



## BenQ Corp

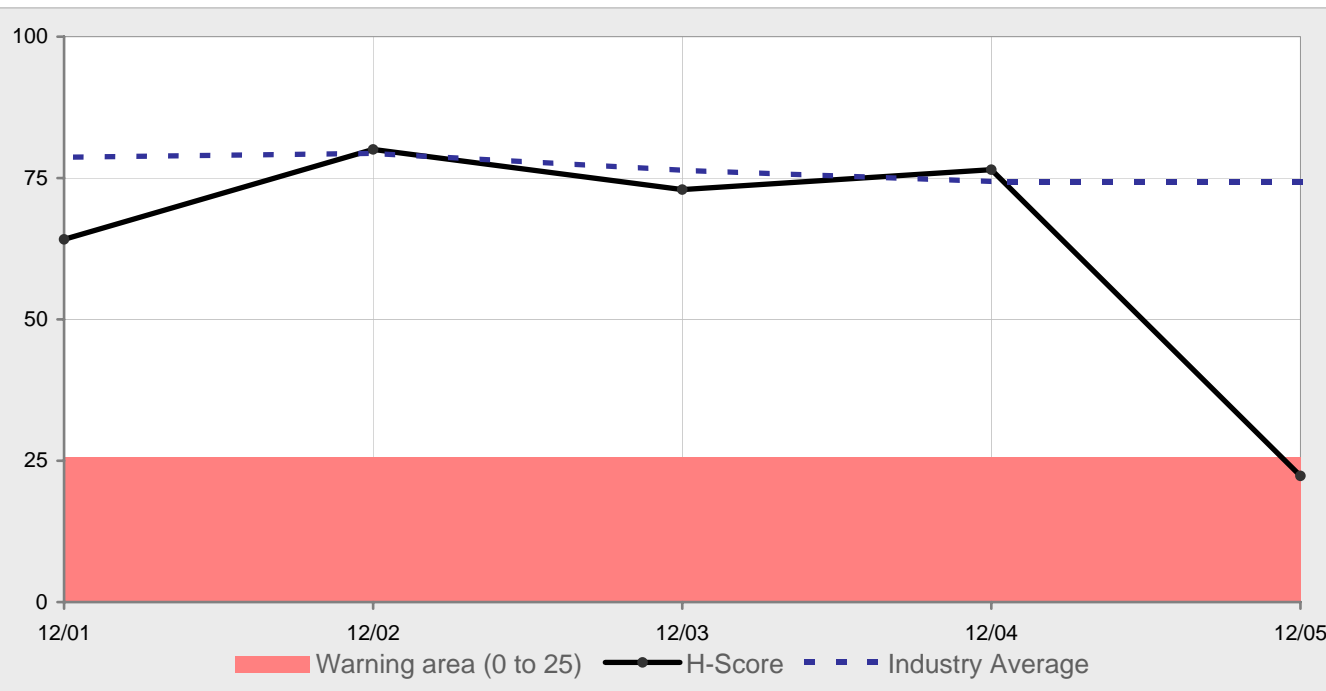
**BenQ Mobile is a subsidiary of Taiwanese BenQ Corp**

**“BenQ Mobile files for insolvency**

**BenQ Mobile the Munich based handset company, yesterday announced it was filing for insolvency after its Taiwanese parent pulled the plug on the loss-making business it took over from Siemens less than a year ago.”**

Financial Times, London, 29 September 2006

**Health Profile - H-Score<sup>®</sup>**



**H-Score<sup>®</sup>: 22**

The **H-Score** is the overall measure of the company's financial health. Companies in the Warning Area may be vulnerable and should be viewed with care. As long as any company remains outside the Warning Area, it has a low likelihood of failure. For further information please see Appendix 2 (page 9).

**Industry Average: 74** The Industry Average is the average H-Score of companies in the same Industry sector.

	12/01	12/02	12/03	12/04	12/05
H-Score	64	80	73	76	22
Industry Average	79	79	76	74	74

**Financial Summary**

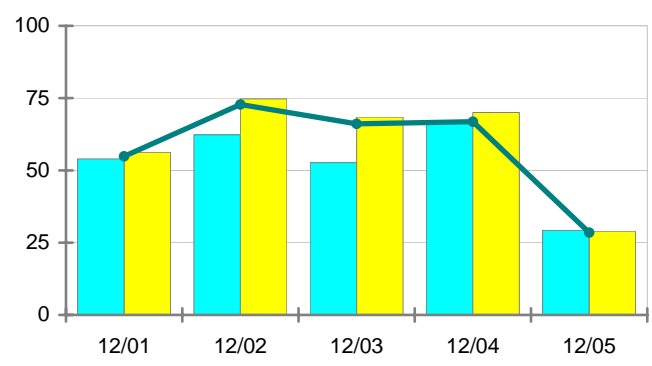
Currency: TWD'000s

(See pages 5 to 7)

Period	Sales	Earnings before tax	Total assets	Net worth
12/05	176,778,000	-5,617,000	166,410,000	47,281,000
12/04	174,740,823	7,989,458	99,615,029	51,610,614
12/03	128,224,676	8,038,485	94,788,157	48,020,356
12/02	110,311,839	8,329,308	82,200,835	43,068,158
12/01	73,749,898	2,954,680	69,461,896	30,065,761

