Lite-On Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2013 and 2012 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
Lite-On Technology Corporation

We have reviewed the accompanying consolidated balance sheets of Lite-On Technology Corporation ("Parent Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income for the three months ended June 30, 2013 and 2012 and for the six months ended June 30, 2013 and 2012, and changes in equity and cash flows for the six months ended June 30, 2013 and 2012. These consolidated financial statements are the responsibility of the Parent Company's management. Our responsibility is to issue a report 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" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As stated in Note 4 to the consolidated financial statements, we did not review the financial statements as of and for the six months ended June 30, 2013 and 2012 of some consolidated subsidiaries. The assets of these subsidiaries were 28.92% (NT$58,629,899 thousand) and 33.69% (NT$67,319,427 thousand) of the consolidated total assets as of June 30, 2013 and 2012, respectively. The liabilities of these subsidiaries were 19.85% (NT$25,314,004 thousand) and 19.82% (NT$22,802,560 thousand) of the consolidated total liabilities as of June 30, 2013 and 2012, respectively. The comprehensive incomes of these subsidiaries were 30.53% (NT$892,826 thousand), 45.94% (NT$99,473 thousand), 37.69% (NT$2,465,023 thousand) and 46.42% (NT$262,492 thousand) of the total comprehensive income in the three months ended June 30, 2013 and 2012 and the six months ended June 30, 2013 and 2012, respectively. Also, as stated in Note 14 to the consolidated financial statements, the Group had other investments accounted for by the equity method. The carrying values of these investments of NT$1,990,491 thousand and NT$1,927,117 thousand as of June 30, 2013 and 2012, respectively, and share of the profit (loss) of associates and joint ventures amounting to NT$(16,936) thousand, NT$24,066 thousand, NT$(44,193) thousand, and NT$2,336 thousand in the three months ended June 30, 2013 and 2012 and in the six months ended June 30, 2013 and 2012, respectively, and related investment amounts as well as additional disclosures in Note 34 were based on these investees' unreviewed financial statements for the same reporting periods as those of the Group.

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 referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the Financial Supervisory Commission of the Republic of China, and International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards" and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

August 12, 2013

Notice to Readers

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

For the convenience of readers, the independent 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 independent accountants' review report and consolidated financial statements shall prevail.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
ASSETS	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Cash and cash equivalents (Note 6)	$ 57,893,072	28	$ 51,224,870	26	$ 51,961,180	26	$ 52,882,246	26
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	45,574	-	13,023	-	23,390	-	111,584	-
Available-for-sale financial assets - current (Notes 4, 5 and 8)	12	-	10	-	10	-	9	-
Debt investments with no active market - current (Notes 4 and 10)	7,495,491	4	9,365,207	5	10,216,994	5	3,633,137	2
Notes receivable (Note 4)	154,158	-	119,941	-	116,465	-	82,039	-
Trade receivables, net (Notes 4, 5 and 11)	42,614,738	21	44,799,940	23	42,929,716	22	45,841,608	22
Trade receivables from related parties (Notes 4, 5 and 30)	94,542	-	83,421	-	97,131	-	1,099	-
Other receivables	1,565,351	1	1,559,231	1	1,876,995	1	1,590,264	1
Other receivables from related parties (Note 30)	28,545	-	2,231	-	34,968	-	955	-
Inventories, net (Notes 4, 5 and 12)	22,601,951	11	20,566,117	10	22,389,137	11	27,659,384	13
Construction in progress in excess of progressive billings (Notes 4 and 13)	75,790	-	72,527	-	44,451	-	38,294	-
Other current assets (Note 17)	5,517,784	3	5,058,662	2	3,920,401	2	4,429,820	2
Total current assets	138,087,008	68	132,865,180	67	133,610,838	67	136,270,439	66
NONCURRENT ASSETS								
Available-for-sale financial assets - noncurrent (Notes 4, 5 and 8)	2,383,203	1	2,154,465	1	2,314,703	1	4,271,326	2
Debt investments with no active market - noncurrent (Notes 4, 10 and 31)	104,575	-	102,560	-	100,440	-	108,107	-
Investments accounted for by the equity method (Notes 4 and 14)	3,519,398	2	3,508,782	2	3,490,162	2	3,514,672	2
Property, plant and equipment, net (Notes 4, 5 and 15)	37,795,825	19	37,697,741	19	38,595,702	19	38,886,577	19
Intangible assets (Notes 4, 5 and 16)	15,900,115	8	16,033,575	8	16,240,382	8	16,303,412	8
Deferred tax assets (Notes 4 and 5)	2,503,812	1	2,215,617	1	2,178,850	1	2,116,283	1
Refundable deposits	397,684	-	311,277	1	274,599	-	314,903	-
Prepayments for investments	-	-	13,155	-	13,493	-	74,843	-
Other noncurrent assets (Note 17)	2,034,557	1	2,153,262	1	2,974,492	2	3,755,388	2
Total noncurrent assets	64,639,169	32	64,190,434	33	66,182,823	33	69,345,511	34
TOTAL	$ 202,726,177	100	$ 197,055,614	100	$ 199,793,661	100	$ 205,615,950	100

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
LIABILITIES AND EQUITY	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES								
Short-term borrowings (Note 18)	$ 9,255,290	5	$ 7,010,394	4	$ 8,188,222	4	$ 4,737,488	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	13,786	-	35,239	-	27,543	-	42,274	-
Notes payable	357,807	-	240,009	-	398,175	-	498,568	-
Trade payables	48,314,018	24	51,989,611	26	50,272,812	25	60,896,796	30
Trade payables to related parties (Note 30)	128,750	-	137,923	-	328,299	-	317,508	-
Other payables	23,752,668	12	16,304,341	8	23,725,018	12	18,074,382	9
Other payables to related parties (Note 30)	13,463	-	20,173	-	17,982	-	43,058	-
Current tax liabilities (Notes 4 and 5)	1,990,780	1	2,042,444	1	1,595,966	1	2,165,581	1
Provisions - current (Notes 4, 5 and 20)	1,604,143	1	1,691,373	1	1,687,480	1	1,493,339	1
Current portion of long-term borrowings (Note 18)	11,771,492	6	4,411,168	2	1,286,876	1	1,173,473	1
Finance lease payables - current (Notes 4 and 19)	68,462	-	62,381	-	74,236	-	84,360	-
Advance receipts	1,142,085	-	826,445	1	1,065,732	1	1,154,215	-
Total current liabilities	98,412,744	49	84,771,501	43	88,668,341	45	90,681,042	44
NONCURRENT LIABILITIES								
Long-term borrowings, net of current portion (Note 18)	25,632,891	13	19,956,634	10	23,283,015	12	23,294,964	12
Derivative financial liabilities for hedging - noncurrent (Notes 4, 5 and 9)	71,177	-	101,563	-	134,885	-	165,225	-
Deferred tax liabilities (Notes 4 and 5)	2,781,203	1	2,170,053	1	2,414,400	1	2,137,938	1
Finance lease payables, net of current portion (Notes 4 and 19)	208,324	-	232,716	-	272,390	-	320,907	-
Accrued pension liabilities (Notes 4 and 5)	314,980	-	312,768	1	173,747	-	142,158	-
Guarantee deposits received	87,747	-	89,068	-	95,666	-	85,224	-
Total noncurrent liabilities	29,096,322	14	22,862,802	12	26,374,103	13	26,146,416	13
Total liabilities	127,509,066	63	107,634,303	55	115,042,444	58	116,827,458	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY								
Share capital								
Ordinary shares	23,029,886	12	22,953,154	12	22,794,426	12	23,099,801	11
Advance receipts for common stock	25,403	-	6,840	-	-	-	-	-
Reserve for paid-in capital	151,589	-	-	-	158,187	-	-	-
Total share capital	23,206,878	12	22,959,994	12	22,952,613	12	23,099,801	11
Capital surplus								
Additional paid-in capital from share issuance in excess of par value	8,794,733	4	8,551,730	4	8,421,046	4	8,533,185	4
Bond conversion	7,540,388	4	7,540,388	4	7,540,388	4	7,641,499	4
Treasury stock transactions	430,242	-	370,703	-	374,631	-	416,974	-
Difference between consideration and carry amounts adjusted arising from changes in percentage of ownership in subsidiaries	-	-	146,193	-	146,193	-	-	-
Arising from share of changes in capital surplus of associates or joint venture	19,424	-	16,645	-	77,724	-	-	-
Merger	10,120,217	5	10,120,217	5	10,120,217	5	10,255,921	5
Employee stock options	6,112	-	6,112	-	5,168	-	4,602	-
Others	134,320	-	-	-	111,865	-	-	-
Total capital surplus	27,045,436	13	26,751,988	13	26,797,232	13	26,852,181	13
Retained earnings								
Legal reserve	8,601,391	4	7,847,905	4	7,847,905	4	7,125,313	3
Special reserve	689,913	-	-	-	-	-	-	-
Unappropriated earnings	7,413,196	4	13,654,612	7	9,478,608	5	12,392,930	6
Total retained earnings	16,704,500	8	21,502,517	11	17,326,513	9	19,518,243	9
Other equity								
Exchange differences on translating foreign operations	2,138,421	1	128,872	-	324,441	-	1,625,560	1
Unrealized gain (loss) on available-for-sale financial assets	100,555	-	(446,848)	-	(241,418)	-	(142,004)	-
Unrealized loss on cash flow hedging	(71,177)	-	(101,563)	-	(134,885)	-	(165,225)	-
Total other equity	2,167,799	1	(419,539)	-	(51,862)	-	1,318,331	1
Treasury shares	(1,334,660)	(1)	(1,334,660)	(1)	(1,334,660)	(1)	(2,088,230)	(1)
Total equity attributable to owners of the Company	67,789,953	33	69,460,300	35	65,689,836	33	68,700,326	33
NONCONTROLLING INTERESTS	7,427,158	4	19,961,011	10	19,061,381	9	20,088,166	10
Total equity	75,217,111	37	89,421,311	45	84,751,217	42	88,788,492	43
TOTAL	$ 202,726,177	100	$ 197,055,614	100	$ 199,793,661	100	$ 205,615,950	100

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

(With Deloitte & Touche review report dated August 12, 2013)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 4, 5, 23 and 30)	$ 50,733,886	102	$ 55,787,946	101	$ 98,247,310	102	$ 109,075,500	101
Less: Sales allowance	471,696	1	656,185	1	1,067,794	1	1,174,948	1
Sales returns	349,625	1	223,144	-	561,267	1	412,516	-
Other operating revenue	96,620	-	161,710	-	159,430	-	192,356	-
Total operating revenue	50,009,185	100	55,070,327	100	96,777,679	100	107,680,392	100
OPERATING COSTS								
Cost of goods sold (Notes 12, 15, 16, 21 and 30)	42,548,518	85	47,078,020	86	82,407,379	85	92,649,637	86
Other operating cost	50,052	-	117,085	-	76,630	-	140,030	-
Total operating costs	42,598,570	85	47,195,105	86	82,484,009	85	92,789,667	86
GROSS PROFIT	7,410,615	15	7,875,222	14	14,293,670	15	14,890,725	14
OPERATING EXPENSES (Notes 15,16, 21 and 30)								
Selling and marketing expenses	2,062,455	4	2,127,646	4	4,114,051	5	4,165,183	4
General and administrative expenses	1,432,726	3	1,584,974	3	2,869,154	3	3,151,868	3
Research and development expenses	1,503,246	3	1,372,225	2	2,930,572	3	2,690,820	2
Total operating expenses	4,998,427	10	5,084,845	9	9,913,777	11	10,007,871	9
OPERATING INCOME	2,412,188	5	2,790,377	5	4,379,893	4	4,882,854	5
NONOPERATING INCOME AND EXPENSES								
Share of profit (loss) of associates and joint ventures (Note 14)	(1,413)	-	31,193	-	(32,768)	-	11,494	-
Interest income (Note 4)	300,456	-	271,731	-	581,377	1	477,534	-
Dividend income (Note 4)	17,603	-	36,765	-	19,449	-	37,083	-
Other income (Note 30)	840,246	2	356,099	1	1,170,249	1	863,450	1
Gain (loss) on disposal of investments, net	(23,164)	-	389	-	10,941	-	296,083	-
Net gain on foreign currency exchange (Note 4)	3,221	-	113,977	-	150,201	-	57,076	-
Valuation gain (loss) on financial assets (Notes 4 and 7)	54,874	-	(60,627)	-	(59,753)	-	(27,661)	-
Interest expense	(184,051)	-	(157,684)	-	(319,123)	-	(327,112)	-
Other expenses	(126,079)	-	(269,747)	(1)	(297,555)	-	(489,252)	-
Gain (loss) on disposal of property, plant and equipment	10,120	-	(13,597)	-	4,865	-	(28,426)	-
Loss on disposal of intangible assets	-	-	-	-	(1,148)	-	(181)	-
Impairment loss (Notes 8, 14 and 15)	(411,526)	(1)	(6,518)	-	(412,533)	(1)	(489,483)	(1)
Total nonoperating income and expenses	480,287	1	301,981	-	814,202	1	380,605	-

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING PROFIT BEFORE INCOME TAX	$ 2,892,475	6	$ 3,092,358	5	$ 5,194,095	5	$ 5,263,459	5
INCOME TAX EXPENSE (Notes 4, 5 and 24)	566,105	1	651,612	1	1,076,818	1	1,219,218	1
NET PROFIT FOR THE PERIOD	2,326,370	5	2,440,746	4	4,117,277	4	4,044,241	4
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	266,719	-	(2,577,857)	(5)	2,211,973	2	(4,106,584)	(4)
Unrealized gain (loss) on available-for-sale financial assets	429,704	1	(100,862)	-	556,130	1	(100,653)	-
Cash flow hedges	15,613	-	4,751	-	30,386	-	30,340	-
Income tax relating to the components of other comprehensive income	(114,348)	-	449,761	1	(376,035)	-	698,119	1
Other comprehensive income (loss) for the period, net of income tax	597,688	1	(2,224,207)	(4)	2,422,454	3	(3,478,778)	(3)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 2,924,058	6	$ 216,539	-	$ 6,539,731	7	$ 565,463	1
NET PROFIT ATTRIBUTABLE TO:								
Owner of the parent company	$ 2,239,666	5	$ 1,890,411	3	$ 3,816,327	4	$ 3,104,446	3
Noncontrolling interests	86,704	-	550,335	1	300,950	-	939,795	1
	$ 2,326,370	5	$ 2,440,746	4	$ 4,117,277	4	$ 4,044,241	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the parent company	$ 3,301,043	7	$ 1,622,541	3	$ 6,403,962	7	$ 1,736,683	2
Noncontrolling interests	(376,985)	(1)	(1,406,002)	(3)	135,769	-	(1,171,220)	(1)
	$ 2,924,058	6	$ 216,539	-	$ 6,539,731	7	$ 565,463	1
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)								
Basic	$0.98		$0.83		$1.67		$1.36	
Diluted	$0.98		$0.83		$1.66		$1.36	

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

(With Deloitte & Touche review report dated August 12, 2013) (Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Equity Attributable to Owners of the Company

				Capital Surplus (Notes 22 and 27)							
	Share Capital (Note 22)	Advance Receipts for Common Stock	Reserve for Paid-in Capital (Note 22)	Additional Paid-in Capital from Share Issuance in Excess of Par Value	Bond Conversion	Treasury Stock Transactions	Difference Between Consideration and Carry Amounts Adjusted Arising from Change in Percentage of Ownership in Subsidiaries	Arising from Share of Changes in Capital Surplus of Associates or Joint Venture	Merger	Employee Stock Options	Others
BALANCE AT JANUARY 1, 2012	$ 23,099,801	$ -	$ -	$ 8,533,185	$ 7,641,499	$ 416,974	$ -	$ -	$ 10,255,921	$ 4,602	$ -
Appropriation of the 2011 earnings											
Legal reserve	-	-	-	-	-	-	-	-	-	-	-
Cash dividends - 22.7%	-	-	-	-	-	-	-	-	-	-	-
Stock dividends - 0.5%	-	-	113,972	-	-	-	-	-	-	-	-
Other changes in capital surplus											
Partial disposal of interests in subsidiaries	-	-	-	-	-	-	146,193	-	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	-	-	-	55,853	-	77,724	-	566	-
Stock dividends of employee transfer to capital	-	-	44,215	-	-	-	-	-	-	-	111,865
Issue of common shares under employee share options	275	-	-	770	-	-	-	-	-	-	-
Net profit for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	-	-
Canceled of treasury shares	(305,650)	-	-	(112,909)	(101,111)	(98,196)	-	-	(135,704)	-	-
BALANCE AT JUNE 30, 2012	$ 22,794,426	$ -	$ 158,187	$ 8,421,046	$ 7,540,388	$ 374,631	$ 146,193	$ 77,724	$ 10,120,217	$ 5,168	$ 111,865
BALANCE AT JANUARY 1, 2013	$ 22,953,154	$ 6,840	$ -	$ 8,551,730	$ 7,540,388	$ 370,703	$ 146,193	$ 16,645	$ 10,120,217	$ 6,112	$ -
Appropriation of the 2012 earnings											
Legal reserve	-	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-
Cash dividends - 23.5%	-	-	-	-	-	-	-	-	-	-	-
Stock dividends - 0.5%	-	-	114,899	-	-	-	-	-	-	-	-
Other changes in capital surplus											
Additional acquisition of partially owned subsidiaries	-	-	-	-	-	-	(146,193)	-	-	-	-
Change in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	-	-	-	(609)	-	2,779	-	-	-
Stock dividends of employee transfer to capital	-	-	36,690	-	-	-	-	-	-	-	134,320
Issue of common shares under employee share options	76,732	18,563	-	243,003	-	-	-	-	-	-	-
Change in capital from cash dividends of the Parent Company paid to subsidiaries	-	-	-	-	-	60,148	-	-	-	-	-
Net profit for the six months ended June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT JUNE 30, 2013	$ 23,029,886	$ 25,403	$ 151,589	$ 8,794,733	$ 7,540,388	$ 430,242	$ -	$ 19,424	$ 10,120,217	$ 6,112	$ 134,320

	Retained Earnings (Notes 22 and 27)			Other Equity (Notes 22)						
	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Stock (Note 22)	Total	Non-controlling Interests (Notes 22 and 27)	Total Equity
BALANCE AT JANUARY 1, 2012	$ 7,125,313	$ -	$ 12,392,930	$ 1,625,560	$ (142,004)	$ (165,225)	$ (2,088,230)	$ 68,700,326	$ 20,088,166	$ 88,788,492
Appropriation of the 2011 earnings										
Legal reserve	722,592	-	(722,592)	-	-	-	-	-	-	-
Cash dividends - 22.7%	-	-	(5,174,335)	-	-	-	-	(5,174,335)	-	(5,174,335)
Stock dividends - 0.5%	-	-	(113,972)	-	-	-	-	-	-	-
Other changes in capital surplus										
Partial disposal of interests in subsidiaries	-	-	-	(2,430)	-	-	-	143,763	144,435	288,198
Change in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	(7,869)	-	-	-	-	126,274	-	126,274
Stock dividends of employee transfer to capital	-	-	-	-	-	-	-	156,080	-	156,080
Issue of common shares under employee share options	-	-	-	-	-	-	-	1,045	-	1,045
Net profit for the six months ended June 30, 2012	-	-	3,104,446	-	-	-	-	3,104,446	939,795	4,044,241
Other comprehensive loss for the six months ended June 30, 2012, net of income tax	-	-	-	(1,298,689)	(99,414)	30,340	-	(1,367,763)	(2,111,015)	(3,478,778)
Total comprehensive income for the six months ended June 30, 2012	-	-	3,104,446	(1,298,689)	(99,414)	30,340	-	1,736,683	(1,171,220)	565,463
Canceled of treasury shares	-	-	-	-	-	-	753,570	-	-	-
BALANCE AT JUNE 30, 2012	$ 7,847,905	$ -	$ 9,478,608	$ 324,441	$ (241,418)	$ (134,885)	$ (1,334,660)	$ 65,689,836	$ 19,061,381	$ 84,751,217
BALANCE AT JANUARY 1, 2013	$ 7,847,905	$ -	$ 13,654,612	$ 128,872	$ (446,848)	$ (101,563)	$ (1,334,660)	$ 69,460,300	$ 19,961,011	$ 89,421,311
Appropriation of the 2012 earnings										
Legal reserve	753,486	-	(753,486)	-	-	-	-	-	-	-
Special reserve	-	689,913	(689,913)	-	-	-	-	-	-	-
Cash dividends - 23.5%	-	-	(5,400,265)	-	-	-	-	(5,400,265)	-	(5,400,265)
Stock dividends - 0.5%	-	-	(114,899)	-	-	-	-	-	-	-
Other changes in capital surplus										
Additional acquisition of partially owned subsidiaries	-	-	(3,099,180)	-	-	-	-	(3,245,373)	(12,669,622)	(15,914,995)
Change in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	-	(297)	-	-	-	1,873	-	1,873
Stock dividends of employee transfer to capital	-	-	-	-	-	-	-	171,010	-	171,010
Issue of common shares under employee share options	-	-	-	-	-	-	-	338,298	-	338,298
Change in capital from cash dividends of the Parent Company paid to subsidiaries	-	-	-	-	-	-	-	60,148	-	60,148
Net profit for the six months ended June 30, 2013	-	-	3,816,327	-	-	-	-	3,816,327	300,950	4,117,277
Other comprehensive income for the six months ended June 30, 2013, net of income tax	-	-	-	2,009,846	547,403	30,386	-	2,587,635	(165,181)	2,422,454
Total comprehensive income for the six months ended June 30, 2013	-	-	3,816,327	2,009,846	547,403	30,386	-	6,403,962	135,769	6,539,731
BALANCE AT JUNE 30, 2013	$ 8,601,391	$ 689,913	$ 7,413,196	$ 2,138,421	$ 100,555	$ (71,177)	$ (1,334,660)	$ 67,789,953	$ 7,427,158	$ 75,217,111

