



Qisda Corporation 2016 Q1 Results

May 3, 2016

Qisda Confidential © 2012, Qisda Corporation

Qisda

Q1 DMS Business Financial Results

Qisda Confidential © 2012, Qisda Corporation

Qisda

Q1 DMS Business Income Statement: QoQ Analysis

Amount : NT\$ Billion

	2016 Q1		2015 Q4		QoQ
DMS Business: (1)					
Net Sales	23.50	100.0%	25.50	100.0%	-7.9%
COGS	(21.64)		(23.62)		
Gross Margin	1.87	7.9%	1.88	7.4%	+0.5 ppt
Opex	(1.09)	-4.6%	(1.16)	-4.6%	
Operating Income	0.78	3.3%	0.72	2.8%	+0.5 ppt
Net Non-op Items	(0.22)		(0.37)		
Consolidated: (2)					
Net Income	0.43	1.3%	0.20	0.6%	+0.7 ppt
Net Income, attributable to owners of Company	0.51	1.6%	0.26	0.7%	+0.9 ppt
EPS (NT\$)	0.26		0.13		
Net Worth / Share (NT\$)	13.95		13.87		

(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)

3 Qisda Confidential © 2012, Qisda Corporation

Qisda

Q1 DMS Business Balance Sheet Highlights

Amount : NT\$ Billion

	2016 Q1		2015 Q4		QoQ
Cash & Equivalent	5.38	7.7%	5.67	7.7%	(0.29)
Accounts Receivable	21.31	30.5%	22.05	29.9%	(0.74)
Inventory	8.45	12.1%	10.20	13.8%	(1.75)
L-T Investments	24.38	34.9%	24.73	33.6%	(0.36)
Total Assets	69.86	100.0%	73.68	100.0%	(3.82)
Fin. Debt	20.31	29.1%	21.41	29.1%	(1.10)
Accounts Payable	17.28	24.7%	19.79	26.9%	(2.51)
Total Liabilities	42.42	60.7%	46.41	63.0%	(3.99)
Equity	27.44	39.3%	27.27	37.0%	0.17

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

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

4 Qisda Confidential © 2012, Qisda Corporation

Qisda

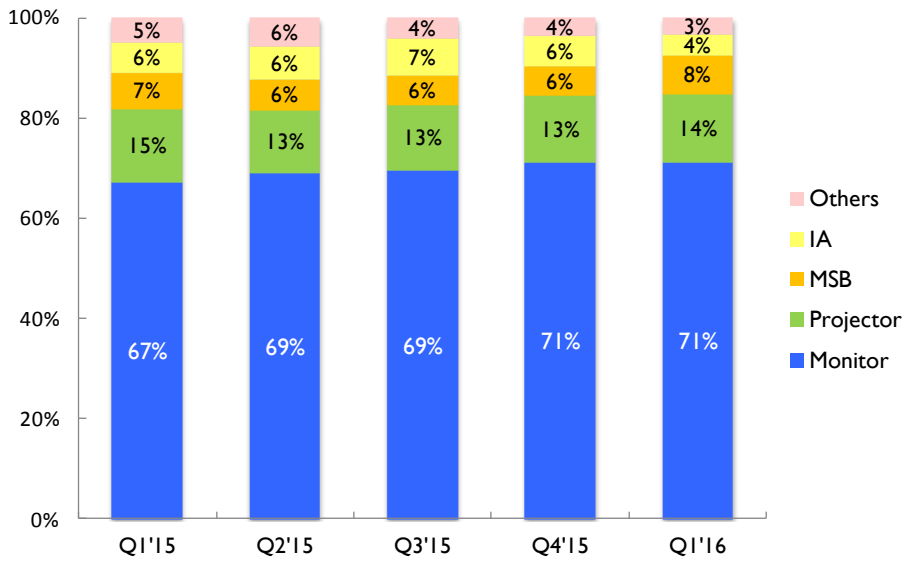
Q1 DMS Business Key Financial Ratios

	<u>2016 Q1</u>	<u>2015 Q4</u>	<u>QoQ</u>
A/R Turnover	82 days	78 days	+4 days
Inventory Turnover	36 days	42 days	-6 days
A/P Turnover	79 days	82 days	-3 days
Cash Conversion Cycle	39 days	39 days	0 days
ROA	0.7%	0.3%	+0.4 ppt
ROE	1.9%	0.9%	+1.0 ppt
Current ratio	105.2%	113.2%	-8.0 ppt
Fin. Debt / Total Assets	29.1%	29.1%	+0.0 ppt

