

The slide features a blue gradient background with a grid of white lines. Several inset images show various pieces of electronic equipment, including what appears to be a server rack, a camera, and other hardware components. The text is positioned on the left side of the slide.

# Qisda Corporation Investor Conference : 2011 Q1 Results

April 28, 2011

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**Qisda**

## Outline

- 2010 Q1 Financial Results
- 2011 Q1 Business Summary
- 2011 Q2 Guidance

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## Safe Harbor Notice

We have made forward-looking statements in the presentation. Our forward-looking statements contain information regarding, among other things, our financial conditions, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties, and assumptions about us.

We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events in the conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.

## 2011 Q1 Financial Results

## 2011 Q1 Financial Highlights

- Revenue NT\$ 21.9 B, 9.4% decline QoQ due to seasonality
- Operating income NT\$ 0.25 B (1.2%)
- Net loss NT\$ 1.18 B due to non-operating items

## Q1 Income Statement: QoQ Analysis

*Amount : NT\$ Billion*

	2011 Q1		2010 Q4		QoQ
<b>Net Sales</b>	21.89	100.0%	24.18	100.0%	-9.4%
COGS	(20.32)		(22.21)		
<b>Gross Margin</b>	1.57	7.2%	1.97	8.1%	-0.9 ppt
Opex	(1.32)	(6.0%)	(1.20)	(4.9%)	
<b>Operating Income</b>	0.25	1.2%	0.77	3.2%	-2.0 ppt
Net Non-op Items	(1.39)		(0.06)		
<b>Income before Tax</b>	(1.14)		0.71		
<b>Net Income</b>	(1.18)	(5.4%)	0.67	2.8%	-8.2 ppt
<b>EPS-Diluted (NT\$)</b>	(0.61)		0.35		
<b>Net Worth / Share (NT\$)</b>	12.49		13.30		

\* Unaudited results of consolidated core business  
\* EPS-diluted was calculated based on total diluted, weighted-averaged outstanding shares (1,926 m shares)  
\* Net worth per share was calculated based on total outstanding shares (1,926 m shares)

## Q1 Balance Sheet Highlights

Amount: NT \$ Billion

	2011 Q1		2010 Q4		QoQ
Cash & Equivalent	6.69	9.2%	6.50	8.8%	0.19
Accounts Receivable	10.43	14.3%	10.20	13.8%	0.23
Inventory	10.48	14.4%	9.90	13.4%	0.58
L-T Investments	32.33	44.3%	33.99	45.8%	(1.66)
<b>Total Assets</b>	<b>72.90</b>	<b>100.0%</b>	<b>74.15</b>	<b>100.0%</b>	<b>(1.25)</b>
Fin. Debt	24.72	33.9%	22.43	30.3%	2.29
Accounts Payable	16.49	22.6%	16.92	22.8%	(0.43)
<b>Total Liabilities</b>	<b>48.86</b>	<b>67.0%</b>	<b>48.53</b>	<b>65.5%</b>	<b>0.33</b>
<b>Equity</b>	<b>24.05</b>	<b>33.0%</b>	<b>25.62</b>	<b>34.5%</b>	<b>(1.57)</b>

\* Unaudited results of consolidated core business  
 \* Fin. debt included long term and short term financial debts

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## Q1 Key Financial Ratios

	2011 Q1	2010 Q4	QoQ
A/R Turnover	42 days	37 days	+5 days
Inventory Turnover	50 days	41 days	+9 days
A/P Turnover	78 days	71 days	+7 days
Cash Conversion Cycle	14 days	7 days	+7 days
ROA	(1.6%)	0.9%	-2.5 ppt
ROE	(4.8%)	2.6%	-7.4 ppt
Current ratio	104.3%	103.9%	+0.4 ppt
Fin. Debt / Total Assets	33.9%	30.3%	+3.6 ppt

\* Unaudited results of consolidated core business  
 \* ROA and ROE were calculated on a quarterly basis

