



TSE: 2352

QISDA 2012 ANNUAL REPORT

Printed on April 16, 2013

Qisda Annual report is available at <http://Qisda.com>

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QISDA ON THE INTERNET

Qisda's Investor Relations home page on the worldwide website offers a wealth of corporate information, including the latest annual report and financial results.

Website: Qisda.com/ir.htm

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DOMESTIC STOCK EXCHANGE LISTING

Qisda Common shares

Taiwan Stock Exchange Corporation

<http://www.tse.com.tw/en/>

OVERSEAS SECURITY EXCHANGE LISTING

For further information, visit Qisda worldwide website and Login at Investor Relations

Qisda Global Depositary Shares

Luxemburg Stock Exchange

ISIN: US0823012010

<http://www.bourse.lu>

Message to our Shareholders

Dear esteemed Qisda shareholders,

Qisda's consolidated revenue from its core business in 2012 was NT\$84.5 billion, while NT\$75.3 billion of which was contributed by the Taiwan-based parent company. The consolidated gross profit from its core business was NT\$0.9 billion, which was the fourth consecutive year of achieving core business profit. However, due to investment loss recorded under equity method and other non-operating expenses, net loss after tax was NT\$2.6 billion, and after tax loss per share was NT\$ 1.32.

Qisda faced enormous challenges in business operation over the past few years due to sluggish global economic growth and uncertainties in macro economy. Despite these challenges, Qisda was able to maintain its consolidated revenue of core business in a stable level, and continue achieving steady profit from its core business by developing new products as well as exploring new customers while lowering cost and improving efficiency. Yet, due to investment loss recorded under equity method, the annual operating result was a loss.

In terms of business operation, besides incessant efforts on improving core business profitability, Qisda kept on sharpening its technological edge and employed it as a solid foundation for future competition. By integrating strong capabilities in display, imaging, optoelectronics, wireless communication and software development, Qisda gradually transformed the design and manufacturing service from that for "individual device" into a value-added "integration and solution" mode. The growth of sales from Qisda's core product - digital projector could be seen in both DLP and LCD models with increased market share, which gained Qisda one step closer to the leader in the industry. As for LCD monitors, even though the global demand decreased more than 10% in 2012, Qisda's LCD monitor shipment only dropped slightly and achieved a better result compared to its competitors, which gained Qisda one place up to the 2nd largest player in the LCD monitor industry. The growth of digital projector and LCD monitor businesses was a result and solid proof of Qisda's constant focus on the improvement of competitiveness in core business. In addition, the sales of niche and potentially profitable products, such as professional and industrial monitors, reached 6% of the total sales. These efforts and results provided a strong foundation for Qisda to sail through future challenges and achieve growth.

Looking ahead 2013, due to highly unpredictable factors in global economy and recession in some regions of the world, plus continuous market suppression of tablet devices over PCs, demand for LCD monitors is likely to continue shrinking over time. Qisda plans on improving the competitiveness by launching LCD monitors featuring large panel size and LED backlight module as well as entering into the smart display market. Qisda is also planning on increasing projector market share by introducing high-brightness, high-definition and non-light ball (LED and laser) source products. For niche and potentially profitable products, Qisda intends to increase the proportion of revenue from these products through continuous integration of the company's core competitiveness. With these strategies, Qisda is expected to accumulate long-term value even in an unstable economic environment.

Qisda places importance on the establishment of long-term value and continuous sustainability. An average of 3% of its annual revenue has been spent in research and development, which earned Qisda approximately 1,100 patents around the world. Moreover, Qisda received the Industrial Innovation Achievement Award from the Ministry of Economy Affairs for its Medical Gateway device. Qisda is committed to sustainable development and social responsibility, and was nominated for the CSR Report Best Practices by the Industrial Development Bureau of Ministry of Economic Affairs and received the 2012 Taiwan CSR Awards from Taiwan Institute for Sustainable Energy for the company's high degree of transparency in economical, environmental and social sustainable development indicators.

We are extremely grateful to each and every shareholder for their long-term support and encouragement. The management team will continue to work unceasingly to deliver the greatest benefit to both the company and shareholders.

Sincerely,

K.Y. Lee, Chairman
Hermit Huang, President
David Wang, Chief Financial Officer

Business Operation Review

Business Description

Business Scope

1. Overview of Operations

LCD Monitor: Market share and ranking within the industry have both improved in 2012. Qisda will continue to focus on fortifying relationship with brand customers, developing new product features and engaging in value-added vertical integration activities, such as panel module assembly and in-house mechanical parts manufacture. Meanwhile, Qisda will also actively invest in technological researches and develop displays with integrated designs and cloud connectivity.

Projector: Qisda's projector ODM business maintained the top 2 position worldwide in 2012 with increased shipment and market share. Moreover, aside from DLP projectors, Qisda is the only manufacturer in Taiwan that is experienced in LCD projector mass production and shipment.

Mobile Device: In 2012, Qisda delivered Windows smartphones, Android 4.0 phablets and smartphones with Qualcomm's latest 28-nm chipset. In the research of high-end products, Qisda has also engaged in the early stages of 4G LTE mobile device development.

2. Product Offering

LCD Monitor: 5.6" / 18.5" / 19" / 20" / 21.5" / 22" / 23" / 24" / 27" Consumer and Commercial LCD monitors, wide-screen and professional LCD monitors, all-in-one PCs and interactive touch-screen monitors.

Projector: A wide range of projectors for home, office and educational applications.

Mobile Device: WCDMA/HSPA smartphones, Mobile Internet Devices (MID), Tablet PCs and 4G LTE smartphones.

Overview of Operations

1. Current Status and Trends in Development of the Industry

LCD Monitor: As indicated by market research reports, market scope for LCD monitors declined at an annual rate of 8~11% in 2012 as sales volume for personal computers dwindled due to two major factors; specifically, the failure for Windows 8 to boost PC sales as initially expected and the impact of mobile devices replacing personal computers. Despite expectations of economic recovery, market forecast for LCD monitors calls for continued declination at a rate of 4~8% in 2013. With negative growth rate for the LCD monitor market and the fluctuation in global raw material price, system integrators face stern challenges in maintaining current cost level and retaining market competitiveness. In the future, Qisda will aim to maintain its overall competitiveness through developing new product features, enhancing product values, optimizing supply chain and vertical integration and sustaining optimal economies of scale.

Projector: According to industry analysis reports, the total number of projector shipment worldwide was 7.8 million units in 2012, with a 5% increase expected for 2013. Specifically, the volume ratio for high brightness, high resolution and non-light ball (LED and laser) source projectors will continue to increase in the future.

Mobile Device: According to IDC report, the total global smartphone shipment reached 490 million units in 2011 and 700 million units in 2012. In 2013, the total smartphone shipment worldwide is expected to exceed one billion units. Accelerated growth in 4G LTE deployment and applications can also be seen in 2013.

2. Overview of Supply Chain

LCD Monitor: Upstream business partners consist mainly of LCD panel manufacturing and module assembling plants,

including key components such as LCD panels, LED backlight modules and control chipsets. Midstream and downstream partners include system integrators and brand customers, which represent a mature and competitive market. Qisda has developed and maintained strong and long-term relationship with all of our upstream strategic suppliers and downstream brand customers.

Projector: Upstream partners consist of a line of optoelectronic device makers, including panel chipset, lens and specialized lamp manufacturers. Midstream and downstream partners include projector manufacturers and brand customers. An intimate yet intricate relationship exists amid upstream, midstream and downstream factories as alliance and competition intertwines amongst business competitors.

Mobile Device: Upstream partners include telecommunication IC, digital processor, touch panel and memory chip suppliers. Midstream and downstream partners are generally capable of product development and marketing, with a select few capable of product manufacturing.

3. Trends in Development and Market Competition of the Company's Product

LCD Monitor: In a mature market such as the LCD monitor market, in addition to increasing cost competitiveness and offering flexible delivery, Qisda aims to work closely with brand customers and system integrators to develop 3D display, cloud connectivity, wireless application and other customized and specialty application products to fulfill diverse demands of the niche market.

Projector: The market for projectors has expanded as improvements applied to commercial projectors accelerated due to the advent of the latest technologies. In addition to an economical price tag, projectors have become smaller and lighter while the brightness and resolution have been vastly enhanced. It is estimated that the demand for projectors will continue to increase globally from the 7.8 million units shipped in 2012.

Mobile Device: Following the heels of the popularization of 3G mobile Internet, the 4G LTE smartphone with higher transmission speed is also accelerating its pace for commercial application. With growing demands for mobile Internet and relevant applications, we fully expect telecommunication carriers to expand their bandwidth in order to cater to customer demands for high speed Internet connection. Major carriers in North America, Western Europe, Japan and Korea have started commercializing 4G LTE networks from 2011 to 2012, with North America already reaching 7% market share in 2012. We foresee significant and accelerated growth in the commercialization of 4G LTE network in 2013.

Research & Development

1. Technologies in Deployment

LCD Monitor: Monitors featuring USB 3.0 applications, professional/specialty monitors and differentiation/low-cost LED backlight modules.

