



TSE: 2352

QISDA 2011 ANNUAL REPORT

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Qisda Annual report is available at <http://Qisda.com>

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QISDA ON THE INTERNET

Qisda's Investor Relations home page on the worldwide website offers a wealth of corporate information, including the latest annual report and financial results.

Website: Qisda.com/ir.htm

REGISTRAR & TRANSFER AGENT

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DOMESTIC STOCK EXCHANGE LISTING

Qisda Common shares

Taiwan Stock Exchange Corporation

<http://www.tse.com.tw/en/>

OVERSEAS SECURITY EXCHANGE LISTING

For further information, visit Qisda worldwide website and Login at Investor Relations

Qisda Global Depositary Shares

Luxemburg Stock Exchange

ISIN: US0823012010

<http://www.bourse.lu>

Message to our Shareholders

Dear esteemed Qisda shareholders,

Qisda's 2011 consolidated revenue from its core business reached NT \$84.9 billion, while the Taiwan-based parent company achieved revenue of NT \$69.7 billion. Net loss after tax was NT \$3.4 billion, and after tax loss per share was NT \$1.74.

Looking back on 2011, unfavorable factors -- such as sluggish recovery in global economy, European debt crisis, Japan earthquake and rising of raw material price -- all posed adverse impacts on business development. Despite these challenges, Qisda still maintained a positive operating income by developing new products and approaching new customers as well as reducing cost and improving efficiency. However, non-operating losses resulted in a net loss for the year.

In terms of business operations, Qisda has improved its competitiveness by taking various actions in corporate reformation including unification of global manufacture and supply chain management, enhancement of in-house vertical integration and establishment of a highly efficient and customizable production model that is capable of producing diverse products in small quantities. In the financial aspect, through strict control of working capital and disposal of non-core investments, Qisda reduced the size of its financial debt in order to become prepared for the fluctuations in future global economy.

In responding to the predicament commonly confronted by electronic hardware ODMs nowadays, Qisda is focusing not only on continuous improvement of competitiveness in core business but also long-term investments in products with potential profit growth. Particularly, investments in professional monitors and automotive electronics have begun to see success, while development of medical devices and cloud services have also been successfully initiated. Development in new businesses is going to be the key to Qisda's long-term growth in the future.

For the past five years, Qisda has invested an average of 3% of its total revenue each year in research and development. Accordingly, the company has accumulated approximately 1,400 patents around the world. In 2011 alone, Qisda scored 25 international industrial design awards including iF (Germany), red dot (Germany), G-mark (Japan) and IDEA (US), topping all other competitors in the ODM industry. With outstanding product design and development capabilities, Qisda is bound to remain firm and sustainable in terms of elevating the company's core competitiveness.

For 2012, despite the fact that global economic situation still remains unstable, Qisda will continue to create new company values and aim to become a "solution provider" in the long run based on the solid foundation of incessant improvements and accumulated achievements from the past.

We are extremely grateful to each and every shareholder for their long-term support and encouragement. The management team will continue to work unceasingly to deliver the greatest benefit to both the company and shareholders.

Sincerely,

K.Y. Lee
Chairman



Hui Hsiung
CEO & President



Review of Operations and Product Strategy

Display Products Group

Operational Guidelines

The primary objective of the Display Products Group is to maintain its position as one of the top 5 manufacturers in the world through advanced product designs.

Business Scope

Overview of Operations

LCD monitor is a mature product with declining ASPs. The Display Products Group focuses on establishing strong relationships with brand customers, developing new product features and engaging in value-added vertical integration activities, such as panel module assembly and in-house mechanical parts manufacture.

Product Offering

- 17"/19"/20.1" consumer and commercial LCD monitors
- 15.6"/18.5"/19"/20"/21.5"/22"/23"/24"/27" wide-screen and professional LCD monitors
- 18.5"/21.5" all-in-one PC

Industry Overview

Current Status and Trends in Development

In 2011, global economy recovery experienced a severe punch caused by the Europe debt issue, and global LCD monitor market only slightly increased to 172 million units according to DisplaySearch. For 2012, the global market is expected to increase at an annual growth rate of about 3%.

In the years to come, the supply and demand for LCD panels will continue to remain imbalanced. The fluctuation in global raw material price and China wage hike will form a stern challenge for system assembling plants to maintain current cost level. In such environment, Qisda aims to maintain its competitiveness through developing new product features, enhancing product values, optimizing supply chain/vertical integration and increasing economies of scale.

In a mature market like the LCD monitor market, in addition to increasing cost competitiveness and offering flexible delivery, Qisda will work closely with brand customers to develop 3D applications, net display and other specialty application products to fulfill diverse demands from the market.

Research & Development

Technologies in Deployment

- 3D/HDMI1.4 technology products
- Differentiation/low cost LED backlight modules

Ongoing Efforts

- Net displays
- USB3.0 application products
- Other professional/specialty monitors
- New differentiation/low cost LED backlight modules

Short and Long-Term Business Plans

As a professional ODM/OEM manufacturer, Qisda applies the following strategies to maintain its position as one of the top 5 manufacturers worldwide:

- Provide all sizes of LCD displays and promote larger-sized, high-performance models where Qisda is believed to have distinct advantage.
- Increase add-on value in value chains through vertical integration, such as panel module assembly, backlight module design, in-house stamping and in-house plastic injection.
- Increase all-in-one PC product mix and expand scale.
- Continue cooperating with AU Optronics Corp. (“AUO”) to develop high quality LCD monitors and cultivate partnerships with tier-one panel vendors to ensure smooth supply.
- Enhance product customization capabilities through synchronization of panel backlight module with monitor design and integration of production process.

Market Analysis

Major Sales Markets

Worldwide

Market Share

In 2011, Qisda's LCD display sales occupied the top 5 leading position worldwide.

Positive Factors, Negative Factors, and Strategies

Positive Factors

- As the industry consolidates, big players are likely to remain large.

Negative Factors

- Commodity market; severe price competition.
- Fluctuation of global raw material price and China wage hike increases material and labor cost.
- Uncertainty of global economy impacts demand.

Strategies

- Sustain a leading industry position through vertical integration and expanding economies of scale to reduce cost.
- Improve production process by reducing labor usage while increasing cell production lines to achieve better flexibility.
- Maximize the benefits from economies of scale and increase market share by:
- Provide solutions of all display sizes and promote larger-sized, high-performance models where Qisda is believed to have distinct advantage.
- Continue cooperating with AUO to develop high quality LCD monitors while cultivating partnerships with tier-one panel vendors to ensure smooth supply.
- Increase add-on value in value chains through vertical integration, such as panel module assembly, backlight module/monitor integration, in-house stamping and in-campus plastic injection.
- Increase all-in-one PC product mix to enlarge product portfolio and increase ASP.

Commercial and Industrial Products Group

Operational Guidelines

Projector Business Division: The 2012 goals for projector ODM business are to achieve higher growth in shipments and to maintain the leading position worldwide.

Scanner/Printer/Camera (“SPC”) Business Division: The 2012 goals are to strengthen relationship with existing customers and redirect its business focus from high-volume but low-profit consumer segments to business segments.

Industrial & Automotive Solution (“IAS”) Business Division: The IAS Business Division mainly places its business focus on small and medium to large-sized TFT-LCD panel applications for both standard and customized system designs, including display systems and automotive related products which have been certified by the TS16949 and ISO13485 quality systems. Backed up by the powerful strength of vertical integration from the Group, Qisda is aggressively exploring new possibilities outside the realm of IT products.

Business Scope

Overview of Operations

Projector Business Division: Qisda’s projector ODM business maintained the top 3 position worldwide in 2011. Moreover, except for DLP projectors, Qisda is the only manufacturer in Taiwan that is experienced in LCD projector mass production.

SPC Business Division: For scanner business, the emphasis is mainly placed on mini photo scanners. For printer business, long-term relationship with customers is maintained by providing high add-on values through design cooperation, vertical integration and project control efficiency.

IAS Business Division: The sales of IAS has been yielding steady growth due to the contribution from new digital signage customers and continuous increase of customers’ demand for professional graphics monitors, automotive infotainment systems and displays.

Product Offerings

Projector Business Division: A wide range of projectors for home, office and educational applications

SPC Business Division: mini-photo scanners, high speed inkjet printers, color laser printers and surveillance cameras

IAS Business Division: Digital signage solutions, pen & touch monitors for professional graphic designers and educational purposes, E-boards for commercial purposes, open frame monitors that are compatible with different types of gaming cabinets, security monitors, infotainment systems and car infotainment systems

Product Features

Projector Business Division: The new generation ultra-short-throw projection lens technology dramatically shortens the distance required for projecting images and resolves the shadow issue in educational applications.

Industry Overview

Current Status and Trends in Development

Projector Business Division

According to industry analysis reports, 2011 worldwide projector shipment was 7.6 million units and the forecast for 2012 is 8.3 million units. The market is expected to continue growing in the next few years due to the development of technologies that realize more applications and lower prices.

SPC Business Division

According to marketing surveys, revenues and operating margins for traditional consumer printer/scanners have dropped substantially in recent years. Consequently, Qisda is redirecting its focus on products for business segments, including color laser printers, color laser MFP, high speed inkjet printers and surveillance cameras.

IAS Business Division

The industrial display market is reaching the stage of diversified development and stable growth in market size. Due to increasing variety in product types and customization requests, it is essential to invest resources only in appropriate fields of application. In addition to PID and professional graphics displays, security monitoring systems and gaming consoles are new fields of application that are now being explored.