**Comments**

**Factor Profile - Fundamentals**

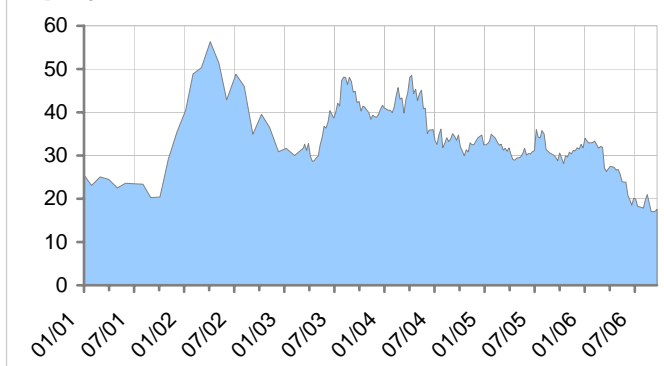


The contribution to the Financial Health from the strength of the management of:

Profits Funding Assets

For further information please see Appendix 3 (page 10)

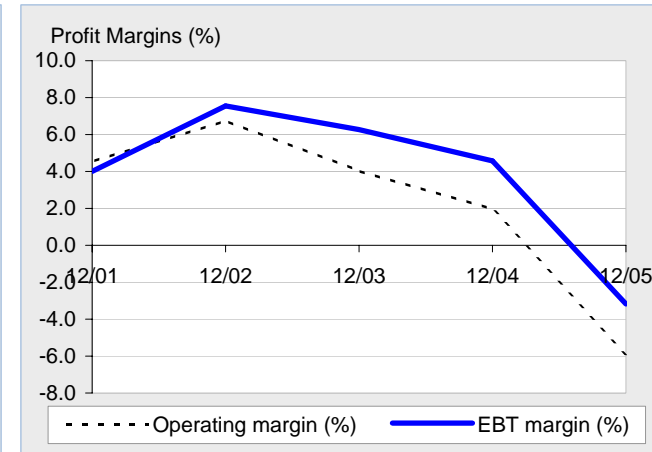
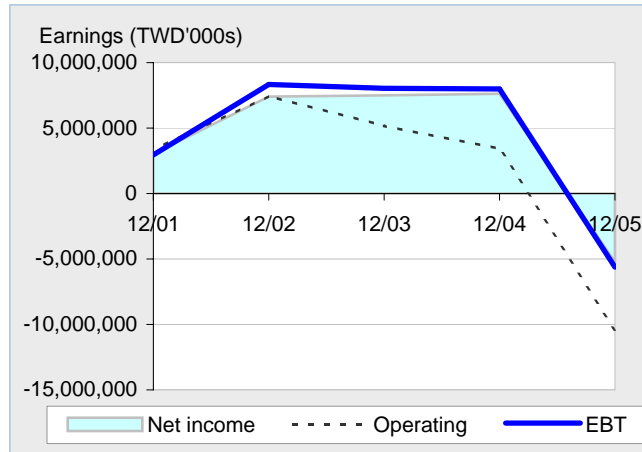
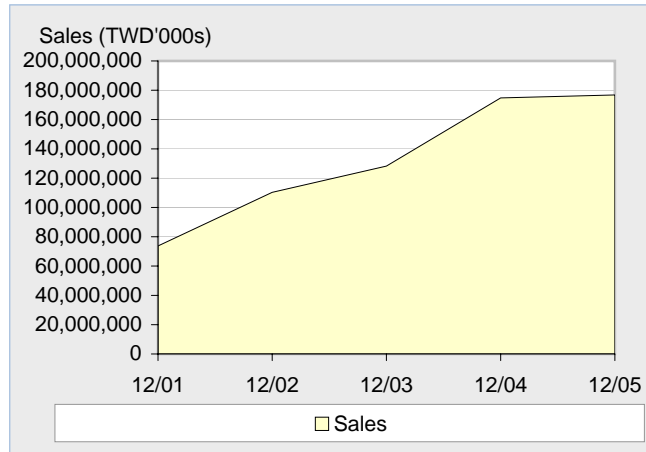
**Equity Profile - Market view**



