

Qisda Corporation Investor Conference 2008 Q1 Results

April 29, 2008

Qisda

Outline

- 2008 Q1 Financial Results
- Private Placement Status
- 2008 Q1 Business 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.

2008 Q1 Financial Results

2008 Q1 Financial Highlights

- Revenue NT\$ 29.23 billion
- Net income NT\$ 1.75 billion
- EPS NT\$ 1.14
- Liability ratio reduced from 75.1% to 73.5%

Q1 Income Statement QoQ Analysis

Amount : NT\$ Billion

	2008 Q1		2007 Q4		QoQ
Net Sales	29.23	100.0%	30.89	100.0%	(5.4%)
COGS	(27.98)		(29.50)		
Gross Margin	1.24	4.3%	1.39	4.5%	-0.2 ppt
Opex	(1.78)	(6.1%)	(2.05)	(6.6%)	-0.5 ppt
Operating Income	(0.53)	(1.8%)	(0.66)	(2.1%)	+0.3 ppt
Net Non-op Items	2.29		3.76		
Income before Tax	1.76		3.10		
Income Tax	(0.01)		0.03		
Net Income	1.75	6.0%	3.13	10.1%	-4.1 ppt
EPS-Diluted (NT\$) ^(a)	1.14		2.04		
Net Worth / Share (NT\$) ^(a)	16.20		15.60		

- Core business unaudited consolidated results.

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

Q1 Balance Sheet Highlights

Amount: NT \$ Billion

	Q1 2008		Q4 2007		QoQ
Cash & Equivalent	7.53	8.0%	5.89	6.1%	1.65
Accounts Receivable	16.09	17.1%	19.30	20.1%	(3.21)
Inventory	13.44	14.3%	14.30	14.9%	(0.86)
L-T Investments	42.04	44.7%	40.60	42.3%	1.43
Total Assets	93.99	100.0%	96.06	100.0%	(2.07)
Fin. Debt	41.73	44.4%	42.66	44.4%	(0.93)
Accounts Payable	20.09	21.4%	22.33	23.2%	(2.24)
Total Liabilities	69.10	73.5%	72.12	75.1%	(3.02)
Equity	24.89	26.5%	23.94	24.9%	0.95

- Core business unaudited consolidated results.

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Q1 Key Financial Ratios

	2008 Q1	2007 Q4	QoQ
A/R Turnover	51 days	56 days	(5) days
Inventory Turnover	45 days	46 days	(1) days
A/P Turnover	68 days	70 days	(2) days
Cash Conversion Cycle	28 days	32 days	(4) days
ROA ^(a)	1.8%	3.2%	-1.4 ppt
ROE ^(a)	7.2%	13.9%	-6.7 ppt
Current ratio ^(b)	89.0%	96.8%	-7.5 ppt
Fin. Debt / Total Assets	44.4%	44.4%	-0.2 ppt

- Core business unaudited consolidated results.

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

(b) Exchangeable bonds were reclassified into short-term liabilities on 2008.01.18, enabling bondholders to exercise put option on 2009.01.18.

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Private Placement Status

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Private Placement Status

Item	Term sheet
Gross Proceeds	NT\$ 4,999 Million
Subscription price per share	NT\$ 22.11
Number of shares privately placed	226 Million common shares
Dilution of Equity	12.81%
Investors ^(a)	AU Optronics Corp. (5.12%) China Development Industrial Bank (7.69%)
Record date of capital increase	April 11, 2008

(a) AU Optronics Corp. 's shareholding is 9.58% including private placement.

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2008 Q1 Business Summary

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2008 Q1 Revenue

- QoQ : -5.4%, due to seasonality & exchange rate
- QoQ change by Product Line

Product Line	Change	Remark
Monitor		new projects
LCD TV		seasonality
Projector		seasonality
SPC ^(a)		seasonality
Mobile		seasonality
Infotainment		seasonality

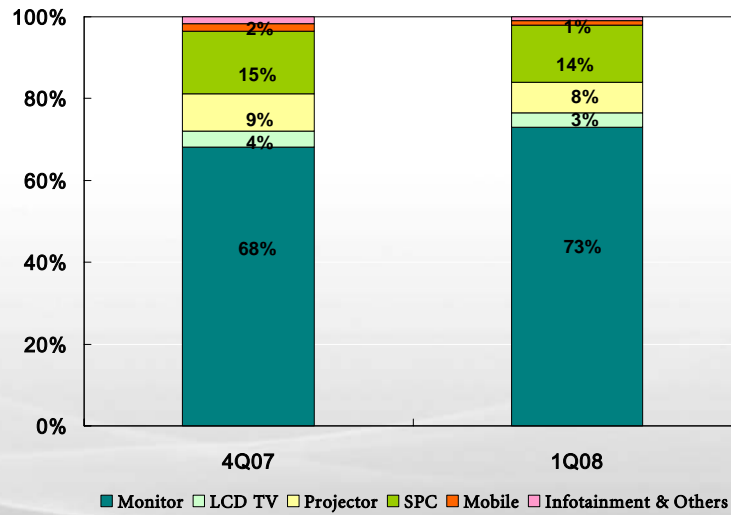
(a) SPC includes scanner, printer and copier.