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

(With Deloitte & Touche review report dated August 12, 2013)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 5,194,095	$ 5,263,459
Adjustments for:		
Depreciation expenses	3,179,389	3,253,857
Amortization expenses	253,616	298,539
Reversal of impairment loss on trade receivables	(9,701)	(6,831)
Net loss on fair value change of financial assets held for trading	59,753	27,661
Finance costs	319,123	327,112
Interest income	(581,377)	(477,534)
Dividend income	(19,449)	(37,083)
Share of (gain) loss of associates and joint ventures	32,768	(11,494)
(Gain) loss on disposal of property, plant and equipment	(4,865)	28,426
Impairment loss (reversal of impairment loss) recognized on property, plant and equipment	128,851	(48,136)
Loss on disposal of intangible assets	1,148	181
Net (gain) loss on disposal of available-for-sale financial assets	25,009	(295,694)
Gain on disposal of associates	(35,950)	(389)
Impairment loss recognized on financial assets	283,682	537,619
Write-down of inventories	170,508	-
Reversal of write-down of inventories	-	(199,300)
Unrealized net gain on foreign currency exchange	(320,270)	(355,616)
Recognition of provisions	494,710	614,572
Changes in operating assets and liabilities		
Financial assets held for trading	(113,757)	45,802
Notes receivable	(34,217)	(34,426)
Trade receivables	2,525,258	3,251,547
Trade receivables from related parties	(11,121)	(96,032)
Other receivables	33	(269,562)
Other receivables from related parties	(26,314)	(34,013)
Inventories	(2,027,950)	5,646,148
Construction in progress in excess of progressive billings	(3,263)	(6,157)
Other current assets	(412,872)	543,381
Notes payable	117,798	(100,393)
Trade payables	(4,298,738)	(13,987,859)
Trade payables from related parties	(9,173)	10,791
Other payable	2,022,329	959,928
Other payable from related parties	(6,710)	(25,076)
Provisions	(583,261)	(419,261)
Advance receipts	309,033	(95,275)
Accrued pension liabilities	2,212	31,589
Cash generated from operations	6,620,327	4,340,481
Interest received	588,438	473,950
Dividend received	19,449	37,083

(Continued)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	2012
Interest paid	$ (316,283)	$ (349,348)
Income tax paid	(812,134)	(1,594,372)
Net cash generated from operating activities	6,099,797	2,907,794
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(8,951)	-
Proceeds of sales of available-for-sale financial assets	35,616	1,534,798
Purchase of debt investments with no active market	(7,436,027)	(10,135,486)
Proceeds of the sale of debt investments with no active market	9,365,207	3,633,137
Net cash inflow on disposal of associates	111,476	-
Payments for property, plant and equipment	(2,540,443)	(4,611,622)
Proceeds of the disposal of property, plant and equipment	956,570	625,345
(Increase) decrease in refundable deposits	(86,407)	40,304
Payments for intangible assets	(69,170)	(64,618)
Decrease in other noncurrent assets	131,919	801,273
Acquisition of associates	(13,099)	-
Net cash generated from (used in) investing activities	446,691	(8,176,869)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	2,198,646	3,403,188
Proceeds (repayments) of long-term borrowings	12,844,975	(54,769)
Proceeds (refund) of guarantee deposits received	(1,321)	10,442
Decrease in finance lease payables	(18,311)	(58,641)
Proceeds of the exercise of employee stock options	338,298	1,045
Partial acquisition of interests in subsidiaries	(15,914,995)	-
Partial disposal of interests in subsidiaries without losing control loss	-	288,198
Net cash generated from (used in) financing activities	(552,708)	3,589,463
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	674,422	758,546
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,668,202	(921,066)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	51,224,870	52,882,246
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 57,893,072	$ 51,961,180

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

(With Deloitte & Touche review report dated August 12, 2013) (Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

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.

The consolidated financial statements are presented in the Parent Company's functional currency, New Taiwan dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Parent Company's stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 12, 2013.

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

a. New and revised standards, amendments and interpretations in issue but not yet effective

   In addition to the disclosure in Note 3 to the consolidated financial statements as of March 31, 2013, the Parent Company and its entire controlled subsidiaries (the "Group") have not applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing Interpretations (SIC) that have been issued by the IASB.

As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission ("FSC") has not announced the effective dates for the following new and revised standards, amendments and interpretations:

New, Revised Standards, Amendments and Interpretations		Effective Date Announced by IASB (Note)
Endorsed by the FSC but the effective date have not yet been determined by the FSC		
Not yet endorsed by the FSC		
Amendment to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21	Levies	January 1, 2014

Note: Unless otherwise noted, the above new and revised standards, amendments and interpretations are effective for annual periods beginning on or after the respective effective dates.

b. Significant changes in accounting policy resulted from new and revised standards, amendments and interpretations in issue but not yet effective

In addition to the disclosure in Note 3 to the consolidated financial statements as of March 31, 2013, and except for the following, the initial application of the above new and revised standards, amendments and interpretations did not have any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments"

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the balance sheet date. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability, is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

2) New issued and revised standards related to Consolidation, Associates and Disclosure

   a) IFRS 10 "Consolidated Financial Statements"

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

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

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

   c) Revised to IAS 28 "Investments in Associates and Joint Ventures"

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

      Revised IAS 28 also requires that when a portion of an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organization, the Group may elect to measure investments in those associates at fair value through profit or loss. Any remaining portion of its investment in those associates that is not held through a venture capital organization is accounted for using the equity method. Previously, the entire investments in those associates are accounted for using equity method regardless of whether the investments are held by, or are held indirectly through, an entity that is a venture capital organization.

3) IFRS 13 "Fair Value Measurement"

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

4) Amendment to IAS 1 "Presentation of Financial Statements"

   The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Previously, there were no such requirements.

5) Revised to IAS 19 "Employee Benefits"

   The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

6) Amendment to IAS 36 "Impairment of Assets"

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

7) New issued IFRIC 21 "Levies"

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

c. Material impact on consolidated financial statements resulted from new and revised standards, amendments and interpretations in issue but not yet effective

The Group is in the process of estimating the impact of the initial application of the standards, amendments and interpretations on its financial position and results of operations. Disclosures will be provided until a detailed review of the impact has been completed and the consolidated financial statements have been approved and authorized for issuance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations approved by the FSC. The date of transition to IFRSs was January 1, 2012. Refer to Note 36 for the impact of IFRS conversion on the consolidated financial statements.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in interim financial reports is less than disclosures required in a full set of annual financial reports.

b. Basis of preparation

The consolidated financial statements have been prepared on the same basis as the consolidated financial statements as of March 31, 2013. Refer to the Note 4 to the consolidated financial statements as of March 31, 2013 for details.

1) Subsidiaries included in the consolidated financial statements:

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

The financial statements of these subsidiaries as of and for the six months ended June 30, 2013 and 2012 were audited by other auditors: Lite-On IT Corporation; Philips & Lite-On Digital Solutions Corporation; 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 Co., Ltd., Silitech Technology (Su Zhou) Co., Ltd., Xurong Electronic (Shenzhen) Co., Ltd.; Logah Technology Co., Ltd.; Logah Electronic (Su Zhou) Co., Ltd.; Lite-On Overseas Trading Co., Ltd.; Lite-On Capital Corporation; Lite-On (Finland) Oy; and Lite-On Mobile Oyj (formerly: Perlos Oyj).

The financial statements of these subsidiaries as of and for the six months ended June 30, 2013 were audited by other auditors also: Lite-On technology (Europe) B. V.; Lite-On China Holding Co., Ltd.; Logah Technology (HK) Co. Ltd.; Logah Technology Co. Ltd.; Lite-On IT Opto Tech (BH) Co., Ltd. and Philips & Lite-On Digital Solutions USA Inc.

Except the financial statements audited by other auditors, other subsidiaries as of and for the six months ended June 30, 2013 and 2012 were unreviwed financial reporting.

2) Subsidiaries excluded from consolidated financial statements: None.

c. Other significant accounting policies

The same accounting policies have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013, except for those described below. Refer to Note 4 to the consolidated financial statements as of March 31, 2013 for the details of summary of significant accounting policy.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013, except for those described below. Refer to the Note 5 to the consolidated financial statements as of March 31, 2013 for the details of critical accounting judgments and key sources of estimation uncertainty.

a. Impairment of property, plant and equipment

The impairment of equipment in relation to the production of handsets was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

c. Impairment of investment in the associate

The Group immediately recognizes impairment loss on the investor's net investment in the associate when there is any indication that the investment may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flow expected to be generated by the associate, including growth rate of sale and capacity of production facilities estimated by the associate's management. The Group also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

d. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand	$ 8,788	$ 10,300	$ 9,252	$ 10,415
Checking deposits	986,672	1,783,160	1,227,223	2,768,789
Demand deposits	26,994,488	21,017,052	27,468,830	22,226,441
Cash equivalent				
Time deposits with original maturities less than three months	29,903,124	28,414,358	23,255,875	27,876,601
	$ 57,893,072	$ 51,224,870	$ 51,961,180	$ 52,882,246

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

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the carrying amounts of time deposits with original maturities of over three months were $7,495,491 thousand, $9,365,207 thousand, $10,216,994 thousand and $3,633,137 thousand, respectively, which were classified as 'bond investment for which no active market exists (Note 10).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets held for trading				
Derivative financial assets (not under hedge accounting)				
Foreign exchange forward contracts	$ 26,631	$ 12,360	$ 13,437	$ 45,295
Currency swap contracts	18,943	663	9,953	66,289
Financial assets at FVTPL	$ 45,574	$ 13,023	$ 23,390	$ 111,584
Current	$ 45,574	$ 13,023	$ 23,390	$ 111,584
Non-current	-	-	-	-
	$ 45,574	$ 13,023	$ 23,390	$ 111,584
Financial liabilities held for trading				
Derivative financial liabilities (not under hedge accounting)				
Foreign exchange forward contracts	$ 6,919	$ 13,857	$ 15,159	$ 8,573
Currency swap contracts	6,867	21,333	12,216	23,922
Interest swap contracts	-	49	168	362
Options-put	-	-	-	9,417
Financial liabilities at FVTPL	$ 13,786	$ 35,239	$ 27,543	$ 42,274
Current	$ 13,786	$ 35,239	$ 27,543	$ 42,274
Non-current	-	-	-	-
	$ 13,786	$ 35,239	$ 27,543	$ 42,274

a. At the end of the reporting period, outstanding interest swap contracts not under hedge accounting were as follows:

June 30, 2013: None

December 31, 2012

Lite-On Japan Ltd.

Notional Amounts (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
JPY25,000	2008.02.04-2013.01.31	1.48%	Note

June 30, 2012

Lite-On Japan Ltd.

Notional Amounts (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
JPY75,000	2008.02.04-2013.01.31	1.48%	Note

January 1, 2012

Lite-On Japan Ltd.

Notional Amounts (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
JPY125,000	2008.02.04-2013.01.31	1.48%	Note

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

The economic substance of the pay-floating receive-fixed interest swap contracts listed in the above table is to manage exposures due to the interest rate risk of long-term loans. However, those contracts did not meet the criteria for hedge effectiveness and therefore were not subject to hedge accounting.

b. At the end of the reporting period, outstanding forward exchange contracts, cross-currency swap contracts and options not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
June 30, 2013			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	2013.07.19-2013.07.25	USD50,000/NTD1,503,530
Forward exchange contracts	EUR/USD	2013.07.22	EUR2,000/USD2,677
Lite-On Automotive Corp.			
Forward exchange contracts	USD/JPY	2013.08.19	USD517/JPY52,000
Forward exchange contracts	USD/RMB	2013.11.15	USD5,000/RMB30,978
Leotek Electronic Corp.			
Forward exchange contracts	USD/NTD	2013.07.25	USD1,000/NTD29,900
Forward exchange contracts	GBP/NTD	2013.08.26	GBP210/NTD9,761
Currency swap contracts	USD/NTD	2013.07.25	USD1,300/NTD38,682
Currency swap contracts	EUR/NTD	2013.07.25	EUR132/NTD5,254
Currency swap contracts	GBP/NTD	2013.07.25	GBP41/NTD1,917
Lite-On Automotive International (Cayman) Co., Ltd.			
Forward exchange contracts	USD/RMB	2013.07.15	USD3,000/RMB18,477

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
Lite-On Mobile Oyj (formerly Perlos Oyj)			
Currency swap contracts	USD/EUR	2013.09.10	USD16,000/EUR12,144
Currency swap contracts	RMB/USD	2013.08.12	RMB15,000/USD2,427
Forward exchange contracts	USD/BRL	2013.08.07	USD1,300/BRL2,761
Forward exchange contracts	USD/EUR	2013.08.12	USD3,500/EUR2,643
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.			
Forward exchange contracts	USD/RMB	2013.07.19	USD5,000/RMB30,725
Forward exchange contracts	EUR/RMB	2013.08.20	EUR1,300/RMB10,478
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd			
Forward exchange contracts	EUR/RMB	2013.08.20	EUR1,000/RMB8,055
Lite-On Mobile Pte. Ltd.			
Forward exchange contracts	USD/INR	2013.08.14	USD5,000/INR296,020
Forward exchange contracts	USD/EUR	2013.08.19	USD9,700/EUR7,263
Currency swap contracts	USD/EUR	2013.08.12	USD3,000/EUR2,270
Lite-On Mobile India Private Limited			
Forward exchange contracts	USD/INR	2013.11.18	USD1,000/INR61,180
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	EUR/USD	2013.07.05	EUR2,400/USD3,139
Silitech Technology Corp.			
Currency swap contracts	USD/NTD	2013.07.05-2013.07.15	USD16,000/NTD478,072
Forward exchange contracts	USD/MYR	2013.07.05-2013.09.05	USD900/MYR2,776
Forward exchange contracts	EUR/MYR	2013.07.29-2013.08.28	EUR100/MYR413
Lite-On Electronics (Thailand) Co., Ltd.			
Forward exchange contracts	USD/THB	2013.09.26	USD3,000/THB93,285
December 31, 2012			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	2013.01.07-2013.01.28	USD127,000/NTD3,696,738
Forward exchange contracts	EUR/USD	2013.01.03-2013.01.17	EUR9,000/USD11,800
Lite-On Automotive Corp.			
Forward exchange contracts	USD/JPY	2013.02.20	USD755/JPY60,000

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
Leotek Electronic Corp.			
Currency swap contracts	USD/NTD	2013.01.25	USD1,300/NTD37,805
Forward exchange contracts	USD/NTD	2013.01.25	USD2,000/NTD58,600
Lite-On Automotive International (Cayman) Co., Ltd.			
Forward exchange contracts	USD/RMB	2013.03.05	USD4,000/RMB25,108
Lite-On Mobile Oyj (formerly Perlos Oyj)			
Currency swap contracts	USD/EUR	2013.01.07	USD16,500/EUR12,577
Currency swap contracts	JPY/USD	2013.01.17	JPY50,000/USD597
Currency swap contracts	JPY/EUR	2013.01.07	JPY50,000/EUR464
Currency swap contracts	RMB/USD	2013.01.28	RMB10,000/USD1,604
Forward exchange contracts	USD/EUR	2013.01.07	USD1,700/EUR1,283
Forward exchange contracts	USD/INR	2013.01.17	USD6,000/INR327,252
Forward exchange contracts	USD/RMB	2013.02.06	USD9,000/RMB56,489
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.			
Forward exchange contracts	USD/RMB	2013.01.18	USD3,000/RMB18,842
Lite-On Mobile India Private Limited			
Forward exchange contracts	USD/INR	2013.01.25	USD1,000/INR57,350
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	EUR/USD	2013.01.04	EUR2,400/USD3,133
Silitech Technology Corp.			
Currency swap contracts	USD/NTD	2013.01.14	USD24,000/NTD697,200
Forward exchange contracts	USD/MYR	2013.01.07-2013.03.19	USD1,730/MYR5,299
June 30, 2012			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	2012.07.11-2012.07.24	USD127,000/NTD3,791,260
Forward exchange contracts	EUR/USD	2012.07.03-2012.07.17	EUR9,000/USD11,379
Forward exchange contracts	RMB/USD	2012.09.10	RMB63,140/USD10,000
Forward exchange contracts	USD/RMB	2012.09.10	USD10,000/RMB63,140
Silitech Technology Corp.			
Currency swap contracts	USD/NTD	2012.07.09-2012.07.11	USD28,000/NTD837,880
Forward exchange contracts	USD/MYR	2012.07.06-2012.09.20	USD700/MYR2,201

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
Lite-On Automotive Corp.			
Forward exchange contracts	EUR/NTD	2012.08.01	EUR487/NTD18,925
Lite-On Automotive Electronics (Guang Zhou) Co., Ltd.			
Forward exchange contracts	USD/RMB	2012.08.23	USD990/RMB6,236
Forward exchange contracts	EUR/RMB	2012.07.05	EUR600/RMB4,964
Lite-On Mobile Oyj (formerly Perlos Oyj)			
Currency swap contracts	USD/EUR	2012.07.02	USD11,400/EUR9,095
Currency swap contracts	JPY/USD	2012.08.03	JPY250,000/USD3,145
Currency swap contracts	HUF/EUR	2012.08.03	HUF250,000/EUR836
Forward exchange contracts	JPY/USD	2012.07.02	JPY200,000/USD2,519
Forward exchange contracts	USD/EUR	2012.07.02	USD1,500/EUR1,207
Forward exchange contracts	USD/INR	2012.07.25	USD5,000/INR284,014
Forward exchange contracts	USD/RMB	2012.07.25	USD13,000/RMB82,069
Forward exchange contracts	USD/BRL	2012.08.10	USD4,000/BRL8,360
Guangzhou Lite-On Mobile Electronic Components Co Ltd.			
Forward exchange contracts	USD/RMB	2012.09.18	USD4,000/RMB25,320
Lite-On Mobile India Private Limited			
Forward exchange contracts	USD/INR	2012.07.05	USD1,500/INR83,790
Leotek Electronic Corp.			
Currency swap contracts	USD/NTD	2012.09.25	USD900/NTD26,872
Forward exchange contracts	USD/NTD	2012.09.24	USD2,000/NTD59,160
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	EUR/USD	2012.07.05	EUR2,400/USD2,986
January 1, 2012			
Lite-On IT Corp.			
Currency swap contracts	USD/NTD	2012.01.05-2012.01.13	USD79,000/NTD2,382,530
Forward exchange contracts	EUR/USD	2012.01.11-2012.02.08	EUR15,200/USD19,844
Leotek Electronic Corp.			
Forward exchange contracts	USD/NTD	2012.01.30	USD2,000/NTD60,320
Lite-On Automotive International (Cayman) Co., Ltd.			
Forward exchange contracts	USD/NTD	2012.01.17	USD900/NTD27,241

(Continued)

	Currency	Maturity Date	Notional Amount (In Thousands)
Lite-On Automotive Electronics (Guang Zhou) Co., Ltd.			
Forward exchange contracts	USD/RMB	2012.01.09	USD400/RMB2,542
Forward exchange contracts	EUR/RMB	2012.01.09	EUR696/RMB5,932
Lite-On Mobile Oyj (formerly Perlos Oyj)			
Currency swap contracts	EUR/USD	2012.01.11	EUR2,000/USD2,678
Currency swap contracts	JPY/EUR	2012.01.11	JPY140,000/EUR1,374
Currency swap contracts	USD/EUR	2012.01.11	USD12,650/EUR9,449
Currency swap contracts	JPY/USD	2012.01.06	JPY495,660/USD6,378
Currency swap contracts	SEK/EUR	2012.01.18	SEK5,000/EUR540
Currency swap contracts	HUF/EUR	2012.01.18	HUF250,000/EUR809
Forward exchange contracts	USD/BRL	2012.01.23	USD1,500/BRL2,710
Forward exchange contracts	USD/INR	2012.01.17	USD17,000/INR898,855
Forward exchange contracts	EUR/RMB	2012.02.21	EUR3,000/RMB25,696
Forward exchange contracts	USD/RMB	2012.02.07	USD20,000/RMB127,104
Forward exchange contracts	JPY/USD	2012.01.06	JPY200,000/USD2,566
Forward exchange contracts	USD/EUR	2012.01.09	USD700/EUR511
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.			
Forward exchange contracts	USD/RMB	2012.01.17	USD2,000/RMB12,688
Lite-On Japan Ltd.			
Call option	JPY/USD	2012.03.05	JPY33,900/USD300
Put option	JPY/USD	2012.03.05	JPY94,050/USD900
Currency swap contracts	JPY/USD	2012.03.05	JPY33,990/USD300
Lite-On Singapore Pte. Ltd.			
Forward exchange contracts	EUR/USD	2012.01.05	EUR2,400/USD3,221
Forward exchange contracts	HUF/USD	2012.01.05	HUF384,000/USD1,691
Forward exchange contracts	JPY/USD	2012.01.05	JPY55,000/USD707
Silitech Technology Corp.			
Forward exchange contracts	USD/MYR	2012.01.09-2012.02.24	USD700/MYR2,220
Currency swap contracts	USD/NTD	2012.01.09	USD28,000/NTD844,960
Logah Technology Co., Ltd.			
Forward exchange contracts	USD/NTD	2012.02.06-2012.02.24	USD4,200/NTD126,834

(Concluded)

The subsidiaries entered into derivative contracts during the six months ended June 30, 2013 and 2012 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 financial instruments with fair value through profit or loss (FVTPL), the Group had (a) net gains of $54,874 thousand and net losses of $60,627 thousand for the three months ended June 30, 2013 and 2012, respectively, and (b) net losses of $59,753 thousand and $27,661 thousand for the six months ended June 30, 2013 and 2012, respectively.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic investments				
Quoted shares	$ 1,198,947	$ 903,046	$ 1,077,517	$ 1,898,101
Unquoted shares and emerging market shares	660,501	792,442	775,677	1,289,925
Foreign investments				
Unquoted shares	324,871	316,720	230,754	188,967
Mutual funds	129,806	106,310	110,255	749,051
Quoted shares	69,090	35,957	120,510	145,291
	$ 2,383,215	$ 2,154,475	$ 2,314,713	$ 4,271,335
Current	$ 12	$ 10	$ 10	$ 9
Non-current	2,383,203	2,154,465	2,314,703	4,271,326
	$ 2,383,215	$ 2,154,475	$ 2,314,713	$ 4,271,335

Refer to Note 29 for information relating to the fair values of on available-for-sale financial assets determined.