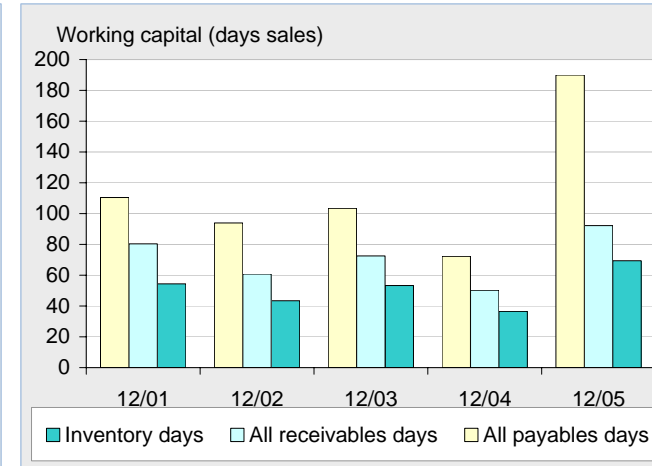
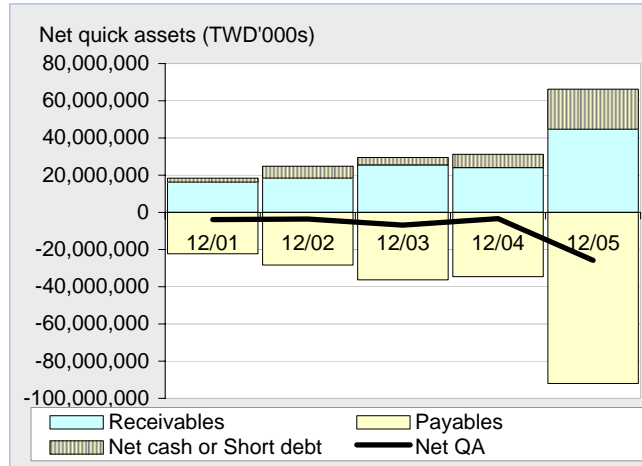
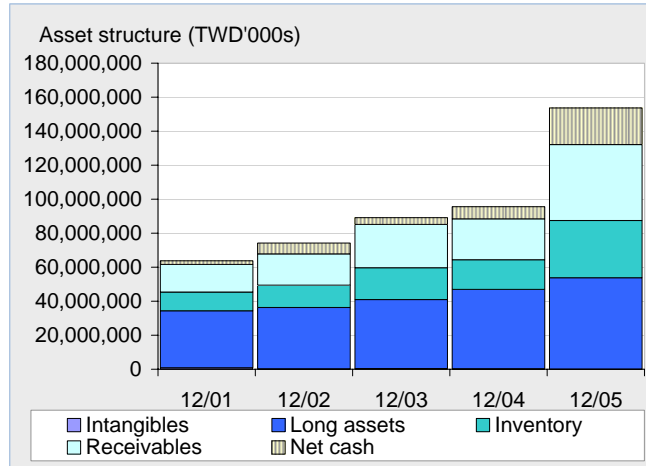
Data as at: 22 Sep 2006 (TWD)

Stock Price	52 Week High	52 Week Low	PE Ratio	Market Cap. (m)
17.55	34.00	17.00	-8.58	45,957.7

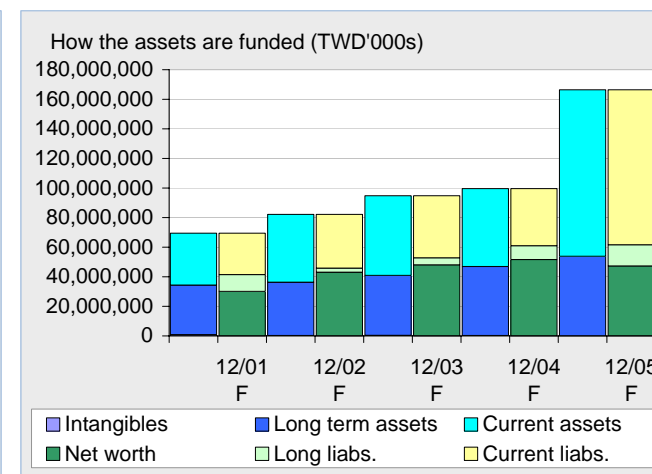
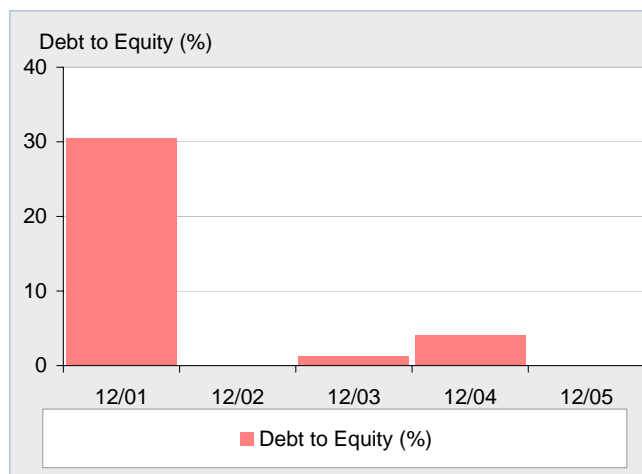
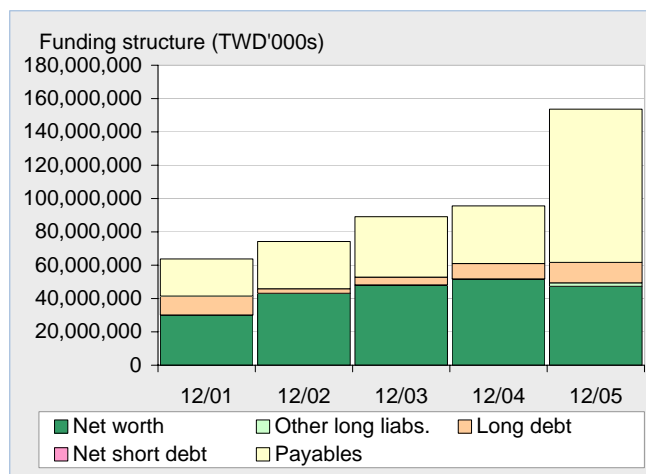
Income