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

2016 Q1 DMS Business Summary

DMS Business Revenue Breakdown by Product Line



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

7 Qisda Confidential © 2012, Qisda Corporation

Qisda

2016 Q1 DMS Business Summary

- **Monitor :**
 - Unit shipment decreased by 8.2% QoQ to 4.1M sets
- **Projector :**
 - Unit shipment decreased by 8.2% QoQ to 295K sets

8 Qisda Confidential © 2012, Qisda Corporation

Qisda



Qisda

Value-Up Solutions

Qisda Confidential © 2012, Qisda Corporation

Qisda

Qisda Corporation.
Unaudited DMS Business Consolidated Balance Sheet
Mar ,31, 2016

UNIT : NT\$K

Assets			Liabilities and stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalents	\$ 5,381,235	8	Short- term borrowings	\$ 13,209,606	19
Current available-for-sale financial assets	86,251	0	Current financial liabilities at fair value through profit or loss	124,952	0
Notes and accounts receivable,net	14,214,167	20	N/P & A/P	15,861,052	23
N/R & A/R from related parties	7,091,792	10	N/P & A/P to related parties	1,422,354	2
Other receivables, net	112,136	0	Other payable	3,536,835	5
Other receivable from related parties	946,925	1	Other payable to related parties	15,543	0
Net inventories	8,453,485	12	Other current liabilities	404,562	1
Other current assets	648,628	1	Bonds payable due within one year	-	-
Other Finaancial assets-current	-	-	Long-term debt due within one year	500,000	1
Non-current assets classified as held for sale	-	-	Current provisions	24,644	0
Total current assets	36,934,620	53	Total current liabilities	35,099,548	50
Non current assets			Long term loan	6,596,650	9
Non-current available-for-sale financial assets	627,432	1	Leased Liabilities-non current	-	-
Investments accounted for using equity method	24,377,318	35	Provision Liabilities-non current	224,563	0
Property, plant and equipment	5,770,631	8	Deferred tax liabilities	46,445	0
Investment property	-	-	Other non-current liabilities, others	457,015	1
Intangible assets	30,933	0	Total non-current liabilities	7,324,673	10
Deferred tax assetsent	1,227,663	2	Total Liabilities	42,424,221	61
Other non-current assets	68,231	0	Attributable to owners of company		
Other non-current financial assets	41,351	0	Common stock	19,667,820	28
Long-term prepaid rents	785,355	1	Capital surplus	2,183,406	3
Total Non current assets	32,928,914	47	Retained Earnings	4,059,590	6
			Other equity interest	1,528,497	2
			Treasury Stock	-	-
			Total stockholders' equity	27,439,312	39
Total Assets	\$ 69,863,533	100	Total Liabilities and stockholders' equity	\$ 69,863,533	100

Qisda Corporation.
Unaudited DMS Business Consolidated Income Statement
Jan~Mar' 2016

UNIT : NT\$K

Net sales	\$ 23,501,580	100
Cost of goods sold	21,635,430	92
Gross profit	1,866,150	8
S & M	329,636	1
G & A	209,119	1
R & D	551,891	2
Operating expense	1,090,646	5
Operating income (loss)	775,504	3
Total non-operating income (loss)	(215,669)	(1)
Profit before tax	559,835	2
Income Tax Expense	45,911	0
Profit after tax	513,924	2
Other comprehensive income (Profit after tax)	(350,862)	(1)
Comprehensive income	\$ 163,062	1

Qisda Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2016, December 31, 2015, and March 31, 2015
(Expressed in thousands of New Taiwan dollars)

