

Outline

- 2014 Q3 DMS Business Financial Results
- 2014 Q3 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 Q3 DMS Business Financial Results

2014 Q3 DMS Business Income Statement: QoQ Analysis

Amount : NT\$ Billion

	2014 Q3		2014 Q2		QoQ
DMS Business: (1)					
Net Sales	26.89	100.0%	24.07	100.0%	11.7%
COGS	(24.86)		(22.21)		
Gross Margin	2.03	7.6%	1.86	7.7%	-0.1 ppt
Opex	(1.47)	-5.5%	(1.45)	-6.0%	
Operating Income	0.56	2.1%	0.41	1.7%	+0.4 ppt
Net Non-op Items	0.54		0.48		
Consolidated: (2)					
Net Income	1.10	3.1%	0.95	2.9%	+0.2 ppt
Net Income, attributable to owners of Company	1.04	3.0%	0.83	2.5%	+0.5 ppt
EPS (NT\$)	0.53		0.42		
Net Worth / Share (NT\$)	12.62		11.84		

(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 Q3 DMS Business Balance Sheet Highlights

Amount: NT\$ Billion

	2014 Q3		2014 Q2		QoQ
Cash & Equivalent	5.19	6.9%	5.80	8.5%	(0.61)
Accounts Receivable	25.20	33.7%	19.97	29.2%	5.23
Inventory	9.35	12.5%	8.48	12.4%	0.87
L-T Investments	24.09	32.2%	22.74	33.2%	1.35
Total Assets	74.75	100.0%	68.43	100.0%	6.32
Fin. Debt	22.48	30.1%	21.75	31.8%	0.73
Accounts Payable	21.95	29.4%	18.39	26.9%	3.56
Total Liabilities	49.93	66.8%	45.14	66.0%	4.79
Equity	24.82	33.2%	23.28	34.0%	1.54

* 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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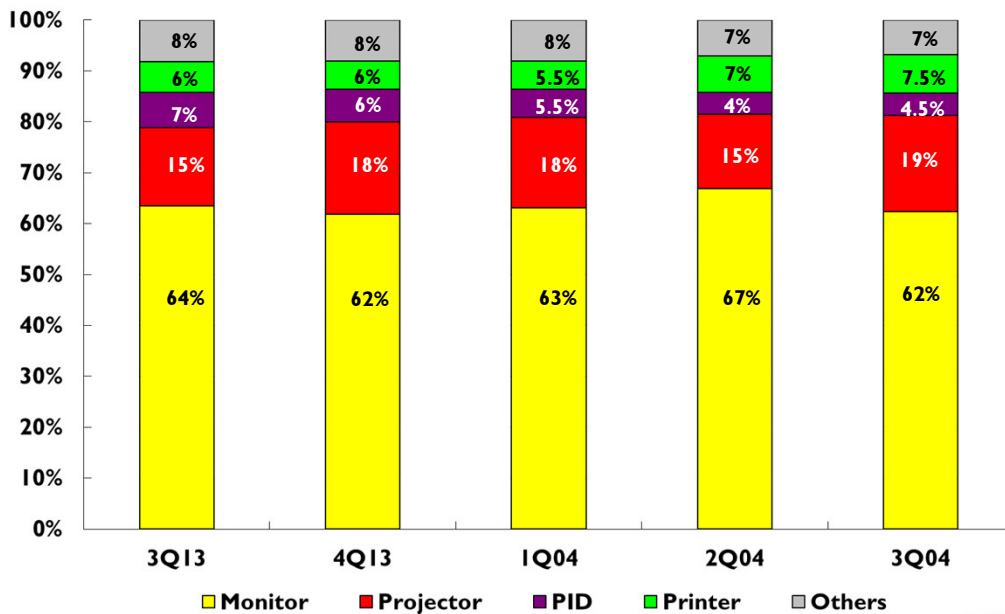
2014 Q3 DMS Business Key Financial Ratios

