarantee deposits of the Parent Company, Lite-On IT Corporation, Philip & Lite-On Digital Solutions Corp., Logah Electronics (Su Zhou) Co., Ltd. and Lippo Electronics (Su Zhou) Co., Ltd. provided to a supplier and the export customs agency for shipment clearance in advance of customs duty payments.

28. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

a. On September 8, 2010, INPRO II Licensing Sarl (INPRO) filed a lawsuit with the Superior Court of California in the County of San Francisco and charged the Parent Company with breach of contract. INPRO alleged that the Parent Company incurred a debt on patent rights obtained from Hitachi Limited. INPRO also claimed it had assumed Hitachi's rights to payments for patent use. The Parent Company dismissed INPRO's claims and filed a lawsuit against INPRO, alleging that the Parent Company had no patent obligations. This case was still under litigation. Thus, the Parent Company could not determine the possible results and impact of this case.

b. In October 2009, the U.S. Department of Justice (DOJ) announced that it would 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. This case was still in the preliminary stage, and Lite-On IT could not estimate the outcome of the case or range of possible loss.

c. In October 2009, CMP Consulting Service, Inc. and KI, 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 - with a court in California. Also in October 2009, Aaron Deshaw also filed an antitrust lawsuit against Lite-On IT and the foregoing subsidiaries with a court in Oregon. In 2010, Aaron Wagner, The Stereo Shop, David Carney, Jr. Tina Corse, Cynthia R. Rall and Richard R. Rall 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. Lite-On IT assigned lawyers to deal with these lawsuits. These cases were still in the preliminary stage, and Lite-On IT could not estimate the possible outcomes.

d. In April 2010, petitioner-Carlos Fogelman filed a motion for authorization to institute class action antitrust proceedings against Lite-On IT and the foregoing subsidiaries before the Superior Court of Quebec in the district of Montreal. In June 2010, the Fanshawe College of Applied Arts and Technology filed a statement of claim in Ontario. In September 2010, Neil Godfrey filed a statement of claim with the Superior Court of British Columbia. All plaintiffs filed the antitrust group lawsuit against Lite-On IT Corporation and its subsidiaries - Philips & Lite-On Digital Solutions USA, Inc. and other companies with related businesses. Lite-On IT assigned lawyers as its representative in these lawsuits. These cases were still in the preliminary, stage, and Lite-On IT could not estimate the outcome of the case or amount of possible loss.

e. In April 2011, Orinda Intellectual Properties USA Holding Group, Inc. instituted class action proceedings against Lite-On IT Corp., Lite-On Americans, Inc. and other companies with related businesses, with the United States District Court for the Northern District of California, alleging infringement of a single patent on Blue-ray discs. Lite-On IT assigned lawyers as its representative in these lawsuits. This case was still in the preliminary stage, and Lite-On IT could not estimate the outcome of the case or amount of possible loss.

29. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	June 30					
	2012			2011		
		Fair Value			Fair Value	
Nonderivative Financial Instruments	**Carrying Amount**	**Quoted Price**	**Estimate Based on Valuation Techniques**	**Carrying Amount**	**Quoted Price**	**Estimate Based on Valuation Techniques**
Assets						
Available-for-sale financial assets - current	$ 10	$ 10	$ -	$ 11	$ 11	$ -
Available-for-sale financial assets - noncurrent	1,294,830	1,294,830	-	3,467,581	3,467,581	-
Financial assets carried at cost - noncurrent	1,019,873	-	-	1,643,156	-	-
Liabilities						
Current portion of long-term bank loans	1,286,876	-	-	858,858	-	-
Current portion of obligations under capital leases	73,833	-	-	86,247	-	-
Long-term bank loans, net of current portion	23,283,015	-	-	20,579,439	-	-
Obligations under capital leases, net of current portion	270,692	-	-	330,993	-	-

(Continued)

Derivative Financial Instruments	June 30					
	2012			2011		
		Fair Value			Fair Value	
	Carrying Amount	Quoted Price	Estimate Based on Valuation Techniques	Carrying Amount	Quoted Price	Estimate Based on Valuation Techniques
Lite-On Technology Corp.						
Derivative financial liability for hedging - noncurrent						
Interest rate swap	$ 134,885	$ -	$ 134,885	$ 149,440	$ -	$ 149,440
Lite-On IT Corp.						
1) Financial assets at fair value through profit or loss - current						
Cross currency swap	1,220	-	1,220	3,896	-	3,896
Forward exchange contracts	2,978	-	2,978	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Cross currency swap	7,260	-	7,260	7,870	-	7,870
Forward exchange contracts	834	-	834	13,045	-	13,045
Philips & Lite-On Digital Solutions Corp.						
1) Financial assets at fair value through profit or loss - current						
Cross currency swap	1,300	-	1,300	4,312	-	4,312
2) Financial liabilities at fair value through profit or loss - current						
Cross currency swap	3,170	-	3,170	-	-	-
Lite-On IT International (HK) Ltd.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	1,824	-	1,824	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	1,017	-	1,017	-	-	-
Leotek Electronics Corp.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	1,142	-	1,142

(Continued)

Derivative Financial Instruments	June 30					
	2012			2011		
		Fair Value			Fair Value	
	Carrying Amount	Quoted Price	Estimate Based on Valuation Techniques	Carrying Amount	Quoted Price	Estimate Based on Valuation Techniques
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	$ 5,073	$ -	$ 5,073	$ -	$ -	$ -
Cross currency swap	423	-	423	-	-	-
Lite-On Automotive Corp.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	641	-	641	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	507	-	507	-	-	-
Lite-On Automotive Electronics (Guangzhou) Corp.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	1,729	-	1,729	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	431	-	431	1,109	-	1,109
Lite-On Electronics (Thailand) Ltd.						
1) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	4,246	-	4,246
Lite-On Mobile Oyj (formerly Perlos Oyj)						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	3,597	-	3,597	973	-	973
Cross currency swap	7,433	-	7,433	23,350	-	23,350

(Continued)

Derivative Financial Instruments	June 30					
	2012			2011		
		Fair Value			Fair Value	
	Carrying Amount	Quoted Price	Estimate Based on Valuation Techniques	Carrying Amount	Quoted Price	Estimate Based on Valuation Techniques
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	$ 4,554	$ -	$ 4,554	$ 15,280	$ -	$ 15,280
Cross currency swap	1,164	-	1,164	28,214	-	28,214
Guangzhou Lite-On Mobile Electronic Components Co., Ltd. (formerly Perlos (Guangzhou) Electronic Components Co., Ltd.						
1)Financial assets at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	1,758	-	1,758
2)Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	945	-	945	1,453	-	1,453
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd. (formerly Perlos (Beijing) Electronic and Telecommunication Components Co., Ltd.						
Financial assets at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	817	-	817
Lite-On Mobile India Private Limited.						
Financial assets at fair value through profit or loss - current						
Forward exchange contracts	2,668	-	2,668	-	-	-
Lite-On Japan Ltd.						
1) Financial assets at fair value through profit or loss - current						
Cross currency swap	-	-	-	23,126	-	23,126

(Continued)

Derivative Financial Instruments	June 30					
	2012			2011		
		Fair Value			Fair Value	
	Carrying Amount	Quoted Price	Estimate Based on Valuation Techniques	Carrying Amount	Quoted Price	Estimate Based on Valuation Techniques
2) Financial liabilities at fair value through profit or loss - current						
Option-put	$ -	$ -	$ -	$ 23,047	$ -	$ 23,047
Interest rate swap	168	-	168	544	-	544
Lite-On Singapore Pte. Ltd.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	1,646	-	1,646
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	1,408	-	1,408	-	-	-
Silitech Technology Corp.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	489	-	489
2) Financial liabilities at fair value through profit or loss - current						
Cross currency swap	199	-	199	1,011	-	1,011
Silitech Technology Corporation Sdn. Bhd.						
Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	390	-	390	-	-	-
Logah Technology Corp.						
Financial assets at fair value through profit or loss - current						
Forward exchange contracts		-		108	-	108

(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, accounts receivables from related parties, other receivable from related parties, other financial assets - current, restricted assets-noncurrent, short-term loans, notes payable, notes and accounts payable, accrued expenses, accounts payables to related parties, other payable to related parties.

2) The carrying amounts of the refundable deposits, guarantee deposits received and restricted assets - noncurrent 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 bank loans (included current portion of long-term bank 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.
6) The fair value of obligations under capital leases is estimated using the present value of future cash flows discounted by prevailing interest rates after taking into account risk premiums.

c. As of June 30, 2012 and 2011, financial assets exposed to fair value risk from interest rate fluctuation amounted to $33,561,555 thousand and $28,803,424 thousand, respectively, and financial liabilities amounted to $4,376,975 thousand and $417,240 thousand, respectively; financial assets exposed to cash flow risk from interest rate fluctuation amounted to $27,480,584 thousand and $20,572,803thousand, respectively, and financial liabilities exposed to cash flow risk from interest rate fluctuation amounted to $28,725,663 thousand and $24,647,846 thousand, respectively.

d. The Parent Company recognized the increase of $265,415 thousand and the decrease of $580,218 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets on June 30, 2012 and 2011, respectively.

e. 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 financial instrument 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, interest rate swap, currency rate swap and option are 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, and this swap was considered an effective hedge. As June 30, 2012 and 2011, the unrealized losses recognized in shareholders' equity were $134,885 thousand and $149,440 thousand, respectively. 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	June 30, 2012	$ 6,000,000	Note	1.895%	Quarterly	2015.9.23
Interest rate swap	June 30, 2011	$ 6,000,000	Note	1.895%	Quarterly	2015.9.23

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

Hedged Items	Designated Hedging Instruments			Expected Period of Cash Flows	Expected Period of Realizing Gains or Losses
	Financial Instruments Designated	Fair Value June 30 2012	Fair Value June 30 2011		
Medium and long-term loans	Interest rate swap	$ (134,885)	$ (149,440)	2008-2015	2008-2015

30. SEGMENT INFORMATION

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

a. Optoelectronics and Network: Designs and mass-manufactures of phone camera modules;

b. System Integration: Provides well-recognized integrated system solutions for the consumer electronics markets;

c. Optical Storage: Manufactures and sells CD-ROM, CD-RW, and DVD-ROM as well as more advanced products.

The Corporation also had other operating segments that did not exceed the quantitative threshold. These segments mainly engage in the LED Transit Modules, Automotive Electronics and renewable energy and efficiency related technologies and products.

The Group uses net profit as the measurement for segment profit and the basis of performance assessment. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 2.

