Lite-On Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 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 September 30, 2012 and 2011, and the related consolidated statements of income and cash flows for the nine 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 nine months ended September 30, 2012 and 2011 of some consolidated subsidiaries. The assets of these subsidiaries were 40.39% (NT$77,254,350 thousand) and 48.33% (NT$96,804,170 thousand) of the consolidated total assets as of September 30, 2012 and 2011, respectively. The liabilities of these subsidiaries were 28.02% (NT$29,226,912 thousand) and 49.60% (NT$56,197,827 thousand) of the consolidated total liabilities as of September 30, 2012 and 2011, respectively. The operating revenues of these subsidiaries were 25.53% (NT$41,644,211 thousand) and 34.96% (NT$59,467,868 thousand) of the consolidated total operating revenues in the nine months ended September 30, 2012 and 2011, respectively. The net incomes of these subsidiaries were 32.91% (NT$2,224,545 thousand) and 39.15% (NT$3,049,691 thousand) of the consolidated total net income in the nine months ended September 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$1,886,128 thousand and NT$1,919,091 thousand as of September 30, 2012 and 2011, respectively, and the consolidated equity in these investees' net losses of NT$6,985 thousand and NT$31,866 thousand in the nine months ended September 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 nine months ended September 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, the order VI-0960064020 issued by the Financial Supervisory Commission under the Executive Yuan on November 15, 2007, and accounting principles generally accepted in the Republic of China.

October 24, 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
SEPTEMBER 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)	$ 55,268,381	29	$ 49,472,175	25
Financial assets at fair value through profit or loss - current (Notes 2, 5 and 26)	59,615	-	220,838	-
Available-for-sale financial assets - current (Notes 2, 6 and 26)	11	-	11	-
Notes receivable (Note 2)	91,251	-	75,927	-
Accounts receivable, net (Notes 2 and 7)	44,852,640	24	49,435,856	25
Accounts receivable from related parties (Notes 2 and 23)	94,331	-	292,844	-
Other receivables (Note 23)	1,442	-	822	-
Other financial assets - current	1,600,070	1	1,494,114	1
Inventories, net (Notes 2 and 8)	20,684,591	11	24,957,833	13
Construction in progress in excess of progressive billings (Notes 2 and 9)	44,081	-	14,597	-
Prepayments and other current assets	4,344,126	2	4,694,695	2
Deferred income tax assets - current (Note 2)	855,782	-	847,658	-
Other current assets	306,968	-	405,534	-
Total current assets	128,203,289	67	131,912,904	66
LONG-TERM INVESTMENTS (Notes 2, 10, 11, 12 and 26)				
Available-for-sale financial assets - noncurrent	1,205,626	1	2,644,662	1
Financial assets carried at cost - noncurrent	1,015,900	-	1,622,044	1
Investments accounted for by the equity method	3,494,545	2	3,578,397	2
Prepayments for investments	103,592	-	71,664	-
Total long-term investments	5,819,663	3	7,916,767	4
PROPERTIES (Notes 2 and 13)				
Cost				
Land	2,726,831	1	2,770,334	1
Buildings	20,826,863	11	19,665,835	10
Machinery and equipment	40,021,698	21	38,664,572	19
Transportation equipment	93,557	-	197,339	-
Furniture and fixtures	2,639,258	1	2,658,336	1
Leasehold improvements	1,390,962	1	1,382,594	1
Other equipment	3,047,284	2	5,394,711	3
Total cost	70,746,453	37	70,733,721	35
Less: Accumulated depreciation	33,384,139	18	32,901,437	16
Accumulated impairment	654,151	-	673,415	-
	36,708,163	19	37,158,869	19
Construction in progress and prepayment for equipment	1,615,507	1	2,475,672	1
Properties, net	38,323,670	20	39,634,541	20
INTANGIBLE ASSETS (Notes 2 and 14)				
Patents, net	11,306	-	15,828	-
Goodwill, net	14,259,716	8	14,753,129	7
Land use rights	574,440	-	617,214	-
Other intangible assets	1,312,252	1	1,577,864	1
Total intangible assets	16,157,714	9	16,964,035	8
OTHER ASSETS				
Assets leased to others, net (Notes 2 and 15)	112,007	-	114,455	-
Idle assets, net (Notes 2 and 15)	268,857	-	461,113	-
Refundable deposits	264,574	-	299,618	-
Deferred expense, net (Note 2)	2,010,500	1	2,865,227	2
Restricted assets - noncurrent (Note 24)	101,218	-	111,410	-
Total other assets	2,757,156	1	3,851,823	2
TOTAL	$ 191,261,492	100	$ 200,280,070	100

	2012		2011	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term bank loans (Note 16)	$ 8,160,766	4	$ 4,546,939	2
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 26)	47,135	-	178,411	-
Notes payable	169,679	-	415,071	-
Accounts payable	50,014,861	26	61,110,698	31
Accounts payable to related parties (Note 23)	267,055	-	341,969	-
Income tax payable (Note 2)	1,576,894	1	1,668,888	1
Accrued expenses	10,889,273	6	10,896,236	5
Other payables - related parties (Note 23)	17,862	-	40,743	-
Advance receipts	853,872	-	812,991	-
Progressive billings in excess of construction in progress (Notes 2 and 17)	-	-	1,571	-
Long-term bank loans, net of current portion (Notes 18 and 26)	3,938,109	2	1,172,125	1
Obligations under capital leases, net of current portion (Notes 19 and 26)	55,372	-	87,736	-
Product warranty (Note 2)	1,050,502	1	1,189,612	1
Other current liabilities	5,623,095	3	7,001,132	4
Total current liabilities	82,664,475	43	89,464,122	45
LONG-TERM LIABILITIES				
Long-term bank loans, net of current portion (Notes 18 and 26)	19,932,801	11	21,746,687	11
Hedging derivative liabilities - noncurrent (Notes 2 and 26)	119,667	-	169,758	-
Obligations under capital leases, net of current portion (Notes 19 and 26)	252,944	-	331,296	-
Total long-term liabilities	20,305,412	11	22,247,741	11
RESERVE FOR LAND VALUE INCREMENT TAX (Note 2)	239,693	-	239,693	-
OTHER LIABILITIES				
Accrued pension liabilities (Note 2)	161,119	-	164,410	-
Guarantee deposits received	93,062	-	78,299	-
Deferred income tax liabilities - noncurrent (Note 2)	741,401	1	982,697	1
Deferred credits (Note 2)	90,193	-	126,930	-
Total other liabilities	1,085,775	1	1,352,336	1
Total liabilities	104,295,355	55	113,303,892	57
SHAREHOLDERS' EQUITY OF PARENT COMPANY (Notes 2, 20 and 21)				
Capital stock, NT$10.00 par value - parent company				
Authorized - 3,500,000 thousand shares; issued and outstanding - 2,295,261 thousand shares in 2012 and 2,309,980 thousand shares in 2011	22,952,613	12	23,099,801	11
Advance receipts for common stock	540	-	-	-
Total capital stock	22,953,153	12	23,099,801	11
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	8,534,288	4	8,533,186	4
Bond conversion	7,540,388	4	7,641,499	4
Treasury stock transactions	374,631	-	416,974	-
Long-term stock investments	907,109	1	859,572	1
Merger	10,120,217	5	10,255,921	5
Employee stock options	5,924	-	5,099	-
Total capital surplus	27,482,557	14	27,712,251	14
Retained earnings				
Legal reserve	7,847,905	4	7,125,313	4
Unappropriated earnings	10,945,638	6	10,233,761	5
Total retained earnings	18,793,543	10	17,359,074	9
Other equity				
Cumulative translation adjustments	(176,822)	-	1,569,668	1
Net loss not recognized as pension cost	(20,881)	-	(16,395)	-
Unrealized loss on financial instruments	(527,391)	-	(587,883)	(1)
Unrealized loss on cash flow hedging	(119,667)	-	(169,758)	-
Treasury stock - 2012: 27,940 thousand shares; 2011: 58,405 thousand shares	(1,104,073)	(1)	(1,857,643)	(1)
Total other equity	(1,948,834)	(1)	(1,062,011)	(1)
Total shareholders' equity of parent company	67,280,419	35	67,109,115	33
MINORITY INTEREST (Note 2)	19,685,718	10	19,867,063	10
Total shareholders' equity	86,966,137	45	86,976,178	43
TOTAL	$ 191,261,492	100	$ 200,280,070	100

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

(With Deloitte & Touche review report dated October 24, 2012)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 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 23)				
Sales	$ 165,208,237	101	$ 172,468,127	101
Less: Sales returns	523,110	-	933,500	-
Sales allowances	1,833,261	1	1,729,749	1
Net sales	162,851,866	100	169,804,878	100
Other operating revenues	297,731	-	298,376	-
Total operating revenues	163,149,597	100	170,103,254	100
OPERATING COSTS				
Cost of goods sold (Notes 8 and 23)	139,913,940	86	144,124,893	85
Other operating cost	216,720	-	99,440	-
Total operating costs	140,130,660	86	144,224,333	85
GROSS PROFIT	23,018,937	14	25,878,921	15
UNREALIZED INTERCOMPANY GAINS (Note 2)	6,050	-	-	-
REALIZED INTERCOMPANY GAINS (Note 2)	-	-	437	-
REALIZED GROSS PROFIT	23,012,887	14	25,879,358	15
OPERATING EXPENSES				
Selling and marketing	6,213,681	4	6,777,217	4
General and administrative	4,797,533	3	5,974,257	3
Research and development	3,984,962	2	3,586,210	2
Total operating expenses	14,996,176	9	16,337,684	9
OPERATING INCOME	8,016,711	5	9,541,674	6
NONOPERATING INCOME AND GAINS				
Interest income	780,891	1	393,047	-
Investment income recognized under the equity method, net (Notes 2 and 12)	12,256	-	-	-
Dividend income	41,901	-	148,844	-
Gain on disposal of properties	19,262	-	-	-
Gain on disposal of investments, net	546,629	-	314,181	-
Foreign exchange gain, net (Note 2)	-	-	119,279	-

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2012		2011	
	Amount	%	Amount	%
Valuation gain on financial assets (Notes 2 and 5)	$ 278,259	-	$ 339,698	-
Other income (Note 23)	1,122,526	1	1,352,743	1
Total nonoperating income and gains	2,801,724	2	2,667,792	1
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Notes 2 and 26)	423,573	-	410,204	-
Investment loss recognized under the equity method (Notes 2 and 12)	-	-	50,474	-
Loss on disposal of properties	81,773	-	47,903	-
Foreign exchange loss, net (Note 2)	7,079	-	-	-
Impairment loss (Notes 2, 10, 11, 13 and 15)	484,030	1	333,374	-
Valuation loss on financial liabilities (Notes 2 and 5)	208,120	-	430,544	-
Other expenses (Note 23)	962,235	1	1,029,492	1
Total nonoperating expenses and losses	2,166,810	2	2,301,991	1
INCOME BEFORE INCOME TAX	8,651,625	5	9,907,475	6
INCOME TAX (Note 2)	1,892,172	1	2,117,523	1
CONSOLIDATED NET INCOME	$ 6,759,453	4	$ 7,789,952	5
ATTRIBUTABLE TO:				
Parent's shareholders	$ 5,226,599	3	$ 5,729,748	4
Minority interest	1,532,854	1	2,060,204	1
	$ 6,759,453	4	$ 7,789,952	5

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 22)				
Basic	$ 2.34	$ 2.31	$ 2.66	$ 2.54
Diluted	$ 2.32	$ 2.28	$ 2.60	$ 2.49

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

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
CONSOLIDATED INCOME TAX	$5,359,703	$5,282,452	$6,049,031	$5,800,031
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	$ 2.34	$ 2.31	$ 2.65	$ 2.54
Diluted	$ 2.31	$ 2.28	$ 2.60	$ 2.49

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

(With Deloitte & Touche review report dated October 24, 2012) (Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	$ 6,759,453	$ 7,789,952
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,934,501	4,051,194
Amortization	911,706	828,830
Allowance for doubtful accounts	28,135	64
Valuation loss (gain) on financial instruments, net	(70,139)	90,846
Impairment loss on assets	484,030	333,374
Loss on disposal of properties, net	62,511	47,903
Gain on disposal of investments, net	(546,629)	(314,181)
Investment loss (income) recognized under the equity method, net	(12,256)	50,474
Product warranty reserve	39,912	147,609
Accrued pension liabilities	17,951	10,540
Deferred income taxes	89,665	(46,234)
Deferred credits - gain on intercompany transactions	6,050	(430)
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	126,969	256,916
Notes receivable	(9,212)	(17,394)
Accounts receivable	(648,148)	(8,425,093)
Accounts receivable from related parties	(93,232)	(151,440)
Other receivables from related parties	(487)	2,303
Inventories	5,007,378	1,580,804
Construction in progress in excess of progressive billings	(5,787)	(2,621)
Prepayments	(410,178)	(1,356,085)
Other financial assets - current	(42,724)	355,907
Other current assets	48,314	(116,489)
Notes payable	(328,889)	14,411
Accounts payable	(7,793,645)	4,243,578
Accounts payable to related parties	(50,453)	18,810
Other payable to related parties	(25,196)	10,429
Income tax payable	(552,639)	(775,546)
Accrued expenses	104,360	(58,626)
Advance receipts	(282,318)	(319,474)
Progressive billings in excess of construction in progress	-	(43,028)
Other current liabilities	(1,601,087)	234,999
Net cash provided by operating activities	6,147,916	8,442,302
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties	(3,925,901)	(6,304,666)
Proceeds of the disposal of available-for-sale financial assets	1,534,799	113,514
Proceeds of the disposal of properties	1,367,053	41,130
Increase in deferred charge	(371,952)	(660,784)