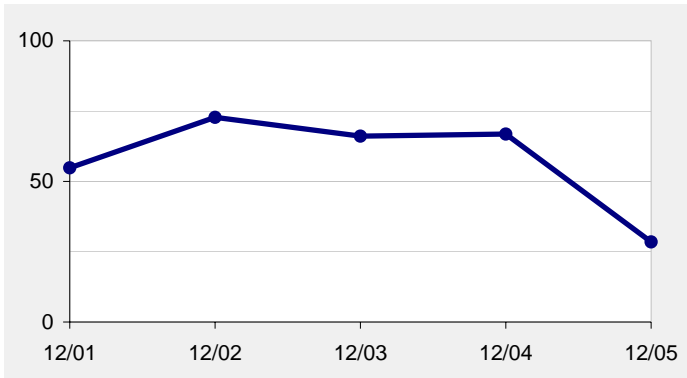
Assets



Funding



**PROFIT MANAGEMENT - 1. Profitability**



**Factor Description**

The Profit Management factor measures the contribution that profits are making towards minimising immediate financial risk.

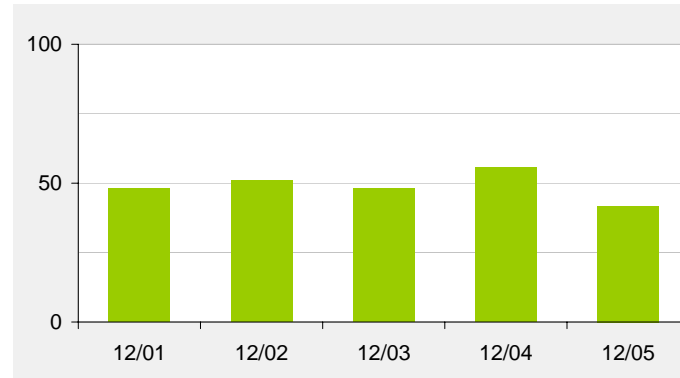
(H) : the higher the better;  
(L) : the lower the better

Period		12/01	12/02	12/03	12/04	12/05
Factor Score		55	73	66	67	28
Earnings before tax -1 (H)		2,954,680	8,329,308	8,038,485	7,989,458	-5,617,000
Current liabilities - 2 (L)		22,311,153	28,388,178	36,341,121	34,596,301	92,021,000

- (1) In cases where the financial year is shorter or longer than 12 months EBT has been annualised
- (2) Cash (incl. Marketable securities) & Debt due within 1 year are netted off

**ASSET MANAGEMENT - 2. Liquidity**

Currency: TWD'000s



**Factor Description**

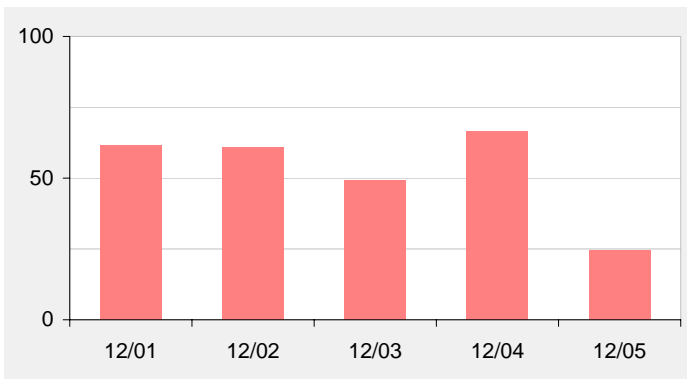
The Liquidity Factor is a measure of: The adequacy of the Quick Assets (Cash & Receivables) taking into account the immediate demand on them from the Current liabilities (Payables & Short term debt) and the ongoing Expenses of the business.

(H) : the higher the better;  
(L) : the lower the better

Period		12/01	12/02	12/03	12/04	12/05
Factor Score		48	51	48	56	42
Quick assets -1 (H)		18,400,729	24,801,929	29,486,205	31,206,927	66,229,000
Current liabilities -2 (L)		22,311,153	28,388,178	36,341,121	34,596,301	92,021,000
Expenses - 3, 4 (L)		70,795,218	101,982,531	120,186,191	166,751,365	182,395,000

- (1) Receivables & cash (cash (incl. Marketable securities) & debt due within 1 year are netted off)
- (2) Cash (incl. Marketable securities) & Debt due within 1 year are netted off
- (3) Sales less Earnings before tax
- (4) In cases where the financial year is shorter or longer than 12 months Expenses have been annualised

**3. Inventory & Receivables Management**



**Factor Description**

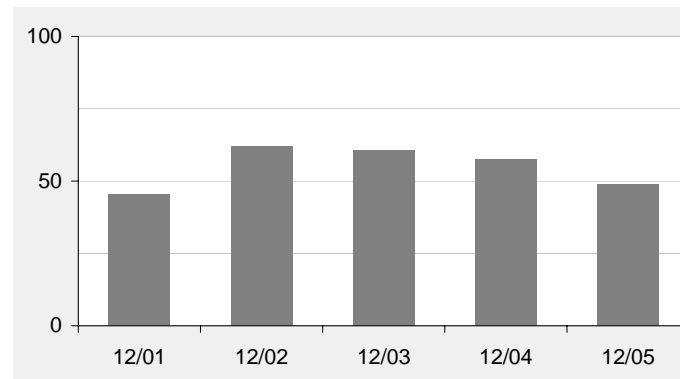
The Inventory & Receivables Management factor measures the degree to which the investment in working capital is supported by long term funding (net of intangibles)

