



Outline

- 2014 Q2 DMS Business Financial Results
- 2014 Q2 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 Q2 DMS Business Financial Results

2014 Q2 DMS Business Income Statement: QoQ Analysis

Amount : NT\$ Billion

	2014 Q2		2014 Q1		QoQ
DMS Business: ⁽¹⁾					
Net Sales	24.07	100.0%	21.60	100.0%	11.5%
COGS	(22.21)		(19.93)		
Gross Margin	1.86	7.7%	1.67	7.7%	+0.0 ppt
Opex	(1.45)	-6.0%	(1.21)	-5.6%	
Operating Income	0.41	1.7%	0.46	2.1%	-0.4 ppt
Net Non-op Items	0.48		(0.10)		
Consolidated: ⁽²⁾					
Net Income	0.95	2.9%	0.42	1.4%	+1.5 ppt
Net Income, attributable to owners of Company	0.83	2.5%	0.28	1.0%	+1.5 ppt
EPS (NT\$)	0.42		0.14		
Net Worth / Share (NT\$)	11.84		11.52		

(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 Q2 DMS Business Balance Sheet Highlights

Amount: NT\$ Billion

	2014 Q2		2014 Q1		QoQ
Cash & Equivalent	5.80	8.5%	8.89	13.2%	(3.09)
Accounts Receivable	19.97	29.2%	16.57	24.7%	3.40
Inventory	8.48	12.4%	8.07	12.0%	0.41
L-T Investments	22.74	33.2%	22.49	33.5%	0.25
Total Assets	68.43	100.0%	67.22	100.0%	1.21
Fin. Debt	21.75	31.8%	22.59	33.6%	(0.84)
Accounts Payable	18.39	26.9%	17.38	25.9%	1.01
Total Liabilities	45.14	66.0%	44.56	66.3%	0.58
Equity	23.28	34.0%	22.66	33.7%	0.62

* 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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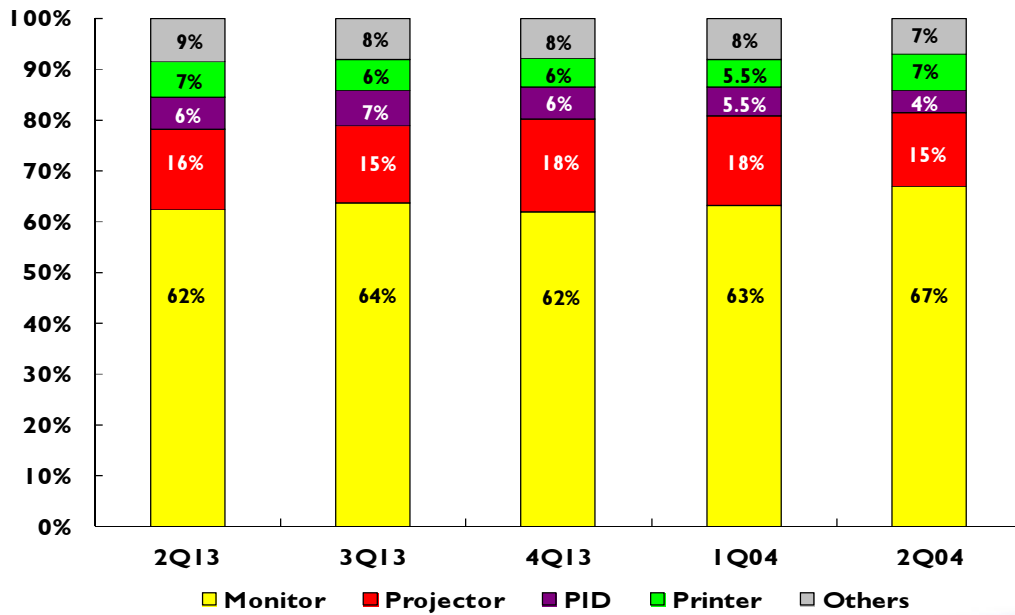
2014 Q2 DMS Business Key Financial Ratios