The Group's operating segment information is as follows:

	Six Months Ended June 30, 2012					
	Optoelectronics and Network	System Integration	Optical Storage	Others	Elimination	Total
Sales from external customers	$ 34,009,031	$ 40,696,182	$ 26,306,716	$ 6,668,340	$ -	$ 107,680,269
Intersegment sales	855,710	1,049,527	5,589	194,023	(2,104,849)	-
Operating profit (loss)	1,170,498	3,009,953	1,181,268	(1,176,465)	-	4,185,254
Segment assets	57,184,648	46,240,015	42,836,420	53,968,013	(2,214,970)	198,014,126

	Six Months Ended June 30, 2011					
	Optoelectronics and Network	System Integration	Optical Storage	Others	Elimination	Total
Sales from external customers	$ 29,226,232	$ 43,281,586	$ 29,728,436	$ 7,371,767	$ -	$ 109,608,021
Intersegment sales	663,207	1,113,188	12,745	117,549	(1,906,689)	-
Operating profit (loss)	1,049,277	2,258,966	1,426,880	(428,347)	-	4,306,776
Segment assets	57,351,367	46,963,362	44,583,650	47,370,015	(3,580,627)	192,687,767

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

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

(In Thousands of New Taiwan Dollars, Except Exchange Rate)

	June 30			
	2012		2011	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets				
Monetary items				
RMB	$ 5,802,555	4.7017	$ 4,274,903	4.4553
JPY	2,637,482	0.3757	3,063,494	0.3581
USD	2,675,857	29.8700	2,348,710	28.7950
THB	464,472	0.9426	456,709	0.9404
HKD	324,715	3.8497	211,793	3.7002
EUR	107,554	37.5048	123,635	41.7124
Nonmonetary items				
RMB	70,063	4.7017	48,057	4.4553
JPY	4,565	0.3757	69,528	0.3581
USD	187,060	29.8700	17,784	28.7950
HKD	5,973	3.8497	54,050	3.7002
EUR	9,477	37.5048	28,253	41.7124
Investments accounted for by the equity method				
JPY	153,941	0.3757	181,874	0.3581
Financial liabilities				
Monetary items				
RMB	2,933,081	4.7017	2,501,302	4.4553
JPY	2,422,295	0.3757	2,729,542	0.3581

(Continued)

	June 30			
	2012		2011	
	Foreign Currencies	**Exchange Rate**	**Foreign Currencies**	**Exchange Rate**
USD	$ 10,332,648	29.8700	$ 8,261,050	28.7950
THB	323,226	0.9426	339,959	0.9404
HKD	21,577	3.8497	201,879	3.7002
EUR	416,477	37.5048	1,227,596	41.7124
Nonmonetary items				
JPY	446	0.3757	65,878	0.3581
USD	4,536	29.8700	5,190	28.7950

(Concluded)

28. PLAN FOR THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

According to the Rule No. 0990004943 issued by the Financial Supervisory Commission (FSC) on February 2, 2010, the Group is required to disclose a plan for the adoption of the International Financial Reporting Standards (IFRSs) in the consolidated financial statements, as follows:

a. On May 14, 2009, the FSC announced the road map of IFRSs adoption for ROC companies. Starting from 2013, companies with shares listed on the Taiwan Stock Exchange (TSE) or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare for the consolidated financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the IFRSs, International Accounting Standards (IASs), interpretations and related guidance translated by the Accounting Research and Development Foundation (ARDF) and issued by the FSC. Following this road map, the Parent Company and its subsidiaries established a task force to monitor and execute the IFRSs adoption plan. The important plan items, responsible divisions and plan progress are listed as follows:

Contents of Plan	Responsible Department	Status of Execution
1) Establish the IFRSs task force	Finance, system integration, human resource, operation, sales and internal audit	Completed
2) Set up a work plan for IFRSs adoption	Finance	Completed
3) Complete the identification of GAAP differences and impact of IFRS adoption.	Finance	Completed
4) Complete the identification of consolidated entities under the IFRSs	Finance	Completed
5) Complete the assessment of the applicability of the IFRS 1 - “First-time Adoption of International Financial Reporting Standards” (IFRS 1)	Finance	Completed
6) Complete the evaluation, configuration and testing of the IT systems	Finance, system integration, human resource, operation, sales and internal audit	Completed

(Continued)

Contents of Plan	Responsible Department	Status of Execution
7) Complete the modification of the relevant internal controls	Finance, system integration, human resource, operation, sales and internal audit	Completed
8) Determine the IFRSs accounting policies to be applied	Finance	Completed
9) Determine how to apply IFRS 1	Finance	Completed
10) Complete the preparation of the opening date balance sheet under IFRSs	Finance	Completed
11) Prepare quarterly comparative financial information under IFRSs for 2012.	Finance	For quarterly
12) Complete the modification of the relevant internal controls (including the financial reporting procedure and related information technology)	Finance, system integration, human resource, operation, sales and internal audit	In progress

(Concluded)

b. As of June 30, 2012, based on the Group's assessment, the significant differences between the Group's current accounting policies under R.O.C. GAAP and the ones under IFRSs are stated as follows:

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

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Cash and cash equivalents	$ 56,515,383	$ (3,633,137)	$ 52,882,246	a)
Accounts receivable, net	45,469,494	372,114	45,841,608	b)
Accounts receivable - related parties, net	1,099	62,555	63,654	b)
Other financial assets - current	1,575,370	3,633,137	5,208,507	a)
Prepayments and other current assets	4,024,067	647,799	4,671,866	h), i), j) and n)
Deferred income tax assets - current	951,668	(951,668)	-	c)
Available-for-sale financial assets - noncurrent	2,783,354	1,487,972	4,271,326	f)
Financial assets carried at cost - noncurrent	1,487,972	(1,487,972)	-	f)
Investments accounted for by the equity method	3,590,108	(159,579)	3,430,529	l) and p)
Property, plant and equipment	39,985,995	(1,099,418)	38,886,577	e), h), j) and m)
Intangible assets	16,408,099	(98,305)	16,309,794	h), i) and m)
Other assets				
Assets leased to others, net	113,843	(113,843)	-	e)
Idle assets, net	135,538	(135,538)	-	e)
Deferred expense, net	2,273,596	(2,273,596)	-	h)
Deferred income tax assets	-	725,254	725,254	c), d), n), o) and p)
Long-term prepayments	-	3,172,954	3,172,954	h), i), j), m) and n)
Other	28,745,400	-	28,745,400	
Total	$ 204,060,986	$ 148,729	$ 204,209,715	

(Continued)

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Accrued expenses	$ 11,139,255	$ 242,660	$ 11,381,915	o)
Other current liabilities	6,549,962	434,669	6,984,631	b)
Obligations under capital leases - noncurrent	316,466	4,441	320,907	m)
Reserve for land value increment tax	239,693	(239,693)	-	g)
Accrued pension liabilities	143,168	81,378	224,546	n)
Deferred income tax liabilities	747,622	(713)	746,909	d), g) and n)
Deferred credits	84,143	(84,143)	-	l)
Other	95,762,315	-	95,762,315	
Total liabilities	114,982,624	438,599	115,421,223	
Capital surplus	27,759,251	(907,070)	26,852,181	p) and q)
Unappropriated earnings	11,729,938	662,992	12,392,930	m), n), o), p), q) and r)
Net loss not recognized as pension cost	(17,182)	17,182	-	r)
Unrealized loss on financial instruments	(372,591)	230,587	(142,004)	k)
Treasury stock	(1,857,643)	(230,587)	(2,088,230)	k)
Other	31,685,449	-	31,685,449	
Noncontrolling interests	20,151,140	(62,974)	20,088,166	n) and o)
Total shareholders' equity	89,078,362	(289,870)	88,788,492	
Total	$ 204,060,986	$ 148,729	$ 204,209,715	

(Concluded)

2) Reconciliation of consolidated balance sheet as of June 30, 2012

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Cash and cash equivalents	$ 62,178,174	$ (10,216,994)	$ 51,961,180	a)
Accounts receivable, net	42,350,349	579,367	42,929,716	b)
Other financial assets - current	1,876,995	10,216,994	12,093,989	a)
Prepayments and other current assets	3,536,722	524,265	4,060,987	h), i) and j)
Deferred income tax assets - current	936,208	(936,208)	-	c)
Available-for-sale financial assets - noncurrent	1,294,830	1,019,873	2,314,703	f)
Financial assets carried at cost - noncurrent	1,019,873	(1,019,873)	-	f)
Investments accounted for by the equity method	3,560,887	(158,511)	3,402,376	l) and p)
Property, plant and equipment	39,189,563	(593,860)	38,595,703	e), h), j) and m)
Intangible assets	16,229,097	11,284	16,240,381	h) and i)
Leased assets, net	112,619	(112,619)	-	e)
Idle assets, net	189,252	(189,252)	-	e)
Deferred expense, net	2,113,689	(2,113,689)	-	h)
Deferred income tax assets	-	747,389	747,389	c), d), n) and o)
Long-term prepayments	-	2,556,147	2,556,147	h), i), j) and n)
Other	23,425,868	-	23,425,868	
Total	$ 198,014,126	$ 314,313	$ 198,328,439	

(Continued)

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Accrued expenses	$ 11,169,730	$ 241,669	$ 11,411,399	o)
Other current liabilities	8,004,365	577,473	8,581,838	b)
Obligations under capital leases - noncurrent	270,692	2,100	272,792	
Reserve for land value increment tax	239,693	(239,693)	-	g)
Accrued pension liabilities	160,159	67,618	227,777	n)
Deferred income tax liabilities	945,154	37,783	982,937	d) and g)
Deferred credits	87,787	(87,787)	-	l)
Other	92,100,480	-	92,100,480	
Total liabilities	112,978,060	599,163	113,577,223	
Capital surplus	27,553,468	(759,951)	26,793,517	p), q) and s)
Unappropriated earnings	8,963,468	518,855	9,482,323	m), n), o), p), q), r) and s)
Foreign currency translation reserve	322,920	1,520	324,440	
Net loss not recognized as pension cost	(21,489)	21,489	-	r)
Unrealized loss on financial instruments	(472,005)	230,587	(241,418)	k)
Treasury stock	(1,104,073)	(230,587)	(1,334,660)	k)
Other	30,665,633	-	30,665,633	
Noncontrolling interests	19,128,144	(66,763)	19,061,381	n) and o)
Total shareholders' equity	85,036,066	(284,850)	84,751,216	
Total	$ 198,014,126	$ 314,313	$ 198,328,439	

3) Reconciliation of consolidated statement of comprehensive income for the six months ended June 30, 2012

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Net sales	$ 107,680,269	$ 123	$ 107,680,392	
Cost of sales	(92,705,794)	(80,199)	(92,785,993)	n), o) and t)
Gross profit before affiliates' elimination	14,974,475	(80,076)	14,894,399	
Unrealized intercompany gains	(3,644)	(30)	(3,674)	p)
Gross profit	14,970,831	(80,106)	14,890,725	
Operating expenses	(10,090,489)	82,619	(10,007,870)	m), n), o) and t)
Operating income	4,880,342	2,513	4,882,855	
Nonoperating gains and loss				
Gain on disposal of investments, net	442,276	(142,478)	299,798	q) and s)
Investment loss recognized under the equity method, net	7,855	3,639	11,494	p)
Other	73,027	-	73,027	
Total nonoperating expenses and losses	523,158	(138,839)	384,319	
Income before income tax	5,403,500	(136,326)	5,267,174	
Income tax	(1,218,246)	(972)	(1,219,218)	n), o) and p)
Consolidated net income	$ 4,185,254	$ (137,298)	4,047,956	
Exchange differences on translating foreign operations			(1,301,120)	
Unrealized gain on financial instruments			(99,414)	
Cash flow hedges			30,340	
Total comprehensive income for the period			$ 2,677,762	

4) Exemptions from IFRS 1

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

Business combinations

The Group elected not to apply IFRS 3 - "Business Combinations" retrospectively to past business combinations that occurred before the date of transition to IFRSs. Therefore, the carrying amount of goodwill arising from past business combinations in the opening IFRS consolidated balance sheet is its carrying amount in accordance with ROC GAAP as of December 31, 2011.

