



Qisda Corporation 2015 Q1 Results

May 5, 2015

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Q1 DMS Business Financial Results

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Q1 DMS Business Income Statement: QoQ Analysis

Amount : NT\$ Billion

	2015 Q1		2014 Q4		QoQ
DMS Business: (1)					
Net Sales	24.14	100.0%	25.97	100.0%	-7.0%
COGS	(22.49)		(24.08)		
Gross Margin	1.65	6.8%	1.89	7.3%	-0.5 ppt
Opex	(1.31)	-5.4%	(1.54)	-5.9%	
Operating Income	0.34	1.4%	0.35	1.4%	0.0 ppt
Net Non-op Items	0.35		0.50		
Consolidated: (2)					
Net Income	0.67	2.1%	0.86	2.4%	-0.3 ppt
Net Income, attributable to owners of Company	0.62	1.9%	0.81	2.3%	-0.4 ppt
EPS (NT\$)	0.32		0.41		
Net Worth / Share (NT\$)	13.63		13.37		

(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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Q1 DMS Business Balance Sheet Highlights

Amount : NT\$ Billion

	2015 Q1		2014 Q4		QoQ
Cash & Equivalent	7.09	9.2%	4.30	5.6%	2.79
Accounts Receivable	23.91	31.2%	24.58	32.2%	(0.67)
Inventory	10.43	13.6%	10.71	14.0%	(0.28)
L-T Investments	25.45	33.2%	25.03	32.8%	0.42
Total Assets	76.63	100.0%	76.37	100.0%	0.25
Fin. Debt	25.41	33.2%	22.45	29.4%	2.96
Accounts Payable	19.20	25.1%	22.03	28.8%	(2.83)
Total Liabilities	49.83	65.0%	50.09	65.6%	(0.26)
Equity	26.80	35.0%	26.29	34.4%	0.51

* 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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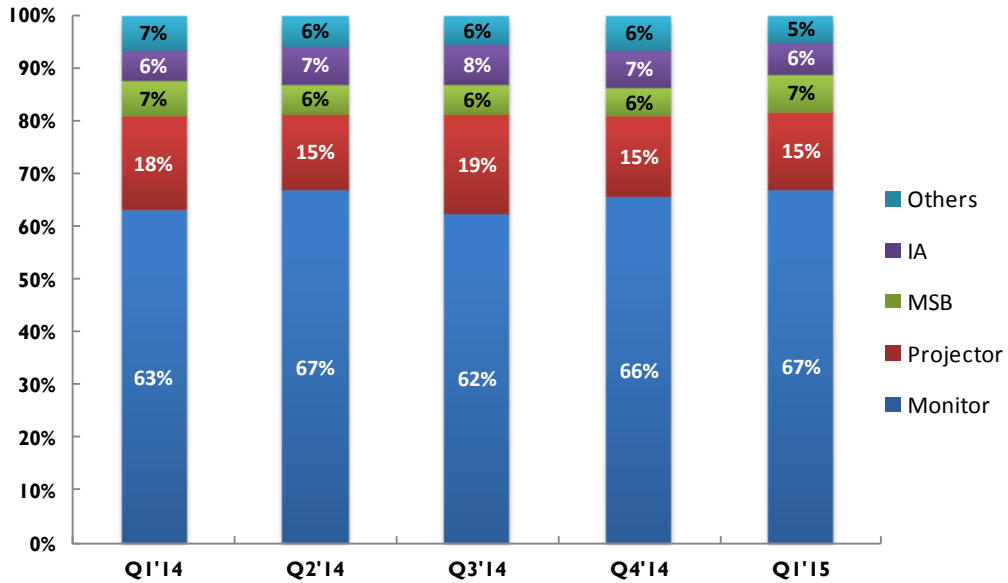
Q1 DMS Business Key Financial Ratios

	2015 Q1	2014 Q4	QoQ
A/R Turnover	89 days	85 days	+4 days
Inventory Turnover	47 days	43 days	+4 days
A/P Turnover	84 days	88 days	-4 days
Cash Conversion Cycle	52 days	40 days	+12 days
ROA	0.8%	1.1%	-0.3 ppt
ROE	2.3%	3.2%	-0.9 ppt
Current ratio	108.4%	106.9%	+1.5 ppt
Fin. Debt / Total Assets	33.2%	29.4%	+3.8 ppt

