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# Qisda Corporation 2008 Annual Report

Information updated to 2009.04

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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](http://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/>

### **Qisda Exchangeable Bonds**

GreTai Securities Market  
ISIN:235201  
<http://www.otc.org.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,

For the year 2008, the Company's core business recorded sales of NT\$111.3 billion. At the Taiwan parent company level, 2008 revenues reached NT\$75.5 billion with after-tax losses coming at NT\$3.1 billion. Losses per share were NT\$ 1.7 after tax.

Since September 2007, Qisda has concentrated on product design and ODM/OEM businesses. The Company has focused on improving its financial structure, enhancing efficiency, reducing costs, and adjusting product strategies so as to increase the profitability of the core business. In 2008, the company has strengthened its inventory control and successfully raised its cash inflow over NT\$ 6 billion. This has allowed the company to generate around NT\$ 5 billion of cash inflow from operating activities exceeding the level in recent years. As a result, the Company managed to not only continuously reduce operating losses in each quarter of 2008 but was also able to generate a positive operating income in Q4 despite the impact of the global financial crisis and weak economy in the second half of 2008.

In the past year Qisda has not followed the typical ODM/OEM business model of mass producing a single product line. Instead, we have drawn on our accumulated core technologies in the areas of liquid crystal displays, opto-mechatronics, and communications, as well as our world-class innovative product design and industrial design capabilities to generate high-margin and high-quality products across the 5C product lines (Computer, Communication, Consumer Electronics, Car Electronics and Care-Medical Electronics). This has been based on a product positioning of "technology combined with design". In a business environment where competitors are focused on lowest price, Qisda is looking to follow its own path to create value through innovation.

Qisda has been contributing some 3% of revenue to research & development over the past five years, and owns more than 3,000 patents worldwide. The Company has earned many international design awards since 2008, including five German Red Dot, four Japanese G-mark and five German iF Design Awards for innovative design, excellent quality, and functionality. These speak to our outstanding design capabilities that give Qisda an edge over competitors. We believe deeply that outstanding product design and research capabilities will be Qisda's core competitive strength going forward.

Qisda made great progress in improving its manufacturing ability and in-house vertical integration in the course of 2008. Since 2007, the company started to incorporate the 'six-sigma' principles and, this year it has further incorporated "lean" process principles into all operations. As well as improvements in product quality and cost outcomes, this has increased productivity by over 20% and allowed us to reduce manpower by 26% worldwide within the course of the year. In terms of in-house vertical integration, the Company invested in in-house capabilities for manufacturing of plastic injection & coatings in Q4 2008, adding to its existing capabilities in PCB assembling (SMT), metal stamping and LCD module assembling. This is expected to bring reduction in the material costs and facilitate manufacturing efficiency.

In a current climate of a global, sustained economic downturn in 2009, Qisda will aim to strengthen its cash flow and financial risk management, alongside its core objective of maximizing profitability. The management also expects to continue to launch new product lines, as well as to increase manufacturing and operational efficiency. We believe that the organizational transformation Qisda has made over the past year will not only help us weather the impacts of the financial crisis worldwide in 2009 but will also lay a solid foundation for Qisda's future.

We thank you for your support and encouragement. As we look forward to 2009, the management team will work unceasingly to protect the interests of the Company and shareholders.

Yours Sincerely,



K.Y. Lee – Chairman



Hui Hsiung – President & CEO

# Review of Operations and Product Strategy

## Monitor Business Unit

### Operational Guidelines

The primary objective of the monitor business is to sustain one of the top 5 manufacturers in the world with leading R&D technology.

### Business Scope

#### Overview of Operations

LCD monitor, a mature product, ASP dropped due to competitive market. To confront with challenges, Qisda established strong relationships with brand customers and invested in new product areas such as MoniTV and all-in-one PC.

#### Product Offering

- 15"/ 17" / 19" / 20.1" consumer and commercial LCD monitors
- 15"/18.5"/19"/20"/21.5"/22"/23"/24"/27" wide screen and professional LCD monitors
- 21.5"/24" MoniTV
- 18.5" all-in-one PC

### Industry Overview

#### Current Status and Development Trends

Affected by global economic recession, DisplaySearch concluded that the output of global LCD monitors reached 163.6 million units in 2008, volume slightly decreased 0.7% year-on-year. As the economic circumstance is still under uncertainty, it is estimated total output in 2009 will be only reached 166.6million units. In addition, annual growth rate will be within 10% for the coming years.

The demand and supply should be continuing unbalanced in LCD panels in 2009 since recession caused all brand customers to take conservative approach for business planning. In such environment, we believe companies with core competences such as obtaining in-house vertical integration, accessing to key components and having economic scales would have the capability and flexibility to take rush orders and stand out from competitors.

Mass panel production has driven LCD price to plunge. As a result, to create profit in such environment, Qisda will strategically work with upstream and downstream to develop multi-functional LCD monitors with conservation conforming and low power. Known for R&D abilities in the business, we believe monitor business line is capable to face the demand of products difference.

## Research & Development

### Current Status

- Full HD 16:9 Multimedia Monitor
- Full series wide screen & HDMI 1.3 products
- Low cost CRT replacement products

### On-going Efforts

- High contrast and 120Hz technology products
- Touch screen application products
- MoniTV
- All-in-one PC
- Green products

## Short and Long Term Business Plans

As a professional ODM/ OEM manufacture, Qisda takes below strategies to maintain one of the top 5 manufacturers in the world:

- To provide all sizes of LCD Displays and promote larger-sized, high-performance models where we believe Qisda has distinct advantage
- To Continue cooperating with AU Optronics to develop high quality LCD monitors and developing partnerships with tier-one panel vendors to ensure smooth supply
- To extend value-added on value chains through vertical integration, such as panel module assembly, in-house stamping and in-campus plastic injection
- To leverage current technology capability and develop new products like MoniTV and all-in-one PC to enlarge product portfolio

## Market Analysis

### Major Sales Market

Worldwide

### Market Share

In 2008, Qisda increases sales globally and reach 17% growth rate year-on-year. Besides, Qisda commands leading position in 23"-and-above sizes, with nearly 30% worldwide market share.

### Positive and Negative Factors & Company's Strategy

#### Positive Factors

- Industry consolidated, the big ones get bigger

#### Negative Factors

- Commodity market, severe price competition

#### Strategies

- To sustain leading industry position by vertical integration and enlarge economic scale to lower the cost
- To maximize the benefits by enlarging economic scale and increasing market share through:
  - To provide all sizes of solutions and promote larger-sized, high-performance models where we believe Qisda has distinct advantage
  - To continue cooperating with AU Optronics to develop high quality LCD monitors. At the same time, to build up partnerships with tier-one panel vendors to ensure smooth supply
  - To extend value-added on value chains through vertical integration, such as panel module assembly, in-house stamping and in-campus plastic injection
  - To leverage current technology capability and develop new products like MoniTV and all-in-one PC to enlarge product portfolio and ASP.

# Projector Business Unit

## Operational Guidelines

The goal for projector ODM business in 2009 is to achieve 20% growth in shipment and maintain a top three position in the world. At the same time, we aim to reduce costs and improve quality to provide better customer services to boost the growth rate.

## Business Scope

### Overview of Operations

Qisda's project ODM business reached 12% market share in the world and maintain top 3 on 2008. Moreover, we are the only manufacturer in Taiwan which has mass production experience on LCD projector.

### Product Offering

- A variety of projectors with office and home applications

### Project Features

Projector MP512ST, with new generation of short throw projection lens developed by Qisda, resolves the setup issue in meeting room, classroom, and home entertainment. In addition, High Definition Multimedia Interface (HDMI) and 10W speaker provide the best experience in video and audio projector performance in this category.

Projector P920, with new generation of dual lamp optical engine developed by Qisda and two 280w high efficiency mercury lamps, achieves brightness up to 6000lumens.

## Industry Overview

### Current Status and Development Trends

According to DTC, the world wide shipment for projector in 2008 is 6.2 million units, and the forecast for 2009 is 6.8 million units.

The market is expected to keep growing from 6.2 million in 2008 to 8 million units in 2011 due to technology's development for more application and splashed price. Only manufacturers with sufficient economic scale would survive during this severe competition in the coming years.



## Research & Development

### Technologies in Deployment

- MP512ST, with short throw projection lens and HDMI interface, could fulfill various user scenarios and best video performance
- SP920 achieves brightness up to 6000lumens with new generation of dual lamp optical engine

### On-going Efforts

- To improve color management and resolution
- To develop short throw ratio, wide screen and high brightness projectors to satisfy educational and corporate markets

## Short and Long Term Business Plans

- To develop new LCD and DLP projector technologies, and to extend ODM/OEM business
- To extend product applications to office, family, educational markets and so on

## Market Analysis

### Major Sales Market

Europe, Asia, China and America

### Market Share

In 2008, the top three projector manufacturers in descending order are Epson, Coretronic, and Qisda.

## Positive and Negative Factors & Company's Strategy

### Positive Factors

- Qisda projector shipment grew 20% from 2007 to 2008, which provided larger economic scale for key component sourcing and manufacturing operation. Both economic scale and leading technology help us to be competitive for continuous price erosion in the coming year.

### Negative Factors

- Shorter product's life cycle, more competitors and abundant models have interfered with the market price.

### Strategies

- To be more efficient in business operation is essential for controlling inventory and fulfilling customers' needs.

# Scanner/Printer/Copier Business Unit

## Operational Guidelines

In the current economic downturn, lots of consumer and IT products' prices have dropped significantly. Qisda has modified its business direction from high volume, low margin segment to higher value, niche segment in order to pursue more profitable margin.

## Business Scope

### Overview of Operations

In 2008, we launched a niche product line to the industry and have received positive market feedback. In 2009, our niche product line forecasts several times growth. For other traditional printer product lines, Qisda has provided more values in vertical integration and design suggestions to ODM customers. As a result, Qisda got more projects in business printers from 2008 to date.

In the future, we will experience more growth from this segment.

### Product Offering

- Mini-photo scanner
- High speed inkjet printer
- Color laser printer
- ADF module
- Medical electronics

## Industry Overview

### Current Status and Development Trends

According to several marketing surveys, consumer printer/scanner revenues and operating margins dropped significantly, therefore Qisda is focusing on business segments and niche applications to have relatively reasonable margins. In order to pursue special segments in the market, it's critical to find new segments, define specs and look for suitable channels to promote niche segments.

Additionally, we are also migrating into the medical electronics industry by employing company core values and strengths. This industry has been in the growth stage and is a more stable industry compared to IT products. However, it will take time to build all infrastructures from channel to supply chain.

The BenQ group owns mobile, imaging process, data management technology and channel development with our hospital management experience. We are integrating these advantages to enter this industry. Therefore, our focus will be on three development objectives:

For scanners, we will focus on special mini-photo application segment.

For printers, we will continue to cooperate with partner for higher value segment.

For Medical electronics, we will leverage Qisda strength in panel, mobile module, embedded systems, ID, and UI experiences to do some integration.

