

Qisda Corporation

(Formerly BenQ Corporation)

Q3 2007 Brief

October 23, 2007

Qisda

Overview

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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.

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Qisda Company Profile

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Qisda Company Profile (1)

Qisda is an ODM/EMS provider headquartered in Taiwan, with 5 manufacturing sites world-wide; and currently ranked globally among top 5 manufacturers in LCD monitors, projectors, and multifunction printers.

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Qisda Company Profile (2)

- Spectrum of product lines
 - ◆ LCD monitor
 - ◆ LCD TV
 - ◆ Projector
 - ◆ SPC (scanner / printer / copier)
 - ◆ Mobile Phones
 - ◆ Infotainment Solutions (car infotainment displays and a variety of portable devices)

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Qisda Company Profile (3)

- Global manufacturing sites
 - ◆ Taiwan
 - ◆ China (Suzhou & Shanghai)
 - ◆ Czech Republic
 - ◆ Mexico

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Qisda Company Profile (4)

- Core competency
 - ◆ Innovative design capability offering multiple 4C product lines.
 - ◆ High quality & flexible global manufacturing.
 - ◆ In-house & intra-group vertical integration including:
 - Surface-mount technology (SMT)
 - Metal stamping
 - Plastic injection
 - LCD module assembling

Please refer to www.qisda.com for more details about Qisda

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Q3 Business Summary

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Q3 Business Summary

- Further improvement in top line and net income.
- QoQ growth rate of ODM/EMS business was 17%, and main contributors were:
 - ◆ LCD monitor, due to increased volume and average selling price
 - ◆ SPC, due to introduction of new projects.
 - ◆ Projector, due to seasonal demands.
- The bulk of “end-of-life” mobile phone inventories have been cleared.

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Q3 Key Financial Events

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Q3 Key Financial Events (1)

- Spin-off of BenQ brand business, and BenQ Corporation was re-named Qisda Corporation on 1st September 2007 to position itself as pure ODM/EMS provider.
 - ◆ Q3 financial figures exclude September 2007 figures of brand business.
 - ◆ Establish brand business under BenQ Asia Pacific Corp which was re-named BenQ Corporation, and wholly (100%) owned by Qisda.

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Q3 Key Financial Events (2)

- Capital reduction exercise, resulting in change of paid-in capital from NTD 25.6 billion to NTD 15.4 billion.
 - ◆ Diluted EPS and net worth per share for Q2 in this presentation are adjusted retroactively to provide a comparable basis for Q2 and Q3 financial figures.
- Sold two office buildings and L-T investments (Darfon and Raydium).
 - ◆ Resulting in non-operating profit and positive cash flow.

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Q3 Financial Highlights

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Q3 Income Statement QoQ Analysis

Amount : NT\$ Billion Except
EPS Data

	Q2 2007		Q3 2007	
Net Sales	32.37	100.0%	36.58	100.0%
Cost of Goods Sold	(30.49)	(94.2%)	(34.13)	(93.3%)
Gross Profit	1.88	5.8%	2.44	6.7%
Operating Expenses	(3.79)	(11.7%)	(3.84)	(10.5%)
Operating Income	(1.91)	(5.9%)	(1.39)	(3.8%)
Net Non-op Items	2.52	7.8%	4.29	11.7%
Income before Tax	0.61	1.9%	2.90	7.9%
Income Tax	(0.04)	(0.1%)	(0.07)	(0.2%)
Net Income	0.57	1.8%	2.83	7.7%
Fully Diluted EPS (NT\$)	0.37		1.84	
Net Worth per Share (NT\$)	11.52		13.66	

- Operating loss as a result of final clearing and write-off of "end-of-life" mobile phone inventories.
- Non-operating items from gains & disposal of long-term investments and sale of Office Buildings.

Core business unaudited consolidated results.
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Q3 Balance Sheet Highlights

Amount: NT \$ Billion

	Q2 2007		Q3 2007		QoQ Change
Cash & Equivalent	9.04	9.2%	6.88	7.0%	-2.16
Accounts Receivable	16.84	17.2%	22.64	23.2%	5.80
Inventories	19.24	19.6%	11.65	11.9%	-7.60
L-T Investments	31.22	31.8%	38.47	39.4%	7.24
Total Assets	98.03	100.0%	97.67	100.0%	-0.36
Debt	43.62	44.5%	42.71	43.7%	-0.91
Accounts Payable	25.49	26.0%	26.33	27.0%	0.83
Total Liabilities	80.34	82.0%	76.70	78.5%	-3.64
Equities	17.69	18.0%	20.97	21.5%	3.29

- Change in Cash, Accounts Receivable and Inventory are mainly due to the spin-off exercise.
- Increase in L-T Investments is the result of Spin-off BenQ brand business and gains from long-term investments.

