



Outline

- 2014 Q1 DMS Business Financial Results
- 2014 Q1 DMS Business Summary

Safe Harbor Notice

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

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

Disclaimer

These financial information in this presentation are based on unaudited Taiwan IFRS results of the DMS(Design, Manufacturing and Service) business (formerly named Consolidated core business), and based on audited Taiwan IFRS results of consolidated financials.

2014 Q1 DMS Business Financial Results

2014 Q1 DMS Business Income Statement: QoQ Analysis

Amount : NT\$ Billion

	2014 Q1		2013 Q4		QoQ
DMS Business: ⁽¹⁾					
Net Sales	21.60	100.0%	23.10	100.0%	-6.5%
COGS	(19.93)		(21.31)		
Gross Margin	1.67	7.7%	1.79	7.7%	+0.0 ppt
Opex	(1.21)	-5.6%	(1.23)	-5.3%	
Operating Income	0.46	2.1%	0.56	2.4%	-0.3 ppt
Net Non-op Items	(0.10)		0.07		
Consolidated: ⁽²⁾					
Net Income	0.42	1.4%	0.85	2.6%	-1.2 ppt
Net Income, attributable to owners of Company	0.28	1.0%	0.64	2.0%	-1.0 ppt
EPS (NT\$)	0.14		0.33		
Net Worth / Share (NT\$)	11.52		10.45		

(1) Based on unaudited Taiwan IFRS results of the DMS(Design, Manufacturing and Service) business

(2) Based on audited Taiwan IFRS results of consolidated financials. The company's operating segments include DMS, brand marketing & distribution, materials science, medical service and others

(3) EPS was calculated based on total weighted-averaged outstanding shares (1,966 m shares)

(4) Net worth per share was calculated based on total outstanding shares (1,966 m shares)

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2014 Q1 DMS Business Balance Sheet Highlights

Amount: NT\$ Billion

	2014 Q1		2013 Q4		QoQ
Cash & Equivalent	8.89	13.2%	8.25	13.2%	0.64
Accounts Receivable	16.57	24.7%	13.39	21.5%	3.18
Inventory	8.07	12.0%	8.24	13.2%	(0.17)
L-T Investments	22.49	33.5%	20.88	33.5%	1.61
Total Assets	67.22	100.0%	62.42	100.0%	4.80
Fin. Debt	22.59	33.6%	19.22	30.8%	3.37
Accounts Payable	17.38	25.9%	17.79	28.5%	(0.41)
Total Liabilities	44.56	66.3%	41.87	67.1%	2.69
Equity	22.66	33.7%	20.55	32.9%	2.11

* Based on unaudited Taiwan IFRS results of the DMS(Design, Manufacturing and Service) business

* Fin. debt included long term and short term financial debts

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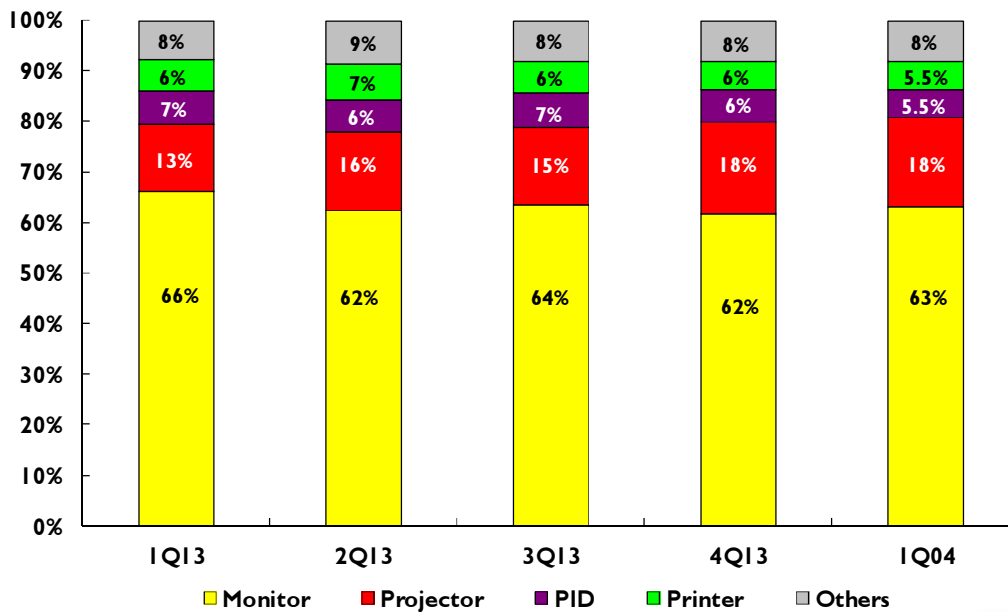
2014 Q1 DMS Business Key Financial Ratios