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LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2012	2011
Acquisition of financial assets carried at cost	$ (104,393)	$ -
Decrease in refundable deposits	50,329	105,067
Increase in land use rights	(37,020)	(41,893)
Increase in prepayments for investments	(28,749)	(71,664)
Decrease in restricted assets	6,889	2,574
Acquisition of investments under the equity method	-	(799,794)
Proceeds of the disposal of financial assets carried at cost	-	335,081
Acquisition of available-for-sale financial assets	-	(6,782)
Net cash used in investing activities	(1,508,945)	(7,288,217)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(5,174,335)	(6,469,637)
Increase in short-term bank loans	3,567,469	1,070,538
Decrease in minority interest	(2,724,628)	(609,676)
Increase (decrease) in long-term bank loans	(182,979)	3,132,128
Decrease in obligations under capital lease	(92,510)	(59,215)
Increase (decrease) in guarantee deposits received	7,838	(22,567)
Proceeds of the exercise of employee stock options	2,962	-
Net cash used in financing activities	(4,596,183)	(2,958,429)
EFFECT OF EXCHANGE RATE CHANGES	(1,289,790)	835,197
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,247,002)	(969,147)
CASH, BEGINNING OF PERIOD	56,515,383	50,441,322
CASH, END OF PERIOD	$ 55,268,381	$ 49,472,175
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid (excluding capitalized interest)	$ 407,008	$ 349,600
Income tax paid	$ 2,391,194	$ 2,928,498
NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term bank loans	$ 3,938,109	$ 1,172,125
Current portion of capital lease obligations	$ 55,372	$ 87,736
CASH PAID FOR THE ACQUISITION OF PROPERTIES		
Increase in properties	$ 4,690,240	$ 5,925,674
Decrease (increase) in payable for properties	(764,339)	378,992
	$ 3,925,901	$ 6,304,666

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

(With Deloitte & Touche review report dated October 24, 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.

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' (collectively referred to as the "Group") 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 nine months ended September 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 (Su Zhou) Co., Ltd., Xurong Electronic (Shenzhen) Co., Ltd., Logah Technology Corp., Guangzhou Lite-On Mobile Electronic Components Co., Ltd. and Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.; and (b) those as of and for the nine months ended September 30, 2012 of Lite-On Overseas Trading Co., Ltd., Lite-On Communications (Guangzhou) Co., Ltd., Lite-On Tech. (Guangzhou) Co., Ltd., Lite-On Electronics (Guangzhou) Co., Ltd. (formerly Silitek Electronics (Guangzhou) Co., Ltd.), and Logah Electronics (Su Zhou) Co., Ltd.

Minority interests were 57.35%, 67.02%, 15.11%, 42.64%, 60.37% and 8.21% of shareholdings in Lite-On IT Corporation, Silitech Technology Corp. Ltd., Lite-On Automotive Co., Ltd., Lite-On Japan Ltd., Logah Technology Co., Ltd. and Leotek Electronics Corporation as of September 30, 2012, which were presented separately in the consolidated financial statements. Minority interests were 56.96%, 64.48%, 15.11%, 42.64%, 60.37% and 25.94% 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 September 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 Group 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 Group; 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 following 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 as 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.

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.

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.

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 Parent Company (reciprocal holdings) is computed using the treasury stock method. Upon the disposal of equity-method investments, the Parent Company'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 Parent Company accounts for its stock held by subsidiaries as treasury stock. Dividends that the Parent Company 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 Group's percentage of ownership in the investee; however, if the Group 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 Group's percentage of ownership of 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 equity-method investees that use their local currencies as their functional currencies. The financial statements of foreign equity-method investees 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.

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

	September 30	
	2012	2011
Cash on hand	$ 9,012	$ 49,703
Checking deposits	1,296,039	2,673,107
Demand deposits	16,990,052	18,047,487
Time deposits	36,973,278	28,701,878
	$ 55,268,381	$ 49,472,175

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

	September 30	
	2012	2011
Czech - Prague (CZK31,049 thousand in 2012 and CZK23,037 thousand in 2011)	$ 46,866	$ 38,491
Germany - Nuremburg (EUR76 thousand in 2012 and EUR78 thousand in 2011)	2,907	3,224
Poland - Warsaw (PLN15 thousand in 2012 and PLN1,015 thousand in 2011)	141	9,408
	$ 49,914	$ 51,123

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	September 30	
	2012	2011
<u>Financial assets resulting from trading</u>		
Currency swap contracts	$ 52,297	$ 65,781
Forward exchange contracts	7,318	155,057
	$ 59,615	$ 220,838

(Continued)

	September 30	
	2012	2011
Financial liabilities resulting from trading		
Forward exchange contracts	$ 42,680	$ 27,447
Currency swap contracts	4,349	130,491
Interest rate swap contracts	106	481
Options-put	-	19,992
	$ 47,135	$ 178,411

(Concluded)

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

	Currency	Maturity	Amount (Thousands)
September 30, 2012			
Lite-On IT Corp.			
Forward exchange contracts	EUR/USD	October 18, 2012	EUR6,000/USD7,789
Currency swap contracts	USD/NTD	October 15, 2012 - October 24, 2012	USD127,000/NTD3,748,647
Lite-On Automotive Electronics (Guang Zhou) Co., Ltd.			
Forward exchange contracts	USD/RMB	March 11, 2013	USD990/RMB6,300
Forward exchange contracts	EUR/RMB	October 18, 2012	EUR600/RMB4,799
Lite-On Automotive Corp.			
Forward exchange contracts	EUR/USD	November 28, 2012	EUR500/USD627
Lite-On Mobile Oyj (formerly Perlos Oyj)			
Currency swap contracts	USD/EUR	November 16, 2012	USD7,000/EUR5,428
Currency swap contracts	JPY/USD	October 19, 2012	JPY50,000/USD638
Currency swap contracts	HUF/EUR	October 9, 2012	HUF150,000/EUR524
Forward exchange contracts	JPY/EUR	October 12, 2012	JPY80,000/EUR 790
Forward exchange contracts	USD/INR	October 10, 2012	USD7,000/INR394,195
Forward exchange contracts	USD/RMB	October 9, 2012	USD3,000/RMB19,078
Forward exchange contracts	RMB/USD	October 9, 2012	RMB 9,078/USD 1,435
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.			
Forward exchange contracts	USD/RMB	October 19, 2012	USD4,000/RMB 25,370

(Continued)

	Currency	Maturity	Amount (Thousands)
Leotek Electronic Corp.			
Currency swap contracts	USD/NTD	December 4, 2012	USD1,000/NTD29,824
Forward exchange contracts	USD/NTD	November 26, 2012	USD2,000/NTD59,840
Lite-On Mobile India Private Limited.			
Forward exchange contracts	USD/INR	October 22, 2012	USD2,000/INR112,700
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	EUR/USD	October 5, 2012	EUR2,400/USD3,016
Silitech Technology Corp.			
Forward exchange contracts	USD/MYR	November 5, 2012 - December 18, 2012	USD500/MYR1,556
Currency swap contracts	USD/NTD	October 11, 2012	USD22,000/NTD656,680

(Concluded)

	Amount (Thousands)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Settlement Term
Lite-On Japan Ltd.					
Interest rate swap contracts	JPY50,000	February 4, 2008 - January 31, 2013	1.48%	Note	Quarterly

	Currency	Maturity	Amount (Thousands)
September 30, 2011			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	October 5, 2011 - October 19, 2011	USD87,000/NTD2,584,305
Forward exchange contracts	EUR/USD	October 7, 2011	EUR12,000/USD16,241
Lite-On Automotive Electronics (Guangzhou) Co., Ltd.			
Forward exchange contracts	USD/RMB	October 11, 2011	USD1,000/RMB6,371
Forward exchange contracts	EUR/RMB	October 20, 2011	EUR709/RMB6,139
Lite-On Electronic (Thailand) Co., Ltd.			
Forward exchange contracts	USD/THB	October 6, 2011	USD2,000/THB59,800

(Continued)

	Currency	Maturity	Amount (Thousands)
Lite-On Mobile Oyj (formerly Perlos Oyj)			
Currency swap contracts	MXN/USD	October 7, 2011	MXN35,000/USD2,619
Currency swap contracts	USD/EUR	October 7, 2011	USD21,000/EUR15,360
Currency swap contracts	EUR/USD	October 14, 2011	EUR2,000/USD2,750
Currency swap contracts	JPY/EUR	October 7, 2011	JPY500,000/EUR4,608
Currency swap contracts	JPY/USD	October 7, 2011	JPY722,820 USD9,319
Currency swap contracts	HUF/EUR	October 7, 2011	HUF250,000/EUR860
Currency swap contracts	SEK/EUR	October 7, 2011	SEK9,000/EUR990
Forward exchange contracts	JPY/USD	October 11, 2011	JPY300,000/USD3,760
Forward exchange contracts	USD/INR	November 14, 2011	USD8,000/INR373,120
Forward exchange contracts	EUR/RMB	November 21, 2011	EUR3,000/RMB26,387
Forward exchange contracts	USD/RMB	October 26, 2011	USD16,000/RMB102,160
Forward exchange contracts	USD/BRL	October 31 2011	USD4,000/BRL6,538
Forward exchange contracts	USD/JPY	October 7, 2011	USD4,000/JPY307,160
Forward exchange contracts	USD/EUR	October 7, 2011	USD11,400/EUR7,968
Forward exchange contracts	SEK/EUR	October 7, 2011	SEK4,000/EUR432
Forward exchange contracts	MXN/USD	October 7, 2011	MXN10,000/USD749
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.			
Forward exchange contracts	USD/RMB	October 14, 2011	USD2,000/RMB12,755
Forward exchange contracts	USD/JPY	October 19, 2011	USD7,000/JPY537,600
Lite-On Japan Ltd.			
Call option	JPY/USD	March 5, 2012	JPY67,800/USD600
Put option	JPY/USD	March 5, 2012	JPY188,100/USD1,800
Currency swap contracts	JPY/USD	March 5, 2012	JPY67,980/USD600
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	JPY/USD	October 5, 2011	JPY55,000/USD716
Forward exchange contracts	EUR/USD	October 5, 2011	EUR4,400/USD6,245
Forward exchange contracts	HUF/USD	October 5, 2011	HUF384,000/USD1,958
Silitech Technology Corp.			
Currency swap contracts	USD/NTD	October 6, 2011 - October 7, 2011	USD28,000/NTD812,180
Forward exchange contracts	USD/MYR	October 4, 2011 - December 16, 2011	USD950/MYR2,891
Logah Technology Co., Ltd.			
Forward exchange contracts	USD/NTD	October 21, 2011 - November 28, 2011	USD6,000/NTD178,020

(Concluded)

Lite-On Japan Ltd.	Amount (Thousands)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Settlement Term
Interest rate swap contracts	JPY150,000	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 nine months ended September 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.

On derivative financial instruments, the Group had net gains of $70,139 thousand and net losses of $90,846 thousand as of September 30, 2012 and 2011, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	September 30	
	2012	2011
Domestic quoted stocks	$ 11	$ 11

7. ACCOUNTS RECEIVABLE, NET

	September 30	
	2012	2011
Accounts receivable	$ 45,890,635	$ 49,859,353
Allowance for doubtful accounts	292,745	287,369
Allowance for sales returns and discounts	745,250	136,128
	$ 44,852,640	$ 49,435,856

Movements of allowances for doubtful accounts were as follows:

	Nine Months Ended September 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	16,890	11,245	751	(687)
Amounts written off	(7,837)	-	(11,304)	(58,938)
Reclassification	18,115	(18,115)	(137,304)	137,304
Effect of exchange rate changes	(4,472)	(10,597)	18,842	-
	$ 292,745	$ 170,024	$ 287,369	$ 141,883

Overdue receivables were classified under other assets; an allowance for doubtful accounts fully covered these receivables (please refer to Note 15).

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

The Parent Company

Factor	Receivables Sold	Amounts Collected	Advances Received at Period-end	Interest Rates for Advances Received (%)	Credit Line
September 30, 2012					
None					
September 30, 2011					
Taishin International Bank	US$ 1,766	US$ 1,766	$ -	Note	$ 160,000

Philips & Lite-On Digital Solutions Corp.

Factor	Receivables Sold	Amounts Collected	Advances Received at Period-end	Interest Rates for Advances Received (%)	Credit Line
September 30, 2012					
Taishin International Bank	US$ 5,671	US$ 5,347	US$ -	0.17-0.188	US$ 8,500
September 30, 2011					
Taishin International Bank	US$ 4,580	US$ 3,441	US$ -	0.17-0.19	US$ 13,500

Silitech Technology Corp.