Core business unaudited consolidated results.
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Q3 Key Financial Ratios

	<u>Q2 2007</u>	<u>Q3 2007</u>
A/R Turnover	44 days	57 days
Inventory Turnover	50 days	35 days
A/P Turnover	78 days	79 days
ROA	0.6%	2.9%
ROE	3.2%	14.6%
Current ratio	102.7%	97.9%
Debt / Total Assets	44.5%	43.7%

- *Change in A/R turnover and Inventory turnover are mainly due to the spin-off exercise.*

Core business unaudited consolidated results.

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Q4 Guidance

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Q4 Guidance (1)

ODM/EMS business outlook

- Business growth contributors:
 - ◆ LCD monitor, due to new projects
 - ◆ Projector, due to seasonal peak
 - ◆ LCD TV, due to new customers
- SPC – slower business momentum due to seasonality.
- Digital Photo Frame – new business commences

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Q4 Guidance (2)

- Mobile Communications – re-establish business with new products and new customers.

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

UNIT : NT\$K

Assets			Liabilities & stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalent	6,882,221	7.0%	Short term borrowings	12,724,449	13.0%
Assigned financial asset measured at fair value - current	0	0.0%	N/P & A/P	18,239,512	18.7%
Net notes and accounts receivable	9,001,904	9.2%	N/P & A/P to related parties	8,086,065	8.3%
N/R & A/R from related parties	13,639,263	14.0%	Bond payable	2,200,000	2.3%
Net inventories	11,645,052	11.9%	Accrued exp. & other current liab.	<u>6,392,422</u>	6.5%
Prepaid expenses & other current assets	5,464,272	5.6%	Total current liabilities	47,642,448	48.8%
Total current assets	<u>46,632,713</u>	47.7%	Long term loan	20,502,682	21.0%
Long term investments	38,465,076	39.4%	Bond payable	7,283,152	7.5%
Fixed assets :	16,789,822	17.2%	Other liabilities	<u>1,271,549</u>	1.3%
Less : Accumulated depreciation	<u>(6,181,475)</u>	6.3%	Total liabilities	<u>76,699,831</u>	78.5%
Total fixed assets	<u>10,608,347</u>	10.9%	Stockholder' equities		
Other assets	1,967,106	2.0%	Common stock	15,389,280	15.8%
			Capital surplus	4,785,052	4.9%
			Legal reserve	0	0.0%
			Unrealized gain or loss on financial product	<u>(124,228)</u>	-0.1%
			Retained earnings	314,284	0.3%
			Translation adjustment	686,552	0.7%
			Treasury stock	<u>(77,530)</u>	-0.1%
			Total stockholder' equities	<u>20,973,411</u>	21.5%
 Total Assets	 <u>\$ 97,673,242</u>	 100.0%	 Total Liabilities & stockholders' equity	 <u>\$ 97,673,242</u>	 100.0%

Qisda Corporation.
Unaudited Core Business Consolidated Income Statement
JAN-SEP' 2007

UNIT : NT\$K

Net sales	\$ 98,400,958	100.0%
Cost of goods sold	<u>(91,385,841)</u>	-92.9%
Gross profit	<u>7,015,117</u>	7.1%
Operating expense :		
S & M	(6,780,733)	-6.9%
G & A	(1,875,684)	-1.9%
R & D	<u>(2,741,746)</u>	-2.8%
Total Operating expense	<u>(11,398,163)</u>	-11.6%
Operating income (loss)	<u>(4,383,046)</u>	-4.5%
Non-operating in net income(loss)	6,139,996	6.2%
Earning Before income tax	1,756,950	1.8%
Income tax	(116,318)	-0.1%
Minority interest in net income (loss)	<u>0</u>	0.0%
Profit after tax	<u>\$1,640,631</u>	1.7%

Qisda Corporation
Non-consolidated Balance Sheets
September 30, 2006 and 2007
(expressed in thousands of New Taiwan dollars)
(Unaudited)