Assets	2016.3.31	2015.12.31	2015.3.31	Liabilities and Equity	2016.3.31	2015.12.31	2015.3.31
	NT\$	NT\$	NT\$		NT\$	NT\$	NT\$
Current assets :				Current liabilities :			
Cash and cash equivalents	\$ 8,845,163	9,036,050	10,550,741	Short-term borrowings	\$ 16,016,271	14,288,274	18,375,961
Financial assets at fair value through profit or loss – current	468,036	510,683	589,033	Financial liabilities at fair value through profit or loss – current	305,418	72,260	18,965
Available-for-sale financial assets – current	258,513	261,343	373,658	Notes and accounts payable	20,714,343	23,053,173	22,989,708
Notes and accounts receivable, net	20,136,995	20,407,299	22,065,253	Accounts payable to related parties	1,852,307	2,279,949	2,319,309
Notes and accounts receivable from related parties	4,282,059	4,655,002	5,089,173	Other payables	7,936,479	8,816,651	8,755,095
Other receivables, net	141,240	148,493	265,854	Other payables to related parties	14,749	16,756	21,161
Other receivables from related parties	240,250	208,580	194,051	Other current liabilities	637,845	671,409	598,669
Inventories	14,152,704	16,386,780	17,217,548	Current portion of long-term debt	871,751	2,489,197	2,519,109
Other current assets	1,418,231	1,503,817	1,190,615	Provisions – current	403,159	387,719	465,553
Other financial assets – current	406,573	2,710,710	2,110,463	Total current liabilities	<u>48,752,322</u>	<u>52,075,388</u>	<u>56,063,530</u>
Non-current assets held for sale	-	-	54,065	Non-current liabilities :			
Total current assets	<u>50,349,764</u>	<u>55,828,757</u>	<u>59,700,454</u>	Long-term debt	11,041,168	14,071,273	14,521,684
Non-current assets :				Lease obligations payable – non-current	1,177,898	1,182,786	956,445
Available-for-sale financial assets – non-current	964,031	856,956	1,259,358	Provisions – non-current	781,265	784,043	786,304
Investments accounted for using equity method	15,386,430	15,858,890	15,936,637	Deferred income tax liabilities	70,720	68,402	138,905
Property, plant and equipment	19,220,219	19,545,376	19,464,865	Other non-current liabilities	683,044	691,216	547,386
Investment property	2,920,813	2,989,618	3,051,314	Total non-current liabilities	<u>13,754,095</u>	<u>16,797,720</u>	<u>16,950,724</u>
Intangible assets	197,985	198,299	183,940	Total liabilities	<u>62,506,417</u>	<u>68,873,108</u>	<u>73,014,254</u>
Deferred income tax assets	1,771,644	1,775,567	1,790,274	Equity attributable to shareholders of the Company:			
Other non-current assets	163,507	185,380	171,223	Common stock	19,667,820	19,667,820	19,667,820
Other financial assets – non-current	211,340	207,126	206,482	Capital surplus	2,183,406	2,179,038	2,000,328
Long-term prepaid rents	2,736,374	2,797,862	2,812,195	Retained earnings	4,059,589	3,545,665	3,176,561
Total non-current assets	<u>43,572,343</u>	<u>44,415,074</u>	<u>44,876,288</u>	Other equity	1,528,497	1,879,359	1,955,780
				Total equity attributable to shareholders of the Company	<u>27,439,312</u>	<u>27,271,882</u>	<u>26,800,489</u>
				Non-controlling interests	<u>3,976,378</u>	<u>4,098,841</u>	<u>4,761,999</u>
				Total equity	<u>31,415,690</u>	<u>31,370,723</u>	<u>31,562,488</u>
Total assets	<u>\$ 93,922,107</u>	<u>100,243,831</u>	<u>104,576,742</u>	Total liabilities and equity	<u>\$ 93,922,107</u>	<u>100,243,831</u>	<u>104,576,742</u>

