



Qisda Corporation 2012 Q4 Results

March 7, 2013

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Outline

- Q4 and 2012 DMS Business Financial Results
- 2012 Q4 DMS 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 might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.

Disclaimer

These financial information in this document are based on unaudited results of the DMS(Design, Manufacturing and Service) business (formerly named Consolidated core business), and audited results of consolidated financials.

Q4 and 2012 DMS Business Financial Results

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Q4 DMS Business Income Statement: QoQ Analysis

Amount : NT\$ Billion

| | 2012 Q4 | | 2012 Q3 | | QoQ |
|-------------------------------------|---------------|--------------|---------------|--------------|-----------------|
| DMS Business: ⁽¹⁾ | | | | | |
| Net Sales | 19.91 | 100.0% | 23.23 | 100.0% | -14.3% |
| COGS | (18.72) | | (21.62) | | |
| Gross Margin | 1.18 | 5.9% | 1.61 | 6.9% | -1.0 ppt |
| Opex | (1.12) | -5.6% | (1.15) | -5.0% | |
| Operating Income | 0.06 | 0.3% | 0.46 | 2.0% | -1.7 ppt |
| Net Non-op Items | (1.06) | | (1.05) | | |
| Consolidated: ⁽²⁾ | | | | | |
| Income before Tax | (1.00) | | (0.59) | | |
| Net Income | (1.07) | -5.4% | (1.11) | -4.8% | -0.6 ppt |
| EPS-Diluted (NT\$) | (0.55) | | (0.57) | | |
| Net Worth / Share (NT\$) | 9.35 | | 10.01 | | |

(1) Based on unaudited results of the DMS(Design, Manufacturing and Service) business

(2) Based on audited results of consolidated financials

(3) EPS-diluted was calculated based on total diluted, 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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Q4 DMS Business Balance Sheet Highlights

Amount: NT\$ Billion

| | 2012 Q4 | | 2012 Q3 | | QoQ |
|--------------------------|--------------|---------------|--------------|---------------|---------------|
| Cash & Equivalent | 3.74 | 6.6% | 4.66 | 7.4% | (0.92) |
| Accounts Receivable | 10.61 | 18.7% | 12.53 | 20.0% | (1.92) |
| Inventory | 7.48 | 13.2% | 8.47 | 13.5% | (0.99) |
| L-T Investments | 22.73 | 40.0% | 24.01 | 38.3% | (1.28) |
| Total Assets | 56.87 | 100.0% | 62.76 | 100.0% | (5.89) |
| Fin. Debt | 19.28 | 33.9% | 21.00 | 33.5% | (1.72) |
| Accounts Payable | 14.03 | 24.7% | 17.12 | 27.3% | (3.09) |
| Total Liabilities | 38.49 | 67.7% | 43.08 | 68.6% | (4.59) |
| Equity | 18.39 | 32.3% | 19.69 | 31.4% | (1.30) |

* Based on unaudited results of the DMS(Design, Manufacturing and Service) business
 * Fin. debt included long term and short term financial debts

Q4 DMS Business Key Financial Ratios

| | 2012 Q4 | 2012 Q3 | QoQ |
|--------------------------|---------|---------|----------|
| A/R Turnover | 51 days | 48 days | +3 days |
| Inventory Turnover | 41 days | 37 days | +4 days |
| A/P Turnover | 74 days | 76 days | -2 days |
| Cash Conversion Cycle | 18 days | 9 days | +9 days |
| ROA | -1.8% | -1.8% | 0.0 ppt |
| ROE | -5.4% | -5.4% | 0.0 ppt |
| Current ratio | 101.9% | 104.1% | -2.2 ppt |
| Fin. Debt / Total Assets | 33.9% | 33.5% | +0.4 ppt |

* Based on unaudited results of the DMS(Design, Manufacturing and Service) business
 * ROA and ROE were calculated on a quarterly basis