Assets	2006.9.30	2007.9.30		Liabilities and Stockholders' Equity	2006.9.30	2007.9.30	
	NT\$	NT\$	US\$		NTS	NTS	US\$
Current assets:				Current liabilities:			
Cash and cash equivalents	\$4,260,379	\$3,196,499	\$97,851	Short-term borrowings	\$18,892,497	\$8,031,046	\$245,846
Financial assets at fair value through profit or loss-current	20,047	92,454	2,830	Financial liabilities at fair value through profit or loss-current	32,647	-	-
Notes and accounts receivable, net	4,784,919	6,662,961	203,966	Notes and account payable	4,355,185	3,613,381	110,613
Notes and accounts receivable-related parties	21,526,617	20,276,005	620,688	Accounts payable-related parties	11,961,574	11,921,259	364,933
Other receivable-related parties	459,692	1,375,541	42,108	Other payable-related parties	413,016	411,421	12,594
Other receivable	4,965,115	1,977,766	60,543	Current installments of bonds payable	2,050,000	2,200,000	67,346
Other financial assets-current	25,141	506,447	15,503	Unearned revenue and other current liabilities	321,618	363,421	11,125
Inventories, net	3,834,063	3,088,341	94,540	Accrued expenses and other current liabilities	3,711,315	5,158,456	157,910
Prepaid expenses and other current assets	190,476	90,200	2,761	Deferred inter-company profits	262,555	334,817	10,249
Long-term equity investments held for sale	-	205,733	6,298	Total current liabilities	<u>42,000,407</u>	<u>32,033,801</u>	<u>980,616</u>
Fixed assets held for sale	915,160	-	-	Financial liabilities at fair value through profit or loss-noncurrent	-	1,069,707	32,746
Deferred income tax assets-current	1,270,944	274,253	8,396	Bonds payable, excluding current installments	5,000,000	6,213,445	190,206
Total current assets	<u>42,252,553</u>	<u>37,746,200</u>	<u>1,155,484</u>	Long-term debt	12,000,000	19,000,000	581,627
Long-term investments:				Other liabilities			
Available for-sale financial assets-noncurrent	3,191,639	3,380,270	103,477	Deferred profits on sale-leaseback transaction	-	1,073,569	32,864
Long-term equity investments under equity method	30,267,143	35,613,925	1,090,211	Other liabilities	260,072	457,221	13,996
Financial assets carried at cost-noncurrent	1,340,795	183,593	5,620	Total liabilities	<u>59,260,479</u>	<u>59,847,743</u>	<u>1,832,055</u>
	<u>34,799,577</u>	<u>39,177,788</u>	<u>1,199,308</u>	Stockholders' equity:			
Property, plant and equipment:				Common stock	26,248,800	15,389,280	471,095
Land	2,126,257	663,248	20,304	Capital surplus:			
Buildings	3,695,943	1,511,472	46,269	Paid-in capital in excess of the common stock's par value	8,295,561	-	-
Machinery and equipment	2,283,016	1,276,865	39,088	Convertible bonds converted in excess of the common stock's par value	7,248,958	-	-
Furniture and fixtures	172,347	114,117	3,493	Capital surplus from treasury stock transactions	12,432	-	-
Other equipment	71,264	54,991	1,683	Capital surplus from long-term equity investments	2,219,031	4,785,052	146,480
Advance payments for purchase of plant and equipment	293,833	2,037	62		<u>17,775,982</u>	<u>4,785,052</u>	<u>146,480</u>
	<u>8,642,660</u>	<u>3,622,730</u>	<u>110,899</u>	Legal reserve	1,059,698	-	-
Less: accumulated depreciation	(2,981,273)	(1,641,376)	(50,246)	Retained earnings(Accumulated deficit)	(19,173,317)	314,284	9,621
Net property, plant and equipment	<u>5,661,387</u>	<u>1,981,354</u>	<u>60,653</u>	Foreign currency translation adjustment	570,830	686,552	21,017
Other assets :				Unrealized gain(loss) on available-for-sale financial products	79,683	(124,228)	(3,803)
Intangible assets	967,136	604,108	18,493	Treasury stock	(1,837,549)	(77,530)	(2,373)
Leased property	87,112	102,221	3,129	Total stockholders' equity	<u>24,724,127</u>	<u>20,973,410</u>	<u>642,037</u>
Idle assets	-	104,324	3,194	Commitments and contingencies			
Refundable deposits	9,140	87,429	2,676	Total liabilities and stockholders' equity	<u>\$83,984,606</u>	<u>\$80,821,153</u>	<u>\$2,474,092</u>
Deferred expenses	42,291	47,421	1,452				
Deferred income tax assets-noncurrent	165,410	865,087	26,482				
Prepaid pension cost	-	105,221	3,221				
Total other assets	<u>1,271,089</u>	<u>1,915,811</u>	<u>58,647</u>				
Total assets	<u>\$83,984,606</u>	<u>\$80,821,153</u>	<u>\$2,474,092</u>				