	2014 Q2	2014 Q1	QoQ
A/R Turnover	75 days	70 days	+5 days
Inventory Turnover	37 days	36 days	+1 days
A/P Turnover	80 days	85 days	-5 days
Cash Conversion Cycle	32 days	21 days	+11 days
ROA	1.2%	0.4%	+0.8 ppt
ROE	3.6%	1.3%	+2.3 ppt
Current ratio	96.8%	90.2%	+6.6 ppt
Fin. Debt / Total Assets	31.8%	33.6%	-1.8 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 Q2 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 Q2 DMS Business Summary

- **Monitor :**
 - Unit shipment increased by 16.7% QoQ to 4.1M sets
- **Projector :**
 - Unit shipment decreased by 3.1% QoQ to 367K sets

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Unaudited DMS Business Consolidated Balance Sheet

Jun ,30, 2014

UNIT : NT\$K

Assets			Liabilities and stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalents	\$ 5,732,331	8	Short- term borrowings	\$ 10,225,017	15
Current available-for-sale financial assets	-	-	Current financial liabilities at fair value through profit or loss	13,295	0
Notes and accounts receivable, net	13,572,416	20	N/P & A/P	17,185,201	25
N/R & A/R from related parties	6,399,090	9	N/P & A/P to related parties	1,206,582	2
Other receivables, net	668,745	1	Other payable	3,865,156	6
Other receivable from related parties	887,111	1	Other payable to related parties	83,559	0
Net inventories	8,483,811	12	Other current liabilities	408,338	1
Other current assets	894,796	1	Bonds payable due within one year	-	-
Other Finaancial assets-current	62,717	0	Long-term debt due within one year	4,880,464	7
Non-current assets classified as held for sale	-	-	Current provisions	47,149	0
Total current assets	36,701,017	54	Total current liabilities	37,914,760	55
Non current assets			Long term loan	6,647,448	10
Non-current available-for-sale financial assets	314,984	0	Leased Liabilities-non current	-	-
Investments accounted for using equity method	22,741,638	33	Provision Liabilities-non current	231,783	0
Property, plant and equipment	5,800,978	8	Deferred tax liabilities	43,092	0
Investment property	-	-	Other non-current liabilities, others	306,572	0
Intangible assets	31,176	0	Total non-current liabilities	7,228,894	11
Deferred tax assetsent	1,172,152	2	Total Liabilities	45,143,655	66
Other non-current assets	43,096	0	Attributable to owners of company		
Other non-current financial assets	860,310	1	Common stock	19,667,820	29
Long-term prepaid rents	763,191	1	Capital surplus	1,999,496	3
Total Non current assets	31,727,525	46	Retained Earnings	669,935	1
			Other equity interest	947,850	1
			Treasury Stock	(213)	(0)
			Total stockholders' equity	23,284,888	34
Total Assets	\$ 68,428,542	100	Total Liabilities and stockholders' equity	\$ 68,428,542	100

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Unaudited DMS Business Consolidated Income Statement

Jan~Jun' 2014

UNIT : NT\$K

Net sales	\$ 45,666,763	100
Cost of goods sold	42,136,179	92
Gross profit	3,530,585	8
S & M	1,067,479	2
G & A	410,436	1
R & D	1,182,308	3
Operating expense	2,660,222	6
Operating income (loss)	870,363	2
Total non-operating income (loss)	382,410	1
Profit before tax	1,252,773	3
Income Tax Expense	135,575	0
Profit after tax	1,117,198	2
Other comprehensive income (Profit after tax)	(304,798)	(1)
Comprehensive income	\$ 812,400	2

Qisda Corporation and Subsidiaries
Consolidated Balance Sheets
June 30, 2014, December 31, 2013, June 30, 2013
(Expressed in thousands of New Taiwan dollars)