There was objective evidence that the fair values of some financial assets were below their carrying costs and will permanently decline. As a result, the Group recognized impairment losses of $273,000 thousand and $67,432 thousand for the three months ended June 30, 2013 and 2012, respectively, and $273,000 thousand and $537,619 thousand for the six months ended June 30, 2013 and 2012, respectively, in the consolidated statements of comprehensive income for the six months ended June 30, 2013 and 2012.

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Derivative financial liabilities under hedge accounting				
Cash flow hedges - interest rate swaps	$ 71,177	$ 101,563	$ 134,885	$ 165,225
Current	$ -	$ -	$ -	$ -
Non-current	71,177	101,563	134,885	165,225
	$ 71,177	$ 101,563	$ 134,885	$ 165,225

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 are deemed sufficient.

The outstanding interest rate swap contracts of the Parent Company at the end of the reporting period were as follows:

June 30, 2013

Notional Amount (In Thousands)	Maturity Dare	Range of Interest Rates Paid	Range of Interest Rates Received
NT$6,000,000	2015.09.23	1.895%	0.896%

December 31, 2012

Notional Amount (In Thousands)	Maturity Dare	Range of Interest Rates Paid	Range of Interest Rates Received
NT$6,000,000	2015.09.23	1.895%	0.900%

June 30, 2012

Notional Amount (In Thousands)	Maturity Dare	Range of Interest Rates Paid	Range of Interest Rates Received
NT$6,000,000	2015.09.23	1.895%	0.879%

January 1, 2012

Notional Amount (In Thousands)	Maturity Dare	Range of Interest Rates Paid	Range of Interest Rates Received
NT$ 6,000,000	2015.09.23	1.895%	0.861%

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Time deposits with original maturity of more than 3 months	$ 7,495,491	$ 9,365,207	$ 10,216,994	$ 3,633,137
Pledged deposits	104,575	102,560	100,440	108,107
	$ 7,600,066	$ 9,467,767	$ 10,317,434	$ 3,741,244
Current	$ 7,495,491	$ 9,365,207	$ 10,216,994	$ 3,633,137
Noncurrent	104,575	102,560	100,440	108,107
	$ 7,600,066	$ 9,467,767	$ 10,317,434	$ 3,741,244

Refer to Note 31 for information on bond investments with no active market pledged as security.

11. TRADE RECEIVABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Trade receivables	$ 42,925,422	$ 45,123,260	$ 43,202,512	$ 46,111,657
Less: Allowance for impairment loss	310,684	323,320	272,796	270,049
	$ 42,614,738	$ 44,799,940	$ 42,929,716	$ 45,841,608

The Group did not have the age of the trade receivables that were past due but not impaired for the three months ended June 30, 2013 and 2012, and for the six months ended June 30, 2013 and 2012.

Movements in the allowance for impairment loss recognized on notes receivable and trade receivables were as follow:

	For the Six Months Ended June 30	
	2013	2012
Balance at January 1	$ 323,320	$ 270,049
Impairment losses reversed	(9,701)	(6,831)
Amounts written off during the period as uncollectible	(4,593)	(4,379)
Foreign exchange translation	1,658	(4,158)
Reclassification	-	18,115
Balance at June 30	$ 310,684	$ 272,796

The unexpired factored accounts receivable of the subsidiaries as of June 30, 2013 and 2012 were as follows:

Philips & Lite-On Digital Solutions Corp.

Counter-parties	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
June 30, 2013					
Taishin International Bank	US$ 3,062	US$ 3,219	US$ -	0.17-0.188	US$ 8,500
June 30, 2012					
Taishin International Bank	US$ 4,158	US$ 4,081	US$ -	0.17-0.188	US$ 8,500

Silitech Technology Corp.

June 30, 2013: None

Counter-parties	Receivables Sold	Amounts Collected	Advances Received at Year-end	Interest Rates on Advances Received (%)	Credit Line
June 30, 2012					
Citibank	EUR 976	EUR 4,774	EUR -	1.47-1.81	US$30,000
	US$13,166	US$13,565	US$ 3,803	1.78-1.85	

The above credit lines may be used on a revolving basis.

The subsidiaries (Philips & Lite-On Digital Solutions Corp. and Silitech Technology Corp.) signed accounts receivable factoring contracts with banks. Pursuant to the factoring agreements, losses from commercial disputes were borne by the subsidiaries, while losses from credit risk were borne by the banks.

12. INVENTORIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Raw materials	$ 6,023,514	$ 4,458,816	$ 5,496,893	$ 6,295,461
Work in progress	3,419,770	2,616,363	2,981,498	3,174,499
Finished goods	9,952,240	10,135,010	9,559,288	11,253,071
Merchandise	1,552,627	1,520,250	2,849,860	3,623,498
Goods in transit	1,653,800	1,835,678	1,501,598	1,651,845
Power generation facility held for sale	-	-	-	1,661,010
	$ 22,601,951	$ 20,566,117	$ 22,389,137	$ 27,659,384

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2013 and 2012 were $42,548,518 thousand and $47,078,020 thousand, respectively; for the six months ended June 30, 2013 and 2012 were $82,407,379 thousand and $92,649,637 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the three months and six months ended June 30, 2013 included inventory write-downs of $30,717 thousand and $170,508 thousand, respectively, which resulted from write-downs of inventory to net realizable value. The cost of inventories recognized as cost of goods sold in the three months and the six months ended June 30, 2012 included reversal of inventory write-downs of $103,190 thousand and $199,300 thousand, respectively. Previous write-downs were reversed as a result of increased selling prices in certain markets.

13. CONSTRUCTION IN PROGRESS IN EXCESS OF PROGRESSIVE BILLINGS

Item	Contract Cost	Cost Incurred to Date	Estimated Costs to Complete Construction	Construction in Progress	Progressive Billings	Percentage of Completion (%)	Estimated Completion Year	Gross Profit to Be Recognized
June 30, 2013								
Solar power project	$ 618,413	$ 535,882	$ 44,030	$ 570,464	$ 494,674	80-100	2013	$ 34,582
December 31, 2012								
Solar power project	$ 593,697	$ 514,691	$ 42,033	$ 547,916	$ 475,389	80-100	2013	$ 33,225
June 30, 2012								
Solar power project	$ 594,796	$ 474,676	$ 72,262	$ 520,217	$ 475,766	80-100	2012	$ 45,541
January 1, 2012								
Solar power project	$ 609,049	$ 479,217	$ 80,835	$ 525,796	$ 487,502	80-100	2012	$ 46,579

14. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Investments in associates	$ 3,518,875	$ 3,494,479	$ 3,469,498	$ 3,500,398
Investments in jointly controlled entities	523	14,303	20,664	14,274
	$ 3,519,398	$ 3,508,782	$ 3,490,162	$ 3,514,672

a. Investments in associates

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Listed companies				
Lite-On Semiconductor Corp.	$ 1,528,907	$ 1,460,323	$ 1,454,399	$ 1,496,027
Jhen Vei Electronics Co., Ltd.	-	88,055	108,646	117,285
Unlisted companies				
Dragonjet Corporation	1,036,554	999,445	998,183	965,445
LiteStar JV Holding (BVI) Co., Ltd.	724,036	697,387	748,213	765,534
Epricrystal (Changzhou) Co., Ltd.	143,572	137,021	136,630	125,756
Lite-Space Technology Company Limited	69,287	108,355	19,694	26,208
Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda	12,308	-	-	-
Canfield Ltd.	4,211	3,893	3,733	4,143
	$ 3,518,875	$ 3,494,479	$ 3,469,498	$ 3,500,398

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Lite-On Semiconductor Corp.	20.45%	20.45%	20.45%	20.45%
Jhen Vei Electronics Co., Ltd.	-	17.12%	17.12%	17.12%
Dragonjet Corporation	29.66%	29.74%	29.74%	29.74%
LiteStar JV Holding (BVI) Co., Ltd.	24.18%	26.72%	30.00%	30.00%
Epricrystal (Changzhou) Co., Ltd.	4.33%	4.71%	5.00%	5.00%
Lite-Space Technology Company Limited	39.23%	39.23%	27.00%	27.00%
Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda	25.00%	-	-	-
Canfield Ltd.	33.33%	33.33%	33.33%	33.33%

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.

Publicly traded investments accounted for using the equity method were priced based on the closing price of those investments at the balance sheet date and were summarized as follows:

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Lite-On Semiconductor Corp.	$ 1,481,392	$ 1,399,598	$ 1,354,156	$ 1,095,140
Jhen Vei Electronics Co., Ltd.	$ -	$ 106,178	$ 106,175	$ 96,523

In February 2013, Lite-On Mobile Pte. Ltd ("Lite-On Mobile"), a subsidiary of the Parent company, subscribed for shares of Yamada-Lom Fabricacao De Artefatos De Material Plastico Ltda ("Yamada-Lom") for US$540 thousand in cash. After the subscription, Lite-On Mobile acquired a 25% equity interest in Yamada-Lom and could thus exercise significant influence on this investee.

In January 2013, Li Shin International Enterprise Corp. ("Li Shin"), a subsidiary of the Parent Company, disposed of interests in Jhen Vei Electronics Co., Ltd. ("Jhen Vei") and received proceeds of $111,476 thousand; thus Li Shin ceased to have significant influence on Jhen Vei. This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

Proceeds of disposal	$ 111,476
Less: Carrying amount of investment on the date of loss of significant influence	75,526
Gain recognized	$ 35,950

The equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments share of profit and other comprehensive income of associates, had not been reviewed, except those of Lite-On Semiconductor Corp. for the six months ended June 30, 2013 and 2012; Jhen Vei Electronics Co., Ltd. for the six months ended June 30, 2012.

b. Investments in jointly controlled entities

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unlisted companies				
Kompaktsolar GmbH	$ 523	$ 14,303	$ 20,664	$ 14,274

At the end of the reporting period, the proportion of ownership and voting rights in jointly controlled entities held by the Group were as follows:

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Kompaktsolar GmbH	51.00%	51.00%	51.00%	51.00%

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.

There was objective evidence that the fair value of investment in jointly controlled entity was below tit carrying cost and will permanently decline. As a result, the Group recognized an impairment loss of $10,682 thousand in the consolidated statement of comprehensive income for the six months ended June 30, 2013.

Kompak' financial statements, which had been used to determine the carrying amounts of the Group's investments, shares of profits and other comprehensive income of associates, had not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Carrying amounts of each class of				
Freehold land	$ 2,428,169	$ 2,693,720	$ 2,764,629	$ 2,747,664
Buildings	14,672,604	15,108,055	15,252,503	14,408,900
Machinery equipment	16,876,548	16,970,344	17,206,571	18,965,895
Tooling equipment	752,268	256,095	231,192	325,390
Transportation equipment	38,311	24,931	21,463	30,868
Office equipment	620,962	667,290	700,453	771,694
Equipment held under finance lease	355,574	126,682	703,523	129,918
Other equipment	2,051,389	1,850,624	1,715,368	1,506,248
	$ 37,795,825	$ 37,697,741	$ 38,595,702	$ 38,886,577

	For the Six Months Ended June 30, 2013					
	January 1, 2013	Additions	Disposals	Reclassification	Effect of Foreign Currency Exchange Differences	June 30, 2013
Cost						
Freehold land	$ 2,693,720	$ -	$ 246,635	$ 36,063	$ (54,979)	$ 2,428,169
Buildings	21,407,250	18,726	461,687	(21,769)	294,376	21,236,896
Machinery equipment	39,618,614	1,760,181	1,029,342	(1,629,862)	1,456,315	40,175,906
Tooling equipment	2,031,914	368,234	206,516	1,950,862	(279,725)	3,864,769
Transportation equipment	97,205	2,015	6,534	801	18,987	112,474
Office equipment	2,594,743	52,734	68,335	(7,172)	96,130	2,668,100
Equipment held under finance lease	526,456	17,684	19,433	528	907,680	1,432,915
Other equipment	5,898,277	395,844	177,093	(105,621)	42,564	6,053,971
	74,868,179	$ 2,615,418	$ 2,215,575	$ 223,830	$ 2,481,348	77,973,200
Accumulated depreciation						
Buildings	6,285,903	$ 460,238	$ 138,601	$ 706	$ (57,246)	6,551,000
Machinery equipment	21,603,815	1,610,574	678,559	(1,162,370)	842,637	22,216,097
Tooling equipment	1,775,819	565,106	192,793	1,140,540	(176,171)	3,112,501
Transportation equipment	72,274	4,197	5,687	(857)	4,236	74,163
Office equipment	1,927,453	106,483	62,336	(4,672)	80,210	2,047,138
Equipment held under finance lease	399,774	20,417	16,524	-	673,674	1,077,341
Other equipment	4,047,653	412,374	169,370	(175,036)	(113,039)	4,002,582
	36,112,691	$ 3,179,389	$ 1,263,870	$ (201,689)	$ 1,254,301	39,080,822
Accumulated impairment						
Freehold land	-	$ -	$ -	$ -	$ -	-
Buildings	13,292	-	-	-	-	13,292
Machinery equipment	1,044,455	128,851	-	(36,958)	(53,087)	1,083,261
Tooling equipment	-	-	-	-	-	-
Transportation equipment	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-
Equipment held under finance lease	-	-	-	-	-	-
Other equipment	-	-	-	-	-	-
	1,057,747	$ 128,851	$ -	$ (36,958)	$ (53,087)	1,096,553
	$ 37,697,741					$ 37,795,825

	For the Six Months Ended June 30, 2012					
	January 1, 2012	Additions	Disposals	Reclassification	Effect of Foreign Currency Exchange Differences	June 30, 2012
Cost						
Freehold land	$ 2,747,664	$ -	$ -	$ -	$ 16,965	$ 2,764,629
Buildings	20,049,688	2,272,099	675,749	82,271	(561,325)	21,166,984
Machinery equipment	40,009,100	1,590,290	1,313,357	(153,080)	(1,526,396)	38,606,557
Tooling equipment	1,852,778	90,697	9,727	68,546	(232,312)	1,769,982
Transportation equipment	105,490	441	2,939	281	(5,645)	97,628
Office equipment	2,738,339	56,813	71,052	49,714	(52,019)	2,721,795
Equipment held under finance lease	526,270	3,170	13,686	1,206,377	1,141,648	2,863,779
Other equipment	5,622,995	150,162	23,960	(1,024,946)	(181,687)	4,542,564
	73,652,324	$ 4,163,672	$ 2,110,470	$ 229,163	$ (1,400,771)	74,533,918
Accumulated depreciation						
Buildings	5,632,706	$ 461,338	$ 27,068	$ (18,908)	$ (141,669)	5,906,399
Machinery equipment	20,128,012	2,210,261	1,335,285	(181,046)	(325,459)	20,496,483
Tooling equipment	1,527,388	134,777	8,330	31,623	(146,668)	1,538,790
Transportation equipment	74,622	6,471	2,707	(103)	(2,118)	76,165

(Continued)

	For the Six Months Ended June 30, 2012					
	January 1, 2012	Additions	Disposals	Reclassification	Effect of Foreign Currency Exchange Differences	June 30, 2012
Office equipment	$ 1,966,645	$ 134,541	$ 58,032	$ 35,511	$ (57,323)	$ 2,021,342
Equipment held under finance lease	396,352	27,590	5,823	(868,201)	2,610,338	2,160,256
Other equipment	4,116,747	278,879	19,454	974,722	(2,523,698)	2,827,196
	33,842,472	$ 3,253,857	$ 1,456,699	$ (26,402)	$ (586,597)	35,026,631
Accumulated impairment						
Freehold land	-	-	-	-	-	-
Buildings	8,082	-	-	-	-	8,082
Machinery equipment	915,193	-	48,136	-	36,446	903,503
Tooling equipment	-	-	-	-	-	-
Transportation equipment	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-
Equipment held under finance lease	-	-	-	-	-	-
Other equipment	-	-	-	-	-	-
	923,275	$ -	$ 48,136	$ -	$ 36,446	911,585
	$ 38,886,577					$ 38,595,702

(Concluded)

An analysis of deprecation by function:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Operating costs	$ 1,335,710	$ 1,487,625	$ 2,771,327	$ 2,808,459
Operating expenses	189,233	219,366	408,062	445,398
	$ 1,524,943	$ 1,706,991	$ 3,179,389	$ 3,253,857

For the three months and six months ended June 30, 2013 as the result of the declining sale of one of the products in the market, the estimated future cash flows expected to arise from the related equipment was decreased and recognized impairment loss $127,844 thousand and $128,851 thousand. The Group carried out a review of the recoverable amount of that related equipment and determined that the carrying amount exceeded the recoverable amount. The review led to recognize a reversal of impairment loss of $60,914 thousand and $48,136 thousand for the three months and six months ended June 30, 2012.

The above items of property, plant and equipment were depreciated on a straight-line basis at the following rates per annum:

Buildings	5-60 years
Machinery equipment	2-10 years
Tooling equipment	2-10 years
Transportation equipment	3-10 years
Office equipment	2-10 years
Equipment held under finance lease	3-40 years
Other equipment	2-10 years

16. OTHER INTANGIBLE ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Carrying amounts of each class				
Goodwill	$ 14,277,008	$ 14,267,414	$ 14,254,288	$ 14,261,731
Patents	8,608	10,175	12,436	14,698
Use rights	1,123,283	1,235,611	1,347,939	1,460,267
Client relationships	-	10,239	30,717	51,193
Software	58,231	63,064	210,084	68,105
Net other intangible assets	432,985	447,072	384,918	447,418
	$ 15,900,115	$ 16,033,575	$ 16,240,382	$ 16,303,412

	For the Six Months Ended June 30, 2013					
	January 1, 2013	Additions	Disposals	Reclassification	Effect of Foreign Currency Exchange Differences	June 30, 2013
Cost						
Goodwill	$ 14,798,181	$ -	$ -	$ -	$ 9,594	$ 14,807,775
Patents	27,134	-	-	721	(1,157)	26,698
Use right	2,695,878	-	-	-	-	2,695,878
Client relationships	163,819	-	-	-	-	163,819
Software	251,569	5,378	7	-	(762)	256,178
Net other intangible assets	2,833,194	63,792	1,644	721,934	(110,756)	3,506,520
	20,769,775	$ 69,170	$ 1,651	$ 722,655	$ (103,081)	21,456,868
Accumulated amortization						
Goodwill	77,234	$ -	$ -	$ -	$ -	77,234
Patents	16,959	1,131	-	-	-	18,090
Use right	1,460,267	112,328	-	-	-	1,572,595
Client relationships	153,580	10,239	-	-	-	163,819
Software	188,505	8,848	-	-	594	197,947
Net other intangible assets	2,386,122	121,070	503	574,342	(7,496)	3,073,535
	4,282,667	$ 253,616	$ 503	$ 574,342	$ (6,902)	5,103,220
Accumulated impairment						
Goodwill	453,533	$ -	$ -	$ -	$ -	453,533
Patents	-	-	-	-	-	-
Use right	-	-	-	-	-	-
Client relationships	-	-	-	-	-	-
Software	-	-	-	-	-	-
Net other intangible assets	-	-	-	-	-	-
	453,533	$ -	$ -	$ -	$ -	453,533
	$ 16,033,575					$ 15,900,115

	For the Six Months Ended June 30, 2012					
	January 1, 2012	Additions	Disposals	Reclassification	Effect of Foreign Currency Exchange Differences	June 30, 2012
Cost						
Goodwill	$ 14,792,498	$ -	$ -	$ -	$ (7,443)	$ 14,785,055
Patents	27,134	-	-	-	-	27,134
Use right	2,695,878	-	-	-	-	2,695,878
Client relationships	163,819	-	-	-	-	163,819
Software	242,189	19,357	7	-	(6,917)	254,622
Net other intangible assets	2,601,730	45,261	4,259	(13,505)	(8,800)	2,620,427
	20,523,248	$ 64,618	$ 4,266	$ (13,505)	$ (23,160)	20,546,935
Accumulated amortization						
Goodwill	77,234	$ -	$ -	$ -	$ -	77,234
Patents	12,436	2,262	-	-	-	14,698
Use right	1,235,611	112,328	-	-	-	1,347,939
Client relationships	112,626	20,476	-	-	-	133,102
Software	174,084	12,110	-	-	(141,656)	44,538
Net other intangible assets	2,154,312	151,363	4,085	(13,190)	(52,891)	2,235,509
	3,766,303	$ 298,539	$ 4,085	$ (13,190)	$ (194,547)	3,853,020
Accumulated impairment						
Goodwill	453,533	$ -	$ -	$ -	$ -	453,533
Patents	-	-	-	-	-	-
Use right	-	-	-	-	-	-
Client relationships	-	-	-	-	-	-
Software	-	-	-	-	-	-
Net other intangible assets	-	-	-	-	-	-
	453,533	$ -	$ -	$ -	$ -	453,533
	$ 16,303,412					$ 16,240,382

An analysis of amortization by function:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Operating costs	$ 11,559	$ 23,844	$ 35,390	$ 40,608
Operating expenses	115,829	114,827	218,226	257,931
	$ 127,388	$ 138,671	$ 253,616	$ 298,539

The above items of other intangible assets were depreciated on a straight-line basis at the following rates per annum:

Patents	6 years
Use rights	12 years
Client relationships	4 years
Software	2-14 years
Net other intangible assets	1-10 years

The Parent Company completed the purchase of some assets of the IrDA Department of Avago Technologies Limited. Statement of Financial Accounting Standards (SFAS) No. 3- "Business Combinations" and SFAS No. 38 - "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:

	For the Six Months Ended June 30	
	2013	**2012**
Acquisition costs		$ 708,863
Fair value of identifiable assets acquired		
Inventories	$ 59,278	
Properties	46,700	
Patents	27,134	
Client relationships	163,819	296,931
Goodwill		$ 411,932

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 June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the accumulated amortization for patent rights amounted to $1,572,595 thousand, $1,460,267 thousand, $1,347,939 thousand and $1,235,611 thousand, respectively.