2012 DMS Business Income Statement: YoY Analysis

Amount : NT\$ Billion

| | 2012 | | 2011 | | QoQ |
|--------------------------|---------|--------|---------|--------|----------|
| DMS Business: (1) | | | | | |
| Net Sales | 84.48 | 100.0% | 84.89 | 100.0% | -0.5% |
| COGS | (78.81) | | (79.15) | | |
| Gross Margin | 5.67 | 6.7% | 5.74 | 6.8% | -0.1 ppt |
| Opex | (4.75) | -5.6% | (4.89) | -5.8% | |
| Operating Income | 0.91 | 1.1% | 0.85 | 1.0% | +0.1 ppt |
| Net Non-op Items | (2.92) | | (4.09) | | |
| Consolidated: (2) | | | | | |
| Income before Tax | (2.00) | | (3.25) | | |
| Net Income | (2.60) | -3.1% | (3.41) | -4.0% | +0.9 ppt |
| EPS-Diluted (NT\$) | (1.32) | | (1.74) | | |
| Net Worth / Share (NT\$) | 9.35 | | 10.96 | | |

- (1) Based on unaudited results of the DMS(Design, Manufacturing and Service) business
 (2) Based on audited results of consolidated financials
 (3) EPS-diluted was calculated based on total diluted, weighted-averaged outstanding shares (1,966 m shares)
 (4) Net worth per share was calculated based on total outstanding shares (1,966 m shares)

2012 DMS Business Balance Sheet Highlights

Amount: NT\$ Billion

| | 2012 | | 2011 | | QoQ |
|---------------------|-------|--------|-------|--------|--------|
| Cash & Equivalent | 3.74 | 6.6% | 6.86 | 10.4% | (3.12) |
| Accounts Receivable | 10.61 | 18.7% | 10.12 | 15.4% | 0.49 |
| Inventory | 7.48 | 13.2% | 7.93 | 12.0% | (0.45) |
| L-T Investments | 22.73 | 40.0% | 26.19 | 39.7% | (3.46) |
| Total Assets | 56.87 | 100.0% | 65.89 | 100.0% | (9.02) |
| Fin. Debt | 19.28 | 33.9% | 22.72 | 34.5% | (3.44) |
| Accounts Payable | 14.03 | 24.7% | 15.91 | 24.1% | (1.88) |
| Total Liabilities | 38.49 | 67.7% | 44.36 | 67.3% | (5.87) |
| Equity | 18.39 | 32.3% | 21.53 | 32.7% | (3.14) |

- * Based on unaudited results of the DMS(Design, Manufacturing and Service) business
 * Fin. debt included long term and short term financial debts