Assets	2014.6.30	2013.12.31	2013.6.30	Liabilities and Equity	2014.6.30	2013.12.31	2013.6.30
	NT\$	NT\$	NT\$		NT\$	NT\$	NT\$
Current assets :				Current liabilities :			
Cash and cash equivalents	\$ 10,667,458	\$ 11,479,890	\$ 11,742,627	Short-term borrowings	\$ 14,231,739	\$ 9,861,956	\$ 12,524,506
Financial assets at fair value through profit or loss — current	401,811	249,296	350,860	Financial liabilities at fair value through profit or loss — current	29,616	80,302	53,589
Available-for-sale financial assets — current	157,271	-	-	Notes and accounts payable	22,832,525	22,638,888	21,300,065
Notes and accounts receivable, net	19,519,627	12,659,185	14,219,554	Accounts payable to related parties	1,863,994	1,884,581	1,849,401
Notes and accounts receivable from related parties	5,605,314	2,809,182	2,744,606	Other payables	9,341,631	8,880,205	8,064,779
Other receivables	691,820	1,326,076	1,189,899	Other payables to related parties	91,565	62,635	37,309
Other receivables from related parties	278,015	153,070	178,655	Other current liabilities	642,360	693,284	794,943
Inventories	14,701,666	14,671,779	14,498,595	Current portion of long-term debt	6,325,403	4,062,084	2,051,803
Other current assets	1,513,136	2,289,110	2,495,968	Provisions — current	483,220	543,748	514,902
Other financial assets — current	1,327,859	1,543,985	1,001,841	Total current liabilities	55,842,053	48,707,683	47,191,297
Total current assets	54,863,977	47,181,573	48,422,605	Non-current liabilities :			
Non-current assets :				Long-term debt, excluding current portion	12,484,198	16,323,515	20,035,810
Available-for-sale financial assets — non-current	1,095,650	1,120,158	911,058	Lease obligations payable	964,756	975,512	990,782
Investments accounted for using equity method	14,086,373	13,938,461	13,730,444	Provisions — non-current	816,378	707,059	828,074
Property, plant and equipment	19,475,599	20,175,295	20,265,398	Deferred income tax liabilities	94,079	93,388	111,239
Investment property	2,980,726	2,446,934	1,982,517	Other non-current liabilities	380,632	380,464	408,425
Intangible assets	169,519	174,808	187,371	Total non-current liabilities	14,740,043	18,479,938	22,374,330
Deferred income tax assets	1,735,288	1,594,881	1,549,199	Total liabilities	70,582,096	67,187,621	69,565,627
Other non-current assets	141,444	116,782	355,577	Equity attributable to owners of parent :			
Other financial assets — non-current	1,012,683	1,002,468	968,985	Common stock	19,667,820	19,667,820	19,667,820
Long-term prepaid rents	2,783,621	2,860,969	2,887,390	Capital surplus	1,999,496	-	-
Total non-current assets	43,480,903	43,430,756	42,837,939	Retained earnings (accumulated deficit)	669,935	(447,263)	(1,451,985)
				Other equity interest	947,850	1,331,522	1,101,520
				Treasury stock	(213)	(213)	(213)
				Total equity attributable to owners of parent	23,284,888	20,551,866	19,317,142
				Non-controlling interests	4,477,896	2,872,842	2,377,775
				Total equity	27,762,784	23,424,708	21,694,917
Total assets	\$ 98,344,880	90,612,329	91,260,544	Total liabilities and equity	\$ 98,344,880	90,612,329	91,260,544