(Note: Translation of the September 31, 2007, 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 September 31, 2007, of NTS32.667 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation
Non-consolidated Statements of Operations
For the nine-month periods ended September 31, 2006 and 2007
(expressed in thousands of dollars, except earnings per share)

	2006	2007	
	NT\$	NT\$	US\$
Net Revenues	\$101,496,852	\$92,073,592	\$2,818,551
Cost of revenues	(98,664,125)	(90,576,706)	(2,772,728)
Gross profit	<u>2,832,727</u>	<u>1,496,886</u>	<u>45,823</u>
Change in unrealized inter-company profits	70,147	(152,836)	(4,679)
Realized gross profit	<u>2,902,874</u>	<u>1,344,050</u>	<u>41,144</u>
Operating expenses:			
Selling	(2,920,715)	(2,043,334)	(62,550)
Administrative	(859,196)	(812,344)	(24,867)
Research and development	(2,836,164)	(2,560,364)	(78,378)
	<u>(6,616,075)</u>	<u>(5,416,042)</u>	<u>(165,795)</u>
Operating loss	<u>(3,713,201)</u>	<u>(4,071,992)</u>	<u>(124,651)</u>
Nonoperating income and gains:			
Interest income	26,360	64,484	1,974
Investment income recognized under the equity method, net	-	2,724,180	83,392
Dividend income	38,503	19,311	591
Gain on disposal of property, plant and equipment	8,151	1,277,644	39,111
Gain on disposal of investments, net	978,709	3,544,568	108,506
Other income	5,727,502	101,240	3,099
	<u>6,779,225</u>	<u>7,731,427</u>	<u>236,673</u>
Nonoperating expenses and loss:			
Interest expense	(773,397)	(1,181,367)	(36,164)
Investment loss recognized under the equity method, net	(21,708,303)	-	-
Impairment loss on long-term equity investment	(64,000)	-	-
Loss on disposal of property, plant and equipment	(210)	(20,668)	(633)
Foreign currency exchange loss, net	(37,866)	(416,922)	(12,763)
Impairment loss on idle assets	-	(112,711)	(3,450)
Evaluation loss on financial assets	(23,084)	(232,330)	(7,112)
Other loss	(182,796)	(24,158)	(739)
	<u>(22,789,656)</u>	<u>(1,988,156)</u>	<u>(60,861)</u>
Net income before income taxes	<u>(19,723,632)</u>	<u>1,671,279</u>	<u>51,161</u>
Income tax expense	(39)	(30,648)	(938)
Net income (loss)	<u>(\$19,723,671)</u>	<u>\$1,640,631</u>	<u>\$50,223</u>
Basic earnings (loss) per share :			
Before income taxes	<u>(\$12.83)</u>	<u>\$1.09</u>	<u>\$0.03</u>
After income taxes	<u>(\$12.83)</u>	<u>\$1.07</u>	<u>\$0.03</u>

Qisda Corporation
Non-consolidated Statements of Cash Flows
For the nine-month periods ended September 31, 2006 and 2007
(expressed in thousands of dollars)