Projector: Industry-leading LED projectors, laser projectors and 1080p high resolution projectors.

Mobile Device: Android 4.0, Qualcomm 28 nm dual-core smartphones, water and dust resistant smartphones and 5", 5.3" phablets.

2. Highlights in Future Technological Development

LCD monitors: 4K2K high-definition monitors, smart displays, wireless application monitors and thin frame/frameless monitors.

Projector: Ultra short-throw ratio, wide-screen (1080p), high brightness, touch-panel projectors, and projectors for educational purposes, as well as large commercial projectors with ultra-high brightness capability. On-going efforts include maintaining balance between technological advancement and practical application while continuing with the improvement in color management and resolution.

Mobile Device: Quad-core smartphones, 4G LTE smartphones, phablets, wireless communication applications and

smart displays employing mobile communication systems.

Long- and Short-term Business Development Plans

I. Short Term Business Development Plans

LCD Monitor:

- (A) Provide all sizes of LCD displays and promote large-size, high-performance and LED backlight models while actively engaging in monitor-related application researches as ways to maintain Qisda's position as one of the top three manufacturers worldwide.
- (B) Increase add-on value in value chains through vertical integration, such as panel module assembly, backlight module design, in-house stamping and in-house plastic injection.

Projector:

Continue developing DLP and LCD projector technologies in order to maintain technological advancement and superiority within the industry.

Mobile Device:

- (A) Develop innovative 4G LTE smartphones and increase add-on values to strategically support the expansion of ODM business in major European markets.
- (B) Strengthen business relationship with global and regional brand customers by leveraging the cooperation with customers and upstream suppliers to enhance competitive edge in overall cost.

2. Long Term Business Development Plans

LCD Monitor:

- (A) Enhance product customization capabilities and eliminate non-efficient activities within the value chain through the synchronization of design and production process of backlight module and displays, thus offering diversified and value-added products.
- (B) Continue cooperating with AU Optronics Corp. (AUO). Meanwhile, form strategic alliances with other major panel suppliers.

Projector:

Expand and enhance product diversifications for home, office and educational markets.

Mobile Device:

- (A) Become one of the leading smartphone manufacturers worldwide through technological innovation and sustained expansion in LTE smartphone business.
- (B) Assist brand customers to expand their business in smart terminal devices by increasing add-on values with flexible business models, customized products and tailor-made customer support and services.

Markets and Sales

Market Analysis

1. Major Sales Markets

Worldwide

2. Market Share

LCD Monitor: As one of the top three LCD monitor manufacturers worldwide that occupies the leading position in

the industry. Qisda held approximately 9.9% market share in 2012.

Projector: With market share at approximately 14%, Qisda has maintained as one of the top two projector ODMs worldwide in 2012.

Mobile Device: Qisda aims to establish partnerships with brand customers by providing mid-end to high-end product ODM services.

3. Strategies Formulated Based on Future Demands, Growth, Competitive Niche, as well as Positive and Negative Factors in Market Trends

LCD Monitor:

- (A) Positive factors: As the industry consolidates, big players are likely to remain large.
- (B) Negative factors: Severe price competition in a matured market as cost and price become extremely important to brand customers and consumers. At the same time, fluctuation in global raw material prices and China wage hike increases material and labor costs, stressing out the supply chain. Moreover, the trend for mobile devices to replace personal computers further impacts the demands for consumer and commercial LCD monitors.
- (C) Strategies: Maintain the leading position within the industry through fortifying vertical integration and expanding economies of scale; improve production process by reducing labor usage while increasing cell production lines to achieve better flexibility; maximize the benefits from economies of scale and increase market share by:
 - i. Provide displays with all panel sizes and promote large-size, high-performance and LED backlight monitors where Qisda is believed to possess distinct advantage over competitors.
 - ii. Cultivate and maintain strategic partnerships with top-tier panel vendors to ensure smooth supply of critical parts.
 - iii. Increase add-on value within the value chain through vertical integration, such as integrating the design/assembly process for panel module and backlight module and increasing the ratio of in-house stamping and in-house plastic injection.
 - iv. Cultivate new markets and increase product unit price and gross profit by developing monitors with cloud connectivity and wireless applications utilizing current research and development capabilities.

Projector:

- (A) Positive factors: In addition to the benefit from economies of scale, leading technologies allow Qisda's projectors to remain competitive on a global scale and market share is expected to continue its growth.
- (B) Negative factors: Shorter projector product lifecycle and market price disruption caused by growing number of competitors and similar products.
- (C) Strategies:
 - i. Increase operational efficiency in order to control inventory and fulfill customer needs.
 - ii. Strengthen product lineup by increasing the ratio of products with high gross profits.

Mobile Device:

- (A) Positive factors: Qisda was the first to develop mobile device employing Qualcomm's quasi-LTE 8260a chipset with water and dust resistant capabilities and have marketed it in China. Such feat was accomplished by engaging in the research of LTE technology as early as the end of 2011 through cooperating with global brand customers in conducting evaluations for LTE projects in its early testing stage. By the end of 2012, Qisda turned the heads of major LTE smartphone suppliers in the European market. In the future, Qisda plans to cultivate the American and European LTE markets based on this technology.
- (B) Negative factors: Difficulties in obtaining product design and cooperation opportunities with major global brand customers for high-end products, as most of these brands already possess in-house product design capabilities.
- (C) Strategies:
 - i. Choose strategic customers prudently: Encourage mutual growth by developing quality products for strategic

customers.

- ii. World-class ID design and software customization capabilities: In addition to maintaining superior technological edge in lightweight hardware design, Qisda also aims to provide total solution services with award-winning industrial design capabilities to develop customized software applications to complement our quality hardware.
- iii. Key component group strategy: Gain competitive edge by leveraging group companies' synergy to gain access in cutting-edge technologies for key components like LCDM and touch modules.

Product Application and Manufacture Process

I. Product Application

LCD Monitor: Visual display of computer outputs.

Projector: Portable and multi-user capacity; specifically, conferences, meetings and trainings for commercial and educational institutions, as well as provide theater-quality videos for home theaters and gaming consoles.

Mobile Device: Voice telecommunication and multimedia/community applications.

2. Manufacture Process

LCD Monitor: Incoming inspection → Assembly → Pre-set → Burn-in → Function test → Exterior inspection → Packaging → Inventory → Shipping.

Projector: Incoming inspection → Optical system assembly → Module assembly → Burn-in → Final test → Packaging → Inventory → Shipping.

Mobile Product: Cellular Phone(Smartphone): Incoming inspection → SMT → Loopback test → Calibration → Function test → Post burn-in test → Exterior inspection → Packaging → Inventory → Shipping.

Overview of Raw Material Supply

LCD Monitors: Continue cooperating with AU Optronics Corp. (AUO) to develop superior vertical integration as well as maintaining close partnerships with top-tier panel vendors in Taiwan and Korea in order to ensure smooth supply of panels at lower costs.

Projector: A state of oligopoly remains for DMD and LCD panels as suppliers are limited to TI, Epson and Sony. Lamp suppliers are in a similar state due to the industry's high entry level. Qisda has maintained close relationship with suppliers to ensure smooth supply of key components. At the same time, Qisda adopts a dual-approach method by leveraging procurement and in-house research capabilities for key components. This allows Qisda to reduce costs by creating negotiation flexibility with mass quantity procurement and by implementing simplified production processes which were made possible with technological upgrades and modularized designs.

Mobile Device: In addition to continuously integrating smartphone component supply chains in Taiwan, the urgency for introducing supply chains in China has grown significantly important, particularly in optics, display module, touch module, glass lamination and plastic injection.

Corporate Governance

Corporate Governance Structure

Qisda complies with Company Law, the Securities and Exchange Act, and other relevant laws and regulations of the Republic of China to formulate and implement the company's corporate governance structure. Qisda's corporate governance structure model is made up of three units, the board of directors, audit committee and remuneration committee. The audit committee is made up all of independent members of the board of directors. The remuneration committee members were appointed by resolution of the board of directors. Members of the board of directors (including independent directors) are selected based on shareholder votes. In principal, the responsibilities of the board of directors are carried out in accordance with relevant laws, company regulations, and shareholder resolutions. The board of directors is also responsible for supervision of company management and overall operational status. The audit committee's responsibilities include accurate financial reporting, selection and performance of independent accountants, effective implementation of internal controls in accordance with relevant laws and regulations, and management of existing and/or potential risk. The remuneration committee will exercise the care of a good administrator in faithfully performing the official powers, and shall submit its recommendations for deliberation by the board of directors.

Qisda has always believed that upholding shareholder rights and interests is a primary task. In addition to having a professional management team rich in experience, the board of directors also possesses the necessary executive knowledge, technological know-how, professional accomplishments, and devotion to the maximizing shareholder rights and interests. The board of directors has 9 members (including 3 independent directors). The chairman is elected by the board. Board members all have 5 or more years experience in business administration, legal, finance, accounting, or other professional experience required by the company.

