

Qisda Corporation Investor Conference 2009 Q4 Results

March 5, 2010

Qisda

Outline

- 2009 & Q4 Financial Results
- 2009 Q4 Business Summary
- 2010 Q1 Guidance

1 Qisda

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.

Q4 & 2009 Financial Results

2009 Q4 Financial Highlight

- Revenue NT\$ 19.6 B, 12.6% decline QoQ due to seasonality; gross margin % slightly improved
- Operating income NT\$ 321 M (1.6%)
- Net loss NT\$ 60 M due to non-operating items

Q4 Income Statement QoQ Analysis

Amount : NT\$ Billion

	2009 Q4		2009 Q3		QoQ
Net Sales	19.57	100.0%	22.40	100.0%	-12.6%
COGS	(18.05)		(20.67)		
Gross Margin	1.52	7.8%	1.73	7.7%	+0.1 ppt
Opex	(1.20)	(6.1%)	(1.30)	(5.8%)	
Operating Income	0.32	1.6%	0.43	1.9%	-0.3 ppt
Net Non-op Items ^(a)	(0.34)		0.46		
Income before Tax	(0.02)		0.89		
Net Income	(0.06)	(0.3%)	0.84	3.8%	-4.1 ppt
EPS-Diluted (NT\$)	(0.03)		0.44		
Net Worth / Share (NT\$)	11.85		11.65		

(a) Non-op items were mainly non-cash investment losses

* Core business unaudited consolidated result

* EPS-Diluted was calculated based on total diluted weighted average outstanding shares (1,926 m shares)

* Net Worth per share was calculated based on total outstanding shares (1,926 m shares)

Q4 Balance Sheet Highlight

Amount: NT \$ Billion

	2009 Q4		2009 Q3		QoQ
Cash & Equivalent	3.77	5.5%	4.24	5.9%	(0.47)
Accounts Receivable	8.52	12.5%	11.08	15.4%	(2.56)
Inventory	6.86	10.1%	7.90	11.0%	(1.04)
L-T Investments	34.93	51.4%	34.58	47.9%	0.35
Total Assets	68.00	100.0%	72.14	100.0%	(4.14)
Fin. Debt	21.18	31.2%	24.01	33.3%	(2.83)
Accounts Payable	13.10	19.3%	14.84	20.6%	(1.74)
Total Liabilities	45.18	66.4%	49.70	68.9%	(4.52)
Equity	22.81	33.6%	22.44	31.1%	0.37

* Core business unaudited consolidated result
* Fin. Debt included long term and short term financial debt

Qisda Confidential © 2009, Qisda Corporation

6 

Q4 Key Financial Ratio

	2009 Q4	2009 Q3	QoQ
A/R Turnover	36 days	42 days	-6 days
Inventory Turnover	35 days	36 days	-1 days
A/P Turnover	68 days	67 days	+1 days
Cash Conversion Cycle	3 days	11 days	-8 days
ROA	(0.1%)	1.2%	-1.3 ppt
ROE	(0.3%)	3.9%	-4.2 ppt
Current ratio ^(a)	76.2%	69.2%	+7.0 ppt
Fin. Debt / Total Assets	31.2%	33.3%	-2.1 ppt

(a) a new refinance syndication is being implemented to improve current ratio.

* Core business unaudited consolidated result
* ROA and ROE were calculated on a quarterly basis

Qisda Confidential © 2009, Qisda Corporation

7 

2009 Financial Highlight

- Revenue declined 28.4% YoY mainly because of panel price drop and TV business carved out
- Gross margin % improved from 4.4% to 7.6%, contributed by better product mix and cost reduction
- Operating income NT\$ 1.1 B, profitable in each quarter; improved from loss NT\$ 1.33 B in 2008
- Net loss NT\$ 1.81 B, EPS NT\$ -0.94
- Financial debts reduced significantly from NT\$ 39.5 B to NT\$ 21.2 B