The goodwill arising from the Parent Company's acquisition of Lite-On Enclosure Inc. in 2004 was $210,220 thousand was amortization approximately over a period of five years. However, under the Guidelines Governing the Preparation of Financial Reports, effective January 1, 2006, goodwill need no longer be amortized. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, 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 Parent Company's proportionate shares in the investees' equity are listed as follows:

	June 30, 2013	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**
Lite-On Mobile Oyj (formerly Perlos Oyj)	$ 8,611,443	$ 8,601,849	$ 8,587,440	$ 8,612,047

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Li Shin International Enterprise Corp.	$ 1,708,258	$ 1,708,258	$ 1,708,258	$ 1,708,258
Lite-On Automotive Corp.	303,073	303,073	303,073	303,073
Leotek Electronics Corp.	220,170	220,170	221,453	219,424
Others	82,638	82,638	82,638	67,503
	$ 10,925,582	$ 10,915,988	$ 10,902,862	$ 10,910,305

(Concluded)

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, 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, and 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.

For the six months ended June 30, 2013 and 2012, the Group evaluated the recoverable amount of the cash-generating units and found that the recoverable amount was less than its carrying amount, thus there was no deification of impairment.

17. OTHER ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Prepayments	$ 2,957,119	$ 2,684,730	$ 2,416,246	$ 3,246,715
Offset against business tax payable	1,362,501	1,269,470	1,136,146	841,008
Other financial assets	1,196,407	1,102,784	331,785	340,388
Prepayment for equipment	1,171,782	1,236,480	2,124,912	2,631,249
Land use rights	585,280	572,519	583,717	620,211
Others	279,252	345,941	302,087	505,637
	$ 7,552,341	$ 7,211,924	$ 6,894,893	$ 8,185,208
Current	$ 5,517,784	$ 5,058,662	$ 3,920,401	$ 4,429,820
Non-current	2,034,557	2,153,262	2,974,492	3,755,388
	$ 7,552,341	$ 7,211,924	$ 6,894,893	$ 8,185,208

Land use rights with carrying amounts of $585,280 thousand, $572,519 thousand, $583,717 thousand and $620,211 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively, referred to land located in Mainland China.

18. BORROWINGS

a. Short-term borrowings

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured borrowings				
Line of credit borrowings	$ 9,255,290	$ 7,010,394	$ 8,188,222	$ 4,737,488

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, market interest rates for short-term borrowings were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Short-term borrowings	0.72%-1.96%	0.76-1.86%	0.92%-1.06%	0.86%-8.24%

b. Long-term borrowings

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured borrowings				
Parent Company	$ 28,700,000	$ 15,700,000	$ 15,700,000	$ 15,700,000
Lite-On Mobile Pte. Ltd.	6,000,000	5,808,000	5,974,000	6,053,601
Guangzhou Lite-On Mobile Electronic Components Co. Ltd.	1,199,993	1,161,605	597,407	-
Silitech Technology Corp.	1,005,000	1,005,000	1,407,000	1,809,000
Lite-On Japan Ltd.	379,002	489,890	592,784	602,923
Silitech Technology (SuZhou) Co., Ltd.	120,388	203,307	298,700	302,913
	37,404,383	24,367,802	24,569,891	24,468,437
Less: Current portion	11,771,492	4,411,168	1,286,876	1,173,473
Long-term borrowings: Non-current	$ 25,632,891	$ 19,956,634	$ 23,283,015	$ 23,294,964

1) As of June 30, 2013, the Parent Company had five long-term bank loans with contract terms between September 23, 2008 and March 19, 2018 and an interest rate of 1.526% to 1.696%, payable monthly or quarterly. These loans should be repaid in three, five, or eight installments or at lump sum on loan maturity.

   As of December 31, 2012, June 30, 2012 and January 1, 2012, the Parent Company had four long-term loans with contract terms between September 23, 2008 and October 19, 2016 and an interest rate of 1.518% to 1.694%, 1.495% to 1.671%, and 1.48% to 1.661%, payable monthly or quarterly. These loans should be repaid in three, 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:

a) 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

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

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Parent Company used a) NT$12 billion and b) NT$0.5 billion of the credit line of the above syndicated loan.

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.

On March 14, 2013, the Parent Company signed a contract for a five-year syndicated loan with Citibank and 10 other financial institutions. The credit line is NT$15 billion, consisting of (a) NT$6 billion and (b) NT$9 billion, is meant for the refinancing of existing credit lines to improve financial structure; it should be used as a medium-term loan but may not be used on a revolving basis.

The minimum payment should be at least NT$4 billion by March 19, 2014. The remaining principal of this syndication loan should be repaid in five semiannual installments from March 19, 2016, and the interest rate is the 90-day Taiwan subprime commercial paper interest rate plus 65 points.

Under the syndicated loan agreement, the Parent Company should maintain certain financial ratios based on the most recent semiannual or annual consolidated financial statements.

As of June 30, 2013, the Parent Company had drawn down (a) NT$4 billion and (b) NT$9 billion of the credit line of the above syndicated loan.

2) Lite-On Mobile Pte. Ltd. had a syndicated loan with Citibank. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the floating interest rates were 0.93% to 1.15%, 0.908% to 1.09675%, 1.06685% to 1.335% and 1.625% to 2.2%. The 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 13 other financial institutions (the endorsements and guarantees were provided by the Parent Company). As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, Lite-On Mobile Pte. Ltd. had used all of the credit line of the syndicated loan.

3) Guangzhou Lite-On Mobile Electronic Components Co. Ltd. had a syndicated loan with Citibank. As of June 30, 2013, December 31, 2012 and June 30, 2012, the floating interest rates were 1% to 1.05%, 0.91% to 0.93425% and 1.06665%. The principal repayable from December 28, 2014 in five semiannual installments.

This contract is a five-year syndicated loan of US$50 million and was signed with Citibank and 10 other financial institutions (the endorsements and guarantees were provided by the Parent Company). As of June 30, 2013, December 31, 2012 and June 30, 2012, Guangzhou Lite-On Mobile Electronic Components Co. Ltd. had used US$40 million, US$40 million and US$20 million of the credit line of the syndicated loan.

4) Silitech Technology Co., Ltd. ("Silitech") entered into a NT$2.4 billion syndicated loan contract, with the Land Bank of Taiwan as lead bank. This loan was obtained for the purposes of supporting operations and completing an acquisition. As of June 30, 2013, Silitech had used NT$1.005 billion of the syndicated loan, with an interest rate of 1.6903%.

   The first repayment of $45 million should be made on August 18, 2017. The remaining principal of NT$0.96 billion is repayable from February 18, 2018.

   Silitech entered into a contract for a NT$3 billion snydicated long-term bank loan, with the Land Bank of Taiwan as lead bank and a contract term from March 16, 2009 to March 16, 2014. Silitech had used NT$2.01 billion of the credit line of the syndicated loan. The floating interest rates were 1.7061%, 1.6903%, and 1.6712% as of December 31, 2012, June 30, 2012, and January 1, 2012, respectively. The principal is repayable from December 16, 2011 in 10 trimestral installments. In February 2013, Silitech settled this loan in advance.

5) As of June 30, 2013 and December 31, 2012, Lite-On Japan Ltd. had 23 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.

   As of June 30, 2012 and January 1, 2012, Lite-On Japan Ltd. had 21 and 18 long-term bank loans, with contract terms from November 10, 2006 to February 28, 2017, with interest rate of 1.16% to 1.75% and principal repayable on specified due dates.

6) 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 1.02275%, 1.0615%, 1.21685% and 1.26806% as of June 30, 2013, December 31, 2012, June 30, 2012, January 1, 2012, respectively; principal is amortized 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.

19. FINANCE LEASE PAYABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Minimum lease payments				
Not later than one year	$ 82,504	$ 62,483	$ 91,129	$ 85,046
Later than one year and not later than five years	223,799	234,213	300,231	322,215
Later than five years	-	-	-	-
	306,303	296,696	391,360	407,261
Less: Future finance charges	29,517	1,599	44,734	1,994
Present value of minimum lease payments	$ 276,786	$ 295,097	$ 346,626	$ 405,267

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Present value of minimum lease payments				
Not later than one year	$ 68,462	$ 62,381	$ 74,236	$ 84,360
Later than one year and not later than five years	208,324	232,716	272,390	320,907
Later than five years	-	-	-	-
	$ 276,786	$ 295,097	$ 346,626	$ 405,267
Current	$ 68,462	$ 62,381	$ 74,236	$ 84,360
Non-current	208,324	232,716	272,390	320,907
	$ 276,786	$ 295,097	$ 346,626	$ 405,267
Guangzhou Lite-On Mobile Electronic Components Co., Ltd.	$ 274,361	$ 291,839	$ 321,148	$ 355,986
Lite-On Mobile Sweden AB	1,248	918	1,243	1,612
Lite-On Mobile Oyj (formerly Perlos Oyj)	943	1,470	1,926	2,048
Lite-On Japan Ltd.	234	417	2,101	4,441
Parent Company	-	453	403	826
Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd.	-	-	19,805	40,064
Lite-On Mobile India Private Limited	-	-	-	290
	276,786	295,097	346,626	405,267
Less: Current portion of long-term capital lease liabilities	68,462	62,381	74,236	84,360
	$ 208,324	$ 232,716	$ 272,390	$ 320,907

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 10 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 Sweden AB leased machinery and equipment under capital leases valid from January 1, 2009 to January 31, 2016. The terms of these leases were three years, with 2.36% to 3.63% interest rate.

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

d. Lite-On Japan Ltd. leased machinery and equipment under capital leases valid from May 2009 to July 2014. The terms of these leases were between three and five years, with 1.3% to 2.7% interest rate.

e. The Parent Company leased machinery and equipment under capital leases valid from September 1, 2009 to June 1, 2013. The terms of these leases were between 3 and 5 years, with 15.6% interest rate. The payments of these leases were between $42 thousand and $120 thousand. The ownership of the leased assets will be transferred to the Parent Company at the end of the lease term.

f. Beijing Lite-On Mobile Electronic and Telecommunication Components Co., Ltd. leased buildings under capital leases valid from January 1, 2003 to December 31, 2012. These leases were for 10 years, with 4.24% interest rate.

g. Lite-On Mobile India Private Limited leased machinery and equipment under capital leases valid from September 15, 2009 to April 18, 2013. The terms of these leases were between three and five years, with 10.24% interest rate. Between January 1 and June 30, 2012, Lite-On Mobile India Private Limited fully repaid this loan before the end of the mature date.

20. PROVISIONS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Warranties	$ 912,089	$ 917,217	$ 1,108,113	$ 1,121,504
Customer returns and rebates	692,054	774,156	579,367	371,835
	$ 1,604,143	$ 1,691,373	$ 1,687,480	$ 1,493,339
Current	$ 1,604,143	$ 1,691,373	$ 1,687,480	$ 1,493,339
Non-current	-	-	-	-
	$ 1,604,143	$ 1,691,373	$ 1,687,480	$ 1,493,339

	Warranties	Customer Returns and Rebates	Total
Balance at January 1, 2013	$ 917,217	$ 774,156	$ 1,691,373
Additional provisions recognized	223,651	379,963	603,614
Usage	(108,657)	(474,604)	(583,261)
Reversing un-usage balances	(116,928)	8,024	(108,904)
Effect of foreign currency exchange differences	(3,194)	4,515	1,321
Balance at June 30, 2013	$ 912,089	$ 692,054	$ 1,604,143
Balance at January 1, 2012	$ 1,121,504	$ 371,835	$ 1,493,339
Additional provisions recognized	170,485	525,774	696,259
Usage	(101,484)	(317,777)	(419,261)
Reversing un-usage balances	(81,687)	-	(81,687)
Effect of foreign currency exchange differences	(705)	(465)	(1,170)
Balance at June 30, 2012	$ 1,108,113	$ 579,367	$ 1,687,480

a. The provision for warranty claims represents the present value of management’s best estimate of the future outflow of economic benefits that will be required under the Group’s obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

b. The provision of customer returns and rebates was based on historical experience, management's judgments and other known reasons estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

21. RETIREMENT BENEFIT PLANS

The Group's retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2012 and January 1, 2012, and recognized in their respective periods. Refer to Note 21 to the consolidated financial statements as of March 31, 2013 for information on the Group's retirement benefit plans.

Employee benefit expenses were included in the following line items by nature and function:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2012**	**2012**
By nature				
Post-employment benefits				
Defined contribution plans	$ 135,450	$ 156,651	$ 277,619	$ 305,567
Defined benefit plans	11,916	6,195	24,168	12,396
	147,366	162,846	301,787	317,963
Termination benefits	1,960	3,270	4,254	8,779
Other benefits	6,015,970	5,255,692	11,635,499	10,685,987
	$ 6,165,296	$ 5,421,808	$ 11,941,540	$ 11,012,729
By function				
Operating costs	$ 3,897,890	$ 3,243,868	$ 7,397,835	$ 6,437,232
Operating expenses	2,267,406	2,177,940	4,543,705	4,575,497
	$ 6,165,296	$ 5,421,808	$ 11,941,540	$ 11,012,729

22. EQUITY

a. Share capital

1) Ordinary shares

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	3,500,000	3,500,000	3,500,000	3,500,000
Shares authorized	$ 35,000,000	$ 35,000,000	$ 35,000,000	$ 35,000,000
Number of shares issued and fully paid (in thousands)	2,302,989	2,295,315	2,279,443	2,309,980
Shares issued	$ 23,029,886	$ 22,953,154	$ 22,794,426	$ 23,099,801

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

Of the Parent Company's authorized shares, 120,000 thousand shares and 100,000 thousand shares had been reserved for the issuance of convertible bonds and employee share options, respectively.

A reconciliation of the number of shares outstanding was as follows:

	Number of Shares (In Thousands)	Share Capital	Share Premium
Balance at January 1, 2013	2,295,315	$ 22,953,154	$ 8,551,730
Employee share options (registration not yet filed)	-	-	64,777
Employee share options (with approved registration)	7,674	76,732	178,226
Balance at June 30, 2013	2,302,989	$ 23,029,886	$ 8,794,733
Balance at January 1, 2012	2,309,980	$ 23,099,801	$ 8,533,185
Employee share options (with approved registration)	28	275	770
Shares repurchased and cancelled	(30,565)	(305,650)	(112,909)
Balance at June 30, 2012	2,279,443	$ 22,794,426	$ 8,421,046

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.

2) Issued global depositary receipts

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

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

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the outstanding marketable equity securities were 5,201 thousand units, 5,201 thousand units, 5,196 thousand units and 5,196 thousand units, respectively. The rights and obligation of security holders are the same as those of common shareholders, except for voting rights. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the unredeemed GDRs amounted to 1,205 thousand units, 984 thousand units, 979 thousand units, 1,141 thousand units.

b. Capital surplus

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share 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 capital surplus and once a year).

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

c. Retained 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:

1) Bonus to employees: At least 1%.
2) Bonus to directors: 1.5% or less.
3) 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.

For the six months ended June 30, 2013, the bonus to employees were estimated on the basis of net income after considering the effect of partial profit on share of associates at 14.15%; the remuneration to directors were estimated on the basis of net income at 0.85%. For the six months ended June 30, 2012, the bonus to employees and remuneration to directors and supervisors represented 13.50% and 0.85%, respectively of net income. 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.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, certain amounts shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a Parent Company should appropriate and reverse a special reserve.

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.

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

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 19, 2013 and 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2012	**2011**	**2012**	**2011**
Legal reserve	$ 753,486	$ 722,592	$ -	$ -
Special reserve	689,913	-	-	-
Share dividends	114,899	113,972	0.05	0.05
Cash dividends	5,400,265	5,174,335	2.35	2.27

The bonus to employees and the remuneration to directors and supervisors for 2012 and 2011 approved in the shareholders' meetings on June 19, 2013 and 2012, respectively, were as follows:

	For the Years Ended December 31			
	2012		**2011**	
	Cash Dividends	**Stock Dividends**	**Cash Dividends**	**Stock Dividends**
Bonus to employees	$ 897,799	$ 171,010	$ 819,420	$ 156,080
Remuneration of directors and supervisors	61,420	-	61,420	-

The 4,422 thousand shares for 2011 was determined by dividing the amount of share bonus resolved in 2012 by the closing price of NT$35.3 (after considering the effect of cash and stock dividends) on the day immediately preceding the shareholders' meeting.

The 3,669 thousand shares for 2012 was determined by dividing the amount of share bonus resolved in 2013 by the closing price of NT$46.61 (after considering the effect of cash and stock dividends) on the day immediately preceding the shareholders' meeting.

The appropriation of the earnings for 2012 was approved by the Financial Supervisory Commission, Executive Yuan, ROC. The Parent Company's board of directors approved August 13, 2013 as the date of distributing stock dividends and cash dividends.

The appropriations of earnings for 2012 were proposed according to the Parent Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

There was no significant difference between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the accrual amounts recognized in the financial statements.

Information on the bonus to employees, directors and supervisors proposed by the Parent Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Non-controlling interests

	For the Six Months Ended June 30	
	2013	2012
Balance at January 1	$ 19,961,011	$ 20,088,166
Attributable to non-controlling interests:		
Share of profit for the year	300,950	939,795
Other comprehensive income	(165,181)	(2,111,015)
Additional non-controlling interests arising on partial disposal (acquisition) of subsidiaries (Note 27)	(12,669,622)	144,435
Balance at June 30	$ 7,427,158	$ 19,061,381

e. Treasury shares

Unit: In Thousands of Shares

Purpose of Buy-Back (Please Specify Reasons)	Number of Shares at January 1	Increase During the Period	Decrease During the Period	Number of Shares at June 30
For the six months ended June 30, 2013				
Shares held by its subsidiaries	27,979	-	-	27,979
For the six months ended June 30, 2012				
Shares held by its subsidiaries	27,840	-	-	27,840
Shares transferred to employees	30,565	-	30,565	-
	58,405	-	30,565	27,840

The Parent Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
June 30, 2013			
Lite-On Capital Corporation	14,818	$ 718,857	$ 779,410
LTC International Ltd.	6,866	297,469	327,789
Yet Foundate Ltd.	2,226	126,881	93,503
Lite-On Electronics Co., Ltd.	2,402	105,515	100,886
Lite-On IT Corp.	1,667	85,938	87,669
		$ 1,334,660	$ 1,389,257

(Continued)

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
December 31, 2012			
Lite-On Capital Corporation	14,818	$ 718,857	$ 571,221
LTC International Ltd.	6,866	297,469	271,316
Yet Foundate Ltd.	2,226	126,881	90,511
Lite-On Electronics Co., Ltd.	2,402	105,515	97,658
Lite-On IT Corp.	1,667	85,938	64,252
		$ 1,334,660	$ 1,094,958
June 30, 2012			
Lite-On Capital Corporation	14,744	$ 718,857	$ 549,949
LTC International Ltd.	6,832	297,469	268,981
Yet Foundate Ltd.	2,215	126,881	92,635
Lite-On Electronics Co., Ltd.	2,390	105,515	99,949
Lite-On IT Corp.	1,659	85,938	61,859
		$ 1,334,660	$ 1,073,373
January 1, 2012			
Lite-On Capital Corporation	14,744	$ 718,857	$ 502,769
LTC International Ltd.	6,832	297,469	258,888
Yet Foundate Ltd.	2,215	126,881	93,869
Lite-On Electronics Co., Ltd.	2,390	105,515	101,281
Lite-On IT Corp.	1,659	85,938	56,552
		$ 1,334,660	$ 1,013,359

(Concluded)

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

23. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Revenue from the sale of goods	$ 49,894,904	$ 54,879,268	$ 96,595,920	$ 107,459,112
Power	84,974	158,845	124,504	158,845
Rental income from property	29,307	32,214	57,255	62,435
	$ 50,009,185	$ 55,070,327	$ 96,777,679	$ 107,680,392

For segment revenue information, refer to Note 35.