Primary Roles of Governance Entities

Qisda's board of directors considers company and shareholder interests as top priorities in performing operational evaluations and passing significant resolutions. The audit committee fulfills a supervisory role through prudent and careful oversight of the operations of the company and the board of directors.

Board of Directors

According to the Securities and Exchange Act Article 26, Paragraph 3, Subparagraph 8 regulations, Qisda created the "Regulations Governing Procedure for Board of Directors Meetings". Official board of director business, operational procedures, records of official business, and announcements on company and other related matters are carried out according to these regulations. Qisda's board of directors shall convene at least once per quarter. The guiding policy of the board members shall be to maximize shareholder rights and interests through upright management, faithful obligation, the highest degree of personal oversight, and prudent application of the authority of their positions.

Audit Committee

In 2008, the company set up independent directors and an audit committee in accordance with the Securities and Exchange Act and shareholder resolutions. Through the "Audit Committee Charter" as defined by the board of directors, the audit committee preserves and strengthens the organization's strategic policies and works to increase operational efficiency through practical application of corporate governance. Qisda's audit committee must convene at least once per quarter and request the attendance of accountants, internal auditors, risk management, legal, and finance department representatives. By providing information on audit committee reports and inquiries into recent financial reporting status, the results of internal audits, significant litigation, and financial operating status, the audit committee can assist investors in ensuring that company governance is transparent and shareholder rights and interests are safeguarded.

Remuneration Committee

The remuneration committee will exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors; A. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers. B. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

Board of Directors

Board Members

Date: April 16, 2013

| Title | Name | Education & Experience | Current Positions |
|----------------------|---|---|--|
| Chairman | K.Y. Lee | MBA, Switzerland IMD B.S., Electrical Engineering, National Taiwan University Vice President, Acer PC Product Marketing | Chairman: AU Optronics Corp., BenQ Corp. Director: Darfon Electronics Corp., BenQ Materials Corporation |
| Director | Stan Shih | Honorary Doctor of International Law, Thunderbird, American Graduate School of International Management Honorary Fellowship, University of Wales, Cardiff Honorary Doctor of Technology, The Hong Kong Polytechnic University Honorary EE Ph.D., MSEE, BSEE, National Chiao Tung University Co-Founder, Chairman Emeritus of the Acer Group | Chairman: iD SoftCapital Group Director: acer Inc., Wistron Corp., Nan Shan Life Insurance Company Ltd Independent Director: Taiwan Semiconductor Manufacturing Company |
| Director | Sheaffer Lee | EMBA, National Cheng Chi University B.S., Electrical Engineering, National Cheng Kung University Associate Vice President, Acer America President, Qisda Corp. | Chairman: Darfon Electronics Corp., Dazzo Technology Corp., Raydium Semiconductor Corporation Director: BenQ Corp. |
| Director | BenQ Foundation- Hermit Huang | EMBA, National Taiwan University Electronics Engineering, National Taipei Institute of Technology | President, Qisda Corp. Director: Qisda Electronics Corp. |
| Director | AU Optronics Corp.- Kuo-Hsin Tsai | EMBA, National Chiao Tung University B.A., Business Administration, National Cheng Kung University AVP, Procurement Division, AU Optronics Corp. Senior AVP, Information Technology Display Manufacturing, AU Optronics Corp. VP&GM: Information Technology Display Business Group, AU Optronics Corp. | VP&GM: Video Solutions Business Group, AU Optronics Corp. Director: BriView Corporation |
| Director | China Development Industrial Bank- Cathy Han | MBA, Central Connecticut State University | Senior AVP: Principal Investment Department, China Development Industrial Bank Director: Powertech Industrial Co., Ltd., Lextar Electronics Corporation, Cando Corporation |
| Independent Director | Kane K. Wang | Ph.D., The Structure of Technology, Demand, and Market of US Automobile Industry, MIT M.S., Transportation Planning and B.S., Civil Engineering, National Taiwan University Director and Professor, Graduate Institution of Industrial Economics, National Central University | Chief Professor: China University of Technology Independent Director: Formosa Advanced Technologies Co., Ltd, Formosa Chemical Co., Ltd. Supervisor: Platinum Optics Technology Inc. |
| Independent Director | Allen Fan | B.S., Electrical Engineering, National Taiwan University President, Microsoft Taiwan General Manager, WK Technology Fund General Manager, HP Taiwan | Chairman: Yu Xuan Corp. Director: Advantech Co., Ltd., Transcend Information, Inc., Belden International Inc., Cyberon Corporation Supervisor: Compal Communications Inc. |
| Independent Director | Jeffrey Y.C. Shen | EMBA, Executive program, University of Michigan B.S., Mechanical Engineering, National Cheng Kung University President, Changan Ford Mazda Automobile Company President, Ford Lio Ho Motor Company | None |

Material Resolutions Approved by Board Meetings

| Date | Approval Events |
|------------|--|
| 2012.03.06 | <ol style="list-style-type: none"> 1. Accepted Qisda's financial results of 2011 2. Approved the proposal for 2011 deficit compensation by legal reserve and special reserve 3. Approved releasing for Directors from non-competition restrictions 4. Approved to convene 2011 Qisda Annual General Meeting 5. Approved to loan of Funds USD 20M to Qisda Czech s.r.o. 6. Approved to provide Guarantees USD 30M for Qisda (L) Corp. |
| 2012.04.26 | <ol style="list-style-type: none"> 1. Accepted Qisda's financial results of 2012 Q1 2. Approved the change of Qisda's President 3. Approved to revise the meeting agenda of 2011 Qisda Annual General Meeting |
| 2012.08.28 | <ol style="list-style-type: none"> 1. Accepted Qisda's financial results of 2012 Q2 |
| 2012.10.26 | <ol style="list-style-type: none"> 1. Accepted Qisda's financial results of 2012 Q3 2. Approved to provide Guarantees USD 50M for Qisda (L) Corp. |
| 2013.03.07 | <ol style="list-style-type: none"> 1. Approved Qisda's financial results of 2012. 2. Approved the proposal for 2012 deficit compensation 3. Approved releasing for Directors from non-competition restrictions 4. Approved to convene 2012 Qisda Annual General Meeting 5. Approved to loan of Funds USD 19M to Qisda Czech s.r.o. |

Creating Value for Shareholders and Giving Back to the Community is an Integral Part of Qisda Value

Qisda's board aims to continue acting in the best interest of our shareholders, in accordance with commonly accepted corporate governance principles. It's with the highest standard that our board members work closely with a dedicated team of audit committee and certificate public accountants in carrying out its supervisor duty.

The board members shall benchmark Qisda against best-in-class corporate governance practices in safeguarding shareholders' interests and making recommendations that will enhance return-on-investment to our shareholders.