(H) : the higher the better;  
(L) : the lower the better

Period		12/01	12/02	12/03	12/04	12/05
Factor Score		62	61	49	67	25
Inventory (L)		10,992,695	13,126,618	18,727,921	17,475,733	33,620,000
Receivables (L)		16,242,560	18,372,738	25,484,611	24,047,826	44,659,000
Long term funding -1 (H)		40,596,317	45,578,215	52,423,644	60,712,299	61,611,000

- (1) Net worth (after netting off Intangibles) + Long term liabilities

**4. Current Asset Cover**



**Factor Description**

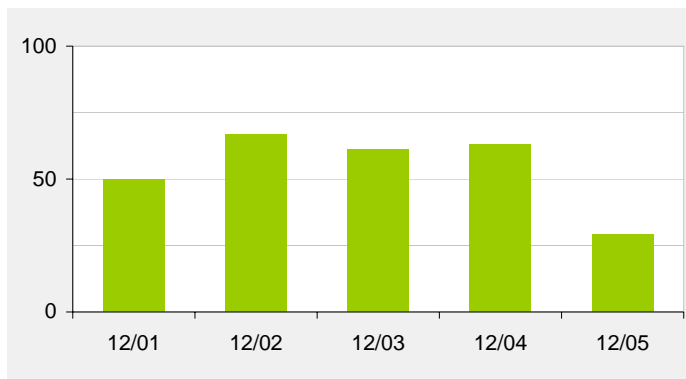
The Current Asset Cover Factor measures the cover available from the Current assets (Inventory, Receivables & Cash) to meet the short- and long-term liabilities of the company

(H) : the higher the better;  
(L) : the lower the better

Period		12/01	12/02	12/03	12/04	12/05
Factor Score		46	62	61	57	49
Current assets - 1 (H)		29,393,424	37,928,547	48,214,126	48,682,660	99,849,000
Total liabilities -1 (L)		33,682,342	31,152,381	41,113,688	43,968,737	106,377,000

- (1) Cash (incl. Marketable securities) & Debt due within 1 year are netted off

**FUNDING MANAGEMENT - 5. Equity Base**



**Factor Description**

The Equity Base Factor measures the adequacy of the company's capital base. It compares the Net worth to all its liabilities (including, but not restricted to, its borrowing).

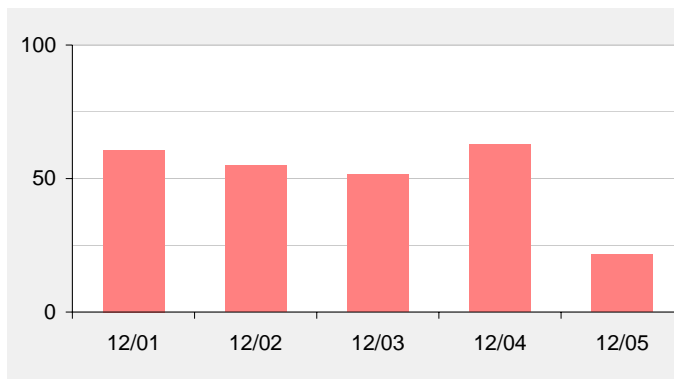
(H) : the higher the better;  
(L) : the lower the better

Period		12/01	12/02	12/03	12/04	12/05
Factor Score		50	67	61	63	29
Total Liabilities - 1	(L)	33,682,342	31,152,381	41,113,688	43,968,737	106,377,000
Net Worth - 2	(H)	29,225,128	42,814,012	47,651,077	51,339,863	47,255,000

(1) Cash (incl. Marketable securities) and Debt due within 1 year are netted off  
(2) Net of Intangibles

Currency: TWD'000s

**6. Current Funding**



**Factor Description**

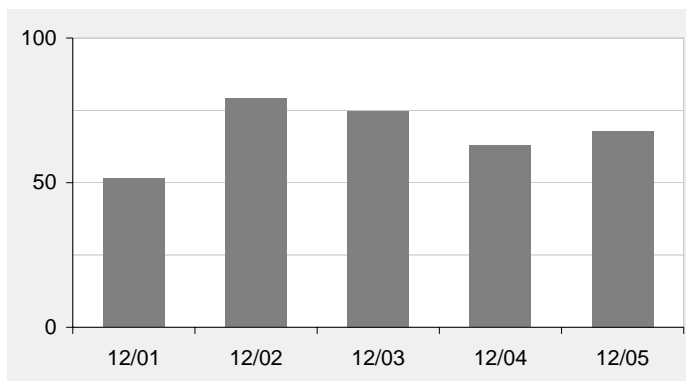
The Current Funding Factor measures the degree to which the Total tangible assets are funded out of Short-term liabilities. The greater the reliance on Short-term funding, the worse.