This exemption applies to the Group's past investments in its associates.

Share-based payment transactions

The Group elected to use the exemption from the retrospective application of IFRS 2 - "Share-based Payment" on all equity instruments that were granted and vested before the date of transition to IFRSs.

Cost recognition

At the date of transition to IFRSs, the Group should measure property, plant and equipment and intangible properties at cost in accordance with IFRSs. The relevant regulations should be retrospectively adopted.

Employee benefits

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

The effects of applying the foregoing optional exemptions on the Group are stated under "5. Notes to the reconciliation of the significant differences."

5) Notes to the reconciliation of the significant differences

As of June 30, 2012, based on the Group's assessment, the significant differences between the Group's current accounting policies under ROC GAAP and the ones under IFRSs are stated as follows:

a) Bank deposits with original maturity more than three months

Under ROC GAAP, the term "cash and cash equivalents" used in the financial statements includes cash on hand, demand deposits, check deposits, time deposits that are cancelable but without any loss of principal and negotiable certificates of deposit that are readily salable without any loss of principal. However, under IFRSs, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of six months or less from the date of acquisition. Some certificates of deposit the Group held that had maturities of more than six months from the date of investment are reclassified as other financial assets.

As of June 30, 2012 and January 1, 2012, the amounts reclassified to other financial assets - current were NT$10,216,994 thousand and NT$3,633,137 thousand, respectively.

b) Allowance for sales returns and discounts

Under ROC GAAP, provisions for estimated sales returns and discounts are recognized as a reduction of revenue in the period the related revenue is recognized on the basis of historical experience. Allowance for sales returns and discounts is recorded as a deduction from accounts receivable. Under IFRSs, the allowance for sales returns and discounts is a present obligation arising from past events and with uncertain timing of settlement and is thus reclassified to provisions (classified under other current liabilities).

As of June 30, 2012 and January 1, 2012, the amounts reclassified from allowance for sales returns and discounts to provisions were NT$579,367 thousand and NT$434,669 thousand, respectively.

c) Classifications of deferred income tax asset/liability and valuation allowance

Under ROC GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits; thus, a valuation allowance account is not needed.

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

As of June 30, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets - current to deferred income tax assets were NT$936,208 thousand and NT$951,668 thousand, respectively.

d) Offsetting between deferred tax assets/liabilities

Under ROC GAAP, deferred current tax assets - current should be offset against deferred tax liability - current under the same taxable entity. The same rule applies to deferred tax asset/liability - noncurrent. Under IFRSs, an entity is eligible to offset tax assets against tax liabilities generated from the same taxable entity only (a) if the entity has a legally enforceable right to make this offset and (b) the deferred tax assets and liabilities relate to income taxes levied by the same tax authorities on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously.

As of June 30, 2012 and January 1, 2012, the offset amounts of the Group’s deferred tax assets and deferred tax liabilities were NT$202,021 thousand and NT$240,519 thousand, respectively.

e) The classification of leased assets and idle assets

Under ROC GAAP, leased assets and idle assets are classified under other assets and idle assets. Under IFRSs, the aforementioned items are classified as property, plant and equipment in accordance with their nature. Leased assets are mainly dormitories leased to employees and factories leased to suppliers. Based on IAS 40 - "Investment Property," the dormitories leased to employees and factories leased to suppliers are not considered investment properties since they cannot be sold separately and comprise only an insignificant portion of the plant.

As of June 30, 2012 and January 1, 2012, the amounts reclassified from leased assets and idle assets to property, plant and equipment were NT$301,871 thousand and NT$249,381 thousand, respectively.

f) Financial assets carried at cost

Under Regulations Governing the Preparation of Financial Reports by Securities Issuers, the non-publicly traded stocks or stocks that are not traded in the Emerging Stock Market and pertaining to an investment in which the investor has no significant influence on the investee should be measured as financial assets carried at cost.

Under IFRSs, the financial instruments designated as at fair value through other comprehensive income and financial assets carried at cost should be classified as at fair value through profit or loss.

As of June 30, 2012 and January 1, 2012, the Group's financial assets carried at cost reclassified to available for sale financial assets amounted to NT$1,019,873 thousand and NT$1,487,972 thousand, respectively.

g) Reserve for land value increment tax

Based on the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, land revaluations surplus is classified as reserve for land value increment tax and recorded under other liabilities. Under IFRSs, the Group reclassified land value increment tax to deferred income tax liabilities. As of June 30, 2012 and January 1, 2012, the amount reclassified from land value increment tax to deferred income tax liabilities was NT$239,693 thousand.

h) The classification of deferred expenses

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

As of June 30, 2012, the Group had reclassified deferred expenses to prepaid expenses, property, plant and equipment, intangible assets, and long-term prepaid expenses amounting to NT$15,670 thousand, NT$1,221,182 thousand, NT$601,311 thousand, and NT$275,526 thousand, respectively.

As of January 1, 2012, the Group's deferred expenses reclassified to prepaid expenses, property, plant and equipment, intangible assets, and long-term prepaid expenses amounted to NT$12,858 thousand, NT$1,296,031 thousand, NT$598,025 thousand, and NT$366,682 thousand, respectively.

i) Land use rights

Under ROC GAAP, land use rights are classified as intangible asset. Under IFRSs, based on their nature, a land use right is classified as prepayment in accordance with IAS No. 17 - "Leases."

As of June 30, 2012, the Group's land use rights reclassified to prepayments and long-term prepayments amounted to NT$474,055 thousand, NT$109,662 thousand, respectively.

As of January 1, 2012, the Group's land use rights reclassified to prepayments and long-term prepayments amounted to NT$585,852 thousand and NT$110,569 thousand, respectively.

j) Classification of the prepayments for equipment

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

As of June 30, 2012, on the basis of the nature of the prepayments for equipment, the Group reclassified prepayments for equipment to prepayments and long-term prepayments amounting to NT$34,540 thousand and NT$2,111,989 thousand, respectively.

As of January 1, 2012, on the basis of the nature of the prepayments for equipment, the Group reclassified prepayments for equipment to prepayments and long-term prepayments amounting to NT$48,426 thousand and NT$2,631,249 thousand, respectively.

k) Treasury stock

Under ROC GAAP on the accounting for treasury stocks, effective January 1, 2002, the Group accounted for its shares held by its subsidiary as treasury stock when it recognized the investment income at the market price. The difference in carrying value and market value of this treasury stock was recorded as unrealized loss on available-for-sale financial assets. Under IFRSs, treasury shares are recognized immediately at the time when treasury shares are acquired by subsidiaries.

As of June 30, 2012 and January 1, 2012, the Group's unrealized loss on available-for-sale financial assets reclassified to treasury stock was NT$230,587 thousand.

l) Investments in associates- unrealized profits from downstream transactions

Under ROC GAAP, unrealized profits from downstream transactions are adjusted in proportion to unrealized gross profit and deferred credits. Under IFRSs, unrealized profits from downstream transactions are recorded under Investments in Associates.

As of June 30, 2012 and January 1, 2012, the Group's deferred credits reclassified to investments accounted for by the equity method amounted to NT$87,787 thousand and NT$84,143 thousand, respectively.

m) Capitalization of lease payments

Under ROC GAAP, lease payments are recorded as rental expense in the period the lessee actually uses the item leased. Under IFRSs, they should be capitalized as part of asset acquisition cost.

As of June 30, 2012, the adjustment of IFRSs resulted in increases in property, plant and equipment by NT$29,616 thousand and unappropriated earnings by NT$13,783 thousand, respectively.

As of January 1, 2012, the adjustment of IFRSs resulted in increases in property, plant and equipment by NT$34,845 thousand and unappropriated earnings by NT$33,084 thousand.

For the six months ended June 30, 2012, the depreciation expense was adjusted for an increase of NT$2,792 thousand.

n) Employee benefits

The Group had previously applied actuarial valuation to its defined benefit obligations and recognized the related pension cost and retirement benefit obligation in conformity with ROC GAAP. Under IFRSs, the group should carry out actuarial valuation on defined benefit obligations in accordance with IAS No. 19 - "Employee Benefits." The Group has opted to recognize actuarial gains and losses as other comprehensive income immediately in full in the period in which they occur. The subsequent reclassification to earnings is not permitted.

At the transition date, the Group performed the actuarial valuation under IAS No. 19 - "Employee Benefits" and recognized the valuation difference directly as retained earnings under IFRS 1. As of June 30, 2012, the adjustment of IFRSs resulted in increases in long-term prepayments by NT$56,493 thousand, deferred income tax assets by NT$7,380 thousand, accrued pension liabilities by NT$67,618 thousand, unappropriated earnings by NT$22,832 thousand and a decrease in noncontrolling interest by NT$31,408 thousand.

As of January 1, 2012, the adjustment of IFRSs resulted in increases in deferred income tax assets by NT$7,624 thousand, long-term prepayments by NT$46,252 thousand, and accrued pension liabilities by NT$81,378 thousand and a decrease in unappropriated earnings by NT$3,104 thousand.

For the six months ended June 30, 2012, the salary expenses (NT$917 thousand recorded as cost of sales and NT$2,216 thousand recorded as operating expenses) were adjusted for a decrease of NT$3,133 thousand and the income tax was adjusted for an increase of NT$193 thousand.

o) Employee benefits - short-term accumulated compensated absences

Under ROC GAAP, there are no specific requirements for recognizing accumulated compensated absences at the end of reporting periods. Companies usually recognize the related costs when the employees actually go on leave. Under IFRSs, the expected cost of short-term accumulated compensated absences should be recognized as the employees render services that increase their entitlement to these compensated absences.

As of June 30, 2012, the IFRS-based evaluation adjustment resulted in increases in deferred income tax assets by NT$5,780 thousand and accrued expenses by NT$241,527 thousand. This adjustment also resulted in decreases in unappropriated earnings by NT$185,667 thousand and noncontrolling interests by NT$51,586 thousand.