	2014 Q1	2013 Q4	QoQ
A/R Turnover	70 days	53 days	+17 days
Inventory Turnover	36 days	38 days	-2 days
A/P Turnover	85 days	81 days	+4 days
Cash Conversion Cycle	21 days	11 days	+10 days
ROA	0.4%	1.1%	-0.7 ppt
ROE	1.3%	3.2%	-1.9 ppt
Current ratio	90.2%	102.4%	-12.2 ppt
Fin. Debt / Total Assets	33.6%	30.8%	+2.8 ppt

* Based on unaudited Taiwan IFRS results of the DMS (Design, Manufacturing and Service) business
 * ROA and ROE were calculated on a quarterly basis

2014 Q1 DMS Business Summary

DMS Business Revenue Breakdown by Product Line



* Professional and industrial display, herein referred to as "PID".
 ** "Others" includes automobile electronics, mobiles and other products

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2014 Q1 DMS Business Summary

- **Monitor :**

- Unit shipment decreased by 9.9% QoQ to 3.5M sets

- **Projector :**

- Unit shipment decreased by 7.1% QoQ to 379K sets

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Qisda Corporation.
Unaudited DMS Business Consolidated Balance Sheet
Mar ,31, 2014

UNIT : NT\$K

Assets			Liabilities and stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalents	\$ 8,826,171	13	Short- term borrowings	\$ 14,783,810	22
Financial assets at fair value through profit or loss - current	-	-	Short-term notes and bills payable	-	-
Current available-for-sale financial assets	-	-	Current financial liabilities at fair value through N/P & A/P	10,189	0
Notes and accounts receivable,net	10,130,664	15	N/P & A/P to related parties	1,314,425	2
N/R & A/R from related parties	6,441,728	10	Other payable	3,446,009	5
Other receivables, net	554,993	1	Other payable to related parties	43,907	0
Other receivable from related parties	465,491	1	Other current liabilities	445,674	1
Net inventories	8,073,337	12	Bonds payable due within one year	-	-
Other current assets	1,105,679	2	Long-term debt due within one year	3,380,464	5
Other Finaancial assets-current	63,987	0	Current provisions	46,175	0
Non-current assets classified as held for sale	-	-	Total current liabilities	39,539,214	59
Total current assets	35,662,050	53			
Non current assets			Long term loan	4,425,723	7
Non-current available-for-sale financial assets	284,671	0	Leased Liabilities-non current	-	-
Investments accounted for using equity method	22,492,814	33	Provision Liabilities-non current	233,271	0
Property, plant and equipment	5,851,874	9	Deferred tax liabilities	43,127	0
Investment property	-	-	Other non-current liabilities, others	320,383	0
Intangible assets	36,193	0	Total non-current liabilities	5,022,503	7
Deferred tax assetsent	1,174,924	2	Total Liabilities	44,561,717	66
Other non-current assets	51,122	0	Attributable to owners of company		
Other non-current financial assets	884,593	1	Common stock	19,667,820	29
Long-term prepaid rents	783,294	1	Capital surplus	1,735,553	3
Total Non current assets	31,559,484	47	Retained Earnings	(162,917)	(0)
			Other equity interest	1,419,574	2
			Treasury Stock	(213)	(0)
			Total stockholders' equity	22,659,817	34
Total Assets	\$ 67,221,534	100	Total Liabilities and stockholders' equity	\$ 67,221,534	100

Qisda Corporation.
Unaudited DMS Business Consolidated Income Statement
Jan~Mar' 2014