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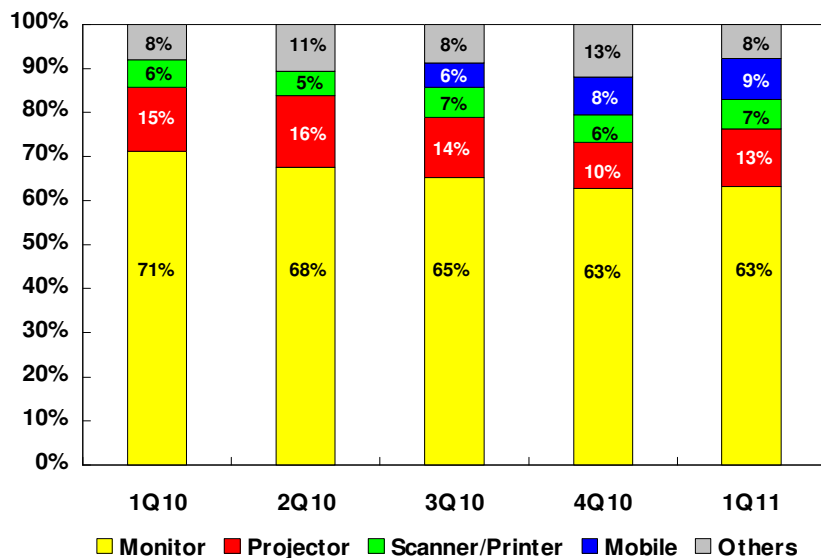
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# 2011 Q1 Business Summary

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## Revenue Breakdown by Product Line

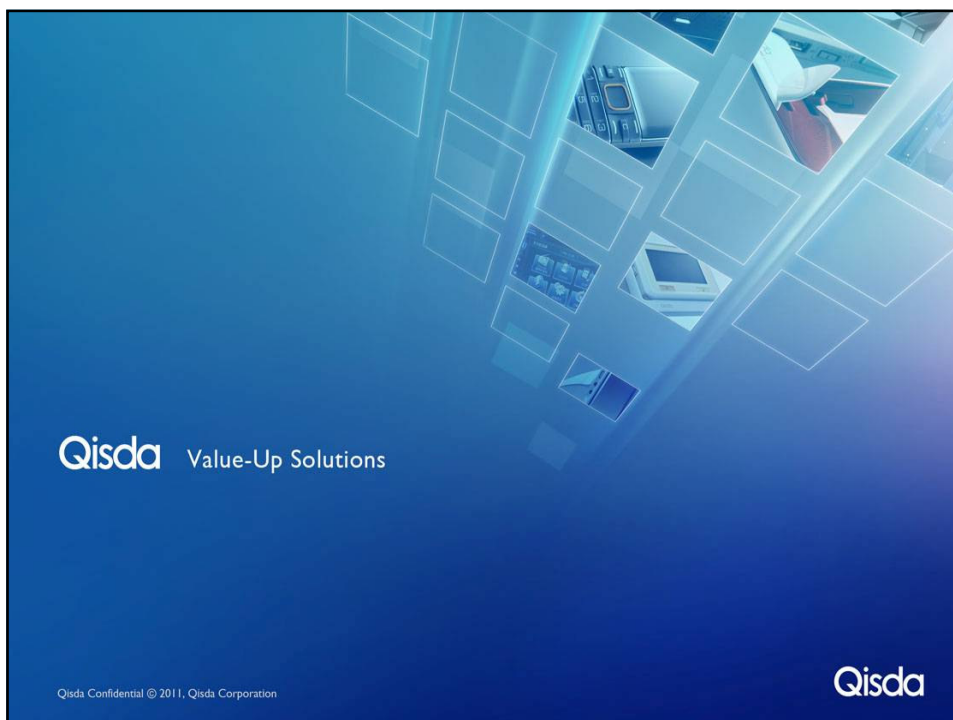


Note : "Others" includes products with a revenue share below 3%, such as professional & industrial displays, digital photo frame, handheld infotainment devices, automobile electronics, and others