(H) : the higher the better;  
(L) : the lower the better

Period		12/01	12/02	12/03	12/04	12/05
Factor Score		61	55	51	63	22
Current Liabilities - 1	(L)	22,311,153	28,388,178	36,341,121	34,596,301	92,021,000
Total tang. assets -1	(H)	62,907,470	73,966,393	88,764,765	95,308,600	153,632,000

(1) Cash (incl. Marketable securities) and Debt due within 1 year are netted off

**7. Debt Dependency**



**Factor Description**

The Debt Dependency Factor measures the degree to which the company is dependent on debt for its funding. The higher the reliance on external bank debt, the worse.

(H) : the higher the better;  
(L) : the lower the better

Period		12/01	12/02	12/03	12/04	12/05
Factor Score		51	79	75	63	68
Short term debt - 1	(L)	0	0	0	0	0
Long term debt	(L)	11,331,744	2,727,533	4,630,340	9,234,738	12,250,000
Total debt	(L)	11,331,744	2,727,533	4,630,340	9,234,738	12,250,000
Total tang. assets -1	(H)	62,907,470	73,966,393	88,764,765	95,308,600	153,632,000

(1) Debt due within 1 year (net of Cash and Marketable securities)  
(2) Total tangible assets after netting off Short-term debt (due within 1 year) with Cash & Marketable securities

**Comment**

The H-Score model initially reviews any company from seven points of view (the seven fundamental Factors) simultaneously in order to obtain a comprehensive evaluation of its financial health. This measures the strength of the company's fundamentals.

The **power** that each Factor has, to materially affect the H-Score will vary from company to company depending on the nature of the company's financial structure.

**For further information please see the Appendix**

Income Statement

TWD'000s

	12/05	12/04	12/03	12/02	12/01
Months in period	12	12	12	12	12
Sales	176,778,000	174,740,823	128,224,676	110,311,839	73,749,898
Cost of sales	-158,926,000	-150,926,580	-106,652,903	-90,006,340	-60,505,064
<b>Gross profit</b>	<b>17,852,000</b>	<b>23,814,243</b>	<b>21,571,773</b>	<b>20,305,499</b>	<b>13,244,834</b>
Other operating income/costs	-28,237,000	-20,392,318	-16,399,436	-12,858,617	-9,902,449
<b>Operating profit</b>	<b>-10,385,000</b>	<b>3,421,925</b>	<b>5,172,337</b>	<b>7,446,882</b>	<b>3,342,385</b>
Special items	0	0	0	0	0
Interest & other income	5,624,000	5,043,070	3,227,326	1,446,323	398,200
Interest paid	-856,000	-475,537	-361,178	-563,897	-785,905
<b>Earnings before tax</b>	<b>-5,617,000</b>	<b>7,989,458</b>	<b>8,038,485</b>	<b>8,329,308</b>	<b>2,954,680</b>
Tax	-242,000	-302,957	-473,281	-1,069,198	-79,090
<b>Earnings after tax</b>	<b>-5,859,000</b>	<b>7,686,501</b>	<b>7,565,204</b>	<b>7,260,110</b>	<b>2,875,590</b>
Other	633,000	-67,213	-65,109	139,519	155,773
<b>Net income</b>	<b>-5,226,000</b>	<b>7,619,288</b>	<b>7,500,095</b>	<b>7,399,629</b>	<b>3,031,363</b>
No. of employees (heads)	32,506	23,095	21,804	0	0

Cash flow statement

TWD'000s

	12/05	12/04	12/03	12/02	12/01
Months in period	12	12	12	12	12
Operating activities	-1,929,815	6,065,334	2,812,988	10,764,968	9,994,406
Investing activities	-1,564,372	-6,065,538	704,839	-7,351,559	-7,333,324
Financing activities	11,092,369	-1,546,010	-2,725,362	-2,029,679	-2,255,437
Other	1,735,287	33,578	-186,393	-34,361	-100,282
<b>Net change in cash</b>	<b>9,333,469</b>	<b>-1,512,636</b>	<b>606,072</b>	<b>1,349,369</b>	<b>305,363</b>