Research & Development

Technologies in Deployment

Projector Business Division

- The ultra-short-throw projection technology resolved the shadow issue in educational applications

SPC Business Division

- Paper pick-up in high-speed printers and duplex printing controls
- High-speed automatic document feeder
- High-speed ink delivery and maintenance system
- Standalone photo/film scanning technology

IAS Business Division

- Surveillance and automotive camera technology
- 42"~65" digital signage
- 46", 47", 55" display wall
- Partial zooming from frame buffer for multi-display control
- Embedded Wi-Fi connection and integration with 3.5 G connection
- Resistive, capacitive, optical and magnetic LCD touch panels
- Car navigation display
- Bluetooth hands-free and A2DP applications

On-going Efforts

- Improve display color management and resolution
- Short-throw ratio, wide-screen and high brightness projectors for the educational and commercial markets
- AIO display diagnostic & monitoring software development
- Display wall with self color calibration technology
- Displays with high brightness, thin, light weight and power saving
- Displays for graphics users with both pen & multi-touch input options
- Android platform
- Telemetric communication unit

Short and Long-Term Business Plans

Projector Business Division

- Short-Term: Develop new DLP and LCD projector technologies and extend them to future ODM/OEM business.
- Long-Term: Enhance product applications for home, office and educational markets.

SPC Business Division

- The color laser printer product line has been maintaining a strong growth since 2010. In order to to maintain the growth in 2012, business focus will be placed on cost reduction and quality improvement.
- Continue to cooperate with strategic partners on high-speed printers and explore opportunities to introduce the printers to the market.

IAS Business Division

- Explore ODM/EMS business opportunities for surveillance cameras.
- Expand extension models based on current co-development platforms to fulfill customers' requirements for lower cost, higher value and comprehensive product lineup.
- Integrate industrial TFT-LCD panels with specific application systems to develop products for public display, industrial display and various specialized display applications and to provide total solutions to customers.
- Seek business opportunities with global first-tier customers and promote pure display systems and new AVN platform.

Market Analysis

Major Sales Markets

Worldwide

Market Share

In 2011, Qisda was one of the top 3 projector manufacturers worldwide.

Positive Factors, Negative Factors, and Strategies

Positive Factors

- In addition to the benefit from economies of scale, leading technologies allow Qisda's projectors to remain competitive even in the face of price erosion that is expected to continue over the next few years.
- Qisda has strong partnerships with top-tier color laser printer manufacturers and receives positive feedbacks on affordable high speed inkjet printers from the market. Qisda has also begun shipping these printers to customers.
- Industrial solution products have longer product life cycle as compare to that of consumer IT products. This is a favorable factor in product design and development. The high entrance barrier of the automotive industry helps to keep out potential competitors.
- Qisda has been certified by the TSI 6949 and ISO 13485 quality systems and has officially become a professional supplier of automotive and medical products.

Negative Factors

- Shorter projectors product lifecycles and market price disruption caused by growing number of competitors and similar products.
- Industrial solution products requires longer product development time.

Strategies

- Increase operational efficiency in order to control inventory and fulfill customer needs.
- Develop new DLP and LCD projector technologies and extend them to future ODM/OEM business.
- For industrial solution products, work closely with major customers to develop high-quality and value products and fully utilize the benefit of vertical integration in panel supply and maximize competitive edge.

Mobile Products Group

Operational Guidelines

Qisda is a global mobile phone manufacturer and has accumulated a high level of proficiency which facilitates efficient design, manufacture and service. The Mobile Products Group's core competitiveness lies in its product innovation and design capabilities on smartphone & tablet devices.

Business Scope

Overview of Operations

Qisda is focused on the open OS system development for 3G/4G mobile communication products. In 2011, Qisda delivered shipments to telecom carriers in Europe, US and Japan, and it was also the first time Android 2.3 tablets were launched in China retail market. We continued the investment in developing new products while working with customers to explore new business opportunities.

Product Offerings

- WCDMA/HSPA/LTE smartphones
- Android tablet devices
- GSM/GPRS/WCDMA/HSPA wireless modules
- 4G LTE modules

Product Features

Qisda strives to provide leading smartphone and tablet devices while continuing its dedication to product design and new technology deployment. By enhancing user experiences via integrating mobile communication technologies, such as 4G/LTE technology, NFC, touch technology and customized industrial design, we are capable of providing excellent smart devices to meet existing and future customer needs. Furthermore, we also provide a comprehensive line-up of wireless modules in 3G and LTE technologies for IT and automobile industry demands.

Industry Overview

Industry Trends

According to IDC report, global smartphone shipments in 2011 exceeded 491 million units, marking a 50% growth as compared to 2010, and notably Android smartphones occupied over a third of the total volume. Meanwhile, according to Digitimes Research, worldwide tablet device shipments in 2011 reached 63.28 million units, rising over 100% from the volume shipped in 2010. It is expected that Microsoft will launch new OS in 2012 to expand Windows phone market share.

As needs for mobile Internet and its applications keep growing, we therefore expect that demands for 3G and 4G LTE devices will also increase. Although 4G LTE devices did not occupy a significant market share in 2011, shipments of 4G terminal devices should start to explode by end of 2012 due to major carrier's commercialization of the 4G network.

Current Status and Trends in Development

Following the demand for 3G and 4G smart devices in the industry, Qisda keeps focusing on developing smartphone and tablet devices by investing in next generation LTE technology.

Research & Development

Technologies in Deployment

- WCDMA/HSDPA/HSUPA Windows Mobile smartphones and tablet devices
- GSM/GPRS/WCDMA/HSPA wireless communication modules

On-going Efforts

- HSPA and LTE/EVDO Android 4.0 platform products (Smartphone and tablet devices)
- Open operating system (Android/Windows Mobile) platform development
- Touch-screen user interface
- GPS and location-based services
- Near field communication

Short and Long-Term Business Plans

- Strengthen business relationships with brand ODM customers and strive to become the best choice of smartphone and tablet device OEM/ODM partners.
- Build key component supply chain by leveraging customer's vendor pool and in-house capability.
- Assist customers in expanding their business scopes by offering leading 4G technology and customized products. Increase add-on values by providing software customization and tailor-made customer support for better user experience.

Market Analysis

Major Sales Markets

- In 2011, Qisda's smart phone and tablet devices were mainly shipped to major carriers in US, Korea and Japan, and retail markets in China.
- With over 10 years of experience in 2.5G wireless module automobile after market business in China, Qisda has extended its wireless module business scope to OEM customers in 2011, and shipments are expected to grow in 2012.

Strategies

- Key component group synergy: Leverage the synergy of resources in LCD modules, touch modules and touch ICs from group companies to gain access to cutting-edge technologies and cost benefits.
- Collaborative purchasing: Work with customers to gain cost benefits on major IC components.
- World-class ID design and software customization: Employ Qisda's award-winning industrial design capabilities in product development. Strengthen 3G/4G R&D capabilities and operator compliance to gain more competitive advantages.

Corporate Governance

Corporate Governance Structure

Qisda complies with Company Law, the Securities and Exchange Act, and other relevant laws and regulations of the Republic of China to formulate and implement the company's corporate governance structure. Qisda's corporate governance structure model is made up of three units, the board of directors, audit committee and remuneration committee. The audit committee is made up all of independent members of the board of directors. The remuneration committee members were appointed by resolution of the board of directors. Members of the board of directors (including independent directors) are selected based on shareholder votes. In principal, the responsibilities of the board of directors are carried out in accordance with relevant laws, company regulations, and shareholder resolutions. The board of directors is also responsible for supervision of company management and overall operational status. The audit committee's responsibilities include accurate financial reporting, selection and performance of independent accountants, effective implementation of internal controls in accordance with relevant laws and regulations, and management of existing and/or potential risk. The remuneration committee will exercise the care of a good administrator in faithfully performing the official powers, and shall submit its recommendations for deliberation by the board of directors.

Qisda has always believed that upholding shareholder rights and interests is a primary task. In addition to having a professional management team rich in experience, the board of directors also possesses the necessary executive knowledge, technological know-how, professional accomplishments, and devotion to the maximizing shareholder rights and interests. The board of directors has 9 members (including 3 independent directors). The chairman is elected by the board. Board members all have 5 or more years experience in business administration, legal, finance, accounting, or other professional experience required by the company.

Primary Roles of Governance Entities

Qisda's board of directors considers company and shareholder interests as top priorities in performing operational evaluations and passing significant resolutions. The audit committee fulfills a supervisory role through prudent and careful oversight of the operations of the company and the board of directors.

Board of Directors

According to the Securities and Exchange Act Article 26, Paragraph 3, Subparagraph 8 regulations, Qisda created the "Regulations Governing Procedure for Board of Directors Meetings". Official board of director business, operational procedures, records of official business, and announcements on company and other related matters are carried out according to these regulations. Qisda's board of directors shall convene at least once per quarter. The guiding policy of the board members shall be to maximize shareholder rights and interests through upright management, faithful obligation, the highest degree of personal oversight, and prudent application of the authority of their positions.