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

Q1 DMS Business Summary

DMS Business Revenue Breakdown by Product Line



* Professional/industrial display and automobile electronics products, herein referred to as "MSB"

* Printer and scanner products, herein referred to as "IA"

* "Others" includes, mobile and other products

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2015 Q1 DMS Business Summary

- **Monitor :**

- Unit shipment decreased by 12% QoQ to 3.6M sets

- **Projector :**

- Unit shipment decreased by 13.7% QoQ to 345K sets

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Value-Up Solutions

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Qisda Corporation.
Unaudited DMS Business Consolidated Balance Sheet
Mar,31, 2015

UNIT : NT\$K

Assets			Liabilities and stockholders' equity		
Current assets :			Liabilities		
Cash & cash equivalents	\$ 6,415,722	8	Short- term borrowings	\$ 15,223,360	20
Current available-for-sale financial assets	148,309	0	Current financial liabilities at fair value through profit or loss	4,157	0
Notes and accounts receivable,net	16,002,830	21	N/P & A/P	17,560,853	23
N/R & A/R from related parties	7,908,594	10	N/P & A/P to related parties	1,637,019	2
Other receivables, net	194,717	0	Other payable	4,031,984	5
Other receivable from related parties	662,303	1	Other payable to related parties	9,838	0
Net inventories	10,428,791	14	Other current liabilities	439,708	1
Other current assets	580,892	1	Bonds payable due within one year	-	-
Other Finaancial assets-current	672,012	1	Long-term debt due within one year	780,464	1
Non-current assets classified as held for sale	-	-	Current provisions	30,276	0
Total current assets	43,048,786	56	Total current liabilities	39,717,659	52
Non current assets			Long term loan	9,409,159	12
Non-current available-for-sale financial assets	68,494	0	Leased Liabilities-non current	-	-
Investments accounted for using equity method	25,447,342	33	Provision Liabilities-non current	241,269	0
Property, plant and equipment	5,967,126	8	Deferred tax liabilities	44,881	0
Investment property	-	-	Other non-current liabilities, others	412,253	1
Intangible assets	24,512	0	Total non-current liabilities	10,107,562	13
Deferred tax assetsent	1,182,113	2	Total Liabilities	49,825,221	65
Other non-current assets	55,734	0	Attributable to owners of company		
Other non-current financial assets	46,049	0	Common stock	19,667,820	26
Long-term prepaid rents	785,555	1	Capital surplus	2,000,328	3
Total Non current assets	33,576,925	44	Retained Earnings	3,176,562	4
			Other equity interest	1,955,780	3
			Treasury Stock	-	-
			Total stockholders' equity	26,800,490	35
Total Assets	\$ 76,625,711	100	Total Liabilities and stockholders' equity	\$ 76,625,711	100

Qisda Corporation.
Unaudited DMS Business Consolidated Income Statement
Jan-Mar' 2015

UNIT : NT\$K

Net sales	\$ 24,140,447	100
Cost of goods sold	22,490,092	93
Gross profit	1,650,355	7
S & M	519,883	2
G & A	214,801	1
R & D	577,305	2
Operating expense	1,311,989	5
Operating income (loss)	338,367	1
Total non-operating income (loss)	350,142	1
Profit before tax	688,509	3
Income Tax Expense	68,504	0
Profit after tax	620,005	3
Other comprehensive income (Profit after tax)	(116,569)	(0)
Comprehensive income	\$ 503,437	2

Qisda Corporation and Subsidiaries
Consolidated Balance Sheets
March 31, 2015, December 31, 2014, and March 31, 2014
(Expressed in thousands of New Taiwan dollars)