24. INCOME TAX

a, Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Current tax				
In respect of the current period	$ 677,219	$ 536,205	$ 1,272,180	$ 1,174,633
In respect of prior periods	(2,409)	54,328	(39,989)	(104,573)
Deferred tax				
In respect of the current period	(108,705)	61,079	(155,373)	149,158
Income tax expense recognized in profit or loss	$ 566,105	$ 651,612	$ 1,076,818	$ 1,219,218

Income tax expense was recognized in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Significant differences may arise between the estimated amount of nontaxable income and nondeductible expenses for the full financial year and the actual amount in each interim period. Income tax expenses recognized in each interim period and income tax expenses recognized from current tax multiplied by applicable tax rate after considering the change in deferred tax may be different. A numerical reconciliation between accounting profit and taxable income is not disclosed.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Deferred tax				
Recognized in other comprehensive income				
Translation of foreign operations	$ 114,348	$ (449,761)	$ 376,035	$ (698,119)

c. Integrated income tax

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings generated before January 1, 1998	$ 2,215	$ 2,215	$ 2,215	$ 2,215
Unappropriated earnings generated on and after January 1, 1998	7,410,981	13,652,397	9,476,393	12,390,715
	$ 7,413,196	$ 13,654,612	$ 9,478,608	$ 12,392,930
Imputation credits accounts	$ 525,017	$ 494,075	$ 634,676	$ 514,845

The expected creditable ratio for distribution of earnings of 2012 was 4.94%; the actual creditable ratio for distribution of earnings of 2011 was 5.43%.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Parent Company was based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2012 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

d. Income tax assessments

Income tax returns through 2010 have been examined by the tax authorities. The Parent Company disagreed with the tax authorities' assessment of its 2009 to 2010 tax returns and had applied for a reexamination. Nevertheless, the Parent Company made a provision for the income tax assessed.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Basic earnings per share	$ 0.98	$ 0.83	$ 1.67	$ 1.36
Diluted earnings per share	$ 0.98	$ 0.83	$ 1.66	$ 1.36

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

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Earnings used in the computation of diluted earnings per share from continuing operations	$ 2,239,666	$ 1,890,411	$ 3,816,327	$ 3,104,446

Weighted average number of ordinary shares outstanding

Unit: In Thousands of Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Weighted average number of ordinary shares in computation of basic earnings per share	2,284,170	2,274,481	2,281,498	2,274,472
Effect of dilutive potential ordinary shares:				
Employee share option	105	-	228	-
Bonus issue to employee	4,805	-	13,454	16,405
Weighted average number of ordinary shares used in the computation of diluted earnings per share	2,289,080	2,274,481	2,295,180	2,290,877

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

26. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan

Qualified employees of the Parent Company and its subsidiaries were granted 30,000 options in December 2007. Each option entitles the holder to subscribe for one thousand common shares of the Parent Company. The options granted are valid for 6 years and exercisable at certain percentages after the second, third and fourth anniversary 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 grant date. For any subsequent changes in the Parent Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Six Months Ended June 30			
	2013		**2012**	
Employee Share Option Plan	**Number of Options (In Thousands)**	**Weighted-average Exercise Price (NT$)**	**Number of Options (In Thousands)**	**Weighted-average Exercise Price (NT$)**
Balance at January 1	17,724	$ 35.5	19,819	$ 38.0

(Continued)

Employee Share Option Plan	For the Six Months Ended June 30			
	2013		2012	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Options exercised	$ (9,530)	$ 35.5	$ (28)	$ 38.0
Options expired	(56)	35.5	(815)	38.0
Balance at June 30	$ 8,138	35.5	$ 18,976	38.0
Options exercisable, end of period	$ 8,138		$ 18,976	
Weighted-average fair value of options granted (NT$)	$ 16.964		$ 16.964	

(Concluded)

Information about outstanding options as of June 30, 2013 and 2012 was as follows:

June 30, 2013		December 31, 2012	
Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)
$35.5	0.5	$35.5	1

June 30, 2012		January 1, 2012	
Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)
$38.0	1.5	$38.0	2

Options granted in December 2007 were priced using the (Binomial option pricing model pricing model) and the inputs to the model were as follows:

	June 30, 2013	June 30, 2012
Expected volatility	40.07%	40.07%
Expected life (years)	0.5 years	1.5 years
Expected dividend yield	7.07%	7.07%
Risk-free interest rate	2.5101%	2.5101%

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In March 2012, the Parent Company disposed of 2.21% of its interest in Silitech Technology Corp., reducing its continuing interest from 34.90% to 32.69%.

Between March to June 2013, the Group acquired an additional 52.58% of its interest in Lite-On IT Corp., increasing its continuing interest from 42.33% to 94.91%.

The above transactions were accounted for as equity transactions, since the Parent Company did not cease to have control over these subsidiaries.

	Silitech Technology Corp.	Lite-On IT Corp.
Cash consideration received (paid)	$ 288,198	$ (15,914,995)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	(144,435)	12,669,622
Reattribution of other comprehensive income to non-controlling interests		
Exchange differences arising on the translation of the financial statements of foreign operations	2,430	-
Differences arising from equity transaction	$ 146,193	$ (3,245,373)

	Silitech Technology Corp.	Lite-On IT Corp.	Total
Line items adjusted for equity transaction			
Capital surplus - difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	$ 146,193	$ (146,193)	$ -
Retained earnings	-	(3,099,180)	(3,099,180)
	$ 146,193	$ (3,245,373)	$ (3,099,180)

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group's capital management system aims to ensure that the necessary financial resources and operating plan are enough to meet the next 12 months' requirements for working capital, capital expenditures, research and development expenses, debt repayment, dividend expenses and other need.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

The Group's management consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 45,574	$ -	$ 45,574
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 13,786	$ -	$ 13,786
Available-for-sale financial assets				
Securities listed in ROC - equity securities	$ 1,198,947	$ -	$ -	$ 1,198,947
Securities listed in other countries - equity securities	69,090	-	-	69,090
Unlisted securities - ROC - equity securities	-	-	481,785	481,785
Unlisted securities - other countries - equity securities	-	-	324,871	324,871
Mutual funds	-	96,060	33,746	129,806
Emerging market stocks	-	178,716	-	178,716
	$ 1,268,037	$ 274,776	$ 840,402	$ 2,383,215

December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 13,023	$ -	$ 13,023
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 35,239	$ -	$ 35,239

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC - equity securities	$ 903,046	$ -	$ -	$ 903,046
Securities listed in other countries - equity securities	35,957	-	-	35,957
Unlisted securities - ROC - equity securities	-	-	481,785	481,785
Unlisted securities - other countries - equity securities	-	-	316,720	316,720
Mutual funds	-	93,242	13,068	106,310
Emerging market stocks	-	310,657	-	310,657
	$ 939,003	$ 403,899	$ 811,573	$ 2,154,475

(Concluded)

June 30, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 23,390	$ -	$ 23,390
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 27,543	$ -	$ 27,543
Available-for-sale financial assets				
Securities listed in ROC - equity securities	$ 1,077,517	$ -	$ -	$ 1,077,517
Securities listed in other countries - equity securities	120,510	-	-	120,510
Unlisted securities - ROC - equity securities	-	-	481,785	481,785
Unlisted securities - other countries - equity securities	-	-	230,754	230,754
Mutual funds	-	96,813	13,442	110,255
Emerging market stocks	-	293,892	-	293,892
	$ 1,198,027	$ 390,705	$ 725,981	$ 2,314,713

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 111,584	$ -	$ 111,584
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 42,274	$ -	$ 42,274

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC - equity securities	$ 1,898,101	$ -	$ -	$ 1,898,101
Securities listed in other countries - equity securities	145,291	-	-	145,291
Unlisted securities - ROC - equity securities	-	-	851,972	851,972
Unlisted securities - other countries - equity securities	-	-	188,967	188,967
Mutual funds	-	739,971	9,080	749,051
Emerging market stocks	-	437,953	-	437,953
	$ 2,043,392	$ 1,177,924	$ 1,050,019	$ 4,271,335

(Concluded)

There were no transfers between Level 1 and 2 in the current and prior periods.

3) Reconciliation of Level 3 fair value measurements of financial assets

June 30, 2013

	Available-for-sale Financial Assets		
	Unlisted Shares	**Mutual Funds**	**Total**
Balance at January 1, 2013	$ 798,505	$ 13,068	$ 811,573
Total gains or losses			
In other comprehensive income	8,151	574	8,725
Purchases	-	20,104	20,104
Balance at June 30, 2013	$ 806,656	$ 33,746	$ 840,402

June 30, 2012

	Available-for-sale Financial Assets		
	Unlisted Shares	**Mutual Funds**	**Total**
Balance at January 1, 2012	$ 1,040,939	$ 9,080	$ 1,050,019
Total gains or losses			
In profit or loss	(470,187)	-	(470,187)
In other comprehensive income	(3,347)	(119)	(3,466)
Purchases	145,134	4,481	149,615
Balance at June 30, 2012	$ 712,539	$ 13,442	$ 725,981

The total gains or losses for the period included a loss of $0 thousand and $470,187 thousand relating to assets held for the six months ended June 30, 2013 and 2012. Such fair value gains or losses were included in impairment losses.

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument;

c) The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets				
Fair value through profit or loss (FVTPL)				
Derivative financial assets	$ 45,574	$ 13,023	$ 23,390	$ 111,584
Loans and receivables (i)	109,950,472	107,257,401	107,333,889	104,139,455
Available-for-sale financial assets	2,383,215	2,154,475	2,314,713	4,271,335
Financial liabilities				
Fair value through profit or loss (FVTPL)				
Derivative financial liabilities	13,786	35,239	27,543	42,274
Derivative instruments in designated hedge accounting relationships	71,177	101,563	134,885	165,225
Measured at amortized cost				
Short-term borrowings	9,255,290	7,010,394	8,188,222	4,737,488
Long-term loans (included current portion of long-term debts)	37,404,383	24,367,802	24,569,891	24,468,437
Payables (ii)	72,566,706	68,692,057	74,742,286	79,830,312

i: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, trade and other receivables.

ii: The balances included financial liabilities measured at amortized cost, which comprise short-term bills payable, trade and other payables.

c. Financial risk management objectives and policies

The Group’s major financial instruments included equity investments, trade receivable, trade payables, bonds payable and borrowings. The Group’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Forward foreign exchange contracts to hedge the exchange rate risk arising on exportation; and

b) Interest rate swaps to mitigate the risk of rising interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Parent Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period (Note 33).

The Group required all its group entities to use foreign exchange forward contracts, cross-currency swap contract and options to eliminate currency exposure. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows.

	June 30, 2013	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**
Assets				
USD	$ 41,934	$ 13,023	$ 19,532	$ 88,771
EUR	3,640	-	3,858	13,383
JPY	-	-	-	9,430
Liabilities				
USD	13,569	29,140	23,609	32,495
EUR	166	6,050	2,749	-
RMB	51	-	1,017	-
JPY	-	49	168	9,779

Sensitivity analysis

The Group was mainly exposed to the Currency USD.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A positive number below indicates an increase in pre-tax profit and other equity associated with New Taiwan dollars strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	Currency USD Impact	
	For the Six Months Ended June 30	
	2013	**2012**
Profit or loss	$ (175,043)	$ 1,338,887

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	June 30, 2013	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**
Fair value interest rate risk				
Financial assets (i)	$ 37,503,190	$ 37,882,125	$ 33,573,309	$ 31,617,845
Financial liabilities (ii)	12,542,871	5,096,882	11,945,861	2,050,685
Cash flow interest rate risk				
Financial assets (iii)	26,994,488	21,017,052	27,468,830	22,226,441
Financial liabilities (iv)	34,116,802	26,281,314	20,812,252	27,155,240

i: The balances included cash and cash equivalents and debt investments with no active market.

ii: The balances included financial liabilities exposed to fair value risk from interest rate fluctuation.

iii: The balances included demand deposits.

iv: The balances included financial liabilities exposed to cash flow risk from interest rate fluctuation.

The Group aims to keep borrowings at variable rates. In order to achieve this result, the Group entered into interest rate swaps to hedge its exposures to changes in fair values of the borrowings. The critical terms of these interest rate swaps are similar to those of hedged borrowings. These interest rate swaps were designated as effective hedging instruments and hedge accounting is used.

The Group was also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and pay-fixed/receive-floating interest rate swaps. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimize the fair value interest rate risk. The Group's cash flow interest rate risk was mainly concentrated in the fluctuation of the average rate for 90-day notes in Taiwan's secondary market arising from the Group's New Taiwan dollars denominated borrowings.

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 25 basis points higher and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2013 and 2012 would decrease by $8,903 thousand and increase by $8,321 thousand.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 7% higher, the pre-tax other comprehensive income for the six months ended June 30, 2013 and 2012 would increase by $88,763 thousand and $83,862 thousand as a result of the changes in fair value of available-for-sale shares.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is exposed to credit risk from trade receivables, deposits and other financial instruments. Credit risk for business-related exposures are managed separately from that for financial-related exposures.

a) Business related credit risk

To maintain the quality of receivables, the Group has established operating procedures to manage credit risk.

For individual customers, risk factors considered include the customer's financial position, credit rating agency rating, the Group's internal credit rating, and transaction history as well as current economic conditions that may affect the customer's ability to pay. The Group also has the right to use some credit protection enhancement tools, such as requiring advance payments, to reduce the credit risks involving certain customers.

b) Financial credit risk

Bank deposits and other financial instruments are credit risk sources required by the Parent Company's Department of Finance Department to be measured and monitored. However, since the Group's counter-parties are all reputable financial institutions and government agencies, there is no significant financial credit risk.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations.

The objective of liquidity risk management, the Department is required to maintain operating cash and cash equivalents, in order to ensure that the combined company has sufficient financial flexibility.

a) Liquidity and interest risk rate tables

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments.

June 30, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 11,121,836	$ 31,466,737	$ 28,778,607	$ 99,447	$ 1,251
Finance lease liabilities	1.3%-7.11%	-	-	68,462	208,324	-
Variable interest rate liabilities	1.16%-1.96%	540,140	2,053,877	6,057,625	25,465,160	-
Fixed interest rate liabilities	0.72%-1.78%	3,011,518	3,128,577	6,235,045	167,731	-
		$ 14,673,494	$ 36,649,191	$ 41,139,739	$ 25,940,662	$ 1,251

December 31, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 15,159,962	$ 24,129,364	$ 29,515,218	$ 62,964	$ 821
Finance lease liabilities	1.3%-15.6%	-	-	62,381	232,716	-
Variable interest rate liabilities	0.908-1.86%	-	2,666,312	3,858,184	19,756,818	-
Fixed interest rate liabilities	0.76%-0.79%	2,614,770	1,535,887	746,409	199,816	-
		$ 17,774,732	$ 28,331,563	$ 34,182,192	$ 20,252,314	$ 821

June 30, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 12,797,111	$ 34,189,283	$ 26,943,096	$ 139,277	$ 2,443
Finance lease liabilities	2.79%-15.6%	-	-	74,236	272,390	-
Variable interest rate liabilities	1.067%-2.087%	-	2,809,968	980,225	17,022,059	-
Fixed interest rate liabilities	0.92%-1.057%	1,685,041	3,735,350	264,514	6,260,956	-
		$ 14,482,152	$ 40,734,601	$ 28,262,071	$ 23,694,682	$ 2,443

January 1, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 15,150,839	$ 33,043,973	$ 31,663,799	$ 72,417	$ 1,391
Finance lease liabilities	1.3%-15.6%	-	-	84,360	320,907	-
Variable interest rate liabilities	1.16%-8.24%	187,308	3,283,904	703,632	22,980,396	-
Fixed interest rate liabilities	0.86%-1.71%	317,914	156,686	1,261,517	314,568	-
		$ 15,656,061	$ 36,484,563	$ 33,713,308	$ 23,688,288	$ 1,391

The following table details the Group's expected maturity for some of its non-derivative financial assets. The tables below had been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

June 30, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial assets						
Non-interest bearing	-	$ 29,926,446	$ 10,565,408	$ 5,691,898	$ 863,133	$ -
Variable interest rate assets	0.00%-0.66%	26,994,488	-	-	-	-
Fixed interest rate assets	0.53%-4.05%	12,826,938	16,928,421	7,643,256	104,575	-
		$ 69,747,872	$ 27,493,829	$ 13,335,154	$ 967,708	$ -

December 31, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial assets						
Non-interest bearing	-	$ 29,604,624	$ 9,743,521	$ 9,950,840	$ 473,300	$ -
Variable interest rate assets	0.00%-0.75%	21,017,052	-	-	-	-
Fixed interest rate assets	0.01%-4.5%	10,395,044	21,827,105	5,557,416	102,560	-
		$ 61,016,720	$ 31,570,626	$ 15,508,256	$ 575,860	$ -

June 30, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial assets						
Non-interest bearing	-	$ 28,243,615	$ 13,564,522	$ 4,764,801	$ 325,196	$ -
Variable interest rate assets	0.00%-0.90%	27,468,830	-	-	-	-
Fixed interest rate assets	0.22%-4.50%	8,370,252	15,182,531	9,920,086	100,440	-
		$ 64,082,697	$ 28,747,053	$ 14,684,887	$ 425,636	$ -

January 1, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial assets						
Non-interest bearing	-	$ 25,106,277	$ 14,722,983	$ 10,737,193	$ 384,007	$ -
Variable interest rate assets	0.00%-1.05%	22,226,441	-	-	-	-
Fixed interest rate assets	0.01%-5%	14,552,496	15,573,766	1,383,476	108,107	-
		$ 61,885,214	$ 30,296,749	$ 12,120,669	$ 492,114	$ -

The table below summarizes the maturity profile of the Group's financial instruments on undiscounted contract payments.

June 30, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Forward exchange contracts	$ 2,762	$ 3,897	$ (108)	$ -	$ -
Currency swap contracts	9,149	-	-	-	-
	$ 11,911	$ 3,897	$ (108)	$ -	$ -
Gross settled					
Forward exchange contracts					
Inflows	$ 438,627	$ 880,273	$ 150,000	$ -	$ -
Outflows	(441,006)	(868,233)	(145,560)	-	-
	(2,379)	12,040	4,440	-	-
Currency swap contracts					
Inflows	-	792,787	480,000	-	-
Outflows	-	(786,164)	(475,140)	-	-
	-	6,623	4,860	-	-
	$ (2,379)	$ 18,663	$ 9,300	$ -	$ -

December 31, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Forward exchange contracts	$ (4,895)	$ 4,943	$ (474)	$ -	$ -
Currency swap contracts	(4,833)	-	-	-	-
	$ (9,728)	$ 4,943	$ (474)	$ -	$ -
Gross settled					
Forward exchange contracts					
Inflows	$ 107,964	$ 349,892	$ -	$ -	$ -
Outflows	(108,068)	(348,269)	-	-	-
	(104)	1,623	-	-	-
Currency swap contracts					
Inflows	406,101	1,429,232	-	-	-
Outflows	(408,249)	(1,442,076)	-	-	-
	(2,148)	(12,844)	-	-	-
	$ (2,252)	$ (11,221)	$ -	$ -	$ -

June 30, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Forward exchange contracts	$ 2,514	$ (9,361)	$ (235)	$ -	$ -
Currency swap contracts	(7,553)	-	-	-	-
	$ (5,039)	$ (9,361)	$ (235)	$ -	$ -
Gross settled					
Forward exchange contracts					
Inflows	$ 263,016	$ 163,778	$ 555,924	$ -	$ -
Outflows	(262,208)	(164,219)	(556,984)	-	-
	808	(441)	(1,060)	-	-
Currency swap contracts					
Inflows	464,020	1,012,461	71,337	-	-
Outflows	(464,475)	(1,006,385)	(71,469)	-	-
	(455)	6,076	(132)	-	-
	$ 353	$ 5,635	$ (1,192)	$ -	$ -

January 1, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Forward exchange contracts	$ 3,017	$ 22,931	$ 14,383	$ -	$ -
Currency swap contracts	(12,907)	-	-	-	-
	$ (9,890)	$ 22,931	$ 14,383	$ -	$ -

(Continued)

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Gross settled					
Forward exchange contracts					
Inflows	$ 176,881	$ 269,930	$ -	$ -	$ -
Outflows	(177,411)	(141,071)	-	-	-
	(530)	128,859	-	-	-
Currency swap contracts					
Inflows	979,846	1,565,611	-	-	-
Outflows	(970,011)	(1,524,551)	-	-	-
	9,835	41,060	-	-	-
	$ 9,305	$ 169,919	$ -	$ -	$ -

(Concluded)

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Parent Company and its subsidiaries, which were related parties of the Parent Company, had been eliminated on consolidation and are not disclosed in this note. Significant transactions with related parties are summarized below and in the accompanying Tables 1 and 2:

a. The price of the Group's sales to Lite-On Semiconductor Corp. For the six months ended June 30 in 2013 and 2012 was calculated at cost plus specific profit. Except for these sales, the sales terms between the Parent Company and its related parties were normal.

b. The cost of the Group's purchases from Lite-On Semiconductor Corp. for the six months ended June 30 in 2013 and 2012 was based on cost plus specific profit. Except for these purchases, the purchase terms between the Parent Company and its related parties were normal.

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

d. Compensation of directors, supervisors and management personnel:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Short-term employee benefits	$ 69,098	$ 15,106	$ 189,025	$ 192,967
Post-employment benefits	6,131	5,649	41,718	9,675
Other long-term employee benefits	(3,880)	-	-	-
Share-based payments	426	786	795	1,572
Termination benefits	243	32	465	8,441
	$ 72,018	$ 21,573	$ 232,003	$ 212,655

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Pledge-time deposits	$ 104,575	$ 102,560	$ 100,440	$ 108,107

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

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In May, 2010, INPRO II Licensing Sarl (INPRO) filed a lawsuit with the U.S. District Court for the Northern District of California 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. But because of the court's lack of jurisdiction, INPRO dismissed the case later. On September 3, 2010, the Parent Company filed a lawsuit with the Intellectual Property Court ("IP Court") in Taiwan against INPRO, alleging that the Parent Company had no patent obligations. On September 8, 2010, INPRO filed a lawsuit with the Superior Court of California (SCC) in the County of San Francisco. In December 2010, the SCC ruled that the U.S. proceedings in the U.S. should be stopped because the same facts had been filed with the IP Court in Taiwan. In July 2012, INPRO file a counterclaim with the IP Court in Taiwan and demanded a royalty payment of U.S$5.4 million. In June 2013, on the basis of its presentence investigation, the IP Court made a final judgment in favor of INPRO and ruled that the Parent Company should pay royalties of U.S$5.4 million plus interest. In July 2013, the Parent Company filed an appeal, claiming that the Parent Company had no patent obligations under the former patent licensing contract. The Parent Company believes the final outcome of this case would be positive. As of August 12, 2013, the date the board of directors approved and authorized the issue of the accompanying financial statements, this case was still under litigation. Thus, the Parent Company could not determine the possible results and future 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 August 12, 2013, 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. In 2012, although the outcome of the proceedings had not been determined, Lite-On IT accrued a reasonable amount in case of a loss on this lawsuit. Lite-On IT will continue to recognize the losses based upon reasonable estimation of the lawsuit quarterly until the settlement of this lawsuit.