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Revenue Breakdown by Product Line



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Quality
Innovation
Speed

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Qisda Corporation.
Unaudited Core Business Consolidated Balance Sheet
MAR. 31, 2008

UNIT : NT\$K

Assets			Liabilities & stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalent	7,534,133	8.0%	Short term borrowings	14,317,663	15.2%
Net notes and accounts receivable	8,331,768	8.9%	N/P & A/P	13,460,535	14.3%
N/R & A/R from related parties	7,760,814	8.3%	N/P & A/P to related partie	6,626,025	7.0%
Net inventories	13,436,376	14.3%	Bond payable	4,780,600	5.1%
Prepaid expenses & other current assets	<u>3,243,761</u>	3.5%	Accrued exp. & other current liab.	<u>6,088,142</u>	6.5%
Total current assets	40,306,853	42.9%	Total current liabilities	45,272,965	48.2%
Long term investments	42,035,917	44.7%	Long term loan	20,165,525	21.5%
Fixed assets :	15,964,105	17.0%	Bond payable	2,465,415	2.6%
Less : Accumulated depreciation	<u>(6,075,804)</u>	6.5%	Other liabilities	<u>1,200,021</u>	1.3%
Total fixed assets	9,888,301	10.5%	Total liabilities	69,103,925	73.5%
Other assets	1,760,851	1.9%	Stockholder' equities		
			Common stock	15,389,280	16.4%
			Capital surplus	4,876,262	5.2%
			Legal reserve	0	0.0%
			Unrealized gain or loss on financial product	<u>(887,496)</u>	-0.9%
			Retained earnings	5,198,523	5.5%
			Translation adjustment	370,851	0.4%
			Treasury stock	<u>(59,425)</u>	-0.1%
			Total stockholder' equities	24,887,996	26.5%
Total Assets	\$ 93,991,921	100.0%	Total Liabilities & stockholders' equity	\$ 93,991,921	100.0%

Qisda Corporation.
Unaudited Core Business Consolidated Income Statement
JAN~MAR' 2008

UNIT : NT\$K

Net sales	\$ 29,226,732	100.0%
Cost of goods sold	<u>(27,984,028)</u>	-95.7%
Gross profit	<u>1,242,704</u>	4.3%
Operating expense :		
S & M	<u>(608,743)</u>	-2.1%
G & A	<u>(338,955)</u>	-1.2%
R & D	<u>(828,227)</u>	-2.8%
Total Operating expense	<u>(1,775,926)</u>	-6.1%
Operating income (loss)	<u>(533,222)</u>	-1.8%
Non-operating in net income(loss)	<u>2,294,416</u>	7.9%
Earning Before income tax	1,761,194	6.0%
Income tax	<u>(7,946)</u>	0.0%
Minority interest in net income (loss)		0.0%
Profit after tax	<u>\$1,753,248</u>	6.0%

Qisda Corporation
Reviewed Non-consolidated Balance Sheets (Parent Company Only)
March 31, 2007 and 2008
(expressed in thousands of New Taiwan dollars and US dollars)