Audit Committee

In 2008, the company installed independent directors and an audit committee in accordance with the Securities and Exchange Act and shareholder resolutions. Through the "Audit Committee Charter" as defined by the board of directors, the audit committee preserves and strengthens the organization's strategic policies and works to increase operational efficiency through practical application of corporate governance. Qisda's audit committee must convene at least once per quarter and request the attendance of accountants, internal auditors, risk management, legal, and finance department representatives. By providing information on audit committee reports and inquiries into recent financial reporting status, the results of internal audits, significant litigation, and financial operating status, the audit committee can assist investors in ensuring that company governance is transparent and shareholder rights and interests are safeguarded.

Remuneration Committee

The remuneration committee will exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors; A. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers. B. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

Board of Directors

Board Members

Date: April 20, 2012

Title	Name	Education & Experience	Current Positions
Chairman	K.Y. Lee	MBA, Switzerland IMD B.S., Electrical Engineering, National Taiwan University Vice President, Acer PC Product Marketing	Chairman: AU Optronics Corp., BenQ Corp. Director: Darfon Electronics Corp., BenQ Materials Corporation
Director	Stan Shih	Honorary Doctor of International Law, Thunderbird, American Graduate School of International Management Honorary Fellowship, University of Wales, Cardiff Honorary Doctor of Technology, The Hong Kong Polytechnic University Honorary EE Ph.D., MSEE, BSEE, National Chiao Tung University Co-Founder, Chairman Emeritus of the Acer Group	Chairman: iD SoftCapital Group Director: acer Inc., Wistron Corp. Independent Director: Taiwan Semiconductor Manufacturing Company
Director	Sheaffer Lee	EMBA, National Cheng Chi University B.S., Electrical Engineering, National Cheng Kung University Associate Vice President, Acer America President, Qisda Corp.	Chairman: Darfon Electronics Corp., Dazzo Technology Corp., Darshin Microelectronics Inc. Director: BenQ Corp., Lite-On IT Corp., Raydium Semiconductor Corporation
Director	BenQ Foundation- Hui Hsiung	Ph.D., Physics, University of California-Berkeley B.S., Physics, National Taiwan University EVP, AU Optronics Corp.	Chairman: Qisda Electronics Corp., Qisda Solutions Inc., SiPix Technology Inc. Director: AU Optronics Corp. President: Qisda Corp.
Director	AU Optronics Corp.- Kuo-Hsin Tsai	EMBA, National Chiao Tung University B.A., Business Administration, National Cheng Kung University AVP, Procurement Division and Senior AVP of Information Technology Display Manufacturing, AU Optronics Corp.	VP&GM: Information Technology Display Business Group, AU Optronics Corp.
Director	China Development Industrial Bank- Cathy Han	MBA, Central Connecticut State University	Senior AVP: Principal Investment Department, China Development Industrial Bank Director: Wellypower Optronics Co. Ltd., Powertech Industrial Co., Ltd., Lextar Electronics Corporation, Cando Corporation
Independent Director	Kane K.Wang	Ph.D., The Structure of Technology, Demand, and Market of US Automobile Industry, MIT M.S., Transportation Planning and B.S., Civil Engineering, National Taiwan University Director and Professor, Graduate Institution of Industrial Economics, National Central University	Chief Professor: China University of Technology Independent Director: Formosa Advanced Technologies Co., Ltd, Formosa Chemical Co., Ltd. Director: Boston Life Science Venture Co. Supervisor: Platinum Optics Technology Inc.
Independent Director	Allen Fan	B.S., Electrical Engineering, National Taiwan University President, Microsoft Taiwan General Manager, HP Taiwan	Chairman: Yu Xuan Corp. Director: Advantech Co., Ltd., Transcend Information, Inc., Belden International Inc. Supervisor: Compal Communications Inc.
Independent Director	Jeffrey Y.C. Shen	EMBA, Executive program, University of Michigan B.S., Mechanical Engineering, National Cheng Kung University President, Changan Ford Mazda Automobile Company President, Ford Lio Ho Motor Company	-

Material Resolutions Approved by Board Meetings

Date	Approval Events
2011/03/03	<ul style="list-style-type: none"> ◆ Accepted Qisda's financial results of 2010 ◆ Approved the distribution of profits for 2010 ◆ Approved the capitalization of dividends for 2010 ◆ Approved the election of Directors ◆ Approved releasing for Directors from non-competition restrictions ◆ Approved to convene 2011 Qisda Annual General Meeting ◆ Approved to public and list in TSE for private placements of common stock in 2008 ◆ Approved to loan of Funds USD 24M to Qisda Czech s.r.o. ◆ Approved to loan of Funds USD 15M and EUR 20M to Qisda (L) Corp. ◆ Approved to provide Guarantees USD 80M for Qisda (L) Corp.
2011/04/28	<ul style="list-style-type: none"> ◆ Accepted Qisda's financial results of 2011 Q ◆ Approved to examine and/or screen the name list of each director candidate nominated
2011/06/24	<ul style="list-style-type: none"> ◆ Elected Lee, Kuen-Yao as Chairman
2011/08/30	<ul style="list-style-type: none"> ◆ Accepted Qisda's financial results of 2011 Q2 ◆ Approved to establish the Remuneration Committee and the Act of the Remuneration Committee ◆ Appointment of the Remuneration Committee members ◆ Approved to dispose the common shares of LITE-ON IT Corporation
2011/10/26	<ul style="list-style-type: none"> ◆ Accepted Qisda's financial results of 2011 Q3
2012/03/06	<ul style="list-style-type: none"> ◆ Accepted Qisda's financial results of 2011 ◆ Approved the 2011 deficit compensation by legal reserve and special reserve ◆ Approved to release Directors from non-competition restrictions ◆ Approved to convene 2012 Qisda Annual General Meeting ◆ Approved to loan of Funds USD 20M to Qisda Czech s.r.o. ◆ Approved to provide Guarantees USD 30M for Qisda (L) Corp.

Creating Value for Shareholders and Giving Back to the Community is an Integral Part of Qisda Value

Qisda's board aims to continue acting in the best interest of our shareholders, in accordance with commonly accepted corporate governance principles. It's with the highest standard that our board members work closely with a dedicated team of audit committee and certificate public accountants in carrying out its supervisor duty.

The board members shall benchmark Qisda against best-in-class corporate governance practices in safeguarding shareholders' interests and making recommendations that will enhance return-on-investment to our shareholders.