2009 Income Statement YoY Analysis

Amount : NT\$ Billion

	2009		2008		YoY
	Amount	%	Amount	%	
Net Sales	79.67	100.0%	111.34	100.0%	(28.4%)
COGS	(73.61)		(106.47)		
Gross Margin	6.06	7.6%	4.87	4.4%	+3.2 ppt
Opex	(4.96)	(6.2%)	(6.19)	(5.6%)	+0.6 ppt
Operating Income	1.10	1.4%	(1.33)	(1.2%)	+2.6 ppt
Net Non-op Items	(2.70)		(1.31)		
Income before Tax	(1.59)		(2.63)		
Net Income	(1.81)	(2.3%)	(3.15)	(2.8%)	+0.5 ppt
EPS-Diluted (NT\$)	(0.94)		(1.70)		
Net Worth / Share (NT\$)	11.85		11.75		

* Core business unaudited consolidated results.

* Net Worth per share was calculated based on the total outstanding shares (1,926 m shares)

2009 Balance Sheet Highlight

Amount: NT \$ Billion

	2009		2008		YoY
Cash & Equivalent	3.77	5.5%	13.19	15.7%	(9.42)
Accounts Receivable	8.52	12.5%	12.24	14.6%	(3.72)
Inventory	6.86	10.1%	7.94	9.5%	(1.08)
L-T Investments	34.93	51.4%	35.37	42.2%	(0.44)
Total Assets	68.00	100.0%	83.81	100.0%	(15.81)
Fin. Debt ^(a)	21.18	31.2%	39.53	47.2%	(18.35)
Accounts Payable	13.10	19.3%	13.49	16.1%	(0.39)
Total Liabilities	45.18	66.4%	61.18	73.0%	(16.00)
Equity	22.81	33.6%	22.63	27.0%	0.18

(a) Fin. Debt reduced by NT\$ 18.3 B

* Core business unaudited consolidated result
* Fin. Debt included long term and short term financial debt

10 Qisda

Qisda Confidential © 2009, Qisda Corporation

2009 Key Financial Ratio

	2009	2008	YoY
A/R Turnover	36 days	51 days	(15) days
Inventory Turnover	35 days	38 days	(3) days
A/P Turnover	68 days	63 days	5 days
Cash Conversion Cycle	3 days	26 days	(23) days
ROA	(2.7%)	(3.8%)	+1.1 ppt
ROE	(7.9%)	(13.9%)	+6.0 ppt
Current ratio	76.2%	89.3%	-13.1 ppt
Fin. Debt / Total Assets	31.2%	47.2%	16.0 ppt

* Core business unaudited consolidated result
* ROA and ROE were calculated on an annual basis

11 Qisda

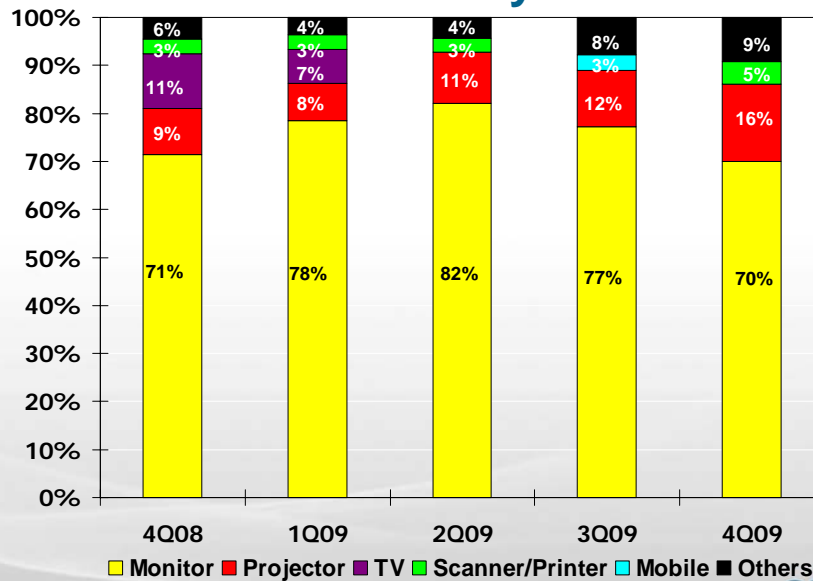
Qisda Confidential © 2009, Qisda Corporation