Assets	2007.3.31			2008.3.31			Liabilities and Stockholders' Equity	2007.3.31			2008.3.31		
	NT\$	NT\$	US\$	NT\$	NT\$	US\$		NT\$	NT\$	US\$	NT\$	NT\$	US\$
Current assets:							Current liabilities:						
Cash and cash equivalents	\$ 6,450,725	\$ 1,637,288	53,849				Short-term borrowings	\$ 11,001,396	\$ 7,783,680	\$ 256,000			
Financial assets at fair value through profit or loss – current	20,181	203,090	6,680				Financial liabilities at fair value through profit or loss – current	253,408	641,795	21,108			
Notes and accounts receivable	3,636,776	4,103,818	134,972				Accounts payable	2,817,413	1,394,673	45,869			
Accounts receivable from related parties	18,301,899	14,384,118	473,084				Accounts payable to related parties	7,168,609	5,488,438	180,511			
Other receivables, net	3,515,919	1,676,450	55,137				Other payable to related parties	212,085	787,684	25,906			
Other receivable from related parties	703,959	747,216	24,575				Accrued expenses	6,257,745	4,653,237	153,042			
Other financial assets – current	16,682	472,379	15,536				Advance receipts and other current liabilities	221,254	393,623	12,946			
Inventories	2,512,424	2,522,661	82,969				Bonds payable	2,050,000	4,780,600	157,231			
Prepaid expenses and other current assets	92,672	108,864	3,580				Deferred inter-company profits	165,236	292,756	9,629			
Long-term equity investment held for sale	218,068	-	-				Total current liabilities	30,147,146	26,216,486	862,242			
Deferred income tax assets – current	61,264	210,577	6,927										
Total current assets	35,530,569	26,066,461	857,309				Financial liabilities at fair value through profit or loss-non current	802,350	-	-			
							Bonds payable	8,762,927	2,465,415	81,086			
Long-term investments:							Long-term debt	19,000,000	19,000,000	624,897			
Equity method	31,304,895	40,516,033	1,332,545				Other liabilities						
Available-for-sale financial assets – noncurrent	3,147,616	3,199,877	105,241				Deferred profits on sale-leaseback transaction	-	909,804	29,923			
Financial assets carried at cost – noncurrent	187,413	175,537	5,774				Other liabilities	1,950,492	23,881	785			
	34,639,924	43,891,447	1,443,560				Total other liabilities	1,950,492	933,685	30,708			
							Total liabilities	60,662,915	48,615,586	1,598,933			
Property, plant and equipment:							Stockholders' equity:						
Land	2,137,718	653,333	21,488				Common stock	25,648,800	15,389,280	506,143			
Buildings	3,786,562	1,481,032	48,709				Capital surplus:						
Machinery and equipment	2,022,916	1,147,938	37,755				Additional paid-in-capital in excess of the common stock's par value	8,105,940	-	-			
Furniture and fixtures	174,532	115,064	3,785				Convertible bonds converted in excess of the common stock's par value	7,083,260	-	-			
Miscellaneous equipment	73,888	51,796	1,704				Capital surplus from long-term equity investments	4,925,825	4,876,262	160,377			
Prepayments for plant and equipment	247,661	398	13					20,115,025	4,876,262	160,377			
	8,443,277	3,449,561	113,454										
Less: accumulated depreciation	(2,798,210)	(1,562,689)	(51,396)				Legal reserve	1,059,698	-	-			
Net property, plant and equipment	5,645,067	1,886,872	62,058				Retained earnings (accumulated deficit)	(29,590,100)	5,198,523	170,976			
Intangible assets	761,789	270,375	8,892				Cumulative translation adjustment	611,590	370,851	12,197			
							Unrealized loss on available-for-sale financial assets	(359,454)	(887,496)	(29,189)			
Other assets :							Treasury stock	(78,384)	(59,425)	(1,954)			
Property not used in operations	-	104,324	3,431				Total stockholders' equity	17,407,175	24,887,995	818,550			
Assets for lease	56,282	126,700	4,167				Commitments and contingencies						
Refundable deposits	8,918	96,381	3,170										
Deferred expenses	52,451	42,591	1,401				Total liabilities and stockholders' equity	\$ 78,070,090	\$ 73,503,581	\$ 2,417,483			
Deferred income tax assets – noncurrent	1,375,090	928,763	30,546										
Prepaid pension cost	-	89,667	2,949										
Total other assets	1,492,741	1,388,426	45,664										
Total assets	\$ 78,070,090	\$ 73,503,581	2,417,483										

(Note: Translation of the March 31, 2008, 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 Bank of Taiwan on March 31, 2008, of NT\$30.405 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation

Reviewed Non-consolidated Statements of Income (Parent Company Only)
For the three-month periods ended March 31, 2007 and 2008
 (expressed in thousands of New Taiwan dollars and dollars, except earnings per share)