Factor	Receivables Sold	Amounts Collected	Advances Received at Period-end	Interest Rates for Advances Received (%)	Credit Line
September 30, 2012					
Citibank	EUR 976 US$ 13,166	EUR 4,774 US$ 17,368	EUR - US$ -	1.47-1.81 1.78-1.85	US$ 30,000
September 30, 2011					
Citibank	RMB - EUR 17,483 US$ 25,436	RMB 3,967 EUR 21,881 US$ 30,198	RMB - EUR 2,927 US$ 4,480	4.59 1.63-2.08 0.90-1.47	US$ 9,000 US$ 30,000

Note: The Parent Company 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 September 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 US$18,837 thousand and EUR976 thousand on September 30, 2012; and US$31,782 thousand and EUR17,483 thousand on September 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

	September 30 2012	September 30 2011
Materials and supplies	$ 4,701,318	$ 6,157,851
Work in process	3,017,730	3,467,677
Finished goods	9,383,769	7,252,561
Merchandise	2,514,121	4,689,241
Goods in transit	1,067,653	1,626,259
Power generation facility held for sale	-	1,764,244
	$ 20,684,591	$ 24,957,833

As of September 30, 2012 and 2011, the allowances for inventory devaluation were $1,621,185 thousand and $1,602,377 thousand, respectively.

The costs of inventories recognized as cost of sales were $139,913,940 thousand and $144,124,893 thousand as of September 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
September 30, 2012								
Solar power project	$ 591,034	$ 471,918	$ 71,623	$ 517,134	$ 473,053	80-100	2012	$ 45,216
September 30, 2011								
Solar power project	$ 538,396	$ 389,766	$ 99,642	$ 432,079	$ 417,482	80-100	2011-2012	$ 42,313

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NONCURRENT

	September 30 2012	September 30 2011
Domestic quoted stocks	$ 1,040,188	$ 1,713,671
Mutual funds	94,870	745,204
Overseas quoted stocks	70,568	185,787
	$ 1,205,626	$ 2,644,662

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

	Nine Months Ended September 30, 2012
HannStar Display Corporation	$ 67,432

11. FINANCIAL ASSETS CARRIED AT COST

	September 30	
	2012	2011
Domestic and overseas unquoted common stocks	$ 722,008	$ 1,184,091
Emerging market stocks	293,892	437,953
	$ 1,015,900	$ 1,622,044

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 nine months ended September 2012 were impaired. Thus, impairment losses were recognized as follows:

	Nine Months Ended September 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

	September 30			
	2012		2011	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Long-term stock investments				
Equity method				
Listed				
Lite-On Semiconductor Corp.	$ 1,507,396	20.45	$ 1,541,212	20.45
Jhen Vei Electronics Co., Ltd.	101,021	17.12	118,094	17.12
	1,608,417		1,659,306	
Unlisted				
Dragonjet Corporation	996,553	29.74	1,047,012	29.74
LiteStar JV Holding (BVI) Co., Ltd.	718,611	30.00	718,546	30.00

(Continued)

	September 30			
	2012		2011	
	Carrying Value	% of Owner-ship	Carrying Value	% of Owner-ship
Epricrystal (Changzhou) Co., Ltd.	$ 133,252	5.00	$ 135,653	5.00
Kompaktsolar GmbH	20,506	51.00	14,350	51.00
Lite-Space Technology Company Limited	13,393	27.00	-	-
Canfield Ltd.	3,813	33.33	3,530	33.33
	1,886,128		1,919,091	
	$ 3,494,545		$ 3,578,397	

(Concluded)

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 September 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 $1,886,128 thousand and $1,919,091 thousand as of September 30, 2012 and 2011, respectively; the net investment results recognized were losses of $6,985 thousand and $31,866 thousand as of September 30, 2012 and 2011. (The financial statements as of and for the nine months ended September 30, 2012 and 2011 of two equity-method investees, Lite-On Semiconductor Corp. and Jhen Vei Electronics Co., Ltd., had been reviewed.)

13. PROPERTIES

Accumulated depreciation consisted of the following:

	September 30	
	2012	2011
Buildings	$ 6,003,377	$ 5,394,363
Machinery and equipment	20,582,204	20,224,767
Transportation equipment	69,874	153,994
Office equipment	1,915,541	1,915,132

(Continued)

	September 30	
	2012	**2011**
Leased equipment	$ 1,543,426	$ 1,217,637
Miscellaneous equipment	3,269,717	3,995,544
	$ 33,384,139	$ 32,901,437

(Concluded)

Depreciation expenses were $4,934,501 thousand as of September 30, 2012 and $4,051,194 thousand as of September 30, 2011.

Impairment losses (reversal of impairment losses) in the nine months ended September 30, 2012 and 2011 were recognized as follows:

	Nine Months Ended September 30	
	2012	**2011**
Lite-On Green Technologies S.R.L	$ 19,395	$ -
Lite-On Mobile India Private Limited.	6,889	16,310
Lite-On Technology (Europe) B.V.	258	-
Perlos Mexico Holding Corp.	-	172,161
Perlos Mexico S.A. de C.V.	-	85,928
Lite-On Electronic (Tianjin) Co., Ltd.	-	32,430
Shenzhen Lite-On Mobile Precision Molds Co., Ltd.	-	1,460
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.	(5,199)	-
Romeo Tetti PV1 S.R.L.	(5,328)	-
Perlos Precision Plastics Moulding Limited Liability Company	(61,567)	-
Lite-On Automotive Corp.	-	(2,417)
	$ (45,552)	$ 305,872

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 nine months ended September 2012 and 2011, the accumulated amortization expenses for patents, which have an estimated service life of six years, were $15,828 thousand and $11,306 thousand, respectively, and those for client relationships, which have an estimated service life of four years, were $143,342 thousand and $102,387 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 nine months ended September 2012 and 2011, the accumulated amortization for patent rights amounted to $1,403,103 thousand and $1,179,446 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:

	September 30	
	2012	**2011**
Lite-On Mobile Oyj (formerly Perlos Oyj)	$ 8,592,867	$ 8,649,736
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.	-	453,899
Others	82,639	67,313
	$ 10,908,290	$ 11,401,703

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:

	September 30	
	2012	**2011**
Cost		
Land	$ 37,766	$ 37,766
Buildings	91,248	92,853
	129,014	130,619
Accumulated depreciation	(17,007)	(16,164)
	$ 112,007	$ 114,455

b. Idle assets, net

	September 30	
	2012	**2011**
Cost		
Land	$ -	$ -
Buildings	199,483	239,268
Machinery and equipment	370,009	1,209,650
Transportation equipment	-	3,925
Molding Equipment	119,196	-
Office equipment	15,081	36,986
Miscellaneous equipment	23,726	120,690
	727,495	1,610,519
Accumulated depreciation	(309,426)	(938,904)
Accumulated impairment losses	(149,212)	(210,502)
	$ 268,857	$ 461,113

The change in accumulated impairment losses was as follows:

	2012	**2011**
Balance, beginning of period	$ 160,967	$ 203,227
Recognition (reversal) of impairment losses	(8,037)	27,502
Reclassification	-	(20,227)
Effect of exchange rate changes	(3,718)	-
Balance, end of period	$ 149,212	$ 210,502

c. Overdue receivables

	September 30	
	2012	2011
Overdue receivables	$ 170,024	$ 141,883
Allowance for doubtful accounts	(170,024)	(141,883)
	$ -	$ -

16. SHORT-TERM BANK LOANS

	September 30	
	2012	2011
Unsecured bank loans - interest 0.84%-1.962% in 2012 and 0.77% -5.454% in 2011	$ 8,160,766	$ 4,546,939

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
September 30, 2012								
None								
September 30, 2011								
Solar power project	$ 91,941	$ 83,920	$ -	$ 90,431	$ 92,002	100	2012	$ 6,511

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

	September 30	
	2012	2011
Parent Company	$ 15,700,000	$ 14,200,000
Lite-On Mobile Pte. Ltd.	6,180,446	5,739,079
Silitech Technology Corp.	1,206,000	2,010,000
Lite-On Japan Ltd.	579,464	665,059
Silitech Technology (SuZhou) Co., Ltd.	205,000	304,674
	23,870,910	22,918,812
Current portion of long-term bank loans	(3,938,109)	(1,172,125)
	$ 19,932,801	$ 21,746,687

a. As of September 30, 2012, the Parent Company had four long-term bank loans with contract terms between September 23, 2008 and September 23, 2015 and an interest rate of 1.503% to 1.681%, payable monthly or quarterly. These loans should be repaid in three, five, or eight installments or at lump sum on loan maturity.

As of September 30, 2011, the Parent Company had two long-term loans with contract terms between September 23, 2008 and September 23, 2015 and an interest rate of 1.467% to 1.61%, 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 14 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 September 30, 2012 and 2011, the Parent Company was in compliance with all of the loan covenants.

b. Lite-On Mobile Pte. Ltd. has had a syndicated loan, with a contract term from April 29, 2011 to April 29, 2016. The floating interest rate was 1.07365% to 2.2% as of September 30, 2012, and principal is 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 September 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. This loan was obtained to support operations and make a property acquisition. As of September 30, 2012 and 2011, Silitech Technology Corporation had used NT$2.1 billion of the credit line of the syndicated loan, with interest rates of 1.6977% to 1.7030% and 1.6569%, respectively and principal repayable from December 16, 2011 in 10 quarterly installments.

d. As of September 30, 2012 and 2011, Lite-On Japan Ltd. had 18 long-term bank loans, with contract terms from January 18, 2007 to February 28, 2017, with interest rate of 1.06% to 1.75% and principal repayable on specified due dates.

e. Silitech Technology (SuZhou) 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 1.26806% to 1.17485% and 1.07278% as of September 30, 2012 and 2011, respectively; principal is amortizable semiannually and repayable at US$3,000 thousand for each of the first two installments and at US$4,000 thousand on the third repayment. As of September 30, 2012, Silitech Technology (SuZhou) Co., Ltd. had used all of the credit line of the loan.

19. OBLIGATIONS UNDER CAPITAL LEASES

	September 30	
	2012	2011
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	$ 305,241	$ 363,660
Lite-On Mobile Oyj (formerly Perlos Oyj)	1,512	1,811
Lite-On Mobile Sweden AB	1,135	2,964
Parent Company	428	785
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.	-	48,986
Lite-On Mobile India Private Limited.	-	412
Shenzhen Lite-On Mobile Precision Molds Co., Ltd.	-	370
Lite-On (Guangzhou) Infortech Co., Ltd.	-	44
	308,316	419,032
Current portion of long-term capital lease liabilities	(55,372)	(87,736)
	$ 252,944	$ 331,296

a. Guangzhou Lite-On Mobile Electronic Components Co., Ltd. leased buildings, machinery and equipment under capital leases valid from January 1, 2007 to December 31, 2016. The terms of these leases were between three and ten years, with 7.11% interest rate. The building, machinery and equipment can be bought at a bargain purchase price at the end of the lease term.

b. Lite-On Mobile Oyj (formerly Perlos Oyj) leased machinery and equipment under capital leases valid from November 1, 2009 to October 31, 2014. The terms of these leases were between three and four years, with 5.00% interest rate.

c. Lite-On Mobile Sweden AB leased machinery and equipment under capital leases valid from April 1, 2009 to January 15, 2013. The terms of these leases were between two and three years, with 3.63% to 10.44% interest rate

d. 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 three and five years, with 15.6% interest rate. The payments of these leases were between $42 thousand and $120 thousand. The ownership of the leased assets will be transferred to the Parent Company at the end of the lease term.

e. Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd. ("Beijing Lite-On Mobile") leased building under capital leases from January 1, 2003 to December 31, 2012. The terms of these leases were 10 years at a 4.24% interest rate. The building can be bought at a bargain purchase price at the end of the lease term. In September 2012, Beijing Lite-On Mobile fully repaid this loan before the end of the mature date.

f. Lite-On Mobile India Private Limited leased machinery and equipment under capital leases valid from September 15, 2009 to October 26, 2013. The terms of these leases were between three and five years, with 10.24% interest rate. The machinery and equipment can be bought at a bargain purchase price at the end of the lease term. In September 2012, Lite-On Mobile India Private Limited fully repaid this loan before the end of the mature date.

g. Shenzhen Lite-On Mobile Precision Molds Co., Ltd. leased machinery and equipment under capital leases valid from July 1, 2009 to December 31, 2011. The terms of these leases were two and a half 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 four 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. SHAREHOLDERS' EQUITY

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

On April 3, 1995, GVC Corp. issued 5,000 units of GDRs on the London Stock Exchange. These GDRs represented 25,000 thousand common shares of GVC Corp., which were assumed by the Parent Company as a result of a merger, 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 September 30, 2012, the outstanding marketable equity securities were 5,201 thousand units, representing 52,006 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 September 30, 2012, the unredeemed GDRs amounted to 984 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 six 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:

	Nine Months Ended September 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	(1,286)	38.0	(489)	41.4
Options exercised	(82)	35.5-38.0	-	41.4
Balance, end of period	18,451	35.5	20,166	38.0
Weighted-average fair value of options granted in thousand	$ 16.964		$ 16.964	

The weighted-average remaining lives of the outstanding and exercisable options as of September 30, 2012 and 2011 were 1.25 and 2.25 years, respectively.

Compensation costs recognized under the intrinsic value method were $0 thousand for each of the nine months ended September 30, 2012 and 2011. 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 nine months ended September 30, 2012 and 2011 would have been as follows:

	Nine Months Ended September 30	
	2012	**2011**
Assumptions		
Risk-free interest rate	2.5101%	2.5101%
Expected life	1.25 years	2.25 years
Expected volatility	40.07%	40.07%
Expected dividend yield	7.07%	7.07%
Net income		
As reported	$ 5,226,599 thousand	$ 5,729,748 thousand
Pro forma	$ 5,226,599 thousand	$ 5,705,958 thousand
Basic after income tax earnings per share (New Taiwan dollars)		
As reported	$2.31	$2.54
Pro forma	$2.31	$2.53
Diluted after income tax earnings per share (New Taiwan dollars)		
As reported	$2.28	$2.49
Pro forma	$2.28	$2.48

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. Remuneration 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 were estimated on the basis of net income at 13.5% and 0.85% for 2012, and 13.8% and 0.9% for 2011, 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 to in the financial statements of that year.

