

Qisda Corporation Investor Conference 2007 Q4 Results

March 4, 2008

Qisda

Outline

- 2007 & Q4 Financial Results
- Q4 Summary

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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.

2007 & Q4 Financial Results

Recap of 2007 major financial events

- BenQ branded business spin-off
- Capital reduction
- Fund raising & Liquidation:
 - ▶ Exchangeable Bonds: 4.5 B NT\$
 - ▶ Sale and lease-back office buildings: 5.56 B NT\$
 - ▶ Partial disposal of long term investment: 7 B NT\$

2007 Financial Highlights

- Positive net income 4.77 B NT\$
- EPS NT\$ 3.11
- Liability ratio improved from 80.5% to 75.1 %

2007 Income Statement YoY Analysis

Amount : NT\$ Billion

	2007 ^(a)		2006		YoY
Net Sales	129.29	100.0%	198.54	100.0%	(34.9%)
COGS	(120.89)		(185.17)		
Gross Margin	8.41	6.5%	13.37	6.7%	-0.2 ppt
Opex	(13.45)	(10.4%)	(42.43)	(21.4%)	-11 ppt
Operating Income	(5.04)	(3.9%)	(29.06)	(14.6%)	+10.7 ppt
Net Non-op Items	9.90		1.85		
Income before Tax	4.85		(27.21)		
Income Tax	(0.08)		(0.40)		
Net Income	4.77	3.7%	(27.61)	(13.9%)	+17.6 ppt
EPS-Diluted (NT\$) ^(b)	3.11		(10.78)		
Net Worth / Share (NT\$) ^(b)	15.60		12.69		

- Core business unaudited consolidated results.

(a) Effective 1st September 2007, operating figures were that of ODM business only.

Qisda spun off its brand business on 1st September 2007.

(b) EPS-Diluted and Net Worth / share were calculated based on the total diluted weighted average outstanding shares (1,535m shares).

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2007 Balance Sheet Highlights

Amount: NT \$ Billion

	2007		2006		YoY
Cash & Equivalent	5.89	6.1%	9.52	9.6%	(3.64)
Accounts Receivable	19.30	20.1%	14.50	14.6%	4.80
Inventory	14.30	14.9%	16.41	16.5%	(2.11)
L-T Investments	40.60	42.3%	35.07	35.2%	5.54
Total Assets	96.06	100.0%	99.67	100.0%	(3.61)
Debt ^(a)	42.66	44.4%	42.75	42.9%	(0.09)
Accounts Payable	22.33	23.2%	23.78	23.9%	(1.46)
Total Liabilities	72.12	75.1%	80.19	80.5%	(8.06)
Equity	23.94	24.9%	19.48	19.5%	4.46

- Core business unaudited consolidated results.

(a) Debt included long term and short term financial debt.

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2007 Key Financial Ratios

	2007	2006	YoY
A/R Turnover	56 days	43 days	13 days
Inventory Turnover	46 days	51 days	(5) days
A/P Turnover	70 days	72 days	(2) days
ROA ^(a)	5.0%	(27.7%)	+32.7 ppt
ROE ^(a)	19.9%	(141.7%)	+161.6 ppt
Current ratio	96.8%	77.1%	+19.7 ppt
Debt / Total Assets	44.4%	42.9%	+1.5 ppt

- Core business unaudited consolidated results.

(a) ROA and ROE were calculated on an annual basis.