The evaluation adjustments as of January 1, 2012, resulted in increases of deferred income tax assets by NT$6,471 thousand and accrued expenses by NT$256,609 thousand. In addition, unappropriated earnings and noncontrolling interests were adjusted for a decrease of NT$179,786 thousand and NT$70,352 thousand, respectively.

For the six months ended June 30, 2012, the salary expenses were adjusted for a decrease of NT$2,172 thousand resulting in a decrease of NT$20,835 thousand in cost of sales and an increase of NT$18,663 thousand in operating expenses. The income tax was also adjusted for an increase of NT$809 thousand.

p) Investments accounted for using the equity method

The Group has evaluated significant differences between current accounting policies and IFRSs for the Group's associates and joint ventures accounted for by the equity method. The significant difference is mainly due to the adjustment to employee benefits and leases.

As of June 30, 2012, the IFRS's evaluation adjustment resulted in an increase in unappropriated earnings by NT$177,372 thousand. In addition, the adjustment resulted in decreases of NT$70,724 thousand in investments accounted for by the equity method and NT$247,927 thousand in capital surplus.

As of January 1, 2012, the differences mentioned above resulted in an increase in unappropriated earnings by NT$91,583 thousand. In addition, the adjustment resulted in decreases in investments accounted for by the equity method by NT$75,436 and in capital surplus by NT$168,671 thousand.

For the six months ended June 30, 2012, investment loss was adjusted for an increase of NT$3,639 thousand and unrealized intercompany gains, of NT$30 thousand. In addition, the income tax was adjusted for decrease of NT$30 thousand.

q. Accounting treatment of the Parent Company for increase in carrying values of equity-method investments due to not subscribing proportionally to the additional shares issued by the investees and relevant adjustment of capital surplus - long-term equity investment.

Under ROC GAAP, if an investee issues new shares and an investor does not buy new shares proportionately, the investor's ownership percentage and its interest in net assets of the investment will change. The resulting difference should be used to adjust the capital surplus and long-term equity investment accounts.

By contrast, under IFRSs, any equity changes in the invested associates without the loss of significant influence on the associates will be recognized as a deemed acquisition or a deemed disposal of the shares in the invested associates. Any equity changes in the invested subsidiaries without losing significant control over the subsidiaries will be deemed equity transactions. In addition, in accordance with the "Q&A regarding adoption of IFRSs" issued by the Taiwan Stock Exchange, capital surplus that is not complying with IFRSs or is irrelevant to the Company Law and to the legal interpretations of the Ministry of Economic Affairs, ROC should be adjusted accordingly at the date of transition to IFRSs.

As of June 30, 2012 and January 1, 2012, the foregoing adjustments resulted in a decrease of NT$658,217 thousand in the Parent Company's capital surplus - long term investments and an increase of NT$658,217 thousand in unappropriated earnings.

In addition, gain on disposal of investments was adjusted for an increase of NT$3,715 thousand for the six months ended June 30, 2012.

r) Employee benefits - Minimum pension liability to be recognized

Under ROC GAAP, the minimum pension liability should be should be recognized as such in the balance sheet; if the accrued pension liability is lower than this minimum, any shortfall should be recorded.

Under the IFRSs, there are no regulations for minimum pension liability.

As of June 30, 2012, net loss not recognized as pension cost was adjusted for an increase of NT$21,489 thousand and unappropriated earnings for a decrease of NT$21,489 thousand.

As of January 1, 2012, net loss not recognized as pension cost was adjusted for an increase of NT$17,182 thousand and unappropriated earnings for a decrease of NT$17,182 thousand.

s) Disposal of partial shares without losing significant influence on the investee

Under ROC GAAP, if the stock ownership percentage changes during the year, the investor company should recognize investment gains or losses in proportion to the actual stock ownership percentage on the disposition date.

Under IFRSs, disposal of the shares of subsidiaries without losing significant control over the subsidiaries is deemed an equity transaction.

As of June 30, 2012, the foregoing adjustments resulted in an increase of NT$146,193 thousand in the Parent Company's capital surplus - long term investments under the equity method; gain on disposal of investments was adjusted for a decrease of NT$146,193 thousand.

t) The reclassification of line items in the consolidated statement of comprehensive income

Under IFRSs, based on the nature of operating transactions, a repair and warranty expense of NT$101,858 was reclassified to cost of sales.

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

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

		Receivable from Related Parties					Payable to Related Parties				
	Nature of Relationship (Note 1)	Accounts Receivable		Other Receivable			Accounts Payable		Other Payable		
Related Party		Amount	% (Note 2)	Amount	% (Note 2)	Total	Amount	% (Note 2)	Amount	% (Note 2)	Total
June 30, 2012											
Lite-On Semiconductor Corp.	a	$ 96,384	73	$ 34,864	26	$ 131,248	$ 279,004	81	$ 1,408	-	$ 280,412
Silpert Travel Service Co., Ltd.	d	-	-	104	-	104	-	-	7,852	2	7,852
Chi Mei Mold Co., Ltd.	c	-	-	-	-	-	17,745	5	8,722	3	26,467
Jhen Vei Electronic (Wujian) Co., Ltd.	b	-	-	-	-	-	24,692	7	-	-	24,692
Other related parties (Note 3)		747	1	-	-	747	6,858	2	-	-	6,858
		$ 97,131	74	$ 34,968	26	$ 132,099	$ 328,299	95	$ 17,982	5	$ 346,281
June 30, 2011											
Lite-On Semiconductor Corp.	a	$ 103,342	63	59,467	37	$ 162,809	$ 145,946	65	492	1	$ 146,438
Chi Mei Mold Co., Ltd.	c	-	-	-	-	-	31,771	14	22,401	10	54,172
Other related parties (Note 4)		746	-	26	-	772	19,811	8	4,768	2	24,579
		$ 104,088	63	$ 59,493	37	$ 163,581	$ 197,528	87	$ 27,661	13	$ 225,189

Note 1: a. Equity-method investee.
b. An investee of an equity-method subsidiary.
c. An investee of an equity-method subsidiary is its chairman.
d. Its chairman is a relative of the Parent Company's chairman.

Note 2: Percentage of specific account balance.

Note 3: Other Related Parties included:

a. An investee of an equity-method subsidiary: Jhen Vei Electronic (Shenzhen) Co., Ltd.
b. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.

Note 4: Other Related Parties included:

a. Equity-method investee: Dragonjet Corporation and Jhen Vei Electronic Co., Ltd.
b. An investee of an equity-method subsidiary: Jhen Vei Electronic (Wujian) Co., Ltd. and Jhen Vei Electronic (Shenzhen) Co., Ltd.
c. Its chairman is a relative of the Parent Company's chairman: Silpert Travel Service Co., Ltd.
d. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.
e. The Parent Company is its main benefactor.: Lite-On Cultural Foundation.

Note 5: Significant intercompany transactions have been eliminated.

TABLE 2

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (Note 1)	Sales Amount	Sales % (Note 3)	Purchases Amount	Purchases % (Note 3)	Rental Revenue (Note 7)	Other Revenue	Rental Expense	Other Expense (Note 4)	Property Transaction Book Value	Property Transaction Proceeds	Property Transaction Disposal Gain (Loss)	Property Transaction Cost
June 30, 2012													
Lite-On Semiconductor Corp.	a	$ 137,307	-	$ 260,916	-	$ -	$ 1,889	$ -	$ -	$ -	$ -	$ -	$ -
Lite-On Cultural Foundation	e	43	-	-	-	172	-	-	-	-	-	-	-
Silpert Travel Service Co., Ltd.	d	-	-	-	-	29	383	-	48,979	-	-	-	-
Chi Mei Machinery Corp.	c	-	-	17,973	-	-	457	-	4,213	-	-	-	-
Actron Technology Corp.	f	-	-	-	-	-	270	-	-	-	-	-	-
Other related parties (Note 5)		1,512	-	4,569	-	-	-	-	-	-	-	-	-
		$ 138,862	-	$ 283,458	-	$ 201	$ 2,999	$ -	$ 53,192	$ -	$ -	$ -	$ -
June 30, 2011													
Lite-On Semiconductor Corp.	a	$ 140,951	-	$ 301,011	-	$ -	$ 1,105	$ -	$ -	$ -	$ -	$ -	$ -
Lite-On Cultural Foundation	e	43	-	-	-	172	19	-	852	-	-	-	-
Silpert Travel Service Co., Ltd.	d	-	-	-	-	29	-	-	47,627	-	-	-	-
Jhen Vei Electronic (Shenzhen) Co., Ltd.	b	-	-	26,296	-	-	-	-	-	-	-	-	-
Actron Technology Corp.	f	-	-	-	-	-	270	-	-	-	-	-	-
Chi Mei Machinery Corp.	c	-	-	34,502	-	-	457	-	10,579	-	-	-	-
Canfield Ltd.	b	-	-	-	-	-	-	-	199,375	-	-	-	-
Other related parties (Note 6)		1,512	-	11,745	-	-	-	-	-	-	-	-	-
		$ 142,506	-	$ 373,554	-	$ 201	$ 1,851	$ -	$ 258,433	$ -	$ -	$ -	$ -

Note 1:
- a. Equity-method investee.
- b. An investee of an equity-method subsidiary.
- c. An investee of an equity-method subsidiary is its chairman.
- d. Its chairman is a relative of the Parent Company's chairman.
- e. The Parent Company is its main benefactor.
- f. The Parent Company's chairman is its director.

Note 2: Except for transactions disclosed in Note 22, the sales prices and payment terms to related parties were not significantly different from those of sales to third parties.

Note 3: Percentage of specific account balance.

Note 4: Mainly included travel fees and repair expenses.

Note 5: Other related parties included:

- a. An investee of an equity-method subsidiary: Jhen Vei Electronic (Shenzhen) Co., Ltd.
- b. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.

(Continued)

Note 6: Other related parties included:

a. Equity-method investee: Jhen Vei Electronic Co., Ltd.
b. An investee of an equity-method subsidiary: Jhen Vei Electronic (Wujian) Co., Ltd.
c. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.

Note 7: Recognized as operating revenue.