by K.Y. Lee, Chairman

Corporate Executive Officers

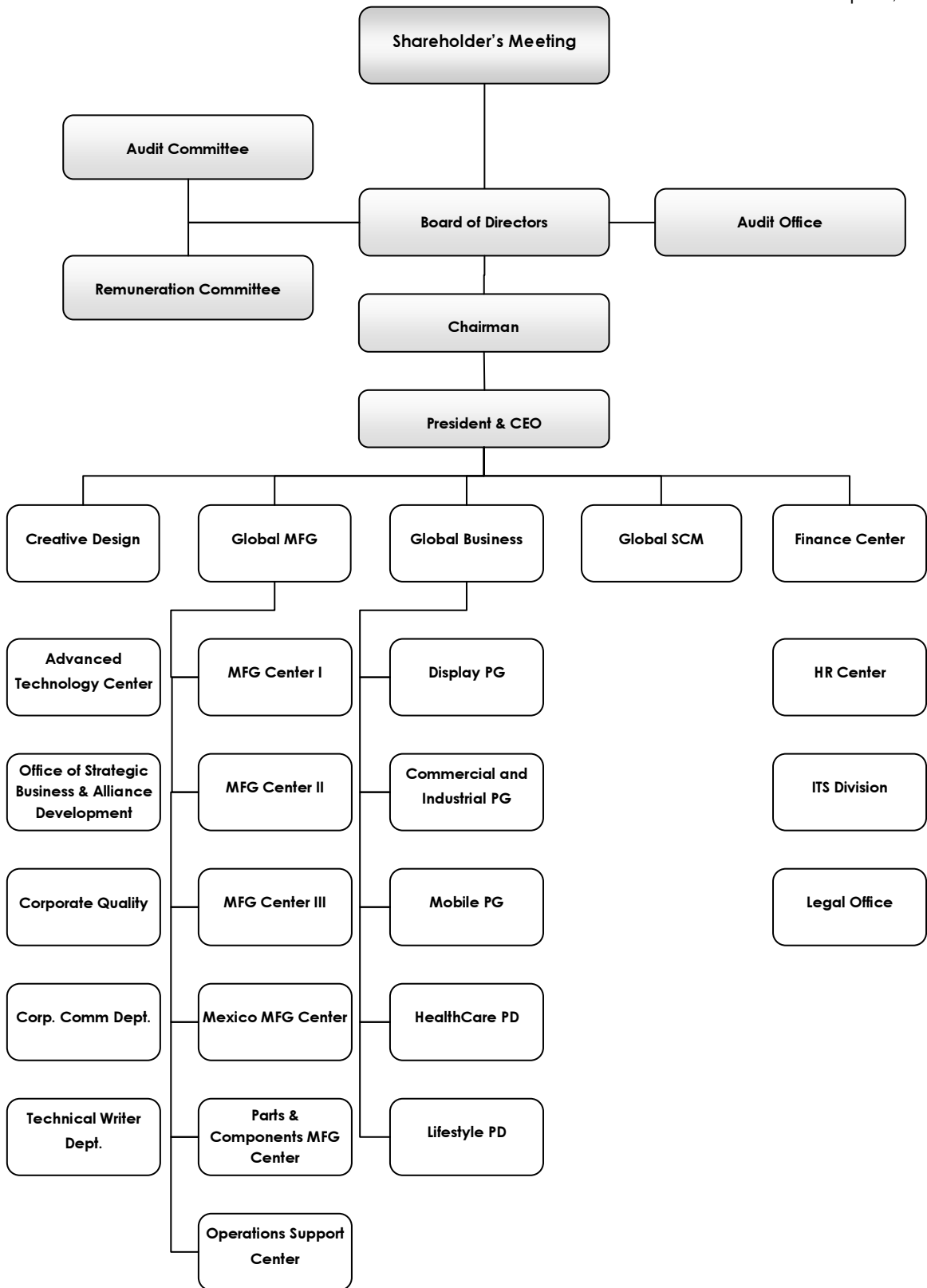
Date: April 20, 2012

Title	Name	Personnel Education & Experience	Other Current Positions
President and CEO	Hui Hsiung	Ph.D., Physics, University of California-Berkeley B.S., Physics, National Taiwan University EVP, AU Optronics Corp.	Chairman: Qisda Electronics Corp., Qisda Solutions Inc., SiPix Technology Inc. Director: AU Optronics Corp. Director and President: Qisda Corp.
Executive Vice President	Hermit Huang	EMBA, National Taiwan University Electronics Engineering, National Taipei Institute of Technology	Director: Qisda Electronics Corp., Qisda Solutions Inc.
Senior Vice President, Global SCM	C.M.Wu	EMBA, Pacific Western University B.S., Electronics Engineering, Chung Yuan Christian University	-
Vice President & GM, Display PG	Joe Huang	EMBA, Tsing Hua University in Beijing MBA, University of Greenwich	-
Vice President & GM, Commercial and Industrial PG	April Huang	B.S., Economics, National Taiwan University Alpha Publishing Inc., Tokyo, Japan Marketing Manager, Daxon Technology Inc.	-
Vice President & GM, Creative Design Center and Lifestyle products PD	Manfred Wang	M.S., Industrial Design, The State Academy of Fine Arts and Design in Stuttgart B.S., Applied Arts, Fu Jen Catholic University	Supervisor, Taiwan Design Center
Vice President, Office of Strategic Business & Alliance Development	Alpha Tsai	EMBA, National Cheng Chi University M.S., Electrical Engineering, State University of New York B.S., Electrical Engineering, National Taiwan University.	-
Vice President & GM, Global MFG Operations	Mark Hsiao	B.S., Chemical Engineering, Tamkang University AVP, AU Optronics Corp.	-
Vice President, Global MFG Operations	James T.Wang	Ph.D., Mechanical Engineering, Ohio State University B.S., Mechanical Engineering, National Taiwan University	-
Vice President, Advanced Technology Center	Kelvin Lee	Ph.D., Electrical Engineering, National Taiwan University M.S., Electrical Engineering, National Cheng Kung University	Director: Qisda Electronics Corp., Qisda Solutions Inc.
Vice President, Corporate Quality Management	Spark Huang	EMBA, National Cheng Chi University B.S., Physics, Tamkang University	-
Senior Vice President & CFO, Finance Center	David Wang	M.S., University of Massachusetts B.S., Finance, National Chung Hsing University CEO of Yageo, Ferroxcube CFO of Yageo, Europe	Director: Lite-On IT Corp. Supervisor: Qisda Electronics Corp., Qisda Solutions Inc.

Group Organization

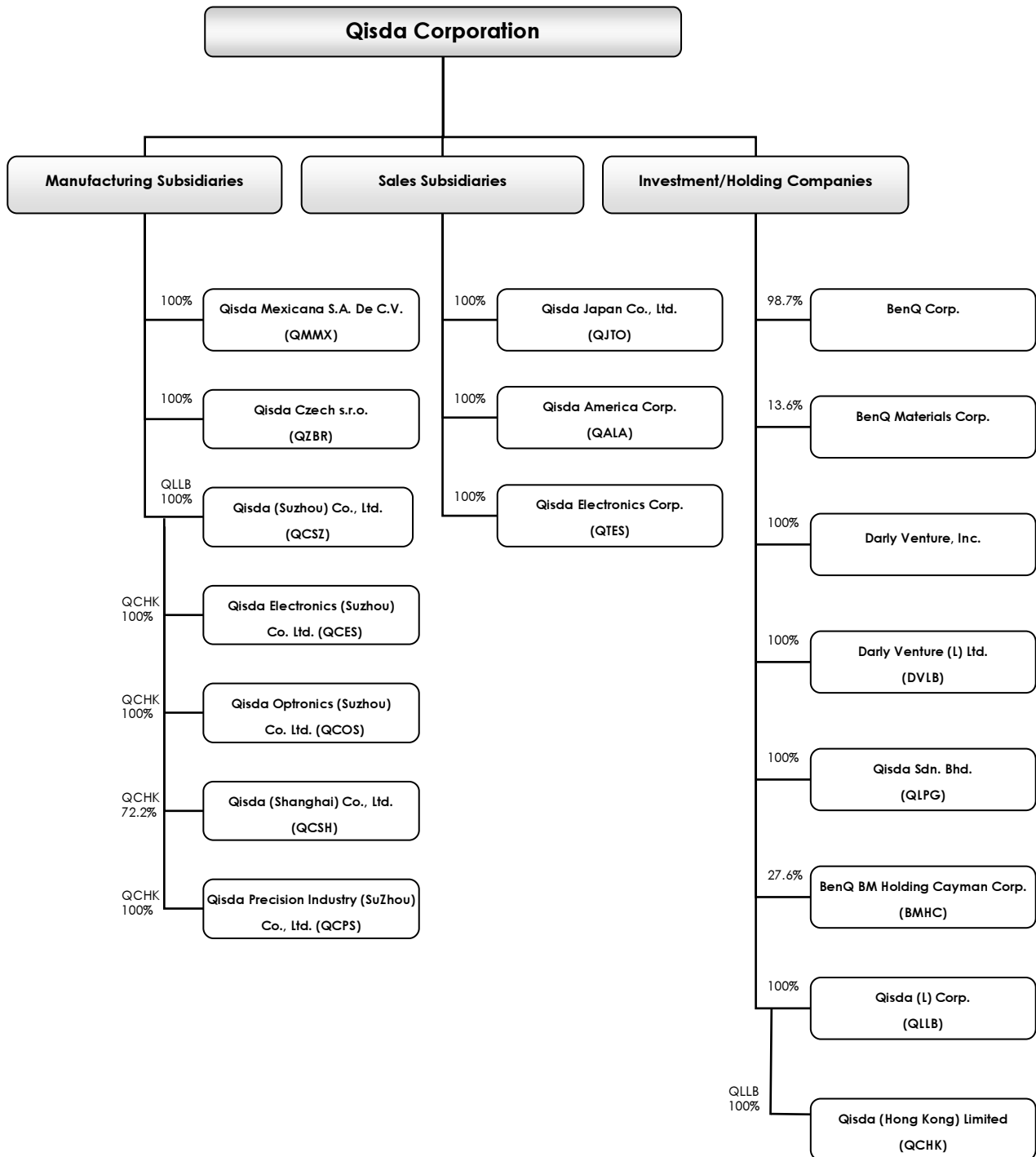
Company Organization Chart

Date: April 20, 2012



Affiliated Companies

Date: December 31, 2011



Company Financials

Capital and Shares

Shares Type and Shares Outstanding

Shares Type	Authorized Shares			Notes
	Outstanding shares	Un-issued shares	Total shares	
Common Shares	1,966,781,958	3,033,218,042	5,000,000,000	-

Ownership and Distribution of Shares

	As of April 14, 2012		
	Number of shareholders	Number of shares held	% of shares held
Domestic Individuals	151,109	1,319,381,499	67.08%
Other Domestic Corporations	188	299,739,234	15.24%
Foreign Institutions and Individuals	283	188,629,533	9.59%
Domestic Financial Institutions	66	159,022,220	8.09%
Government Agencies	5	9,472	0.00%
Total	151,651	1,966,781,958	100.00%

Market and Sales Status

Sales by Business Unit

Unit: NT\$1,000

Main Products	Sales of 2011	Sales %
Display Product Group	46,476,327	67.17
Commercial and Industrial Product Group	16,217,051	23.44
Mobile Product Group	6,399,442	9.25
Others	94,604	0.14
Total	69,187,424	100.00

Sales Areas

Unit: NT\$1,000

Areas	2011		2010	
	Sales	%	Sales	%
Domestic	1,051,537	2	2,744,673	4
America	19,339,490	28	12,919,643	21
Europe	22,468,128	32	19,964,365	33
Asia	22,772,457	33	23,116,383	38
Others	3,555,812	5	2,588,315	4
Total	69,187,424	100	61,333,379	100

Production Status in the Last Two Years

Unit: Set 1,000; NT\$1,000

Main Products	2011			2010		
	Production Capacity	Production Quantity	Production Amount	Production Capacity	Production Quantity	Production Amount
Display Product Group	13	12	44,502	29	26	103,985
Commercial and Industrial Product Group	210	191	486,572	137	124	306,883
Mobile Product Group	0	0	8,998	3	3	10,448
Others	3	3	17,179	2	2	8,600
Total	226	206	557,251	171	155	429,916

Note: The figures of production quantity and amount were based on Taiwan entity; overseas entities were excluded.