Assets	2015.3.31	2014.12.31	2014.3.31	Liabilities and Equity	2015.3.31	2014.12.31	2014.3.31
	NT\$	(after adjustments) NT\$	(after adjustments) NT\$		NT\$	(after adjustments) NT\$	(after adjustments) NT\$
Current assets :				Current liabilities :			
Cash and cash equivalents	\$ 10,550,741	8,988,974	14,532,298	Short-term borrowings	\$ 18,375,961	14,138,414	19,522,535
Financial assets at fair value through profit or loss – current	589,033	477,624	154,660	Financial liabilities at fair value through profit or loss – current	18,965	120,653	53,142
Held-to-maturity financial assets	-	-	40,517	Notes and accounts payable	22,989,708	26,167,639	21,517,102
Available-for-sale financial assets – current	373,658	534,674	-	Accounts payable to related parties	2,319,309	2,672,799	1,835,424
Notes and accounts receivable, net	22,065,253	22,879,253	15,890,063	Other payables	8,755,095	9,631,495	8,039,460
Notes and accounts receivable from related parties	5,089,173	5,337,771	4,327,320	Other payables to related parties	21,161	26,705	65,115
Other receivables	265,854	688,988	844,327	Other current liabilities	598,669	625,377	796,110
Other receivables from related parties	194,051	182,598	147,067	Current portion of long-term debt	2,519,109	3,217,919	4,944,129
Inventories	17,217,548	17,772,185	14,456,329	Provisions – current	465,553	500,283	531,577
Other current assets	1,190,615	1,504,410	1,836,391	Total current liabilities	56,063,530	57,101,284	57,304,594
Other financial assets – current	2,110,463	1,595,226	1,473,502	Non-current liabilities :			
Non-current assets held for sale	54,065	54,065	-	Long-term debt	14,521,684	14,943,270	10,490,770
Total current assets	59,700,454	60,015,768	53,702,474	Lease obligations payable – non-current	956,445	961,605	970,155
Non-current assets :				Provisions – non-current	786,304	800,880	803,242
Available-for-sale financial assets – non-current	1,259,358	904,407	1,135,895	Deferred income tax liabilities	138,905	147,213	94,341
Investments accounted for using equity method	15,936,637	15,581,079	13,962,995	Other non-current liabilities	547,386	531,415	405,732
Property, plant and equipment	19,464,865	19,892,498	19,886,643	Total non-current liabilities	16,950,724	17,384,383	12,764,240
Investment property	3,051,314	3,109,718	2,636,200	Total liabilities	73,014,254	74,485,667	70,068,834
Intangible assets	183,940	208,428	187,055	Equity attributable to shareholders of the Company :			
Deferred income tax assets	1,790,274	1,802,527	1,595,310	Common stock	19,667,820	19,667,820	19,667,820
Other non-current assets	171,223	171,250	127,346	Capital surplus	2,000,328	1,990,292	1,735,553
Other financial assets – non-current	206,482	973,520	1,035,824	Retained earnings (accumulated deficit)	3,176,561	2,556,556	(62,991)
Long-term prepaid rents	2,812,195	2,860,935	2,855,209	Other equity	1,955,780	2,072,349	1,319,648
Total non-current assets	44,876,288	45,504,362	43,422,477	Treasury stock	-	-	(213)
				Total equity attributable to shareholders of the Company	26,800,489	26,287,017	22,659,817
				Non-controlling interests	4,761,999	4,747,446	4,396,300
				Total equity	31,562,488	31,034,463	27,056,117
Total assets	\$ 104,576,742	105,520,130	97,124,951	Total liabilities and equity	\$ 104,576,742	105,520,130	97,124,951

