The slide features a blue gradient background with a grid of white lines. Inside the grid, there are several small, semi-transparent images of electronic equipment, including what appears to be a server rack, a monitor, and other hardware components. The text is positioned on the left side of the slide.

# Qisda Corporation Investor Conference : 2011 Q2 Results

August 30, 2011

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**Qisda**

## Outline

- 2011 Q2 Financial Results
- 2011 Q2 Business Summary
- 2011 Q3 Guidance

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## Safe Harbor Notice

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

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

## 2011 Q2 Financial Results

## 2011 Q2 Financial Highlights

### ● 2011 Q2

- Revenue NT\$ 21.0 B
- Operating income NT\$ 0.20 B (1.0%)
- Net income NT\$ 0.13 B, EPS NT\$ 0.07

### ● 2011 H1

- Revenue NT\$ 43.0 B
- Operating income NT\$ 0.46 B
- Net loss NT\$ 1.05 B, EPS NT\$ -0.54

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## Q2 Income Statement: QoQ Analysis

Amount : NT\$ Billion

|                                 | 2011 Q2 |        | 2011 Q1 |        | QoQ      |
|---------------------------------|---------|--------|---------|--------|----------|
| <b>Net Sales</b>                | 21.05   | 100.0% | 21.89   | 100.0% | -3.9%    |
| COGS                            | (19.56) |        | (20.32) |        |          |
| <b>Gross Margin</b>             | 1.49    | 7.1%   | 1.57    | 7.2%   | -0.1 ppt |
| Opex                            | (1.29)  | (6.1%) | (1.32)  | (6.0%) |          |
| <b>Operating Income</b>         | 0.20    | 1.0%   | 0.25    | 1.2%   | -0.2 ppt |
| Net Non-op Items                | (0.07)  |        | (1.39)  |        |          |
| <b>Income before Tax</b>        | 0.14    |        | (1.14)  |        |          |
| <b>Net Income</b>               | 0.13    | 0.6%   | (1.18)  | (5.4%) | +6.0 ppt |
| <b>EPS-Diluted (NT\$)</b>       | 0.07    |        | (0.61)  |        |          |
| <b>Net Worth / Share (NT\$)</b> | 11.94   |        | 12.49   |        |          |

\* Unaudited results of consolidated core business  
 \* EPS-diluted was calculated based on total diluted, weighted-averaged outstanding shares (1,964 m shares)  
 \* Net worth per share was calculated based on total outstanding shares (1,964 m shares)

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## Q2 Balance Sheet Highlights

Amount: NT \$ Billion

|                              | 2011 Q2      |               | 2011 Q1      |               | QoQ           |
|------------------------------|--------------|---------------|--------------|---------------|---------------|
| <b>Cash &amp; Equivalent</b> | <b>5.06</b>  | <b>7.3%</b>   | <b>6.69</b>  | <b>9.2%</b>   | <b>(1.63)</b> |
| <b>Accounts Receivable</b>   | <b>9.96</b>  | <b>14.3%</b>  | <b>10.43</b> | <b>14.3%</b>  | <b>(0.47)</b> |
| <b>Inventory</b>             | <b>9.08</b>  | <b>13.0%</b>  | <b>10.48</b> | <b>14.4%</b>  | <b>(1.40)</b> |
| <b>L-T Investments</b>       | <b>31.80</b> | <b>45.7%</b>  | <b>32.33</b> | <b>43.3%</b>  | <b>(0.53)</b> |
| <b>Total Assets</b>          | <b>69.57</b> | <b>100.0%</b> | <b>72.90</b> | <b>100.0%</b> | <b>(3.33)</b> |
| <b>Fin. Debt</b>             | <b>24.42</b> | <b>35.1%</b>  | <b>24.72</b> | <b>33.9%</b>  | <b>(0.30)</b> |
| <b>Accounts Payable</b>      | <b>13.28</b> | <b>19.1%</b>  | <b>16.49</b> | <b>22.6%</b>  | <b>(3.21)</b> |
| <b>Total Liabilities</b>     | <b>46.12</b> | <b>66.3%</b>  | <b>48.86</b> | <b>67.0%</b>  | <b>(2.74)</b> |
| <b>Equity</b>                | <b>23.44</b> | <b>33.7%</b>  | <b>24.05</b> | <b>33.0%</b>  | <b>(0.61)</b> |

\* Unaudited results of consolidated core business  
\* Fin. debt included long term and short term financial debts