Sales Status in the Last Two Years

Unit: Set 1,000; NT\$1,000

Main Products	2011				2010			
	Domestic Sales		Exports Sales		Domestic Sales		Exports Sales	
	Quality	Value	Quality	Value	Quality	Value	Quality	Value
Display Product Group	208	719,030	13,724	45,757,297	291	1,109,294	10,199	36,961,431
Commercial and Industrial Product Group	28	240,206	1,410	15,976,845	138	1,530,888	1,369	14,782,131
Mobile Product Group	17	86,471	1,083	6,312,971	31	102,229	1,613	6,670,176
Others	1	5,830	2	88,774	0	2,262	1	174,968
Total	254	1,051,537	16,219	68,135,887	460	2,744,673	13,182	58,588,706

Net Worth, Earning, Dividends and Market Price Per Share

Unit: NT\$; Per 1,000 Share

		Mar. 31, 2012	2011	2010
Market Price Per Share	Highest Market Price	9.25	22.25	22.45
	Lowest Market Price	6.02	5.58	14.10
	Average Market Price	7.95	11.95	19.18
Net Worth Per Share (Note 1)	Before Distribution	-	10.95	13.30
	After Distribution	-	10.95	12.80
Earnings Per Share (EPS)	Weighted Average Shares	1,965,785	1,964,182	1,964,182
	EPS	-	-1.74	1.90
	EPS-adjusted (Note 2)	-	-1.74	1.89
Dividends Per Share	Cash dividends	-	-	0.5
	Stock dividends- Earnings	-	-	0.2
	Stock dividends- Capital Surplus	-	-	-
	Accumulated Undistributed Dividend	-	-	-
Return On Investment	Price/Earning Ratio (Note 3)	-	-	9.89
	Price/Dividend Ratio (Note 4)	-	-	38.36
	Cash Dividend Yield Rate (Note 5)	-	-	2.6%

Note 1: Subject to change after shareholders' meeting resolution

Note 2: Retroactive adjustment for capitalization of bonus

Note 3: Price/Earning ratio = Average market price/Earnings per share

Note 4: Price/Dividend ratio = Average market price/Cash dividends per share

Note 5: Cash dividend yield rate = Cash dividends per share/ Average market price

Dividend Policy

According to Qisda's Article of Incorporation, the company's dividend policy is as follows:

After making the final settlement of account, the Company shall allocate the net profit, if any, according to the following sequences: paying the taxes, making up loss for preceding years, setting aside 10% thereof for legal reserve, setting aside or reversing special reserve in accordance with the regulations of the competent authorities. If there is any residual amount after deducting the amounts stated above, the Company shall distribute the residual amount in accordance with the following orders:

1. 5%~20% of the residual amount to employees as bonus;
2. No more than 1% of residual amount for remuneration of directors;
3. All or part of the remaining residual amount to the shareholders as dividend and bonus.

In the event that the employee bonus provided in Item 1 of the preceding paragraph is share bonus, the employees of domestic or foreign affiliates of the Company are entitled to receive such share bonuses. The Board of Directors or any other person authorized by the Board of Directors is authorized to determine the qualifications and distribution method for distributing the share bonuses.

The Company is belonged to technological and capital capacity high tech industry and is in the growing period. In order to execute long-term capital planning and satisfy the shareholders with cash flow demand, the Company adopts dividend surplus as its dividend policy. Therefore, the Company could keep growing and operating ever. If the Company has surplus profit at the end of the fiscal year, when distributing dividend, the Company should consider the future expanding and cash flow demand and distribute dividend by stock mainly and cash partially. Principally, the ratio of cash dividend to total dividend should not lower than Ten percent of total dividend.

Most Recent 5-year Financial Analysis

Item		Year				
		2011	2010	2009	2008	2007
Financial ratios	Total liabilities to total assets (%)	61	55	58	65	69
	Financial capital to fixed assets (%)	2320	2762	2214	2288	2516
Liquidity ratios	Current ratios (%)	104	123	81	105	116
	Quick ratios (%)	91	108	74	98	102
	Time interest earned	-	704	-	-	4
Operating performance analysis	A/R turnover (times)	6.45	6.80	5.11	4.36	5.09
	A/R turnover days	57	54	71	84	72
	Inventory turnover (times)	31.09	37.54	33.97	28.29	35.22
	A/P turnover (times)	7.90	12.19	13.13	11.61	8.53
	Inventory turnover days	12	10	11	13	10
	Fixed assets turnover (times)	46.77	39.34	29.88	42.3	64.13
	Total assets turnover (times)	1.24	1.08	0.91	1.18	1.58
Profitability ratios	Return on assets (%)	(5)	8	(2)	(3)	8
	Return on equity (%)	(14)	15	(8)	(14)	22
	Operating income to paid-in-capital (%)	2	1	0	(8)	(31)
	PBT to paid-in-capital (%)	(17)	21	(9)	(16)	31
	Net income ratio (%)	(5)	6	(4)	(4)	4
	EPS (NT\$)	(1.74)	1.94	(0.94)	(1.7)	3.11
Cash Flow	Cash flow ratio (%)	18	(27)	57	24	-
	Cash flow adequacy (%)	-	-	-	-	-
	Cash reinvestment ratio (%)	10	(9)	24	12	-
Leverage	Operating leverage	176	269	575	-	-
	Financial Leverage	-	-	-	-	-

Attachment 2 : Independent Auditor's Report & Audited Financial Statements**Independent Auditors' Report**

The Board of Directors

Qisda Corporation:

We have audited the non-consolidated balance sheets of Qisda Corporation (the "Company") as of December 31, 2010 and 2011, and the related non-consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Qisda Corporation as of December 31, 2010 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling", and accounting principles generally accepted in the Republic of China.

The accompanying non-consolidated financial statements as of and for the year ended December 31, 2011, have been translated into United States dollars solely for the convenience of the readers. We have audited the translation, and in our opinion, the non-consolidated financial statements expressed in New Taiwan dollars have been translated into United States dollars on the basis set forth in note 2(c) of the notes to the non-consolidated financial statements.

Taipei, Taiwan (the Republic of China)

March 6, 2012

Notice to Readers

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

Qisda Corporation
Non-consolidated Balance Sheets
December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars and US dollars)

Assets	2010 NT\$	2011 NT\$	US\$
Current assets:			
Cash and cash equivalents	465,513	4,141,627	136,823
Financial assets at fair value through profit or loss – current	399,962	8,680	287
Available-for-sale financial assets – current	-	1,673,995	55,302
Notes and accounts receivable, net	4,251,202	3,835,407	126,706
Accounts receivables from related parties	5,798,778	7,561,546	249,803
Other receivables, net	595,414	858,920	28,375
Other receivables from related parties	1,989,355	951,714	31,441
Inventories	1,759,280	2,475,960	81,796
Prepaid expenses and other current assets	47,138	54,720	1,808
Deferred income tax assets – current	<u>106,133</u>	<u>46,635</u>	<u>1,541</u>
Total current assets	<u>15,412,775</u>	<u>21,609,204</u>	<u>713,882</u>
Long-term investments:			
Equity method	34,065,902	30,907,280	1,021,053
Available-for-sale financial assets – non-current	3,757,396	130,923	4,325
Financial assets carried at cost – non-current	<u>225,050</u>	<u>1,592</u>	<u>53</u>
Total long-term investments	<u>38,048,348</u>	<u>31,039,795</u>	<u>1,025,431</u>
Property, plant and equipment:			
Land	624,587	600,168	19,827
Buildings	1,465,019	1,428,183	47,181
Machinery and equipment	868,237	869,933	28,739
Furniture and fixtures	118,370	98,440	3,252
Miscellaneous equipment	50,506	57,471	1,899
Prepayments for plant and equipment	<u>3,858</u>	<u>6,653</u>	<u>220</u>
	3,130,577	3,060,848	101,118
Less: accumulated depreciation	<u>(1,571,345)</u>	<u>(1,581,493)</u>	<u>(52,246)</u>
Net property, plant and equipment	<u>1,559,232</u>	<u>1,479,355</u>	<u>48,872</u>
Intangible assets	<u>60,662</u>	<u>62,861</u>	<u>2,077</u>
Other assets:			
Assets for lease	168,333	210,503	6,954
Idle assets	104,324	104,324	3,446
Refundable deposits	94,285	61,588	2,035
Deferred expenses	124,552	41,987	1,387
Deferred income tax assets – non-current	922,836	982,334	32,452
Prepaid pension cost	<u>119,087</u>	<u>117,372</u>	<u>3,878</u>
Total other assets	<u>1,533,417</u>	<u>1,518,108</u>	<u>50,152</u>
Total assets	<u>56,614,434</u>	<u>55,709,323</u>	<u>1,840,414</u>

Qisda Corporation
Non-consolidated Balance Sheets (continued)
December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars and US dollars)