Fundamental data supplied by Standard & Poors

Balance Sheet

TWD'000s

	12/05	12/04	12/03	12/02	12/01
Months in period	12	12	12	12	12
Cash and equivalent	12,552,000	3,218,141	4,730,777	4,124,705	2,780,624
Marketable securities	21,770,000	7,976,638	4,924,930	10,284,782	5,091,338
Accounts receivable	38,688,000	22,105,735	22,117,481	15,081,239	11,752,844
Other current receivables	5,971,000	1,942,091	3,367,130	3,291,499	4,489,716
Inventory	33,620,000	17,475,733	18,727,921	13,126,618	10,992,695
Other non-liquid assets	0	0	0	0	0
<b>Current assets</b>	<b>112,601,000</b>	<b>52,718,338</b>	<b>53,868,239</b>	<b>45,908,843</b>	<b>35,107,217</b>
Intangible assets	26,000	270,751	369,279	254,146	840,633
Property, plant & equipment	25,295,000	22,227,687	21,157,310	17,655,151	18,284,183
Other long term assets	28,488,000	24,398,253	19,393,329	18,382,695	15,229,863
<b>Total long term assets</b>	<b>53,809,000</b>	<b>46,896,691</b>	<b>40,919,918</b>	<b>36,291,992</b>	<b>34,354,679</b>
<b>Total assets</b>	<b>166,410,000</b>	<b>99,615,029</b>	<b>94,788,157</b>	<b>82,200,835</b>	<b>69,461,896</b>
Debt - due within 1 year	12,752,000	4,035,678	5,654,113	7,980,296	5,713,793
Accounts payable	53,161,000	20,643,071	22,980,325	17,555,195	15,194,579
Other current payables	38,860,000	13,953,230	13,360,796	10,832,983	7,116,574
<b>Current liabilities</b>	<b>104,773,000</b>	<b>38,631,979</b>	<b>41,995,234</b>	<b>36,368,474</b>	<b>28,024,946</b>
Long term debt	12,250,000	9,234,738	4,630,340	2,727,533	11,331,744
Other long liabilities	2,106,000	137,698	142,227	36,670	39,445
<b>Long term liabilities</b>	<b>14,356,000</b>	<b>9,372,436</b>	<b>4,772,567</b>	<b>2,764,203</b>	<b>11,371,189</b>
Minority interest	2,850,000	2,532,751	2,558,392	1,789,836	2,005,659
Shareholders' equity	44,431,000	49,077,863	45,461,964	41,278,322	28,060,102
<b>Net worth</b>	<b>47,281,000</b>	<b>51,610,614</b>	<b>48,020,356</b>	<b>43,068,158</b>	<b>30,065,761</b>
<b>Total liabilities &amp; Net worth</b>	<b>166,410,000</b>	<b>99,615,029</b>	<b>94,788,157</b>	<b>82,200,835</b>	<b>69,461,896</b>

Fundamental data supplied by Standard & Poors

## Financial ratios

<b>Profitability</b>	<b>12/05</b>	<b>12/04</b>	<b>12/03</b>	<b>12/02</b>	<b>12/01</b>
Operating margin (%)	-5.9	2.0	4.0	6.8	4.5
EBT margin (%)	-3.2	4.6	6.3	7.6	4.0
Return on net worth (%)	-11.9	15.5	16.7	19.3	9.8
Return on assets (%)	n/a	8.5	8.9	10.8	5.4
Interest cover	-5.6	17.8	23.3	15.8	4.8
Tax rate (%)	n/a	3.8	5.9	12.8	2.7

**Trading/Funding**

Sales:Tangible long assets	7.0	7.9	6.1	6.2	4.0
Sales:Net worth	3.7	3.4	2.7	2.6	2.5
Debt to Equity (%)	0.0	4.0	1.3	0.0	30.5

**Liquidity**

Current ratio	1.1	1.4	1.3	1.3	1.3
Acid test ratio	0.8	0.9	0.8	0.9	0.9

**Working capital:sales**

Inventory days	69.4	36.5	53.3	43.4	54.4
Accounts receivable days	79.9	46.2	63.0	49.9	58.2
All other receivables days	12.3	4.1	9.6	10.9	22.2
Accounts payable days	109.8	43.1	65.4	58.1	75.2
All other payables days	80.2	29.1	38.0	35.8	35.2

**Staff** TWD'000s

Sales per head	5,438.3	7,566.2	5,880.8		
Earnings before tax per head	-172.8	345.9	368.7		

Fundamental data supplied by Standard & Poors

## Table of Contents

### 1. Corporate Information

2. The H-Score explained

3. The 7 Factors explained

APPENDIX

## Corporate Information

**Last Update:**

**Industry:** ELECTRONIC COMPUTERS

**Address:** 157 Shan Ying Road  
Gueishan  
Taoyuan

**Accounting  
Currency:** TWD

**Market  
Cap (m):** 45,957.7

**Country of  
Incorporation:** Taiwan

**Exchange:** Taipei

**Symbol:** .

### Activity

BenQ Corporation, together with its subsidiaries, engages in the design, manufacture, and marketing of information technology lifestyle devices in Taiwan and internationally. It operates in five divisions: Display and Imaging, Networking and Communications, Digital Media, Storage, and Computer Products. The Display and Imaging division's products include multimedia liquid crystal display (LCD) monitors, LCD monitors for business use, LCD monitors for professional applications, car displays, color laser printers, high resolution film scanners, flatbed scanners, color inkjet printers, and color multifunction printers. The Networking and Communications division offers global system for mobile communications/general packet radio service mobile phones, smartphones, wireless personal digital assistants, and wireless network products. The Digital Media division's product portfolio comprises digital projectors, LCD televisions, MP3 players, digital cameras, digital versatile disc (DVD) recorders, and plasma displays. The Storage division provides compact disk (CD)-read only memory (ROM), CD-rewritable, DVD-ROM, and combo and DVD-rewritable drives. The Computer Products division's products consist of laptop personal computers (PC), desktop PC, and PC related products. BenQ has a partnership with Siemens AG. The company was founded in 1984 and was formerly known as Acer Communications & Multimedia, Inc. and changed its name to BenQ Corporation. BenQ is headquartered in Taoyuan, Taiwan.