## Research & Development

### Technologies in Deployment

- Ink wiping and maintenance system
- Paper pick up in high speed printer and duplex printing control
- High speed Automatic document Feeder
- Stand alone photo scanning technology
- Anti-dust solution scanning technology at open environment
- Embedded SOC system for WinCE, mobile module, medical sensor and battery control

### Short and Long Term Business Plans

- The SPC team started to deliver mini photo scanners in the market and developed high speed inkjet printer and medical electronics in 2008.
- In 2009, Qisda has been providing series product lines in mini photo scanners.
- In the future. We also plan to deliver more business printers and all-in-one lasers. The medical products are currently being shipped.

## Market Analysis

### Major Sales Market

Europe, America and Asia

### Market Share

Color laser printers own nearly a 1% share worldwide with leading brand partnership. Mini photo scanners are expected to obtain over a 50% share worldwide for the A6 scanner segment in 2009.

### Positive and Negative Factors & Company's Strategy

#### Positive Factors

- The niche segment in mini photo scanners and medical electronics are growing and Qisda is demonstrating the capability to enter the market.

#### Negative Factors

- The commodity market in scanners and printers has not been growing and will encounter more severe competition due to the continuous economic downturn.

## Strategies

- For the niche segment, Qisda is creating more product applications and market promotion to increase the contribution to company revenues and profits.
- For commodity segment, Qisda is enhancing strategic cooperation with customers to provide better value.

# Infotainment Business Unit

## Operational Guidelines

Infotainment Solutions BU is focusing on medium size TFT-LCD panel application for both standard and specific system. The application developments include Automotive Solutions system, Consumer Electronic Solutions business line, and Industrial Solutions. By combining the panel supply strength from Group companies, we aim to enter fields other than IT industry.

## Business Scope

### Overview of Operations

#### Automotive Solutions

- Automotive Solutions business focuses on providing ODM/OEM services of automotive infotainment system which includes Audio, Video, and Navigation system combines Bluetooth and Telematics in accordance with Customer's requirements.

#### Consumer Electronic Solutions

- Consumer Electronic Solutions business line focused on develop of various types of portable consumer electronic products by integrated of digital photo frame, portable digital TV, wireless network technology and multimedia functionality.

#### Industrial Solutions

- This application field covers mid-to-large sized display for professional applications. Apart from the professional graphic display solution with hand-writing input currently available, the graphic solutions with multi-touch or dual-hand-writing input, and the solutions for surveillance & medical applications are also going to be available in 2009.

## Product Offering

#### Automotive Solutions

- Infotainment systems including front seat and rear seat infotainment
- integrating information and entertainment as an infotainment system

#### Consumer Electronic Solutions

- photo frame and portable digital TV
- infotainment and multimedia devices with internet services through Wi-Fi and 3G connection

## Industrial Solutions

- Display solutions for special applications like professional graphics, education, surveillance, outdoor media

## Product Features

- Automotive Solutions business works on developing new generation infotainment solutions that could meet customer requirement in 3 to 5 years span. The platform development is to focus on user friendliness, stylish, affordability, durability, and quality.
- For Consumer Electronics Solutions product, we focus on building up a new information and entertainment display for home and personal environment. The main feature is by making the display devices to be connected to internet services, making the devices accessible to various kinds of services anytime.
- The products of Industrial Solution Business are extremely reliable, durable, and with long warranty. We also work with leading industrial PC makers, touch solution makers and 3D display sources to provide customers integrated solution for their applications.

## Industry Overview

### Current Status and Development Trends

While the mature auto markets become saturated, the emerging markets perform their strong competitiveness progressively. In order to fulfill different requirements from each region, Automotive Solutions products will move toward much lower cost production & materials and combining multiple applications to add more value in the future.

The application of small medium-size panel-type (3-10 inches) with multi-media integration is dramatically growth currently such as Kindle, Digital Photo Frame, Portable TV, GPS, PND, exc. Together with the standardization of digital television broadcasting system and the accelerated promotion by the legislation of local government, we are further expected the multimedia application for consumer electronic device will continuously grow in the near future.

The market of industrial display solution is still in its premature stage and it's fast growing now. The market size of over 26-in public display is projected at over 2 million units in 2009. The business characteristics of industrial solution are: 1) large number of models with small number of quantities 2) tender cases. Therefore the support of key component vendors is the key to business success.

## Research & Development

### Technologies in Deployment

- Bluetooth hand-free and A2DP application
- Hole-less IR control technology
- 7", 8", and 10" DPF with partial touch panel
- Resistive, capacitive, optical and magnetic LCD touch panels

- Display diagnostic & monitoring software development

## On-going Efforts

- Build up WinCE capability
- Cloud Computing Device
- Wireless LAN, and DLNA technology
- Satellite and IP radio function
- Various digital TV standard (ISDB, DMB-TH, DVB-H, ATSC)
- Partial zooming from frame buffer for multi-display control
- 3D display

## Short and Long Term Business Plans

### Automotive Solutions

- To establish the relationship with main global tier1 customers and sell pure display systems in the short-term
- For the long-term, to expand extension models based on current co-development platform to fulfill customer's lower cost and higher value requirements to complete their roadmap

### Consumer Electronic Solutions

- To consolidate the existing market share and actively cultivate a good connection with the customer for the new potential business possibility
- Working hard on integration of various multimedia features together with connectivity of the net work and expanding the new territory of multimedia device to telecommunications industry in 2009

### Industrial Solutions

- To integrate professional TFT-LCD panels with specific application systems to develop products for public display, industrial display, and various special display applications

## Market Analysis

### Major sales markets

- Automotive Solutions products: Europe, Japan, and China
- Personal devices products: North America and Europe
- The target customers of industrial solutions are mainly based in Japan and other Asian countries; the sales regions would include Asia, Europe, and America

## Market Share

Despite the downturn of global economy currently, the market demand for digital photo frame still seems grow stabilize in the following years. We had successfully developed the market share of 8% in 2008. in projection of 2009 we target the total market share at 15% approximately.

## Positive and Negative Factors & Company's Strategy

### Positive Factors

- Automotive Solutions will take up 40% of the cost of a car. It becomes the major growth among all automobile components. New IT applications have been considered as the key driving force for Automotive Solutions. It is the niche for IT companies to get into automobile applications.
- Consumer electronic device mainly composed of TFT LCD panels and processors. Combined with the Group's vertical integration capabilities and coupled with great bargaining power of processor procurement which allow us to stand in comparably competitive position in the market.
- The shipment quantity of signage display is expecting to grow at 45% yearly. It is a solid backup for niche monitor development.

### Negative Factors

- The conservativeness and closeness of supply chain for automobile industry is the greatest challenge for IT companies. It is required to prove long history and sustainable supply to auto market before been recognized as a qualified supplier to car makers and tier-1 supplier.
- Consumer Electronic Solutions market consider as more challenge industry to enter due to the various spec requirement and price sensitivity as resulted in difficult to make the projection of product lifecycle itself. Therefore, we need to maintain excellent sensitivity toward the market trend and continuously integrate the new technology into the product line.
- Industrial Solution Business Division will leverage the enterprise power & resources to ensure the supply of special-purpose LCD panels, and will share common parts with other business divisions on key components to overcome the challenges of small volume procurement for various components.

### Strategies

- Being engaged with key customers for joint-development projects
- To take the advantage of group supply and integration over TFT-LCD panel, together with corporate strength over image tuning, networking capability, software development and ID design strength
- To utilize the group integration capability effectively, that allow us stand in more advantage position in the panel supply chain



# Mobile Communication Business Unit

## Operational Guidelines

Qisda has abundant experiences in global mobile phone ODM business which allows it to efficiently exploit design, manufacture, & service resources. The core competitiveness lies in our product innovation and design ability.

## Business Scope

### Overview of Operations

Since Qisda re-entered mobile phone market as a pure ODM supplier two years ago, we have worked closely with brand customers, operator customers, and technology partners. At present, progress is in line with expectations; Qisda has successfully shipped 3G phones for the top-five brands from the third quarter of 2008.

Qisda keeps expanding the business on the commercialization of products in order to ensure economic scale and investing capital in the development of high value-added product line. We have spent years on development of cell phones and wireless communications module, and worked on delivering products to top-five mobile phone brand customers. With rich experiences in mobile phones and wireless communication modules development, Qisda will efficiently exploit its valuable resources to develop leading products for the customers.

### Product Offering

- WCDMA/HSDPA/HSUPA mobile phones
- EDGE/WCDMA/HSDPA mobile internet device (MID)
- GSM/TD-SCDMA mobile phones
- Integrated GPS phones
- GSM/GPRS/WCDMA/HSPA wireless modules
- HSPA (3.5G) wireless LAN cards

### Product Features

Qisda maintains the consistency of versatility while continuing their devotion to aesthetics and consumer lifestyle needs. With leading mobile communication technology, i.e. 3G/3.5G mobile technology, and powerful multimedia features, consumers could enjoy a pleasurable experience with innovative technology. In recent years, we have focused on development of mobile internet devices by integrating wireless communication with new internet applications. Apart from the 3G feature phones, Qisda has successfully launched 3.5G wireless LAN cards on the European and Asian telecommunications service provider in the third quarter of 2008.

## Industry Overview

### Industry Trends

The 2009 global mobile phone shipment forecast was estimated to encounter a near 10% down-turn, compared to the global shipment in 2008. The shipment of smart phones, which offer broader range of internet services, is estimated to be 217 million, a 30% increase from the shipments in 2008.

Due to high penetration rate in the developed countries, i.e. Europe, North America, Japan, and Korea, new mobile phone demands would come mainly from replacement market and first-time demand in developing countries, i.e. BRIC. Currently, the weak economic situation would affect the consumers' intention to spend on mobile phones & other personal electronics products. However, we believe that the consumers would not compromise with their demands for personal entertainment. The customers' preference would rather focus on devices which provides more integrated features & services, i.e. smart phones or mobile internet devices, at an affordable price level.

### Current Status and Development Trends

According to CIBC World market statistics, mobile devices delivering WCDMA/HSPA services will reach 289 million sets by this year, accounting for 22% of overall mobile phone volume. The percentage would move up to 37% in 2010. This is considered to be our major opportunities for the next 3-5 years, where Qisda's core competence in 3G/3.5G technology, heavily invested over the past four years, would take us along the trend. We would continue to develop 3G/3.5G based smart phones and mobile internet devices as planned.

## Research & Development

### Technologies in Deployment

- GSM/GPRS/EDGE Feature Phone
- GSM/GPRS/EDGE Windows Mobile Smartphone
- WCDMA/HSDPA Feature Phone
- WCDMA/HSDPA/HSUPA Windows Mobile Smartphone
- GSM/TD-SCDMA Dual-Mode Feature Phone
- UMA/SIP Dual-Mode Windows Mobile Smartphone
- GSM/GPRS/WCDMA/HSPA Wireless communication module
- HSPA wireless LAN cards
- WIMAX Dual-mode smart phone platform

## On-going Efforts

- Fixed Mobile Convergence
- GPS & Location Based Service
- WiMAX /Mobile network Multi-Mode Mobile Application
- Near Field Communication
- Touch Screen User Interface
- High-speed HSPA and & LTE Platform and Products
- IMS application
- Open operating system (Android /Windows Mobile ) platform development

## Short and Long Term Business Plans

- To keep maintaining and developing business relationship with top 5 brand ODM customers
- 3G market will continue to grow. With strong 3G development experience and operator customization capabilities, Qisda will strengthen our 3G/3.5G R&D capabilities to grow the ODM business and enrich customer portfolio.