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## 2011 Q1 Business Summary

- **Monitor :**
  - Unit shipment decreased by 5% QoQ to 3.98M sets
- **Projector :**
  - Unit shipment increased by 19% QoQ to 288K sets
- **Color laser printer :**
  - Unit shipment decreased by 15% QoQ
- **Mobile :**
  - Mobile devices unit shipment decreased by 12% while revenue maintained QoQ



**Qisda Corporation.**

**Unaudited Core Business Consolidated Balance Sheet**

Mar ,31, 2011

UNIT : NT\$K

<b>Assets</b>			<b>Liabilities and stockholders' equity</b>		
<b>Current assets :</b>			<b>Liabilities</b>		
Cash & cash equivalents	5,356,434	7.3%	Short- term borrowings	4,061,606	5.6%
Financial assets at fair value through profit or loss - current	26,698	0.0%	Financial liabilities at fair value through profit or loss - current	74,185	0.1%
Notes and accounts receivable, net	6,285,072	8.6%	N/P & A/P	15,420,912	21.2%
N/R & A/R from related parties	4,140,158	5.7%	N/P & A/P to related parties	1,068,915	1.5%
Other receivables, net	681,398	0.9%	Other payable to related parties	19,774	0.0%
Other receivable from related parties	235,765	0.3%	Bonds payable and long-term debt due within one year	2,595,575	3.6%
Other financial assets - current	1,338,318	1.8%	Accrued exp. & other current liab.	6,676,447	9.2%
Net inventories	10,483,162	14.4%	<b>Total current liabilities</b>	<u>29,917,413</u>	41.0%
Prepaid expenses and other current assets	2,506,346	3.4%	Long term loan	18,062,000	24.8%
Deferred income tax assets - current	135,883	0.2%	Bonds payable	0	0.0%
<b>Total current assets</b>	<u>31,189,233</u>	42.8%	Other liabilities	877,880	1.2%
Long-term investments	32,326,587	44.3%	<b>Total liabilities</b>	<u>48,857,293</u>	67.0%
<b>Fixed assets :</b>	14,513,349	19.9%	<b>Stockholders' equity</b>		
Less : Accumulated depreciation and	<u>(7,985,632)</u>	11.0%	Common stock	19,282,176	26.4%
<b>Total fixed assets</b>	<u>6,527,717</u>	9.0%	Capital surplus	3,557,234	4.9%
Other assets	2,860,401	3.9%	Legal reserve	0	0.0%
			Unrealized gain or loss on available-for-sale financial assets	<u>(849,365)</u>	-1.2%
			Retained earnings	1,945,745	2.7%
			Cumulative translation adjustment	189,581	0.3%
			Treasury stock	<u>(78,728)</u>	-0.1%
			<b>Total stockholders' equity</b>	<u>24,046,643</u>	33.0%
<b>Total Assets</b>	<u>\$ 72,903,937</u>	100.0%	<b>Total Liabilities and stockholders' equity</b>	<u>\$ 72,903,937</u>	100.0%

**Qisda Corporation.**

**Unaudited Core Business Consolidated Income Statement**

Jan-Mar' 2011

UNIT : NT\$K

<b>Net sales</b>	\$ 21,891,835	100.0%
Cost of goods sold	<u>(20,322,601)</u>	-92.8%
<b>Gross profit</b>	<u>1,569,234</u>	7.2%
<b>Operating expense :</b>		
S & M	<u>(505,717)</u>	-2.3%
G & A	<u>(217,988)</u>	-1.0%
R & D	<u>(591,879)</u>	-2.7%
<b>Total Operating expense</b>	<u>(1,315,584)</u>	-6.0%
<b>Operating income (loss)</b>	253,650	1.2%
<b>Non-operating income (loss)</b>	<u>(1,390,648)</u>	-6.4%
<b>Earning before income tax</b>	<u>(1,136,997)</u>	-5.2%
<b>Income tax expense</b>	<u>(45,955)</u>	-0.2%
<b>Profit after tax</b>	<u>(\$1,182,952)</u>	-5.4%