On June 19, 2012 and June 20, 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	5,714,335	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 2010 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 21).

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 allocable 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 nine months ended September 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**
Nine months ended September 30, 2012			
Balance, beginning of period	$ (38,540)	$ (334,051)	$ (372,591)
Increase (decrease) in 2012	250,591	(109,697)	140,894
Transferred to profit or loss	(295,694)	-	(295,694)
Balance, end of period	$ (83,643)	$ (443,748)	$ (527,391)
Nine months ended September 30, 2011			
Balance, beginning of period	$ 1,097,107	$ 332,886	$ 1,429,993
Decrease in 2011	(1,291,617)	(726,259)	(2,017,876)
Balance, end of period	$ (194,510)	$ (393,373)	$ (587,883)

21. TREASURY STOCK (COMMON STOCK)

Unit: In Thousand Shares

	Nine Months Ended September 30			
Reason for Repurchase	**Beginning of January 1**	**Increase**	**Decrease**	**End of September 30**
2012				
Parent Company's shares held by direct and indirect subsidiaries reclassified from long-term stock investments to treasury stock	27,840	100	-	27,940
For transfer to employees	30,565	-	30,565	-
	58,405	100	30,565	27,940
2011				
Parent Company's shares held by direct and indirect subsidiaries reclassified from long-term stock investments to treasury stock	27,701	139	-	27,840
For transfer to employees	30,565	-	-	30,565
	58,266	139	-	58,405

As of September 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 $1,081,898 thousand in 2012 and $894,880 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.

22. 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
Nine months ended September 30, 2012					
Basic consolidated EPS					
Consolidated net income	$ 5,303,850	$ 5,226,599	2,263,624	$ 2.34	$ 2.31
Effect of potential common shares with dilutive effect					
Bonus to employees	-	-	24,834		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
Net income of common shareholders plus the effect of potential common shares	$ 5,303,850	$ 5,226,599	2,288,458	$ 2.32	$ 2.28
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	$ 5,359,703	$ 5,282,452	2,291,565	$ 2.34	$ 2.31

(Continued)

	Amounts (Numerator)		Shares (Denominator)	Earnings Per Share (Dollars)	
	Pretax	After-tax	(Thousands)	Pretax	After-tax
Effect of potential common shares with dilutive effect					
Bonus to employees	$ -	$ -	$ 24,834		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
Net income of common shareholders plus the effect of potential common shares	$ 5,359,703	$ 5,282,452	2,316,399	$ 2.31	$ 2.28
Nine months ended September 30, 2011					
Basic consolidated EPS					
Consolidated net income	$ 5,978,748	$ 5,729,748	2,251,515	$ 2.66	$ 2.54
Effect of potential common stock with dilutive effect					
Bonus to employees	-	-	45,378		
Common stock-based compensation	-	-	-		
Diluted consolidated EPS					
Net income of common shareholders plus the dilutive effect of potential common shares	$ 5,978,748	$ 5,729,748	2,296,893	$ 2.60	$ 2.49
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	$ 6,049,031	$ 5,800,031	2,279,355	$ 2.65	$ 2.54
Effect of potential common shares with dilutive effect					
Bonus to employees	-		45,378		
Common stock-based compensation	-		-		
Diluted consolidated EPS					
The net income of common shareholders plus the dilutive effect of potential common shares	$ 6,049,031	$ 5,800,031	2,324,733	$ 2.60	$ 2.49

(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 nine months ended September 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$2.67 to NT$2.66, and diluted EPS to decrease from NT$2.62 to NT$2.60, in the nine months ended September 30, 2012. The basic EPS after tax decreased from NT2.56 to NT$2.54 and the diluted EPS decreased from NT$2.51 to NT$2.49 in the nine months ended September 30, 2011.

23. RELATED-PARTY TRANSACTIONS

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

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

b. The costs of the Group's purchases from Lite-On Semiconductor Corp. for the nine months ended September 30, 2012 and 2011 were 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.

24. MORTGAGED OR PLEDGED ASSETS - NONCURRENT

	September 30	
	2012	2011
Mortgaged or pledged assets - noncurrent		
Time deposits	$ 89,571	$ 97,997
Demand deposits	11,647	13,413
	$ 101,218	$ 111,410

Mortgaged or pledged assets - noncurrent included the guarantee deposits of Lite-On IT Corporation, Logah Electronics (SuZhou) Co., Ltd. and Lippo Electronics (SuZhou) Co., Ltd. provided to the export customs agency for shipment clearance in advance of customs duty payments.

25. 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. As of October 24, 2012, the date the board of directors approved the accompanying financial statements and authorized the issue of these statements, 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 as of October 24, 2012, the date the board of directors approved the accompanying financial statements and authorized the issue of these statements.

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 as of October 24, 2012, the date the board of directors approved the accompanying financial statements and authorized the issue of these statements.

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 as of October 24, 2012, the date the board of directors approved the accompanying financial statements and authorized the issue of these statements.

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 as of October 24, 2012, the date the board of directors approved the accompanying financial statements and authorized the issue of these statements.

f. The European Commission issued a Statement of Objection to some CD-ROM factories to make antitrust investigations in the third quarter of 2012. When Lite-On IT Corp. ("Lite-On IT") received in July 2012 the investigation notice from the European Commission, it stated that it would cooperate with the European Commission in the investigation. Lite-On IT has assigned lawyers to deal with the lawsuits. Since the cases were still in the preliminary stage, Lite-On IT could not estimate the outcome of the case or amount of possible loss as of October 24, 2012, the date the board of directors approved the accompanying financial statements and authorized the issue of these statements.

26. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	September 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	$ 11	$ 11	$ -	$ 11	$ 11	$ -
Available-for-sale financial assets - noncurrent	1,205,625	1,205,625	-	2,644,662	2,644,662	-

(Continued)

Nonderivative Financial Instruments	September 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
Financial assets carried at cost - noncurrent	$ 1,015,900	$ -	$ -	$ 1,622,044	$ -	$ -
Liabilities						
Current portion of long-term bank loans	3,938,109	-	3,938,109	1,172,125	-	1,172,125
Current portion of obligations under capital leases	55,372	-	55,372	87,736	-	87,736
Long-term bank loans, net of current portion	19,932,801	-	19,932,801	21,746,687	-	21,746,687
Obligations under capital leases, net of current portion	252,944	-	252,944	331,296	-	331,296

(Concluded)

Derivative Financial Instruments	September 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
Parent Company						
Derivative financial liability for hedging - noncurrent						
Interest rate swap	$ 119,667	$ -	$ 119,667	$ 169,758	$ -	$ 169,758
Lite-On IT Corp.						
1) Financial assets at fair value through profit or loss - current						
Cross-currency swap	22,213	-	22,213	-	-	-
Forward exchange contracts	722	-	722	777	-	777
2) Financial liabilities at fair value through profit or loss - current						
Cross-currency swap	-	-	-	69,717	-	69,717
Forward exchange contracts	-	-	-	482	-	482
Philips & Lite-On Digital Solutions Corp.						
1) Financial assets at fair value through profit or loss - current						
Cross-currency swap	10,569	-	10,569	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Cross-currency swap	-	-	-	19,812	-	19,812

(Continued)

Derivative Financial Instruments	September 30 2012 Carrying Amount	2012 Fair Value Quoted Price	2012 Fair Value Estimate Based on Valuation Techniques	2011 Carrying Amount	2011 Fair Value Quoted Price	2011 Fair Value Estimate Based on Valuation Techniques
Silitech Technology Corp.						
1) Financial assets at fair value through profit or loss - current						
Cross-currency swap	$ 11,585	$ -	$ 11,585	$ -	$ -	$ -
Forward exchange contracts	129	-	129	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	1,156	-	1,156
Cross-currency swap	-	-	-	39,520	-	39,520
Lite-On Automotive Corp.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	54	-	54	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	2,099	-	2,099	-	-	-
Lite-On Automotive Electronics (Guangzhou) Corp.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	2,061	-	2,061	1,283	-	1,283
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	364	-	364	112	-	112
Lite-On Electronics (Thailand) Ltd.						
Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	12,930	-	12,930

(Continued)

	September 30					
	2012			2011		
		Fair Value			Fair Value	
Derivative Financial Instruments	**Carrying Amount**	**Quoted Price**	**Estimate Based on Valuation Techniques**	**Carrying Amount**	**Quoted Price**	**Estimate Based on Valuation Techniques**
Lite-On Mobile Oyj (formerly Perlos Oyj)						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	$ 1,420	$ -	$ 1,420	$ 134,014	$ -	$ 134,014
Cross-currency swap	6,678	-	6,678	45,804	-	45,804
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	15,399	-	15,399	3,970	-	3,970
Cross-currency swap	4,267	-	4,267	1,442	-	1,442
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.						
Financial assets at fair value through profit or loss - current						
Forward exchange contracts	170	-	170	2,557	-	2,557
Lite-On Mobile India Private Limited.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	19	-	19	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	19,463	-	19,463	-	-	-
Leotek Electronics Corp.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	2,743	-	2,743	-	-	-
Cross-currency swap	1,252	-	1,252	-	-	-
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	84	-	84	4,027	-	4,027
Cross-currency swap	82	-	82	-	-	-

(Continued)

Derivative Financial Instruments	September 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 Japan Ltd.						
1) Financial assets at fair value through profit or loss - current						
Cross-currency swap	$ -	$ -	$ -	$ 19,977	$ -	$ 19,977
2) Financial liabilities at fair value through profit or loss - current						
Option-put	-	-	-	19,992	-	19,992
Interest rate swap	106	-	106	481	-	481
Lite-On Singapore Pte. Ltd.						
1) Financial assets at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	16,426	-	16,426
2) Financial liabilities at fair value through profit or loss - current						
Forward exchange contracts	5,271	-	5,271	-	-	-
Logah Technology Corp.						
Financial assets at fair value through profit or loss - current						
Forward exchange contracts	-	-	-	4,770	-	4,770

(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 and accounts payable, accrued expenses, accounts payables to related parties, other payable to related parties.

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

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

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

5) Fair value of long-term 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 September 30, 2012 and 2011, financial assets exposed to fair value risk from interest rate fluctuation amounted to $37,062,849 thousand and $28,799,875 thousand, respectively, and financial liabilities amounted to $4,057,224 thousand and $419,032 thousand, respectively; financial assets exposed to cash flow risk from interest rate fluctuation amounted to $17,001,699 thousand and $18,060,900 thousand, respectively, and financial liabilities exposed to cash flow risk from interest rate fluctuation amounted to $28,282,768 thousand and $27,465,751 thousand, respectively.

d. The Parent Company recognized the increase of $250,591 thousand and the decrease of $1,291,617 thousand in shareholders' equity for the changes in fair value of available-for-sale financial assets on September 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. The cash flow hedge transactions is deemed sufficient. As September 30, 2012 and 2011, the unrealized losses recognized in shareholders' equity were $119,667 thousand and $169,758 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	September 30, 2012	$ 6,000,000	Note	1.895%	Quarterly	2015.9.23
Interest rate swap	September 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: Financial Instruments Designated	Fair Value September 30: 2012	Fair Value September 30: 2011	Expected Period of Cash Flows	Expected Period of Realizing Gains or Losses
Medium- and long-term loans	Interest rate swap	$ (119,667)	$ (169,758)	2008-2015	2008-2015

27. 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 Group'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 Group 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:

	Nine Months Ended September 30, 2012					
	Optoelectronics and Network	System Integration	Optical Storage	Others	Elimination	Total
Sales from external customers	$ 51,110,488	$ 62,702,219	$ 39,533,442	$ 9,803,448	$ -	$ 163,149,597
Intersegment sales	1,135,733	1,693,110	8,272	224,030	(3,061,145)	-
Operating profit (loss)	1,932,900	4,541,067	1,959,240	(1,673,754)	-	6,759,453
Segment assets	57,013,779	47,423,648	40,123,126	48,916,618	(2,215,679)	191,261,492

	Nine Months Ended September 30, 2011					
	Optoelectronics and Network	System Integration	Optical Storage	Others	Elimination	Total
Sales from external customers	$ 46,828,529	$ 65,908,613	$ 47,373,445	$ 9,992,667	$ -	$ 170,103,254
Intersegment sales	1,014,182	1,863,864	21,667	159,436	(3,059,149)	-
Operating profit (loss)	2,801,126	3,883,710	2,429,009	(1,323,893)		7,789,952
Segment assets	62,123,567	48,422,374	46,721,299	46,081,989	(3,069,159)	200,280,070

28. 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 Foreign Currencies, Except Exchange Rate)