## Market Analysis

### Major Sales Markets

- Working with the top five brand ODM customers, our 3G phones were shipped out successfully to Europe and Asia in 2008 /Q3.
- The main markets for our 3G phones are North and South America, Europe, and Asia.
- 3.5G wireless modules are mainly sold to the NB and IT customers in Taiwan. The NB and IT customers then integrate the wireless module into their products and sell the products to Europe and America.

## Positive and Negative Factors & Company's Strategy

### Strategies

- To strengthen our 3G/3.5G R&D capability and operator compliance level to gain more competitive advantages which offset our weakness in smaller economical scale today
- Leverage in-house and intra-group vertical integration to gain the latest technologies and cost benefits
- Fully using recognized industrial design capabilities to develop products with the class look and friendly interface.

# Corporate Governance

## Board of Directors

Title	name	Education & Experience	Current Positions
Chairman	K.Y. Lee	MBA, Switzerland IMD B.S., Electrical Engineering, National Taiwan University Vice President of Acer PC Product Marketing	Chairman: Qisda Corp., BenQ Corp., AU Optronics Corp., Director: Daxon Technology Inc., Darfon Electronics Corp.
Director	Stan Shih	M.S., Electronic Engineering, National Chiao Tung University Chairman of Acer Group	Chief Consultant: iD SoftCapital Inc. Director: Acer Inc., Taiwan Semiconductor Manufacturing Company, Wistron Corp.
Director	Sheaffer Lee	EMBA, National Cheng Chi University B.S., Electrical Engineering, National Cheng Kung University Associate Vice President, Acer America President, BenQ Corp.	Chairman: Darfon Electronics Corp., Dazzo Technology Corp. Director: BenQ Corp., Lite-On IT Corp.
Director	Darly Venture Inc. : Hui Hsiung	Ph.D., Physics, University of California-Berkeley B.S., Physics, National Taiwan University EVP of AU Optronics Corp.	Director: AU Optronics Corp. Chairman, Qisda Electronics Corp. President, Qisda Corp.
Director	AU Optronics Corp. : Shuang Lang Peng	MBA, HERIOT-WATT University	EVP, AU Optronics Corp.
Director	China Development Industrial Bank : Chao Chin Tung	M.S., Material Science, UNIVERSITY OF ROCHESTER, USA B.S., Physics, Chung-Cheng Institute of Technology	Chairman, China Development Asset Management Corp. Vice Chairman: China Development Financial Holding Corp., Photronics Semiconductor Mask Corp. Director, China Development Industrial Bank Corp. CEO & Vice chairman, Showa Denko HD Trace Corp.
Independent Director	Ching Yang Su	EMBA, National Cheng Chi University B.S., Mechanical Engineering, National Cheng Kung University Vice CEO, Yulon Group Director: China Motor Corp., Yulon Motor Corp. Chairman: Fortune Motors Co., Ltd.	President, CMI Holdings Ltd.
Independent Director	Kane K. Wang	Ph.D., The Structure of Technology, Demand, and Market of US Automobile Industry, MIT M.S., Transportation Engineering, National Taiwan University	Director and Professor, China University of Technology Chair Professor, Graduate Institution of Industrial Economics, National Central University Independent Director, Formosa Advanced Technologies Co., Ltd Supervisor, Formosa Sumco Technology Corp

## Towards Better Corporate Governance

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

Qisda's board of directors (BOD) 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 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.

- K.Y. Lee, Chairman

## Material Resolutions Approved by Shareholders General Meeting and Board of Directors

Date	Meeting	Approval Events
2008.03.04	1st BOD Meeting	<ol style="list-style-type: none"> <li>1. Accepted Qisda's 2007 business report and financial statements</li> <li>2. Approved the distribution of profits for 2007</li> <li>3. Approved the capitalization of dividends and employee profit sharing for 2007</li> <li>4. Approved the election of directors and supervisors</li> <li>5. Approved to convene 2008 Qisda Annual General Meeting</li> <li>6. Approved to invest in Qisda (L) Corp. which invests in Qisda (Shanghai) Co Ltd. by Qisda (L) Corp</li> <li>7. Approved to remove the non-competition restrictions on the managers who have been appointed to act as the directors of the enterprise invested by the Company in the Mainland China</li> </ol>
2008.03.28	1st Extraordinary BOD Meeting	<ol style="list-style-type: none"> <li>1. Approved the issuance of common stocks through private placement</li> </ol>
2008.04.29	2nd BOD Meeting	<ol style="list-style-type: none"> <li>1. Accepted Qisda's financial statements for the three months ending on March 31, 2008</li> <li>2. Approved to adjust the distribution of profits and the capitalization of dividends for 2007</li> <li>3. Approved to examine and/or screen the name list of director/supervisor candidates nominated</li> </ol>
2008.06.13	2008 AGM	<ol style="list-style-type: none"> <li>1. Accepted 2007 business report and financial statements</li> <li>2. Accepted the distribution of 2007 profits</li> <li>3. Approved the capitalization of 2007 stock dividends and employee stock bonuses</li> <li>4. Approved the revisions to the Articles of Incorporation</li> <li>5. Elected Directors and Supervisors</li> <li>6. Approved the revisions to the "Guidelines for Loaning of Funds"</li> <li>7. Approved the revisions to the "Guidelines for Endorsements and Guarantees"</li> <li>8. To release Directors from non-competition restrictions</li> </ol>
2008.06.13	3rd BOD Meeting	<ol style="list-style-type: none"> <li>1. Kuen-Yao (KY) Lee is elected as Chairman by the Board of Directors</li> </ol>
2008.08.05	2st Extraordinary BOD Meeting	<ol style="list-style-type: none"> <li>1. The change of Chief Internal Auditor</li> </ol>
2008.08.26	4th BOD Meeting	<ol style="list-style-type: none"> <li>1. Approved Qisda's financial results of 2008 Q2</li> <li>2. Approved Qisda Corporation invests in Yawhan (Suzhou) Co., Ltd. through Qisda(L) Corp</li> </ol>
2008.09.26	5th BOD Meeting	<ol style="list-style-type: none"> <li>1. Resolved to invest in establishing a new company with AUO</li> </ol>
2008.10.23	6th BOD Meeting	<ol style="list-style-type: none"> <li>1. Approved Qisda's financial results of 2008 Q3</li> <li>2. Approved to participate in investment in setting up a new company</li> <li>3. Approved to adjust the investment structure of Mainland China</li> </ol>
2009.03.17	1st BOD Meeting	<ol style="list-style-type: none"> <li>1. Accepted Qisda's 2007 business report and financial statements</li> <li>2. Approved the proposal of Supplementing 2008 Losses</li> <li>3. Re-election of a new independent director</li> <li>4. Approved Releasing For Directors And Their Representatives From The Obligations Of Non-Competition</li> <li>5. Approved to convene 2009 Qisda Annual General Meeting</li> <li>6. Approved to invest US\$1 million fund in Yawhan (Suzhou) Co., Ltd. through Qisda(L) Corp. and adjust the investment structure of Mainland China.</li> <li>7. Approved to remove the non-competition restrictions on the managers who have been appointed to act as the directors of the enterprise invested by the Company in the Mainland China</li> </ol>