Qisda Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the six-month periods ended June 30, 2014 and 2013
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	2014.4.1~6.3	2013.4.1~6.3	2014.1.1~6.3	2013.1.1~6.30
	NT\$	NT\$	NT\$	NT\$
Revenue	\$ 33,360,918	29,318,794	63,174,431	56,824,652
Cost of sales	(29,552,933)	(26,087,060)	(55,816,808)	(51,151,163)
Gross profit	<u>3,807,985</u>	<u>3,231,734</u>	<u>7,357,623</u>	<u>5,673,489</u>
Operating expenses:				
Selling expenses	(1,525,890)	(1,424,254)	(2,841,201)	(2,712,648)
Administrative expenses	(705,386)	(662,718)	(1,406,287)	(1,267,858)
Research and development expenses	(831,976)	(713,587)	(1,567,359)	(1,408,438)
	<u>(3,063,252)</u>	<u>(2,800,559)</u>	<u>(5,814,847)</u>	<u>(5,388,944)</u>
Operating income	<u>744,733</u>	<u>431,175</u>	<u>1,542,776</u>	<u>284,545</u>
Non-operating income and loss:				
Other income	115,650	174,935	198,718	237,082
Other non-operating income and loss – net	146,442	321,873	37,239	153,622
Finance costs	(239,829)	(298,350)	(478,599)	(526,105)
Share of income of associates and joint ventures accounted for using equity method, net	280,096	271,450	261,252	63,074
Total non-operating income and loss	<u>302,359</u>	<u>469,908</u>	<u>18,610</u>	<u>(72,327)</u>
Profit before tax	1,047,092	901,083	1,561,386	212,218
Income tax expense	(92,524)	(106,579)	(183,369)	(189,228)
Profit (loss)	<u>954,568</u>	<u>794,504</u>	<u>1,378,017</u>	<u>22,990</u>
Other comprehensive income:				
Foreign currency translation differences	(363,337)	110,172	(201,055)	480,154
Change in fair value of available-for-sale financial assets	(85,637)	(61,540)	(75,893)	819,892
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(88,019)	66,915	(73,083)	192,893
Less: Income tax on other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of tax	<u>(536,993)</u>	<u>115,547</u>	<u>(350,031)</u>	<u>1,492,939</u>
Total comprehensive income for the period	<u>417,575</u>	<u>910,051</u>	<u>1,027,986</u>	<u>1,515,929</u>
Profit (loss), attributable to:				
Shareholders of the Company	\$ 832,852	570,102	1,117,198	(271,902)
Non-controlling interests	121,716	224,402	260,819	294,892
	<u>\$ 954,568</u>	<u>794,504</u>	<u>1,378,017</u>	<u>22,990</u>
Total comprehensive income attributable to:				
Shareholders of the Company	\$ 361,128	674,060	812,400	1,153,213
Non-controlling interests	56,447	235,991	215,586	362,716
	<u>\$ 417,575</u>	<u>910,051</u>	<u>1,027,986</u>	<u>1,515,929</u>
Earnings per common share (expressed in New Taiwan dollars):				
Basic earnings per common share	<u>\$ 0.42</u>	<u>0.29</u>	<u>0.57</u>	<u>(0.14)</u>
Diluted earnings per common share	<u>\$ 0.42</u>	<u>0.29</u>	<u>0.57</u>	<u>(0.14)</u>

Qisda Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the six-month periods ended June 30, 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	-	-	(203,020)	-	-	-	-	(203,020)	-	(203,020)
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	6,667	6,667	-	6,667
Changes in non-controlling interests	-	-	-	-	-	-	-	-	19,073	19,073
Profit (loss)	-	-	(271,902)	-	-	-	-	(271,902)	294,892	22,990
Other comprehensive income (loss) for the period	-	-	-	603,741	821,374	1,425,115	-	1,425,115	67,824	1,492,939
Total comprehensive income (loss) for the period	-	-	(271,902)	603,741	821,374	1,425,115	-	1,153,213	362,716	1,515,929
Balance at June 30, 2013	19,667,820	-	(1,451,985)	870,784	230,736	1,101,520	(213)	19,317,142	2,377,775	21,694,917
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	-	21,294	-	-	-	-	-	21,294	-	21,294
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	251,711	-	-	-	-	-	251,711	92,014	343,725
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	(60,992)	(60,992)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	5,646	5,646
Proceeds from Issuance of Subsidiary Shares to Non-Controlling Interests	-	1,726,491	-	(78,874)	-	(78,874)	-	1,647,617	1,374,147	3,021,764
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(21,347)	(21,347)
Profit (loss)	-	-	1,117,198	-	-	-	-	1,117,198	260,819	1,378,017
Other comprehensive income (loss) for the period	-	-	-	(240,560)	(64,238)	(304,798)	-	(304,798)	(45,233)	(350,031)
Total comprehensive income (loss) for the period	-	-	1,117,198	(240,560)	(64,238)	(304,798)	-	812,400	215,586	1,027,986
Balance at June 30, 2014	19,667,820	1,999,496	669,935	512,937	434,913	947,850	(213)	23,284,888	4,477,896	27,762,784