by K.Y. Lee, Chairman

Corporate Executive Officers

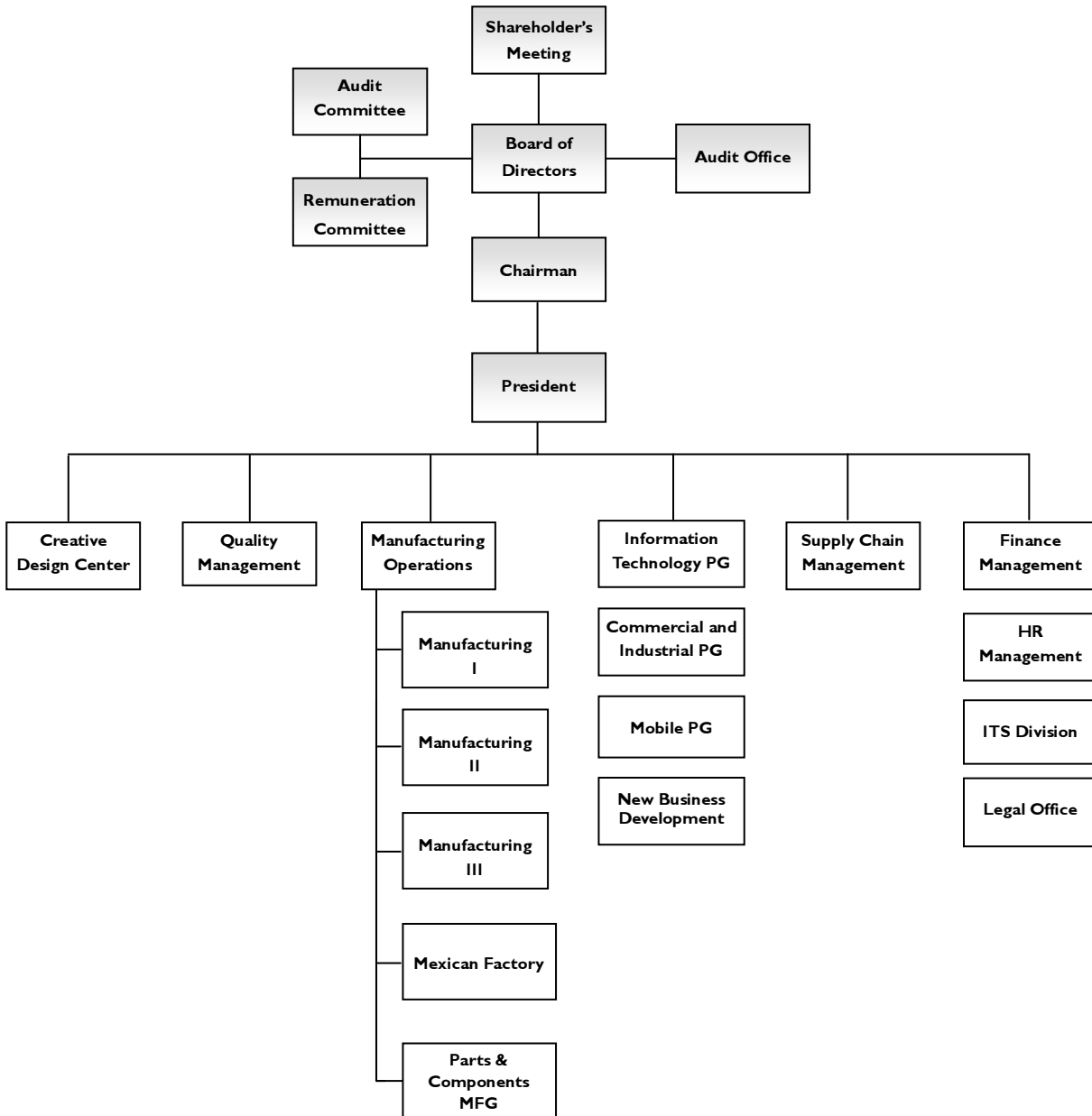
Date: April 16, 2013

| Title | Name | Personnel Education & Experience | Other Current Positions |
|---|--------------|--|--|
| President | Hermit Huang | EMBA, National Taiwan University Electronics Engineering, National Taipei Institute of Technology | Director: Qisda Electronics Corp. |
| Senior Vice President & GM, Supply Chain Management | C.M.Wu | EMBA, Pacific Western University B.S., Electronics Engineering, Chung Yuan Christian University | - |
| Senior Vice President & GM, Information Technology Products Group | Joe Huang | EMBA, Tsing Hua University in Beijing MBA, University of Greenwich | - |
| Senior Vice President, Finance Management | David Wang | M.S., University of Massachusetts B.S., Finance, National Chung Hsing University CEO of Yageo, Ferroxcube CFO of Yageo, Europe | Director: BenQ ESCO Corp., Darly Consulting Corporation Supervisor: Qisda Electronics Corp., Qisda Solutions Inc. |
| Vice President & GM, Commercial & Industrial Products Group | April Huang | B.S., Economics, National Taiwan University Alpha Publishing Inc., Tokyo, Japan Marketing Manager, Daxon Technology Inc. | - |
| Vice President & Chief Design Officer, Creative Design Center | Manfred Wang | M.S., Industrial Design, The State Academy of Fine Arts and Design in Stuttgart B.S., Applied Arts, Fu Jen Catholic University | Supervisor: Taiwan Design Center |
| Vice President, New Business Development | Alpha Tsai | EMBA, National Cheng Chi University M.S., Electrical Engineering, State University of New York B.S., Electrical Engineering, Nation Taiwan University. | - |
| Vice President & GM, Manufacturing Operations | Mark Hsiao | B.S., Chemical Engineering, Tamkang University AVP, AU Optronics Corp. | - |
| Vice President, Manufacturing Operations | James T.Wang | Ph.D., Mechanical Engineering, Ohio State University B.S., Mechanical Engineering, Nation Taiwan University | - |
| Vice President, Corporate Quality Management | Spark Huang | EMBA, National Cheng Chi University B.S., Physics, Tamkang University | - |

Group Organization

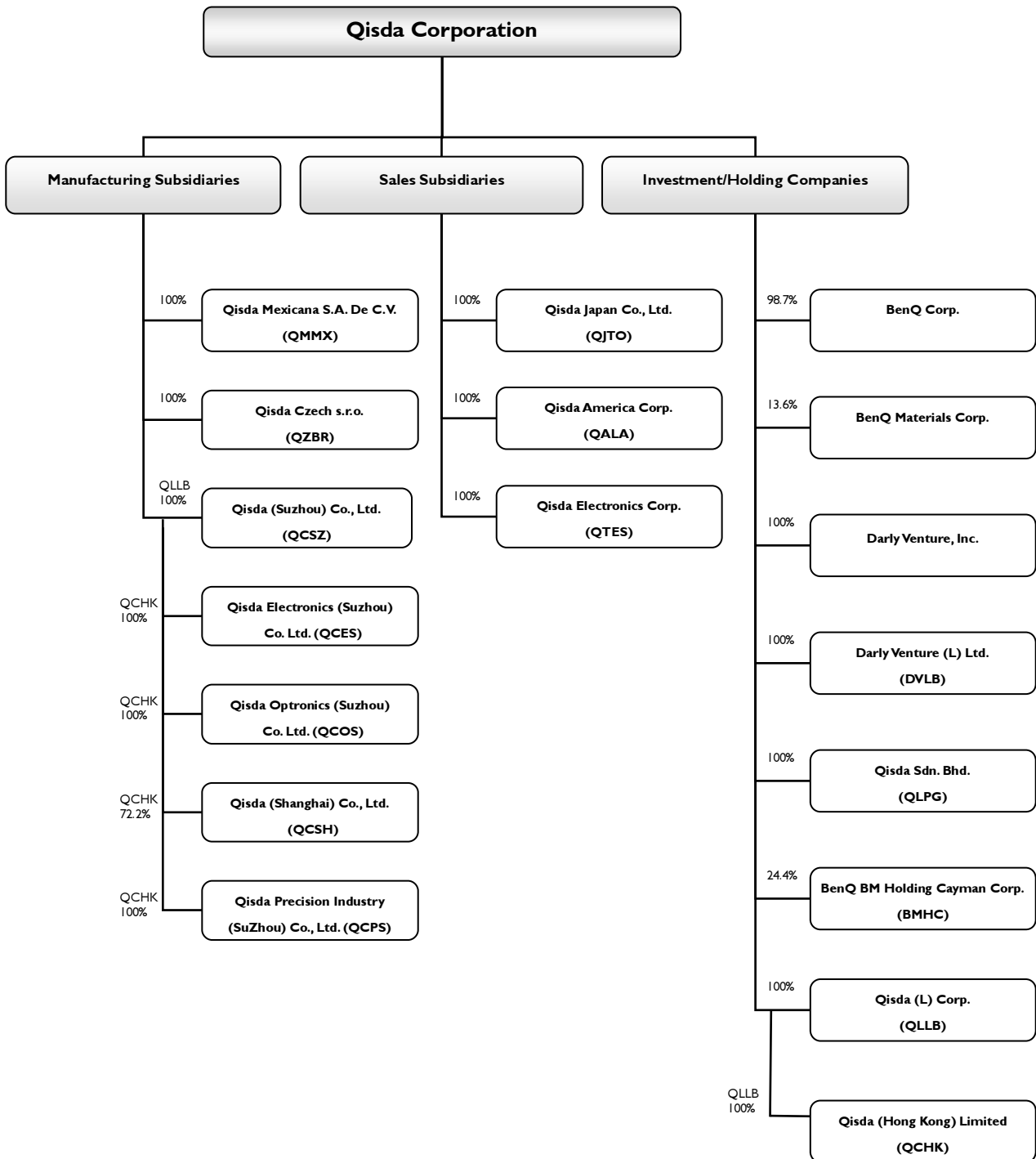
Company Organization Chart

Date: April 16, 2013



Affiliated Companies

Date: December 31, 2012



Company Financials

Capital and Shares

Shares Type and Shares Outstanding

| Shares Type | Authorized Shares | | | Notes |
|---------------|--------------------|------------------|---------------|-------|
| | Outstanding shares | Un-issued shares | Total shares | |
| Common Shares | 1,966,781,958 | 3,033,218,042 | 5,000,000,000 | - |

Ownership and Distribution of Shares

| | As of April 16 2013 | | |
|--------------------------------------|------------------------|-----------------------|------------------|
| | Number of shareholders | Number of shares held | % of shares held |
| Domestic Individuals | 149,136 | 1,320,217,888 | 67.13% |
| Other Domestic Corporations | 178 | 299,752,843 | 15.24% |
| Foreign Institutions and Individuals | 304 | 189,755,308 | 9.65% |
| Domestic Financial Institutions | 58 | 157,007,098 | 7.98% |
| Government Agencies | 6 | 48,821 | 0.00% |
| Total | 149,682 | 1,966,781,958 | 100.00% |