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2007 Q4 Financial Highlights

- Positive net income NT\$ 3.13 billion
- EPS NT\$ 2.04
- Liability ratio reduced from 78.5% to 75.1%

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Q4 Income Statement QoQ Analysis

Amount : NT\$ Billion

	2007 Q4 ^(a)		2007 Q3		QoQ
Net Sales	30.89	100.0%	36.58	100.0%	(15.5%)
COGS	(29.50)		(34.13)		
Gross Margin	1.39	4.5%	2.44	6.7%	-2.2 ppt
Opex	(2.05)	(6.6%)	(3.84)	(10.5%)	-3.9 ppt
Operating Income	(0.66)	(2.1%)	(1.39)	(3.8%)	+1.7 ppt
Net Non-op Items	3.76		4.29		
Income before Tax	3.10		2.90		
Income Tax	0.03		(0.07)		
Net Income	3.13	10.1%	2.83	7.7%	+2.4 ppt
EPS-Diluted (NT\$) ^(b)	2.04		1.84		
Net Worth / Share (NT\$) ^(b)	15.60		13.66		

- Core business unaudited consolidated results.

(a) Effective September 1, 2007, operating figures were that of ODM business only.

(b) EPS-Diluted and Net Worth / share were calculated based on the total diluted weighted average outstanding shares (1,535m shares).

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Q4 Balance Sheet Highlights

Amount: NT \$ Billion

	Q4 2007		Q3 2007		QoQ
Cash & Equivalent	5.89	6.1%	6.88	7.0%	(1.00)
Accounts Receivable	19.30	20.1%	22.64	23.2%	(3.34)
Inventory	14.30	14.9%	11.65	11.9%	2.65
L-T Investments	40.60	42.3%	38.47	39.4%	2.14
Total Assets	96.06	100.0%	97.67	100.0%	(1.61)
Debt	42.66	44.4%	42.71	43.7%	(0.05)
Accounts Payable	22.33	23.2%	26.33	27.0%	(4.00)
Total Liabilities	72.12	75.1%	76.70	78.5%	(4.58)
Equity	23.94	24.9%	20.97	21.5%	2.97

- Core business unaudited consolidated results.

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Q4 Key Financial Ratios

	2007 Q4	2007 Q3	QoQ
A/R Turnover	56 days	57 days	(1) days
Inventory Turnover	46 days	35 days	11 days
A/P Turnover	70 days	79 days	(9) days
ROA ^(a)	3.2%	2.9%	+0.3 ppt
ROE ^(a)	13.9%	14.6%	-0.7 ppt
Current ratio	96.8%	97.9%	-1.1 ppt
Debt / Total Assets	44.4%	43.7%	+0.7 ppt

- Core business unaudited consolidated results.

(a) ROA and ROE were calculated on a quarterly basis.

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Q4 Summary

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Q4 Revenue Trend

- QoQ growth rate of ODM/EMS business was - 6.2%.
- QoQ trend by Business Unit

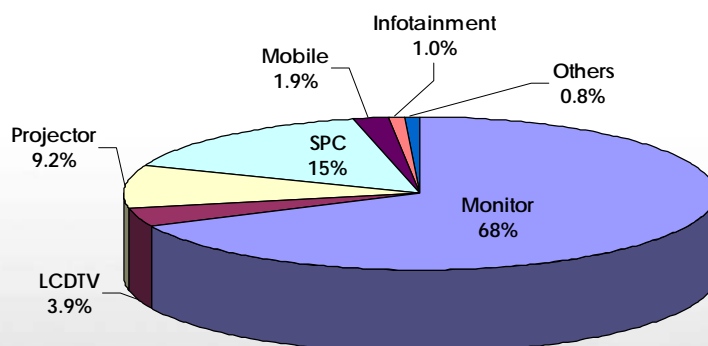
BU	Trend	Remark
Monitor		seasonality
LCD TV		new customers
Projector		Promotion
SPC ^(a)		seasonality
Mobile		rebuilding business
Infotainment		new product launch

(a) SPC includes scanner, printer and copier.