UNIT : NT\$K

Net sales	\$ 21,596,816	100
Cost of goods sold	19,926,591	92
Gross profit	1,670,225	8
S & M	464,171	2
G & A	194,500	1
R & D	552,483	3
Operating expense	1,211,155	6
Operating income (loss)	459,070	2
Total non-operating income (loss)	(99,848)	(0)
Profit before tax	359,222	2
Income Tax Expense	74,876	0
Profit after tax	284,346	1
Other comprehensive income (Profit after tax)	166,926	1
Comprehensive income	\$ 451,272	2

Qisda Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2014, December 31, 2013, March 31, 2013
(Expressed in thousands of New Taiwan dollars)

Assets	2014.3.31 NT\$	2013.12.31 NT\$	2013.3.31 NT\$	Liabilities and Equity	2014.3.31 NT\$	2013.12.31 NT\$	2013.3.31 NT\$
Current assets :				Current liabilities :			
Cash and cash equivalents	\$ 14,532,298	\$ 11,479,890	\$ 12,128,735	Short-term borrowings	\$ 19,522,535	\$ 9,861,956	\$ 16,302,334
Financial assets at fair value through profit or loss – current	154,660	249,296	293,258	Financial liabilities at fair value through profit or loss – current	53,142	80,302	41,900
Held-to-maturity financial assets	40,517	-	-	Notes and accounts payable	21,517,102	22,638,888	18,382,233
Notes and accounts receivable, net	15,890,063	12,659,185	14,910,142	Accounts payable to related parties	1,835,424	1,884,581	1,536,267
Notes and accounts receivable from related parties	4,327,320	2,809,182	1,879,988	Other payables	8,039,460	8,880,205	7,654,425
Other receivables	844,327	1,326,076	930,087	Other payables to related parties	65,115	62,635	17,534
Other receivables from related parties	147,067	153,070	122,662	Other current liabilities	796,110	693,284	606,247
Inventories	14,456,329	14,671,779	12,987,585	Current portion of long-term debt	4,944,129	4,062,084	2,493,022
Other current assets	1,836,391	2,289,110	2,430,527	Provisions – current	531,577	543,748	418,940
Other financial assets – current	1,473,502	1,543,985	1,023,082	Total current liabilities	57,304,594	48,707,683	47,452,902
Total current assets	53,702,474	47,181,573	46,706,066	Non-current liabilities :			
Non-current assets :				Long-term debt, excluding current portion	10,490,770	16,323,515	18,803,708
Available-for-sale financial assets – non-current	1,135,895	1,120,158	977,553	Lease obligations payable	970,155	975,512	995,910
Investments accounted for using equity method	13,962,995	13,938,461	13,800,542	Provisions – non-current	803,242	707,059	984,104
Property, plant and equipment	19,886,643	20,175,295	20,550,932	Deferred income tax liabilities	94,341	93,388	112,143
Investment property	2,636,200	2,446,934	1,735,836	Other non-current liabilities	405,732	380,464	446,366
Intangible assets	187,055	174,808	156,537	Total non-current liabilities	12,764,240	18,479,938	21,342,231
Deferred income tax assets	1,595,310	1,594,881	1,574,007	Total liabilities	70,068,834	67,187,621	68,795,133
Other non-current assets	127,346	116,782	298,925	Equity attributable to owners of parent :			
Other financial assets – non-current	1,035,824	1,002,468	987,845	Common stock	19,667,820	19,667,820	19,667,820
Long-term prepaid rents	2,855,209	2,860,969	3,006,388	Capital surplus	1,735,553	-	21,447
Total non-current assets	43,422,477	43,430,756	43,088,565	Retained earnings (accumulated deficit)	(162,917)	(447,263)	(1,823,033)
				Other equity interest	1,419,574	1,331,522	997,563
				Treasury stock	(213)	(213)	(6,880)
				Total equity attributable to owners of parent	22,659,817	20,551,866	18,856,917
				Non-controlling interests	4,396,300	2,872,842	2,142,581
				Total equity	27,056,117	23,424,708	20,999,498
Total assets	\$ 97,124,951	90,612,329	89,794,631	Total liabilities and equity	\$ 97,124,951	90,612,329	89,794,631