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 August 12, 2013, 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. On September 9, 2011, FastVDO, LLC filed a complaint with the U.S. District Court for the District of Delaware against Lite-On Sales & Distribution Inc. and other companies with related business, alleging that the defendants infringed its patent. Lite-On IT assigned lawyers as its representative in these lawsuits. In October 2012, FastVDO, LLC negotiated a settlement agreement, under which claims and counterclaims were dismissed without prejudice. The judge entered the dismissal order ("Stipulated Motion for Dismissal without Prejudice Order"). However, the other 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 August 12, 2013, 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. As of August 12, 2013, the date the board of directors approved the accompanying financial statements and authorized the issue of these statements, 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.

33. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	June 30, 2013		December 31, 2012		June 30, 2012		December 1, 2011	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets								
Monetary items								
JPY	$ 2,428,411	0.3050	$ 2,007,618	0.3364	$ 2,637,482	0.3757	$ 3,201,028	0.3903
USD	2,407,486	30.0000	1,726,192	29.0400	1,951,359	29.8700	2,406,629	30.2680
INR	1,733,186	0.5040	2,170,846	0.5299	1,838,008	0.5310	2,586,306	0.5678
THB	630,936	0.9687	370,358	0.9506	464,472	0.9426	509,548	0.9609
HKD	168,892	3.8680	190,306	3.7464	324,715	3.8497	214,211	3.8956
Non-monetary items								
JPY	4,554	0.3050	4,554	0.3364	4,565	0.3757	55,944	0.3903
USD	67,332	30.0000	40,332	29.0400	187,060	29.8700	141,784	30.2680
HKD	5,900	3.8680	5,900	3.7464	5,973	3.8497	54,050	3.8956
EUR	2,008	39.1260	960	38.4780	9,477	37.5048	17,490	39.1668
Financial liabilities								
Monetary items								
JPY	2,137,826	0.3050	1,075,705	0.3364	2,422,295	0.3757	1,948,319	0.3903
USD	2,524,181	30.0000	2,107,333	29.0400	1,054,883	29.8700	2,024,131	30.2680
INR	748,167	0.5040	2,491,401	0.5299	704,724	0.5310	1,309,431	0.5678
THB	244,712	0.9687	193,477	0.9506	323,226	0.9426	143,239	0.9609
HKD	12,840	3.8680	20,200	3.7464	21,577	3.8497	130,549	3.8956
Non-monetary items								
JPY	-	0.3050	146	0.3364	446	0.3757	51,531	0.3903
USD	30,138	30.0000	3,512	29.0400	4,536	29.8700	12,907	30.2680
EUR	-	39.1260	-	38.4780	-	37.5048	131	39.1668

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Lending funds to others: Note 4 to the financial statements

2) Providing endorsements or guarantees for others: Note 4 to the financial statements

3) Holding of securities at the end of the period: Note 4 to the financial statements

4) Aggregate purchases or sales of the same securities reaching NT$100 million or 20 percent of paid-in capital or more: Note 4 to the financial statements

5) Acquisition of real estate reaching NT$100 million or 20 percent of paid-in capital or more: Note 4 to the financial statements

6) Disposal of real estate reaching NT$100 million or 20 percent of paid-in capital or more: Note 4 to the financial statements

7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: Note 4 to the financial statements

8) Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more: Note 4 to the financial statements

9) Information on investees: Note 4 to the financial statements

10) Trading in derivative instruments: Notes 7, 9 and 29 to the financial statements

b. Information on investments in mainland China: Note 4 to the financial statements

c. Significant direct or indirect transactions with the investee, prices, payment terms, and unrealized gain or loss: Note 4 to the financial statements

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 “Operating Segments” were as follows:

a. Optoelectronics and Communications: Produce LEDs, designs and mass-manufactures of phone camera modules;

b. IT Products: Provides a full range products for Computing, Server and Networking; manufactures and sells multifunction and all-in-one printers.

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 4.

The Group's operating segment information is as follows:

Industry financial information:

	For the Six Months Ended June 30, 2013					
	Optoelectronics and Network	**IT Products**	**Optical Storage**	**Others**	**Elimination**	**Total**
Sales from external customers	$ 30,082,208	$ 39,421,606	$ 21,390,582	$ 5,883,283	$ -	$ 96,777,679
Sales among segments	683,687	902,587	6,029	122,029	(1,714,332)	-
Operating profit (loss)	1,602,278	2,688,466	952,660	(1,126,127)	-	4,117,277
Segment assets	58,322,755	48,736,300	41,975,074	55,931,974	(2,239,926)	202,726,177

	For the Six Months Ended June 30, 2012					
	Optoelectronics and Network	**IT Products**	**Optical Storage**	**Others**	**Elimination**	**Total**
Sales from external customers	$ 34,009,154	$ 40,696,182	$ 26,306,716	$ 6,668,340	$ -	$ 107,680,392
Sales among segments	855,710	1,049,527	5,589	194,023	(2,104,849)	-
Operating profit (loss)	1,170,498	3,009,953	1,181,268	(1,317,478)	-	4,044,241
Segment assets	58,022,945	46,240,015	43,224,799	54,520,873	(2,214,971)	199,793,661

36. FIRST-TIME ADOPTION OF IFRSS

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the six months ended June 30, 2013 not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact on the transition to IFRSs

Except for the following additional information on the impact on the transition to IFRSs, refer to Note 36 to the consolidated financial statements as of March 31, 2013 for the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income after transition to IFRSs.

1) Reconciliation of the consolidated balance sheet as of June 30, 2012

Item	**ROC GAAP Amount**	**Effect of Transition to IFRSs**	**IFRSs Amount**	**Note**
Cash and cash equivalents	$ 62,178,174	$ (10,216,994)	$ 51,961,180	a)
Bond Investments with no active market	-	10,216,994	10,216,994	a)
Accounts receivable	42,350,349	579,367	42,929,716	b)
Other current assets	3,868,506	51,895	3,920,401	h), i) and j)
Deferred income tax assets - current	936,208	(936,208)	-	c)
Available-for-sale financial assets - noncurrent	1,294,830	1,019,873	2,314,703	f)
Financial assets carried at cost - noncurrent	1,019,873	(1,019,873)	-	f)
Investments accounted for by the equity method	3,560,887	(70,725)	3,490,162	o)
Properties	39,189,563	(593,861)	38,595,702	e), h), j) and l)
Intangible assets	16,229,097	11,285	16,240,382	h) and i)
Assets leased to others, net	112,619	(112,619)	-	e)
Idle assets, net	189,252	(189,252)	-	e)
Deferred expense, net	2,113,689	(2,113,689)	-	h)
Deferred income tax assets	-	2,178,850	2,178,850	c), d), m) and n)
Other noncurrent assets	-	2,974,492	2,974,492	h), i), j) and m)
Other	24,971,079	-	24,971,079	
Total	$ 198,014,126	$ 1,779,535	$ 199,793,661	

(Continued)

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Other payables	$ 23,485,242	$ 239,776	$ 23,725,018	n)
Provision	1,108,113	579,367	1,687,480	b)
Obligations under capital leases - noncurrent	270,290	2,100	272,390	
Reserve for land value increment tax	239,693	(239,693)	-	g)
Accrued pension liabilities	160,159	13,588	173,747	m)
Deferred income tax liabilities	945,154	1,469,246	2,414,400	d) and g)
Other	86,769,409	-	86,769,409	
Total liabilities	112,978,060	2,064,384	115,042,444	
Capital surplus	27,553,468	(756,236)	26,797,232	o), p) and r)
Unappropriated earnings	8,963,468	515,140	9,478,608	l), m), n), o), p), q) and r)
Net loss not recognized as pension cost	(21,489)	21,489	-	q)
Unrealized loss on financial instruments	(472,005)	230,587	(241,418)	k)
Foreign currency translation reserve	322,920	1,521	324,441	
Treasury stock	(1,104,073)	(230,587)	(1,334,660)	k)
Other	30,665,633	-	30,665,633	
Noncontrolling interests	19,128,144	(66,763)	19,061,381	m) and n)
Total shareholders' equity	85,036,066	(284,849)	84,751,217	
Total	$ 198,014,126	$ 1,779,535	$ 199,793,661	

(Concluded)

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

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Net sales	$ 107,680,269	$ 123	$ 107,680,392	
Cost of sales	(92,709,438)	(80,229)	(92,789,667)	m), n), and s)
Gross profit	14,970,831	(80,106)	14,890,725	
Operating expenses	(10,090,489)	82,618	(10,007,871)	l), m), n) and s)
Operating income	4,880,342	2,512	4,882,854	
Nonoperating gains and loss				
Gain on disposal of investments, net	442,276	(146,193)	296,083	r)
Investment income recognized under the equity method, net	7,855	3,639	11,494	o)
Other	73,027	1	73,028	
Total nonoperating expenses and losses	523,158	(142,553)	380,605	
Income before income tax	5,403,500	(140,041)	5,263,459	
Income tax	(1,218,246)	(972)	(1,219,218)	m), n) and o)
Consolidated net income	$ 4,185,254	$ (141,013)	4,044,241	
Cash flow hedges			30,340	
Exchange differences on translating foreign operations			(4,106,584)	
Unrealized loss on available-for-sale financial assets			(100,653)	
Income tax relating to components of other comprehensive income			698,119	
Total comprehensive income for the period			$ 565,463	

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

Item	ROC GAAP Amount	Effect of Transition to IFRSs	IFRSs Amount	Note
Net sales	$ 55,069,486	$ 841	$ 55,070,327	
Cost of sales	(47,098,642)	(96,463)	(47,195,105)	m), n), and s)
Gross profit	7,970,844	(95,622)	7,875,222	
Operating expenses	(5,172,786)	87,941	(5,084,845)	l), m), n) and s)
Operating income	2,798,058	(7,681)	2,790,377	
Nonoperating gains and loss				
Investment income recognized under the equity method, net	31,098	95	31,193	o)
Other	270,797	(9)	270,788	
Total nonoperating expenses and losses	301,895	86	301,981	
Income before income tax	3,099,953	(7,595)	3,092,358	
Income tax	(651,165)	(447)	(651,612)	m), n) and o)
Consolidated net income	$ 2,448,788	$ (8,042)	2,440,746	
Cash flow hedges			4,751	
Exchange differences on translating foreign operations			(2,577,857)	
Unrealized loss on available-for-sale financial assets			(100,862)	
Income tax relating to components of other comprehensive income			449,761	
Total comprehensive income for the period			$ 216,539	

4) Exemptions from IFRS 1

The exemptions adopted by the Group on January 1, 2012 were the same as those indicated in the consolidated financial statements as of March 31, 2013. Refer to the Note 36 to the consolidated financial statements as of March 31, 2013 for detail information.

5) Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under R.O.C. GAAP and the accounting policies adopted under IFRSs were 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 bond investments with no active market.

As of June 30, 2012, the amounts reclassified to bond investments with no active market was $10,216,994 thousand.

b) Allowance for sales returns and discounts

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

As of June 30, 2012, the amounts reclassified from allowance for sales returns and discounts to provisions was $579,367 thousand.

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 June 30, 2012, the amounts reclassified from deferred income tax assets - current to deferred income tax assets - noncurrent was $936,208 thousand.

d) Offsetting between deferred tax assets/liabilities

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

As of June 30, 2012, the offset amounts of the Group’s deferred tax assets and deferred tax liabilities was $1,229,553 thousand.

e) Classification of leased assets and idle asset

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 June 30, 2012, the amounts reclassified from leased assets and idle assets to properties was $301,871 thousand.

f) Financial assets carried at cost

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

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

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

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 June 30, 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 other current assets, properties, intangible assets, and other noncurrent assets in accordance with their nature.

As of June 30, 2012, the Group had reclassified deferred expenses of $15,670 thousand, $1,221,182 thousand, $601,311 thousand and $275,526 thousand to other current assets, properties, intangible assets, and other noncurrent assets, 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 June 30, 2012, the Group's land use rights reclassified to other current assets and other noncurrent assets amounted to $1,684 thousand and $582,033 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 other current assets or other noncurrent assets.

As of June 30, 2012, on the basis of the nature of the prepayments for equipment, the Group reclassified prepayments for equipment to other current assets and other noncurrent assets of $34,540 thousand and $2,111,989 thousand, respectively.

k) Treasury stock

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

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

l) 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 cos.

As of June 30, 2012, the IFRS-based adjustment resulted in increases in properties by $29,616 thousand and unappropriated earnings by $13,783 thousand, respectively.

The depreciation expense for the six months ended June 30, 2012 and for the three months ended June 30, 2012, were adjusted for an increase of $2,792 thousand and $2,260 thousand (recorded as operating expenses).

m) Employee benefits

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

At the transition date, the Group performed the actuarial valuation under IAS No. 19 - "Employee Benefits" and recognized the valuation difference directly as retained earnings under IFRS 1. As of June 30, 2012, the IFRS-based adjustments resulted in (a) increases in other noncurrent assets by $56,493 thousand; the deferred tax assets by $7,380 thousand; accrued pension liabilities by $13,588 thousand; and unappropriated earnings by $22,832 thousand and (b) decreases in noncontrolling interests by $31,408 thousand.

For the six months ended June 30, 2012, IFRS adoption resulted in a decrease of $3,133 thousand ($917 thousand recorded as cost of sales and $2,216 thousand recorded as operating expenses) in salary expenses and an increase of $193 thousand in income tax.

For the three months ended June 30, 2012, IFRS adoption resulted in a decrease of $2,313 thousand ($450 thousand recorded as cost of sales and $1,863 thousand recorded as operating expenses) in salary expenses and an increase of $102 thousand in income tax.

n) Employee benefits - short-term accumulated compensated absences

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

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

For the six months ended June 30, 2012, the salary expenses were adjusted for an decrease of $2,172 thousand (resulting in a decrease of $20,835 thousand in cost of sales and an increase of $18,663 thousand in operating expenses). The income tax was also adjusted for an increase of $809 thousand. For the three months ended June 30, 2012, the salary expenses were adjusted for an increase of $7,731 thousand (resulting in a decrease of $1,866 thousand in cost of sales and an increase of $9,597 thousand in operating expenses). The income tax was also adjusted for an increase of $376 thousand.

o) Investments accounted for using the equity method

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

As of June 30, 2012, the differences mentioned above resulted in an increase in unappropriated earnings by $177,372 thousand. In addition, the adjustment resulted in decreases of $70,725 thousand in investments accounted for by the equity method and of $247,927 thousand in capital surplus.

For the six months ended June 30, 2012, the IFRS-based adjustments resulted in increases of $3,639 thousand in investment income recognized under the equity method and an decrease of $30 thousand in income tax.

For the three months ended June 30, 2012, the IFRS-based adjustments resulted in increases of $95 thousand in investment income recognized under the equity method and an decrease of $30 thousand in income tax.

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

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

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

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

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

As of June 30, 2012, the 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.

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

Under IFRSs, based on the nature of operating transactions, the Group reclassified a repair and warranty expense of $101,858 thousand for the six months ended June 30, 2012 and $92,922 thousand for the three months ended June 30, 2012 to cost of sales.

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
JUNE 30, 2013 AND 2012
(In Thousands of New Taiwan Dollars)

		Receivable from Related Parties					Payable to Related Parties				
	Nature of Relationship	Accounts Receivable		Other Receivable			Accounts Payable		Other Payable		
Related Party	(Notes 1)	Amount	% (Note 2)	Amount	% (Note 2)	Total	Amount	% (Note 2)	Amount	% (Note 2)	Total
June 30, 2013											
Lite-On Semiconductor Corp.	a	$ 93,978	76	$ 28,173	23	$ 122,151	$ 115,251	81	$ 69	-	$ 115,320
Silpert Travel Service Co., Ltd.	c	-	-	132	-	132	-	-	8,952	6	8,952
Chi Mei Mold Co., Ltd.	b	-	-	-	-	-	13,406	10	4,442	3	17,848
Other related parties (Note 3)		564	1	240	-	804	93	-	-	-	93
		$ 94,542	77	$ 28,545	23	$ 123,087	$ 128,750	91	$ 13,463	9	$ 142,213
December 31, 2012											
Lite-On Semiconductor Corp.	a	$ 82,892	97	$ 1,945	2	$ 84,837	$ 98,061	62	$ 38	-	$ 98,099
Silpert Travel Service Co., Ltd.	c	-	-	236	-	236	-	-	7,006	5	7,006
Chi Mei Mold Co., Ltd.	b	-	-	-	-	-	20,176	13	13,129	8	33,305
Lite-Space Technology Company Limited	a	-	-	-	-	-	14,516	9	-	-	14,516
Other related parties (Note 4)		529	1	50	-	579	5,170	3	-	-	5,170
		$ 83,421	98	$ 2,231	2	$ 85,652	$ 137,923	87	$ 20,173	13	$ 158,096
June 30, 2012											
Lite-On Semiconductor Corp.	a	$ 96,384	73	$ 34,864	26	$ 131,248	$ 279,004	81	$ 1,408	-	$ 280,412
Silpert Travel Service Co., Ltd.	c	-	-	104	-	104	-	-	7,852	2	7,852
Chi Mei Mold Co., Ltd.	b	-	-	-	-	-	17,745	5	8,722	3	26,467
Jhen Vei Electronic (Wujian) Co., Ltd.	a	-	-	-	-	-	24,692	7	-	-	24,692
Other related parties (Note 5)		747	1	-	-	747	6,858	2	-	-	6,858
		$ 97,131	74	$ 34,968	26	$ 132,099	$ 328,299	95	$ 17,982	5	$ 346,281
January 1, 2012											
Co Tech Copper Foil Corp.	d	$ 746	36	$ -	-	$ 746	$ -	-	$ -	-	$ -
Lite-On Semiconductor Corp.	a	353	17	955	47	1,308	266,987	74	-	-	266,987
Chi Mei Mold Co., Ltd.	b	-	-	-	-	-	44,348	12	37,654	10	82,002
Silpert Travel Service Co., Ltd.	c	-	-	-	-	-	-	-	5,404	2	5,404
Other related parties (Note 6)		-	-	-	-	-	6,173	2	-	-	6,173
		$ 1,099	53	$ 955	47	$ 2,054	$ 317,508	88	$ 43,058	12	$ 360,566

(Continued)

Note 1: a. Associates.
b. A subsidiary is its chairman.
c. Its chairman is a relative of the Parent Company's chairman.
d. The Parent Company's chairman is its director.
e. The Parent Company is its main contributor.

Note 2: Percentage of specific account balance.

Note 3: Other Related Parties including:

a. Associates: Lite-Space Technology Company Limited.
b. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.
c. The Parent Company's chairman is same person: Diodes Taiwan Co., Ltd.
d. The Parent Company is its main contributor: Lite-On Cultural Foundation

Note 4: Other Related Parties including:

a. Associates: 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 5: Other Related Parties including:

a. Associates: Jhen Vei Electronic (Shenzhen) Co., Ltd.
b. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.

Note 6: An investee of an equity-method subsidiary: Jhen Vei Electronic (Shenzhen) Co., Ltd.

Note 7: Significant intercompany transactions have already been eliminated.

(Concluded)

LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
JUNE 30, 2013 AND 2012
(In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (Notes 1)	Sales (Note 2) Amount	Sales (Note 2) % (Note 3)	Purchases (Note 2) Amount	Purchases (Note 2) % (Note 3)	Rental Revenue	Other Revenue	Rental Expense	Other Expense (Note 4)	Property Transaction Book Value	Property Transaction Proceeds	Property Transaction Disposal Gain (Loss)	Property Transaction Cost
Six months ended June 30, 2013													
Lite-On Semiconductor Corp.	a	$ 124,704	-	$ 543,652	1	$ -	$ 1,838	$ -	$ -	$ -	$ -	$ -	$ -
Lite-On Cultural Foundation	e	51	-	-	-	172	19	-	915	-	-	-	-
Silpert Travel Service Co., Ltd.	c	-	-	-	-	29	-	-	47,803	-	-	-	-
Chi Mei Machinery Corp.	b	-	-	8,789	-	-	457	-	10,144	-	-	-	-
Diodes Taiwan Co., Ltd.	d	-	-	172,032	-	-	-	-	-	-	-	-	-
Actron Technology Corp.	f	-	-	-	-	-	282	-	-	-	-	-	-
Lite-Space Technology Company Limited	b	-	-	508,604	1	-	-	-	-	-	-	-	-
Other related parties (Note 5)		1,512	-	11,980	-	-	-	-	-	-	-	-	-
		$ 126,267	-	$ 1,245,057	2	$ 201	$ 2,596	$ -	$ 58,862	$ -	$ -	$ -	$ -
Three months ended June 30, 2013													
Lite-On Semiconductor Corp.	a	$ 80,803	-	$ 317,836	1	$ -	$ 1,249	$ -	$ -	$ -	$ -	$ -	$ -
Lite-On Cultural Foundation	e	26	-	-	-	86	10	-	-	-	-	-	-
Silpert Travel Service Co., Ltd.	c	-	-	-	-	15	-	-	25,656	-	-	-	-
Chi Mei Machinery Corp.	b	-	-	1,784	-	-	228	-	5,035	-	-	-	-
Diodes Taiwan Co., Ltd.	d	-	-	95,591	-	-	-	-	-	-	-	-	-
Actron Technology Corp.	f	-	-	-	-	-	282	-	-	-	-	-	-
Lite-Space Technology Company Limited	b	-	-	508,604	1	-	-	-	-	-	-	-	-
Other related parties (Note 5)		756	-	-	-	-	-	-	-	-	-	-	-
		$ 81,585	-	$ 923,815	2	$ 101	$ 1,769	$ -	$ 30,691	$ -	$ -	$ -	$ -
Six months ended June 30, 2012													
Lite-On Semiconductor Corp.	a	$ 137,307	-	$ 260,916	-	$ -	$ 1,889	$ -	$ -	$ -	$ -	$ -	$ -
Lite-On Cultural Foundation	e	43	-	-	-	172	18	-	-	-	-	-	-
Silpert Travel Service Co., Ltd.	c	-	-	-	-	29	383	-	48,979	-	-	-	-
Chi Mei Machinery Corp.	b	-	-	17,973	-	-	457	-	4,213	-	-	-	-
Actron Technology Corp.	f	-	-	-	-	-	270	-	-	-	-	-	-
Other related parties (Note 6)		1,512	-	4,569	-	-	-	-	-	-	-	-	-
		$ 138,862	-	$ 283,458	-	$ 201	$ 3,017	$ -	$ 53,192	$ -	$ -	$ -	$ -

(Continued)

Related Party	Nature of Relationship (Notes 1)	Sales (Note 2) Amount	Sales (Note 2) % (Note 3)	Purchases (Note 2) Amount	Purchases (Note 2) % (Note 3)	Rental Revenue	Other Revenue	Rental Expense	Other Expense (Note 4)	Property Transaction Book Value	Property Transaction Proceeds	Property Transaction Disposal Gain (Loss)	Property Transaction Cost
Three months ended June 30, 2012													
Lite-On Semiconductor Corp.	a	$ 87,472	-	$ 148,018	-	$ -	$ 1,140	$ -	$ -	$ -	$ -	$ -	$ -
Lite-On Cultural Foundation	e	22	-	-	-	86	9	-	-	-	-	-	-
Silpert Travel Service Co., Ltd.	c	-	-	-	-	15	186	-	27,688	-	-	-	-
Chi Mei Machinery Corp.	b	-	-	6,770	-	-	228	-	1,842	-	-	-	-
Actron Technology Corp.	f	-	-	-	-	-	270	-	-	-	-	-	-
Other related parties (Note 6)		756	-	-	-	-	-	-	-	-	-	-	-
		$ 88,250	-	$ 154,788	-	$ 101	$ 1,833	$ -	$ 29,530	$ -	$ -	$ -	$ -

Note 1: a. Associates.
b. A subsidiary is its chairman.
c. Its chairman is a relative of the Parent Company's chairman.
d. The Parent Company is same person.
e. The Parent Company is its main contributor.
f. The Parent Company's chairman is its director.