	2014 Q3	2014 Q2	QoQ
A/R Turnover	84 days	75 days	+9 days
Inventory Turnover	36 days	37 days	-1 days
A/P Turnover	85 days	80 days	+5 days
Cash Conversion Cycle	35 days	32 days	+3 days
ROA	1.5%	1.2%	+0.3 ppt
ROE	4.3%	3.6%	+0.7 ppt
Current ratio	103.2%	96.8%	+6.4 ppt
Fin. Debt / Total Assets	30.1%	31.8%	-1.7 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 Q3 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 Q3 DMS Business Summary

- **Monitor :**
 - Unit shipment increased by 2.6% QoQ to 4.2M sets
- **Projector :**
 - Unit shipment increased by 48.2% QoQ to 544K sets

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Unaudited DMS Business Consolidated Balance Sheet

Sep ,30, 2014

UNIT : NT\$K

Assets			Liabilities and stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalents	\$ 5,125,262	7	Short- term borrowings	\$ 12,869,930	17
Current available-for-sale financial assets	259,348	0	Current financial liabilities at fair value through profit or loss	1,561	0
Notes and accounts receivable, net	17,046,851	23	N/P & A/P	20,476,775	27
N/R & A/R from related parties	8,155,426	11	N/P & A/P to related parties	1,472,343	2
Other receivables, net	179,754	0	Other payable	4,275,198	6
Other receivable from related parties	770,840	1	Other payable to related parties	78,254	0
Net inventories	9,347,819	13	Other current liabilities	508,258	1
Other current assets	807,766	1	Bonds payable due within one year	-	-
Other Finaancial assets-current	63,882	0	Long-term debt due within one year	780,464	1
Non-current assets classified as held for sale	-	-	Current provisions	42,308	0
Total current assets	41,793,321	56	Total current liabilities	40,505,090	54
Non current assets			Long term loan	8,833,991	12
Non-current available-for-sale financial assets	70,182	0	Leased Liabilities-non current	-	-
Investments accounted for using equity method	24,086,249	32	Provision Liabilities-non current	238,509	0
Property, plant and equipment	5,945,266	8	Deferred tax liabilities	43,122	0
Investment property	-	-	Other non-current liabilities, others	304,409	0
Intangible assets	29,342	0	Total non-current liabilities	9,420,031	13
Deferred tax assetsent	1,174,695	2	Total Liabilities	49,925,121	67
Other non-current assets	58,772	0	Attributable to owners of company		
Other non-current financial assets	817,599	1	Common stock	19,667,820	26
Long-term prepaid rents	772,739	1	Capital surplus	2,013,524	3
Total Non current assets	32,954,843	44	Retained Earnings	1,708,690	2
			Other equity interest	1,433,008	2
			Treasury Stock	-	-
			Total stockholders' equity	24,823,043	33
Total Assets	\$ 74,748,164	100	Total Liabilities and stockholders' equity	\$ 74,748,164	100

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Unaudited DMS Business Consolidated Income Statement

Jan~Sep' 2014

UNIT : NT\$K

Net sales	\$ 72,559,153	100
Cost of goods sold	66,995,685	92
Gross profit	5,563,468	8
S & M	1,647,009	2
G & A	650,975	1
R & D	1,836,957	3
Operating expense	4,134,941	6
Operating income (loss)	1,428,527	2
Total non-operating income (loss)	918,890	1
Profit before tax	2,347,417	3
Income Tax Expense	190,568	0
Profit after tax	2,156,849	3
Other comprehensive income (Profit after tax)	180,360	0
Comprehensive income	\$ 2,337,209	3