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Q4 Revenue Breakdown by Business Unit



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Qisda Corporation.
Unaudited Core Business Consolidated Balance Sheet
DEC. 30, 2007

UNIT : NT\$K

Assets			Liabilities & stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalent	5,885,919	6.1%	Short term borrowings	14,118,431	14.7%
Assigned financial asset measured at fair value - current	0	0.0%	N/P & A/P	16,801,619	17.5%
Net notes and accounts receivable	10,124,901	10.5%	N/P & A/P to related partie	5,524,160	5.8%
N/R & A/R from related parties	9,174,624	9.6%	Bond payable	2,200,000	2.3%
Net inventories	14,298,956	14.9%	Accrued exp. & other current liab.	<u>5,974,271</u>	6.2%
Prepaid expenses & other current assets	<u>3,705,860</u>	3.9%	Total current liabilities	<u>44,618,481</u>	46.4%
Total current assets	<u>43,190,261</u>	45.0%	Long term loan	20,492,378	21.3%
Long term investments	40,604,658	42.3%	Bond payable	5,848,758	6.1%
Fixed assets :	16,632,178	17.3%	Other liabilities	<u>1,162,924</u>	1.2%
Less : Accumulated depreciation	<u>(6,025,196)</u>	6.3%	Total liabilities	<u>72,122,541</u>	75.1%
Total fixed assets	<u>10,606,982</u>	11.0%	Stockholder' equities		
Other assets	1,663,005	1.7%	Common stock	15,389,280	16.0%
			Capital surplus	5,366,084	5.6%
			Legal reserve	0	0.0%
			Unrealized gain or loss on financial product	<u>(862,943)</u>	-0.9%
			Retained earnings	3,445,275	3.6%
			Translation adjustment	687,770	0.7%
			Treasury stock	<u>(83,102)</u>	-0.1%
			Total stockholder' equities	<u>23,942,364</u>	24.9%
 Total Assets	 <u>\$ 96,064,905</u>	 100.0%	 Total Liabilities & stockholders' equity	 <u>\$ 96,064,905</u>	 100.0%

Qisda Corporation.
Unaudited Core Business Consolidated Income Statement
JAN~DEC' 2007

UNIT : NT\$K

Net sales	\$ 129,294,324	100.0%
Cost of goods sold	<u>(120,887,480)</u>	-93.5%
Gross profit	<u>8,406,844</u>	6.5%
Operating expense :		
S & M	<u>(7,802,106)</u>	-6.0%
G & A	<u>(2,169,301)</u>	-1.7%
R & D	<u>(3,478,591)</u>	-2.7%
Total Operating expense	<u>(13,449,998)</u>	-10.4%
Operating income (loss)	<u>(5,043,154)</u>	-3.9%
Non-operating in net income(loss)	<u>9,896,641</u>	7.7%
Earning Before income tax	<u>4,853,487</u>	3.8%
Income tax	<u>(81,864)</u>	-0.1%
Minority interest in net income (loss)	<u>0</u>	0.0%
Profit after tax	<u>\$4,771,623</u>	3.7%

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Non-consolidated Balance Sheets

December 31, 2006 and 2007

(Expressed in thousands of New Taiwan dollars and US dollars)