Qisda Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three-month periods ended March 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	2015.1.1~3.31	2014.1.1~3.31
	NT\$	NT\$
Net sales	\$ 32,428,096	29,813,513
Cost of sales	(28,960,460)	(26,263,875)
Gross profit	<u>3,467,636</u>	<u>3,549,638</u>
Operating expenses:		
Selling expenses	(1,472,249)	(1,315,311)
Administrative expenses	(714,927)	(700,901)
Research and development expenses	(829,556)	(735,383)
Total operating expenses	<u>(3,016,732)</u>	<u>(2,751,595)</u>
Operating income	<u>450,904</u>	<u>798,043</u>
Non-operating income and loss:		
Other income	84,558	83,068
Other gains and losses – net	85,213	(109,203)
Finance costs	(193,920)	(238,770)
Share of profit (loss) of associates and joint ventures	349,981	(18,844)
Total non-operating income and loss	<u>325,832</u>	<u>(283,749)</u>
Income before income tax	776,736	514,294
Income tax expense	(104,027)	(90,845)
Net income	<u>672,709</u>	<u>423,449</u>
Other comprehensive income:		
Components of other comprehensive income that will be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(272,771)	162,282
Change in fair value of available-for-sale financial assets	172,020	9,744
Share of other comprehensive income of associates and joint ventures	(73,530)	14,936
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-
Other comprehensive income for the period, net of income tax	<u>(174,281)</u>	<u>186,962</u>
Total comprehensive income for the period	<u>\$ 498,428</u>	<u>610,411</u>
Net income attributable to:		
Shareholders of the Company	\$ 620,005	284,346
Non-controlling interests	52,704	139,103
	<u>\$ 672,709</u>	<u>423,449</u>
Total comprehensive income attributable to:		
Shareholders of the Company	\$ 503,436	451,272
Non-controlling interests	(5,008)	159,139
	<u>\$ 498,428</u>	<u>610,411</u>
Earnings per share (in New Taiwan dollars):		
Basic earnings per share	<u>\$ 0.32</u>	<u>0.14</u>
Diluted earnings per share	<u>\$ 0.31</u>	<u>0.14</u>

Qisda Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the three-month periods ended March 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars)

	Attributable to shareholders of the Company										
	Common Stock	Capital surplus	Retained earnings (accumulated deficit)	Other equity			Total	Treasury stock	Total equity of the Company	Non-controlling interests	Total equity
				Foreign currency translation differences	Unrealized gain (loss) from available-for-sale financial assets	Remeasurements of defined benefit plans					
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
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
Effects of retrospective application and retrospective restatement	-	-	99,926	-	-	(99,926)	(99,926)	-	-	-	-
Balance at January 1, 2014, after adjustments	\$ 19,667,820	-	(347,337)	832,371	499,151	(99,926)	1,231,596	(213)	20,551,866	2,872,842	23,424,708
Changes in equity of associates and joint ventures accounted for using equity method	-	15,709	-	-	-	-	-	-	15,709	-	15,709
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	-	(422)	-	-	-	-	-	-	(422)	1,914	1,492
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	2,462	2,462
Capital injection from non-controlling interests	-	1,720,266	-	(78,874)	-	-	(78,874)	-	1,641,392	1,358,308	2,999,700
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,635	1,635
Net income for the period	-	-	284,346	-	-	-	-	-	284,346	139,103	423,449
Other comprehensive income for the period	-	-	-	152,113	14,813	-	166,926	-	166,926	20,036	186,962
Total comprehensive income for the period	-	-	284,346	152,113	14,813	-	166,926	-	451,272	159,139	610,411
Balance at March 31, 2014, after adjustments	\$ 19,667,820	1,735,553	(62,991)	905,610	513,964	(99,926)	1,319,648	(213)	22,659,817	4,396,300	27,056,117
Balance at January 1, 2015	\$ 19,667,820	1,990,292	2,426,890	1,654,336	547,679	-	2,202,015	-	26,287,017	4,747,446	31,034,463
Effects of retrospective application and retrospective restatement	-	-	129,666	-	-	(129,666)	(129,666)	-	-	-	-
Balance at January 1, 2015, after adjustments	\$ 19,667,820	1,990,292	2,556,556	1,654,336	547,679	(129,666)	2,072,349	-	26,287,017	4,747,446	31,034,463
Changes in equity of associates and joint ventures accounted for using equity method	-	16,105	-	-	-	-	-	-	16,105	-	16,105
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	-	(6,191)	-	-	-	-	-	-	(6,191)	(1,770)	(7,961)
Stock option compensation cost of subsidiary	-	-	-	-	-	-	-	-	-	2,433	2,433
Capital injection from non-controlling interests	-	122	-	-	-	-	-	-	122	20,113	20,235
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,215)	(1,215)
Net income for the period	-	-	620,005	-	-	-	-	-	620,005	52,704	672,709
Other comprehensive income for the period	-	-	-	(308,298)	191,729	-	(116,569)	-	(116,569)	(57,712)	(174,281)
Total comprehensive income for the period	-	-	620,005	(308,298)	191,729	-	(116,569)	-	503,436	(5,008)	498,428
Balance at March 31, 2015	\$ 19,667,820	2,000,328	3,176,561	1,346,038	739,408	(129,666)	1,955,780	-	26,800,489	4,761,999	31,562,488