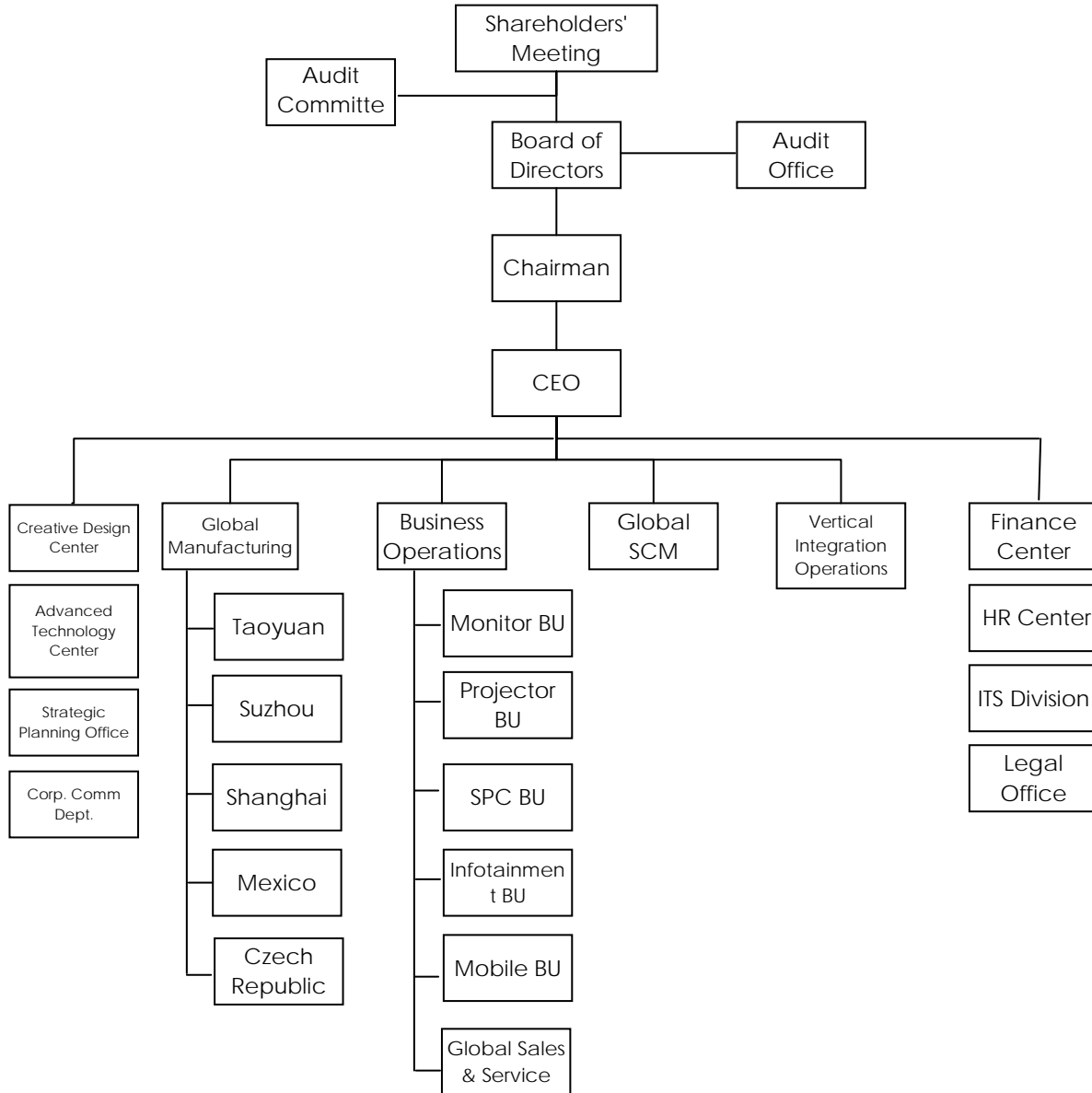
## Corporate Executive Officers

Title	Name	Personnel Education & Experience	Other Current Positions
President	Hui Hsiung	Ph.D., Physics, University of California-Berkeley B.S., Physics, National Taiwan University EVP of AU Optronics Corp.	Director: AU Optronics Corp. Chairman, Qisda Electronics Corp.
Executive Vice President	Hermit Huang	EMBA, National Taiwan University Electronics Engineering, National Taipei Institute of Technology	Director: Qisda Electronics Corp.
Vice President Infotainment BU	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 Advanced Technology Center	Kelvin Lee	Ph.D., Electrical Engineering, National Taiwan University M.S., Electrical Engineering, National Cheng Kung University	Director: Qisda Electronics Corp.
Vice President Global Manufacturing	CM Wu	EMBA, Pacific Western University B.S., Electronics Engineering, Chung Yuan Christian University	-
Vice President Global Manufacturing	Mark Hsiao	B.S., Chemical Engineering, Tamkang University Associate Vice President of AU Optronics Corp.	-
Vice President Vertical Integration Operations	James Wang	Ph. D., Mechanical Engineering, Ohio State University B.S., Mechanical Engineering, National Taiwan University	-
Vice President-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.
Associate Vice President-Monitor BU	Spark Huang	EMBA, National Cheng Chi University B.S., Physics, Tamkang University	-
Associate Vice President - Monitor BU	Daniel Hsueh	MBA, National Sun Yat-sen University B.S., ME, National Taiwan University	-
Associate Vice President - Projector BU	April Huang	B.S., Economics, National Taiwan University Alpha Publishing Inc. Tokyo, Japan Marketing Manager of Daxon Technology Inc.	-
Associate Vice President-Projector BU	T.S. Wu	M.S., Control Engineering, National Chiao Tung University B.S., Electrical Engineering, Chung Yuan Christian University	-
Associate Vice President-Mobile BU	Chinglung Chen	Ph.D., Electrical Engineering, University of California Los Angeles M.S., Electrical Engineering, University of California Los Angeles	-
Associate Vice President-Mobile BU	SS Chen	Ph.D., Computer Science and Engineering, National Sun Yat-sen University M.S., Computer Science, Stevens Institute of Technology New Jersey, USA Industrial Technology Research Institute AT&T Labs	-
Associate Vice President-SPC BU	Vince Liaw	MBA, National Cheng Chi University B.S., ME, National Taiwan University	-
Associate Vice President-SPC BU	Patrick Tang	M.S., Computer Science, University of California-San Diego B.S., Computer Science And Information Engineering, National Taiwan University	-
Associate Vice President-Finance center	Jasmin Hung	MBA, California State University, Fullerton B.S., International Trade, Chung Yuan Christian University	Supervisor: Darly Venture Inc., Darly3 Venture, Ltd., Darly Consulting Corp., BenQ GURU Software Corp.

# Group Organization

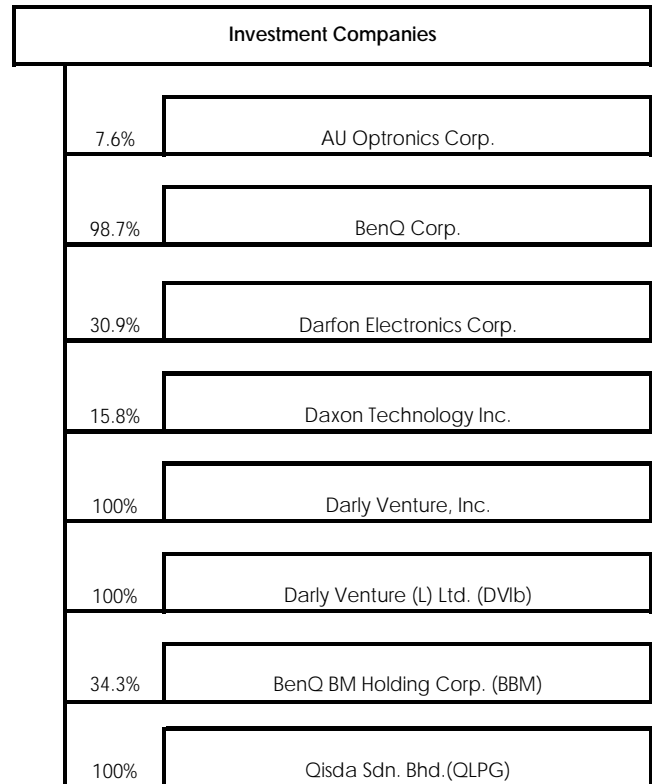
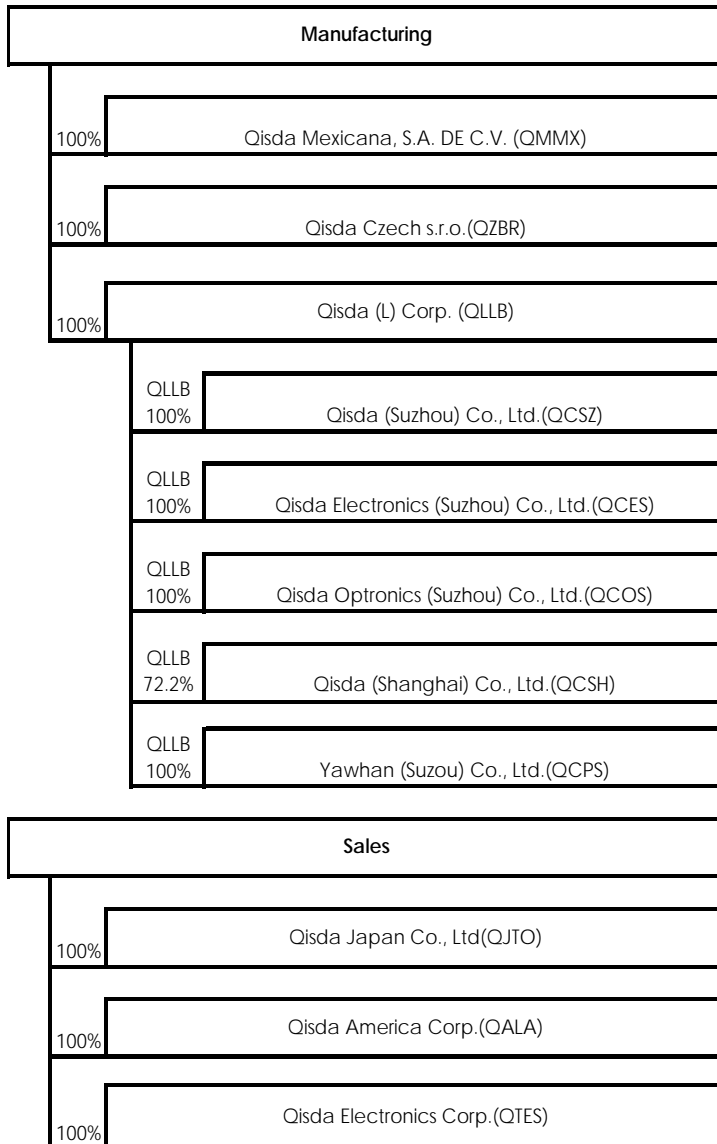
## Company Organization Chart

2009.04.23



# Affiliated Companies

2008.12.31





# Company Financials

## Capital and Shares

### Shares Type and Shares Outstanding

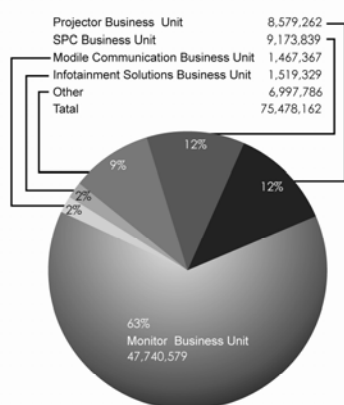
Shares Type	Authorized Shares			Notes
	Outstanding shares	Un-issued shares	Total shares	
Common Shares	1,928,217,606	3,071,782,394	5,000,000,000	Listed Shares and Private Placement Shares

### Ownership and Distribution of Shares

	As of April 18, 2009		
	Number of shareholders	Number of shares held	% of shares held
Domestic Individuals	164,772	1,254,665,197	65.07%
Other Domestic Corporations	244	304,733,928	15.80%
Foreign Institutions and Individuals	314	193,982,135	10.06%
Domestic Financial Institutions	68	169,957,005	8.82%
Government Agencies	6	4,879,341	0.25%
Total	165,404	1,928,217,606	100.00%

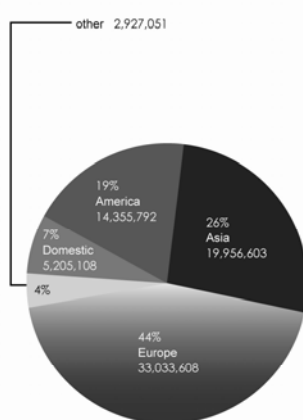
## Market and Sales Status

2008 Sales by BU



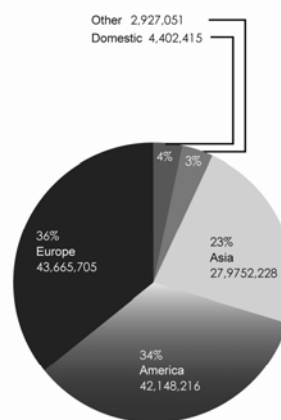
Total 75,478,162

2008 Sales by Area



Total 75,478,162

2007 Sales by Area



Total 122,253,436

## Sales by Business Unit

Unit: NT\$ 1,000

Main Products	Sales of 2008	Sales %
Monitor Business Unit	47,740,579	63
Projector Business Unit	8,579,262	12
SPC Business Unit	9,173,839	12
Infotainment Solutions Business Unit	1,519,329	2
Mobile Communications Business Unit	1,467,367	2
Other	6,997,786	9
Total	75,478,162	100

## Sales Areas

Unit: NT\$1,000

Areas	2008		2007	
	Sales	%	Sales	%
Domestic	5,205,108	7	4,402,415	4
America	14,355,792	19	42,148,216	34
Europe	33,033,608	44	43,665,706	36
Asia	19,956,603	26	27,972,228	23
Other	2,927,051	4	4,064,871	3
Total	75,478,162	100	122,253,436	100

## Production Status in the Last Two Years

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

Main Products	2008			2007		
	Production Capacity	Production Quantity	Production Amount	Production Capacity	Production Quantity	Production Amount
Monitor Business Unit	19	18	83,519	47	43	240,183
Projector Business Unit	0	0	37,009	32	29	857,276
SPC Business Unit	2	1	44,314	6	6	3,068
Infotainment Solutions Business Unit	0	0	14,084	6	6	71,367
Mobile Communications Business Unit	0	0	1,043	10	9	51,583
Other	148	134	1,483,732	149	135	2,034,601
Total	169	153	1,663,701	250	228	3,258,078

Note: Production quantity and amount are the manufacture in Taiwan's factory, not including oversees.