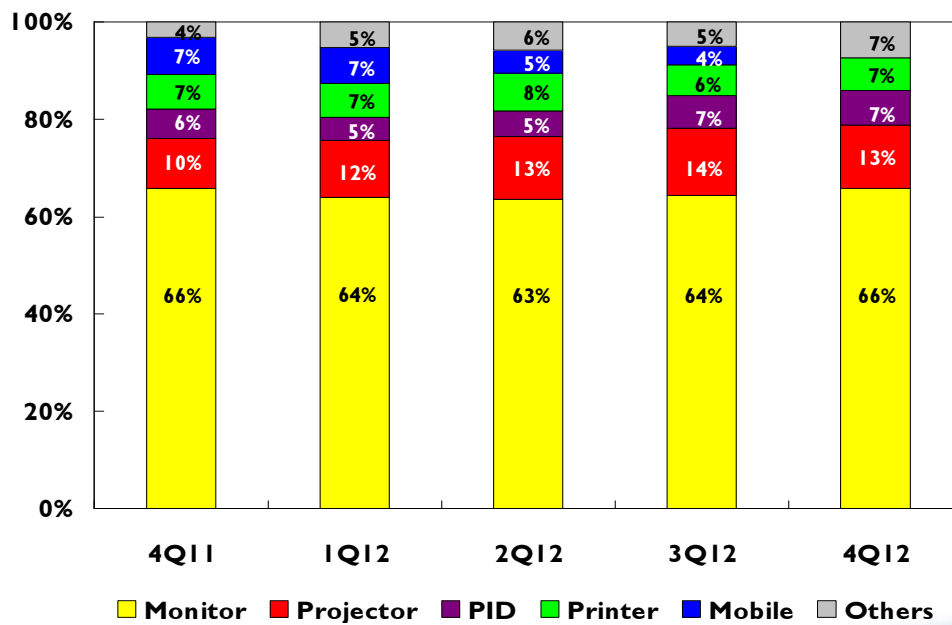
2012 DMS Business Key Financial Ratios

| | 2012 | 2011 | QoQ |
|--------------------------|---------|---------|----------|
| A/R Turnover | 51 days | 40 days | +11 days |
| Inventory Turnover | 41 days | 35 days | +6 days |
| A/P Turnover | 74 days | 75 days | -1 days |
| Cash Conversion Cycle | 18 days | 0 days | +18 days |
| ROA | -4.2% | -4.9% | +0.7 ppt |
| ROE | -13.0% | -14.5% | +1.5 ppt |
| Current ratio | 101.9% | 107.5% | -5.6 ppt |
| Fin. Debt / Total Assets | 33.9% | 34.5% | -0.6 ppt |

* Based on unaudited results of the DMS(Design, Manufacturing and Service) business
 * ROA and ROE were calculated on an annual basis

2012 Q4 DMS Business Summary

DMS Business Revenue Breakdown by Product Line



Note : 1. Professional and industrial display, herein referred to as "PID".

2. "Others" includes automobile electronics and other products; 4Q12 includes Mobiles.

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2012 Q4 DMS Business Summary

- **Monitor :**

- Unit shipment decreased by 13% QoQ

- **Projector :**

- Unit shipment decreased by 21% QoQ

- **Color laser printer :**

- Unit shipment maintained the same as Q3

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Value-Up Solutions

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Qisda Corporation.
Unaudited DMS Business Balance Sheet
Dec ,31, 2012

UNIT : NT\$K

| Assets | | | Liabilities and stockholders' equity | | |
|---|----------------------|--------|--|----------------------|--------|
| Current assets : | | | Liabilities | | |
| Cash & cash equivalents | 3,675,978 | 6.5% | Short- term borrowings | 4,982,256 | 8.8% |
| Financial assets at fair value through profit or loss - current | 910 | 0.0% | Financial liabilities at fair value through profit or loss - current | 31,128 | 0.1% |
| Notes and accounts receivable,net | 5,568,864 | 9.8% | N/P & A/P | 12,946,698 | 22.8% |
| N/R & A/R from related parties | 5,043,984 | 8.9% | N/P & A/P to related parties | 1,079,647 | 1.9% |
| Other receivables, net | 638,188 | 1.1% | Other payable to related parties | 12,082 | 0.0% |
| Other receivable from related parties | 27,013 | 0.0% | Long-term debt due within one year | 785,720 | 1.4% |
| Other financial assets - current | 61,436 | 0.1% | Accrued exp. & other current liab. | 4,454,440 | 7.8% |
| Net inventories | 7,482,821 | 13.2% | Total current liabilities | <u>24,291,971</u> | 42.7% |
| Prepaid expenses and other current assets | 2,045,606 | 3.6% | Long term loan | 13,509,480 | 23.8% |
| Deferred income tax assets - current | 219,946 | 0.4% | Bonds payable | 0 | 0.0% |
| Total current assets | <u>24,764,746</u> | 43.5% | Other liabilities | 684,300 | 1.2% |
| Long-term investments | 22,731,289 | 40.0% | Total liabilities | <u>38,485,751</u> | 67.7% |
| Fixed assets : | 8,905,510 | 15.7% | Stockholders' equity | | |
| Less : Accumulated depreciation and | <u>(2,907,160)</u> | 5.1% | Common stock | 19,667,820 | 34.6% |
| Total fixed assets | <u>5,998,350</u> | 10.5% | Capital surplus | 3,505,798 | 6.2% |
| Other assets | 3,379,990 | 5.9% | Legal reserve | 0 | 0.0% |
| | | | Unrealized gain or loss on available-for-sale financial assets | (803,159) | -1.4% |
| | | | Retained earnings | (4,232,396) | -7.4% |
| | | | Cumulative translation adjustment | 257,441 | 0.5% |
| | | | Treasury stock | <u>(6,880)</u> | 0.0% |
| | | | Total stockholders' equity | <u>18,388,624</u> | 32.3% |
| Total Assets | <u>\$ 56,874,375</u> | 100.0% | Total Liabilities and stockholders' equity | <u>\$ 56,874,375</u> | 100.0% |