Net Worth, Earning, Dividends and Market Price Per Share

Unit: NT\$, Per 1,000 Share

| | | Mar. 31, 2013 | 2012 | 2011 |
|-----------------------------|------------------------------------|---------------|-----------|-----------|
| Market Price Per Share | Highest Market Price | 8.35 | 9.25 | 22.25 |
| | Lowest Market Price | 6.61 | 5.90 | 5.58 |
| | Average Market Price | 7.64 | 7.33 | 11.95 |
| Net Worth Per Share(Note 1) | Before Distribution | 9.59 | 9.35 | 10.95 |
| | After Distribution | 9.59 | 9.35 | 10.95 |
| Earnings Per Share (EPS) | Weighted Average Shares | 1,966,490 | 1,965,908 | 1,964,182 |
| | EPS | -0.43 | -1.32 | -1.74 |
| | EPS-adjusted (Note 2) | -0.43 | - | -1.74 |
| Dividends Per Share | Cash dividends | - | - | - |
| | Stock dividends- Earnings | - | - | - |
| | Stock dividends- Capital Surplus | - | - | - |
| | Accumulated Undistributed Dividend | - | - | - |
| Return On Investment | Price/Earning Ratio (Note 3) | - | - | - |
| | Price/Dividend Ratio (Note 4) | - | - | - |
| | Cash Dividend Yield Rate (Note 5) | - | - | - |

Note 1: Subject to change after shareholders' meeting resolution

Note 2: Retroactive adjustment for capitalization of bonus

Note 3: Price/Earning ratio = Average market price/Earnings per share

Note 4: Price/Dividend ratio = Average market price/Cash dividends per share

Note 5: Cash dividend yield rate = Cash dividends per share/ Average market price

Dividend Policy

According to Qisda's Article of Incorporation, the company's dividend policy is as follows:

After making the final settlement of account, the Company shall allocate the net profit, if any, according to the following sequences: paying the taxes, making up loss for preceding years, setting aside 10% thereof for legal reserve, setting aside or reversing special reserve in accordance with the regulations of the competent authorities. If there is any residual amount after deducting the amounts stated above, the Company shall distribute the residual amount in accordance with the following orders:

1. 5%~20% of the residual amount to employees as bonus;
2. No more than 1% of residual amount for remuneration of directors;
3. All or part of the remaining residual amount to the shareholders as dividend and bonus.

In the event that the employee bonus provided in Item 1 of the preceding paragraph is share bonus, the employees of domestic or foreign affiliates of the Company are entitled to receive such share bonuses. The Board of Directors or any other person authorized by the Board of Directors is authorized to determine the qualifications and distribution method for distributing the share bonuses.

The Company is belonged to technological and capital capacity high tech industry and is in the growing period. In order to execute long-term capital planning and satisfy the shareholders with cash flow demand, the Company adopts dividend surplus as its dividend policy. Therefore, the Company could keep growing and operating ever. If the Company has surplus profit at the end of the fiscal year, when distributing dividend, the Company should consider the future expanding and cash flow demand and distribute dividend by stock mainly and cash partially. Principally, the ratio of cash dividend to total dividend should not lower than Ten percent of total dividend.

Most Recent 5-year Financial Analysis

| Item | | Year | | | | |
|--------------------------------|---|--------|--------|-------|--------|-------|
| | | 2012 | 2011 | 2010 | 2009 | 2008 |
| Financial ratios | Total liabilities to total assets (%) | 63 | 61 | 55 | 58 | 65 |
| | Financial capital to fixed assets (%) | 2,080 | 2,320 | 2,762 | 2,214 | 2,288 |
| Liquidity ratios | Current ratios (%) | 87 | 104 | 123 | 81 | 105 |
| | Quick ratios (%) | 70 | 91 | 108 | 74 | 98 |
| | Time interest earned | - | - | 704 | - | - |
| Operating performance analysis | A/R turnover (times) | 6.62 | 6.45 | 6.80 | 5.11 | 4.36 |
| | A/R turnover days | 55 | 57 | 54 | 71 | 84 |
| | Inventory turnover (times) | 27.16 | 31.09 | 37.54 | 33.97 | 28.29 |
| | A/P turnover (times) | 5.64 | 7.90 | 12.19 | 13.13 | 11.61 |
| | Inventory turnover days | 13 | 12 | 10 | 11 | 13 |
| | Fixed assets turnover (times) | 50.36 | 46.77 | 39.34 | 29.88 | 42.3 |
| | Total assets turnover (times) | 1.53 | 1.24 | 1.08 | 0.91 | 1.18 |
| Profitability ratios | Return on assets (%) | (4) | (5) | 8 | (2) | (3) |
| | Return on equity (%) | (13) | (14) | 15 | (8) | (14) |
| | Operating income to paid-in-capital (%) | (4) | 2 | 1 | 0 | (8) |
| | PBT to paid-in-capital (%) | (13) | (17) | 21 | (9) | (16) |
| | Net income ratio (%) | (3) | (5) | 6 | (4) | (4) |
| | EPS (NT\$) | (1.32) | (1.74) | 1.94 | (0.94) | (1.7) |
| Cash Flow | Cash flow ratio (%) | 3 | 18 | (27) | 57 | 24 |
| | Cash flow adequacy (%) | 6 | - | - | - | - |
| | Cash reinvestment ratio (%) | 2 | 10 | (9) | 24 | 12 |
| Leverage | Operating leverage | - | 176 | 269 | 575 | - |
| | Financial Leverage | - | - | - | - | - |

Attachment I : Independent Auditor's Report & Audited Financial Statements**Independent Auditors' Report**

The Board of Directors
Qisda Corporation:

We have audited the accompanying non-consolidated balance sheets of Qisda Corporation (the "Company") as of December 31, 2011 and 2012, and the related non-consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Qisda Corporation as of December 31, 2011 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of China.

The accompanying non-consolidated financial statements as of and for the year ended December 31, 2012, have been translated into United States dollars solely for the convenience of the readers. We have audited the translation, and in our opinion, the non-consolidated financial statements expressed in New Taiwan dollars have been translated into United States dollars on the basis set forth in note 2(c) of the notes to the non-consolidated financial statements.

KPMG Certified Public Accountants

Taipei, Taiwan (the Republic of China)
March 7, 2013

Notice to Readers

The accompanying non-consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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\$ |
|---|--------------------------|--------------------------|-------------------------|
| Current assets: | | | |
| Cash and cash equivalents | 4,141,627 | 343,101 | 11,811 |
| Financial assets at fair value through profit or loss – current | 8,680 | 910 | 31 |
| Available-for-sale financial assets – current | 1,673,995 | - | - |
| Accounts receivable, net | 3,835,407 | 4,549,994 | 156,626 |
| Accounts receivables from related parties | 7,561,546 | 6,763,326 | 232,817 |
| Other receivables, net | 858,920 | 629,539 | 21,671 |
| Other receivables from related parties | 951,714 | 10,835 | 373 |
| Inventories | 2,475,960 | 2,900,400 | 99,841 |
| Prepaid expenses and other current assets | 54,720 | 80,378 | 2,767 |
| Deferred income tax assets – current | 46,635 | 91,528 | 3,151 |
| Total current assets | <u>21,609,204</u> | <u>15,370,011</u> | <u>529,088</u> |
| Long-term investments: | | | |
| Investments accounted for using equity method | 30,907,280 | 28,202,917 | 970,841 |
| Available-for-sale financial assets – non-current | 130,923 | 1,844,479 | 63,493 |
| Financial assets carried at cost – non-current | 1,592 | - | - |
| Total long-term investments | <u>31,039,795</u> | <u>30,047,396</u> | <u>1,034,334</u> |
| Property, plant and equipment: | | | |
| Land | 600,168 | 635,066 | 21,861 |
| Buildings | 1,428,183 | 1,459,880 | 50,254 |
| Machinery and equipment | 869,933 | 885,036 | 30,466 |
| Furniture and fixtures | 98,440 | 101,516 | 3,495 |
| Miscellaneous equipment | 57,471 | 57,406 | 1,976 |
| Prepayments for plant and equipment | 6,653 | - | - |
| | 3,060,848 | 3,138,904 | 108,052 |
| Less: accumulated depreciation | <u>(1,581,493)</u> | <u>(1,647,176)</u> | <u>(56,702)</u> |
| Net property, plant and equipment | <u>1,479,355</u> | <u>1,491,728</u> | <u>51,350</u> |
| Intangible assets | <u>62,861</u> | <u>50,448</u> | <u>1,737</u> |
| Other assets: | | | |
| Assets for lease | 210,503 | 153,485 | 5,284 |
| Idle assets | 104,324 | 104,324 | 3,591 |
| Restricted deposits | 3,029 | 775,368 | 26,691 |
| Refundable deposits | 58,559 | 56,775 | 1,954 |
| Deferred charges | 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>55,709,323</u> | <u>49,136,146</u> | <u>1,691,434</u> |