## Sales Status in the Last Two Years

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

Main Products	2008				2007			
	Domestic Sales		Exports Sales		Domestic Sales		Exports Sales	
	Quality	Value	Quality	Value	Quality	Value	Quality	Value
Monitor Business Unit	311	1,852,590	8,810	45,887,990	225	1,367,173	11,772	80,304,970
Projector Business Unit	26	337,516	602	8,241,745	11	243,060	540	8,939,996
SPC Business Unit	54	183,823	2,190	8,990,016	0	0	3,503	16,157,209
Infotainment Solutions Business Unit	9	14,270	743	1,505,060	10	49,889	80	332,633
Mobile Communications Business Unit	94	283,486	685	1,183,880	288	738,024	2,191	2,836,558
Other	116	1,564,501	442	5,433,285	113	2,004,269	2,783	9,279,655
Total	610	4,236,186	13,472	71,241,976	647	4,402,415	20,869	117,851,021

## Net Worth, Earning, Dividends and Market Price Per Share

Unit: NT\$; Per 1,000 Share

		Until 03.31 of 2009	Year 2008	Year 2007
Market Price Per Share	Highest Market Price	10.95	35.75	46.40
	Lowest Market Price	5.51	4.81	11.85
	Average Market Price	8.09	21.03	20.55
Net Worth Per Share (Note 1)	Before Distribution	10.92	11.73	15.56
	After Distribution	-	-	13.17
Earnings Per Share (EPS)	Weighted Average Shares	1,925,668	1,856,809	1,678,595
	EPS	(1.11)	(1.7)	3.11
	EPS-adjusted (Note 2)	-	-	2.84
Dividends Per Share	Cash dividends	-	-	0.1
	Stock dividends- Earnings	-	-	0.8
	Stock dividends- Capital Surplus	-	-	-
	Accumulated Undistributed Dividend	-	-	-
Return On Investment	Price/Earning Ratio (Note 3)	-	-	6.61
	Price/Dividend Ratio (Note 4)	-	-	205.50
	Cash Dividend Yield Rate (Note 5)	-	-	0.5%

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:

If the company has surplus profits at the end of each business year, the profits are to be first used to pay taxes and make good of past losses and then set up 10% as legal reserve and set up special reserve according to controlling organization regulations. The balance, if any, shall be used to pay preferred stock dividends before being allocated as follows:

- a. Employee bonus: 5% to 20%;
- b. Remuneration of directors and supervisors: 1% or less;
- c. The balance shall be distributed partially or totally as dividends.

Method of distribution and ratio of bonus may be adjusted by the shareholders' meeting.

## Most Recent 5-year Financial Analysis

Item		Year				
		2008	2007	2006	2005	2004
Financial ratios	Total liabilities to total assets (%)	65	69	76	51	36
	Financial capital to fixed assets (%)	2288	2516	642	978	882
Liquidity ratios	Current ratios (%)	105	116	85	144	159
	Quick ratios (%)	98	102	78	121	138
	Time interest earned	-	4	-	-	33
Operating performance analysis	A/R turnover (times)	4.36	5.09	4.60	4.25	5.51
	A/R turnover days	84	72	79	86	66
	Inventory turnover (times)	28.29	35.22	29.24	25.02	29.15
	A/P turnover (times)	11.61	8.53	6.49	5.86	6.43
	Inventory turnover days	13	10	12	15	13
	Fixed assets turnover (times)	42.3	64.13	22.91	20.98	22.84
	Total assets turnover (times)	1.18	1.58	1.62	1.49	1.93
Profitability ratios	Return on assets (%)	(3)	8	(32)	(6)	10
	Return on equity (%)	(14)	22	(86)	(11)	16
	Operating income to paid-in-capital (%)	(8)	(31)	(17)	(3)	16
	PBT to paid-in-capital (%)	(16)	31	(105)	(20)	33
	Net income ratio (%)	(4)	4	(21)	(4)	5
	EPS (NT\$)	(1.7)	3.11	(17.97)	(2.12)	3.10
Cash Flow	Cash flow ratio (%)	24	-	-	-	17
	Cash flow adequacy (%)	-	-	4	55	98
	Cash reinvestment ratio (%)	12	-	-	-	-
Leverage	Operating leverage	-	-	-	-	2.42
	Financial Leverage	-	-	-	-	1.07

Qisda Corporation  
Non-consolidated Balance Sheets  
December 31, 2007 and 2008  
(Expressed in thousands of New Taiwan dollars and US dollars)

Assets	2007	2008		Liabilities and Stockholders' Equity	2007	2008	US\$
	NT\$	NT\$	US\$		NT\$	NT\$	
<b>Current assets:</b>				<b>Current liabilities:</b>			
Cash and cash equivalents	\$ 1,211,176	7,923,880	241,141	Short-term borrowings	\$ 8,694,724	8,953,540	272,475
Financial assets at fair value through profit or loss – current	31,817	43,369	1,320	Financial liabilities at fair value through profit or loss – current	33,860	298,835	9,094
Notes and accounts receivable, net	5,894,181	4,569,254	139,052	Notes and accounts payable	2,742,633	1,147,622	34,925
Accounts receivables from related parties	17,290,895	6,844,522	208,293	Accounts payable to related parties	7,473,962	1,230,370	37,443
Other receivables, net	1,993,248	1,063,665	32,370	Other payable to related parties	480,814	156,122	4,751
Other receivable from related parties	664,337	409,805	12,471	Accrued expenses	4,929,203	3,705,386	112,763
Other financial assets – current	503,051	492,900	15,000	Advance receipts and other current liabilities	383,975	444,845	13,538
Inventories	3,735,146	1,434,006	43,640	Bonds payable	2,200,000	3,478,672	105,863
Prepaid expenses and other current assets	96,669	109,084	3,320	Long-term debt due within one year	-	2,400,000	73,037
Fixed assets held for sale	-	12,777	389	Deferred inter-company profits	332,965	303,100	9,224
Deferred income tax assets – current	133,077	225,467	6,861	<b>Total current liabilities</b>	<b>27,272,136</b>	<b>22,118,492</b>	<b>673,113</b>
<b>Total current assets</b>	<b>31,553,597</b>	<b>23,128,729</b>	<b>703,857</b>				
<b>Long-term investments:</b>				<b>Financial liabilities at fair value through profit or loss-noncurrent</b>	<b>823,820</b>	<b>-</b>	<b>-</b>
Equity method	38,429,998	35,580,730	1,082,797	<b>Bonds payable</b>	<b>5,024,937</b>	<b>1,600,000</b>	<b>48,691</b>
Available-for-sale financial assets – noncurrent	3,260,137	1,620,717	49,322	<b>Long-term debt</b>	<b>19,000,000</b>	<b>16,600,000</b>	<b>505,174</b>
Financial assets carried at cost – noncurrent	175,537	158,508	4,824	<b>Other liabilities</b>			
	41,865,672	37,359,955	1,136,943	Deferred profits on sale-leaseback transaction	937,099	827,923	25,195
				Other liabilities	132,902	9,553	291
				<b>Total other liabilities</b>	<b>1,070,001</b>	<b>837,476</b>	<b>25,486</b>
<b>Property, plant and equipment:</b>				<b>Total liabilities</b>	<b>53,190,894</b>	<b>41,155,968</b>	<b>1,252,464</b>
Land	647,822	652,697	19,863	<b>Stockholders' equity:</b>			
Buildings	1,468,476	1,481,470	45,084	Common stock	15,389,280	19,282,176	586,798
Machinery and equipment	1,172,677	844,142	25,689	Capital surplus:			
Furniture and fixtures	114,957	115,803	3,524	Additional paid-in-capital in excess of the common stock's par value	-	2,738,580	83,341
Miscellaneous equipment	51,796	48,768	1,484	Capital surplus from long-term equity investments	5,366,084	4,042,814	123,031
Prepayments for plant and equipment	-	15,014	457		<b>5,366,084</b>	<b>6,781,394</b>	<b>206,372</b>
	3,455,728	3,157,894	96,101				
Less: accumulated depreciation	(1,549,420)	(1,373,640)	(41,803)	Legal reserve	-	344,527	10,485
<b>Net property, plant and equipment</b>	<b>1,906,308</b>	<b>1,784,254</b>	<b>54,298</b>	Special reserve	-	175,173	5,331
<b>Intangible assets</b>	<b>325,854</b>	<b>72,877</b>	<b>2,218</b>	Retained earnings (accumulated deficit)	3,445,276	(2,061,523)	(62,736)
<b>Other assets :</b>				Cumulative translation adjustment	687,770	1,052,316	32,024
Assets for lease	142,563	125,383	3,816	Unrealized loss on available-for-sale financial assets	(862,944)	(2,870,090)	(87,343)
Idle Assets	104,324	104,324	3,175	Treasury stock	(83,102)	(77,698)	(2,365)
Refundable deposits	97,906	95,210	2,897	<b>Total stockholders' equity</b>	<b>23,942,364</b>	<b>22,626,275</b>	<b>688,566</b>
Deferred expenses	44,681	30,629	932				
Deferred income tax assets – noncurrent	1,006,263	980,315	29,833	<b>Commitments and contingencies</b>			
Prepaid pension cost	86,090	100,567	3,061				
<b>Total other assets</b>	<b>1,481,827</b>	<b>1,436,428</b>	<b>43,714</b>	<b>Total liabilities and stockholders' equity</b>	<b>\$ 77,133,258</b>	<b>63,782,243</b>	<b>1,941,030</b>
<b>Total assets</b>	<b>\$ 77,133,258</b>	<b>63,782,243</b>	<b>1,941,030</b>				

(Note: Translation of New Taiwan dollar amounts into U.S. dollar amounts for 2008 is included in the non-consolidated financial statements solely for the convenience of the readers, using the spot rate on December 31, 2008, of NT\$32.86 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation

Non-consolidated Statements of Income

For the years ended December 31, 2007 and 2008

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

	2007	2008	US\$	
	NT\$	NT\$		
Net sales	\$ 122,253,436	75,478,162	2,296,962	
Cost of goods sold	(120,113,517)	(73,115,507)	(2,225,061)	
Gross profit	<u>2,139,919</u>	<u>2,362,655</u>	<u>71,901</u>	
Change in unrealized inter-company profits	(150,984)	29,865	909	
Realized gross profit	<u>1,988,935</u>	<u>2,392,520</u>	<u>72,810</u>	
Operating expenses:				
Selling	(2,884,326)	(1,193,341)	(36,316)	
Administrative	(813,191)	(650,825)	(19,806)	
Research and development	(3,136,308)	(2,163,700)	(65,846)	
	<u>(6,833,825)</u>	<u>(4,007,866)</u>	<u>(121,968)</u>	
Operating loss	<u>(4,844,890)</u>	<u>(1,615,346)</u>	<u>(49,158)</u>	
Non-operating income:				
Interest income	96,122	28,908	880	
Investment income recorded under the equity method, net	6,504,773	-	-	
Dividend income	42,948	205,158	6,243	
Evaluation gain on financial instruments, net	-	566,489	17,240	
Gain on disposal of property, plant and equipment	1,278,603	79,136	2,408	
Gain on disposal of investments, net	4,454,426	773	24	
Others	105,373	202,883	6,174	
	<u>12,482,245</u>	<u>1,083,347</u>	<u>32,969</u>	
Non-operating expenses:				
Interest expense	(1,616,840)	(1,094,378)	(33,304)	
Investment loss recorded under the equity method, net	-	(899,204)	(27,365)	
Loss on disposal of property, plant and equipment	(21,944)	(14,546)	(443)	
Foreign currency exchange loss, net	(335,245)	(588,633)	(17,913)	
Impairment loss	(320,283)	-	-	
Evaluation loss on financial instruments, net	(498,992)	-	-	
Others	(41,780)	(21,100)	(642)	
	<u>(2,835,084)</u>	<u>(2,617,861)</u>	<u>(79,667)</u>	
Income (loss) before income tax	<u>4,802,271</u>	<u>(3,149,860)</u>	<u>(95,856)</u>	
Income tax expense	(30,648)	-	-	
Net income (loss)	<u>\$4,771,623</u>	<u>(3,149,860)</u>	<u>(95,856)</u>	
Earnings (loss) per share:	<u>Before tax</u>	<u>After tax</u>	<u>Before tax</u>	<u>After tax</u>
Basic earnings per share	<u>2.86</u>	<u>2.84</u>	<u>(1.70)</u>	<u>(1.70)</u>