Qisda Corporation.
Unaudited DMS Business Income Statement
Jan-Dec' 2012

UNIT : NT\$K

| | | |
|---|----------------------|--------|
| Net sales | \$ 84,474,695 | 100.0% |
| Cost of goods sold | <u>(78,806,075)</u> | -93.3% |
| Gross profit | <u>5,668,620</u> | 6.7% |
| Operating expense : | | |
| S & M | (1,808,067) | -2.1% |
| G & A | (619,687) | -0.7% |
| R & D | <u>(2,326,340)</u> | -2.8% |
| Total Operating expense | <u>(4,754,094)</u> | -5.6% |
| Operating income (loss) | 914,526 | 1.1% |
| Non-operating income (loss) | <u>(2,916,367)</u> | -3.5% |
| Consolidated Earning before income tax | <u>(2,001,840)</u> | -2.4% |
| Consolidated Income tax expense | <u>(598,324)</u> | -0.7% |
| Consolidated Profit after tax | <u>(\$2,600,164)</u> | -3.1% |

Qisda Corporation

Non-consolidated Balance Sheets

December 31, 2011 and 2012

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

| Assets | 2011 NT\$ | 2012 NT\$ | US\$ | Liabilities and Stockholders' Equity | 2011 NT\$ | 2012 NT\$ | US\$ |
|--|--------------------------|--------------------------|-------------------------|---|--------------------------|--------------------------|-------------------------|
| Current assets: | | | | Current liabilities: | | | |
| Cash and cash equivalents | 4,141,627 | 343,101 | 11,811 | Short-term borrowings | 3,710,654 | 407,904 | 14,041 |
| Financial assets at fair value through profit or loss— current | 8,680 | 910 | 31 | Financial liabilities at fair value through profit or loss— current | 46,371 | 31,128 | 1,072 |
| Available-for-sale financial assets— current | 1,673,995 | - | - | Accounts payable | 2,096,942 | 2,446,893 | 84,230 |
| Accounts receivable, net | 3,835,407 | 4,549,994 | 156,626 | Accounts payable to related parties | 9,835,579 | 11,493,303 | 395,639 |
| Accounts receivables from related parties | 7,561,546 | 6,763,326 | 232,817 | Other payable to related parties | 96,855 | 38,516 | 1,326 |
| Other receivables, net | 858,920 | 629,539 | 21,671 | Accrued expenses | 2,372,477 | 2,060,928 | 70,944 |
| Other receivables from related parties | 951,714 | 10,835 | 373 | Bonds payable due within one year | 120,671 | - | - |
| Inventories | 2,475,960 | 2,900,400 | 99,841 | Current installments of long-term debt | 1,742,280 | 785,720 | 27,047 |
| Prepaid expenses and other current assets | 54,720 | 80,378 | 2,767 | Other current liabilities | 828,563 | 296,367 | 10,202 |
| Deferred income tax assets – current | 46,635 | 91,528 | 3,151 | Deferred inter-company profits | 24,707 | 12,279 | 423 |
| Total current assets | <u>21,609,204</u> | <u>15,370,011</u> | <u>529,088</u> | Total current liabilities | <u>20,875,099</u> | <u>17,573,038</u> | <u>604,924</u> |