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## Q2 Key Financial Ratios

|                                 | 2011 Q2        | 2011 Q1        | QoQ             |
|---------------------------------|----------------|----------------|-----------------|
| <b>A/R Turnover</b>             | <b>44 days</b> | <b>42 days</b> | <b>+2 days</b>  |
| <b>Inventory Turnover</b>       | <b>46 days</b> | <b>50 days</b> | <b>-4 days</b>  |
| <b>A/P Turnover</b>             | <b>66 days</b> | <b>78 days</b> | <b>-12 days</b> |
| <b>Cash Conversion Cycle</b>    | <b>24 days</b> | <b>14 days</b> | <b>+10 days</b> |
| <b>ROA</b>                      | <b>0.2%</b>    | <b>(1.6%)</b>  | <b>+1.8 ppt</b> |
| <b>ROE</b>                      | <b>0.5%</b>    | <b>(4.8%)</b>  | <b>+5.3 ppt</b> |
| <b>Current ratio</b>            | <b>105.5%</b>  | <b>104.3%</b>  | <b>+1.2 ppt</b> |
| <b>Fin. Debt / Total Assets</b> | <b>35.1%</b>   | <b>33.9%</b>   | <b>+1.2 ppt</b> |

\* Unaudited results of consolidated core business  
\* ROA and ROE were calculated on a quarterly basis

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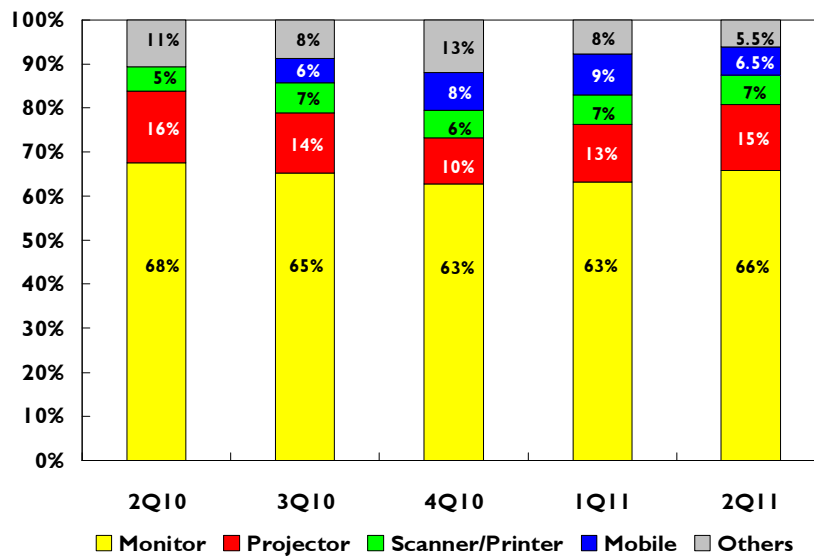
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# 2011 Q2 Business Summary

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## Revenue Breakdown by Product Line



Note : "Others" includes products with a revenue share below 3% such as professional & industrial displays, digital photo frame, automobile electronics, and others

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## 2011 Q2 Business Summary

- **Monitor :**

- Unit shipment remained flat QoQ at 3.99M sets

- **Projector :**

- Unit shipment increased by 8.5% QoQ to 312K sets

- **Color laser printer :**

- Unit shipment decreased by 6% QoQ

- **Mobile devices :**

- Unit shipment decreased by 30% QoQ

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**Qisda** Value-Up Solutions

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**Qisda Corporation.**  
**Unaudited Core Business Consolidated Balance Sheet**  
**JUN ,30, 2011**