**Qisda Corporation**  
**Non-consolidated Stockhold's Equity**

December 31, 2007 and 2008

(Expressed in thousands of New Taiwan dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings (Accumulated Deficit)	Unrealized Loss on Available-for- sale Financial Assets	Cumulative Translation Adjustment	Treasury Stocks	Total
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
<b>Balance as of January 1, 2007</b>	26,248,800	20,524,447	1,059,698	-	(27,043,359)	(59,267)	591,349	(1,837,098)	19,484,570
Net Income of 2007	-	-	-	-	4,771,623	-	-	-	4,771,623
Appropriation of earnings and capital surplus:									
Decrease in capital surplus and legal reserve to offset accumulated deficit	-	(15,189,200)	(1,059,698)	-	16,248,898	-	-	-	-
Decrease in capital to offset accumulated deficit	(10,259,520)	-	-	-	10,259,520	-	-	-	-
Changes in stockholders' equity due to spin-off	-	161,303	-	-	-	(698,536)	99,502	-	(437,731)
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	-	(5,161)	(5,161)
Adjustments of net equity of investee companies	-	237,285	-	-	-	-	-	-	237,285
Treasury stock retired	(600,000)	(367,751)	-	-	(791,406)	-	-	1,759,157	-
Change in cumulative translation adjustment	-	-	-	-	-	-	(3,081)	-	(3,081)
Change in unrealized loss on available-for-sale financial assets	=	=	=	=	=	(105,141)	=	=	(105,141)
<b>Balance as of December 31, 2007</b>	<u>15,389,280</u>	<u>5,366,084</u>	=	=	<u>3,445,276</u>	<u>(862,944)</u>	<u>687,770</u>	<u>(83,102)</u>	<u>23,942,364</u>
Net Loss of 2008	-	-	-	-	(3,149,860)	-	-	-	(3,149,860)
Issuance of common stock for cash	2,261,420	2,738,580	-	-	-	-	-	-	5,000,000
Appropriation of earnings and capital surplus:									
Increase in legal reserve and special reserve	-	-	344,527	175,173	(519,700)	-	-	-	-
Distribution of stock dividends and bonus	1,412,056	-	-	-	(1,412,056)	-	-	-	-
Employee bonus	219,420	-	-	-	(219,420)	-	-	-	-
Cash dividends	-	-	-	-	(176,507)	-	-	-	(176,507)
Directors and supervisors' remuneration	-	-	-	-	(29,256)	-	-	-	(29,256)
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	-	5,404	5,404
Adjustments of net equity of investee companies	-	(1,323,270)	-	-	-	-	-	-	(1,323,270)
Change in cumulative translation adjustment	-	-	-	-	-	-	364,546	-	364,546
Change in unrealized gain or loss on available-for-sale financial assets	=	=	=	=	=	(2,007,146)	=	=	(2,007,146)
<b>Balance at December 31, 2008</b>	<u>19,282,176</u>	<u>6,781,394</u>	<u>344,527</u>	<u>175,173</u>	<u>(2,061,523)</u>	<u>(2,870,090)</u>	<u>1,052,316</u>	<u>(77,698)</u>	<u>22,626,275</u>

Qisda Corporation

**Non-consolidated Statements of Cash Flows**  
For the years ended December 31, 2007 and 2008

	2007	2008	
	NT\$	NT\$	US\$
<b>Cash flows from operating activities:</b>			
Net income (loss)	4,771,623	(3,149,860)	(95,857)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation	282,116	169,153	5,148
Amortization	489,743	355,625	10,822
Amortization of discount on convertible bond	125,589	87,996	2,678
Change in provision for bad debt	17,090	(16,901)	(514)
Change in provision for inventory obsolescence	(454,668)	1,374	42
Investment (gain) loss on long-term equity investments, net	(6,504,773)	899,204	27,365
Cash dividends received from investments recognized under equity method	309,999	1,974,756	60,096
Gain on disposal of financial assets at fair value through profit or loss	(4,546)	-	-
Gain on disposal of long-term equity investments held for sale	(19,671)	-	-
Loss on disposal of financial assets carried at cost	779	-	-
Gain on disposal of long-term equity investments accounted for by equity method	(4,430,988)	(773)	(24)
Gain on disposal of property, plant and equipment, net	(1,256,659)	(64,590)	(1,965)
Amortization of deferred profits on sale-leaseback transaction	(45,490)	(109,176)	(3,322)
Amortization of bond issuance costs	10,734	1,400	43
Impairment loss	320,283	-	-
Differences in accounts in the accompanying balance sheets:			
Financial assets and liabilities at fair value through profit or loss	524,734	(566,489)	(17,240)
Notes and accounts receivable	(2,360,952)	1,368,329	41,641
Receivables from related parties	(1,933,712)	10,485,219	319,088
Other receivables	1,448,534	903,082	27,483
Inventories	(280,960)	2,299,766	69,987
Other financial assets—current	(486,903)	10,151	309
Prepaid expenses and other current assets	145,112	(18,683)	(569)
Prepaid pension	29,083	(14,477)	(441)
Notes and accounts payable	(577,711)	(1,595,011)	(48,540)
Payables to related parties	(6,820,593)	(6,568,284)	(199,887)
Deferred inter-company profit	150,985	(29,865)	(909)
Accrued expenses and other current liabilities	(2,250,827)	(1,223,837)	(37,244)
Deferred credit	(19,105)	(19,105)	(581)
Advance receipts and other current liabilities	-	60,870	1,852
<b>Net cash provided by (used in) operating activities</b>	<u>(18,821,154)</u>	<u>5,239,874</u>	<u>159,461</u>
<b>Cash flows from investing activities:</b>			
Addition to long-term equity investments	(37,957)	(1,306,767)	(39,768)
Additions to property, plant and equipment	(130,839)	(53,921)	(1,641)
Prepayments for equipment	-	(15,014)	(457)
Proceeds from disposal of long-term equity investments	7,009,069	-	-
Proceeds from disposal of idle assets	-	65,774	2,002
Proceeds from disposal of property, plant and equipment	5,562,037	31,322	953
Increase in refundable deposits and deferred assets	(267,841)	(87,301)	(2,657)
Proceeds from investees' capital reduction	120,425	22,429	683
<b>Net cash provided by (used in) investing activities</b>	<u>12,254,894</u>	<u>(1,343,478)</u>	<u>(40,885)</u>
<b>Cash flows from financing activities:</b>			
Decrease (increase) in short-term borrowings	(4,992,545)	258,816	7,876
Increase in long-term debt	7,000,000	-	-
Redemption of bonds	(2,050,000)	(2,236,745)	(68,069)
Issuance of convertible bond	4,500,000	-	-
Distribution of cash dividends, and directors' and supervisors' remuneration	-	(205,763)	(6,262)
Issuance of common stock for cash	-	5,000,000	152,161
<b>Net cash provided by financing activities</b>	<u>4,457,455</u>	<u>2,816,308</u>	<u>85,706</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(2,108,805)</u>	<u>6,712,704</u>	<u>204,283</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>3,319,981</u>	<u>1,211,176</u>	<u>36,858</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$1,211,176</u>	<u>7,923,880</u>	<u>241,141</u>
<b>Additional disclosure of cash flow information:</b>			
Cash paid during the period for:			
Interest	<u>\$1,442,238</u>	<u>\$1,102,684</u>	<u>\$33,557</u>
Income taxes	<u>\$31,264</u>	<u>\$6,803</u>	<u>\$207</u>
<b>Supplemental disclosure of non-cash investing and financing activities:</b>			
Changes in unrealized loss on available-for-sale financial assets	<u>(\$277,505)</u>	<u>(\$1,639,420)</u>	<u>(\$49,891)</u>
Adjustments of net equity of investee companies	<u>\$237,285</u>	<u>(\$1,323,270)</u>	<u>(\$40,270)</u>
Increase in cumulative translation adjustment	<u>\$96,421</u>	<u>\$369,475</u>	<u>\$11,244</u>
Treasury stock retired	<u>\$1,759,157</u>	<u>-</u>	<u>-</u>



**Qisda Corporation and Subsidiaries**

**Consolidated Balance Sheets**

**December 31, 2007 and 2008**

(Expressed in thousands of New Taiwan dollars and US dollars)