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

Assets	2014.9.30	2013.12.31	2013.9.30	Liabilities and Equity	2014.9.30	2013.12.31	2013.9.30
	NT\$	NT\$	NT\$		NT\$	NT\$	NT\$
Current assets :				Current liabilities :			
Cash and cash equivalents	\$ 9,641,240	\$ 11,479,890	\$ 8,644,573	Short-term borrowings	\$ 15,599,560	\$ 9,861,956	\$ 14,819,022
Financial assets at fair value through profit or loss — current	536,776	249,296	172,390	Financial liabilities at fair value through profit or loss — current	143,670	80,302	80,893
Available-for-sale financial assets — current	515,674	-	-	Notes and accounts payable	26,843,213	22,638,888	21,338,748
Notes and accounts receivable, net	23,765,228	12,659,185	13,617,678	Accounts payable to related parties	2,237,503	1,884,581	1,810,172
Notes and accounts receivable from related parties	5,227,066	2,809,182	3,219,820	Other payables	9,820,957	8,880,205	8,093,345
Other receivables	319,728	1,326,076	1,089,698	Other payables to related parties	84,341	62,635	37,807
Other receivables from related parties	174,626	153,070	163,291	Other current liabilities	736,581	693,284	682,579
Inventories	16,873,524	14,671,779	14,780,564	Current portion of long-term debt	2,244,626	4,062,084	2,018,023
Other current assets	1,509,593	2,289,110	2,236,333	Provisions — current	488,644	543,748	509,699
Other financial assets — current	1,280,156	1,543,985	1,683,161	Total current liabilities	58,199,095	48,707,683	49,390,288
Total current assets	59,843,611	47,181,573	45,607,508	Non-current liabilities :			
Non-current assets :				Long-term debt	14,380,590	16,323,515	14,691,063
Available-for-sale financial assets — non-current	849,159	1,120,158	1,001,237	Lease obligations payable — non-current	967,130	975,512	1,003,818
Investments accounted for using equity method	15,005,733	13,938,461	13,809,088	Provisions — non-current	830,579	707,059	761,387
Property, plant and equipment	19,686,197	20,175,295	19,931,847	Deferred income tax liabilities	92,177	93,388	109,680
Investment property	3,041,918	2,446,934	2,295,716	Other non-current liabilities	395,916	380,464	424,744
Intangible assets	168,652	174,808	192,564	Total non-current liabilities	16,666,392	18,479,938	16,990,692
Deferred income tax assets	1,742,545	1,594,881	1,548,429	Total liabilities	74,865,487	67,187,621	66,380,980
Other non-current assets	142,207	116,782	237,593	Equity attributable to shareholders of the Company:			
Other financial assets — non-current	970,462	1,002,468	986,103	Common stock	19,667,820	19,667,820	19,667,820
Long-term prepaid rents	2,837,961	2,860,969	2,833,364	Capital surplus	2,013,524	-	-
Total non-current assets	44,444,834	43,430,756	42,835,941	Retained earnings (accumulated deficit)	1,708,690	(447,263)	(1,109,762)
				Other equity	1,433,008	1,331,522	930,610
				Treasury stock	-	(213)	(213)
				Total equity attributable to shareholders of the Company	24,823,042	20,551,866	19,488,455
				Non-controlling interests	4,599,916	2,872,842	2,574,014
				Total equity	29,422,958	23,424,708	22,062,469
Total assets	\$ 104,288,445	90,612,329	88,443,449	Total liabilities and equity	\$ 104,288,445	90,612,329	88,443,449