Qisda Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	2016.1.1~3.31	2015.1.1~3.31
	NT\$	NT\$
Net sales	\$ 31,764,175	32,428,096
Cost of sales	(27,890,795)	(28,960,460)
Gross profit	<u>3,873,380</u>	<u>3,467,636</u>
Operating expenses:		
Selling expenses	(1,332,364)	(1,472,249)
Administrative expenses	(669,473)	(714,927)
Research and development expenses	(785,794)	(829,556)
Total operating expenses	<u>(2,787,631)</u>	<u>(3,016,732)</u>
Operating income	<u>1,085,749</u>	<u>450,904</u>
Non-operating income and loss:		
Other income	66,940	84,558
Other gains and losses – net	(100,949)	85,213
Finance costs	(171,372)	(193,920)
Share of profit (loss) of associates and joint ventures	(366,862)	349,981
Total non-operating income and loss	<u>(572,243)</u>	<u>325,832</u>
Income before income tax	513,506	776,736
Income tax expense	(87,445)	(104,027)
Net income for the period	<u>426,061</u>	<u>672,709</u>
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(307,365)	(272,771)
Change in fair value of available-for-sale financial assets	25,934	172,020
Share of other comprehensive income of associates and joint ventures	(111,552)	(73,530)
Less: Income tax related to items that may be subsequently reclassified to profit or loss	-	-
Other comprehensive income for the period, net of income tax	<u>(392,983)</u>	<u>(174,281)</u>
Total comprehensive income for the period	<u>\$ 33,078</u>	<u>498,428</u>
Net income (loss) attributable to:		
Shareholders of the Company	\$ 513,924	620,005
Non-controlling interests	(87,863)	52,704
	<u>\$ 426,061</u>	<u>672,709</u>
Total comprehensive income attributable to:		
Shareholders of the Company	\$ 163,062	503,436
Non-controlling interests	(129,984)	(5,008)
	<u>\$ 33,078</u>	<u>498,428</u>
Earnings per share (in New Taiwan dollars):		
Basic earnings per share	<u>\$ 0.26</u>	<u>0.32</u>
Diluted earnings per share	<u>\$ 0.26</u>	<u>0.31</u>

Qisda Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the three-month periods ended March 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars)

	Attributable to shareholders of the Company											
	Common Stock	Capital surplus	Retained earnings			Other equity				Total equity of the Company	Non-controlling interests	Total equity
			Legal reserve	Retained earnings	Total	Foreign currency translation differences	Unrealized gain (loss) from available-for-sale financial assets	Remeasurements of defined benefit plans	Total			
NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	
Balance at January 1, 2015	\$ 19,667,820	1,990,292	-	2,426,890	2,426,890	1,654,336	547,679	-	2,202,015	26,287,017	4,747,446	31,034,463
Effects of retrospective application and retrospective restatement	-	-	-	129,666	129,666	-	-	(129,666)	(129,666)	-	-	-
Restated balance at January 1, 2015	19,667,820	1,990,292	-	2,556,556	2,556,556	1,654,336	547,679	(129,666)	2,072,349	26,287,017	4,747,446	31,034,463
Changes in equity of associates and joint ventures accounted for using equity method	-	16,105	-	-	-	-	-	-	-	16,105	-	16,105
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	(6,191)	-	-	-	-	-	-	-	(6,191)	(1,770)	(7,961)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	2,433	2,433
Capital injection from non-controlling interests	-	122	-	-	-	-	-	-	-	122	20,113	20,235
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,215)	(1,215)
Net income for the period	-	-	-	620,005	620,005	-	-	-	-	620,005	52,704	672,709
Other comprehensive income for the period	-	-	-	-	-	(308,298)	191,729	-	(116,569)	(116,569)	(57,712)	(174,281)
Total comprehensive income for the period	-	-	-	620,005	620,005	(308,298)	191,729	-	(116,569)	503,436	(5,008)	498,428
Balance at March 31, 2015	\$ 19,667,820	2,000,328	-	3,176,561	3,176,561	1,346,038	739,408	(129,666)	1,955,780	26,800,489	4,761,999	31,562,488
Balance at January 1, 2016	\$ 19,667,820	2,179,038	242,689	3,302,976	3,545,665	2,097,271	(27,522)	(190,390)	1,879,359	27,271,882	4,098,841	31,370,723
Changes in equity of associates and joint ventures accounted for using equity method	-	5,951	-	-	-	-	-	-	-	5,951	-	5,951
Difference between consideration and carrying amount arising from acquisition or disposal of shares in subsidiaries	-	(792)	-	-	-	-	-	-	-	(792)	(508)	(1,300)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	-	2,560	2,560
Changes in ownership interests in subsidiaries	-	(791)	-	-	-	-	-	-	-	(791)	791	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,678	4,678
Net income (loss) for the period	-	-	-	513,924	513,924	-	-	-	-	513,924	(87,863)	426,061
Other comprehensive income for the period	-	-	-	-	-	(380,758)	29,896	-	(350,862)	(350,862)	(42,121)	(392,983)
Total comprehensive income for the period	-	-	-	513,924	513,924	(380,758)	29,896	-	(350,862)	163,062	(129,984)	33,078
Balance at March 31, 2016	\$ 19,667,820	2,183,406	242,689	3,816,900	4,059,589	1,716,513	2,374	(190,390)	1,528,497	27,439,312	3,976,378	31,415,690