(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 Balance Sheets (continued)
December 31, 2011 and 2012
(Expressed in thousands of New Taiwan dollars and US dollars)

| Liabilities and Stockholders' Equity | 2011 NT\$ | 2012 NT\$ | US\$ |
|--|-------------------|-------------------|------------------|
| Current liabilities: | | | |
| Short-term borrowings | 3,710,654 | 407,904 | 14,041 |
| Financial liabilities at fair value through profit or loss – current | 46,371 | 31,128 | 1,072 |
| Accounts payable | 2,096,942 | 2,446,893 | 84,230 |
| Accounts payable to related parties | 9,835,579 | 11,493,303 | 395,639 |
| Other payable to related parties | 96,855 | 38,516 | 1,326 |
| Accrued expenses | 2,372,477 | 2,060,928 | 70,944 |
| Bonds payable due within one year | 120,671 | - | - |
| Long-term debt due within one year | 1,742,280 | 785,720 | 27,047 |
| Other current liabilities | 828,563 | 296,367 | 10,202 |
| Deferred inter-company profits | 24,707 | 12,279 | 423 |
| Total current liabilities | <u>20,875,099</u> | <u>17,573,038</u> | <u>604,924</u> |
| Long-term debt: | <u>12,787,180</u> | <u>12,635,400</u> | <u>434,954</u> |
| Other liabilities: | | | |
| Deposits in | 2,530 | 2,070 | 71 |
| Deferred gain on sale-and-leaseback transaction – non-current | 500,393 | 391,217 | 13,467 |
| Other liabilities | 12,503 | 145,797 | 5,019 |
| Total other liabilities | <u>515,426</u> | <u>539,084</u> | <u>18,557</u> |
| Total liabilities | <u>34,177,705</u> | <u>30,747,522</u> | <u>1,058,435</u> |
| Stockholders' equity: | | | |
| Common stock | 19,667,820 | 19,667,820 | 677,033 |
| Capital surplus | 3,683,406 | 3,505,798 | 120,681 |
| Legal reserve | 312,870 | - | - |
| Special reserve | 286,915 | - | - |
| Retained earnings (accumulated deficit) | (2,232,017) | (4,232,396) | (145,693) |
| Foreign currency translation adjustment | 747,146 | 257,441 | 8,862 |
| Unrealized loss on available-for-sale financial assets | (906,997) | (803,159) | (27,647) |
| Treasury stock | (27,525) | (6,880) | (237) |
| Total stockholders' equity | 21,531,618 | 18,388,624 | 632,999 |
| Commitments and contingencies | | | |
| Total liabilities and stockholders' equity | <u>55,709,323</u> | <u>49,136,146</u> | <u>1,691,434</u> |

(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 NT\$ | 2012 NT\$ | US\$ |
|---|---------------------------|---------------------------|------------------------|
| Net sales | 69,187,423 | 75,120,434 | 2,585,901 |
| Cost of sales | <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 and gains: | | | |
| 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 and loss: | | | |
| Interest expense | (539,845) | (507,986) | (17,487) |
| Investment loss recognized using 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> |

(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\$ | Foreign Currency 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: | | | | | | | | | |
| 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 foreign currency 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 foreign currency 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 | 19,667,820 | 3,505,798 | - | - | (4,232,396) | 257,441 | (803,159) | (6,880) | 18,388,624 |

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

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

| | 2011 NT\$ | 2012 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 issuance cost of loan syndicate and discount on convertible bond | 84,920 | 30,326 | 1,044 |
| Change in provision for inventory obsolescence | 1,836 | (12,432) | (428) |
| Investment loss recognized using 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 profits | (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 deposits | - | (772,339) | (26,586) |
| Decrease in refundable deposits | 32,697 | 1,784 | 61 |
| Increase in intangible assets and deferred charges | (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 year | <u>465,513</u> | <u>4,141,627</u> | <u>142,569</u> |
| Cash and cash equivalents at end of year | <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 | 522,436 | 520,693 | 17,924 |
| Income taxes | 109,857 | 1,839 | 63 |
| Supplemental disclosure of non-cash investing and financing activities: | | | |
| Change in foreign currency translation adjustment | 645,187 | (489,705) | (16,857) |
| Adjustments of net equity of investee companies | 111,909 | (177,608) | (6,114) |
| Changes in unrealized loss on available-for-sale financial assets | (466,294) | 39,561 | 1,362 |
| Adjustments of unrealized loss on available-for-sale financial assets from investments accounted for using equity method | (51,829) | 64,277 | 2,213 |

(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.)

Independent Auditors' Report

The Board of Directors
Qisda Corporation:

We have audited the accompanying consolidated balance sheets of Qisda Corporation (the "Company") and subsidiaries as of December 31, 2011 and 2012, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Qisda Corporation and subsidiaries as of December 31, 2011 and 2012, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of China.

The accompanying consolidated financial statements as of and for the year ended December 31, 2012, have been translated into United States dollars solely for the convenience of the readers. We have audited the translation, and in our opinion, the consolidated financial statements expressed in New Taiwan dollars have been translated into United States dollars on the basis set forth in note 2(d) of the notes to the consolidated financial statements.

KPMG Certified Public Accountants

Taipei, Taiwan (the Republic of China)
March 7, 2013

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Qisda Corporation
Consolidated Balance Sheets
December 31, 2011 and 2012
(Expressed in thousands of New Taiwan dollars and US dollars)

| Assets | 2011 NT\$ | 2012 NT\$ | US\$ |
|---|----------------------|----------------------|------------------|
| Current assets: | | | |
| Cash and cash equivalents | 12,349,895 | 8,921,691 | 307,115 |
| Financial assets at fair value through profit or loss – current | 522,934 | 355,987 | 12,254 |
| Available-for-sale financial assets – current | 1,681,960 | - | - |
| Notes and accounts receivable, net | 9,953,389 | 10,303,134 | 354,669 |
| Accounts receivables from related parties | 1,701,450 | 2,063,434 | 71,031 |
| Other receivables, net | 1,725,872 | 1,329,124 | 45,753 |
| Other receivables from related parties | 38,500 | 110,444 | 3,802 |
| Other financial assets – current | 1,439,722 | 1,076,313 | 37,050 |
| Inventories | 14,749,530 | 15,015,038 | 516,869 |
| Prepaid expenses and other current assets | 3,248,908 | 2,783,668 | 95,823 |
| Non-current assets held for sale | 301,372 | - | - |
| Deferred income tax assets – current | 350,208 | 419,996 | 14,458 |
| Total current assets | <u>48,063,740</u> | <u>42,378,829</u> | <u>1,458,824</u> |
| Long-term investments: | | | |
| Investments accounted for using equity method | 18,342,595 | 14,004,938 | 482,098 |
| Available-for-sale financial assets – non-current | 232,575 | 2,120,020 | 72,978 |
| Financial assets carried at cost – non-current | 243,317 | 190,699 | 6,564 |
| Total long-term investments | <u>18,818,487</u> | <u>16,315,657</u> | <u>561,640</u> |
| Property, plant and equipment: | | | |
| Land | 1,473,526 | 1,505,139 | 51,812 |
| Buildings | 14,074,814 | 18,344,544 | 631,482 |
| Machinery and equipment | 10,764,180 | 10,958,735 | 377,237 |
| Furniture and fixtures | 528,241 | 677,212 | 23,312 |
| Leased assets | 937,822 | 951,725 | 32,761 |
| Leasehold improvement | 875,810 | 920,041 | 31,671 |
| Miscellaneous equipment | 1,045,134 | 1,003,564 | 34,546 |
| Prepayments for plant and equipment | 3,767,921 | 1,683,974 | 57,968 |
| | 33,467,448 | 36,044,934 | 1,240,789 |
| Less: allowance for impairment of fixed assets | (571,735) | (423,658) | (14,583) |
| Less: accumulated depreciation | (12,168,690) | (13,872,713) | (477,546) |
| Net property, plant and equipment | <u>20,727,023</u> | <u>21,748,563</u> | <u>748,660</u> |
| Intangible assets | <u>3,216,340</u> | <u>3,104,127</u> | <u>106,855</u> |
| Other assets: | | | |
| Pledged cash and cash equivalents | 3,029 | 775,368 | 26,691 |
| Refundable deposits | 167,980 | 189,667 | 6,529 |
| Deferred charges and other assets | 1,130,192 | 690,722 | 23,777 |
| Deferred income tax assets – non-current | 1,058,981 | 1,139,482 | 39,224 |
| Total other assets | <u>2,360,182</u> | <u>2,795,239</u> | <u>96,221</u> |
| Total assets | <u>93,185,772</u> | <u>86,342,415</u> | <u>2,972,200</u> |