Assets	2006 NT\$	2007 NT\$	US\$	Liabilities and Stockholders' Equity	2006 NT\$	2007 NT\$	US\$
Current assets:				Current liabilities:			
Cash and cash equivalents	3,319,981	1,211,176	37,332	Short-term borrowings	13,687,269	8,694,724	268,000
Financial assets at fair value through profit or loss – current	20,108	31,816	981	Financial liabilities at fair value through profit or loss – current	42,423	33,860	1,044
Notes and accounts receivable	3,554,835	5,894,181	181,678	Notes and accounts payable	3,320,344	2,742,633	84,537
Accounts receivable from related parties	21,331,087	17,290,895	532,962	Accounts payable to related parties	14,642,012	7,473,962	230,372
Other receivables, net	3,418,370	1,969,837	60,717	Other payable to related parties	430,371	480,814	14,820
Other receivable from related parties	534,302	664,337	20,477	Accrued expenses	7,689,502	4,929,203	151,934
Other financial assets – current	16,148	503,051	15,506	Advance receipts and other current liabilities	367,330	383,975	11,836
Inventories	3,086,319	3,735,146	115,129	Bonds payable	2,050,000	2,200,000	67,811
Prepaid expenses and other current assets	265,193	120,081	3,701	Deferred inter-company profits	181,980	332,965	10,263
Long-term equity investment held for sale	543,240	-	-	Total current liabilities	<u>42,411,231</u>	<u>27,272,136</u>	<u>840,617</u>
Deferred income tax assets – current	143,004	133,076	4,102				
Total current assets	<u>36,232,587</u>	<u>31,553,597</u>	<u>972,585</u>	Financial liabilities at fair value through profit or loss-non current	-	823,820	25,393
Long-term investments:				Bonds payable	5,000,000	5,024,937	154,885
Equity method	31,481,000	38,429,998	1,184,539	Long-term debt	12,000,000	19,000,000	585,643
Available-for-sale financial assets – noncurrent	3,439,266	3,260,137	100,488	Other liabilities			
Financial assets carried at cost – noncurrent	1,085,447	175,537	5,411	Deferred profits on sale-leaseback transaction	-	937,099	28,884
	<u>36,005,713</u>	<u>41,865,672</u>	<u>1,290,438</u>	Other liabilities	1,287,831	132,902	4,096
Property, plant and equipment:				Total other liabilities	<u>1,287,831</u>	<u>1,070,001</u>	<u>32,980</u>
Land	2,137,718	647,822	19,968	Total liabilities	<u>60,699,062</u>	<u>53,190,894</u>	<u>1,639,518</u>
Buildings	3,781,886	1,468,476	45,263				
Machinery and equipment	2,261,867	1,172,677	36,146	Stockholders' equity:			
Furniture and fixtures	172,611	114,957	3,543	Common stock	26,248,800	15,389,280	474,348
Miscellaneous equipment	71,590	51,796	1,597	Capital surplus:			
Prepayments for plant and equipment	228,388	-	-	Additional paid-in-capital in excess of the common stock's par value	8,295,561	-	-
	8,654,060	3,455,728	106,517	Convertible bonds converted in excess of the common stock's par value	7,248,958	-	-
Less: accumulated depreciation	(2,968,630)	(1,549,420)	(47,758)	Capital surplus from treasury stock transactions	12,432	-	-
Net property, plant and equipment	<u>5,685,430</u>	<u>1,906,308</u>	<u>58,759</u>	Capital surplus from long-term equity investments	4,967,496	5,366,084	165,400
Intangible assets	<u>861,689</u>	<u>325,854</u>	<u>10,044</u>		<u>20,524,447</u>	<u>5,366,084</u>	<u>165,400</u>
Other assets:				Legal reserve	1,059,698	-	-
Idle assets	-	104,324	3,216	Retained earnings (accumulated deficit)	(27,043,359)	3,445,276	106,195
Assets for lease	56,734	142,563	4,394	Cumulative translation adjustment	591,349	687,770	21,199
Refundable deposits	8,820	97,906	3,018	Unrealized loss on available-for-sale financial assets	(59,267)	(862,944)	(26,599)
Deferred expenses	39,309	44,681	1,377	Treasury stock	(1,837,098)	(83,102)	(2,561)
Deferred income tax assets – noncurrent	1,293,350	1,006,263	31,016	Total stockholders' equity	<u>19,484,570</u>	<u>23,942,364</u>	<u>737,982</u>
Prepaid pension cost	-	86,090	2,653				
Total other assets	<u>1,398,213</u>	<u>1,481,827</u>	<u>45,674</u>	Commitments and contingencies			
Total assets	<u><u>80,183,632</u></u>	<u><u>77,133,258</u></u>	<u><u>2,377,500</u></u>	Total liabilities and stockholders' equity	<u><u>80,183,632</u></u>	<u><u>77,133,258</u></u>	<u><u>2,377,500</u></u>