| Long-term investments: | | | | Long-term debt: | <u>12,787,180</u> | <u>12,635,400</u> | <u>434,954</u> |
| Equity method | 30,907,280 | 28,202,917 | 970,841 | Other liabilities: | | | |
| Available-for-sale financial assets— non-current | 130,923 | 1,844,479 | 63,493 | Deposits in | 2,530 | 2,070 | 71 |
| Financial assets carried at cost – non-current | 1,592 | - | - | Deferred gain on sale-and-leaseback transaction – non-current | 500,393 | 391,217 | 13,467 |
| Total long-term investments | <u>31,039,795</u> | <u>30,047,396</u> | <u>1,034,334</u> | Other liabilities | 12,503 | 145,797 | 5,019 |
| Property, plant and equipment: | | | | Total other liabilities | <u>515,426</u> | <u>539,084</u> | <u>18,557</u> |
| Land | 600,168 | 635,066 | 21,861 | Total liabilities | <u>34,177,705</u> | <u>30,747,522</u> | <u>1,058,435</u> |
| Buildings | 1,428,183 | 1,459,880 | 50,254 | | | | |
| Machinery and equipment | 869,933 | 885,036 | 30,466 | Stockholders' equity: | | | |
| Furniture and fixtures | 98,440 | 101,516 | 3,495 | Common stock | 19,667,820 | 19,667,820 | 677,033 |
| Miscellaneous equipment | 57,471 | 57,406 | 1,976 | Capital surplus | 3,683,406 | 3,505,798 | 120,682 |
| Prepayments for plant and equipment | 6,653 | - | - | Legal reserve | 312,870 | - | - |
| | 3,060,848 | 3,138,904 | 108,052 | Special reserve | 286,915 | - | - |
| Less: accumulated depreciation | (1,581,493) | (1,647,176) | (56,702) | Retained earnings (accumulated deficit) | (2,232,017) | (4,232,396) | (145,694) |
| Net property, plant and equipment | <u>1,479,355</u> | <u>1,491,728</u> | <u>51,350</u> | Cumulative translation adjustment | 747,146 | 257,441 | 8,862 |
| Intangible assets | <u>62,861</u> | <u>50,448</u> | <u>1,737</u> | Unrealized loss on available-for-sale financial assets | (906,997) | (803,159) | (27,647) |
| Other assets: | | | | Treasury stock | (27,525) | (6,880) | (237) |
| Assets for lease | 210,503 | 153,485 | 5,284 | Total stockholders' equity | <u>21,531,618</u> | <u>18,388,624</u> | <u>632,999</u> |
| Idle assets | 104,324 | 104,324 | 3,591 | Commitments and contingencies | | | |
| Restricted deposits | 3,029 | 775,368 | 26,691 | | | | |
| Refundable deposits | 58,559 | 56,775 | 1,954 | | | | |
| Deferred expenses | 41,987 | 34,223 | 1,178 | | | | |
| Deferred income tax assets – non-current | 982,334 | 937,441 | 32,270 | | | | |
| Prepaid pension cost | 117,372 | 114,947 | 3,957 | | | | |
| Total other assets | <u>1,518,108</u> | <u>2,176,563</u> | <u>74,925</u> | | | | |
| Total assets | <u><u>55,709,323</u></u> | <u><u>49,136,146</u></u> | <u><u>1,691,434</u></u> | Total liabilities and stockholders' equity | <u><u>55,709,323</u></u> | <u><u>49,136,146</u></u> | <u><u>1,691,434</u></u> |

See accompanying notes to non-consolidated financial statements.