UNIT : NTSK

| <b>Assets</b>   |                      |        | <b>Liabilities and stockholders' equity</b>                          |                      |        |
|---|----------------------|--------|--|----------------------|--------|
| <b>Current assets :</b>   |                      |        | <b>Liabilities</b>   |                      |        |
| Cash & cash equivalents   | 4,042,068            | 5.8%   | Short- term borrowings   | 3,833,044            | 5.5%   |
| Financial assets at fair value through profit or loss - current | 9,696                | 0.0%   | Financial liabilities at fair value through profit or loss - current | 51,093               | 0.1%   |
| Notes and accounts receivable, net                              | 5,338,748            | 7.7%   | N/P & A/P  | 12,293,817           | 17.7%  |
| N/R & A/R from related parties                                  | 4,616,842            | 6.6%   | N/P & A/P to related parties   | 981,519              | 1.4%   |
| Other receivables, net  | 1,169,175            | 1.7%   | Other payable to related parties                                     | 13,716               | 0.0%   |
| Other receivable from related parties                           | 694,785              | 1.0%   | Bonds payable and long-term debt due within one year                 | 2,596,607            | 3.7%   |
| Other financial assets - current                                | 1,022,293            | 1.5%   | Accrued exp. & other current liab.                                   | 7,508,292            | 10.8%  |
| Net inventories   | 9,078,259            | 13.0%  | <b>Total current liabilities</b>                                     | <u>27,278,087</u>    | 39.2%  |
| Prepaid expenses and other current assets                       | 2,459,287            | 3.5%   | Long term loan   | 17,992,250           | 25.9%  |
| Deferred income tax assets - current                            | 335,878              | 0.5%   | Bonds payable  | 0                    | 0.0%   |
| <b>Total current assets</b>                                     | <u>28,767,031</u>    | 41.4%  | Other liabilities  | 854,531              | 1.2%   |
| Long-term investments   | 31,798,607           | 45.7%  | <b>Total liabilities</b>   | <u>46,124,868</u>    | 66.3%  |
| <b>Fixed assets :</b>   | 14,377,746           | 20.7%  | <b>Stockholders' equity</b>  |                      |        |
| Less : Accumulated depreciation and                             | <u>(8,025,267)</u>   | 11.5%  | Common stock   | 19,667,820           | 28.3%  |
| <b>Total fixed assets</b>                                       | 6,352,478            | 9.1%   | Capital surplus  | 3,901,641            | 5.6%   |
| Other assets  | 2,649,933            | 3.8%   | Legal reserve  | 312,870              | 0.4%   |
|   |                      |        | Unrealized gain or loss on available-for-sale financial assets       | (479,525)            | -0.7%  |
|   |                      |        | Retained earnings  | 124,763              | 0.2%   |
|   |                      |        | Cumulative translation adjustment                                    | -6,264               | 0.0%   |
|   |                      |        | Treasury stock   | (78,122)             | -0.1%  |
|   |                      |        | <b>Total stockholders' equity</b>                                    | <u>23,443,181</u>    | 33.7%  |
| <b>Total Assets</b>   | <u>\$ 69,568,050</u> | 100.0% | <b>Total Liabilities and stockholders' equity</b>                    | <u>\$ 69,568,050</u> | 100.0% |

**Qisda Corporation.**  
**Unaudited Core Business Consolidated Income Statement**  
**Jan~JUN' 2011**

UNIT : NTSK

|                                    |                      |        |
|------------------------------------|----------------------|--------|
| <b>Net sales</b>                   | \$ 42,938,065        | 100.0% |
| Cost of goods sold                 | <u>(39,881,417)</u>  | -92.9% |
| <b>Gross profit</b>                | <u>3,056,649</u>     | 7.1%   |
| <b>Operating expense :</b>         |                      |        |
| S & M                              | (848,121)            | -2.0%  |
| G & A                              | (542,256)            | -1.3%  |
| R & D                              | (1,210,698)          | -2.8%  |
| <b>Total Operating expense</b>     | <u>(2,601,075)</u>   | -6.1%  |
| <b>Operating income (loss)</b>     | 455,573              | 1.1%   |
| <b>Non-operating income (loss)</b> | <u>(1,455,654)</u>   | -3.4%  |
| <b>Earning before income tax</b>   | <u>(1,000,080)</u>   | -2.3%  |
| <b>Income tax expense</b>          | <u>(54,318)</u>      | -0.1%  |
| <b>Profit after tax</b>            | <u>(\$1,054,398)</u> | -2.5%  |

**Qisda Corporation**  
**Non-consolidated Balance Sheets**  
**June 30, 2010 and 2011**  
(Expressed in thousands of New Taiwan dollars and US dollars)