Assets	2007.12.31 NT\$	2008.12.31 NT\$	2008.12.31 US\$	Liabilities and Stockholders' Equity	2007.12.31 NT\$	2008.12.31 NT\$	2008.12.31 US\$
<b>Current assets:</b>				<b>Current liabilities:</b>			
Cash and cash equivalents	8,111,641	19,627,193	597,297	Short-term borrowings	14,223,097	25,241,104	768,141
Financial assets at fair value through profit or loss – current	441,810	1,381,130	42,031	Financial liabilities at fair value through profit or loss – current	66,921	494,270	15,042
Available-for-sale financial assets – current	25,693	4,904	149	Notes and accounts payable	22,600,483	23,150,643	704,523
Notes and accounts receivable, net	17,419,195	18,875,167	574,412	Accounts payable to related parties	5,332,549	1,768,096	53,807
Notes and accounts receivable from related parties	1,533,551	2,650,670	80,665	Accrued expenses and other current liabilities	12,864,335	14,210,858	432,467
Other receivables, net	3,818,598	3,332,842	101,426	Bonds payable	2,200,000	3,478,672	105,863
Other receivables from related parties	361,300	88,821	2,703	Long-term debt due within one year	1,067,183	4,818,170	146,627
Other financial assets – current	3,641,204	3,486,426	106,099	<b>Total current liabilities</b>	<u>58,354,568</u>	<u>73,161,813</u>	<u>2,226,470</u>
Inventories	25,676,827	17,698,890	538,615	<b>Long-term liabilities</b>			
Prepaid expenses and other current assets	1,252,440	1,461,246	44,469	Financial liabilities at fair value through profit or loss-noncurrent	823,820	-	-
Fixed assets held for sale	-	12,777	389	Long-term debt	24,714,375	21,691,373	660,115
Deferred income tax assets – current	564,755	544,254	16,563	Bonds payable	5,024,937	1,600,000	48,692
<b>Total current assets</b>	<u>62,847,014</u>	<u>69,164,320</u>	<u>2,104,818</u>		<u>30,563,132</u>	<u>23,291,373</u>	<u>708,807</u>
<b>Long-term investments:</b>				<b>Other liabilities</b>			
Equity method	27,864,582	22,950,366	698,429	Lease payable-noncurrent	-	963,246	29,314
Available-for-sale financial assets – noncurrent	3,593,700	1,657,977	50,456	Deferred profits on sale-leaseback transaction	937,099	827,923	25,195
Financial assets carried at cost – noncurrent	548,982	450,666	13,715	Other liabilities	643,676	626,637	19,070
<b>Total long-term investments</b>	<u>32,007,264</u>	<u>25,059,009</u>	<u>762,600</u>	<b>Total other liabilities</b>	<u>1,580,775</u>	<u>2,417,806</u>	<u>73,579</u>
<b>Property, plant and equipment:</b>				<b>Total liabilities</b>	<u>90,498,475</u>	<u>98,870,992</u>	<u>3,008,856</u>
Land	1,490,206	1,947,729	59,274	<b>Stockholders' equity:</b>			
Buildings	10,174,623	16,919,228	514,888	Common stock	15,389,280	19,282,176	586,798
Machinery and equipment	14,318,972	20,217,025	615,247	Capital surplus:			
Furniture and fixtures	393,717	1,108,792	33,743	Additional paid-in-capital in excess of the common stock's par value	-	2,738,580	83,341
Leased assets	-	956,548	29,110	Capital surplus from long-term equity investments	5,366,084	4,042,814	123,031
Miscellaneous equipment	1,229,260	1,332,148	40,540		<u>5,366,084</u>	<u>6,781,394</u>	<u>206,372</u>
Leasehold improvement	213,981	196,275	5,973	Legal reserve	-	344,527	10,485
Prepayments for plant and equipment	3,131,020	4,287,405	130,475	Special reserve	-	175,173	5,331
	30,951,779	46,965,150	1,429,250	Retained earnings (accumulated deficit)	3,445,276	(2,061,523)	(62,737)
Less: allowance for impairment of fixed assets	(491,576)	(811,547)	(24,697)	Cumulative translation adjustment	687,770	1,052,316	32,024
Less: accumulated depreciation	(11,860,680)	(16,521,934)	(502,798)	Unrealized loss on available-for-sale financial assets	(862,944)	(2,870,090)	(87,343)
<b>Net property, plant and equipment</b>	<u>18,599,523</u>	<u>29,631,669</u>	<u>901,755</u>	Treasury stock	(83,102)	(77,698)	(2,365)
<b>Intangible assets</b>	<u>2,758,697</u>	<u>3,164,724</u>	<u>96,309</u>		<u>23,942,364</u>	<u>22,626,275</u>	<u>688,565</u>
<b>Other assets:</b>				Minority interest	3,748,369	7,693,820	234,140
Refundable deposits	196,426	157,483	4,792	<b>Total stockholders' equity</b>	<u>27,690,733</u>	<u>30,320,095</u>	<u>922,705</u>
Deferred expenses and other assets	542,636	868,528	26,431	<b>Commitments and contingencies</b>			
Deferred income tax assets – noncurrent	1,237,648	1,145,354	34,856				
<b>Total other assets</b>	<u>1,976,710</u>	<u>2,171,365</u>	<u>66,079</u>	<b>Total liabilities and stockholders' equity</b>	<u>118,189,208</u>	<u>129,191,087</u>	<u>3,931,561</u>
<b>Total assets</b>	<u>118,189,208</u>	<u>129,191,087</u>	<u>3,931,561</u>				

**Qisda Corporation and Subsidiaries**

**Consolidated Statements of Income**

**For the years ended December 31, 2007 and 2008**

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

	2007	2008	
	NT\$	NT\$	US\$
<b>Net sales</b>	167,442,839	169,507,542	5,158,476
<b>Cost of goods sold</b>	<u>(151,951,743)</u>	<u>(156,623,352)</u>	<u>(4,766,383)</u>
<b>Gross profit</b>	15,491,096	12,884,190	392,093
<b>Operating expenses :</b>			
Selling	(11,483,597)	(9,109,250)	(277,214)
Administrative	(3,684,386)	(3,218,019)	(97,931)
Research and development	<u>(4,142,781)</u>	<u>(3,658,412)</u>	<u>(111,333)</u>
	<u>(19,310,764)</u>	<u>(15,985,681)</u>	<u>(486,478)</u>
<b>Operating loss</b>	<u>(3,819,668)</u>	<u>(3,101,491)</u>	<u>(94,385)</u>
<b>Nonoperating income:</b>			
Interest income	332,335	381,375	11,606
Investment income recorded under the equity method, net	4,889,093	1,752,544	53,334
Evaluation gain on financial assets, net	-	427,567	13,012
Foreign currency exchange gain, net	1,109,085	-	-
Dividend income	-	221,546	6,742
Gain on disposal of investments, net	6,376,663	745,443	22,685
Gain on disposal of property, plant and equipment	1,315,755	244,195	7,431
Others	<u>853,544</u>	<u>834,680</u>	<u>25,401</u>
	<u>14,876,475</u>	<u>4,607,350</u>	<u>140,211</u>
<b>Nonoperating expenses:</b>			
Interest expense	(2,508,772)	(2,188,441)	(66,599)
Other investment loss	(49,767)	(142,103)	(4,324)
Loss on disposal of property, plant and equipment	(47,003)	(180,655)	(5,498)
Evaluation loss on financial assets, net	(522,727)	-	-
Foreign currency exchange loss, net	-	(855,308)	(26,029)
Impairment loss	(1,224,321)	(416,462)	(12,674)
Others	<u>(258,293)</u>	<u>(306,813)</u>	<u>(9,337)</u>
	<u>(4,610,883)</u>	<u>(4,089,782)</u>	<u>(124,461)</u>
<b>Income (loss) before income tax</b>	6,445,924	(2,583,923)	(78,635)
<b>Income tax expense</b>	<u>(483,821)</u>	<u>(941,184)</u>	<u>(28,642)</u>
<b>Net income (loss)</b>	<u><b>5,962,103</b></u>	<u><b>(3,525,107)</b></u>	<u><b>(107,277)</b></u>
<b>Attributable to:</b>			
Shareholders of the parent	4,771,623	(3,149,860)	(95,857)
Minority interest	<u>1,190,480</u>	<u>(375,247)</u>	<u>(11,420)</u>
<b>Net income (loss)</b>	<u><b>5,962,103</b></u>	<u><b>(3,525,107)</b></u>	<u><b>(107,277)</b></u>
<b>Earnings per share :</b>			
Basic earnings per share	<u><b>2.84</b></u>	<u><b>(1.70)</b></u>	

**Qisda Corporation and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**For the years ended December 31, 2007 and 2008**  
**(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 Stock NT\$	Minority Interest NT\$	Total NT\$
<b>Balance as of January 1, 2007</b>	26,248,800	20,524,447	1,059,698	-	(27,043,359)	591,349	(59,267)	(1,837,098)	3,936,252	23,420,822
Net income of 2007	-	-	-	-	4,771,623	-	-	-	1,190,480	5,962,103
Appropriation of earnings and capital surplus:										
Decrease in capital surplus and legal reserve to offset accumulated deficit	-	(15,189,200)	(1,059,698)	-	16,248,898	-	-	-	-	-
Decrease in capital to offset accumulated deficit	(10,259,520)	-	-	-	10,259,520	-	-	-	-	-
Changes in minority interest	-	-	-	-	-	-	-	-	(1,378,363)	(1,378,363)
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	-	(5,161)	-	(5,161)
Adjustments of net equity of investee companies	-	398,588	-	-	-	-	-	-	-	398,588
Cancellation of treasury stock	(600,000)	(367,751)	-	-	(791,406)	-	-	1,759,157	-	-
Change in cumulative translation adjustment	-	-	-	-	-	96,421	-	-	-	96,421
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	(803,677)	-	-	(803,677)
<b>Balance as of December 31, 2007</b>	<u>15,389,280</u>	<u>5,366,084</u>	<u>-</u>	<u>-</u>	<u>3,445,276</u>	<u>687,770</u>	<u>(862,944)</u>	<u>(83,102)</u>	<u>3,748,369</u>	<u>27,690,733</u>
Net loss of 2008	-	-	-	-	(3,149,860)	-	-	-	(375,247)	(3,525,107)
Issuance of common stock for cash	2,261,420	2,738,580	-	-	-	-	-	-	-	5,000,000
Appropriation of earnings and capital surplus:										
Increase in legal reserve and special reserve	-	-	344,527	175,173	(519,700)	-	-	-	-	-
Distribution of stock dividends and bounds	1,412,056	-	-	-	(1,412,056)	-	-	-	-	-
Employee bouns	219,420	-	-	-	(219,420)	-	-	-	-	-
Cash dividends	-	-	-	-	(176,507)	-	-	-	-	(176,507)
Directors and supervisors' remuneration	-	-	-	-	(29,256)	-	-	-	-	(29,256)
Changes in minority interest	-	-	-	-	-	-	-	-	4,320,698	4,320,698
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	-	5,404	-	5,404
Adjustments of net equity of investee companies	-	(1,323,270)	-	-	-	-	-	-	-	(1,323,270)
Change in cumulative translation adjustment	-	-	-	-	-	364,546	-	-	-	364,546
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(2,007,146)	-	-	(2,007,146)
<b>Balance as of December 31, 2008</b>	<u><u>19,282,176</u></u>	<u><u>6,781,394</u></u>	<u><u>344,527</u></u>	<u><u>175,173</u></u>	<u><u>(2,061,523)</u></u>	<u><u>1,052,316</u></u>	<u><u>(2,870,090)</u></u>	<u><u>(77,698)</u></u>	<u><u>7,693,820</u></u>	<u><u>30,320,095</u></u>