Qisda Corporation

Non-consolidated Statements of Income

For the years ended December 31, 2006 and 2007

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

	2006	2007		
	NT\$	NT\$	US\$	
Net sales	130,254,510	122,253,436	3,768,253	
Cost of goods sold	<u>(126,710,637)</u>	<u>(120,113,517)</u>	<u>(3,702,294)</u>	
Gross profit	3,543,873	2,139,919	65,959	
Change in unrealized inter-company profits	<u>150,721</u>	<u>(150,984)</u>	<u>(4,654)</u>	
Realized gross profits	3,694,594	1,988,935	61,305	
Operating expenses :				
Selling	(3,582,806)	(2,884,326)	(88,904)	
Administrative	(1,109,476)	(813,191)	(25,065)	
Research and development	<u>(3,490,485)</u>	<u>(3,136,308)</u>	<u>(96,671)</u>	
	<u>(8,182,767)</u>	<u>(6,833,825)</u>	<u>(210,640)</u>	
Operating loss	<u>(4,488,173)</u>	<u>(4,844,890)</u>	<u>(149,335)</u>	
Nonoperating income:				
Interest income	65,768	96,122	2,963	
Investment income recorded under the equity method, net	-	6,504,773	200,498	
Dividend income	47,831	42,948	1,324	
Gain on disposal of property, plant and equipment	6,098	1,278,603	39,410	
Gain on disposal of investments, net	1,814,285	4,454,426	137,300	
Foreign currency exchange gain, net	196,834	-	-	
Others	<u>5,594,655</u>	<u>105,373</u>	<u>3,248</u>	
	<u>7,725,471</u>	<u>12,482,245</u>	<u>384,743</u>	
Nonoperating expenses:				
Interest expense	(1,195,919)	(1,616,840)	(49,836)	
Investment loss recorded under the equity method, net	(29,289,996)	-	-	
Other investment loss	(314,466)	-	-	
Loss on disposal of property, plant and equipment	-	(21,944)	(676)	
Foreign currency exchange loss, net	-	(335,245)	(10,333)	
Impairment loss	-	(320,283)	(9,872)	
Evaluation loss on financial assets, net	(32,799)	(498,992)	(15,381)	
Others	<u>(13,982)</u>	<u>(41,780)</u>	<u>(1,288)</u>	
	<u>(30,847,162)</u>	<u>(2,835,084)</u>	<u>(87,386)</u>	
Income (loss) before income tax	(27,609,864)	4,802,271	148,022	
Income tax expense	<u>(803)</u>	<u>(30,648)</u>	<u>(945)</u>	
Net income (loss)	<u>(27,610,667)</u>	<u>4,771,623</u>	<u>147,077</u>	
Earnings (loss) per share :	<u>Before tax</u>	<u>After tax</u>	<u>Before tax</u>	<u>After tax</u>
Basic earnings (loss) per share	<u>(17.97)</u>	<u>(17.97)</u>	<u>3.13</u>	<u>3.11</u>

Qisda Corporation

Non-consolidated Statements of Cash Flows

For the years ended December 31, 2006 and 2007
(Expressed in thousands of New Taiwan dollars and US dollars)