| Assets   | 2010              |                   |                  | 2011 |      |      | Liabilities and Stockholders' Equity                                    | 2010              |                   |                  | 2011 |      |      |
|--|-------------------|-------------------|------------------|------|------|------|---|-------------------|-------------------|------------------|------|------|------|
|  | NT\$              | NT\$              | US\$             | NT\$ | NT\$ | US\$ |   | NT\$              | NT\$              | US\$             | NT\$ | NT\$ | US\$ |
| <b>Current assets:</b>   |                   |                   |                  |      |      |      | <b>Current liabilities:</b>   |                   |                   |                  |      |      |      |
| Cash and cash equivalents                                      | 539,008           | 523,730           | 18,233           |      |      |      | Financial liabilities at fair value through profit or loss— current     | 138,936           | 51,093            | 1,779            |      |      |      |
| Financial assets at fair value through profit or loss— current | 9,729             | 9,696             | 338              |      |      |      | Accounts payable  | 1,645,058         | 1,332,335         | 46,383           |      |      |      |
| Notes and accounts receivable                                  | 3,929,444         | 3,417,678         | 118,979          |      |      |      | Accounts payable to related parties                                     | 2,508,716         | 4,289,407         | 149,327          |      |      |      |
| Accounts receivable from related parties                       | 6,497,036         | 6,424,147         | 223,643          |      |      |      | Other payable to related parties  | 60,519            | 30,627            | 1,066            |      |      |      |
| Other receivables, net   | 1,314,356         | 758,972           | 26,422           |      |      |      | Income tax payable  | 132,365           | -                 | -                |      |      |      |
| Other receivable from related parties                          | 1,786,789         | 2,570,679         | 89,493           |      |      |      | Accrued expenses  | 4,637,487         | 4,077,955         | 141,965          |      |      |      |
| Inventories  | 1,683,221         | 1,478,833         | 51,482           |      |      |      | Dividend payable  | -                 | 964,108           | 33,563           |      |      |      |
| Prepaid expenses and other current assets                      | 14,858            | 46,771            | 1,628            |      |      |      | Advance receipts  | 553,959           | 612,417           | 21,320           |      |      |      |
| Deferred income tax assets – current                           | 215,451           | 287,794           | 10,019           |      |      |      | Other current liabilities   | 2,554,591         | 170,753           | 5,945            |      |      |      |
| <b>Total current assets</b>                                    | <b>15,989,892</b> | <b>15,518,300</b> | <b>540,237</b>   |      |      |      | Bonds payable due within one year                                       | -                 | 118,607           | 4,129            |      |      |      |
|  |                   |                   |                  |      |      |      | Long-term debt due within one year                                      | 989,000           | 2,478,000         | 86,266           |      |      |      |
| <b>Long-term investments:</b>                                  |                   |                   |                  |      |      |      | Deferred inter-company profits  | 243,578           | 57,545            | 2,003            |      |      |      |
| Equity method  | 34,726,773        | 32,415,995        | 1,128,494        |      |      |      | <b>Total current liabilities</b>  | <b>13,464,209</b> | <b>14,182,847</b> | <b>493,746</b>   |      |      |      |
| Available-for-sale financial assets— non-current               | 3,934,890         | 3,684,163         | 128,256          |      |      |      |   |                   |                   |                  |      |      |      |
| Financial assets carried at cost— non-current                  | 39,083            | 225,050           | 7,835            |      |      |      | <b>Long-term liabilities</b>  |                   |                   |                  |      |      |      |
|  | <b>38,700,746</b> | <b>36,325,208</b> | <b>1,264,585</b> |      |      |      | Financial liabilities at fair value through profit or loss— non-current | 5,933             | -                 | -                |      |      |      |
|  |                   |                   |                  |      |      |      | Bonds payable   | 114,479           | -                 | -                |      |      |      |
| <b>Property, plant and equipment:</b>                          |                   |                   |                  |      |      |      | Long-term debt  | 17,611,000        | 16,556,000        | 576,362          |      |      |      |