2009 Q4 Business Summary

Qisda

Qisda Confidential © 2008, Qisda Corporation

Revenue Breakdown by Product Line



Note : Others include those products with revenue share below 3%, such as professional & industrial displays, mobile, digital photo frame, handheld infotainment device, automobile electronics, and others

Qisda

2009 Q4 Business Summary

- **Monitor :**

- Unit shipment decreased by 18% QoQ to 3.14M sets
- ASP slightly reduced

- **Projector :**

- Unit shipment increased by 31% QoQ to 254K sets

- **Scanner/Printer :**

- Industrial scanner (tender case) boosted revenue growth

14

Qisda

Qisda Confidential © 2009, Qisda Corporation

Quality
Innovation
Speed

Qisda

Qisda Corporation.

Unaudited Core Business Consolidated Balance Sheet

Dec ,31, 2009

UNIT : NT\$K

Assets			Liabilities & stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalent	2,301,302	3.4%	Short term borrowings	3,536,138	5.2%
Financial assets at fair value through profit or loss - current	54,036	0.1%	Financial liabilities at fair value through profit or loss - current	37,087	0.1%
Net notes and accounts receivable	4,863,290	7.2%	N/P & A/P	11,930,286	17.5%
N/R & A/R from related parties	3,652,122	5.4%	N/P & A/P to related parties	1,167,185	1.7%
Other receivables, net	894,356	1.3%	Other payable to related parties	38,987	0.1%
Other receivable from related parties	296,166	0.4%	Bonds payable and long-term debt due within one year	3,493,262	5.1%
Other financial assets - current	1,466,598	2.2%	Accrued exp. & other current liab.	9,778,586	14.4%
Net inventories	6,855,191	10.1%	Total current liabilities	<u>29,981,530</u>	44.1%
Prepaid expenses & other current assets	2,141,525	3.1%	Long term loan	14,040,225	20.6%
Deferred income tax assets - current	307,987	0.5%	Bond payable	112,416	0.2%
Total current assets	<u>22,832,572</u>	33.6%	Other liabilities	1,049,509	1.5%
Long term investments	34,934,999	51.4%	Total liabilities	<u>45,183,680</u>	66.4%
Fixed assets :	16,340,820	24.0%	Stockholder' equities		
Less : Accumulated depreciation	<u>(7,653,011)</u>	11.3%	Common stock	19,282,176	28.4%
Total fixed assets	8,687,809	12.8%	Capital surplus	4,880,966	7.2%
Other assets	1,541,932	2.3%	Legal reserve	0	0.0%
			Unrealized gain or loss on financial product	(273,084)	-0.4%
			Retained earnings	(1,807,773)	-2.7%
			Translation adjustment	812,471	1.2%
			Treasury stock	<u>(81,123)</u>	-0.1%
			Total stockholder' equities	<u>22,813,632</u>	33.6%
Total Assets	<u>\$ 67,997,312</u>	100.0%	Total Liabilities & stockholders' equity	<u>\$ 67,997,312</u>	100.0%

Qisda Corporation.

Unaudited Core Business Consolidated Income Statement

Jan~Dec' 2009

UNIT : NT\$K

Net sales	\$ 79,671,667	100.0%
Cost of goods sold	<u>(73,606,125)</u>	-92.4%
Gross profit	<u>6,065,543</u>	7.6%
Operating expense :		
S & M	(1,848,617)	-2.3%
G & A	(1,088,292)	-1.4%
R & D	<u>(2,024,067)</u>	-2.5%
Total Operating expense	<u>(4,960,976)</u>	-6.2%
Operating income (loss)	1,104,567	1.4%
Non-operating in net income(loss)	<u>(2,697,571)</u>	-3.4%
Earning Before income tax	(1,593,004)	-2.0%
Income tax	(214,769)	-0.3%
Profit after tax	<u>(\$1,807,773)</u>	-2.3%

Qisda Corporation
Non-consolidated Balance Sheets
December 31, 2008 and 2009
(Expressed in thousands of New Taiwan dollars and US dollars)