	2006	2007	
	NT\$	NT\$	US\$
Cash flows from operating activities:			
Net income (loss)	(27,610,667)	4,771,623	147,077
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	425,773	282,116	8,696
Amortization	550,162	489,743	15,095
Amortization of exchangeable bond discount	-	125,589	3,871
Change in provision for bad debt	(204,886)	17,090	527
Change in provision for inventory obsolescence	23,449	(454,668)	(14,014)
Investment loss (gain) on long-term equity investments accounted for by equity method, net	29,289,996	(6,504,773)	(200,499)
Cash dividends received from investees accounted for by equity method	932,134	309,999	9,555
Gain on disposal of financial assets at fair value through profit or loss	(528)	(4,546)	(140)
Disposal gain on long-term investments	-	(19,671)	(606)
Loss on disposal of financial assets carried at cost	90	779	24
Gain on disposal of long-term equity investments, net	(1,813,847)	(4,430,988)	(136,578)
Other investment loss	314,466	-	-
Other income — acquiring stock of Lite-On IT Corp.	(4,275,531)	-	-
Gain on disposal of property, plant and equipment, net	(6,098)	(1,256,659)	(38,734)
Amortization of deferred profits on sale-leaseback transaction	-	(45,490)	(1,402)
Unrealized foreign currency exchange gain on overseas convertible bonds	(2,431)	-	-
Reversal for redemption of overseas convertible bonds	(250)	-	-
Amortization of bond issuance costs	4,968	10,734	331
Impairment loss	-	320,283	9,872
Differences in accounts in the accompanying balance sheets:			
Financial assets and liabilities at fair value through profit or loss	463,727	524,734	16,174
Notes and accounts receivable	(706,607)	(2,360,952)	(72,772)
Receivables from related parties	3,925,489	(1,933,712)	(59,603)
Other receivables	(282,742)	1,448,618	44,649
Inventories	2,020,067	(280,960)	(8,660)
Other financial assets — current	8,988	(486,903)	(15,008)
Prepaid expenses and other current assets	221,380	145,112	4,473
Prepaid pension	-	29,083	896
Notes and accounts payable	(1,385,700)	(577,711)	(17,807)
Payables to related parties	(6,110,806)	(6,820,593)	(210,233)
Deferred inter-company profit	(150,722)	150,985	4,654
Accrued expenses and other current liabilities	(787,260)	(2,250,827)	(69,378)
Deferred credit	(19,105)	(19,105)	(589)
Net cash used in operating activities	<u>(5,176,491)</u>	<u>(18,821,154)</u>	<u>(580,129)</u>
Cash flows from investing activities:			
Addition to long-term equity investments	(16,591,205)	(37,957)	(1,170)
Additions to property, plant and equipment	(351,689)	(130,839)	(4,033)
Proceeds from disposal of long-term equity investments	2,232,432	7,009,069	216,043
Proceeds from disposal of property, plant and equipment	1,007,822	5,562,037	171,440
Increase in refundable deposits and deferred assets	(413,832)	(267,841)	(8,256)
Proceeds from investees' capital reduction	405,493	120,425	3,712
Net cash provided by (used in) investing activities	<u>(13,710,979)</u>	<u>12,254,894</u>	<u>377,736</u>
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	11,052,132	(4,992,545)	(153,887)
Increase in long-term debt	12,000,000	7,000,000	215,763
Redemption of bonds	(1,006,470)	(2,050,000)	(63,188)
Issuance of exchangeable bonds	-	4,500,000	138,705
Net cash provided by financing activities	<u>22,045,662</u>	<u>4,457,455</u>	<u>137,393</u>
Net increase (decrease) in cash and cash equivalents	3,158,192	(2,108,805)	(65,000)
Cash and cash equivalents at beginning of year	161,789	3,319,981	102,333
Cash and cash equivalents at end of year	<u>3,319,981</u>	<u>1,211,176</u>	<u>37,332</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	<u>1,141,764</u>	<u>1,442,238</u>	<u>44,455</u>
Income taxes	<u>3,269</u>	<u>31,264</u>	<u>964</u>
Supplemental disclosures of non-cash investing and financing activities:			
Increase (decrease) in cumulative translation adjustment	<u>156,589</u>	<u>96,320</u>	<u>2,969</u>
Convertible bonds converted into common stock	<u>129,510</u>	<u>-</u>	<u>-</u>
Cancellation of treasury stock	<u>-</u>	<u>1,759,157</u>	<u>54,223</u>

Quality
Innovation
Speed

Qisda