| Land   | 624,587           | 600,168           | 20,894           |      |      |      | <b>Total long-term liabilities</b>                                      | <b>17,731,412</b> | <b>16,556,000</b> | <b>576,362</b>   |      |      |      |
| Buildings  | 1,465,083         | 1,426,071         | 49,646           |      |      |      |   |                   |                   |                  |      |      |      |
| Machinery and equipment  | 852,509           | 885,855           | 30,839           |      |      |      | <b>Other liabilities :</b>  |                   |                   |                  |      |      |      |
| Furniture and fixtures   | 117,783           | 120,077           | 4,180            |      |      |      | Deposit-in  | 2,530             | -                 | -                |      |      |      |
| Miscellaneous equipment  | 48,506            | 60,531            | 2,107            |      |      |      | Deferred gain on sale-and-leaseback transaction                         | 664,157           | 554,981           | 19,320           |      |      |      |
| Prepayments for plant and equipment                            | 3,619             | 11,273            | 392              |      |      |      | Other liabilities   | 389,213           | 45,363            | 1,579            |      |      |      |
|  | <b>3,112,087</b>  | <b>3,103,975</b>  | <b>108,058</b>   |      |      |      | <b>Total other liabilities</b>  | <b>1,055,900</b>  | <b>600,344</b>    | <b>20,899</b>    |      |      |      |
| Less: accumulated depreciation                                 | (1,524,008)       | (1,603,677)       | (55,828)         |      |      |      | <b>Total liabilities</b>  | <b>32,251,521</b> | <b>31,339,191</b> | <b>1,091,007</b> |      |      |      |
| <b>Net property, plant and equipment</b>                       | <b>1,588,079</b>  | <b>1,500,298</b>  | <b>52,230</b>    |      |      |      |   |                   |                   |                  |      |      |      |
| <b>Intangible assets</b>                                       | <b>25,537</b>     | <b>49,095</b>     | <b>1,709</b>     |      |      |      | <b>Stockholders' equity:</b>  |                   |                   |                  |      |      |      |
| <b>Other assets :</b>  |                   |                   |                  |      |      |      | Common stock  | 19,282,176        | 19,282,176        | 671,268          |      |      |      |
| Assets for lease   | 170,908           | 213,283           | 7,425            |      |      |      | Stock dividends to be distributed                                       | -                 | 385,644           | 13,425           |      |      |      |
| Idle assets  | 104,324           | 104,324           | 3,632            |      |      |      | Capital surplus   | 3,431,337         | 3,614,726         | 125,839          |      |      |      |
| Refundable deposits  | 94,285            | 96,932            | 3,374            |      |      |      | Legal reserve   | -                 | 312,870           | 10,892           |      |      |      |
| Deferred expenses  | 137,867           | 111,870           | 3,895            |      |      |      | Special reserve   | -                 | 286,915           | 9,988            |      |      |      |
| Deferred income tax assets – non-current                       | 819,876           | 741,175           | 25,802           |      |      |      | Retained earnings   | 2,021,839         | 124,762           | 4,343            |      |      |      |
| Prepaid pension cost   | 111,704           | 121,887           | 4,243            |      |      |      | Cumulative translation adjustment                                       | 1,047,123         | (6,266)           | (218)            |      |      |      |
| <b>Total other assets</b>                                      | <b>1,438,964</b>  | <b>1,389,471</b>  | <b>48,371</b>    |      |      |      | Unrealized loss on available-for-sale financial assets                  | (209,449)         | (479,525)         | (16,693)         |      |      |      |
|  |                   |                   |                  |      |      |      | Treasury stock  | (81,329)          | (78,121)          | (2,719)          |      |      |      |
|  |                   |                   |                  |      |      |      | <b>Total stockholders' equity</b>                                       | <b>25,491,697</b> | <b>23,443,181</b> | <b>816,125</b>   |      |      |      |
| <b>Total assets</b>  | <b>57,743,218</b> | <b>54,782,372</b> | <b>1,907,132</b> |      |      |      | <b>Commitments and contingencies</b>                                    |                   |                   |                  |      |      |      |
|  |                   |                   |                  |      |      |      | <b>Total liabilities and stockholders' equity</b>                       | <b>57,743,218</b> | <b>54,782,372</b> | <b>1,907,132</b> |      |      |      |