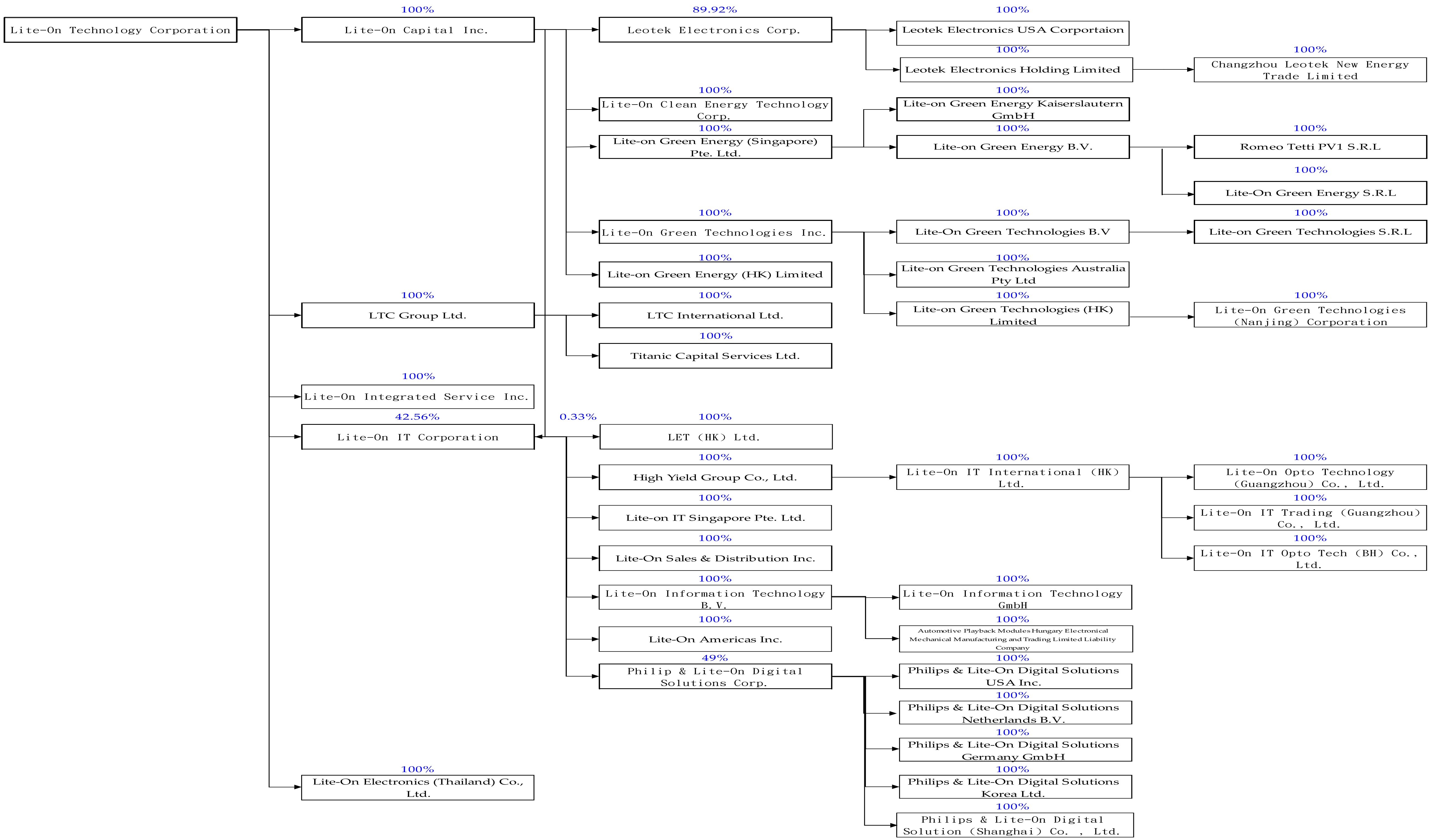
Note 8: Significant intercompany transactions have been eliminated.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
SIX MONTHS ENDED JUNE 30, 2012 AND 2011

June 30, 2012



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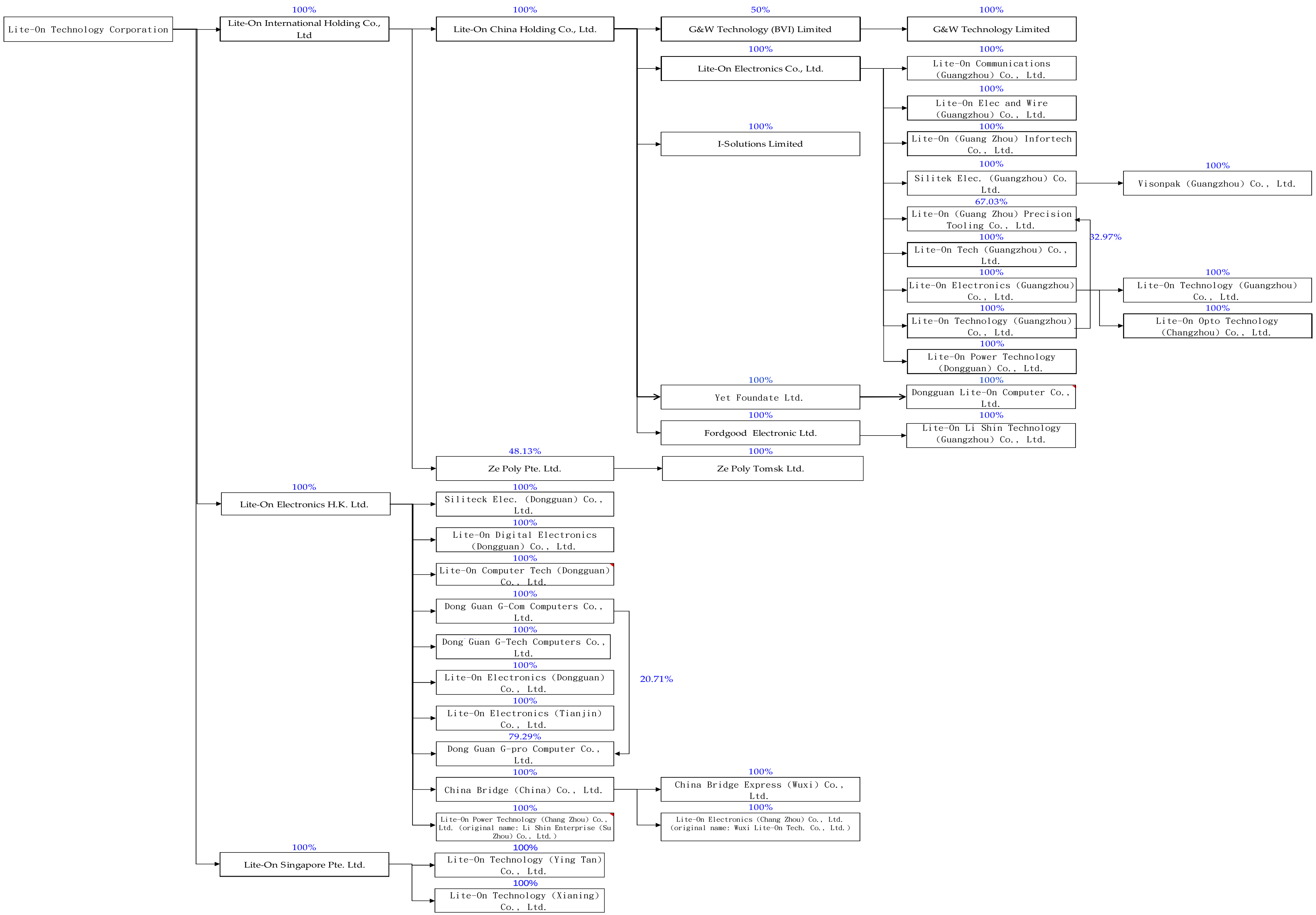
Lite-On Technology Corporation
100%
Lite-On International Holding Co., Ltd
100%
Lite-On China Holding Co., Ltd.
50%
G&W Technology (BVI) Limited
100%
G&W Technology Limited
100%
Lite-On Electronics Co., Ltd.
100%
Lite-On Communications (Guangzhou) Co., Ltd.
100%
Lite-On Elec and Wire (Guangzhou) Co., Ltd.
100%
I-Solutions Limited
100%
Lite-On (Guang Zhou) Infortech Co., Ltd.
100%
Silitek Elec. (Guangzhou) Co. Ltd.
100%
Visonpak (Guangzhou) Co., Ltd.
67.03%
Lite-On (Guang Zhou) Precision Tooling Co., Ltd.
32.97%
100%
Lite-On Tech (Guangzhou) Co., Ltd.
100%
Lite-On Electronics (Guangzhou) Co., Ltd.
100%
Lite-On Technology (Guangzhou) Co., Ltd.
100%
Lite-On Technology (Guangzhou) Co., Ltd.
100%
Lite-On Opto Technology (Changzhou) Co., Ltd.
100%
Lite-On Power Technology (Dongguan) Co., Ltd.
100%
Yet Foundate Ltd.
100%
Dongguan Lite-On Computer Co., Ltd.
100%
Fordgood Electronic Ltd.
100%
Lite-On Li Shin Technology (Guangzhou) Co., Ltd.
48.13%
Ze Poly Pte. Ltd.
100%
Ze Poly Tomsk Ltd.
100%
Lite-On Electronics H.K. Ltd.
100%
Siliteck Elec. (Dongguan) Co., Ltd.
100%
Lite-On Digital Electronics (Dongguan) Co., Ltd.
100%
Lite-On Computer Tech (Dongguan) Co., Ltd.
100%
Dong Guan G-Com Computers Co., Ltd.
100%
Dong Guan G-Tech Computers Co., Ltd.
20.71%
100%
Lite-On Electronics (Dongguan) Co., Ltd.
100%
Lite-On Electronics (Tianjin) Co., Ltd.
79.29%
Dong Guan G-pro Computer Co., Ltd.
100%
China Bridge (China) Co., Ltd.
100%
China Bridge Express (Wuxi) Co., Ltd.
100%
Lite-On Power Technology (Chang Zhou) Co., Ltd. (original name: Li Shin Enterprise (Su Zhou) Co., Ltd.)
100%
Lite-On Electronics (Chang Zhou) Co., Ltd. (original name: Wuxi Lite-On Tech. Co., Ltd.)
100%
Lite-On Singapore Pte. Ltd.
100%
Lite-On Technology (Ying Tan) Co., Ltd.
100%
Lite-On Technology (Xianing) Co., Ltd.