**Qisda Corporation**  
**Reviewed Non-consolidated Balance Sheets**  
**March 31, 2010 and 2011**  
(expressed in thousands of New Taiwan dollars and US dollars)

Assets	2010.3.31			2011.3.31			Liabilities and Stockholders' Equity	2010.3.31			2011.3.31		
	NT\$	NT\$	US\$	NT\$	NT\$	US\$		NT\$	NT\$	US\$	NT\$	NT\$	US\$
<b>Current assets:</b>							<b>Current liabilities:</b>						
Cash and cash equivalents	2,360,060	477,926	16,256				Financial liabilities at fair value through profit or loss—current	37,595	74,185	2,523			
Financial assets at fair value through profit or loss—current	36,512	26,698	908				Accounts payable	1,748,812	2,071,739	70,468			
Notes and accounts receivable, net	2,752,977	4,239,504	144,201				Accounts payable to related parties	1,935,058	3,383,480	115,084			
Accounts receivable from related parties	6,706,337	5,534,369	188,244				Other payables to related parties	88,668	34,274	1,166			
Other receivables, net	1,239,700	528,997	17,993				Income tax payable	98,550	132,074	4,492			
Other receivables from related parties	1,951,754	2,069,595	70,394				Accrued expenses	4,500,240	4,176,063	142,043			
Inventories	1,342,393	1,955,779	66,523				Advance receipts	422,341	533,645	18,151			
Prepaid expenses and other current assets	47,230	52,086	1,772				Bonds payable due within one year	1,600,000	117,575	3,999			
Deferred income tax assets—current	262,570	113,115	3,847				Long-term debt due within one year	-	2,478,000	84,286			
<b>Total current assets</b>	<b>16,699,533</b>	<b>14,998,069</b>	<b>510,138</b>				Other current liabilities	2,547,720	164,279	5,588			
<b>Long-term investments:</b>							Deferred inter-company profits	236,558	90,916	3,092			
Equity method	33,595,017	33,166,162	1,128,101				<b>Total current liabilities</b>	<b>13,215,542</b>	<b>13,256,230</b>	<b>450,892</b>			
Available-for-sale financial assets—noncurrent	3,850,811	3,301,100	112,282				<b>Long-term liabilities:</b>						
Financial assets carried at cost—noncurrent	49,546	225,050	7,655				Financial liabilities at fair value through profit or loss-noncurrent	18,486	-	-			
	<b>37,495,374</b>	<b>36,692,312</b>	<b>1,248,038</b>				Bonds payable	113,448	-	-			
<b>Property, plant and equipment:</b>							Long-term debt	18,600,000	16,592,000	564,354			
Land	644,490	600,168	20,414				<b>Total long-term liabilities</b>	<b>18,731,934</b>	<b>16,592,000</b>	<b>564,354</b>			
Buildings	1,483,907	1,426,071	48,506				<b>Other liabilities:</b>						
Machinery and equipment	853,224	876,231	29,804				Deferred profits on sale-leaseback transaction	691,451	582,275	19,805			
Furniture and fixtures	115,253	118,720	4,038				Other liabilities	481,381	333,422	11,341			
Miscellaneous equipment	46,482	50,611	1,721				<b>Total other liabilities</b>	<b>1,172,832</b>	<b>915,697</b>	<b>31,146</b>			
Prepayments for plant and equipment	1,989	8,102	276				<b>Total liabilities</b>	<b>33,120,308</b>	<b>30,763,927</b>	<b>1,046,392</b>			
	<b>3,145,345</b>	<b>3,079,903</b>	<b>104,759</b>				<b>Stockholders' equity:</b>						
Less: accumulated depreciation	(1,511,390)	(1,580,281)	(53,751)				Common stock	19,282,176	19,282,176	655,856			
<b>Net property, plant and equipment</b>	<b>1,633,955</b>	<b>1,499,622</b>	<b>51,008</b>				Capital surplus:						
<b>Intangible assets</b>	<b>34,677</b>	<b>51,067</b>	<b>1,737</b>				Additional paid-in-capital in excess of the common stock's par value	1,196,757	-	-			
<b>Other assets :</b>							Capital surplus from long-term equity investments	3,414,581	3,557,234	120,994			
Assets for lease	143,572	214,975	7,312				Accumulated deficit	(79,509)	1,945,745	66,182			
Idle assets	104,324	104,324	3,548				Cumulative translation adjustment	767,494	189,581	6,448			
Refundable deposits	94,090	95,561	3,250				Unrealized loss on available-for-sale financial assets	(246,958)	(849,365)	(28,890)			
Deferred expenses	144,609	118,341	4,025				Treasury stock	(80,934)	(78,728)	(2,677)			
Deferred income tax assets—noncurrent	915,681	915,854	31,152				<b>Total stockholders' equity</b>	<b>24,253,607</b>	<b>24,046,643</b>	<b>817,913</b>			
Prepaid pension cost	108,100	120,445	4,097				<b>Commitments and contingencies</b>						
<b>Total other assets</b>	<b>1,510,376</b>	<b>1,569,500</b>	<b>53,384</b>				<b>Total liabilities and stockholders' equity</b>	<b>57,373,915</b>	<b>54,810,570</b>	<b>1,864,305</b>			
<b>Total assets</b>	<b>57,373,915</b>	<b>54,810,570</b>	<b>1,864,305</b>										