(Note: Translation of New Taiwan dollar financial statement amounts into U.S. dollar amounts is included solely for the convenience of the readers, using the spot rate of the Taiwan Bank as of June 30, 2011, of NT\$28.725 to US\$1 uniformly for all the financial statements accounts. )



**Qisda Corporation**

**Non-consolidated Statements of Operations**

**For the six-month periods ended June 30, 2010 and 2011**

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

|   | 2010               | 2011               |                 |
|---|--------------------|--------------------|-----------------|
|   | NT\$               | NT\$               | US\$            |
| <b>Net sales</b>  | 29,301,633         | 31,912,779         | 1,110,976       |
| <b>Cost of goods sold</b>                               | (27,245,490)       | (30,330,008)       | (1,055,875)     |
| <b>Gross profit</b>                                     | <u>2,056,143</u>   | <u>1,582,771</u>   | <u>55,101</u>   |
| <b>Change in deferred inter-company profits</b>         | (83,288)           | 31,361             | 1,092           |
| <b>Realized gross profit</b>                            | <u>1,972,855</u>   | <u>1,614,132</u>   | <u>56,193</u>   |
| <b>Operating expenses:</b>                              |                    |                    |                 |
| Selling   | (521,205)          | (272,163)          | (9,475)         |
| Administrative  | (248,992)          | (335,169)          | (11,668)        |
| Research and development                                | (1,207,905)        | (1,075,003)        | (37,424)        |
|   | <u>(1,978,102)</u> | <u>(1,682,335)</u> | <u>(58,567)</u> |
| <b>Operating loss</b>                                   | <u>(5,247)</u>     | <u>(68,203)</u>    | <u>(2,374)</u>  |
| <b>Non-operating income:</b>                            |                    |                    |                 |
| Interest income   | 16,376             | 23,637             | 823             |
| Investment income recorded under the equity method, net | 2,097,365          | -                  | -               |
| Dividend income   | 163,673            | 272,862            | 9,499           |
| Gain on disposal of investments, net                    | 1,101,533          | -                  | -               |
| Foreign currency exchange gain, net                     | 66,220             | 337,678            | 11,755          |
| Others  | 33,633             | 54,363             | 1,893           |
|   | <u>3,478,800</u>   | <u>688,540</u>     | <u>23,970</u>   |
| <b>Non-operating expenses:</b>                          |                    |                    |                 |
| Interest expense  | (285,609)          | (249,212)          | (8,676)         |
| Investment loss recorded under the equity method, net   | -                  | (1,068,618)        | (37,202)        |
| Other investment loss                                   | (4,546)            | -                  | -               |
| Evaluation loss on financial instruments, net           | (127,352)          | (378,184)          | (13,166)        |
| Others  | (111,936)          | (1,329)            | (46)            |
|   | <u>(529,443)</u>   | <u>(1,697,343)</u> | <u>(59,090)</u> |
| <b>Income (loss) before income tax</b>                  | <u>2,944,110</u>   | <u>(1,077,006)</u> | <u>(37,494)</u> |
| <b>Income tax benefit (expense)</b>                     | (311,254)          | 22,608             | 787             |
| <b>Net income (loss)</b>                                | <u>2,632,856</u>   | <u>(1,054,398)</u> | <u>(36,707)</u> |
| <b>Earnings per share (expressed in dollars):</b>       |                    |                    |                 |
| <b>Basic earnings per share</b>                         | <u>1.34</u>        | <u>(0.54)</u>      | <u>(0.019)</u>  |
| <b>Diluted earnings per share</b>                       | <u>1.33</u>        | <u>(0.54)</u>      | <u>(0.019)</u>  |