(Note: Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the non-consolidated financial statements solely for the convenience of the readers, using the noon buying rate of the Federal Reserve Bank in New York on December 31, 2012, of NT\$29.05 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation

Non-consolidated Statements of Operations

For the years ended December 31, 2011 and 2012

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

| | 2011 | 2012 | |
|---|---------------------------|---------------------------|------------------------|
| | NT\$ | NT\$ | US\$ |
| Net sales | 69,187,423 | 75,120,434 | 2,585,901 |
| Cost of goods sold | <u>(65,840,822)</u> | <u>(73,013,031)</u> | <u>(2,513,357)</u> |
| Gross profit | 3,346,601 | 2,107,403 | 72,544 |
| Change in unrealized inter-company profits | <u>64,199</u> | <u>12,428</u> | <u>428</u> |
| Realized gross profit | <u>3,410,800</u> | <u>2,119,831</u> | <u>72,972</u> |
| Operating expenses: | | | |
| Selling | (418,427) | (742,687) | (25,566) |
| Administrative | (559,246) | (231,273) | (7,961) |
| Research and development | <u>(2,039,408)</u> | <u>(1,997,108)</u> | <u>(68,747)</u> |
| | <u>(3,017,081)</u> | <u>(2,971,068)</u> | <u>(102,274)</u> |
| Operating income (loss) | <u>393,719</u> | <u>(851,237)</u> | <u>(29,302)</u> |
| Non-operating income: | | | |
| Interest income | 39,468 | 18,689 | 643 |
| Dividend income | 272,786 | 154,412 | 5,315 |
| Foreign currency exchange gain, net | 212,658 | 141,088 | 4,857 |
| Evaluation gain on financial instruments, net | - | 7,473 | 257 |
| Others | <u>672,346</u> | <u>467,761</u> | <u>16,102</u> |
| | <u>1,197,258</u> | <u>789,423</u> | <u>27,174</u> |
| Non-operating expenses: | | | |
| Interest expense | (539,845) | (507,986) | (17,487) |
| Investment loss recorded under equity method, net | (3,442,078) | (2,023,752) | (69,664) |
| Loss on disposal of investments, net | (471,706) | - | - |
| Evaluation loss on financial instruments, net | (374,479) | - | - |
| Others | <u>(71,092)</u> | <u>(6,612)</u> | <u>(228)</u> |
| | <u>(4,899,200)</u> | <u>(2,538,350)</u> | <u>(87,379)</u> |
| Loss before income tax | (3,308,223) | (2,600,164) | (89,507) |
| Income tax expense | <u>(102,954)</u> | <u>-</u> | <u>-</u> |
| Net loss | <u>(3,411,177)</u> | <u>(2,600,164)</u> | <u>(89,507)</u> |
| Earnings per share (expressed in New Taiwan dollars and US dollars): | | | |
| Basic earnings per share | <u>(1.68)</u> | <u>(1.32)</u> | <u>(0.045)</u> |
| Diluted earnings per share | <u>(1.74)</u> | <u>(1.32)</u> | <u>(0.045)</u> |

See accompanying notes to non-consolidated financial statements.

(Note: Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the non-consolidated financial statements solely for the convenience of the readers, using the noon buying rate of the Federal Reserve Bank in New York on December 31, 2012, of NT\$29.05 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation

Non-consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2012
(Expressed in thousands of New Taiwan dollars)