Liabilities and Stockholders' Equity	2010 NT\$	2011 NT\$	US\$
Current liabilities:			
Short-term borrowings	-	3,710,654	122,585
Financial liabilities at fair value through profit or loss – current	58,329	46,371	1,532
Accounts payable	1,829,928	2,096,942	69,275
Accounts payable to related parties	2,899,941	9,835,579	324,928
Other payable to related parties	32,652	96,855	3,200
Income tax payable	132,075	-	-
Accrued expenses	5,097,498	2,372,477	78,377
Advance receipts	531,403	549,184	18,143
Bonds payable due within one year	-	120,671	3,986
Long-term debt due within one year	1,728,000	1,742,280	57,558
Other current liabilities	164,382	279,379	9,230
Deferred inter-company profits	88,906	24,707	816
Total current liabilities	<u>12,563,114</u>	<u>20,875,099</u>	<u>689,630</u>
Long-term liabilities:			
Financial liabilities at fair value through profit or loss – non-current	4,846	-	-
Bonds payable	116,543	-	-
Long-term debt	17,328,500	12,787,180	422,437
Total long-term liabilities	<u>17,449,889</u>	<u>12,787,180</u>	<u>422,437</u>
Other liabilities:			
Deposits in	2,530	2,530	84
Deferred gain on sale-and-leaseback transaction – non-current	609,569	500,393	16,531
Other liabilities	372,362	12,503	413
Total other liabilities	<u>984,461</u>	<u>515,426</u>	<u>17,028</u>
Total liabilities	<u>30,997,464</u>	<u>34,177,705</u>	<u>1,129,095</u>
Stockholders' equity:			
Common stock	19,282,176	19,667,820	649,746
Capital surplus	3,571,497	3,683,406	121,685
Legal reserve	-	312,870	10,336
Special reserve	-	286,915	9,479
Retained earnings (accumulated deficit)	3,128,697	(2,232,017)	(73,737)
Cumulative translation adjustment	101,959	747,146	24,683
Unrealized loss on available-for-sale financial assets	(388,874)	(906,997)	(29,964)
Treasury stock	(78,485)	(27,525)	(909)
Total stockholders' equity	<u>25,616,970</u>	<u>21,531,618</u>	<u>711,319</u>
Commitments and contingencies			
Total liabilities and stockholders' equity	<u>56,614,434</u>	<u>55,709,323</u>	<u>1,840,414</u>

(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 30, 2011, of NT\$30.27 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation
Non-consolidated Statements of Operations
or the years ended December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars and US dollars except earnings per share)

	2010 NT\$	2011 NT\$	2011 US\$
Net sales	61,333,379	69,187,423	2,285,676
Cost of goods sold	<u>(57,517,993)</u>	<u>(65,840,822)</u>	<u>(2,175,118)</u>
Gross profit	3,815,386	3,346,601	110,558
Change in unrealized inter-company profits	<u>71,384</u>	<u>64,199</u>	<u>2,121</u>
Realized gross profit	<u>3,886,770</u>	<u>3,410,800</u>	<u>112,679</u>
Operating expenses:			
Selling	(1,063,455)	(418,427)	(13,823)
Administrative	(347,822)	(559,246)	(18,475)
Research and development	<u>(2,249,113)</u>	<u>(2,039,408)</u>	<u>(67,374)</u>
	<u>(3,660,390)</u>	<u>(3,017,081)</u>	<u>(99,672)</u>
Operating income	<u>226,380</u>	<u>393,719</u>	<u>13,007</u>
Non-operating income:			
Interest income	36,257	39,468	1,304
Investment income recorded under equity method, net	2,357,950	-	-
Dividend income	163,641	272,786	9,012
Foreign currency exchange gain, net	-	212,658	7,025
Evaluation gain on financial instruments, net	344,575	-	-
Gain on disposal of investments, net	1,101,533	-	-
Others	<u>799,825</u>	<u>672,346</u>	<u>22,212</u>
	<u>4,803,781</u>	<u>1,197,258</u>	<u>39,553</u>
Non-operating expenses:			
Interest expense	(555,349)	(539,845)	(17,834)
Investment loss recorded under equity method, net	-	(3,442,078)	(113,713)
Other investment loss	(11,547)	(12,514)	(414)
Loss on disposal of investments, net	-	(471,706)	(15,583)
Evaluation loss on financial instruments, net	-	(374,479)	(12,371)
Foreign currency exchange loss, net	(334,855)	-	-
Others	<u>(786)</u>	<u>(58,578)</u>	<u>(1,935)</u>
	<u>(902,537)</u>	<u>(4,899,200)</u>	<u>(161,850)</u>
Income (loss) before income tax	4,127,624	(3,308,223)	(109,290)
Income tax expense	<u>(387,910)</u>	<u>(102,954)</u>	<u>(3,401)</u>
Net income (loss)	<u>3,739,714</u>	<u>(3,411,177)</u>	<u>(112,691)</u>
Earnings per share (expressed in New Taiwan dollars and US dollars):			
Basic earnings per share	<u>1.90</u>	<u>(1.74)</u>	<u>(0.057)</u>
Diluted earnings per share	<u>1.89</u>	<u>(1.74)</u>	<u>(0.057)</u>

Qisda Corporation
Non-consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars)

	Common Stock NT\$	Capital Surplus NT\$	Legal Reserve NT\$	Special Reserve NT\$	Retained Earnings (Accumulated Deficit) NT\$	Cumulative Translation Adjustment NT\$	Unrealized Loss on Available-for-sale Financial Assets NT\$	Treasury Stocks NT\$	Total NT\$
Balance as of January 1, 2010	19,282,176	4,880,966	-	-	(1,807,773)	812,471	(273,084)	(81,123)	22,813,633
Net income for 2010	-	-	-	-	3,739,714	-	-	-	3,739,714
Appropriation of earnings and capital surplus:									
Decrease in capital surplus to offset accumulated deficit	-	(1,196,756)	-	-	1,196,756	-	-	-	-
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	-	2,638	2,638
Adjustments of net equity of investee companies	-	(112,713)	-	-	-	-	-	-	(112,713)
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(51,996)	-	(51,996)
Change in cumulative translation adjustment	-	-	-	-	-	(710,512)	-	-	(710,512)
Change in unrealized loss on financial instruments held by equity method investees	-	-	-	-	-	-	(63,794)	-	(63,794)
Balance as of December 31, 2010	19,282,176	3,571,497	-	-	3,128,697	101,959	(388,874)	(78,485)	25,616,970
Net loss for 2011	-	-	-	-	(3,411,177)	-	-	-	(3,411,177)
Appropriation of earnings and capital surplus (note):									
Legal reverse	-	-	312,870	-	(312,870)	-	-	-	-
Special reverse	-	-	-	286,915	(286,915)	-	-	-	-
Cash dividends	-	-	-	-	(964,108)	-	-	-	(964,108)
Stock dividends	385,644	-	-	-	(385,644)	-	-	-	-
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	-	50,960	50,960
Adjustments of net equity of investee companies	-	111,909	-	-	-	-	-	-	111,909
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(466,294)	-	(466,294)
Change in cumulative translation adjustment	-	-	-	-	-	645,187	-	-	645,187
Change in unrealized loss on financial instruments held by equity method investees	-	-	-	-	-	-	(51,829)	-	(51,829)
Balance as of December 31, 2011	19,667,820	3,683,406	312,870	286,915	(2,232,017)	747,146	(906,997)	(27,525)	21,531,618

(Note) Director's remuneration of \$25,290 and employee bonuses of \$360,000 have been deducted in the 2010 net income.

Qisda Corporation
Non-consolidated Statements of Cash Flows
For the years ended December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars and US dollars)

	2010 NT\$	2011 NT\$	US\$
Cash flows from operating activities:			
Net income (loss)	3,739,714	(3,411,177)	(112,691)
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities:			
Depreciation	114,915	95,470	3,154
Amortization	46,678	38,590	1,275
Change in allowance for bad debt and sales discounts	27,878	198,007	6,541
Amortization of bond issuance cost and discount on convertible bond	37,118	84,920	2,805
Change in provision for inventory obsolescence	(11,102)	1,836	61
Investment loss (income) recorded under equity method, net	(2,357,950)	3,442,078	113,713
Cash dividends received from investments recorded under the equity method	93,283	518,751	17,137
Gain on disposal of property, plant and equipment, net	(471)	(910)	(30)
Loss (gain) on disposal of investments, net	(1,101,533)	471,706	15,583
Loss on impairment of financial assets carried at cost	11,547	12,514	414
Amortization of deferred gain on sale-and-leaseback transaction	(109,176)	(109,176)	(3,607)
Differences in accounts in the accompanying balance sheets:			
Financial assets / liabilities at fair value through profit or loss	(344,575)	374,479	12,371
Notes and accounts receivable	(2,062,386)	217,788	7,195
Receivables from related parties	(25,533)	(1,793,745)	(59,258)
Other receivables	719,331	(263,506)	(8,705)
Other receivables from related parties	60,600	157,287	5,196
Inventories	(443,257)	(718,516)	(23,737)
Prepaid expenses and other current assets	(3,301)	(7,582)	(251)
Deferred income tax assets	149,279	-	-
Prepaid pension cost	(13,139)	1,715	56
Accounts payable	(26,506)	267,014	8,821
Payables to related parties	49,289	6,935,638	229,126
Income tax payable	132,075	(132,075)	(4,363)
Accrued expenses and other current liabilities	(1,930,311)	(2,592,242)	(85,637)
Other payables to related parties	(17,077)	64,203	2,121
Deferred inter-company profit	(71,384)	(64,199)	(2,121)
Net cash provided by (used in) operating activities	(3,335,994)	3,788,868	125,169
Cash flows from investing activities:			
Addition to long-term equity investments	(194,914)	-	-
Proceeds from disposal of investments	2,247,235	1,221,753	40,362
Proceeds from investees' capital reduction	287,508	3,668	121
Additions to property, plant and equipment	(38,021)	(69,673)	(2,302)
Proceeds from disposal of property, plant and equipment	659	15,051	497
Decrease in refundable deposits	-	32,697	1,080
Increase in intangible assets and deferred assets	(95,750)	(41,247)	(1,362)
Decrease (increase) in loan receivables from related parties	(411,313)	505,491	16,699
Net cash provided by investing activities	1,795,404	1,667,740	55,095
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	(1,024,960)	3,710,654	122,585
Redemption of bonds	(1,600,000)	-	-
Increase in long-term debt	10,456,500	4,271,750	141,122
Decrease in long-term debt	(6,600,000)	(8,798,790)	(290,677)
Increase in deposits in	459	-	-
Distribution of cash dividends	-	(964,108)	(31,850)
Net cash (used in) provided by financing activities	1,231,999	(1,780,494)	(58,820)
Net increase (decrease) in cash and cash equivalents	(308,591)	3,676,114	121,444
Cash and cash equivalents at beginning of period	774,104	465,513	15,379
Cash and cash equivalents at end of period	465,513	4,141,627	136,823
Additional disclosure of cash flow information:			
Cash paid during the year for:			
Interest	<u>572,962</u>	<u>522,436</u>	<u>17,259</u>
Income taxes	<u>329</u>	<u>109,857</u>	<u>3,629</u>
Supplemental disclosure of non-cash investing and financing activities:			
Change in cumulative translation adjustment	<u>(710,512)</u>	<u>645,187</u>	<u>21,314</u>
Adjustments of net equity of investee companies	<u>(112,713)</u>	<u>111,909</u>	<u>3,697</u>
Changes in unrealized loss on available-for-sale financial assets	<u>(51,996)</u>	<u>(466,294)</u>	<u>(15,404)</u>