**Qisda Corporation and Subsidiaries**

**Consolidated Statements of Cash Flows**

**For the year ended December 31, 2007 and 2008**

**(Expressed in thousands of New Taiwan dollars and US dollars)**

	<b>2007</b>	<b>2008</b>	
	<b>NT\$</b>	<b>NT\$</b>	<b>US\$</b>
<b>Cash flows from operating activities:</b>			
Net income (loss)	5,962,103	(3,525,107)	(107,277)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	3,074,607	3,583,732	109,061
Amortization	798,852	743,784	22,635
Impairment loss	1,098,312	416,462	12,674
Gain on disposal of financial assets at fair value through profit or loss	(27,992)	(8,391)	(255)
Gain on disposal of available-for-sale financial assets	(2,039)	(908)	(28)
Gain on disposal of property, plant and equipment, net	(1,268,752)	(63,540)	(1,934)
Amortization of deferred profits on sale-leaseback transaction	(45,490)	(109,176)	(3,322)
Deferred expense reclassified as expense	-	1,275	39
Property and equipment reclassified as expense	-	8,970	273
Gain on disposal of long-term investments	(6,346,632)	(736,144)	(22,402)
Permanent decline in value of long-term equity investment	49,767	142,103	4,324
Gain on redeemable of bonds	-	(126)	(3)
Loss on disposal of subsidiaries' stocks	178	-	-
Investment gain on long-term equity investments accounted for by equity method, net	(4,889,093)	(1,752,544)	(53,334)
Cash dividends received from investees accounted for by equity method	310,089	1,585,358	48,246
Amortization of discount on convertible bond	125,589	87,996	2,678
Amortization of bond issuance costs	10,734	1,400	43
Differences in accounts in the accompanying consolidated balance sheets:			
Notes and accounts receivable	(3,050,240)	5,111,616	155,557
Receivables from related parties	(1,744,841)	(1,403,358)	(42,707)
Inventories	(6,746,224)	11,216,542	341,343
Other receivable	-	845,196	25,721
Other financial assets – current	(1,223,267)	32,383	985
Prepaid expenses and other current assets	(169,480)	4,822	147
Deferred income tax profit	(65,842)	112,795	3,433
Prepaid pension	86,268	(14,477)	(441)
Notes and accounts payable	6,797,606	(6,286,435)	(191,310)
Payables to related parties	(3,950,251)	(3,963,821)	(120,628)
Accrued expenses and other current liabilities	(1,151,288)	(1,289,797)	(39,251)
Other liabilities	110,461	875,818	26,653
<b>Net cash provided by (used in) operating activities</b>	<u>(12,256,865)</u>	<u>5,616,428</u>	<u>170,920</u>
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property, plant and equipment	6,440,385	499,577	15,203
Additions to property, plant and equipment	(4,632,395)	(7,446,330)	(226,608)
Increase in other asset	(1,017,153)	(916,986)	(27,906)
Proceeds from disposal of subsidiaries' stocks	1,151,955	-	-
Proceeds from disposal of long-term equity investments	7,705,905	894,923	27,234
Addition to long-term equity investments	(306,548)	(59,500)	(1,810)
Proceeds from investees' capital reduction	128,565	20,576	626
Decrease (increase) in available-for-sale financial assets	97,833	(1,254)	(38)
Decrease (increase) in financial assets at fair value through profit or loss	(336,140)	1,029,364	31,326
Increase (decrease) in financial liabilities at fair value through profit or loss	594,512	(391,606)	(11,917)
<b>Net cash provided by (used in) investing activities</b>	<u>9,826,919</u>	<u>(6,371,236)</u>	<u>(193,890)</u>
<b>Cash flows from financing activities:</b>			
Issuance of common stock for cash	-	5,000,000	152,161
Increase (decrease) in short-term borrowings	(8,050,299)	9,410,214	286,373
Payment of long-term debt	(1,611,071)	(931,442)	(28,346)
Increase in long-term debt	7,823,304	1,642,576	49,987
Issuance of convertible bonds	4,500,000	-	-
Redemption of bonds	(2,050,000)	(2,236,745)	(68,069)
Distribution of cash dividends, and directors' and supervisors' remuneration	-	(205,763)	(6,262)
Decrease in minority interest	(409,743)	(705,448)	(21,468)
<b>Net cash provided by financing activities</b>	<u>202,191</u>	<u>11,973,392</u>	<u>364,376</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(279,703)</u>	<u>(768,425)</u>	<u>(23,385)</u>
<b>Effect of newly consolidated subsidiaries</b>	<u>6,000</u>	<u>1,065,393</u>	<u>32,422</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(2,501,458)</u>	<u>11,515,552</u>	<u>350,443</u>
<b>Cash and cash equivalents at beginning of year</b>	<u>10,613,099</u>	<u>8,111,641</u>	<u>246,854</u>
<b>Cash and cash equivalents at end of year</b>	<u><b>8,111,641</b></u>	<u><b>19,627,193</b></u>	<u><b>597,297</b></u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the year for:			
Interest	<u>2,425,337</u>	<u>2,150,115</u>	<u>65,433</u>
Income taxes	<u>74,842</u>	<u>440,004</u>	<u>13,390</u>
<b>Supplemental disclosures of non-cash investing and financing activities:</b>			
Increase in cumulative translation adjustment	<u>96,421</u>	<u>364,546</u>	<u>11,094</u>
Cancellation of treasury stock	<u>1,759,157</u>	<u>-</u>	<u>-</u>

# Qisda Fact Sheet

<b>Founded</b>	<b>April 21, 1984</b>
<b>Total Capital</b>	<b>USD 578.7M</b>
<b>Revenue</b>	<b>NTD18.2 billion ( 2009 Q1 Consolidated Revenue)</b>
<b>Chairman</b>	<b>K.Y. Lee</b>
<b>President &amp;CEO</b>	<b>Hui Hsiung</b>
<b>Group Company</b>	<b>AU Optronics Corporation, BenQ Corporation, Darfon Electronics Corporation, Daxon Technology Inc., BenQ Guru Software Co., BenQ Hospital, Darwin Precisions, Ltd, Raydium Semiconductor Corporation, Cando Corporation, Wellypower Co., Ltd, and Daxin Material Corporation</b>
<b>Product Portfolio</b>	<ul style="list-style-type: none"> <li>● <b>Displays</b>  Monitor-TV  Traditional MNT (4:3): 15",17",19", 20"  Wide screen MNT: 15"W、18.5"W、19"W、20"W、21.5"W、22"W、23"W、24"W、26"W、27"W  Professional Monitor  Projector: DLP Projector, LCD Projector, Home Theater Projector  Industrial Solutions: Professional Display Solution for Surveillance, Graphic Design, Education and Medical Applications  Pen/ Touch LCD Display and module  Digital Signage Display and module</li> <li>● <b>All-in-One PC</b></li> <li>● <b>Imaging devices</b>  Color Inkjet Printer, Color Inkjet Multifunctional Printer  Color Laser Printer(CLP), Color Laser Multifunctional Printer(MFP)  High-speed inkjet printer, High-speed Multifunctional Printer  Image Scanner, Auto Document Feeder  Mini Photo Scanner, Portable Scanner</li> <li>● <b>Mobile Communication devices</b>  Mobile Phone: HSxPA  MID (Mobile Internet Device) : HSxPA  Dual-Mode Phone: WiMax + Cellular  Wireless Module: GSM/ GPRS/ WCDMA/ HSDPA/HSUPA  USB Modem Card: HSDPA/HSUPA</li> <li>● <b>Automobile electronics: TS16949 Certified</b>  A/V/N (Audio/Video/Navigation) Systems, TFT-LCD Display, Vehicle Rear Seat Entertainment System, Automotive Telematics, Navigation Modules,</li> <li>● <b>Consumer electronics:</b>  Digital Photo Frame, Portable Digital TV, Multimedia Player, eBook</li> <li>● <b>Healthcare electronics</b></li> <li>● <b>Lifestyle products: LED lighting</b></li> </ul>
<b>Global R&amp;D &amp; Manufacturing</b>	<b>R&amp;D Center</b> <ul style="list-style-type: none"> <li>● <b>Taiwan: Taipei, Taoyuan, Hsinchu</b></li> <li>● <b>China: Suzhou</b></li> </ul> <b>Global Manufacturing</b> <b>Brno, Czech Republic</b> <ul style="list-style-type: none"> <li>● <b>LCD Monitor</b></li> </ul>

	<p><b>Mexicali, Mexico</b></p> <ul style="list-style-type: none"> <li>● LCD Monitor</li> </ul>
	<p><b>Taoyuan, Taiwan</b></p> <ul style="list-style-type: none"> <li>● LCD Monitor</li> <li>● Professional Monitor</li> <li>● Automobile electronics TS16949 Certified</li> <li>● Industrial Solutions (exclude Pen/ Touch LCD Display)</li> <li>● Lifestyle products</li> </ul>
	<p><b>Suzhou, China</b></p> <ul style="list-style-type: none"> <li>● Monitor-TV</li> <li>● LCD Monitor</li> <li>● Professional Monitor</li> <li>● Projector</li> <li>● Industrial Solutions</li> <li>● All-in-One PC</li> <li>● Imaging devices</li> <li>● Automobile electronics TS16949 Certified</li> <li>● Consumer electronics</li> <li>● Healthcare electronics</li> </ul>
	<p><b>Shanghai, China</b></p> <ul style="list-style-type: none"> <li>● Mobile Communication devices</li> </ul>
<b>Employee</b>	7,253people (including 1,131 R&D)
<b>Global Operation</b>	Taiwan(Taipei, Taoyuan, Hsinchu), China (Suzhou, Shanghai), Czech Republic, Mexico, Japan, America
<b>Industry Achievement</b>	<ul style="list-style-type: none"> <li>● 1994 * Formed Taiwan 1<sup>st</sup> wireless communications and mobile phone development</li> <li>● 1996 * Invested in Acer Display Technology (now AU Optonics-- world's top 3 manufacturer of large-size TFT-LCD panels )</li> <li>● 1997 * Launched Taiwan 1<sup>st</sup> GSM mobile phone</li> <li>● 2000 * Launched WW 1<sup>st</sup> smart phone</li> <li>● 2000-2005 * WW 1<sup>st</sup> Scanner manufacturer</li> <li>● 2001 * Introduced BenQ brand</li> <li>● 2004 * Launched WW 1<sup>st</sup> 12ms response time LCD monitor</li> <li>● 2005 * Launched WW 1<sup>st</sup> 2ms gray to gray response time LCD monitor <ul style="list-style-type: none"> <li>* Launched Taiwan 1<sup>st</sup> OLED panel phone</li> <li>* Launched Taiwan 1<sup>st</sup> 3G phone</li> </ul> </li> <li>● 2006 * Launched WW 1st LCD monitor with HDMI interface <ul style="list-style-type: none"> <li>* Obtained Microsoft Windows Vista Certificate for LCD monitor</li> <li>* Launched 3.5G phone (Taiwan First)</li> <li>* WW#4 projector manufacturer</li> </ul> </li> <li>● 2006,2007 * WW top 5 LCD monitor manufacturer; <ul style="list-style-type: none"> <li>* 2006 WW 1<sup>st</sup> in 20"above LCD monitor market</li> </ul> </li> <li>● 2007 * WW Top 5 SPC-MFP manufacturer <ul style="list-style-type: none"> <li>* Company re-named Qisda corp. BenQ brand business spun off and company positioned as professional ODM/ EMS Provider. The spin-off effective on Sep. 1</li> <li>* Projector business ranked WW#3</li> <li>* Scanner/ Printer/ Copier business ranked WW# 5</li> <li>* LCD monitor business ranked WW#6</li> </ul> </li> <li>● 2008 * Positioned as a ODM/OEM manufacturer, Qisda receives 5 Red Dot design award <ul style="list-style-type: none"> <li>* Received 4 Good Design Awards, the highest among participants from Taiwan</li> </ul> </li> <li>● 2009 * Received 5 iF awards and 10 red dot design awards. Recorded as the top winner among all Taiwanese companies for a second consecutive year.</li> </ul>

**Qisda**

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