(Note: Translation of the March 31, 2011, New Taiwan dollar financial statement amounts into U.S. dollar amounts is included solely for the convenience of the readers, using the spot rate of the Bank of Taiwan on March 31, 2011 of NT\$29.4 to US\$1 uniformly for all the financial statements accounts.)



**Qisda Corporation**  
**Reviewed Non-consolidated Statements of Operation**  
**For the three-month periods ended March 31, 2010 and 2011**  
(expressed in thousands of New Taiwan dollars and US dollars, except earnings per share)

	2010 Q1	2011 Q1	
	NT\$	NT\$	US\$
<b>Net sales</b>	14,195,941	15,760,020	536,055
<b>Cost of goods sold</b>	(13,287,373)	(14,922,568)	(507,571)
<b>Gross profit</b>	<u>908,568</u>	<u>837,452</u>	<u>28,484</u>
<b>Change in unrealized inter-company profits</b>	(76,268)	(2,010)	(68)
<b>Realized gross profit</b>	<u>832,300</u>	<u>835,442</u>	<u>28,416</u>
<b>Operating expenses :</b>			
Selling	(237,624)	(247,627)	(8,423)
Administrative	(126,032)	(112,882)	(3,840)
Research and development	(606,065)	(525,766)	(17,882)
	<u>(969,721)</u>	<u>(886,275)</u>	<u>(30,145)</u>
<b>Operating loss</b>	<u>(137,421)</u>	<u>(50,833)</u>	<u>(1,729)</u>
<b>Non-operating income:</b>			
Interest income	8,175	11,554	393
Investment income recorded under the equity method, net	976,095	-	-
Foreign currency exchange gain, net	28,428	339,831	11,559
Gain on disposal of investments, net	1,101,533	-	-
Others	14,680	16,489	561
	<u>2,128,911</u>	<u>367,874</u>	<u>12,513</u>
<b>Non-operating expenses:</b>			
Interest expense	(142,333)	(125,800)	(4,279)
Investment loss recorded under the equity method, net	-	(988,590)	(33,626)
Other investment loss	(2,224)	-	-
Evaluation loss on financial assets, net	(11,780)	(384,274)	(13,070)
Others	(22)	(1,329)	(45)
	<u>(156,359)</u>	<u>(1,499,993)</u>	<u>(51,020)</u>
<b>Income (loss) before income tax</b>	<u>1,835,131</u>	<u>(1,182,952)</u>	<u>(40,236)</u>
<b>Income tax expense</b>	(106,867)	-	-
<b>Net income (loss)</b>	<u>1,728,264</u>	<u>(1,182,952)</u>	<u>(40,236)</u>
<b>Earnings per share (expressed in dollars):</b>	<b>NT\$</b>	<b>NT\$</b>	<b>US\$</b>
Basic earnings per share-retroactively adjusted	<u>0.90</u>	<u>(0.61)</u>	<u>(0.02)</u>
Diluted earnings per share	<u>0.89</u>	<u>(0.61)</u>	<u>(0.02)</u>