**Qisda Corporation**

**Non-consolidated Statements of Changes in Stockholders' Equity**

**For the six-month periods ended June 30, 2010 and 2011**

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

|  | Common Stock<br>NT\$ | Stock dividends<br>to be Distributed<br>NT\$ | Capital Surplus<br>NT\$ | Legal Reserve<br>NT\$ | Special Reserve<br>NT\$ | Retained Earnings<br>(Accumulated Deficit)<br>NT\$ | Cumulative Translation<br>Adjustment<br>NT\$ | Unrealized Gain (Loss)<br>on Available-for-sale<br>Financial Assets<br>NT\$ | Treasury Stocks<br>NT\$ | Total<br>NT\$     |
|--|----------------------|--|-------------------------|-----------------------|-------------------------|--|--|---|-------------------------|-------------------|
| <b>Balance as of January, 1, 2010</b>  | 19,282,176           | -  | 4,880,966               | -                     | -                       | (1,807,773)  | 812,471                                      | (273,084)   | (81,123)                | 22,813,633        |
| Net income for the six-month period ended June 30, 2010  | -                    | -  | -                       | -                     | -                       | 2,632,856  | -  | -   | -                       | 2,632,856         |
| Appropriation of earnings and capital surplus:   |                      |  |                         |                       |                         |  |  |   |                         |                   |
| Decrease in capital surplus to offset accumulated deficit  | -                    | -  | (1,196,756)             | -                     | -                       | 1,196,756  | -  | -   | -                       | -                 |
| Change in treasury stock held by subsidiaries  | -                    | -  | -                       | -                     | -                       | -  | -  | -   | (206)                   | (206)             |
| Change in unrealized loss on available-for-sale financial assets                                 | -                    | -  | -                       | -                     | -                       | -  | -  | 125,498   | -                       | 125,498           |
| Adjustments of net equity of investee companies  | -                    | -  | (252,873)               | -                     | -                       | -  | -  | -   | -                       | (252,873)         |
| Change in cumulative translation adjustment  | -                    | -  | -                       | -                     | -                       | -  | 234,652                                      | -   | -                       | 234,652           |
| Change in unrealized loss on available-for-sale financial assets held by equity method investees | -                    | -  | -                       | -                     | -                       | -  | -  | (61,863)  | -                       | (61,863)          |
| <b>Balance at June 30, 2010</b>  | <b>19,282,176</b>    | <b>-</b>                                     | <b>3,431,337</b>        | <b>-</b>              | <b>-</b>                | <b>2,021,839</b>                                   | <b>1,047,123</b>                             | <b>(209,449)</b>  | <b>(81,329)</b>         | <b>25,491,697</b> |
| <b>Balance as of January, 1, 2011</b>  | 19,282,176           | -  | 3,571,497               | -                     | -                       | 3,128,697  | 101,959                                      | (388,874)   | (78,485)                | 25,616,970        |
| Net loss for the six-month period ended June 30, 2011  | -                    | -  | -                       | -                     | -                       | (1,054,398)  | -  | -   | -                       | (1,054,398)       |
| Appropriation of earnings (note):  |                      |  |                         |                       |                         |  |  |   |                         |                   |
| Increase in legal reserve  | -                    | -  | -                       | 312,870               | -                       | (312,870)  | -  | -   | -                       | -                 |
| Increase in special reserve  | -                    | -  | -                       | -                     | 286,915                 | (286,915)  | -  | -   | -                       | -                 |
| Distribution of cash dividends   | -                    | -  | -                       | -                     | -                       | (964,108)  | -  | -   | -                       | (964,108)         |
| Distribution of stock dividends  | -                    | 385,644                                      | -                       | -                     | -                       | (385,644)  | -  | -   | -                       | -                 |
| Change in treasury stock held by subsidiaries  | -                    | -  | -                       | -                     | -                       | -  | -  | -   | 364                     | 364               |
| Adjustments of net equity of investee companies  | -                    | -  | 43,229                  | -                     | -                       | -  | -  | -   | -                       | 43,229            |
| Change in unrealized loss on available-for-sale financial assets                                 | -                    | -  | -                       | -                     | -                       | -  | -  | (73,233)  | -                       | (73,233)          |
| Change in cumulative translation adjustment  | -                    | -  | -                       | -                     | -                       | -  | (108,225)                                    | -   | -                       | (108,225)         |
| Change in unrealized loss on available-for-sale financial assets held by equity method investees | -                    | -  | -                       | -                     | -                       | -  | -  | (17,418)  | -                       | (17,418)          |
| <b>Balance at June 30, 2011</b>  | <b>19,282,176</b>    | <b>385,644</b>                               | <b>3,614,726</b>        | <b>312,870</b>        | <b>286,915</b>          | <b>124,762</b>                                     | <b>(6,266)</b>                               | <b>(479,525)</b>  | <b>(78,121)</b>         | <b>23,443,181</b> |

(Notes) Directors' remuneration of NTS25,290 and employee bonuses of NTS360,000 for 2010 have been deducted in the 2010 net income.

Qisda Corporation

**Non-consolidated Statements of Cash Flows**  
**For the six-month periods ended June 30, 2010 and 2011**  
**(Expressed in thousands of New Taiwan dollars and US Dollars)**