Independent Auditors' Report

The Board of Directors
Qisda Corporation:

We have audited the consolidated balance sheets of Qisda Corporation (the "Company") and subsidiaries as of December 31, 2010 and 2011, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Qisda Corporation and subsidiaries as of December 31, 2010 and 2011, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of China.

The accompanying consolidated financial statements as of and for the year ended December 31, 2011, have been translated into United States dollars solely for the convenience of the readers. We have audited the translation, and in our opinion, the consolidated financial statements expressed in New Taiwan dollars have been translated into United States dollars on the basis set forth in note 2(d) of the notes to the consolidated financial statements.

Taipei, Taiwan (the Republic of China)
March 6, 2012

Notice to Readers

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

Qisda Corporation
Consolidated Balance Sheets
December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars and US dollars)

Assets	2010	2011	
	NT\$	NT\$	US\$
Current assets:			
Cash and cash equivalents	10,961,154	12,349,895	407,991
Financial assets at fair value through profit or loss – current	806,185	488,388	16,134
Available-for-sale financial assets – current	8,962	1,681,960	55,565
Notes and accounts receivable, net	10,656,875	9,953,389	328,820
Accounts receivables from related parties	1,364,645	1,701,450	56,209
Other receivables, net	3,310,420	4,089,993	135,117
Other receivables from related parties	24,816	38,500	1,272
Other financial assets – current	1,628,367	1,439,722	47,563
Inventories	16,443,770	14,749,530	487,266
Prepaid expenses and other current assets	845,044	884,787	29,230
Non-current assets held for sale	-	301,372	9,956
Deferred income tax assets – current	443,668	350,208	11,570
Total current assets	<u>46,493,906</u>	<u>48,029,194</u>	<u>1,586,693</u>
Long-term investments:			
Equity method	23,177,133	18,342,595	605,966
Available-for-sale financial assets – non-current	3,816,412	232,575	7,684
Financial assets carried at cost – non-current	1,052,430	243,317	8,038
Debt investments without active market – non-current	-	34,546	1,141
Total long-term investments	<u>28,045,975</u>	<u>18,853,033</u>	<u>622,829</u>
Property, plant and equipment:			
Land	1,504,653	1,473,526	48,679
Buildings	13,930,861	14,074,814	464,976
Machinery and equipment	13,255,993	10,764,180	355,606
Furniture and fixtures	585,509	528,241	17,451
Leased assets	931,229	937,822	30,982
Leasehold improvement	977,550	875,810	28,933
Miscellaneous equipment	1,083,133	1,045,134	34,527
Prepayments for plant and equipment	1,929,992	3,767,921	124,477
	<u>34,198,920</u>	<u>33,467,448</u>	<u>1,105,631</u>
Less: allowance for impairment of fixed assets	(896,984)	(571,735)	(18,888)
Less: accumulated depreciation	(13,288,502)	(12,168,690)	(402,005)
Net property, plant and equipment	<u>20,013,434</u>	<u>20,727,023</u>	<u>684,738</u>
Intangible assets	<u>2,936,291</u>	<u>3,216,340</u>	<u>106,255</u>
Other assets:			
Pledged cash and cash equivalents	-	3,029	100
Refundable deposits	245,043	167,980	5,549
Deferred expenses and other assets	766,244	1,130,192	37,337
Deferred income tax assets – non-current	1,071,144	1,058,981	34,985
Total other assets	<u>2,082,431</u>	<u>2,360,182</u>	<u>77,971</u>
Total assets	<u><u>99,572,037</u></u>	<u><u>93,185,772</u></u>	<u><u>3,078,486</u></u>

Qisda Corporation
Consolidated Statements of Operations
For the years ended December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars and US dollars, except earnings per share)

	2010	2011	
	NT\$	NT\$	US\$
Net sales	135,528,224	122,055,577	4,032,229
Cost of goods sold	(120,068,280)	(109,423,199)	(3,614,906)
Gross profit	<u>15,459,944</u>	<u>12,632,378</u>	<u>417,323</u>
Operating expenses			
Selling	(6,360,033)	(5,656,286)	(186,861)
Administrative	(3,478,456)	(3,514,221)	(116,096)
Research and development	(3,547,241)	(3,146,455)	(103,946)
	<u>(13,385,730)</u>	<u>(12,316,962)</u>	<u>(406,903)</u>
Operating income	<u>2,074,214</u>	<u>315,416</u>	<u>10,420</u>
Non-operating income:			
Interest income	128,326	186,449	6,160
Investment income recorded under the equity method, net	592,638	-	-
Evaluation gain on financial instruments, net	368,934	-	-
Foreign currency exchange gain, net	-	183,720	6,069
Dividend income	165,611	278,449	9,199
Gain on disposal of investments, net	1,372,044	840,625	27,771
Gain on disposal of property, plant and equipment	104,376	12,208	403
Others	1,342,793	1,175,576	38,836
	<u>4,074,722</u>	<u>2,677,027</u>	<u>88,438</u>
Non-operating expenses:			
Interest expense	(963,724)	(977,658)	(32,298)
Investment loss recorded under the equity method, net	-	(4,600,188)	(151,972)
Other investment loss	(11,547)	(77,929)	(2,574)
Loss on disposal of property, plant and equipment	(20,152)	(107,684)	(3,557)
Evaluation loss on financial instruments, net	-	(254,320)	(8,402)
Foreign currency exchange loss, net	(57,092)	-	-
Impairment loss	(11,437)	(3,502)	(115)
Others	(377,992)	(198,953)	(6,573)
	<u>(1,441,944)</u>	<u>(6,220,234)</u>	<u>(205,491)</u>
Income (loss) from continuing operations before income tax	4,706,992	(3,227,791)	(106,633)
Income tax expense	(676,093)	(319,141)	(10,543)
Net income (loss) from continuing operations	<u>4,030,899</u>	<u>(3,546,932)</u>	<u>(117,176)</u>
Discontinuing operations:			
Net loss from discounting operations	(211,454)	(424,337)	(14,019)
Net income (loss)	<u>3,819,445</u>	<u>(3,971,269)</u>	<u>(131,195)</u>
Attributable to:			
Shareholders of the parent	3,739,714	(3,411,177)	(112,692)
Minority interest	79,731	(560,092)	(18,503)
	<u>3,819,445</u>	<u>(3,971,269)</u>	<u>(131,195)</u>
Earnings per share (expressed in New Taiwan dollars and US dollars)			
Basic earnings per share			
Net income (loss) from continuing operations	2.05	(1.81)	(0.060)
Discontinuing operation loss	(0.11)	(0.22)	(0.007)
Loss (income) attributed to minority interest	(0.04)	0.29	0.010
Net income (loss) attributed to shareholders of the parent	<u>1.90</u>	<u>(1.74)</u>	<u>(0.057)</u>
Diluted earnings per share			
Net income (loss) from continuing operations	2.04	(1.81)	(0.060)
Discontinuing operation loss	(0.11)	(0.22)	(0.007)
Loss (income) attributed to minority interest	(0.04)	0.29	0.010
Net income (loss) attributed to shareholders of the parent	<u>1.89</u>	<u>(1.74)</u>	<u>(0.057)</u>

Qisda Corporation
Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars)