Qisda Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars)

	2016.1.1~3.31 NT\$	2015.1.1~3.31 NT\$
Cash flows from operating activities:		
Income before income tax	\$ 513,506	776,736
Adjustments for:		
Depreciation	464,476	505,960
Amortization	51,263	53,673
Provision for bad debt expense	7,911	4,827
Interest expense	171,372	193,920
Interest income	(31,545)	(53,323)
Dividend income	-	(192)
Share-based compensation cost	2,560	2,433
Share of loss (profit) of associates and joint ventures	366,862	(349,981)
Gain on disposal of property, plant and equipment, net	(701)	(970)
Gain on disposal of investments	-	(40,546)
Total non-cash profit and loss	1,032,198	315,801
Changes in operating assets and liabilities:		
Decrease (increase) in financial assets and liabilities at fair value through profit or loss	275,805	(212,822)
Decrease in notes and accounts receivable	254,271	814,516
Decrease in notes and accounts receivable from related parties	372,943	248,598
Decrease in other receivables	18,454	442,307
Decrease in other receivables from related parties	1,154	7,037
Decrease in inventories	2,234,076	554,637
Decrease in other current assets	83,941	309,755
Decrease in other non-current assets	15,880	1,182
Net changes in operating assets	3,256,524	2,165,210
Decrease in notes and accounts payable	(2,338,830)	(3,177,931)
Decrease in accounts payable to related parties	(427,642)	(353,490)
Decrease in other payables to related parties	(2,007)	(5,544)
Increase (decrease) in provisions	12,662	(49,306)
Decrease in other current liabilities	(789,581)	(700,827)
Increase (decrease) in other non-current liabilities	(8,172)	15,971
Net changes in operating liabilities	(3,553,570)	(4,271,127)
Total changes in operating assets and liabilities	(297,046)	(2,105,917)
Cash provided by (used in) operations	1,248,658	(1,013,380)
Interest received	20,344	34,150
Dividends received	-	192
Interest paid	(159,901)	(178,861)
Income taxes paid	(167,369)	(120,892)
Net cash provided by (used in) operating activities	941,732	(1,278,791)
Cash flows from investing activities:		
Purchase of available-for-sale financial assets	(80,563)	(162,563)
Proceeds from sale of available-for-sale financial assets	-	174,376
Purchase of investments accounted for using equity method	-	(63,000)
Additions to property, plant and equipment	(347,986)	(402,856)
Additions to investment property	(16,680)	(31,345)
Proceeds from disposal of property, plant and equipment	1,227	16,112
Increase in loan receivables from related parties	(32,824)	(18,490)
Additions to intangible assets	(20,374)	(8,200)
Decrease in other financial assets	2,299,923	251,801
Increase in long-term prepaid rents	(2,102)	-
Net cash provided by (used in) investing activities	1,800,621	(244,165)
Cash flows from financing activities:		
Increase in short-term borrowings	3,563,031	4,237,547
Decrease in short-term borrowings	(1,835,034)	-
Increase in long-term debt	-	1,989,000
Repayment of long-term debt	(4,506,476)	(3,023,710)
Decrease in lease obligations payable	(14,635)	(13,438)
Acquisition of subsidiary's interests from non-controlling interests	(1,300)	(31,460)
Proceeds from disposal of subsidiary's interests (without losing control)	-	23,499
Capital injection from non-controlling interests	-	20,235
Net cash provided by (used in) financing activities	(2,794,414)	3,201,673
Effects of foreign exchange rate changes	(138,826)	(116,950)
Net increase (decrease) in cash and cash equivalents	(190,887)	1,561,767
Cash and cash equivalents at beginning of period	9,036,050	8,988,974
Cash and cash equivalents at end of period	\$ 8,845,163	10,550,741