| | Common Stock NT\$ | Capital Surplus NT\$ | Legal Reserve NT\$ | Special Reserve NT\$ | Retained Earnings (Accumulated Deficit) NT\$ | Cumulative Translation Adjustment NT\$ | Unrealized Loss on Available-for-sale Financial Assets NT\$ | Treasury Stocks NT\$ | Total NT\$ |
|--|----------------------------------|-------------------------------------|-------------------------------|-------------------------------------|---|---|--|-------------------------------------|--------------------------|
| Balance as of January 1, 2011 | 19,282,176 | 3,571,497 | - | - | 3,128,697 | 101,959 | (388,874) | (78,485) | 25,616,970 |
| Net loss for 2011 | - | - | - | - | (3,411,177) | - | - | - | (3,411,177) |
| Appropriation of earnings and capital surplus: | | | | | | | | | |
| Decrease in capital surplus to offset accumulated deficit | - | - | - | - | - | - | - | - | - |
| Legal reverse | - | - | 312,870 | - | (312,870) | - | - | - | - |
| Special reverse | - | - | - | 286,915 | (286,915) | - | - | - | - |
| Cash dividends | - | - | - | - | (964,108) | - | - | - | (964,108) |
| Stock dividends | 385,644 | - | - | - | (385,644) | - | - | - | - |
| Change in treasury stock held by subsidiaries | - | - | - | - | - | - | - | 50,960 | 50,960 |
| Adjustments of net equity of investee companies | - | 111,909 | - | - | - | - | - | - | 111,909 |
| Change in unrealized loss on available-for-sale financial assets | - | - | - | - | - | - | (466,294) | - | (466,294) |
| Change in cumulative translation adjustment | - | - | - | - | - | 645,187 | - | - | 645,187 |
| Change in unrealized loss on financial instruments held by equity method investees | - | - | - | - | - | - | (51,829) | - | (51,829) |
| Balance as of December 31, 2011 | 19,667,820 | 3,683,406 | 312,870 | 286,915 | (2,232,017) | 747,146 | (906,997) | (27,525) | 21,531,618 |
| Net loss for 2012 | - | - | - | - | (2,600,164) | - | - | - | (2,600,164) |
| Appropriation of earnings and capital surplus: | | | | | | | | | |
| Decrease in legal reserve to offset accumulated deficit | - | - | (312,870) | - | 312,870 | - | - | - | - |
| Decrease in special reserve to offset accumulated deficit | - | - | - | (286,915) | 286,915 | - | - | - | - |
| Change in treasury stock held by subsidiaries | - | - | - | - | - | - | - | 20,645 | 20,645 |
| Adjustments of net equity of investee companies | - | (177,608) | - | - | - | - | - | - | (177,608) |
| Change in unrealized loss on available-for-sale financial assets | - | - | - | - | - | - | 39,561 | - | 39,561 |
| Change in cumulative translation adjustment | - | - | - | - | - | (489,705) | - | - | (489,705) |
| Change in unrealized loss on financial instruments held by equity method investees | - | - | - | - | - | - | 64,277 | - | 64,277 |
| Balance as of December 31, 2012 | <u>19,667,820</u> | <u>3,505,798</u> | <u>-</u> | <u>-</u> | <u>(4,232,396)</u> | <u>257,441</u> | <u>(803,159)</u> | <u>(6,880)</u> | <u>18,388,624</u> |

(Note: Director's and supervisor's remuneration of \$25,290 and employee bonuses of \$360,000 for 2010 have been deducted in the 2010 net income)

See accompanying notes to non-consolidated financial statements.

Qisda Corporation

Non-consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2012
(Expressed in thousands of New Taiwan dollars and US dollars)