	2006	2007	
	NT\$	NT\$	US\$
Cash flows from operating activities:			
Net income (loss)	(\$19,723,671)	\$1,640,631	\$50,223
Adjustments to reconcile net income to cash used in operating activities:			
Depreciation	331,592	231,604	7,090
Amortization	419,496	378,293	11,580
Amortization of exchangeable bond discount	-	102,206	3,129
Change in provision for bad debt and sales allowance	(176,747)	(12,748)	(390)
Change in provision for inventory obsolescence	557,188	(319,616)	(9,784)
Net investment loss(gain) accounted for by equity method	21,708,303	(2,724,180)	(83,392)
Cash dividends received from investments recognized under equity method	823,219	309,999	9,490
Gain on disposal of financial assets at fair value through profit or loss, net	(528)	(4,546)	(139)
Gain on disposal of long-term equity investments held for sale	-	(19,671)	(602)
Loss on disposal of financial assets carried at cost	90	779	24
Gain on disposal of long-term equity investments recognized under equity method, net	(978,271)	(3,521,130)	(107,789)
Impairment loss on long-term equity investment	64,000	-	-
Gain on disposal of property, plant and equipment	(7,941)	(1,256,976)	(38,479)
Realized profit on sale-leaseback transaction	-	18,196	557
Unrealized foreign exchange gain on overseas convertible bonds	(2,431)	-	-
Reversal for interest reimbursements of overseas convertible bonds	(250)	-	-
Other revenue-Lite-on Stocks	(4,275,531)	-	-
Impairment loss on idle assets	-	112,711	3,450
Amortization of bond issuance costs	3,051	8,430	258
Change in operating assets and liabilities:			
Financial assets and liabilities at fair value through profit or loss	85,053	256,719	7,859
Notes and accounts receivable	(2,030,713)	(3,099,894)	(94,894)
Receivable-related parties	3,573,837	(5,629,231)	(172,322)
Other receivable	(360,803)	1,440,604	44,100
Inventories	1,190,104	230,793	7,065
Other financial assets-current	(5)	(490,299)	(15,009)
Prepaid expenses and other current assets	296,097	174,993	5,357
Prepaid pension cost	-	9,952	305
Notes and accounts payable	(350,859)	293,037	8,970
Payable-related parties	(8,808,600)	(2,442,689)	(74,776)
Deferred inter-company profit	(70,147)	152,837	4,679
Accrued expenses and other current liabilities	614,891	(1,927,163)	(58,994)
Deffered credits	-	(14,328)	(439)
Other liabilities	(14,329)	(23,082)	(707)
Net cash used in operating activities	<u>(7,133,905)</u>	<u>(16,123,769)</u>	<u>(493,580)</u>
Cash flows from investing activities:			
Increase in long-term equity investments	(16,585,205)	(36,944)	(1,131)
Additions to property, plant and equipment	(272,787)	(101,008)	(3,092)
Proceeds from sale of long-term equity investments	1,154,374	7,009,070	214,561
Proceeds from disposal of property, plant and equipment	74,610	5,561,902	170,261
Increase in refundable deposits and deferred expenses	(389,998)	(230,331)	(7,051)
Return of capital from investees	611	3,821	117
Net cash provided by (used in) investing activities	<u>(16,018,395)</u>	<u>12,206,510</u>	<u>373,665</u>
Cash flows from financing activities:			
Increase(decrease) in short-term borrowings	16,257,360	(5,656,223)	(173,148)
Redemption of bonds payable	(1,006,470)	(2,050,000)	(62,754)
Increase in long-term debt	12,000,000	7,000,000	214,284
Issuance of domestic exchangeable bonds	-	4,500,000	137,753
Net cash provided by financing activities	<u>27,250,890</u>	<u>3,793,777</u>	<u>116,135</u>
Net increase (decrease) in cash and cash equivalents	<u>4,098,590</u>	<u>(123,482)</u>	<u>(3,780)</u>
Cash and cash equivalents at beginning of period	161,789	3,319,981	101,631
Cash and cash equivalents at end of period	<u>\$4,260,379</u>	<u>\$3,196,499</u>	<u>\$97,851</u>
Additional disclosure of cash flow information:			
Cash paid during the period for:			
Interest, excluding capitalized interest	<u>\$747,015</u>	<u>\$1,078,750</u>	<u>\$33,023</u>
Income taxes	<u>\$1,101</u>	<u>\$27,872</u>	<u>\$853</u>
Supplemental disclosure of non-cash investing and financial activities:			
Retirement of treasury stock	-	<u>\$1,759,157</u>	<u>\$53,851</u>
Increase in foreign currency translation adjustment	<u>\$136,070</u>	<u>\$4,299</u>	<u>\$132</u>
Convertible bonds converted into common stock and capital surplus in excess of par	<u>\$129,510</u>	<u>-</u>	<u>-</u>

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