	2007 Q1	2008 Q1		
	NT\$	NT\$	US\$	
Net sales	\$ 24,800,033	\$ 23,752,698	781,210	
Cost of goods sold	(24,069,607)	(23,228,748)	(763,978)	
Gross profit	730,426	523,950	17,232	
Change in unrealized inter-company profits	16,744	40,209	1,322	
Realized gross profit	747,170	564,159	18,554	
Operating expenses:				
Selling	(691,650)	(325,127)	(10,693)	
Administrative	(151,850)	(199,935)	(6,576)	
Research and development	(668,566)	(771,905)	(25,387)	
	(1,512,066)	(1,296,967)	(42,656)	
Operating loss	(764,896)	(732,808)	(24,102)	
Non-operating income:				
Interest income	19,942	8,002	263	
Investment income recorded under the equity method, net	-	2,633,618	86,618	
Evaluation gain on financial assets, net	-	386,807	12,722	
Gain on disposal of property, plant and equipment	603	1,317	43	
Gain on disposal of investments, net	130,373	647	21	
Foreign currency exchange gain, net	43,760	-	-	
Others	19,601	14,236	468	
	214,279	3,044,627	100,135	
Non-operating expenses:				
Interest expense	(405,507)	(287,036)	(9,440)	
Investment loss recorded under the equity method, net	(552,659)	-	-	
Loss on disposal of property, plant and equipment	(218)	(5,995)	(197)	
Foreign currency exchange loss, net	-	(200,309)	(6,588)	
Evaluation loss on financial assets, net	(245,112)	-	-	
Others	(400)	(65,193)	(2,144)	
	(1,203,896)	(558,533)	(18,369)	
Income (loss) before income tax	(1,754,513)	1,753,286	57,664	
Income tax expense	(823)	(37)	(1)	
Net income (loss)	(\$1,755,336)	\$1,753,249	\$57,663	
Earnings (loss) per share:	Before tax	After tax	Before tax	After tax
Basic earnings per share-retroactively adjusted	1.14	1.14	(1.14)	(1.14)
Diluted earnings per common share	1.13	1.13		

Qisda Corporation

Reviewed Non-consolidated Statements of Cash Flows (Parent Company Only)
For the three-month periods ended March 31, 2007 and 2008
(expressed in thousands of New Taiwan dollars and US Dollars)

	2007 Q1	2008 Q1
	NT\$	NT\$
Cash flows from operating activities:		
Net income (loss)	(1,755,336)	\$1,753,249
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	89,978	47,515
Amortization	113,803	92,105
Amortization of exchangeable bond discount	31,077	22,025
Change in provision for bad debt	(2,029)	(20,700)
Change in provision for inventory obsolescence	(204,457)	(4,954)
Investment loss (gain) on long-term equity investments accounted for by equity method, net	552,659	(2,633,618)
Gain on disposal of long-term equity investment held for sale	(5,447)	-
Loss on disposal of financial assets carried at cost	2,286	-
Gain on disposal of long-term equity investments, net	(127,211)	(647)
Loss (gain) on disposal of property, plant and equipment, net	(385)	4,678
Amortization of deferred profits on sale-leaseback transaction	-	(27,295)
Amortization of bond issuance costs	2,810	2,304
Differences in accounts in the accompanying balance sheets:		
Financial assets and liabilities at fair value through profit or loss	245,112	(386,807)
Notes and accounts receivable	(59,405)	1,811,063
Receivables from related parties	2,998,840	2,824,691
Other receivables	(122,572)	316,798
Inventories	778,352	1,217,439
Other financial assets—current	(534)	30,672
Prepaid expenses and other current assets	172,801	(12,195)
Prepaid pension	-	(3,577)
Accounts payable	(502,931)	(1,347,960)
Payables to related parties	(7,691,689)	(1,678,654)
Deferred inter-company profit	(16,744)	(40,209)
Accrued expenses and other current liabilities	(1,577,832)	(266,342)
Deferred credit	(4,776)	(4,776)
Net cash used in operating activities	<u>(7,083,630)</u>	<u>1,694,805</u>
Cash flows from investing activities:		
Addition to long-term equity investments	-	(305,440)
Additions to property, plant and equipment	(53,530)	(18,769)
Proceeds from disposal of long-term equity investments	1,479,530	-
Proceeds from disposal of property, plant and equipment	4,200	1,876
Increase in refundable deposits and deferred assets	(29,953)	(35,316)
Net cash provided by (used in) investing activities	<u>1,400,247</u>	<u>(357,649)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(2,685,873)	(911,044)
Increase in long-term debt	7,000,000	-
Issuance of exchangeable bonds	4,500,000	-
Net cash provided by financing activities	<u>8,814,127</u>	<u>(911,044)</u>
Net increase (decrease) in cash and cash equivalents	<u>3,130,744</u>	<u>426,112</u>
Cash and cash equivalents at beginning of period	<u>3,319,981</u>	<u>1,211,176</u>
Cash and cash equivalents at end of period	<u>\$6,450,725</u>	<u>\$1,637,288</u>
Additional disclosure of cash flow information:		
Cash paid during the period for:		
Interest	<u>\$305,128</u>	<u>\$307,716</u>
Income taxes	<u>\$2,436</u>	<u>\$829</u>
Supplemental disclosure of non-cash investing and financial activities:		
Increase (decrease) in cumulative translation adjustment	<u>\$37</u>	<u>(\$489,668)</u>
Convertible bonds converted into common stock	<u>\$20,241</u>	<u>(\$316,919)</u>
Cancellation of treasury stock	<u>\$1,759,157</u>	<u>-</u>
Change in available-for-sale financial assets	<u>(\$291,650)</u>	<u>(\$60,260)</u>