| | 2011 | 2012 | |
|---|--------------------|--------------------|------------------|
| | NT\$ | NT\$ | US\$ |
| Cash flows from operating activities: | | | |
| Net loss | (3,411,177) | (2,600,164) | (89,507) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation | 95,470 | 76,806 | 2,644 |
| Amortization | 38,590 | 27,230 | 937 |
| Change in allowance for bad debt and sales discounts | 198,007 | 18,180 | 626 |
| Amortization of bond issuance cost and discount on convertible bond | 84,920 | 30,326 | 1,044 |
| Change in provision for inventory obsolescence | 1,836 | (12,432) | (428) |
| Investment loss recorded under equity method, net | 3,442,078 | 2,023,752 | 69,664 |
| Cash dividends received from investments recorded under the equity method | 518,751 | 144,874 | 4,987 |
| Loss (gain) on disposal of property, plant and equipment, net | (910) | 1,960 | 67 |
| Loss on disposal of investments, net | 471,706 | - | - |
| Amortization of deferred gain on sale-and-leaseback transaction | (109,176) | (109,176) | (3,758) |
| Other investment loss (gain) | 12,514 | (1,982) | (68) |
| Differences in accounts in the accompanying balance sheets: | | | |
| Financial assets and liabilities at fair value through profit or loss | 374,479 | (7,473) | (257) |
| Accounts receivable | 217,788 | (732,767) | (25,224) |
| Receivables from related parties | (1,793,745) | 276,629 | 9,523 |
| Other receivables | (263,506) | 229,381 | 7,896 |
| Other receivables from related parties | 157,287 | 576,078 | 19,831 |
| Inventories | (718,516) | (412,008) | (14,183) |
| Prepaid expenses and other current assets | (7,582) | (16,386) | (564) |
| Prepaid pension cost | 1,715 | 2,425 | 83 |
| Accounts payable | 267,014 | 349,951 | 12,047 |
| Accounts payable to related parties | 6,935,638 | 1,657,724 | 57,065 |
| Income tax payable | (132,075) | - | - |
| Accrued expenses and other current liabilities | (2,592,242) | (843,745) | (29,045) |
| Other payable to related parties | 64,203 | (58,339) | (2,008) |
| Deferred inter-company profit | (64,199) | (12,428) | (428) |
| Net cash provided by operating activities | <u>3,788,868</u> | <u>608,416</u> | <u>20,944</u> |
| Cash flows from investing activities: | | | |
| Proceeds from disposal of investments | 1,221,753 | - | - |
| Proceeds from investees' capital reduction | 3,668 | 3,574 | 123 |
| Additions to property, plant and equipment | (69,673) | (44,171) | (1,521) |
| Proceeds from disposal of property, plant and equipment | 15,051 | 5,010 | 172 |
| Increase in restricted deposit | - | (772,339) | (26,586) |
| Decrease in refundable deposit | 32,697 | 1,784 | 61 |
| Increase in intangible assets and deferred assets | (41,247) | (41,383) | (1,424) |
| Decrease in loan receivables from related parties | 505,491 | 973,033 | 33,495 |
| Net cash provided by investing activities | <u>1,667,740</u> | <u>125,508</u> | <u>4,320</u> |
| Cash flows from financing activities: | | | |
| Increase (decrease) in short-term borrowings | 3,710,654 | (3,302,750) | (113,692) |
| Redemption of bonds | - | (120,900) | (4,162) |
| Increase in long-term debt | 4,271,750 | 7,720,390 | 265,762 |
| Decrease in long-term debt | (8,798,790) | (8,828,730) | (303,915) |
| Decrease in deposits in | - | (460) | (15) |
| Distribution of cash dividends | (964,108) | - | - |
| Net cash used in financing activities | <u>(1,780,494)</u> | <u>(4,532,450)</u> | <u>(156,022)</u> |
| Net increase (decrease) in cash and cash equivalents | 3,676,114 | (3,798,526) | (130,758) |
| Cash and cash equivalents at beginning of period | 465,513 | 4,141,627 | 142,569 |
| Cash and cash equivalents at end of period | <u>4,141,627</u> | <u>343,101</u> | <u>11,811</u> |
| Additional disclosure of cash flow information: | | | |
| Cash paid during the year for: | | | |
| Interest | <u>522,436</u> | <u>520,693</u> | <u>17,924</u> |
| Income taxes | <u>109,857</u> | <u>1,839</u> | <u>63</u> |
| Supplemental disclosure of non-cash investing and financing activities: | | | |
| Increase (decrease) in cumulative translation adjustment | <u>645,187</u> | <u>(489,705)</u> | <u>(16,857)</u> |
| Adjustments of net equity of investee companies | <u>111,909</u> | <u>(177,608)</u> | <u>(6,114)</u> |
| Changes in unrealized loss on available-for-sale financial assets | <u>(466,294)</u> | <u>39,561</u> | <u>1,362</u> |
| Changes in available-for-sale financial assets in investee accounted for under long-term equity investments | <u>(51,829)</u> | <u>64,277</u> | <u>2,213</u> |

See accompanying notes to non-consolidated financial statements.

(Note: Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the non-consolidated financial statements solely for the convenience of the readers, using the noon buying rate of the Federal Reserve Bank in New York on December 31, 2012, of NT\$29.05 to US\$1 uniformly for all the financial statements accounts.)