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

	2014.7.1~9.3 NT\$	2013.7.1~9.3 NT\$	2014.1.1~9.3 NT\$	2013.1.1~9.30 NT\$
Revenue	\$ 34,902,457	30,040,245	98,076,888	86,864,897
Cost of sales	(31,052,375)	(26,813,606)	(86,869,183)	(77,901,841)
Gross profit	<u>3,850,082</u>	<u>3,226,639</u>	<u>11,207,705</u>	<u>8,963,056</u>
Operating expenses:				
Selling expenses	(1,517,791)	(1,410,091)	(4,358,992)	(4,160,339)
Administrative expenses	(725,119)	(650,668)	(2,131,406)	(1,916,449)
Research and development expenses	(810,314)	(750,915)	(2,377,673)	(2,186,758)
Total operating expenses	<u>(3,053,224)</u>	<u>(2,811,674)</u>	<u>(8,868,071)</u>	<u>(8,263,546)</u>
Operating income	<u>796,858</u>	<u>414,965</u>	<u>2,339,634</u>	<u>699,510</u>
Non-operating income and loss:				
Other income	108,692	71,314	307,410	308,396
Other gains and losses – net	(37,794)	254,195	(555)	407,817
Finance costs	(204,033)	(255,156)	(682,632)	(781,261)
Share of income of associates and joint ventures	515,105	167,529	776,357	230,603
Total non-operating income and loss	<u>381,970</u>	<u>237,882</u>	<u>400,580</u>	<u>165,555</u>
Income before income tax	<u>1,178,828</u>	<u>652,847</u>	<u>2,740,214</u>	<u>865,065</u>
Income tax expense	<u>(83,766)</u>	<u>(117,072)</u>	<u>(267,135)</u>	<u>(306,300)</u>
Net income for the period	<u>1,095,062</u>	<u>535,775</u>	<u>2,473,079</u>	<u>558,765</u>
Other comprehensive income:				
Exchange differences on translation of foreign operations	433,922	(246,628)	232,867	233,526
Change in fair value of available-for-sale financial assets	97,843	97,905	21,950	917,797
Share of other comprehensive income of associates and joint ventures	91,514	(22,714)	18,431	170,179
Less: Income tax related to components of other comprehensive income	-	-	-	-
Other comprehensive income for the period, net of income tax	<u>623,279</u>	<u>(171,437)</u>	<u>273,248</u>	<u>1,321,502</u>
Total comprehensive income for the period	<u>1,718,341</u>	<u>364,338</u>	<u>2,746,327</u>	<u>1,880,267</u>
Net income, attributable to:				
Shareholders of the Company	\$ 1,039,651	340,941	2,156,849	69,039
Non-controlling interests	55,411	194,834	316,230	489,726
	<u>\$ 1,095,062</u>	<u>535,775</u>	<u>2,473,079</u>	<u>558,765</u>
Total comprehensive income attributable to:				
Shareholders of the Company	\$ 1,524,809	170,031	2,337,209	1,323,244
Non-controlling interests	193,532	194,307	409,118	557,023
	<u>\$ 1,718,341</u>	<u>364,338</u>	<u>2,746,327</u>	<u>1,880,267</u>
Earnings per share (expressed in New Taiwan dollars):				
Basic earnings per share	<u>\$ 0.53</u>	<u>0.17</u>	<u>1.10</u>	<u>0.04</u>
Diluted earnings per share	<u>\$ 0.52</u>	<u>0.17</u>	<u>1.09</u>	<u>0.04</u>

Qisda Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the nine-month periods ended September 30, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	Attributable to owners of parent									Total equity
	Common Stocks	Capital surplus	Retained earnings (accumulated deficit)	Other equity interest			Treasury shares	Total equity attributable to owners of parent	Non- controlling interests	
				Foreign currency translation differences	Change in fair value of available-for- sale financial assets	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	-	-	(201,738)	-	-	-	-	(201,738)	-	(201,738)
Change in treasury stock held by subsidiaries	-	-	-	-	-	-	6,667	6,667	-	6,667
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	(2,630)	(2,630)
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	(5,591)	(5,591)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	29,226	29,226
Net income for the period	-	-	69,039	-	-	-	-	69,039	489,726	558,765
Other comprehensive income (loss) for the period	-	-	-	338,569	915,636	1,254,205	-	1,254,205	67,297	1,321,502
Total comprehensive income (loss) for the period	-	-	69,039	338,569	915,636	1,254,205	-	1,323,244	557,023	1,880,267
Balance at September 30, 2013	19,667,820	-	(1,109,762)	605,612	324,998	930,610	(213)	19,488,455	2,574,014	22,062,469
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	-	21,777	-	-	-	-	-	21,777	-	21,777
Change in treasury stock held by subsidiaries	-	-	(896)	-	-	-	213	(683)	-	(683)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	263,355	-	-	-	-	-	263,355	18,179	281,534
Cash dividends from subsidiaries paid to non-controlling interests	-	-	-	-	-	-	-	-	(61,039)	(61,039)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	7,053	7,053
Issuance of subsidiary shares to non-controlling interests	-	1,728,392	-	(78,874)	-	(78,874)	-	1,649,518	1,376,753	3,026,271
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(22,990)	(22,990)
Net income for the period	-	-	2,156,849	-	-	-	-	2,156,849	316,230	2,473,079
Other comprehensive income (loss) for the period	-	-	-	176,110	4,250	180,360	-	180,360	92,888	273,248
Total comprehensive income (loss) for the period	-	-	2,156,849	176,110	4,250	180,360	-	2,337,209	409,118	2,746,327
Balance at September 30, 2014	19,667,820	2,013,524	1,708,690	929,607	503,401	1,433,008	-	24,823,042	4,599,916	29,422,958