Note 2: Except for transactions disclosed in Note 30, 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 including:

a. Associates: Jhen Vei Electronic (Wujian) Co., Ltd. and Jhen Vei Electronic (Shenzhen) Co., Ltd.
b. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.

Note 6: Other related parties including:

a. Associates: Jhen Vei Electronic (Shenzhen) Co., Ltd.
b. The Parent Company's chairman is its director: Co Tech Copper Foil Corp.

Note 7: Significant intercompany transactions between the entities of consolidation have already been eliminated.

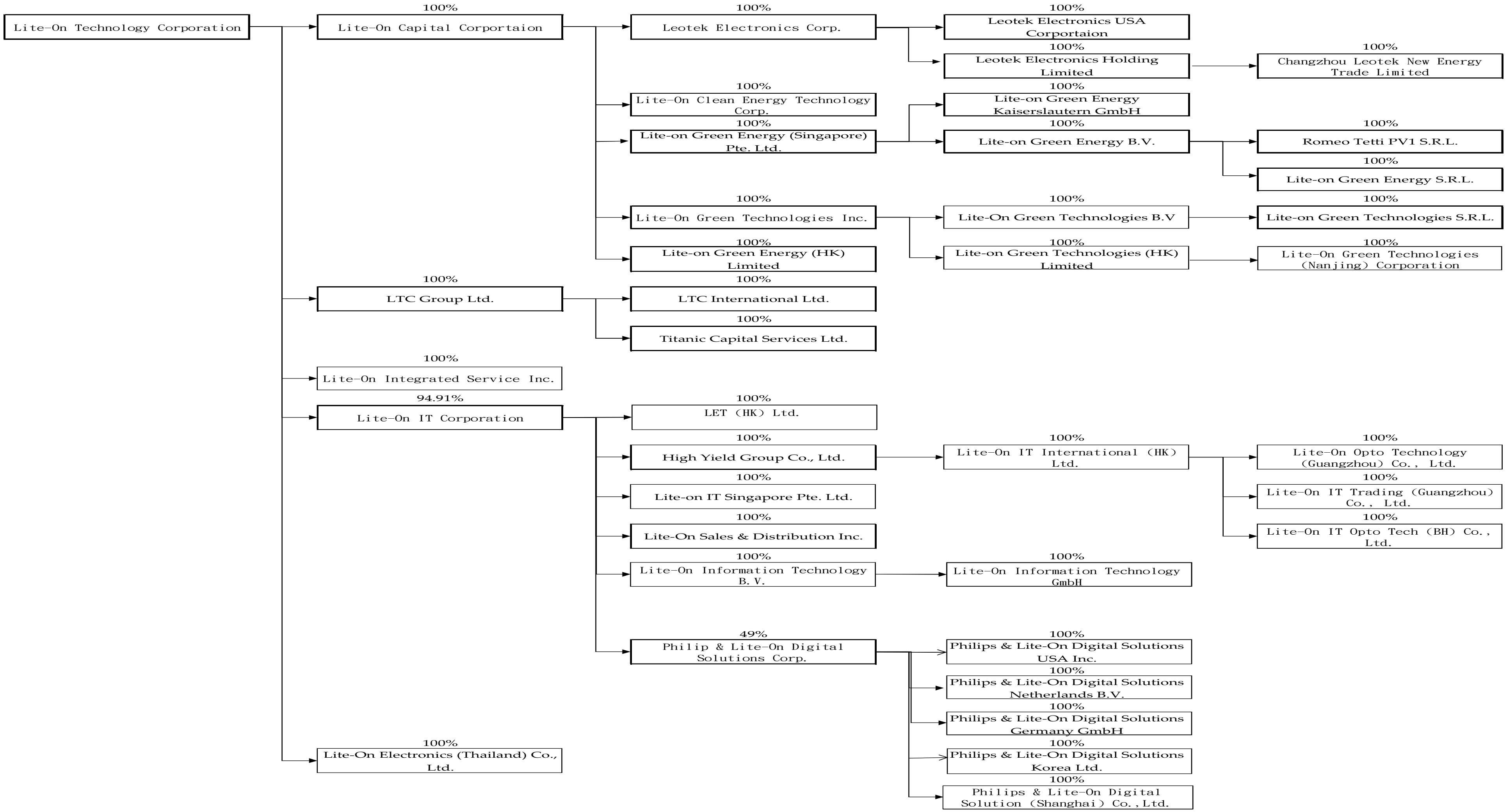
(Concluded)

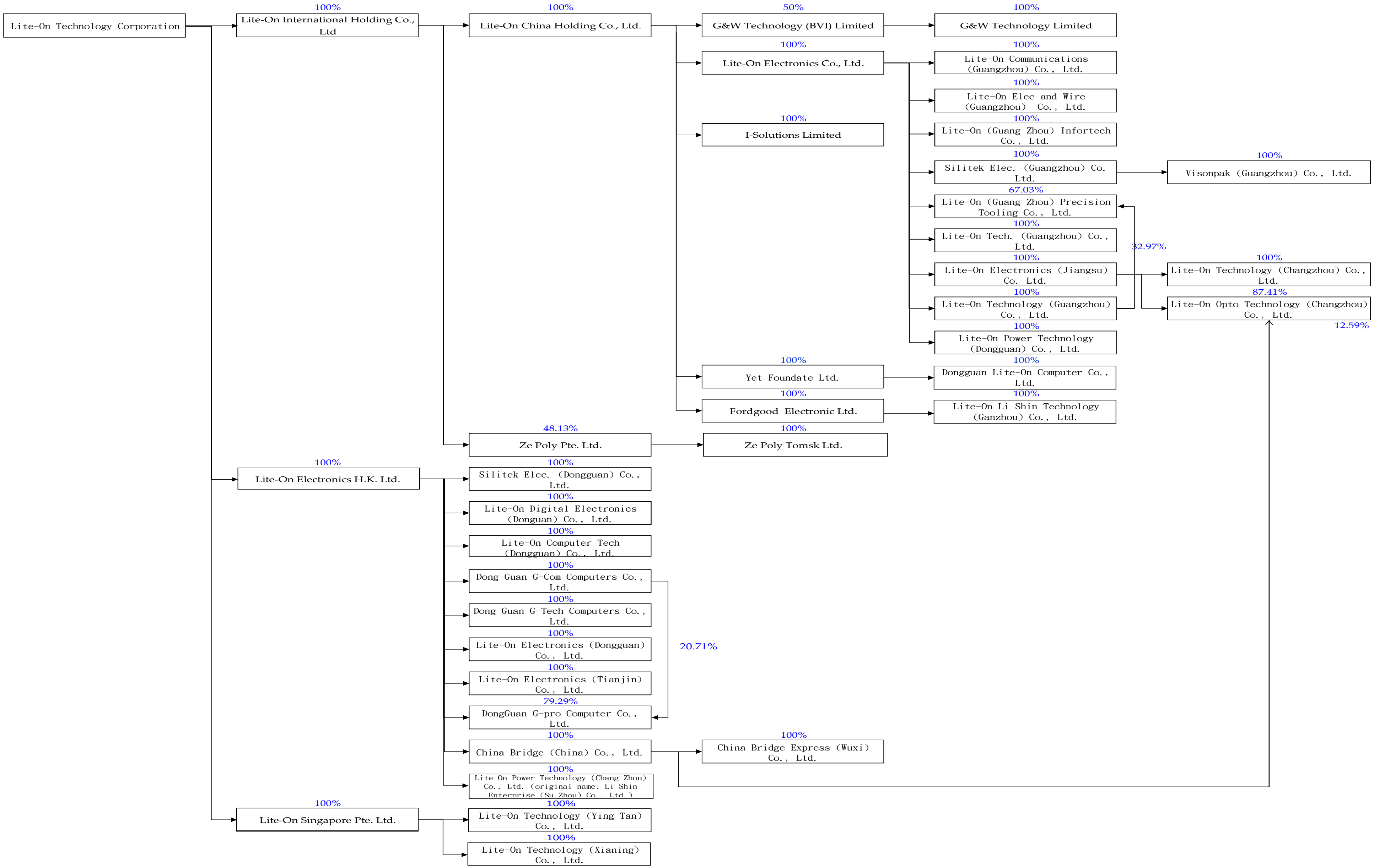
TABLE 3

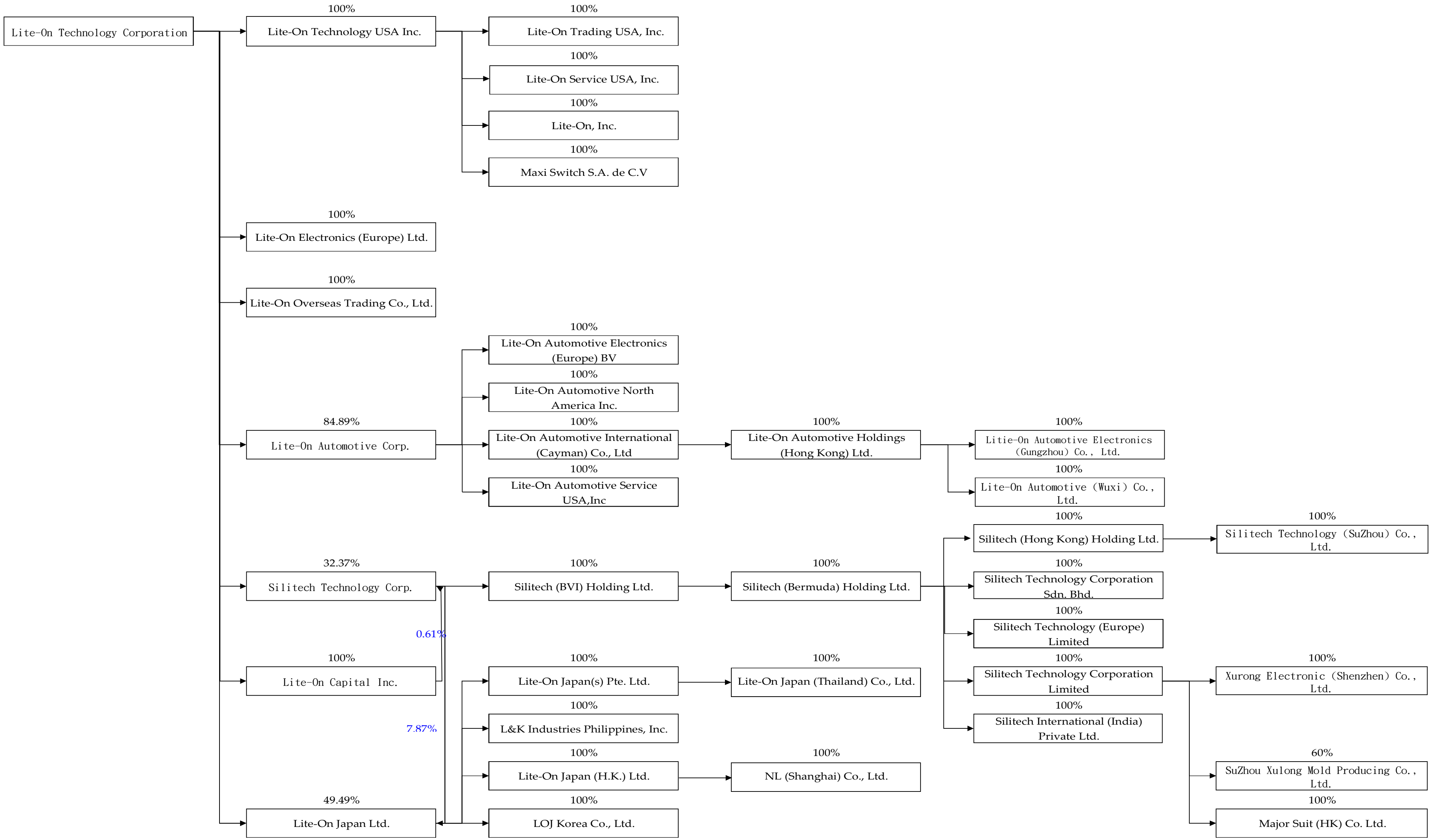
LITE-ON TECHNOLOGY CORPORATION AND SUBSIDIARIES

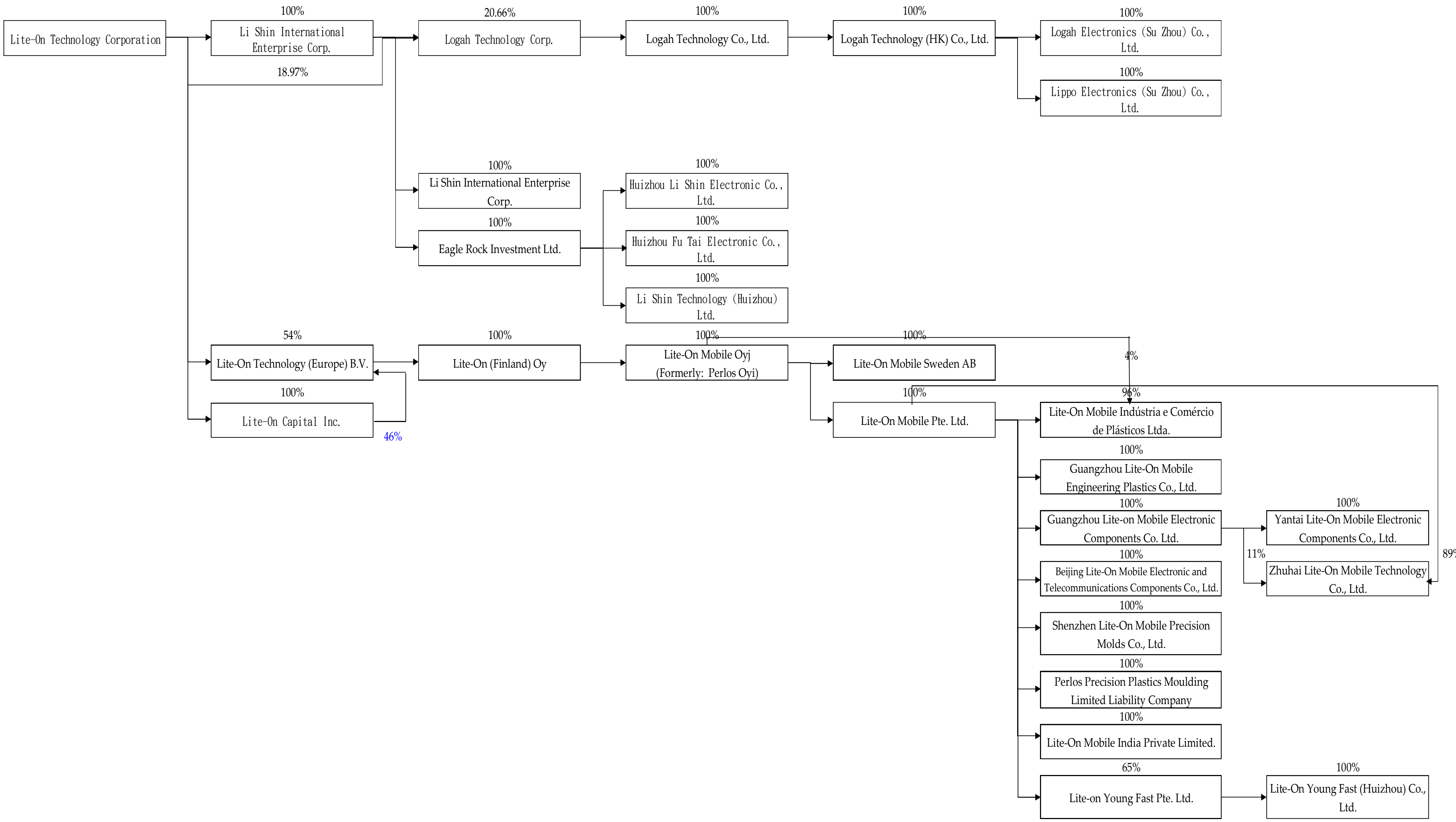
INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

June 30, 2013



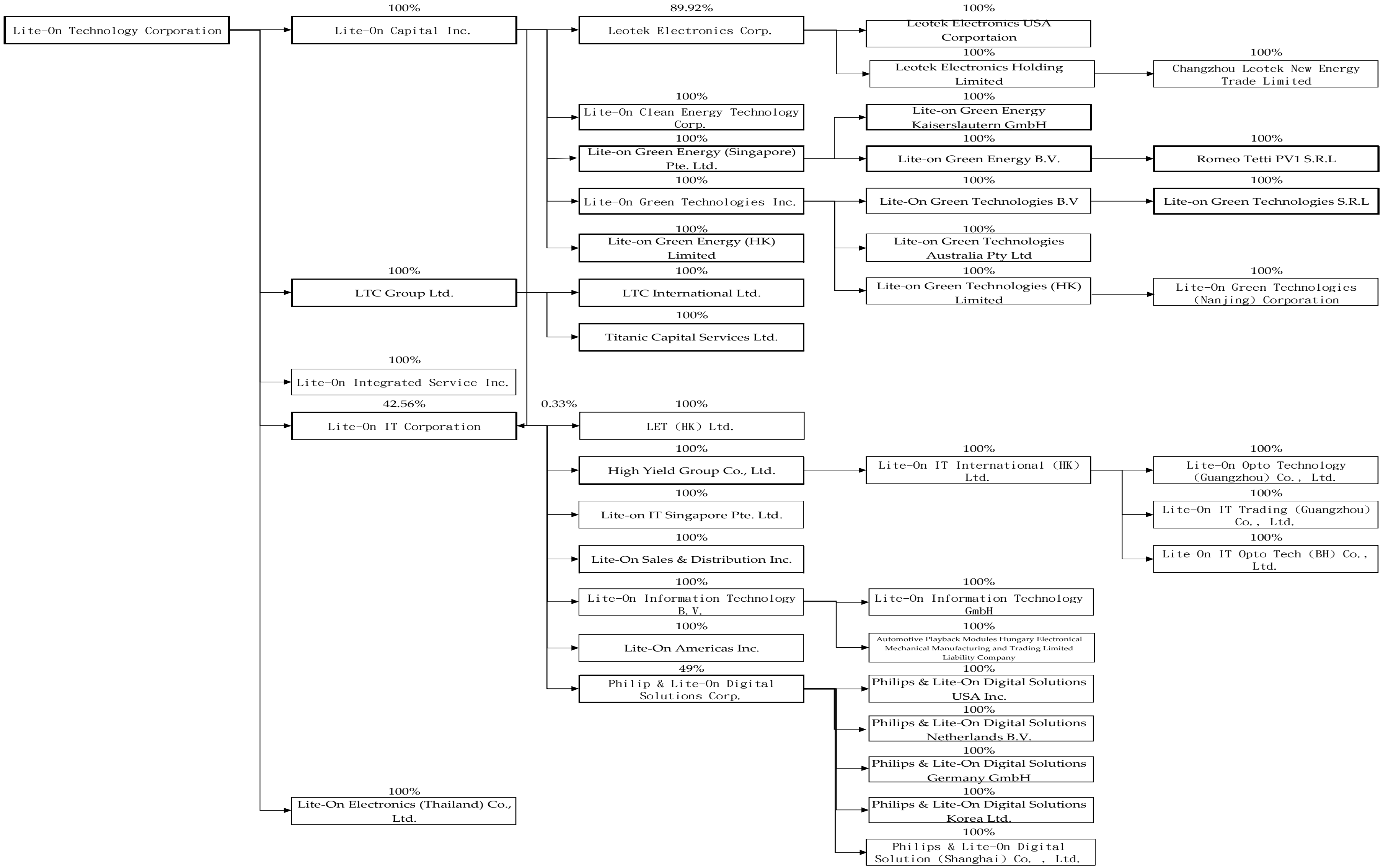

Lite-On Technology Corporation
100%
Lite-On International Holding Co., Ltd
100%
Lite-On China Holding Co., Ltd.
50%
G&W Technology (BVI) Limited
100%
G&W Technology Limited
100%
Lite-On Electronics Co., Ltd.
100%
Lite-On Communications (Guangzhou) Co., Ltd.
100%
Lite-On Elec and Wire (Guangzhou) Co., Ltd.
100%
I-Solutions Limited
100%
Lite-On (Guang Zhou) Infortech Co., Ltd.
100%
Silitek Elec. (Guangzhou) Co. Ltd.
100%
Visonpak (Guangzhou) Co., Ltd.
67.03%
Lite-On (Guang Zhou) Precision Tooling Co., Ltd.
100%
Lite-On Tech. (Guangzhou) Co., Ltd.
32.97%
100%
Lite-On Electronics (Jiangsu) Co. Ltd.
100%
Lite-On Technology (Changzhou) Co., Ltd.
100%
Lite-On Technology (Guangzhou) Co., Ltd.
87.41%
Lite-On Opto Technology (Changzhou) Co., Ltd.
12.59%
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 (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 (Donguan) 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.
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.)
100%
Lite-On Singapore Pte. Ltd.
100%
Lite-On Technology (Ying Tan) Co., Ltd.
100%
Lite-On Technology (Xianing) Co., Ltd.