Qisda Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	2014.1.1~3.31	2013.1.1~3.31
	NT\$	NT\$
Revenue	\$ 29,813,513	27,505,858
Cost of sales	(26,263,875)	(25,064,103)
Gross profit	<u>3,549,638</u>	<u>2,441,755</u>
Operating expenses:		
Selling expenses	(1,315,311)	(1,288,394)
Administrative expenses	(700,901)	(605,140)
Research and development expenses	(735,383)	(694,851)
	<u>(2,751,595)</u>	<u>(2,588,385)</u>
Operating loss	<u>798,043</u>	<u>(146,630)</u>
Non-operating income and loss:		
Other income	83,068	62,147
Other non-operating income and loss – net	(109,203)	(168,251)
Finance costs	(238,770)	(227,755)
Share of loss of associates and joint ventures accounted for using equity method, net	(18,844)	(208,376)
Total non-operating income and loss	<u>(283,749)</u>	<u>(542,235)</u>
Profit (loss) before tax	514,294	(688,865)
Income tax expense	(90,845)	(82,649)
Profit (loss)	<u>423,449</u>	<u>(771,514)</u>
Other comprehensive income:		
Foreign currency translation differences	162,282	369,982
Change in fair value of available-for-sale financial assets	9,744	881,432
Share of other comprehensive income of associates and joint ventures accounted for using equity method	14,936	125,978
Less: Income tax on other comprehensive income	-	-
Other comprehensive income for the period, net of tax	<u>186,962</u>	<u>1,377,392</u>
Total comprehensive income for the period	<u><u>610,411</u></u>	<u><u>605,878</u></u>
Profit (loss), attributable to:		
Shareholders of the Company	\$ 284,346	(842,004)
Non-controlling interests	139,103	70,490
	<u>\$ 423,449</u>	<u>(771,514)</u>
Total comprehensive income attributable to:		
Shareholders of the Company	\$ 451,272	479,154
Non-controlling interests	159,139	126,724
	<u>\$ 610,411</u>	<u>605,878</u>
Earnings per common share (expressed in New Taiwan dollars and US dollars):		
Basic earnings per common share	<u>\$ 0.14</u>	<u>(0.43)</u>

Qisda Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the three-month periods ended March 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	Attributable to owners of parent									
	Common Stocks	Capital surplus	Retained earnings	Other equity interest			Treasury shares	Total equity attributable to owners of parent	Non- controlling interests	Total equity
			Retained earnings (accumulated deficit)	Foreign currency translation differences	Change in fair value of available-for- sale financial	Total				
NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	
Balance at January 1, 2013	\$ 19,667,820	-	(977,063)	267,043	(590,638)	(323,595)	(6,880)	18,360,282	1,995,986	20,356,268
Changes in equity of associates and joint ventures accounted for using equity method	-	21,447	(3,966)	-	-	-	-	17,481	-	17,481
Changes in non-controlling interests	-	-	-	-	-	-	-	-	19,871	19,871
Profit (loss)	-	-	(842,004)	-	-	-	-	(842,004)	70,490	(771,514)
Other comprehensive income (loss) for the period	-	-	-	461,411	859,747	1,321,158	-	1,321,158	56,234	1,377,392
Total comprehensive income (loss) for the period	-	-	(842,004)	461,411	859,747	1,321,158	-	479,154	126,724	605,878
Balance at March 31, 2013	\$ 19,667,820	21,447	(1,823,033)	728,454	269,109	997,563	(6,880)	18,856,917	2,142,581	20,999,498
Balance at January 1, 2014	\$ 19,667,820	-	(447,263)	832,371	499,151	1,331,522	(213)	20,551,866	2,872,842	23,424,708
Changes in equity of associates and joint ventures accounted for using equity method	-	16,665	-	-	-	-	-	16,665	-	16,665
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	2,462	2,462
Proceeds from Issuance of Subsidiary Shares to Non-Controlling Interests	-	1,718,888	-	(78,874)	-	(78,874)	-	1,640,014	1,359,686	2,999,700
Changes in non-controlling interests	-	-	-	-	-	-	-	-	2,171	2,171
Profit (loss)	-	-	284,346	-	-	-	-	284,346	139,103	423,449
Other comprehensive income (loss) for the period	-	-	-	152,113	14,813	166,926	-	166,926	20,036	186,962
Total comprehensive income (loss) for the period	-	-	284,346	152,113	14,813	166,926	-	451,272	159,139	610,411
Balance at March 31, 2014	\$ 19,667,820	1,735,553	(162,917)	984,484	513,964	1,498,448	(213)	22,659,817	4,396,300	27,056,117