Qisda Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars)

	2015.1.1~3.31 NT\$	2014.1.1~3.31 NT\$
Cash flows from operating activities:		
Income before income tax	\$ 776,736	514,294
Adjustments for:		
Depreciation	505,960	497,442
Amortization	53,673	45,328
Provision for bad debt expense	4,827	9,544
Interest expense	193,920	238,770
Interest income	(53,323)	(70,007)
Dividend income	(192)	(5,870)
Share-based compensation cost	2,433	2,462
Share of profit (loss) of associates and joint ventures	(349,981)	18,844
Loss (gain) on disposal of property, plant and equipment, net	(970)	1,583
Gain on disposal of investments	(40,546)	(110,296)
Impairment loss on non-financial assets	-	(668)
Total non-cash profit and loss	<u>315,801</u>	<u>627,132</u>
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss	(212,822)	67,682
Notes and accounts receivable, net	814,516	(3,243,861)
Notes and accounts receivable from related parties	248,598	(1,518,138)
Other receivables	442,307	483,961
Other receivables from related parties	7,037	8,068
Inventories	554,637	215,450
Other current assets	309,755	453,674
Other non-current assets	1,182	(19,913)
Net changes in operating assets	<u>2,165,210</u>	<u>(3,553,077)</u>
Notes and accounts payable	(3,177,931)	(1,121,786)
Accounts payable to related parties	(353,490)	(49,157)
Other payables to related parties	(5,544)	2,480
Provisions	(49,306)	84,012
Other current liabilities	(700,827)	(453,071)
Other non-current liabilities	15,971	25,268
Net changes in operating liabilities	<u>(4,271,127)</u>	<u>(1,512,254)</u>
Total changes in operating assets and liabilities	<u>(2,105,917)</u>	<u>(5,065,331)</u>
Cash used in operations	(1,013,380)	(3,923,905)
Interest received	34,150	67,795
Dividends received	192	5,870
Interest paid	(178,861)	(231,474)
Income taxes paid	(120,892)	(106,674)
Net cash used in operating activities	<u>(1,278,791)</u>	<u>(4,188,388)</u>
Cash flows from investing activities:		
Additions to available-for-sale financial assets	(162,563)	(406)
Proceeds from sale of available-for-sale financial assets	174,376	9,970
Purchase of held-to-maturity financial assets	-	(40,517)
Purchase of investments accounted for using equity method	(63,000)	(11,777)
Additions to property, plant and equipment	(402,856)	(436,283)
Additions to investment property	(31,345)	(205,279)
Proceeds from disposal of property, plant and equipment	16,112	851
Increase in loan receivables from related parties	(18,490)	(2,065)
Additions to intangible assets	(8,200)	(33,956)
Decrease in other financial assets	251,801	37,127
Net cash used in investing activities	<u>(244,165)</u>	<u>(682,335)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	4,237,547	9,660,579
Increase in long-term debt	1,989,000	-
Repayment of long-term debt	(3,023,710)	(5,040,604)
Decrease in lease obligations payable	(13,438)	(10,666)
Acquisition of subsidiary's interests from non-controlling interests	(31,460)	(1,225)
Proceeds from disposal of subsidiary's interests (without losing control)	23,499	8,745
Capital injection from non-controlling interests	20,235	2,999,700
Net cash provided by financing activities	<u>3,201,673</u>	<u>7,616,529</u>
Effects of foreign exchange rate changes	(116,950)	306,602
Net increase in cash and cash equivalents	1,561,767	3,052,408
Cash and cash equivalents at beginning of period	8,988,974	11,479,890
Cash and cash equivalents at end of period	<u>\$ 10,550,741</u>	<u>14,532,298</u>