	September 30			
	2012		2011	
	Foreign Currencies	**Exchange Rate (NT$)**	**Foreign Currencies**	**Exchange Rate (NT$)**
Financial assets				
Monetary items				
CNY	$ 6,355,537	4.6588	$ 5,607,224	4.7732
JPY	2,602,242	0.3775	3,201,028	0.3973
USD	2,211,766	29.2850	2,383,475	30.4650
THB	426,382	0.9545	499,957	0.9815
HKD	335,288	3.7773	267,983	3.9104
EUR	79,816	37.8714	131,130	41.1643
Nonmonetary items				
CNY	6,888	4.6588	5,661	4.7732
JPY	4,565	0.3775	55,944	0.3973
USD	177,460	29.2850	141,784	30.4650
HKD	5,973	3.7773	54,050	3.9104
EUR	6,312	37.8714	17,490	41.1643
Investments accounted for by the equity				
CNY	28,771	4.6588	28,420	4.7732
USD	26,602	29.2850	23,586	30.4650
EUR	551	37.8714	348	41.1643
JPY	456	0.3775	134,274	0.3973
Financial liabilities				
Monetary items				
CNY	3,040,414	4.6588	2,881,063	4.7732
JPY	2,445,839	0.3775	1,957,724	0.3973
USD	2,169,788	29.2850	8,732,536	30.4650
THB	282,666	0.9545	301,662	0.9815
HKD	17,037	3.7773	188,886	3.9104
EUR	114,591	37.8714	1,342,886	41.1643
Nonmonetary items				
JPY	282	0.3775	51,531	0.3973
USD	4,086	29.2850	12,907	30.4650

29. 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 status of execution are shown 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 IFRS 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
7) Complete the modification of the relevant internal controls.	Finance, system integration, human resource, operation, sales and internal audit	Completed
8) Determine the IFRS 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

b. As of September 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	$ 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	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)
Properties	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)
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	
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	

2) Reconciliation of the consolidated balance sheet as of September 30, 2012

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Cash and cash equivalents	$ 55,268,381	$ (8,726,146)	$ 46,542,235	a)
Accounts receivable, net	44,852,640	745,250	45,597,890	b)
Other financial assets - current	1,600,070	8,726,146	10,326,216	a)
Prepayments	4,344,126	521,987	4,866,113	h), i) and j)
Deferred income tax assets - current	855,782	(855,782)	-	c)
Available-for-sale financial assets - noncurrent	1,205,626	1,015,900	2,221,526	f)
Financial assets carried at cost - noncurrent	1,015,900	(1,015,900)	-	f)
Investments accounted for by the equity method	3,494,545	(160,809)	3,333,736	l) and p)
Properties	38,323,670	(29,666)	38,294,004	e), h), j) and m)
Intangible assets	16,157,714	(25,439)	16,132,275	h), i), m) and n)
Leased assets, net	112,007	(112,007)	-	e)
Idle assets, net	268,857	(268,857)	-	e)
Deferred expenses, net	2,010,500	(2,010,500)	-	h)
Deferred income tax assets	-	642,197	642,197	c), d), n), o) and p)
Long-term prepayments	-	2,006,326	2,006,326	h), i), j) and n)
Other	21,751,674	-	21,751,674	
Total	$ 191,261,492	$ 452,700	$ 191,714,192	
Accrued expenses	$ 10,889,273	$ 246,950	$ 11,136,223	n) and o)
Other current liabilities	5,623,095	743,299	6,366,394	b) and n)
Obligations under capital leases - noncurrent	252,944	1,189	254,133	m)
Reserve for land value increment tax	239,693	(239,693)	-	g)
Accrued pension liabilities	161,119	66,661	227,780	n)
Deferred income tax liabilities	741,401	12,939	754,340	d), g) and n)
Deferred credits	90,193	(90,193)	-	l)
Other	86,297,637	-	86,297,637	
Total liabilities	104,295,355	741,152	105,036,507	
Capital surplus	27,482,557	(761,225)	26,721,332	p), q) and s)
Unappropriated earnings	10,945,638	517,746	11,463,384	m), n), o), p), q), r) and s)
Foreign currency translation reserve	(176,822)	1,819	(175,003)	m), n), o) and p)
Net loss not recognized as pension cost	(20,881)	20,881	-	r)
Unrealized loss on financial instruments	(527,391)	230,587	(296,804)	k)
Treasury stock	(1,104,073)	(230,587)	(1,334,660)	k)
Other	30,681,391	-	30,681,391	
Noncontrolling interests	19,685,718	(67,673)	19,618,045	m), n), o) and p)
Total shareholders' equity	86,966,137	(288,452)	86,677,685	
Total	$ 191,261,492	$ 452,700	$ 191,714,192	

3) Reconciliation of the consolidated statement of comprehensive income for the nine months ended September 30, 2012

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Net sales	$ 163,149,597	$ 187	$ 163,149,784	l)
Cost of sales	(140,130,660)	(192,208)	(140,322,868)	l), n), o) and t)
Gross profit before affiliates' elimination	23,018,937	(192,021)	22,826,916	
Unrealized intercompany gains	(6,050)	(34)	(6,084)	p)
Gross profit	23,012,887	(192,055)	22,820,832	
Operating expenses	(14,996,176)	190,813	(14,805,363)	m), n) o) and t)
Operating income	8,016,711	(1,242)	8,015,469	
Nonoperating gains and loss				
Gain on disposal of investments, net	546,629	(142,615)	404,014	q) and s)
Investment income recognized under the equity method, net	12,256	5,267	17,523	p)
Other	76,029	-	76,029	
Total nonoperating expenses and losses	634,914	(137,348)	497,566	
Income before income tax	8,651,625	(138,590)	8,513,035	
Income tax	(1,892,172)	(950)	(1,893,122)	n), o) and p)
Consolidated net income	$ 6,759,453	$ (139,540)	6,619,913	
Exchange differences on translating foreign operations			(1,800,563)	
Unrealized gain on financial instruments			(154,800)	
Cash flow hedges			45,558	
Total comprehensive income for the period			$ 4,710,108	

4) Exemptions from IFRS 1

IFRS 1 - "First-time Adoption of International Financial Reporting Standards" establishes the procedures for the preparation of consolidated financial statements by the Group as a first-time user of 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) and to make selections from among optional exemptions and mandatory exceptions 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" to business combinations made before the date of transition to IFRSs. Thus the carrying amount of goodwill arising from past business combinations in the opening IFRS consolidated balance sheet is its carrying amount based on 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

The Group elected to measure properties and intangible properties at cost, not at market price, at the date of transition to IFRS.

Employee benefits

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

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

5) Significant differences between ROC GAAP and IFRSs

As of September 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 three months or less from the date of acquisition. Thus, some certificates of deposit the Group held that had maturities of more than three months from the date of investment have been reclassified to other financial assets.

As of September 30, 2012 and January 1, 2012, the amounts reclassified to other financial assets - current were $8,726,146 thousand and $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 September 30, 2012 and January 1, 2012, the amounts reclassified from allowance for sales returns and discounts to provisions were $745,250 thousand and $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 against which the deductible temporary differences can be used; 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 September 30, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets - current to deferred income tax assets - noncurrent were $855,782 thousand and $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 September 30, 2012 and January 1, 2012, the offset amounts of the Group’s deferred tax assets and deferred tax liabilities were $226,865 thousand and $240,519 thousand, respectively.

e) 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 properties 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 September 30, 2012 and January 1, 2012, the amounts reclassified from leased assets and idle assets to properties were $380,864 thousand and $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 September 30, 2012 and January 1, 2012, the Group’s financial assets carried at cost reclassified to available for sale financial assets amounted to $1,015,900 thousand and $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 revaluation 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 September 30, 2012 and January 1, 2012, the amount reclassified from land value increment tax to deferred income tax liabilities was $239,693 thousand.

h) 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 September 30, 2012, the Group had reclassified deferred expenses of $10,686 thousand, $1,176,209 thousand, $555,413 thousand, and $268,192 thousand to prepaid expenses; properties; intangible assets; and long-term prepaid expenses, respectively.

As of January 1, 2012, the Group's deferred expenses of $12,858 thousand, $1,296,031 thousand, $598,025 thousand, and $366,682 thousand had been reclassified to prepaid expenses; properties; intangible assets; and long-term prepaid expenses, 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 International Accounting Standard (IAS) No. 17 - "Leases."

As of September 30, 2012, the Group's land use rights reclassified to prepayments and long-term prepayments amounted to $466,220 thousand and $108,220 thousand, respectively.

As of January 1, 2012, the Group's land use rights reclassified to prepayments and long-term prepayments amounted to $585,852 thousand and $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 September 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 of $45,082 thousand and $1,570,425 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 of $48,426 thousand and $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 September 30, 2012 and January 1, 2012, the Group's unrealized loss of $230,587 thousand on available-for-sale financial assets was reclassified to treasury stock.

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 September 30, 2012 and January 1, 2012, the Group's deferred credits reclassified to investments accounted for by the equity method amounted to $90,193 thousand and $84,143 thousand, respectively.

For the nine months ended September 30, 2012, the Group's realized gross profit on downstream transactions was adjusted for increases in the operating revenue and operating cost of $187 thousand each.

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 September 30, 2012, the IFRS-based adjustment resulted in increases in properties by $28,768 thousand and unappropriated earnings by $14,024 thousand.

As of January 1, 2012, the IFRS-based adjustment resulted in increases in properties by $34,845 thousand and unappropriated earnings by $33,084 thousand.

The depreciation expense for the nine months ended September 30, 2012 was adjusted for an increase of $2,288 thousand (recorded as operating expenses).

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 September 30, 2012, the IFRS-based adjustments resulted in (a) increases in long-term prepayments by $62,837 thousand; accrued pension liabilities by $66,661 thousand; and unappropriated earnings by $23,569 thousand; and (b) a decrease in noncontrolling interests by $34,201 thousand.

As of January 1, 2012, the IFRS-based adjustments resulted in (a) increases in deferred income tax assets by $7,624 thousand; long-term prepayments by $46,252 thousand; and accrued pension liabilities by $81,378 thousand; and (b) a decrease in unappropriated earnings by $3,104 thousand.

For the nine months ended September 30, 2012, IFRS adoption resulted in a decrease of $4,353 thousand ($1,359 thousand recorded as cost of sales and $2,994 thousand recorded as operating expenses) in salary expenses and an increase of $290 thousand in income tax.

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 September 30, 2012, the IFRS-based evaluation adjustment resulted in an increase of accrued expenses by $246,839 thousand. This adjustment also resulted in decreases in unappropriated earnings by $190,006 thousand and noncontrolling interests by $52,922 thousand.

The evaluation adjustments as of January 1, 2012, resulted in increases in deferred income tax assets by $6,471 thousand and accrued expenses by $256,609 thousand. Other results were decreases of $179,786 thousand in unappropriated earnings and $70,352 thousand in noncontrolling interests.

For the nine months ended September 30, 2012, the salary expenses were adjusted for an increase of $3,307 thousand (resulting in a decrease of $18,141 thousand in cost of sales and an increase of $21,448 thousand in operating expenses). The income tax was also adjusted for an increase of $689 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 September 30, 2012, the adoption of IFRS resulted in an increase of $179,153 thousand in unappropriated earnings. Another result was decreases of $70,977 thousand in investments accounted for by the equity method and $249,338 thousand in capital surplus.

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

For the nine months ended September 30, 2012, the IFRS-based adjustments resulted in increases of $5,267 thousand in investment income recognized under the equity method and $34 thousand in unrealized intercompany gains. The income tax was adjusted for a decrease of $29 thousand.

q. Accounting treatment of the Parent Company for increases 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.

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 on the Adoption of IFRSs" issued by the Taiwan Stock Exchange, capital surplus not covered by the IFRSs, the ROC Company Law and the relevant legal interpretations of the Ministry of Economic Affairs, ROC should be adjusted accordingly at the date of transition to IFRSs.

As of September 30, 2012, the foregoing adjustments resulted in a decrease of $658,080 thousand in the Parent Company's capital surplus - long term investments and an increase of $654,502 thousand in unappropriated earnings.

As of January 1, 2012, the foregoing adjustments resulted in a decrease of $738,398 thousand in the Parent Company's capital surplus - long term investments and an increase of $738,398 thousand in unappropriated earnings.

In addition, gain on disposal of investments was adjusted for an increase of $3,578 thousand for the nine months ended September 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 is no requirement for recognizing minimum pension liability.

As of September 30, 2012, net loss not recognized as pension cost was adjusted for an increase of $20,881 thousand and unappropriated earnings for a decrease of $20,881 thousand.

As of January 1, 2012, net loss not recognized as pension cost was adjusted for an increase of $17,182 thousand and unappropriated earnings for a decrease of $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 September 30, 2012, the IFRS-based adjustments resulted in an increase of $146,193 thousand in the Parent Company's capital surplus - long term investments under the equity method and a decrease of $146,193 thousand in the gain on disposal of investments.