Qisda Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the six-month periods ended June 30, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	2014.1.1~6.30	2013.1.1~6.30
	NT\$	NT\$
Cash flows from operating activities:		
Profit (loss) before taxes	\$ 1,561,386	212,218
Adjustments for:		
Depreciation	1,004,074	1,157,789
Amortization	106,261	102,458
Provision for bad debt expense	18,227	34,772
Interest expense	478,599	526,105
Interest income	(165,189)	(105,743)
Dividend income	(18,277)	(7,230)
Share-based payments	5,646	-
Share of loss of associates and joint ventures accounted for using equity method, net	(261,252)	(63,074)
Loss (gain) on disposal of property, plan and equipment, net	2,718	(55,070)
Loss (gain) on disposal of investments	(110,113)	243,000
Total adjustments to reconcile profit (loss)	<u>1,060,694</u>	<u>1,833,007</u>
Changes in operating assets and liabilities:		
Financial assets (liabilities) at fair value through profit or loss	(196,310)	(175,890)
Notes and accounts receivable	(6,879,376)	(3,913,056)
Notes and accounts receivable from related parties	(2,796,132)	(681,172)
Other receivables	640,069	184,493
Other receivables from related parties	2,191	5,025
Inventories	(29,887)	532,743
Other current assets	769,502	293,639
Other non-current assets	(60,024)	(137,040)
Net changes in operating assets	<u>(8,549,967)</u>	<u>(3,891,258)</u>
Notes and accounts payable	193,637	1,552,301
Accounts payable to related parties	(20,587)	213,846
Other payables to related parties	29,194	7,916
Provisions	48,791	(5,149)
Other current liabilities	281,260	367,888
Other non-current liabilities	168	52,556
Net changes in operating liabilities	<u>532,463</u>	<u>2,189,358</u>
Total changes in operating assets and liabilities	<u>(8,017,504)</u>	<u>(1,701,900)</u>
Cash provided by (used in) operations	(5,395,424)	343,325
Interest received	159,376	60,475
Dividends received	18,277	7,230
Interest paid	(460,414)	(516,187)
Income taxes paid	(300,043)	(211,956)
Net cash used in operating activities	<u>(5,978,228)</u>	<u>(317,113)</u>
Cash flows from investing activities:		
Additions to available-for-sale financial assets	(212,106)	(35,000)
Proceeds from sale of available-for-sale financial assets	10,568	2,249,487
Additions to investments accounted for using equity method	(40,904)	(2,000)
Proceeds from disposal of investments accounted for using equity method	-	138,367
Acquisition of a subsidiary, net of cash acquired	-	(177,187)
Additions to property, plant and equipment	(379,734)	(730,155)
Additions to investment property	(619,728)	(352,986)
Proceeds from disposal of property, plant and equipment	1,784	215,933
Increase in other receivables from related parties	(11,651)	(23,622)
Additions to intangible assets	(61,979)	(84,617)
Decrease in other financial assets – non-current	205,696	87,112
Net cash outflow from deconsolidation of subsidiary	(35,855)	-
Net cash provided by (used in) investing activities	<u>(1,143,909)</u>	<u>1,285,332</u>
Cash flows from financing activities:		
Increase in short-term borrowings	4,369,783	4,376,357
Increase in long-term debt	4,085,250	2,510,508
Decrease in long-term debt	(5,575,710)	(5,288,933)
Decrease in lease payable	(21,332)	(4,159)
Acquisition of ownership interests from non-controlling interests	(1,225)	(7,069)
Disposal of ownership interests in subsidiaries (without losing control)	344,950	-
Proceeds from Issuance of Subsidiary Shares to Non-Controlling Interests	3,021,764	-
Change in non-controlling interests	-	24,500
Cash dividends paid to non-controlling interests	(60,992)	(5,591)
Net cash provided by financing activities	<u>6,162,488</u>	<u>1,605,613</u>
Effects of foreign exchange rate changes	147,217	263,694
Net increase (decrease) in cash and cash equivalents	(812,432)	2,837,526
Cash and cash equivalents at beginning of period	11,479,890	8,905,101
Cash and cash equivalents at end of period	<u>\$ 10,667,458</u>	<u>11,742,627</u>