Assets	2008			2009			Liabilities and Stockholders' Equity	2008			2009		
	NT\$	NT\$	US\$	NT\$	NT\$	US\$		NT\$	NT\$	US\$	NT\$	NT\$	US\$
Current assets:							Current liabilities:						
Cash and cash equivalents (note 4(a))	\$ 7,923,880	774,104	24,229				Short-term borrowings (note 4(g))	\$ 8,953,540	1,024,960	32,080			
Financial assets at fair value through profit or loss – current (note 4(b))	53,913	57,718	1,806				Financial liabilities at fair value through profit or loss – current (note 4(b))	309,379	40,770	1,276			
Notes and accounts receivable, net (note 4(c))	4,569,254	2,216,694	69,380				Accounts payable	1,147,622	1,856,434	58,104			
Accounts receivables from related parties (notes 4(e) and 5)	6,844,522	5,773,245	180,696				Accounts payable to related parties (note 5)	1,230,370	2,850,652	89,222			
Other receivables, net (notes 4(c) and 7(e))	1,063,665	1,314,745	41,150				Other payable to related parties (note 5)	156,122	49,729	1,556			
Other receivable from related parties (note 5))	409,805	1,872,013	58,592				Accrued expenses (note 4(h))	3,635,451	4,525,536	141,645			
Other financial assets – current (note 6)	492,900	-	-				Advance receipts	316,305	652,240	20,414			
Inventories (note 4(d))	1,434,006	1,304,921	40,843				Bonds payable due within one year (note 4(i))	3,478,672	1,600,000	50,078			
Prepaid expenses and other current assets	109,084	43,837	1,372				Long-term debt due within one year (notes 4(j) and 6)	2,400,000	1,400,000	43,818			
Fixed assets held for sale (note 4(f))	12,777	-	-				Deferred inter-company profits (note 5)	303,100	160,290	5,017			
Deferred income tax assets – current (note 4(l))	225,467	277,889	8,698				Other current liabilities (notes 4(f) and 7(k))	198,475	2,545,818	79,682			
Total current assets	23,139,273	13,635,166	426,766				Total current liabilities	22,129,036	16,706,429	522,892			
Long-term investments:							Financial liabilities at fair value through profit or loss-noncurrent (note 4(b))	-	24,736	774			
Equity method (notes 4(e) and 6)	35,580,730	33,782,324	1,057,350				Bonds payable (note 4(i))	1,600,000	112,415	3,518			
Available-for-sale financial assets – noncurrent (notes 4(b) and 6)	1,620,717	4,014,859	125,661				Long-term debt (notes (j) and 6)	16,600,000	13,800,000	431,925			
Financial assets carried at cost – noncurrent (note 4(b))	158,508	59,157	1,851				Other liabilities						
	37,359,955	37,856,340	1,184,862				Deferred profits on sale-leaseback transaction (note 4(f))	827,923	718,745	22,496			
							Other liabilities (note 4(e))	9,553	494,243	15,470			
Property, plant and equipment (notes 4(f) , 5 and 6):							Total other liabilities	837,476	1,212,988	37,966			
Land	652,697	644,490	20,172				Total liabilities	41,166,512	31,856,568	997,075			
Buildings	1,481,470	1,484,575	46,465										
Machinery and equipment	844,142	852,923	26,695				Stockholders' equity: (note 4(b)(m))						
Furniture and fixtures	115,803	115,396	3,612				Common stock	19,282,176	19,282,176	603,511			
Miscellaneous equipment	48,768	46,900	1,468				Capital surplus:						
Prepayments for plant and equipment	15,014	-	-				Additional paid-in-capital in excess of the common stock's par value	2,738,580	1,196,756	37,457			
	3,157,894	3,144,284	98,412				Capital surplus from long-term equity investments	4,042,814	3,684,210	115,312			
Less: accumulated depreciation	(1,373,640)	(1,484,549)	(46,465)					6,781,394	4,880,966	152,769			
Net property, plant and equipment	1,784,254	1,659,735	51,947										
Intangible assets	72,877	45,961	1,439				Legal reserve	344,527	-	-			
Other assets :							Special reserve	175,173	-	-			
Assets for lease (note 4(f) and 6)	125,383	144,912	4,536				Accumulated deficit	(2,061,523)	(1,807,773)	(56,581)			
Idle Assets (note 4(f))	104,324	104,324	3,265				Cumulative translation adjustment	1,052,316	812,471	25,429			
Refundable deposits	95,210	92,459	2,894				Unrealized loss on available-for-sale financial assets	(2,870,090)	(273,084)	(8,547)			
Deferred expenses	30,629	124,997	3,912				Treasury stock	(77,698)	(81,123)	(2,539)			
Deferred income tax assets – noncurrent (note 4(l))	980,315	900,359	28,180				Total stockholders' equity	22,626,275	22,813,633	714,042			
Prepaid pension cost (note 4(k))	100,567	105,948	3,316				Commitments and contingencies (notes 4(b)(j), 5 and 7)						
Total other assets	1,436,428	1,472,999	46,103				Total liabilities and stockholders' equity	63,792,787	54,670,201	1,711,117			
Total assets	63,792,787	54,670,201	1,711,117										