	Common Stock NT\$	Capital Surplus NT\$	Legal Reserve NT\$	Special Reserve NT\$	Retained Earnings (Accumulated Deficit) NT\$	Cumulative Translation Adjustment NT\$	Unrealized Gain (Loss) on Available-for-sale Financial Assets NT\$	Treasury Stocks NT\$	Minority Interest NT\$	Total NT\$
Balance as of January 1, 2010	19,282,176	4,880,966	-	-	(1,807,773)	812,471	(273,084)	(81,123)	8,320,237	31,133,870
Net income for 2010	-	-	-	-	3,739,714	-	-	-	79,731	3,819,445
Appropriation of earnings and capital surplus:										
Decrease in capital surplus to offset accumulated deficit	-	(1,196,756)	-	-	1,196,756	-	-	-	-	-
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(51,996)	-	-	(51,996)
Changes in minority interest	-	-	-	-	-	-	-	-	(4,906,317)	(4,906,317)
Adjustments of net equity of investee companies	-	(112,713)	-	-	-	-	-	-	(43,654)	(156,367)
Change in cumulative translation adjustment	-	-	-	-	-	(710,512)	-	-	(141,850)	(852,362)
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	-	2,638	-	2,638
Change in unrealized loss on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	(63,794)	-	(48)	(63,842)
Balance as of December 31, 2010	19,282,176	3,571,497	-	-	3,128,697	101,959	(388,874)	(78,485)	3,308,099	28,925,069
Net loss for 2011	-	-	-	-	(3,411,177)	-	-	-	(560,092)	(3,971,269)
Appropriation of earnings and capital surplus (note):										
Legal reserve	-	-	312,870	-	(312,870)	-	-	-	-	-
Special reserve	-	-	-	286,915	(286,915)	-	-	-	-	-
Cash dividends	-	-	-	-	(964,108)	-	-	-	-	(964,108)
Stock dividends	385,644	-	-	-	(385,644)	-	-	-	-	-
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(466,294)	-	-	(466,294)
Changes in minority interest	-	-	-	-	-	-	-	-	(14,796)	(14,796)
Adjustments of net equity of investee companies	-	111,909	-	-	-	-	-	-	12,633	124,542
Change in cumulative translation adjustment	-	-	-	-	-	645,187	-	-	118,861	764,048
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	-	50,960	-	50,960
Change in unrealized loss on available-for-sale financial assets held by equity method investees	-	-	-	-	-	-	(51,829)	-	(21,665)	(73,494)
Balance as of December 31, 2011	19,667,820	3,683,406	312,870	286,915	(2,232,017)	747,146	(906,997)	(27,525)	2,843,040	24,374,658

(Note) Director's remuneration of \$25,290 and employee bonuses of \$360,000 have been deducted in the 2010 net income.

Qisda Corporation
Consolidated Statements of Cash Flows
For the years ended December 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars and US dollars)

	2010 NT\$	2011 NT\$	US\$
Cash flows from operating activities:			
Net income (loss)	3,819,445	(3,971,269)	(131,195)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation	2,388,891	2,291,466	75,701
Amortization	300,967	318,274	10,515
Amortization of bond issuance costs and discount on convertible bond	37,118	91,576	3,025
Investment loss (income) recorded under the equity method, net	(592,638)	4,600,188	151,972
Cash dividends received from equity method investments	157,326	442,480	14,618
Loss (gain) on disposal of property, plant and equipment, net	(160,382)	97,835	3,232
Gain on disposal of investments	(1,372,044)	(840,625)	(27,771)
Evaluation loss (gain) on financial instruments	(369,779)	254,320	8,402
Impairment loss of property, plant and equipment	11,437	3,502	116
Other Investment loss	11,547	77,929	2,574
Amortization of deferred profits on sale-and-leaseback transaction	(109,176)	(109,176)	(3,607)
Long-term investment charged to expenses	1,088	6,845	226
Fixed assets charged to expenses	169	-	-
Differences in accounts in the accompanying balance sheets:			
Financial assets / liabilities at fair value through profit or loss	162,114	(149,534)	(4,940)
Notes and accounts receivable	(321,813)	693,912	22,924
Receivables from related parties	(392,894)	(315,269)	(10,415)
Other receivables	(155,238)	(780,805)	(25,795)
Other receivables from related parties	(11,360)	13,376	442
Inventories	(4,315,296)	1,675,544	55,353
Prepaid expenses and other current assets	209,052	(345,775)	(11,423)
Prepaid pension	(14,804)	2,435	80
Other financial assets — current	(51,084)	228,586	7,551
Deferred income tax assets	246,030	79,326	2,621
Notes and accounts payable	3,329,388	(2,059,211)	(68,028)
Payables to related parties	(178,749)	(67,538)	(2,231)
Accrued expenses and other current liabilities	(928,820)	(2,379,837)	(78,620)
Other payable from related parties	(9,906)	(5,071)	(167)
Other liabilities	(115,412)	36,871	1,218
Net cash provide by (used in) operating activities	1,575,177	(109,645)	(3,622)
Cash flows from investing activities:			
Additions to long-term equity investments	(835,911)	(263,561)	(8,707)
Proceeds from disposal of long-term equity investments	2,833,889	3,417,256	112,893
Proceeds from investees' capital reduction	33,768	3,668	121
Additions to property, plant and equipment	(3,156,741)	(3,285,811)	(108,550)
Proceeds from disposal of property, plant and equipment	445,099	377,902	12,484
Increase in refundable deposits and deferred assets	(271,036)	(301,092)	(9,947)
Increase in available-for-sale financial assets	(7,406)	(7,934)	(262)
Acquisition of subsidiaries, net of cash acquired	(192,260)	-	-
Net cash used in investing activities	(1,150,598)	(59,572)	(1,968)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	(1,473,102)	4,453,899	147,139
Redemption of bonds	(1,600,000)	-	-
Increase in long-term debt	15,556,636	8,686,651	286,972
Decrease in long-term debt	(11,372,651)	(10,437,642)	(344,818)
Distribution of cash dividends	-	(964,108)	(31,850)
Increase (decrease) in minority interest	738,251	(14,796)	(489)
Net cash provided by financing activities	1,849,134	1,724,004	56,954
Effect of exchange rate changes	(34,743)	(166,046)	(5,486)
Effect of change in consolidated subsidiaries	(1,128,582)	-	-
Net increase in cash and cash equivalents	1,110,388	1,388,741	45,878
Cash and cash equivalents at beginning of year	9,850,766	10,961,154	362,113
Cash and cash equivalents at end of year	10,961,154	12,349,895	407,991
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	976,109	969,726	32,036
Income taxes	15,577	148,763	4,915
Supplemental disclosure of non-cash investing and financial activities:			
Changes in unrealized loss on available-for-sale financial assets	(51,996)	(466,294)	(15,404)

Qisda Fact Sheet

Founded	April 21, 1984
Total Capital	USD 578.7 million
Revenue	Core Consolidated Revenue of NT\$84.89 billion (2011)
Chairman	K.Y. Lee
President & CEO	Hui Hsiung
Product Portfolio	<ul style="list-style-type: none"> ● Displays Multifunction Monitors Traditional Monitors (4:3): 17", 19", 20" Wide screen Monitors: 15.6"W \ 18.5"W \ 19"W \ 20"W \ 21.5"W \ 22"W \ 23"W \ 24"W \ 27"W Professional Monitors/ Medical and Broadcasting Devices Surveillance Camera (Network and CCTV Camera) Industrial Solutions: Professional Displays for Security, Graphics, Education, Medical and Gaming applications Digital Signage Displays and Open Frame Pen/ Touch LCD Displays and Modules ● Projectors Data Projectors, Video Projectors, Short throw Projectors ● All-in-One PCs : 18.5" ,21.5" ● Imaging Devices Color Inkjet Printers, Color Inkjet Multifunctional Printers Color Laser Printers (CLP), Color Laser Multifunctional Printers (MFP) High-speed inkjet printers, High-speed Multifunctional Printers Image Scanners, Auto Document Feeders Mini Photo Scanners, Protatable Scanners ● Mobile Communication Devices 3G/4G LTE Smartphones MID (Mobile Internet Devices) Mobile Tablets Wireless Modules: GSM/ GPRS/ WCDMA/ HSDPA/HSUPA USB Modem Cards: HSDPA/HSUPA ● Automobile Infotainment Electronics: TSI 6949 Certified A/V/N (Audio/Video/Navigation) Systems Automotive TFT-LCD Displays Vehicle Rear Seat Entertainment Systems Automotive Telematics Systems Navigation Modules ● Consumer Electronics: eBook Readers, ePad Tablets, Digital Photo Frames, Multimedia Routers ● Healthcare Electronics ● Lifestyle Products: LED lighting
Global R&D & Manufacturing	<p>R&D Center</p> <ul style="list-style-type: none"> ● Taiwan: Taipei, Taoyuan, Hsinchu ● China: Suzhou <p>Global Manufacturing</p> <p>Mexicali, Mexico</p> <ul style="list-style-type: none"> ● LCD Monitors <p>Taoyuan, Taiwan</p> <ul style="list-style-type: none"> ● LCD Monitors ● Projector ● Surveillance Camera (Network and CCTV Camera) ● Automobile Infotainment Electronics (TSI6949 Certified) ● Industrial Solutions (Excluding Pen/ Touch LCD Displays) ● Lifestyle Products <p>Suzhou, China</p> <ul style="list-style-type: none"> ● Multifunction Monitors ● LCD Monitors ● Professional Monitors ● Projectors ● Industrial Solutions ● All-in-One PCs ● Imaging Devices ● Automobile infotainment Electronics (TSI6949 Certified) ● Consumer Electronics ● Healthcare Electronics ● Mobile Communication Devices
No. of Employees	9,300 people
Global Operations	Taiwan(Taipei, Taoyuan, Hsinchu), China (Suzhou), Mexico, Japan, United States

Qisda

Qisda.com