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

	2014.1.1~9.30 NT\$	2013.1.1~9.30 NT\$
Cash flows from operating activities:		
Income before income tax	\$ 2,740,214	865,065
Adjustments for:		
Depreciation	1,495,074	1,737,260
Amortization	166,166	154,845
Provision for bad debt expense	10,941	17,433
Interest expense	682,632	781,261
Interest income	(228,211)	(148,533)
Dividend income	(40,229)	(16,635)
Share-based compensation cost	7,053	-
Share of profit of associates and joint ventures	(776,357)	(230,603)
Loss on disposal of property, plant and equipment, net	10,151	2,725
Gain on disposal of land use right	-	(53,777)
Loss (gain) on disposal of investments	(22,644)	241,816
Total adjustments to reconcile profit	<u>1,304,576</u>	<u>2,485,792</u>
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	(199,578)	30,697
Notes and accounts receivable	(11,116,553)	(3,290,849)
Notes and accounts receivable from related parties	(2,417,884)	(1,156,386)
Other receivables	1,021,693	269,658
Other receivables from related parties	4,676	5,578
Inventories	(2,201,745)	250,774
Other current assets	773,185	550,017
Other non-current assets	(81,615)	(137,040)
Net changes in operating assets	<u>(14,217,821)</u>	<u>(3,477,551)</u>
Notes and accounts payable	4,204,325	1,590,984
Accounts payable to related parties	352,922	174,617
Other payables to related parties	21,970	8,414
Provisions	68,416	(77,039)
Other current liabilities	882,869	327,913
Other non-current liabilities	15,452	68,875
Net changes in operating liabilities	<u>5,545,954</u>	<u>2,093,764</u>
Total changes in operating assets and liabilities	<u>(8,671,867)</u>	<u>(1,383,787)</u>
Cash (used in) provided by operations	(4,627,077)	1,967,070
Interest received	212,867	118,301
Dividends received	192,451	68,073
Interest paid	(657,942)	(763,404)
Income taxes paid	(390,509)	(302,032)
Net cash (used in) provided by operating activities	<u>(5,270,210)</u>	<u>1,088,008</u>
Cash flows from investing activities:		
Additions to available-for-sale financial assets	(333,981)	(35,000)
Proceeds from sale of available-for-sale financial assets	14,261	2,249,487
Additions to investments accounted for using equity method	(253,784)	(2,000)
Proceeds from disposal of investments accounted for using equity method	2,460	138,367
Acquisition of a subsidiary, net of cash acquired	-	(177,187)
Additions to property, plant and equipment	(991,436)	(1,068,620)
Additions to investment property	(358,049)	(697,646)
Proceeds from disposal of property, plant and equipment	3,462	26,512
Proceeds from disposal of land use right	-	190,817
Increase in other receivables from related parties	(26,232)	(23,622)
Additions to intangible assets	(84,255)	(132,035)
Decrease (increase) in other financial assets	295,620	(611,326)
Net cash outflow from deconsolidation of subsidiary	(35,855)	-
Net cash used in investing activities	<u>(1,767,789)</u>	<u>(142,253)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	5,737,604	6,670,873
Increase in long-term debt	8,885,250	2,510,508
Prepayment of long-term debt	(12,768,725)	(10,582,085)
Decrease in lease obligations payable	(32,922)	(6,400)
Acquisition of subsidiary's interests from non-controlling interests	(63,416)	(7,069)
Proceeds from disposal of subsidiary's interests (without losing control)	344,950	-
Proceeds from issuance of subsidiary shares to non-controlling interests	3,026,271	-
Increase in non-controlling interests	-	24,500
Dividends paid to non-controlling interests	(61,039)	(5,591)
Net cash provided by (used in) financing activities	<u>5,067,973</u>	<u>(1,395,264)</u>
Effects of foreign exchange rate changes	131,376	188,981
Net decrease in cash and cash equivalents	(1,838,650)	(260,528)
Cash and cash equivalents at beginning of period	11,479,890	8,905,101
Cash and cash equivalents at end of period	<u>\$ 9,641,240</u>	<u>8,644,573</u>