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 $211,555 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
SEPTEMBER 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

		Receivable from Related Parties (Note 5)					Payable to Related Parties (Note 5)				
		Accounts Receivable		Other Receivable			Accounts Payable		Other Payable		
Related Party	**Nature of Relationship (Note 1)**	**Amount**	**% to Total (Note 2)**	**Amount**	**% to Total (Note 2)**	**Total**	**Amount**	**% to Total (Note 2)**	**Amount**	**% to Total (Note 2)**	**Total**
September 30, 2012											
Lite-On Semiconductor Corp.	a	$ 93,585	98	$ 1,241	2	$ 94,826	$ 201,333	71	$ 82	-	$ 201,415
Silpert Travel Service Co., Ltd.	d	-	-	201	-	201	-	-	5,147	2	5,147
Chi Mei Mold Co., Ltd.	c	-	-	-	-	-	17,515	6	12,633	4	30,148
Jhen Vei Electronic (Wujian) Co., Ltd.	b	-	-	-	-	-	44,118	16	-	-	44,118
Other related parties (Note 3)		746	-	-	-	746	4,089	1	-	-	4,089
		$ 94,331	98	$ 1,442	2	$ 95,773	$ 267,055	94	$ 17,862	6	$ 284,917
September 30, 2011											
Lite-On Semiconductor Corp.	a	$ 292,097	100	798	-	$ 292,895	$ 293,364	77	1,096	-	$ 294,460
Chi Mei Mold Co., Ltd.	c	-	-	-	-	-	43,522	11	37,892	10	81,414
Other related parties (Note 4)		747	-	24	-	771	5,083	1	1,755	1	6,838
		$ 292,844	100	$ 822	-	$ 293,666	$ 341,969	89	$ 40,743	11	$ 382,712

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

Note 5: Significant intercompany transactions have been eliminated.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

Related Party	Nature of Relationship (Note 1)	Sales		Purchases		Rental Revenue (Notes 7 and 8	Other Revenue	Rental Expense (Note 8)	Other Expense (Note 4)	Property Transaction (Note 8)			
		Amount	% (Notes 3 and 8)	Amount	% (Notes 3 and 8)					Book Value	Proceeds	Disposal Gain (Loss)	Cost
September 30, 2012													
Lite-On Semiconductor Corp.	a	$ 218,853	-	$ 486,947	-	$ -	$ 2,735	$ -	$ -	$ -	$ -	$ -	$ -
Lite-On Cultural Foundation	d	67	-	-	-	258	34	-	-	-	-	-	-
Silpert Travel Service Co., Ltd.	c	-	-	-	-	43	-	-	77,922	-	-	-	-
Chi Mei Mold Co., Ltd.	b	-	-	28,121	-	-	686	-	7,054	-	-	-	-
Actron Technology Corp.	e	-	-	-	-	-	405	-	-	-	-	-	-
Other related parties (Note 5)		2,268	-	4,569	-	-	-	-	-	-	-	-	-
		$ 221,188	-	$ 519,637	-	$ 301	$ 3,860	$ -	$ 84,976	$ -	$ -	$ -	$ -
September 30, 2011													
Lite-On Semiconductor Corp.	a	$ 631,993	-	$1,015,049	-	$ -	$ 2,666	$ -	$ -	$ -	$ -	$ -	$ -
Lite-On Cultural Foundation	d	71	-	-	-	258	35	-	1,177	-	-	-	-
Silpert Travel Service Co., Ltd.	c	-	-	-	-	43	-	-	77,002	-	-	-	-
Chi Mei Mold Co., Ltd.	b	-	-	55,000	-	-	686	-	19,514	-	-	-	-
Actron Technology Corp.	e	-	-	-	-	-	428	-	-	-	-	-	-
Other related parties (Note 6)		2,268	-	41,855	-	-	-	-	-	-	-	-	-
		$ 634,332	-	$1,111,904	-	$ 301	$ 3,815	$ -	$ 97,693	$ -	$ -	$ -	$ -

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

Note 2: Except for transactions disclosed in Note 23, 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. An investee of an equity-method subsidiary: Jhen Vei Electronic Co., Ltd., Jhen Vei Electronic (Shenzhen) Co., Ltd. and Jhen Vei Electronic (Wujian) Co., Ltd.
b. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.

Note 7: Recognized as operating revenue.

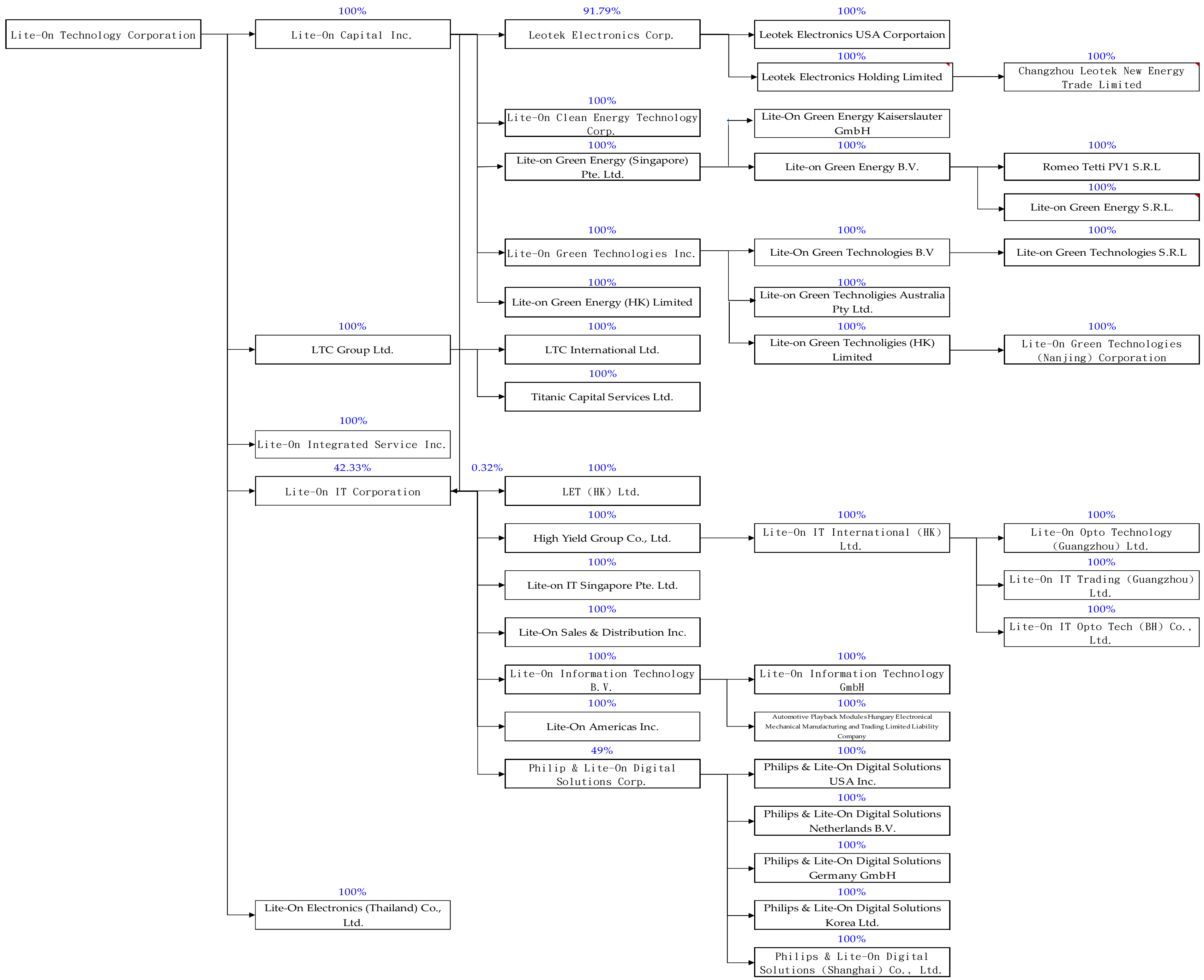
Note 8: Significant intercompany transactions have been eliminated.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

September 30, 2012



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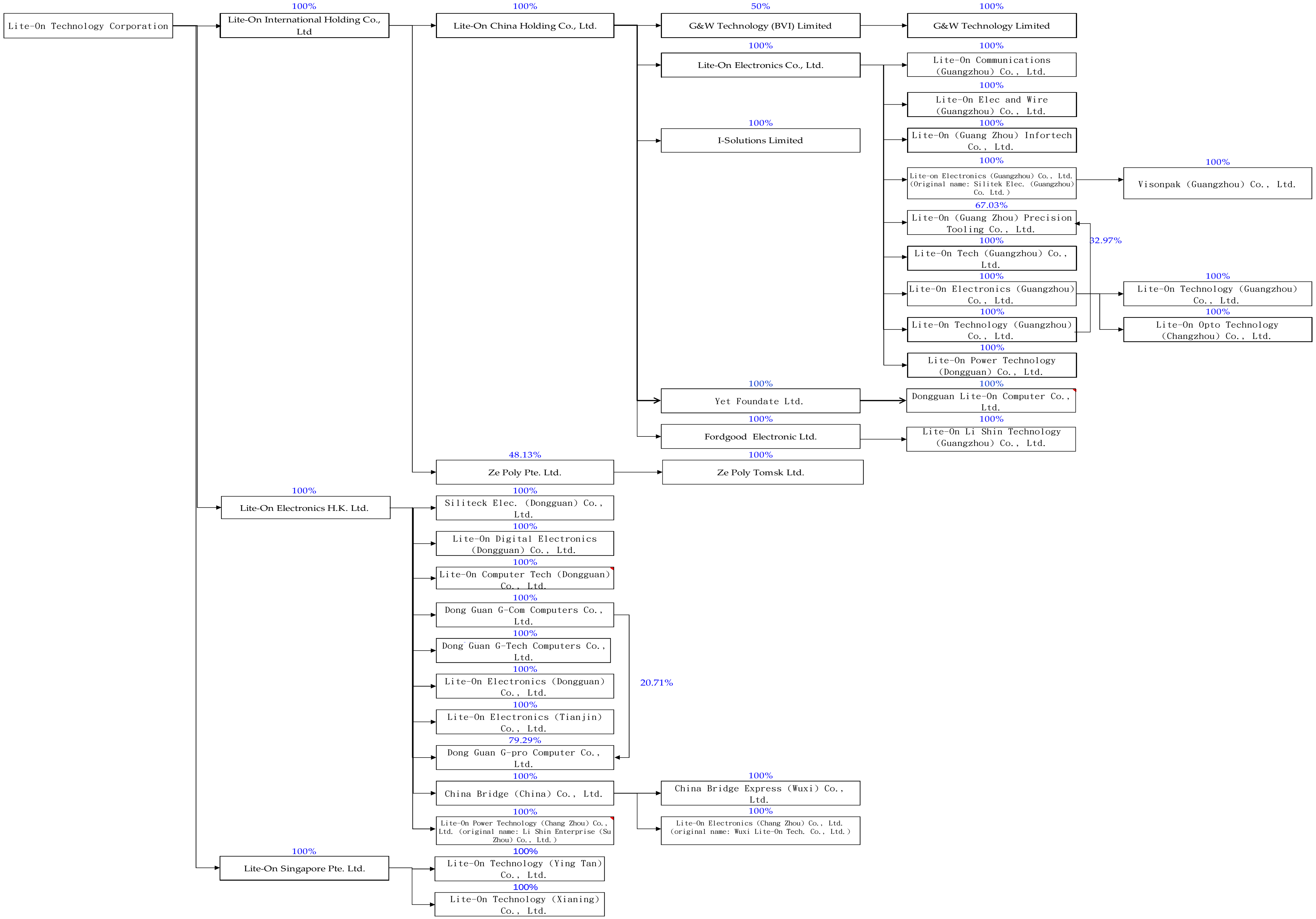
Lite-On Technology Corporation
100%
Lite-On International Holding Co., Ltd
100%
Lite-On China Holding Co., Ltd.
50%
G&W Technology (BVI) Limited
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G&W Technology Limited
100%
Lite-On Electronics Co., Ltd.
100%
Lite-On Communications (Guangzhou) Co., Ltd.
100%
Lite-On Elec and Wire (Guangzhou) Co., Ltd.
100%
I-Solutions Limited
100%
Lite-On (Guang Zhou) Infortech Co., Ltd.
100%
Lite-on Electronics (Guangzhou) Co., Ltd. (Original name: 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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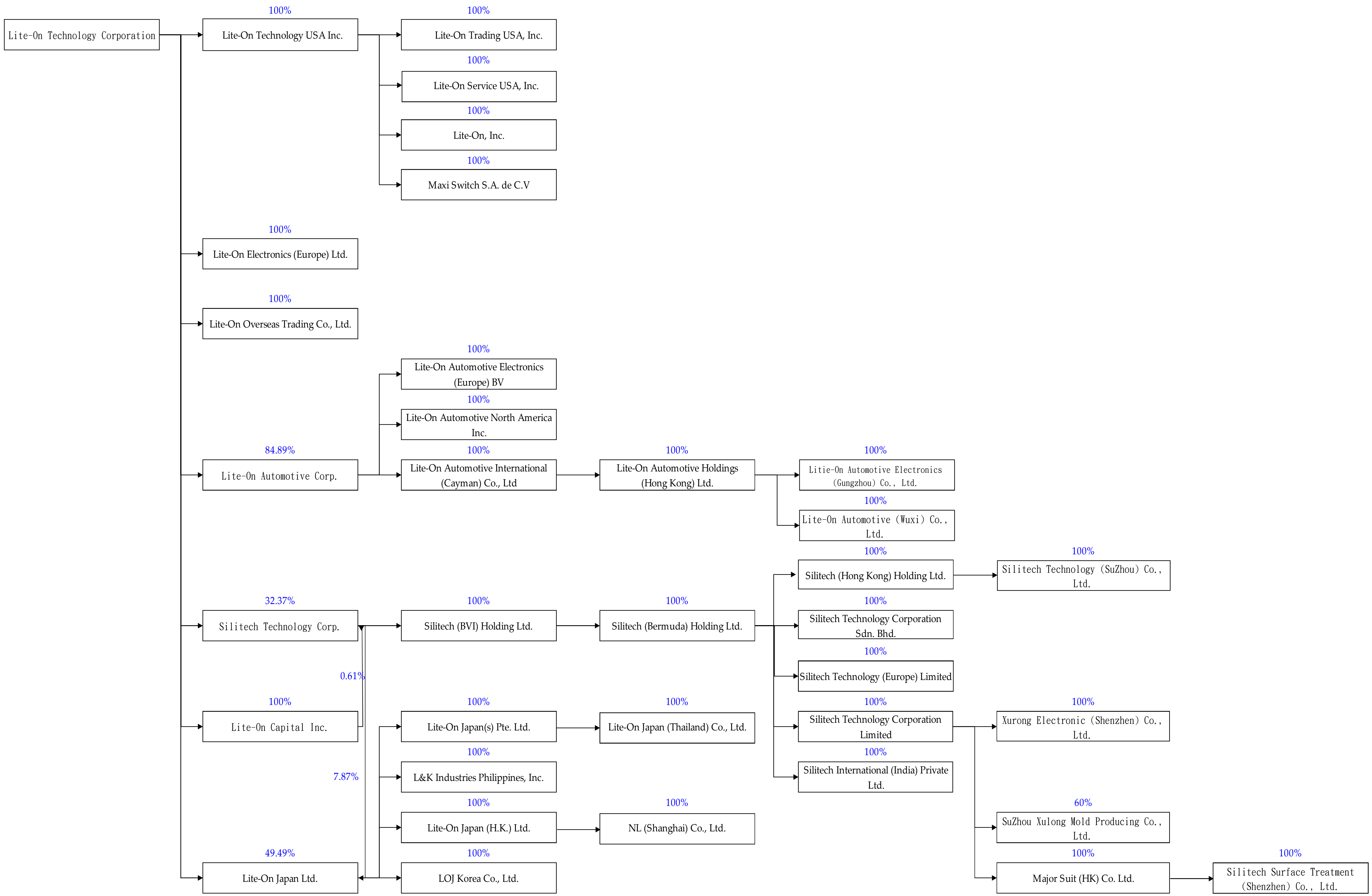
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100%
Lite-On Technology USA Inc.
100%
Lite-On Trading USA, Inc.
100%
Lite-On Service USA, Inc.
100%
Lite-On, Inc.
100%
Maxi Switch S.A. de C.V
100%
Lite-On Electronics (Europe) Ltd.
100%
Lite-On Overseas Trading Co., Ltd.
100%
Lite-On Automotive Electronics (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.
32.37%
Silitech Technology Corp.
100%
Silitech (BVI) Holding Ltd.
100%
Silitech (Bermuda) Holding Ltd.
100%
Silitech (Hong Kong) Holding Ltd.
100%
Silitech Technology (SuZhou) Co., Ltd.
100%
Silitech Technology Corporation Sdn. Bhd.
100%
Silitech Technology (Europe) Limited
100%
Silitech Technology Corporation Limited
100%
Xurong Electronic (Shenzhen) Co., Ltd.
100%
Silitech International (India) Private Ltd.
60%
SuZhou Xulong Mold Producing Co., Ltd.
100%
Major Suit (HK) Co. Ltd.
100%
Silitech Surface Treatment (Shenzhen) Co., Ltd.
0.61%
100%
Lite-On Capital Inc.
7.87%
49.49%
Lite-On Japan Ltd.
100%
Lite-On Japan(s) Pte. Ltd.
100%
Lite-On Japan (Thailand) Co., Ltd.
100%
L&K Industries Philippines, Inc.
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Lite-On Japan (H.K.) Ltd.
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NL (Shanghai) Co., Ltd.
100%
LOJ Korea Co., Ltd.