(Note : Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the 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
Consolidated Balance Sheets (continued)
December 31, 2011 and 2012
(Expressed in thousands of New Taiwan dollars and US dollars)

| | 2011 | 2012 | |
|--|--------------------------|--------------------------|-------------------------|
| Liabilities and Stockholders' Equity | NT\$ | NT\$ | US\$ |
| Current liabilities: | | | |
| Short-term borrowings | 7,474,224 | 8,137,566 | 280,123 |
| Financial liabilities at fair value through profit or loss – current | 58,123 | 205,165 | 7,062 |
| Notes and accounts payable | 19,840,502 | 19,709,152 | 678,456 |
| Accounts payable to related parties | 2,115,369 | 1,635,555 | 56,301 |
| Other payables to related parties | 9,184 | 29,393 | 1,012 |
| Accrued expenses and other current liabilities | 11,426,512 | 9,909,873 | 341,132 |
| Bonds payable due within one year | 120,671 | - | - |
| Long-term debt due within one year | 2,632,195 | 2,140,863 | 73,696 |
| Total current liabilities | <u>43,676,780</u> | <u>41,767,567</u> | <u>1,437,782</u> |
| Long-term debt | <u>23,118,048</u> | <u>22,435,632</u> | <u>772,311</u> |
| Other liabilities: | | | |
| Liability under capital lease | 968,358 | 970,846 | 33,420 |
| Deferred gain on sale-and-leaseback transaction – non-current | 500,393 | 391,217 | 13,467 |
| Deferred income tax liabilities – non-current | 63,090 | 38,635 | 1,330 |
| Other liabilities | 484,445 | 292,675 | 10,075 |
| Total other liabilities | <u>2,016,286</u> | <u>1,693,373</u> | <u>58,292</u> |
| Total liabilities | <u>68,811,114</u> | <u>65,896,572</u> | <u>2,268,385</u> |
| Stockholders' equity : | | | |
| Common stock | 19,667,820 | 19,667,820 | 677,033 |
| Capital surplus | 3,683,406 | 3,505,798 | 120,681 |
| Legal reserve | 312,870 | - | - |
| Special reserve | 286,915 | - | - |
| Accumulated deficit | (2,232,017) | (4,232,396) | (145,693) |
| Foreign currency translation adjustment | 747,146 | 257,441 | 8,862 |
| Unrealized loss on available-for-sale financial assets | (906,997) | (803,159) | (27,647) |
| Treasury stock | (27,525) | (6,880) | (237) |
| | <u>21,531,618</u> | <u>18,388,624</u> | <u>632,999</u> |
| Minority interest | 2,843,040 | 2,057,219 | 70,816 |
| Total stockholders' equity | <u>24,374,658</u> | <u>20,445,843</u> | <u>703,815</u> |
| Commitments and contingencies | | | |
| | | | |
| | | | |
| Total liabilities and stockholders' equity | <u><u>93,185,772</u></u> | <u><u>86,342,415</u></u> | <u><u>2,972,200</u></u> |

(Note : Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the 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
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 | 122,055,577 | 116,575,329 | 4,012,920 |
| Cost of sales | <u>(109,423,199)</u> | <u>(105,793,471)</u> | <u>(3,641,772)</u> |
| Gross profit | <u>12,632,378</u> | <u>10,781,858</u> | <u>371,148</u> |
| Operating expenses | | | |
| Selling | (5,656,286) | (5,724,120) | (197,044) |
| Administrative | (3,514,221) | (2,681,249) | (92,297) |
| Research and development | <u>(3,146,455)</u> | <u>(2,933,183)</u> | <u>(100,970)</u> |
| | <u>(12,316,962)</u> | <u>(11,338,552)</u> | <u>(390,311)</u> |
| Operating income (loss) | <u>315,416</u> | <u>(556,694)</u> | <u>(19,163)</u> |
| Non-operating income and gains: | | | |
| Interest income | 186,449 | 291,980 | 10,051 |
| Foreign currency exchange gain, net | 183,720 | 516,137 | 17,767 |
| Dividend income | 278,449 | 157,835 | 5,433 |
| Gain on disposal of property, plant and equipment | 12,208 | 1,404,724 | 48,355 |
| Gain on disposal of investments, net | 840,625 | 15,214 | 524 |
| Others | <u>1,175,576</u> | <u>1,346,564</u> | <u>46,354</u> |
| | <u>2,677,027</u> | <u>3,732,454</u> | <u>128,484</u> |
| Non-operating expenses and loss: | | | |
| Interest expense | (977,658) | (1,071,705) | (36,892) |
| Investment loss recognized using the equity method, net | (4,600,188) | (4,082,870) | (140,546) |
| Loss on disposal of property, plant and equipment | (107,684) | - | - |
| Valuation loss on financial instruments, net | (254,320) | (249,270) | (8,581) |
| Impairment loss | (81,431) | (54,557) | (1,878) |
| Others | <u>(198,953)</u> | <u>(212,092)</u> | <u>(7,301)</u> |
| | <u>(6,220,234)</u> | <u>(5,670,494)</u> | <u>(195,198)</u> |
| Loss from continuing operations before income tax | <u>(3,227,791)</u> | <u>(2,494,734)</u> | <u>(85,877)</u> |
| Income tax expense | <u>(319,141)</u> | <u>(738,506)</u> | <u>(25,422)</u> |
| Net loss from continuing operations | <u>(3,546,932)</u> | <u>(3,233,240)</u> | <u>(111,299)</u> |
| Discontinuing operations: | | | |
| Net loss from discountinuing operations | <u>(424,337)</u> | <u>-</u> | <u>-</u> |
| Net loss | <u><u>(3,971,269)</u></u> | <u><u>(3,233,240)</u></u> | <u><u>(111,299)</u></u> |
| Attributable to: | | | |
| Shareholders of the parent | (3,411,177) | (2,600,164) | (89,507) |
| Minority interest | <u>(560,092)</u> | <u>(633,076)</u> | <u>(21,792)</u> |
| | <u><u>(3,971,269)</u></u> | <u><u>(3,233,240)</u></u> | <u><u>(111,299)</u></u> |
| Earnings per share (expressed in New Taiwan dollars and US dollars) | | | |
| Basic earnings per share | | | |
| Net loss from continuing operations | (1.81) | (1.64) | (0.056) |
| Discontinuing operation loss | (0.22) | - | - |
| Loss attributed to minority interest | <u>0.29</u> | <u>0.32</u> | <u>0.011</u> |
| Net loss attributed to shareholders of the parent | <u><u>(1.74)</u></u> | <u><u>(1.32)</u></u> | <u><u>(0.045)</u></u> |

(Note : Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the 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
Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2011 and 2012
(Expressed in thousands of New Taiwan dollars)

| | Capital | | | | Retained Earnings | Foreign Currency | Unrealized Loss | | | |
|--|-------------------|------------------|----------------|-----------------|-----------------------|------------------------|--|-----------------|-------------------|-------------------|
| | Common Stock | Surplus | Legal Reserve | Special Reserve | (Accumulated Deficit) | Translation Adjustment | on Available-for-sale Financial Assets | Treasury Stocks | Minority Interest | Total |
| | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ | NT\$ |
| Balance as of January 1, 2011 | 19,282,176 | 3,571,497 | - | - | 3,128,697 | 101,959 | (388,874) | (78,485) | 3,308,099 | 28,925,069 |
| Appropriation of earnings and capital surplus: | | | | | | | | | | |
| 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 unrealized loss on available-for-sale financial assets | - | - | - | - | - | - | (466,294) | - | - | (466,294) |
| Change in minority interest | - | - | - | - | - | - | - | - | (14,796) | (14,796) |
| Adjustments of net equity of investee companies | - | 111,909 | - | - | - | - | - | - | 12,633 | 124,542 |
| Change in foreign currency translation adjustment | - | - | - | - | - | 645,187 | - | - | 118,861 | 764,048 |
| Change in treasury stock held by subsidiaries | - | - | - | - | - | - | - | 50,960 | - | 50,960 |
| Change in unrealized loss on financial instruments held by equity method investees | - | - | - | - | - | - | (51,829) | - | (21,665) | (73,494) |
| Net loss for 2011 | - | - | - | - | (3,411,177) | - | - | - | (560,092) | (3,971,269) |
| 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) | 2,843,040 | 24,374,658 |
| 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 unrealized loss on available-for-sale financial assets | - | - | - | - | - | - | 39,561 | - | - | 39,561 |
| Change in minority interest | - | - | - | - | - | - | - | - | (82,706) | (82,706) |
| Adjustments of net equity of investee companies | - | (177,608) | - | - | - | - | - | - | 3,695 | (173,913) |
| Change in foreign currency translation adjustment | - | - | - | - | - | (489,705) | - | - | (81,473) | (571,178) |
| Change in treasury stock held by subsidiaries | - | - | - | - | - | - | - | 20,645 | - | 20,645 |
| Change in unrealized loss on financial instruments held by equity method investees | - | - | - | - | - | - | 64,277 | - | 7,739 | 72,016 |
| Net loss for 2012 | - | - | - | - | (2,600,164) | - | - | - | (633,076) | (3,233,240) |
| Balance as of December 31, 2012 | 19,667,820 | 3,505,798 | - | - | (4,232,396) | 257,441 | (803,159) | (6,880) | 2,057,219 | 20,445,843 |