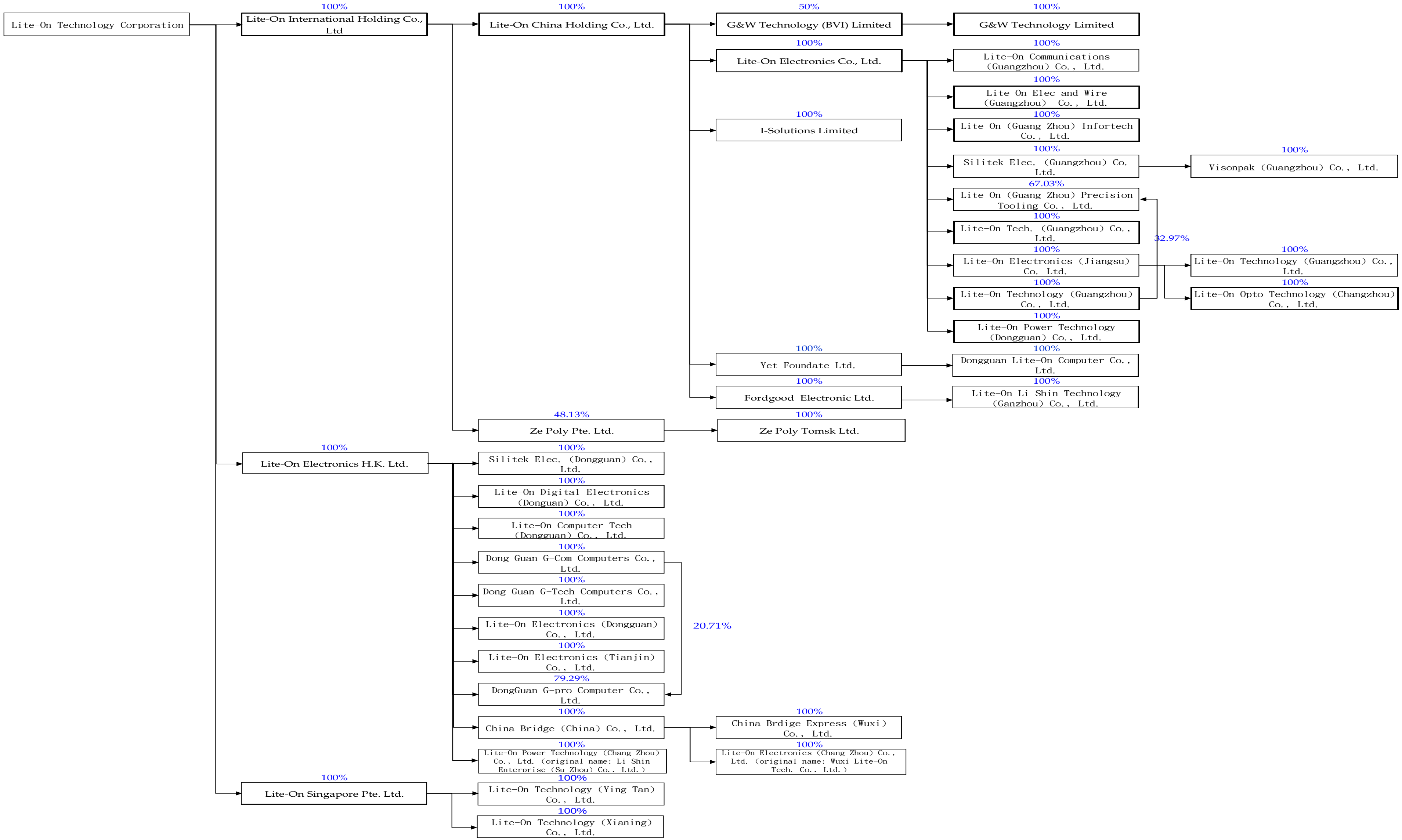

Lite-On Technology Corporation
100%
Lite-On Technology USA Inc.
100%
Lite-On Trading USA, Inc.
100%
Lite-On Service USA, Inc.
100%
Lite-On, Inc.
100%
Maxi Switch S.A. de C.V
100%
Lite-On Electronics (Europe) Ltd.
100%
Lite-On Overseas Trading Co., Ltd.
100%
Lite-On Automotive Electronics (Europe) BV
100%
Lite-On Automotive North America Inc.
84.89%
Lite-On Automotive Corp.
100%
Lite-On Automotive International (Cayman) Co., Ltd
100%
Lite-On Automotive Holdings (Hong Kong) Ltd.
100%
Litie-On Automotive Electronics (Gungzhou) Co., Ltd.
100%
Lite-On Automotive (Wuxi) Co., Ltd.
100%
Lite-On Automotive Service USA,Inc
100%
Silitech (Hong Kong) Holding Ltd.
100%
Silitech Technology (SuZhou) Co., Ltd.
32.37%
Silitech Technology Corp.
100%
Silitech (BVI) Holding Ltd.
100%
Silitech (Bermuda) Holding Ltd.
100%
Silitech Technology Corporation Sdn. Bhd.
100%
Silitech Technology (Europe) Limited
0.61%
100%
Lite-On Capital Inc.
100%
Lite-On Japan(s) Pte. Ltd.
100%
Lite-On Japan (Thailand) Co., Ltd.
100%
Silitech Technology Corporation Limited
100%
Xurong Electronic (Shenzhen) Co., Ltd.
100%
L&K Industries Philippines, Inc.
100%
Silitech International (India) Private Ltd.
7.87%
100%
Lite-On Japan (H.K.) Ltd.
100%
NL (Shanghai) Co., Ltd.
60%
SuZhou Xulong Mold Producing Co., Ltd.
49.49%
Lite-On Japan Ltd.
100%
LOJ Korea Co., Ltd.
100%
Major Suit (HK) Co. Ltd.

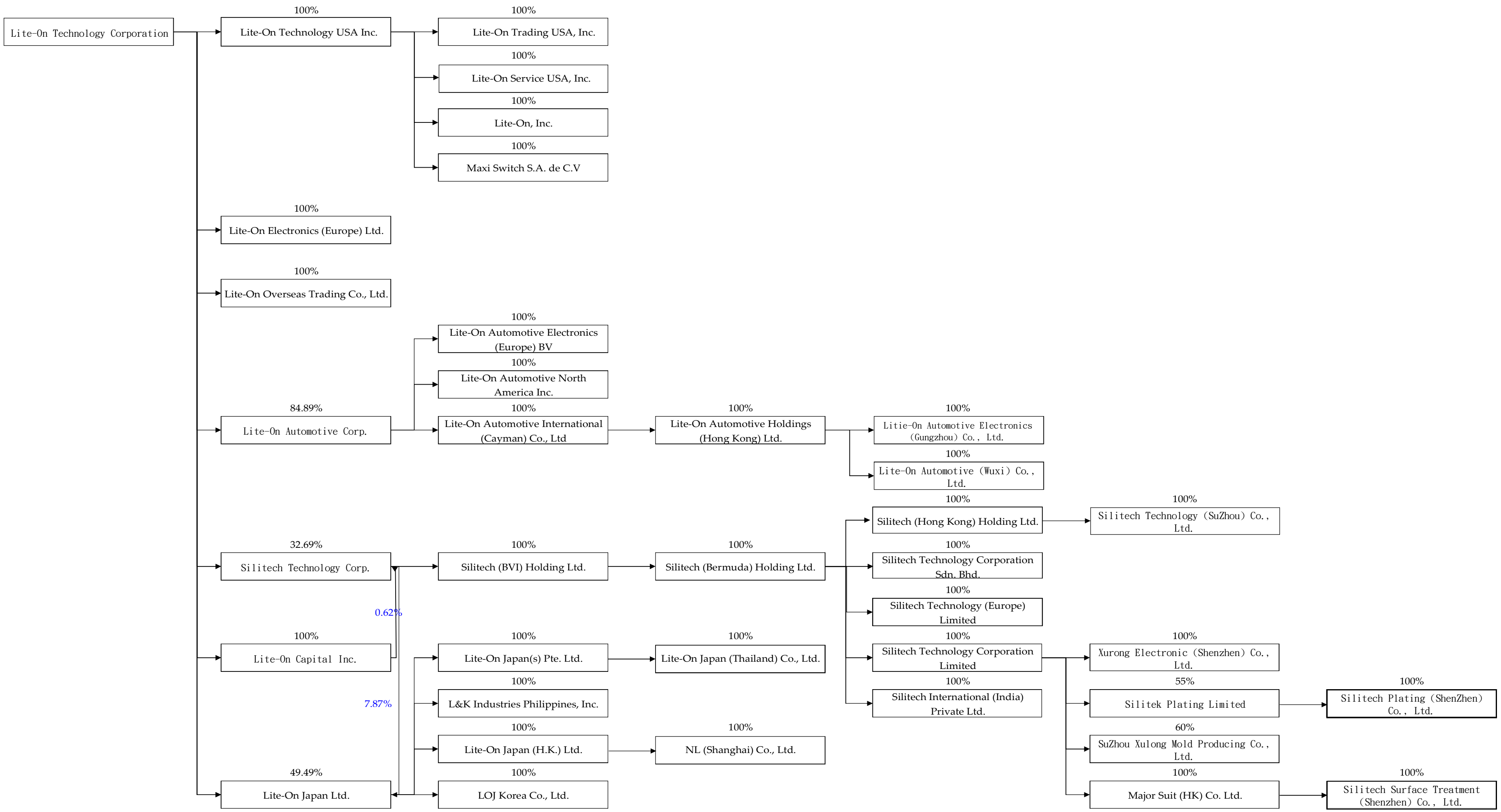


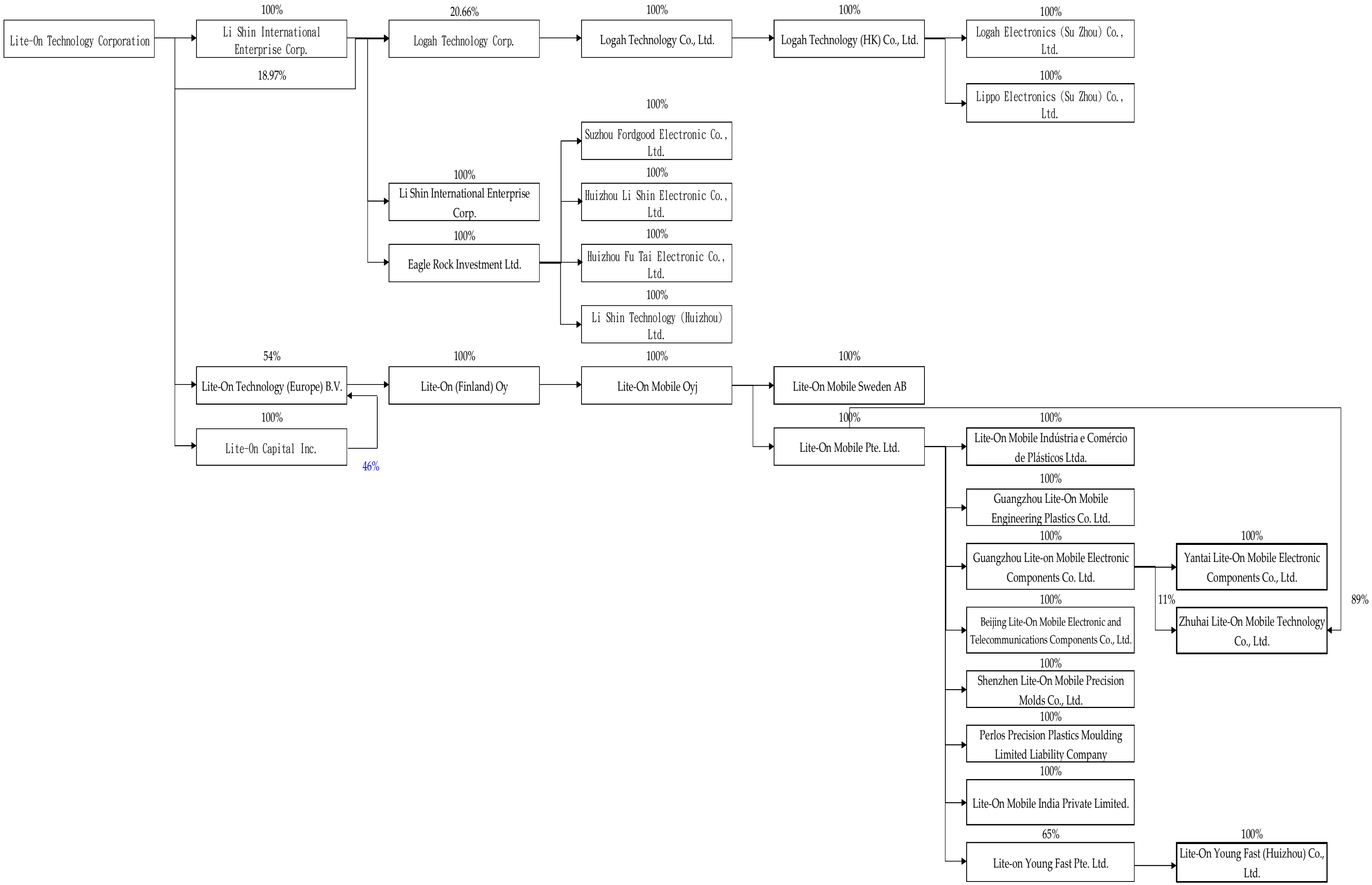
Lite-On Technology Corporation
100%
Li Shin International Enterprise Corp.
18.97%
20.66%
Logah Technology Corp.
100%
Logah Technology Co., Ltd.
100%
Logah Technology (HK) Co., Ltd.
100%
Logah Electronics (Su Zhou) Co., Ltd.
100%
Lippo Electronics (Su Zhou) Co., Ltd.
100%
Li Shin International Enterprise Corp.
100%
Eagle Rock Investment 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 Oyi)
100%
Lite-On Mobile Sweden AB
100%
Lite-On Mobile Pte. Ltd.
4%
96%
Lite-On Mobile Indústria e Comércio de Plásticos Ltda.
100%
Guangzhou Lite-On Mobile Engineering Plastics Co., Ltd.
100%
Guangzhou Lite-on Mobile Electronic Components Co. Ltd.
100%
Yantai Lite-On Mobile Electronic Components Co., Ltd.
11%
89%
Zhuhai Lite-On Mobile Technology Co., Ltd.
100%
Beijing Lite-On Mobile Electronic and Telecommunications Components Co., Ltd.
100%
Shenzhen Lite-On Mobile Precision Molds Co., Ltd.
100%
Perlos Precision Plastics Moulding Limited Liability Company
100%
Lite-On Mobile India Private Limited.
65%
Lite-on Young Fast Pte. Ltd.
100%
Lite-On Young Fast (Huizhou) Co., Ltd.

June 30, 2012


Lite-On Technology Corporation
100%
Lite-On Capital Inc.
89.92%
Leotek Electronics Corp.
100%
Leotek Electronics USA Corportaion
100%
Leotek Electronics Holding Limited
100%
Changzhou Leotek New Energy Trade Limited
100%
Lite-On Clean Energy Technology Corp.
100%
Lite-on Green Energy Kaiserslautern GmbH
100%
Lite-on Green Energy (Singapore) Pte. Ltd.
100%
Lite-on Green Energy B.V.
100%
Romeo Tetti PV1 S.R.L
100%
Lite-On Green Technologies Inc.
100%
Lite-On Green Technologies B.V
100%
Lite-on Green Technologies S.R.L
100%
Lite-on Green Energy (HK) Limited
100%
Lite-on Green Technologies Australia Pty Ltd
100%
LTC Group Ltd.
100%
LTC International Ltd.
100%
Lite-on Green Technologies (HK) Limited
100%
Lite-On Green Technologies (Nanjing) Corporation
100%
Titanic Capital Services Ltd.
100%
Lite-On Integrated Service Inc.
42.56%
Lite-On IT Corporation
0.33%
100%
LET (HK) Ltd.
100%
High Yield Group Co., Ltd.
100%
Lite-On IT International (HK) Ltd.
100%
Lite-On Opto Technology (Guangzhou) Co., Ltd.
100%
Lite-on IT Singapore Pte. Ltd.
100%
Lite-On IT Trading (Guangzhou) Co., Ltd.
100%
Lite-On Sales & Distribution Inc.
100%
Lite-On IT Opto Tech (BH) Co., Ltd.
100%
Lite-On Information Technology B.V.
100%
Lite-On Information Technology GmbH
100%
Lite-On Americas Inc.
100%
Automotive Playback Modules Hungary Electronical Mechanical Manufacturing and Trading Limited Liability Company
49%
Philip & Lite-On Digital Solutions Corp.
100%
Philips & Lite-On Digital Solutions USA Inc.
100%
Philips & Lite-On Digital Solutions Netherlands B.V.
100%
Philips & Lite-On Digital Solutions Germany GmbH
100%
100%
Lite-On Electronics (Thailand) Co., Ltd.
Philips & Lite-On Digital Solutions Korea Ltd.
100%
Philips & Lite-On Digital Solution (Shanghai) Co. , Ltd.


Lite-On Technology Corporation
100%
Lite-On International Holding Co., Ltd
100%
Lite-On China Holding Co., Ltd.
50%
G&W Technology (BVI) Limited
100%
G&W Technology Limited
100%
Lite-On Electronics Co., Ltd.
100%
Lite-On Communications (Guangzhou) Co., Ltd.
100%
Lite-On Elec and Wire (Guangzhou) Co., Ltd.
100%
Lite-On (Guang Zhou) Infortech Co., Ltd.
100%
Silitek Elec. (Guangzhou) Co. Ltd.
100%
Visonpak (Guangzhou) Co., Ltd.
67.03%
Lite-On (Guang Zhou) Precision Tooling Co., Ltd.
32.97%
100%
Lite-On Tech. (Guangzhou) Co., Ltd.
100%
Lite-On Electronics (Jiangsu) 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%
I-Solutions Limited
100%
Yet Foundate Ltd.
100%
Dongguan Lite-On Computer 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 (Donguan) 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%
DongGuan G-pro Computer Co., Ltd.
100%
China Bridge (China) Co., Ltd.
100%
China Brdige 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.


Lite-On Technology Corporation
100%
Lite-On Technology USA Inc.
100%
Lite-On Trading USA, Inc.
100%
Lite-On Service USA, Inc.
100%
Lite-On, Inc.
100%
Maxi Switch S.A. de C.V
100%
Lite-On Electronics (Europe) Ltd.
100%
Lite-On Overseas Trading Co., Ltd.
100%
Lite-On Automotive Electronics (Europe) BV
100%
Lite-On Automotive North America Inc.
84.89%
Lite-On Automotive Corp.
100%
Lite-On Automotive International (Cayman) Co., Ltd
100%
Lite-On Automotive Holdings (Hong Kong) Ltd.
100%
Litie-On Automotive Electronics (Gungzhou) Co., Ltd.
100%
Lite-On Automotive (Wuxi) Co., Ltd.
100%
Silitech (Hong Kong) Holding Ltd.
100%
Silitech Technology (SuZhou) Co., Ltd.
32.69%
Silitech Technology Corp.
100%
Silitech (BVI) Holding Ltd.
100%
Silitech (Bermuda) Holding Ltd.
100%
Silitech Technology Corporation Sdn. Bhd.
100%
Silitech Technology (Europe) Limited
0.62%
100%
Lite-On Capital Inc.
100%
Lite-On Japan(s) Pte. Ltd.
100%
Lite-On Japan (Thailand) Co., Ltd.
100%
Silitech Technology Corporation Limited
100%
Xurong Electronic (Shenzhen) Co., Ltd.
100%
L&K Industries Philippines, Inc.
7.87%
100%
Silitech International (India) Private Ltd.
55%
Silitek Plating Limited
100%
Silitech Plating (ShenZhen) Co., Ltd.
100%
Lite-On Japan (H.K.) Ltd.
100%
NL (Shanghai) Co., Ltd.
60%
SuZhou Xulong Mold Producing Co., Ltd.
49.49%
Lite-On Japan Ltd.
100%
LOJ Korea Co., Ltd.
100%
Major Suit (HK) Co. Ltd.
100%
Silitech Surface Treatment (Shenzhen) Co., Ltd.


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