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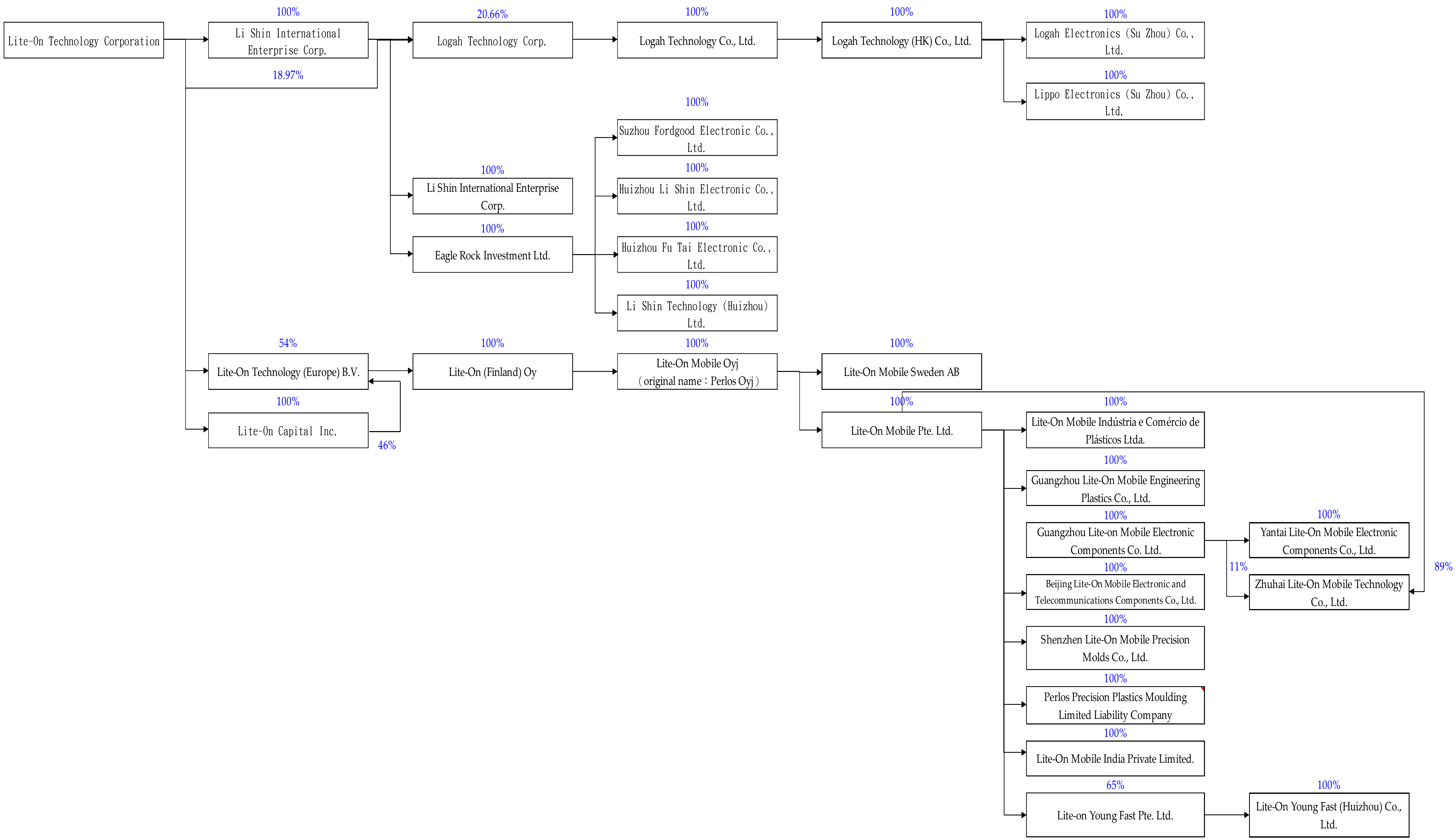
Lite-On Technology Corporation
100%
Li Shin International Enterprise Corp.
18.97%
20.66%
Logah Technology Corp.
100%
Logah Technology Co., Ltd.
100%
Logah Technology (HK) Co., Ltd.
100%
Logah Electronics (Su Zhou) Co., Ltd.
100%
Lippo Electronics (Su Zhou) Co., Ltd.
100%
Suzhou Fordgood Electronic Co., 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
(original name : Perlos 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%
100%
Beijing Lite-On Mobile Electronic and Telecommunications Components Co., Ltd.
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.
65%
Lite-on Young Fast Pte. Ltd.
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Lite-On Young Fast (Huizhou) Co., Ltd.

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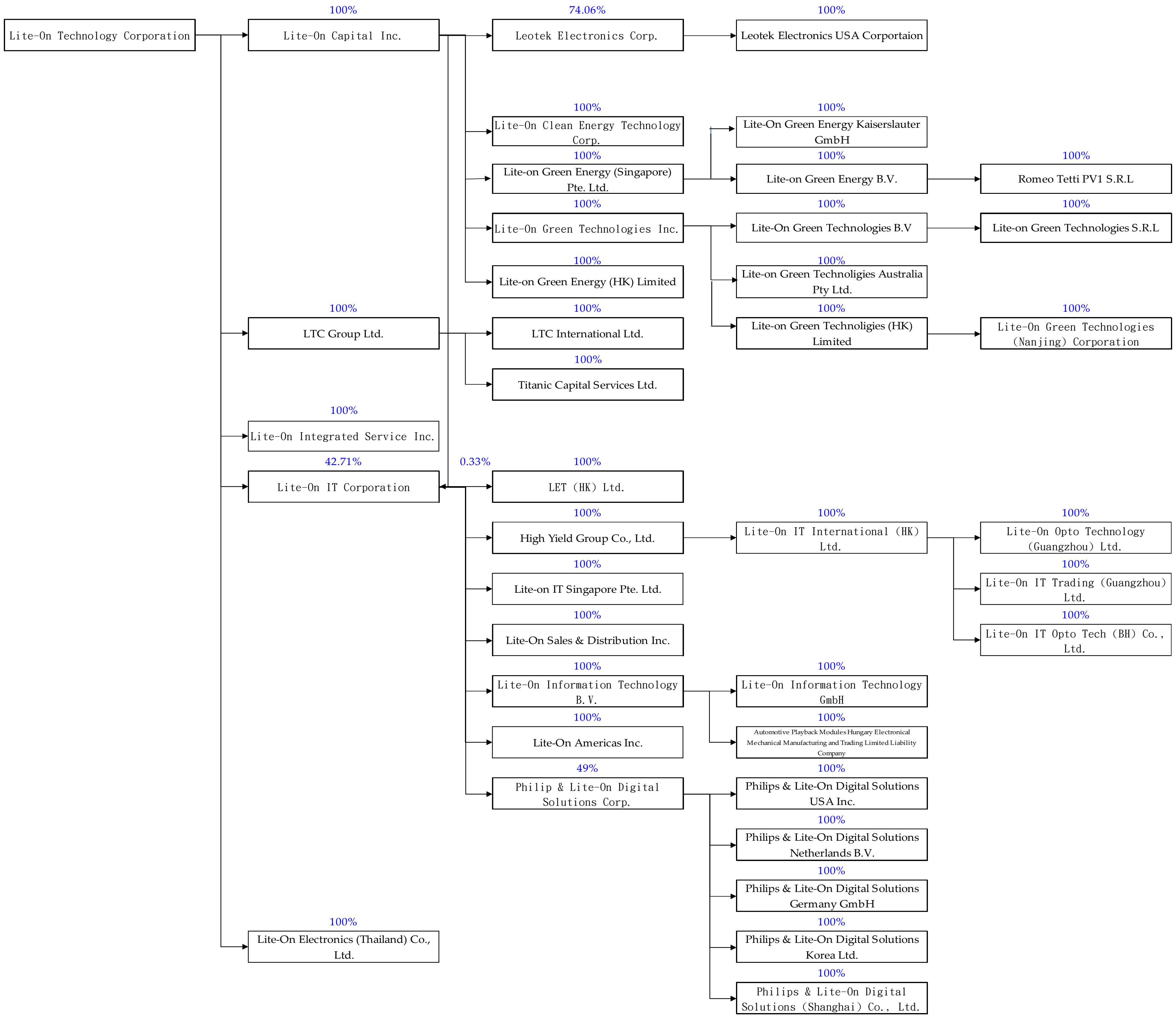
September 30, 2011