Qisda Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	2014.1.1~3.31 NT\$	2013.1.1~3.31 NT\$
Cash flows from operating activities:		
Profit (loss) before taxes	\$ 514,294	(688,865)
Adjustments for:		
Depreciation	497,442	575,475
Amortization	45,328	50,050
Provision (reversal of provision) for bad debt expense	9,544	(16,021)
Interest expense	238,770	227,755
Interest income	(70,007)	(54,178)
Dividend income	(5,870)	(3,404)
Stock option compensation cost of subsidiary	2,462	-
Share of loss of associates and joint ventures accounted for using equity method, net	18,844	208,376
Loss (gain) on disposal of property, plan and equipment, net	1,583	17
Loss (gain) on disposal of investments	(110,296)	268,280
Impairment loss on non-financial assets	(668)	-
Total adjustments to reconcile profit (loss)	<u>627,132</u>	<u>1,256,350</u>
Changes in operating assets and liabilities:		
Financial assets (liabilities) at fair value through profit or loss	67,682	(133,996)
Notes and accounts receivable	(3,243,861)	(4,552,667)
Notes and accounts receivable from related parties	(1,518,138)	183,446
Other receivables	483,961	434,214
Other receivables from related parties	8,068	4,937
Inventories	215,450	2,043,753
Other current assets	453,674	361,339
Other financial assets – current	(19,913)	(5,582)
Net changes in operating assets	<u>(3,553,077)</u>	<u>(1,664,556)</u>
Notes and accounts payable	(1,121,786)	(1,363,494)
Accounts payable to related parties	(49,157)	(99,288)
Other payables to related parties	2,480	(11,859)
Provisions	84,012	54,919
Other current liabilities	(453,071)	(266,515)
Other non-current liabilities	25,268	90,497
Net changes in operating liabilities	<u>(1,512,254)</u>	<u>(1,595,740)</u>
Total changes in operating assets and liabilities	<u>(5,065,331)</u>	<u>(3,260,296)</u>
Cash used in operations	(3,923,905)	(2,692,811)
Interest received	67,795	19,001
Dividends received	5,870	3,404
Interest paid	(231,474)	(246,627)
Income taxes paid	(106,674)	(161,448)
Net cash used in operating activities	<u>(4,188,388)</u>	<u>(3,078,481)</u>
Cash flows from investing activities:		
Additions to available-for-sale financial assets	(406)	(35,000)
Proceeds from sale of available-for-sale financial assets	9,970	2,206,095
Acquisition of held-to-maturity financial assets	(40,517)	-
Additions to investments accounted for using equity method	(11,777)	(2,000)
Acquisition of a subsidiary, net of cash acquired	-	(177,187)
Additions to property, plant and equipment	(436,283)	(352,187)
Proceeds from disposal of property, plant and equipment	851	3,819
Increase in other receivables from related parties	(2,065)	(17,155)
Additions to intangible assets	(33,956)	(27,342)
Additions to investment property	(205,279)	(129,575)
Decrease in other financial assets – non-current	37,127	81,557
Net cash provided by (used in) investing activities	<u>(682,335)</u>	<u>1,551,025</u>
Cash flows from financing activities:		
Increase in short-term borrowings	9,660,579	8,154,185
Increase in long-term debt	-	880,132
Decrease in long-term debt	(5,040,604)	(4,380,888)
Decrease in lease payable	(10,666)	(2,094)
Acquisition of ownership interests from non-controlling interests	(1,225)	(7,069)
Disposal of ownership interests in subsidiaries (without losing control)	8,745	-
Change in non-controlling interests	-	24,500
Proceeds from Issuance of Subsidiary Shares to Non-Controlling Interests	2,999,700	-
Net cash provided by financing activities	<u>7,616,529</u>	<u>4,668,766</u>
Effects of foreign exchange rate changes	306,602	82,324
Net increase (decrease) in cash and cash equivalents	3,052,408	3,223,634
Cash and cash equivalents at beginning of period	11,479,890	8,905,101
Cash and cash equivalents at end of period	<u>\$ 14,532,298</u>	<u>12,128,735</u>