(Note: Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the non-consolidated financial statements solely for the convenience of the readers, using the noon buying rate of the Federal Reserve Bank in New York on December 31, 2009, of NT\$31.95 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation

Non-consolidated Statements of Operations
For the years ended December 31, 2008 and 2009

(Expressed in thousands of New Taiwan dollars and US dollars, except earnings per share)

	2008	2009	
	NT\$	NT\$	US\$
Net sales (note 5)	\$ 75,478,162	49,595,939	1,552,299
Cost of goods sold (note 4(d)(k), 5 and 10)	(73,115,507)	(46,518,811)	(1,455,988)
Gross profit	<u>2,362,655</u>	<u>3,077,128</u>	<u>96,311</u>
Change in unrealized inter-company profits (note 5)	29,865	142,810	4,470
Realized gross profit	<u>2,392,520</u>	<u>3,219,938</u>	<u>100,781</u>
Operating expenses: (note 4(f)(k), 5 and 10)			
Selling	(1,193,341)	(827,090)	(25,887)
Administrative	(650,825)	(511,023)	(15,994)
Research and development	(2,163,700)	(1,796,157)	(56,218)
	<u>(4,007,866)</u>	<u>(3,134,270)</u>	<u>(98,099)</u>
Operating gain (loss)	<u>(1,615,346)</u>	<u>85,668</u>	<u>2,682</u>
Non-operating income:			
Interest income (note 5)	28,908	31,972	1,001
Dividend income	205,158	117,125	3,666
Evaluation gain on financial instruments, net (notes 4(b)(o))	566,489	10,767	337
Gain on disposal of property, plant and equipment (note 5)	79,136	2,487	78
Gain on disposal of investments, net (note 4(e))	647	23	1
Others (note 5)	203,009	130,302	4,078
	<u>1,083,347</u>	<u>292,676</u>	<u>9,161</u>
Non-operating expenses:			
Interest expense	(1,094,378)	(544,277)	(17,035)
Investment loss recorded under the equity method, net (note 4(e))	(899,204)	(1,370,767)	(42,904)
Other investment loss (note 4(b))	-	(86,097)	(2,695)
Loss on disposal of property, plant and equipment (note 5)	(14,546)	(488)	(15)
Foreign currency exchange loss, net	(588,633)	(127,379)	(3,987)
Others (note 4(i))	(21,100)	(29,575)	(926)
	<u>(2,617,861)</u>	<u>(2,158,583)</u>	<u>(67,562)</u>
Loss before income tax	<u>(3,149,860)</u>	<u>(1,780,239)</u>	<u>(55,719)</u>
Income tax expense (note 4(l))	-	(27,534)	(862)
Net loss	<u>(3,149,860)</u>	<u>(1,807,773)</u>	<u>(56,581)</u>
Earnings per share: (note 4(n))	Before tax	After tax	Before tax
Basic earnings per share	<u>(1.70)</u>	<u>(1.70)</u>	<u>(0.92)</u>
		After tax	<u>(0.94)</u>

Qisda Corporation

Non-consolidated Statements of Cash Flows
For the years ended December 31, 2008 and 2009
(Expressed in thousands of New Taiwan dollars and US Dollars)