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

(Note : Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the 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
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 NT\$ | 2012 NT\$ | US\$ |
|--|--------------------------|-------------------------|-----------------------|
| Cash flows from operating activities: | | | |
| Net loss | (3,971,269) | (3,233,240) | (111,299) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation | 2,291,466 | 2,138,375 | 73,610 |
| Amortization | 318,274 | 232,197 | 7,993 |
| Amortization of bond issuance costs and discount on convertible bond | 91,576 | 35,588 | 1,225 |
| Investment loss recognized using the equity method, net | 4,600,188 | 4,082,870 | 140,546 |
| Cash dividends received from equity method investments | 442,480 | 80,749 | 2,780 |
| Loss (gain) on disposal of property, plant and equipment, net | 97,835 | (1,404,724) | (48,355) |
| Gain on disposal of investments | (840,625) | (15,214) | (524) |
| Valuation loss on financial instruments | 254,320 | 249,270 | 8,581 |
| Impairment loss | 3,502 | 54,557 | 1,878 |
| Deferred income tax assets expense (benefit) | 79,326 | (174,744) | (6,015) |
| Other investment loss (gain) | 77,929 | (1,982) | (68) |
| Amortization of deferred profits on sale-and-leaseback transaction | (109,176) | (109,176) | (3,758) |
| Long-term investment charged to expenses | 6,845 | - | - |
| Differences in accounts in the accompanying balance sheets: | | | |
| Financial assets and liabilities at fair value through profit or loss | (149,534) | 67,242 | 2,315 |
| Notes and accounts receivable | 693,912 | (349,745) | (12,039) |
| Accounts receivables from related parties | (315,269) | (361,984) | (12,461) |
| Other receivables | (22,332) | 396,748 | 13,657 |
| Other receivables from related parties | 13,376 | (71,944) | (2,477) |
| Other financial assets — current | 228,586 | 363,409 | 12,510 |
| Inventories | 1,675,544 | (265,508) | (9,140) |
| Prepaid expenses and other current assets | (1,104,248) | 474,512 | 16,334 |
| Prepaid pension | 2,435 | 1,634 | 56 |
| Notes and accounts payable | (2,059,211) | (131,350) | (4,522) |
| Accounts payable to related parties | (67,538) | (479,814) | (16,517) |
| Other payable to related parties | (5,071) | 20,209 | 696 |
| Accrued expenses and other current liabilities | (2,379,837) | (1,237,639) | (42,604) |
| Other liabilities | 36,871 | (203,185) | (6,994) |
| Net cash provided by (used in) operating activities | <u>(109,645)</u> | <u>157,111</u> | <u>5,408</u> |
| Cash flows from investing activities: | | | |
| Proceeds from disposal of available-for-sale financial assets | 1,267,999 | 21,582 | 743 |
| Proceeds from disposal of financial assets carried at cost | 1,987,676 | 30,400 | 1,046 |
| Additions to long-term equity investments | (263,561) | (129,318) | (4,451) |
| Proceeds from disposal of long-term equity investments | 151,686 | 7,124 | 245 |
| Proceeds from investees' capital reduction | 3,668 | 3,574 | 123 |
| Additions to property, plant and equipment | (3,285,811) | (3,575,482) | (123,080) |
| Proceeds from disposal of property, plant and equipment | 377,902 | 1,851,197 | 63,725 |
| Decrease (increase) in refundable deposits | 37,205 | (21,687) | (747) |
| Increase in deferred charges and intangible assets | (338,297) | (249,065) | (8,574) |
| Increase in available-for-sale financial assets | (7,934) | - | - |
| Increase in pledged cash and cash equivalents | - | (772,339) | (26,586) |
| Net cash used in investing activities | <u>(69,467)</u> | <u>(2,834,014)</u> | <u>(97,556)</u> |
| Cash flows from financing activities: | | | |
| Increase in short-term borrowings | 4,453,899 | 663,342 | 22,834 |
| Redemption of bonds | - | (120,900) | (4,161) |
| Increase in long-term debt | 8,686,651 | 11,588,086 | 398,901 |
| Decrease in long-term debt | (10,437,642) | (12,527,742) | (431,247) |
| Proceeds from disposal of treasury stock | 9,895 | 4,945 | 170 |
| Distribution of cash dividends | (964,108) | - | - |
| Decrease in minority interest | (14,796) | (82,706) | (2,847) |
| Net cash provided by (used in) financing activities | <u>1,733,899</u> | <u>(474,975)</u> | <u>(16,350)</u> |
| Effect of exchange rate changes | <u>(166,046)</u> | <u>(276,326)</u> | <u>(9,512)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>1,388,741</u> | <u>(3,428,204)</u> | <u>(118,010)</u> |
| Cash and cash equivalents at beginning of year | <u>10,961,154</u> | <u>12,349,895</u> | <u>425,125</u> |
| Cash and cash equivalents at end of year | <u><u>12,349,895</u></u> | <u><u>8,921,691</u></u> | <u><u>307,115</u></u> |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid during the period for: | | | |
| Interest | <u>969,726</u> | <u>1,086,465</u> | <u>37,400</u> |
| Income taxes | <u>148,763</u> | <u>32,934</u> | <u>1,134</u> |
| Supplemental disclosure of non-cash investing and financial activities: | | | |
| Changes in unrealized loss on available-for-sale financial assets | <u>(466,294)</u> | <u>39,561</u> | <u>1,362</u> |
| Adjustments of unrealized loss on available-for-sale financial assets from investments accounted for using equity method | <u>(73,494)</u> | <u>72,016</u> | <u>2,479</u> |
| Adjustments of net equity of investee companies | <u>124,542</u> | <u>(173,913)</u> | <u>(5,987)</u> |

(Note : Translation of New Taiwan dollar amounts into U.S. dollar amounts is included in the 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 Fact Sheet

| | |
|---|---|
| Founded | April 21, 1984 |
| Capital | US\$ 578.7 million |
| Revenue | Core Consolidated Revenue of NT\$84.5 billion (2012) |
| Chairman | K.Y. Lee |
| President | Hermit Huang |
| Product Portfolio | <ul style="list-style-type: none"> ● Displays <ul style="list-style-type: none"> Multifunction Monitors Traditional Monitors (4:3): 17", 19" Wide screen Monitors: 15.6"W \ 18.5"W \ 19"W \ 20"W \ 21.5"W \ 22"W \ 23"W \ 24"W \ 27"W Professional Monitors: Medical/Broadcasting/Graphic/Security display, Sign pad Industrial Solutions: Industrial monitor (Multi-purpose: Industry, Factory, etc.) \ Open frame (For Gaming/Vertical markets) \ Digital signage display \ Digital signage station \ AIO signage \ IFP (Interactive Flat Panel) ● Projectors <ul style="list-style-type: none"> Data projectors \ Video projectors \ Short throw projectors \ Interactive projectors ● IP camera <ul style="list-style-type: none"> Network and CCTV camera ● All-in-One PCs : <ul style="list-style-type: none"> 18.5" \ 21.5" \ 24" ● Imaging Devices <ul style="list-style-type: none"> Color Inkjet Printers, Color Inkjet Multifunctional Printers Color Laser Printers (CLP), Color Laser Multifunctional Printers (MFP) High-speed inkjet printers, High-speed Multifunctional Printers Image Scanners, Auto Document Feeders Photo Scanners Flat-bed Scanners ● Mobile Communication Devices <ul style="list-style-type: none"> 4G/ LTE/ HSPA+ Smartphone 4G/ LTE/ HSPA+ Tablet TD-LTE Smartphone EVDO Smartphone Pro-camera Smartphone IP 54, IP 67 mobile devices Qiss Apps/ iOS/WP software applications ● Automobile Infotainment Devices: TSI 6949 Certified <ul style="list-style-type: none"> Audio/Video/Navigation system Infotainment media box Automotive display Automotive grade BT/WLAN/2G/3G/4G module Telematic communication unit ● Embedded System Solutions <ul style="list-style-type: none"> Tablet Digital photo frames Media routers Android based mother board Scanner module Printer module ● Healthcare Solutions <ul style="list-style-type: none"> Diagnostic ultrasound Telecare |
| Global R&D & Manufacturing | <p>R&D Center</p> <ul style="list-style-type: none"> ● Taiwan: Taipei, Taoyuan, Hsinchu China: Suzhou <p>Global Manufacturing</p> <p>Mexicali, Mexico</p> <ul style="list-style-type: none"> ● LCD Monitors <p>Taoyuan, Taiwan</p> <ul style="list-style-type: none"> ● LCD Monitors ● Projectors ● IP Camera (Network and CCTV Camera) ● Automobile Infotainment Devices (TSI 6949 Certified) ● Industrial Solutions (Excluding Pen/Touch LCD Displays) <p>Suzhou, China</p> <ul style="list-style-type: none"> ● Multifunction Monitors ● LCD Monitors ● Professional Monitors ● Projectors ● Surveillance Camera (Network and CCTV Camera) ● Industrial Solutions ● All-in-One PCs ● Imaging Devices ● Automobile Infotainment Devices (TSI 6949 Certified) ● Embedded System Solutions ● Healthcare Solutions ● Mobile Communication Devices |
| No. of Employees | 9,200 people (as of April, 2013) |
| Global Operations | Taiwan (Taipei, Taoyuan, Hsinchu), China (Suzhou), Mexico, Japan, United States |

Qisda

Qisda.com