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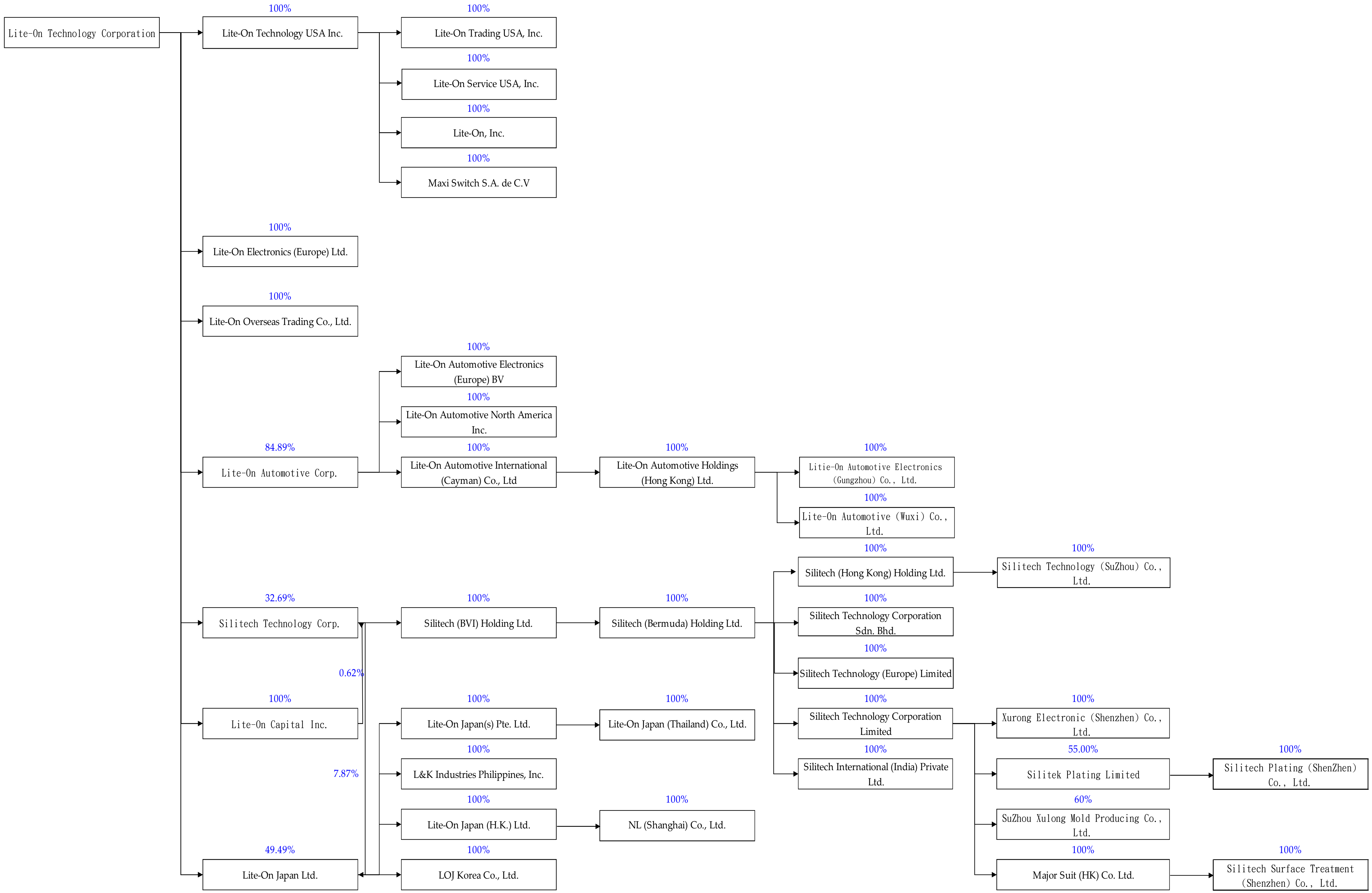
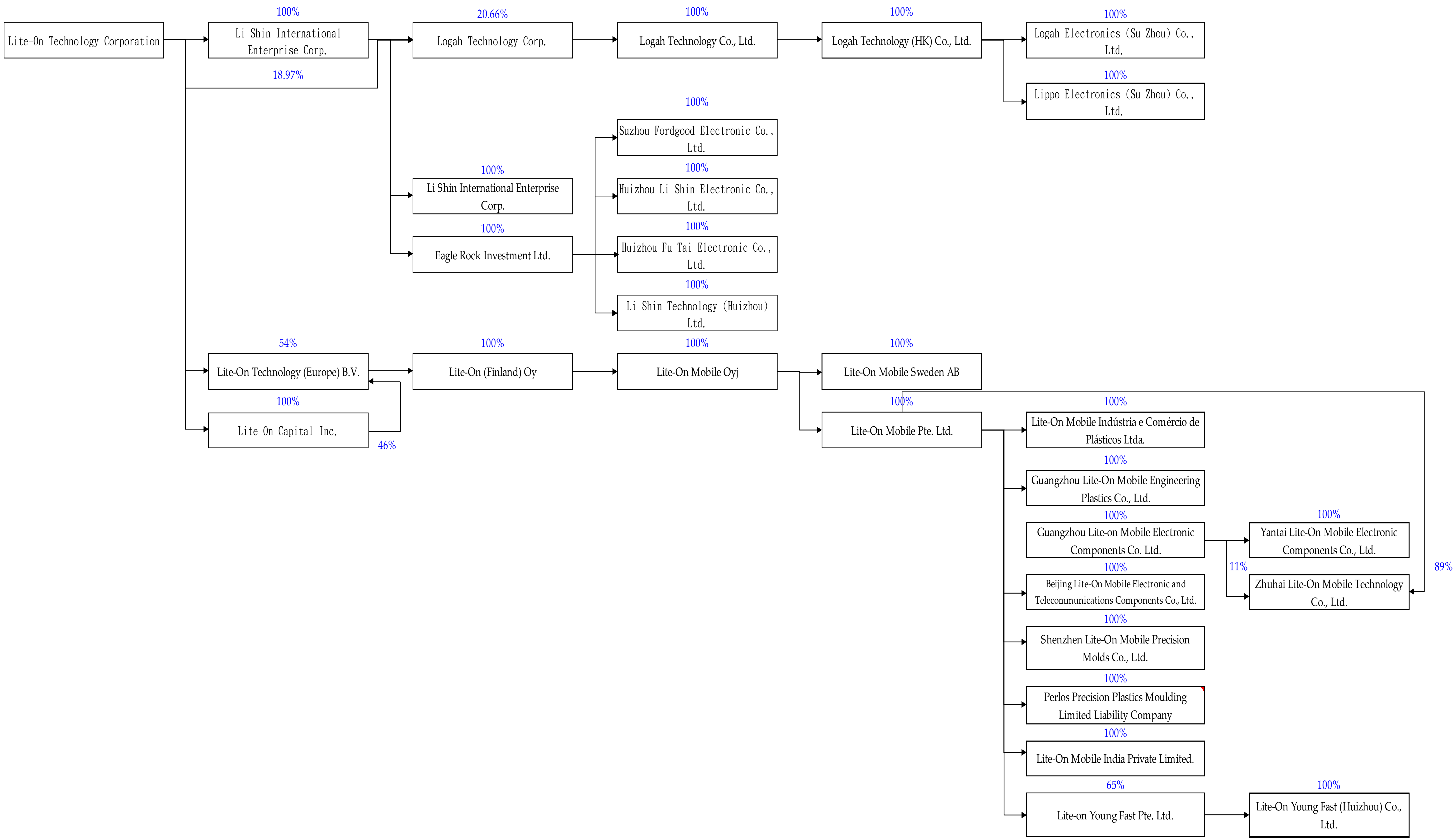
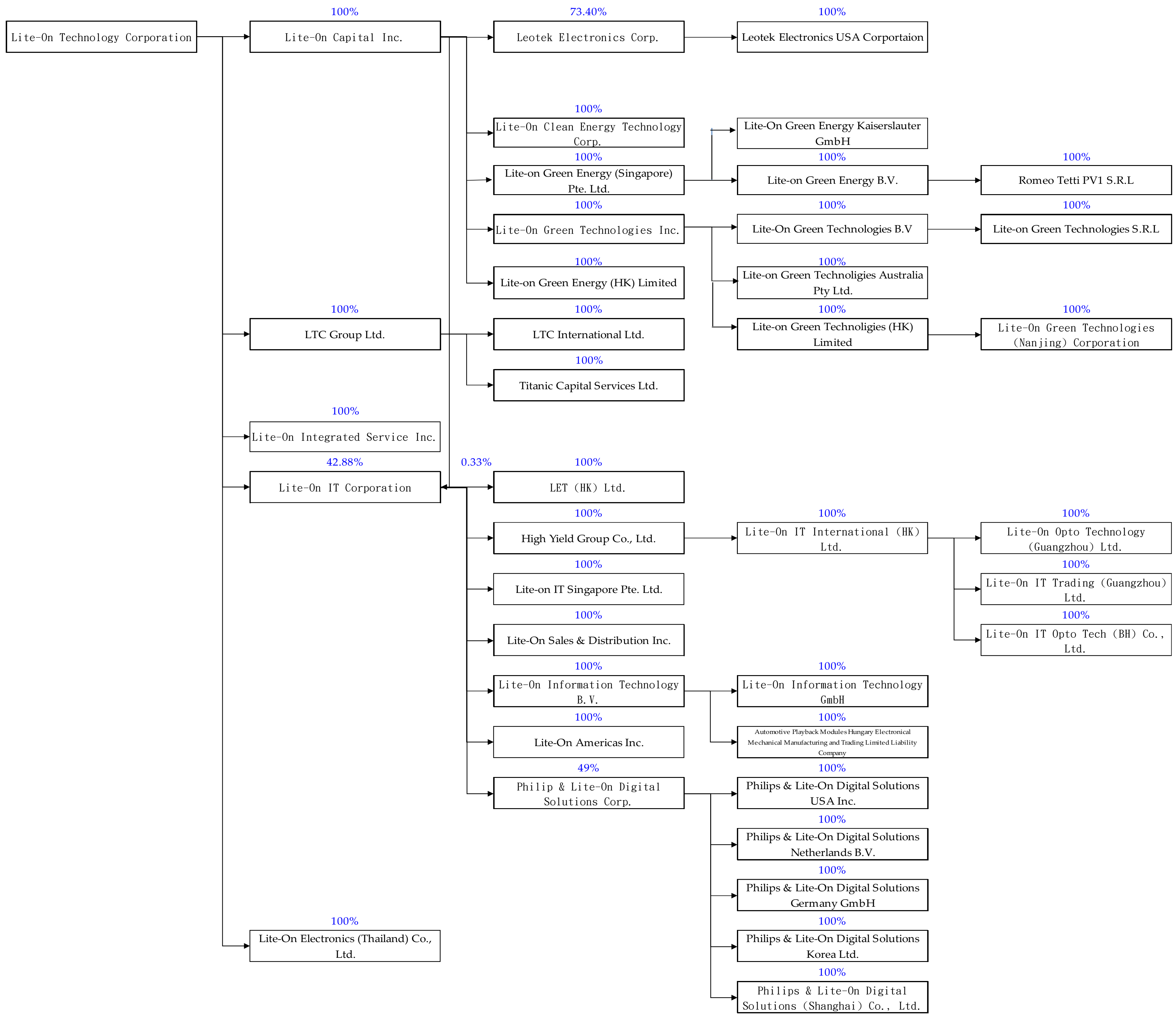