	2008	2009	
	NT\$	NT\$	US\$
Cash flows from operating activities:			
Net loss	(3,149,860)	(1,807,773)	(56,581)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	169,153	136,614	4,276
Amortization	355,625	65,478	2,049
Amortization of discount on convertible bond	87,996	8,721	273
Change in provision for bad debt	(16,901)	(18,544)	(580)
Change in provision for inventory obsolescence	9,410	(18,448)	(577)
Investment loss on long-term equity investments, net	899,204	1,370,767	42,904
Cash dividends received from investments recognized under equity method	1,974,756	404,260	12,653
Gain on disposal of investments	(647)	(23)	(1)
Loss (gain) on redemption of bonds	(126)	10,511 #	329
Impairment loss on financial assets carried at cost	-	86,097	2,695
Gain on disposal of property, plant and equipment, net	(64,590)	(1,999)	(63)
Amortization of deferred profits on sale-leaseback transaction	(109,176)	(109,178)	(3,417)
Amortization of bond issuance costs	1,400	1,200	37
Differences in accounts in the accompanying balance sheets:			
Financial assets/ liabilities at fair value through profit or loss	(566,489)	(10,767)	(337)
Notes and accounts receivable	1,368,329	2,371,104	74,213
Receivables from related parties	10,485,219	1,221,316	38,226
Other receivables	903,082	(92,493)	(2,895)
Inventories	2,291,730	147,533	4,617
Other financial assets – current	10,151	492,900	15,427
Prepaid expenses and other current assets	(18,683)	65,247	2,042
Deferred income tax assets	-	27,534	862
Prepaid pension	(14,477)	(5,381)	(168)
Accounts payable	(1,595,011)	708,812	22,185
Payables to related parties	(6,568,284)	1,513,889	47,383
Deferred inter-company profit	(29,865)	(142,810)	(4,470)
Accrued expenses and other current liabilities	(1,162,967)	3,573,363	111,842
Other liabilities	(19,105)	(7,482)	(234)
Net cash provided by operating activities	<u>5,239,874</u>	<u>9,990,448</u>	<u>312,690</u>
Cash flows from investing activities:			
Increase in receivables from related parties	-	(1,620,795)	(50,729)
Addition to long-term equity investments	(1,306,767)	(34,100)	(1,067)
Additions to property, plant and equipment	(68,935)	(71,495)	(2,237)
Proceeds from disposal of idle assets	65,774	742	23
Proceeds from disposal of property, plant and equipment	31,322	53,905	1,687
Increase in intangible assets, refundable deposits and deferred assets	(87,301)	(131,378)	(4,112)
Proceeds from investees' capital reduction	22,429	13,877	434
Net cash used in investing activities	<u>(1,343,478)</u>	<u>(1,789,244)</u>	<u>(56,001)</u>
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	258,816	(7,928,580)	(248,156)
Decrease in long-term debt	-	(3,800,000)	(118,936)
Redemption of bonds	(2,236,745)	(3,622,400)	(113,377)
Distribution of cash dividends, and directors' remuneration	(205,763)	-	-
Issuance of common stock for cash	5,000,000	-	-
Net cash provided by (used in) financing activities	<u>2,816,308</u>	<u>(15,350,980)</u>	<u>(480,469)</u>
Net increase (decrease) in cash and cash equivalents	<u>6,712,704</u>	<u>(7,149,776)</u>	<u>(223,780)</u>
Cash and cash equivalents at beginning of period	<u>1,211,176</u>	<u>7,923,880</u>	<u>248,009</u>
Cash and cash equivalents at end of period	<u>7,923,880</u>	<u>774,104</u>	<u>24,229</u>
Additional disclosure of cash flow information:			
Cash paid during the period for:			
Interest	<u>1,102,684</u>	<u>594,391</u>	<u>18,604</u>
Income taxes	<u>6,803</u>	<u>1,878</u>	<u>59</u>
Supplemental disclosure of non-cash investing and financing activities:			
Changes in unrealized loss on available-for-sale financial assets	<u>(1,639,420)</u>	<u>(2,394,142)</u>	<u>(74,934)</u>
Adjustments of net equity of investee companies	<u>(1,323,270)</u>	<u>(358,605)</u>	<u>(11,224)</u>
Increase (decrease) in cumulative translation adjustment	<u>364,546</u>	<u>(239,845)</u>	<u>(7,507)</u>