|  | 2010               | 2011             |                 |
|--|--------------------|------------------|-----------------|
|  | NT\$               | NT\$             | US\$            |
| Cash flows from operating activities:  |                    |                  |                 |
| Net income (loss)  | 2,632,856          | (1,054,398)      | (36,707)        |
| Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities: |                    |                  |                 |
| Depreciation   | 58,543             | 51,259           | 1,785           |
| Amortization   | 24,778             | 20,377           | 709             |
| Amortization of bond discount and bond issuance costs  | 21,592             | 15,527           | 540             |
| Change in allowance for bad debt and sales discount  | 64,759             | 2,921            | 102             |
| Change in provision for inventory obsolescence   | (4,898)            | 2,394            | 83              |
| Investment (income) loss recorded under the equity method, net                                     | (2,097,365)        | 1,068,618        | 37,202          |
| Gain on disposal of investments, net   | (1,101,533)        | -                | -               |
| Gain on disposal of property, plant and equipment, net   | (433)              | (5)              | -               |
| Amortization of deferred profits on sale-and-leaseback transaction                                 | (54,588)           | (54,588)         | (1,900)         |
| Other Investment loss  | 4,546              | -                | -               |
| Differences in accounts in the accompanying balance sheets:  |                    |                  |                 |
| Financial assets and liabilities at fair value through profit or loss                              | 127,352            | 378,184          | 13,166          |
| Notes and accounts receivable  | (1,777,509)        | 830,603          | 28,915          |
| Receivables from related parties   | (768,965)          | (626,832)        | (21,822)        |
| Other receivables  | 93,672             | 349,908          | 12,181          |
| Other receivables from related parties   | (51,356)           | (543,400)        | (18,917)        |
| Inventories  | (373,402)          | 278,053          | 9,680           |
| Income tax payable   | -                  | (132,075)        | (4,598)         |
| Prepaid expenses and other current assets  | 28,978             | 367              | 13              |
| Deferred income tax assets   | 142,921            | -                | -               |
| Prepaid pension cost   | (5,756)            | (2,800)          | (97)            |
| Accounts payable   | (211,376)          | (497,593)        | (17,323)        |
| Payables to related parties  | (341,936)          | 1,389,466        | 48,371          |
| Deferred inter-company profit  | 83,288             | (31,361)         | (1,092)         |
| Accrued expenses and other current liabilities   | 154,807            | (1,019,543)      | (35,493)        |
| Advance receipts   | -                  | 87,385           | 3,042           |
| Other payables to related parties  | 26,292             | (2,025)          | (70)            |
| Other liabilities  | (2,070)            | -                | -               |
| Net cash (used in) provided by operating activities  | <u>(3,326,803)</u> | <u>510,442</u>   | <u>17,770</u>   |
| Cash flows from investing activities:  |                    |                  |                 |
| Proceeds from disposal of investments  | 2,247,234          | -                | -               |
| Addition to long-term equity investments   | (194,914)          | -                | -               |
| Additions to property, plant and equipment   | (13,022)           | (37,275)         | (1,298)         |
| Proceeds from disposal of property, plant and equipment  | 572                | 5                | -               |
| Increase in refundable deposits  | (1,826)            | (2,647)          | (92)            |
| Increase in deferred expenses  | (36,752)           | (9,591)          | (334)           |
| Decrease (increase) in other receivables from related parties                                      | 39,645             | (380,217)        | (13,236)        |
| Proceeds from investees' capital reduction   | 273,200            | -                | -               |
| Net cash provided by (used in) investing activities  | <u>2,314,137</u>   | <u>(429,725)</u> | <u>(14,960)</u> |
| Cash flows from financing activities:  |                    |                  |                 |
| Decrease in short-term borrowings  | (1,024,960)        | -                | -               |
| Decrease in long-term debt   | (5,600,000)        | (884,250)        | (30,783)        |
| Increase in long-term debt   | 9,000,000          | 861,750          | 30,000          |
| Redemption of bonds  | (1,600,000)        | -                | -               |
| Increase in deposit-in   | 2,530              | -                | -               |
| Net cash provided by (used in) financing activities  | <u>777,570</u>     | <u>(22,500)</u>  | <u>(783)</u>    |
| Net increase (decrease) in cash and cash equivalents   | (235,096)          | 58,217           | 2,027           |
| Cash and cash equivalents at beginning of period   | 774,104            | 465,513          | 16,206          |
| Cash and cash equivalents at end of period   | <u>539,008</u>     | <u>523,730</u>   | <u>18,233</u>   |
| Supplemental disclosure of cash flow information:  |                    |                  |                 |
| Cash paid during the period for:   |                    |                  |                 |
| Interest   | <u>306,986</u>     | <u>247,335</u>   | <u>8,610</u>    |
| Income taxes   | <u>491</u>         | <u>109,566</u>   | <u>3,814</u>    |
| Supplemental disclosure of non-cash investing and financial activities:                            |                    |                  |                 |
| Changes in unrealized loss on available-for-sale financial assets                                  | <u>125,498</u>     | <u>(73,233)</u>  | <u>(2,549)</u>  |
| Adjustments of net equity of investee companies  | <u>(252,873)</u>   | <u>43,229</u>    | <u>1,505</u>    |
| Increase (decrease) in cumulative translation adjustment   | <u>234,652</u>     | <u>(108,225)</u> | <u>(3,768)</u>  |