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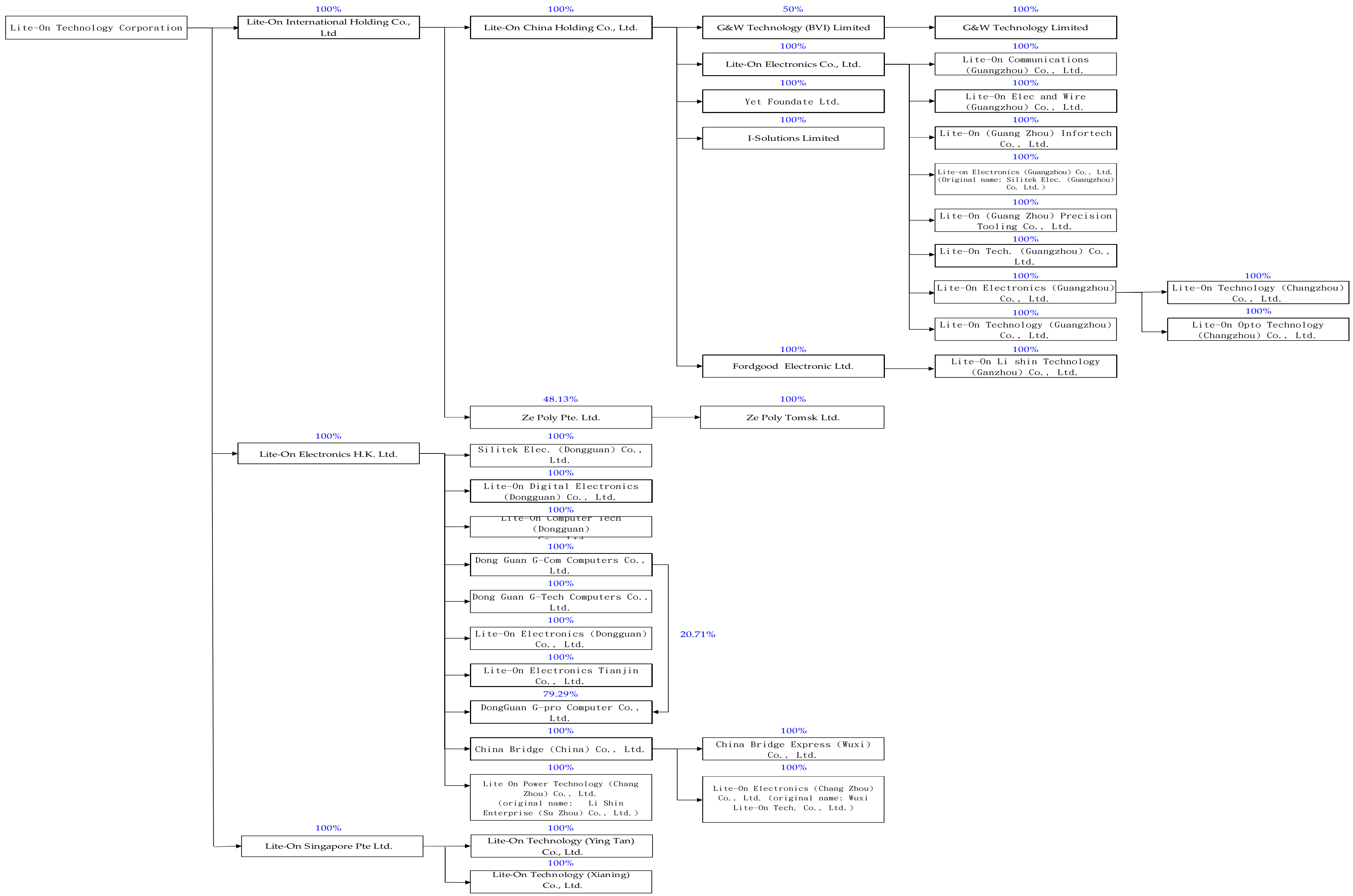
Lite-On Technology Corporation
100%
Lite-On International Holding Co., Ltd
100%
Lite-On China Holding Co., Ltd.
50%
G&W Technology (BVI) Limited
100%
G&W Technology Limited
100%
Lite-On Electronics Co., Ltd.
100%
Lite-On Communications (Guangzhou) Co., Ltd.
100%
Yet Foundate Ltd.
100%
Lite-On Elec and Wire (Guangzhou) Co., Ltd.
100%
I-Solutions Limited
100%
Lite-On (Guang Zhou) Infortech Co., Ltd.
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Lite-on Electronics (Guangzhou) Co., Ltd. (Original name: Silitek Elec. (Guangzhou) Co. Ltd.)
100%
Lite-On (Guang Zhou) Precision Tooling Co., Ltd.
100%
Lite-On Tech. (Guangzhou) Co., Ltd.
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Lite-On Electronics (Guangzhou) Co., Ltd.
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Lite-On Technology (Changzhou) Co., Ltd.
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Lite-On Technology (Guangzhou) Co., Ltd.
100%
Lite-On Opto Technology (Changzhou) Co., Ltd.
100%
Fordgood Electronic Ltd.
100%
Lite-On Li shin Technology (Ganzhou) Co., Ltd.
48.13%
Ze Poly Pte. Ltd.
100%
Ze Poly Tomsk Ltd.
100%
Lite-On Electronics H.K. Ltd.
100%
Silitek Elec. (Dongguan) Co., Ltd.
100%
Lite-On Digital Electronics (Dongguan) Co., Ltd.
100%
Lite-On Computer Tech (Dongguan)
100%
Dong Guan G-Com Computers Co., Ltd.
100%
Dong Guan G-Tech Computers Co., Ltd.
100%
Lite-On Electronics (Dongguan) 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.)
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Lite-On Electronics (Chang Zhou) Co., Ltd. (original name: Wuxi Lite-On Tech. Co., Ltd.)
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Lite-On Technology (Ying Tan) Co., Ltd.
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Lite-On Technology (Xianing) Co., Ltd.

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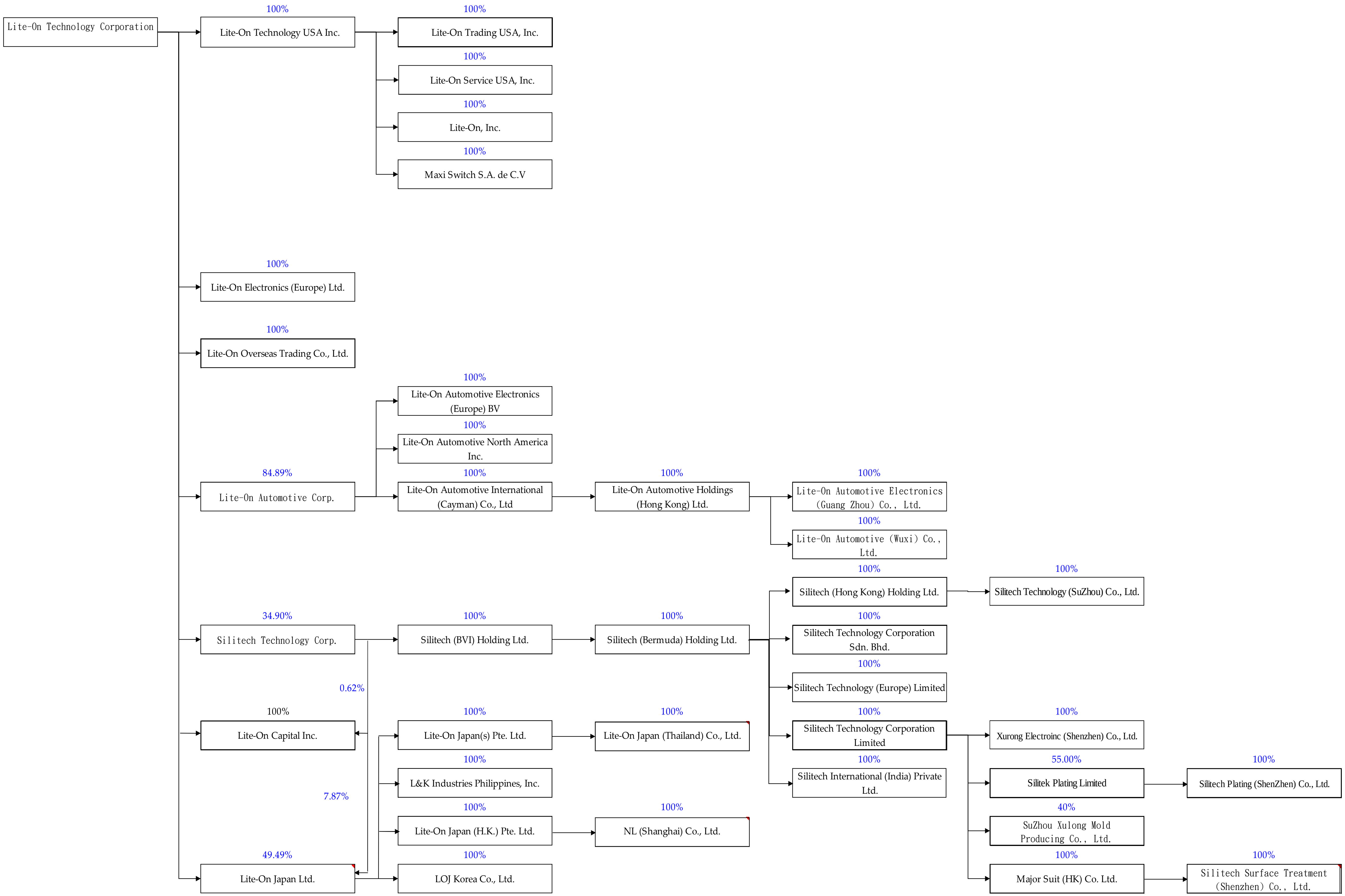
Lite-On Technology Corporation
100%
Lite-On Technology USA Inc.
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Lite-On Trading USA, Inc.
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Lite-On Service USA, Inc.
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Lite-On, Inc.
100%
Maxi Switch S.A. de C.V
100%
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100%
Lite-On Overseas Trading Co., Ltd.
100%
Lite-On Automotive Electronics (Europe) BV
100%
Lite-On Automotive North America Inc.
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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.
34.90%
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 Electroinc (Shenzhen) Co., Ltd.
100%
L&K Industries Philippines, Inc.
100%
Silitech International (India) Private Ltd.
55.00%
Siltek Plating Limited
100%
Siltech 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.

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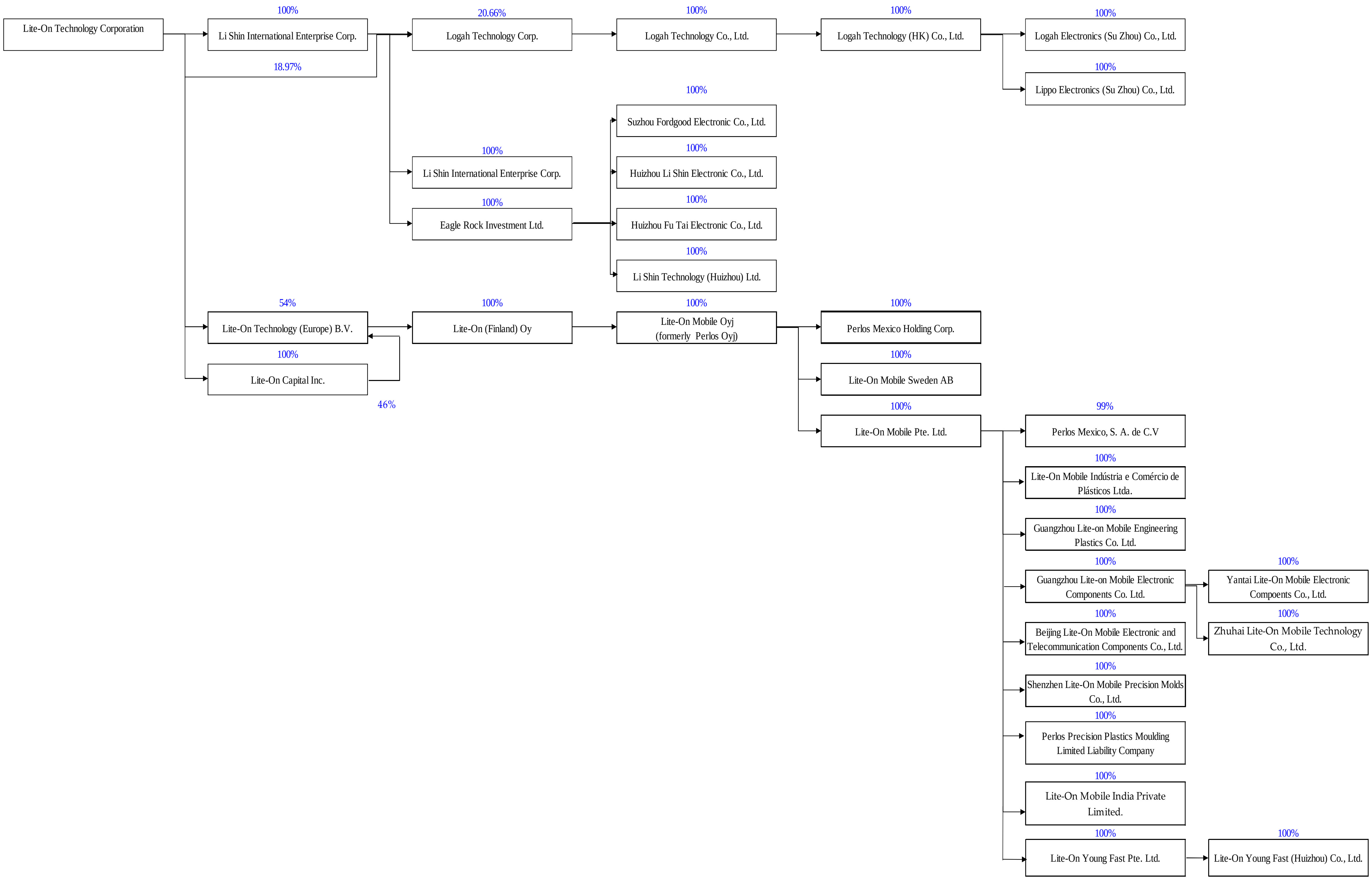
Lite-On Technology Corporation
100%
Li Shin International Enterprise Corp.
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20.66%
Logah Technology Corp.
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Logah Technology Co., Ltd.
100%
Logah Technology (HK) Co., Ltd.
100%
Logah Electronics (Su Zhou) Co., Ltd.
100%
Lippo Electronics (Su Zhou) Co., Ltd.
100%
Li Shin International Enterprise Corp.
100%
Eagle Rock Investment Ltd.
100%
Suzhou Fordgood Electronic Co., Ltd.
100%
Huizhou Li Shin Electronic Co., Ltd.
100%
Huizhou Fu Tai Electronic Co., Ltd.
100%
Li Shin Technology (Huizhou) Ltd.
54%
Lite-On Technology (Europe) B.V.
100%
Lite-On Capital Inc.
46%
100%
Lite-On (Finland) Oy
100%
Lite-On Mobile Oyj
(formerly Perlos Oyj)
100%
Perlos Mexico Holding Corp.
100%
Lite-On Mobile Sweden 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%
Zhuhai Lite-On Mobile Technology Co., Ltd.
100%
Beijing Lite-On Mobile Electronic and Telecommunication 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.
100%
Lite-On Young Fast Pte. Ltd.
100%
Lite-On Young Fast (Huizhou) Co., Ltd.

(Concluded)