**Qisda Corporation**  
**Reviewed Non-consolidated Statements of Cash Flows**  
**For the three-month periods ended March 31, 2010 and 2011**  
**(expressed in thousands of New Taiwan dollars and US Dollars)**

	2010 Q1 NT\$	2011 Q1 NT\$      US\$	
<b>Cash flows from operating activities:</b>			
Net income (loss)	1,728,264	(1,182,952)	(40,236)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation	29,709	25,750	876
Amortization	12,864	10,344	352
Amortization of discount on convertible bond	13,630	7,763	264
Change in provision for bad debt	25,316	61,756	2,101
Change in provision for inventory obsolescence	(5,146)	913	31
Investment loss (income) on long-term equity investments, net	(976,095)	988,590	33,626
Loss (gain) on disposal of property, plant and equipment, net	22	(5)	-
Gain on disposal of investments	(1,101,533)	-	-
Evaluation loss on financial assets, net	11,780	384,274	13,070
Amortization of deferred profits on sale-leaseback transaction	(27,294)	(27,294)	(928)
Other investment loss	2,224	-	-
Differences in accounts in the accompanying balance sheets:			
Notes and accounts receivable	(561,599)	(50,059)	(1,703)
Receivables from related parties	(950,832)	264,409	8,994
Other receivables	75,045	66,417	2,259
Other receivables from related parties	(70,361)	(16,375)	(557)
Inventories	(32,326)	(197,412)	(6,715)
Prepaid expenses and other current assets	(6,291)	(4,948)	(169)
Prepaid pension expenses	-	(1,358)	(46)
Accounts payable	(107,622)	241,811	8,225
Accounts payable to related parties	(915,594)	483,539	16,447
Accrued expenses and other current liabilities	(154,743)	(919,297)	(31,269)
Other payable to related parties	38,939	1,622	55
Deferred inter-company profit	76,268	2,010	68
<b>Net cash provided by (used in) operating activities</b>	<u>(2,895,375)</u>	<u>139,498</u>	<u>4,745</u>
<b>Cash flows from investing activities:</b>			
Additions to long-term equity investments	(140,000)	-	-
Proceeds from disposal of investments	2,247,234	-	-
Proceeds from investees' capital reduction	45,725	-	-
Additions to property, plant and equipment	(2,612)	(12,783)	(435)
Proceeds from disposal of property, plant and equipment	-	5	-
Increase in refundable deposits	(34,676)	(1,275)	(43)
Increase in deferred assets	-	(1,268)	(43)
Increase in advance to related parties	(9,380)	(125,264)	(4,261)
<b>Net cash provided by (used in) investing activities</b>	<u>2,106,291</u>	<u>(140,585)</u>	<u>(4,782)</u>
<b>Cash flows from financing activities:</b>			
Decrease in short-term borrowings	(1,024,960)	-	-
Increase in long-term debt	9,000,000	13,500	459
Decrease in long-term debt	(5,600,000)	-	-
<b>Net cash provided by financing activities</b>	<u>2,375,040</u>	<u>13,500</u>	<u>459</u>
<b>Net increase in cash and cash equivalents</b>	1,585,956	12,413	422
<b>Cash and cash equivalents at beginning of period</b>	774,104	465,513	15,834
<b>Cash and cash equivalents at end of period</b>	<u>2,360,060</u>	<u>477,926</u>	<u>16,256</u>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid during the period for:			
Interest	136,718	118,920	4,045
Income taxes	37	35	1
<b>Supplemental disclosure of non-cash investing and financial activities:</b>			
Increase (decrease) in cumulative translation adjustment	(44,977)	87,622	2,980
Adjustments of net equity of investee companies	(269,629)	(14,263)	(485)
Changes in unrealized loss on available-for-sale financial assets	26,126	(460,491)	(15,663)