Lite-On Technology Corporation
100%
Lite-On Technology USA Inc.
100%
Lite-On Trading USA, Inc.
100%
Lite-On Service USA, Inc.
100%
Lite-On, Inc.
100%
Maxi Switch S.A. de C.V
100%
Lite-On Electronics (Europe) Ltd.
100%
Lite-On Overseas Trading Co., Ltd.
100%
Lite-On Automotive Electronics (Europe) BV
100%
Lite-On Automotive North America Inc.
84.89%
Lite-On Automotive Corp.
100%
Lite-On Automotive International (Cayman) Co., Ltd
100%
Lite-On Automotive Holdings (Hong Kong) Ltd.
100%
Litie-On Automotive Electronics (Gungzhou) Co., Ltd.
100%
Lite-On Automotive (Wuxi) Co., Ltd.
100%
Silitech (Hong Kong) Holding Ltd.
100%
Silitech Technology (SuZhou) Co., Ltd.
32.69%
Silitech Technology Corp.
100%
Silitech (BVI) Holding Ltd.
100%
Silitech (Bermuda) Holding Ltd.
100%
Silitech Technology Corporation Sdn. Bhd.
100%
Silitech Technology (Europe) Limited
0.62%
100%
Lite-On Capital Inc.
100%
Lite-On Japan(s) Pte. Ltd.
100%
Lite-On Japan (Thailand) Co., Ltd.
100%
Silitech Technology Corporation Limited
100%
Xurong Electronic (Shenzhen) Co., Ltd.
100%
L&K Industries Philippines, Inc.
7.87%
100%
Silitech International (India) Private Ltd.
55.00%
Silitek Plating Limited
100%
Silitech Plating (ShenZhen) Co., Ltd.
100%
Lite-On Japan (H.K.) Ltd.
100%
NL (Shanghai) Co., Ltd.
60%
SuZhou Xulong Mold Producing Co., Ltd.
49.49%
Lite-On Japan Ltd.
100%
LOJ Korea Co., Ltd.
100%
Major Suit (HK) Co. Ltd.
100%
Silitech Surface Treatment (Shenzhen) Co., Ltd.

(Continued)


Lite-On Technology Corporation
100%
Li Shin International Enterprise Corp.
18.97%
20.66%
Logah Technology Corp.
100%
Logah Technology Co., Ltd.
100%
Logah Technology (HK) Co., Ltd.
100%
Logah Electronics (Su Zhou) Co., Ltd.
100%
Lippo Electronics (Su Zhou) Co., Ltd.
100%
Suzhou Fordgood Electronic Co., Ltd.
100%
Li Shin International Enterprise Corp.
100%
Huizhou Li Shin Electronic Co., Ltd.
100%
Eagle Rock Investment Ltd.
100%
Huizhou Fu Tai Electronic Co., Ltd.
100%
Li Shin Technology (Huizhou) Ltd.
54%
Lite-On Technology (Europe) B.V.
100%
Lite-On (Finland) Oy
100%
Lite-On Mobile Oyj
100%
Lite-On Mobile Sweden AB
100%
Lite-On Capital Inc.
46%
100%
Lite-On Mobile Pte. Ltd.
100%
Lite-On Mobile Indústria e Comércio de Plásticos Ltda.
100%
Guangzhou Lite-On Mobile Engineering Plastics Co., Ltd.
100%
Guangzhou Lite-on Mobile Electronic Components Co. Ltd.
100%
Yantai Lite-On Mobile Electronic Components Co., Ltd.
11%
89%
Zhuhai Lite-On Mobile Technology Co., Ltd.
100%
Beijing Lite-On Mobile Electronic and Telecommunications Components Co., Ltd.
100%
Shenzhen Lite-On Mobile Precision Molds Co., Ltd.
100%
Perlos Precision Plastics Moulding Limited Liability Company
100%
Lite-On Mobile India Private Limited.
65%
Lite-on Young Fast Pte. Ltd.
100%
Lite-On Young Fast (Huizhou) Co., Ltd.

(Continued)

June 30, 2011



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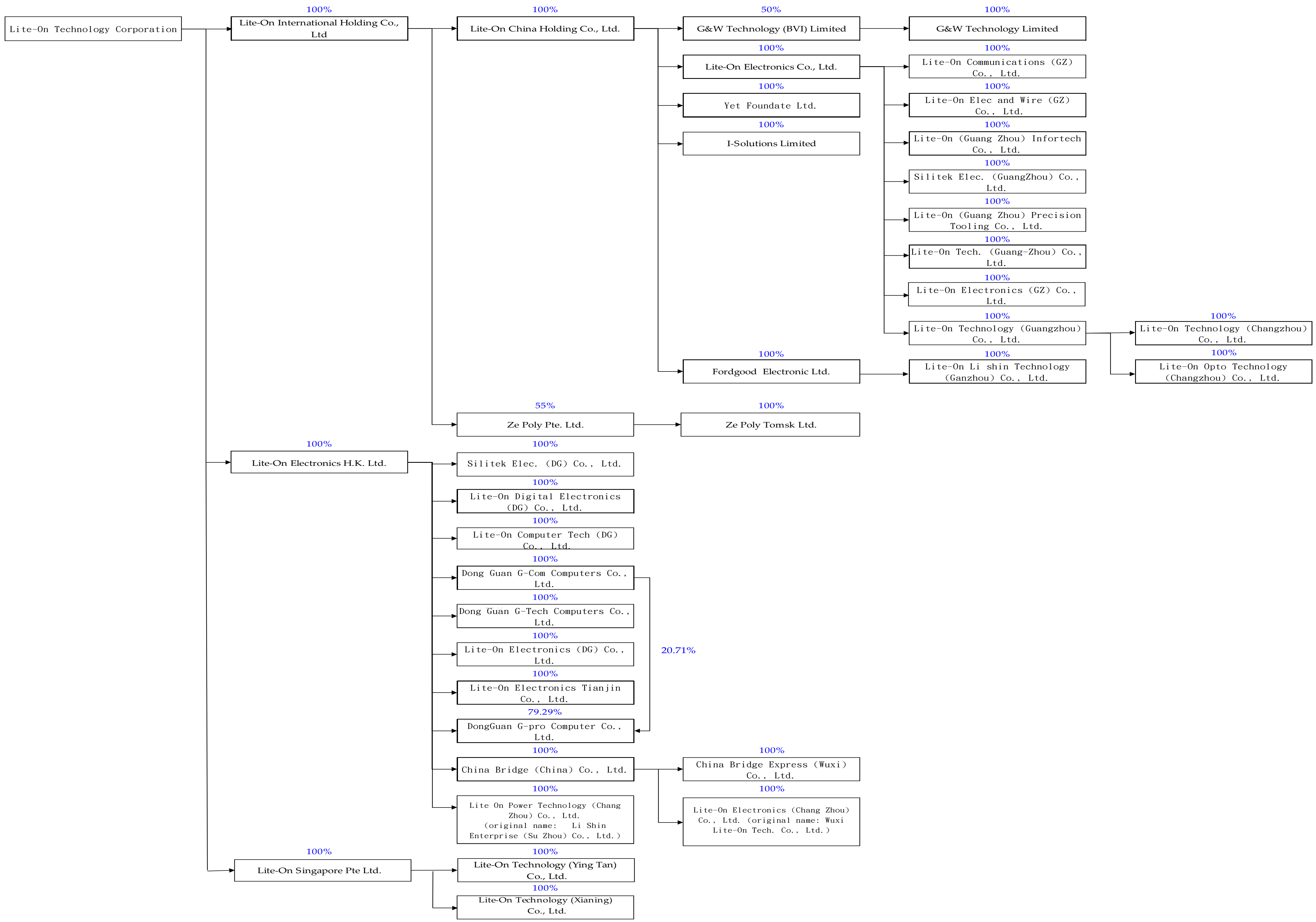
Lite-On Technology Corporation
100%
Lite-On International Holding Co., Ltd
100%
Lite-On China Holding Co., Ltd.
50%
G&W Technology (BVI) Limited
100%
G&W Technology Limited
100%
Lite-On Electronics Co., Ltd.
100%
Lite-On Communications (GZ) Co., Ltd.
100%
Yet Foundate Ltd.
100%
Lite-On Elec and Wire (GZ) Co., Ltd.
100%
I-Solutions Limited
100%
Lite-On (Guang Zhou) Infortech Co., Ltd.
100%
Silitek Elec. (GuangZhou) Co., Ltd.
100%
Lite-On (Guang Zhou) Precision Tooling Co., Ltd.
100%
Lite-On Tech. (Guang-Zhou) Co., Ltd.
100%
Lite-On Electronics (GZ) Co., Ltd.
100%
Lite-On Technology (Guangzhou) Co., Ltd.
100%
Lite-On Technology (Changzhou) Co., Ltd.
100%
Fordgood Electronic Ltd.
100%
Lite-On Li shin Technology (Ganzhou) Co., Ltd.
100%
Lite-On Opto Technology (Changzhou) Co., Ltd.
55%
Ze Poly Pte. Ltd.
100%
Ze Poly Tomsk Ltd.
100%
Lite-On Electronics H.K. Ltd.
100%
Silitek Elec. (DG) Co., Ltd.
100%
Lite-On Digital Electronics (DG) Co., Ltd.
100%
Lite-On Computer Tech (DG) Co., Ltd.
100%
Dong Guan G-Com Computers Co., Ltd.
100%
Dong Guan G-Tech Computers Co., Ltd.
100%
Lite-On Electronics (DG) Co., Ltd.
20.71%
100%
Lite-On Electronics Tianjin Co., Ltd.
79.29%
DongGuan G-pro Computer Co., Ltd.
100%
China Bridge (China) Co., Ltd.
100%
China Bridge Express (Wuxi) Co., Ltd.
100%
Lite On Power Technology (Chang Zhou) Co., Ltd. (original name: Li Shin Enterprise (Su Zhou) Co., Ltd.)
100%
Lite-On Electronics (Chang Zhou) Co., Ltd. (original name: Wuxi Lite-On Tech. Co., Ltd.)
100%
Lite-On Singapore Pte Ltd.
100%
Lite-On Technology (Ying Tan) Co., Ltd.
100%
Lite-On Technology (Xianing) Co., Ltd.

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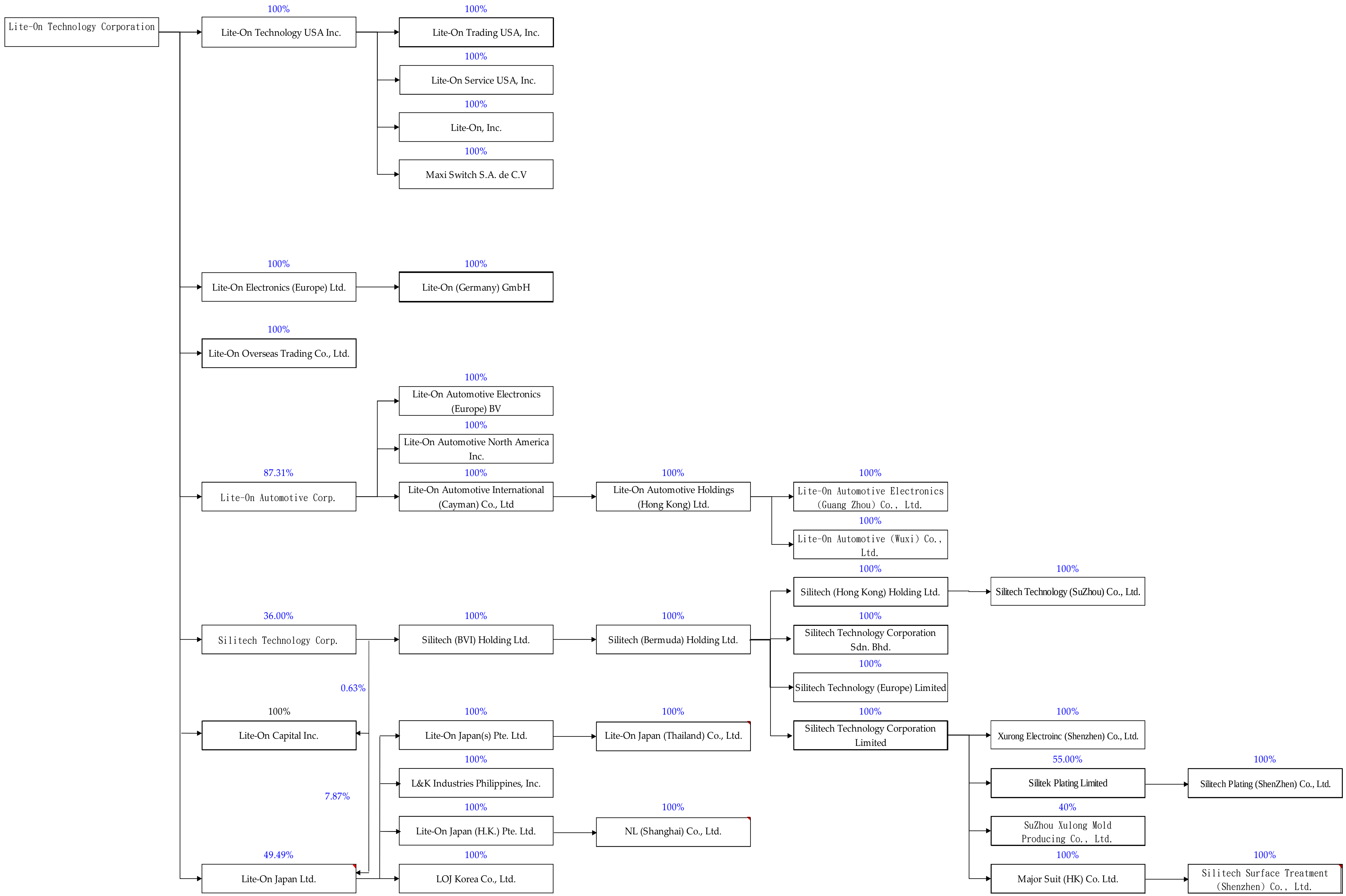
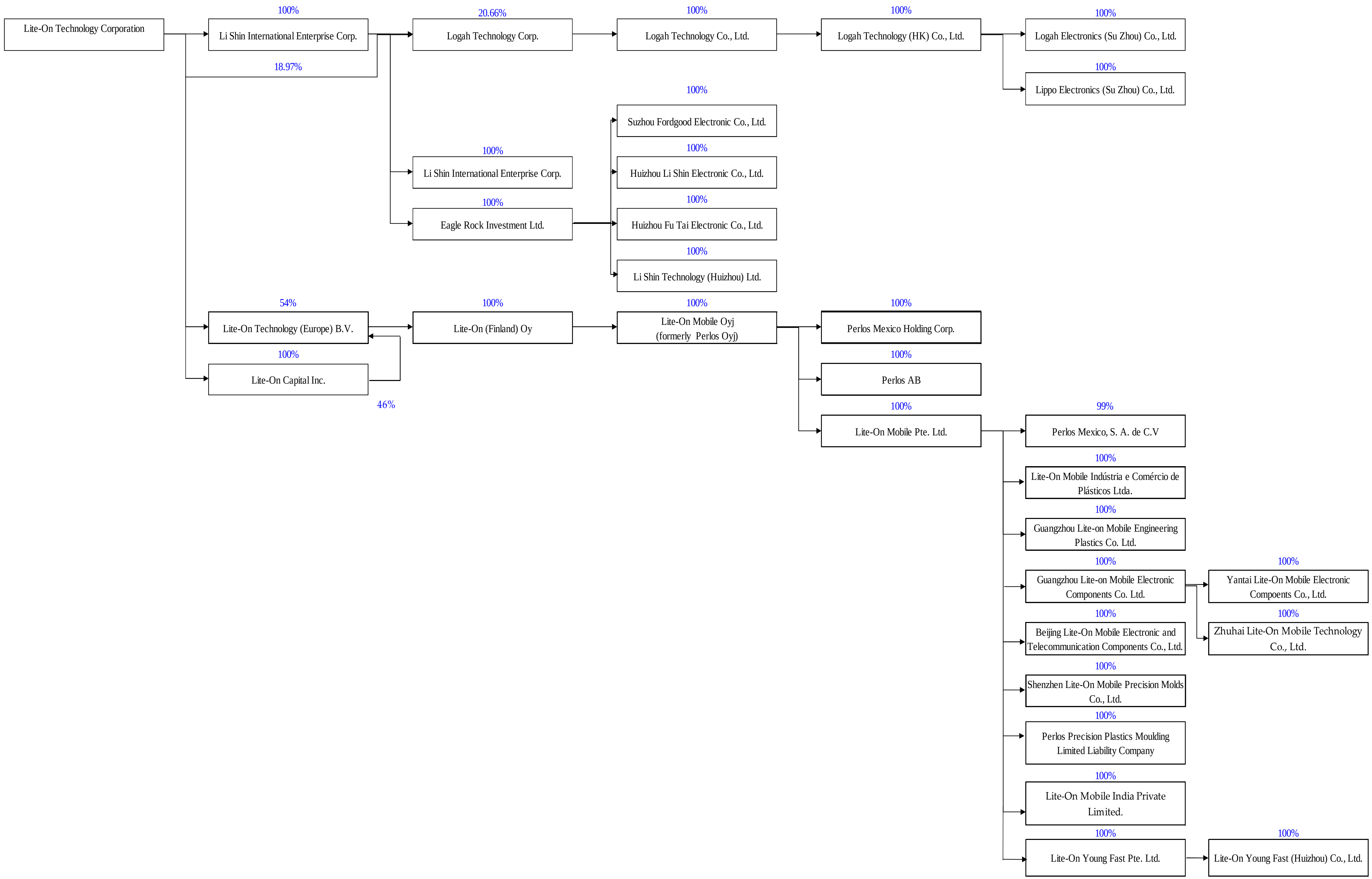

Lite-On Technology Corporation
100%
Lite-On Technology USA Inc.
100%
Lite-On Trading USA, Inc.
100%
Lite-On Service USA, Inc.
100%
Lite-On, Inc.
100%
Maxi Switch S.A. de C.V
100%
Lite-On Electronics (Europe) Ltd.
100%
Lite-On (Germany) GmbH
100%
Lite-On Overseas Trading Co., Ltd.
100%
Lite-On Automotive Electronics (Europe) BV
100%
Lite-On Automotive North America Inc.
87.31%
Lite-On Automotive Corp.
100%
Lite-On Automotive International (Cayman) Co., Ltd
100%
Lite-On Automotive Holdings (Hong Kong) Ltd.
100%
Lite-On Automotive Electronics (Guang Zhou) Co., Ltd.
100%
Lite-On Automotive (Wuxi) Co., Ltd.
100%
Silitech (Hong Kong) Holding Ltd.
100%
Silitech Technology (SuZhou) Co., Ltd.
36.00%
Silitech Technology Corp.
100%
Silitech (BVI) Holding Ltd.
100%
Silitech (Bermuda) Holding Ltd.
100%
Silitech Technology Corporation Sdn. Bhd.
100%
Silitech Technology (Europe) Limited
0.63%
100%
Lite-On Capital Inc.
100%
Lite-On Japan(s) Pte. Ltd.
100%
Lite-On Japan (Thailand) Co., Ltd.
100%
Silitech Technology Corporation Limited
100%
Xurong Electroinc (Shenzhen) Co., Ltd.
100%
L&K Industries Philippines, Inc.
55.00%
Siitek Plating Limited
100%
Silitech Plating (ShenZhen) Co., Ltd.
7.87%
100%
Lite-On Japan (H.K.) Pte. Ltd.
100%
NL (Shanghai) Co., Ltd.
40%
SuZhou Xulong Mold Producing Co., Ltd.
49.49%
Lite-On Japan Ltd.
100%
LOJ Korea Co., Ltd.
100%
Major Suit (HK) Co. Ltd.
100%
Silitech Surface Treatment (Shenzhen) Co., Ltd.

(Continued)


Lite-On Technology Corporation
100%
Li Shin International Enterprise Corp.
18.97%
20.66%
Logah Technology Corp.
100%
Logah Technology Co., Ltd.
100%
Logah Technology (HK) Co., Ltd.
100%
Logah Electronics (Su Zhou) Co., Ltd.
100%
Lippo Electronics (Su Zhou) Co., Ltd.
100%
Suzhou Fordgood Electronic Co., Ltd.
100%
Li Shin International Enterprise Corp.
100%
Huizhou Li Shin Electronic Co., Ltd.
100%
Eagle Rock Investment Ltd.
100%
Huizhou Fu Tai Electronic Co., Ltd.
100%
Li Shin Technology (Huizhou) Ltd.
54%
Lite-On Technology (Europe) B.V.
100%
Lite-On (Finland) Oy
100%
Lite-On Mobile Oyj
(formerly Perlos Oyj)
100%
Perlos Mexico Holding Corp.
100%
Lite-On Capital Inc.
46%
100%
Perlos AB
100%
Lite-On Mobile Pte. Ltd.
99%
Perlos Mexico, S. A. de C.V
100%
Lite-On Mobile Indústria e Comércio de Plásticos Ltda.
100%
Guangzhou Lite-on Mobile Engineering Plastics Co. Ltd.
100%
Guangzhou Lite-on Mobile Electronic Components Co. Ltd.
100%
Yantai Lite-On Mobile Electronic Compoents Co., Ltd.
100%
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.
100%
Zhuhai Lite-On Mobile Technology Co., Ltd.
100%
Shenzhen Lite-On Mobile Precision Molds Co., Ltd.
100%
Perlos Precision Plastics Moulding Limited Liability Company
100%
Lite-On Mobile India Private Limited.
100%
Lite-On Young Fast Pte. Ltd.
100%
Lite-On Young Fast (Huizhou) Co., Ltd.

(Concluded)