**Table of Contents**

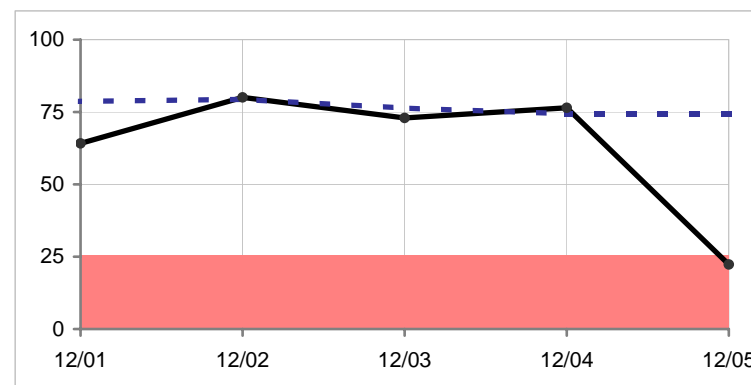
1. Corporate Information

**2. The H-Score explained**

3. The 7 Factors explained

APPENDIX

## The H-Score Explained



The H-Score is a measure of the financial health of a company. It is based on a statistical evaluation of a company's publicly available financial results, an evaluation that reviews a company from seven different points of view simultaneously in order to determine its overall financial health.

Displayed graphically over several years, it is a ranking of all companies on a scale of 0 (worst) to 100 (best). Companies in the Warning Area (H-Score of 25 or less) share the characteristics of companies that subsequently failed and may be vulnerable. It is rare for companies to fail or experience major distress as long as their H-Score remains outside the Warning Area.

Historically 1 in 4 companies in the Warning Area have either failed or had a major financial reconstruction within 3 years. Companies in the Warning Area will include:

- Companies that have one or more serious weaknesses and would be better off correcting them. This describes the majority of companies in the Warning Area.
- Companies temporarily weakened by a major event. (e.g. Major acquisition financed short term.) In many cases such companies are able to trade themselves out of such a position in a reasonably short time. However, it is important to recognise the existence of such an issue when it does arise, because it could turn into a serious weakness if not addressed.
- Companies that have a proven ability to run their business successfully from an inherently weak Balance Sheet position (e.g. Companies with a proven history of profitable sales growth but accompanied by negative tangible net worth and high levels of debt). Such companies are usually rather more dependent on their continuing sales growth and profitability in order to retain the confidence of their suppliers, lenders and investors.

The dotted line on the graph represents the average H-Score for companies with the same primary SIC code in three sizes (small, medium, large). It is not shown when the total number of companies is less than 4.

**Table of Contents**

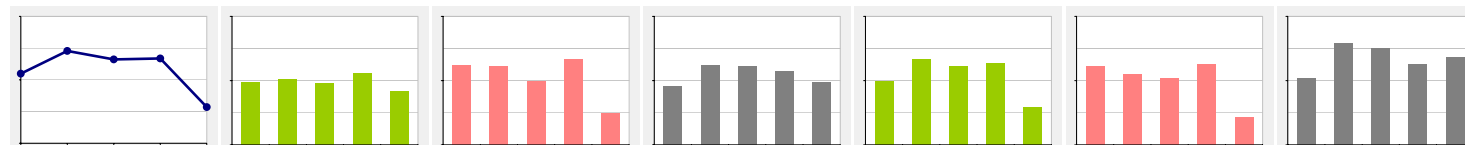
1. Corporate Information

2. The H-Score explained

**3. The 7 Factors explained**

APPENDIX

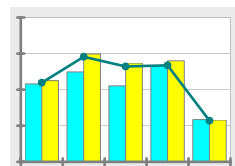
# The 7 Factors Explained



## Strengths and Weaknesses

The H-Score model reviews the fundamentals of each company from seven points of view in order to determine a comprehensive evaluation of its financial health. The 7 Factor Graphs direct your attention to the strengths and weaknesses that the model has detected. The figures below each graph provide the explanation. Not every company should be expected to be strong on all 7 factors. For example, property companies will be weak on “Current Asset Cover”. Food Retailers will have a poor “Liquidity Factor” because they will have received the cash for goods that they have yet to pay to their suppliers. Both examples are normal for such companies. So long as they compensate for that in other ways, that is not a problem. The model looks at the company as a whole and the result is reflected in the H-Score. The individual factors provide the explanation of the reasons why.

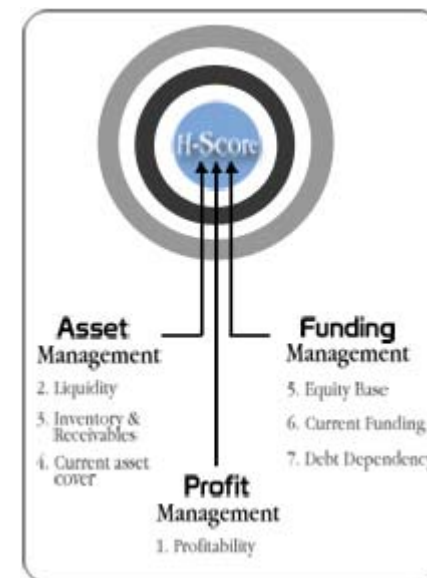
## The Factor Profile



This summarises the 7 factors into a single graph and is the first level of drill-down which begins to explain where the company’s strengths and weaknesses lie and how they have changed over the past five years.

The Factor Profile is designed to act as a “signpost”, directing attention to where to look. The seven factors are summarised into three groups showing the contribution to the company’s financial health from:

1. The Profits
2. The strength of the financial management of its assets (liquidity, working capital etc.)
3. The strength of the funding (equity base, debt dependency, current funding)





Company Watch Limited  
312 Coppergate House  
16 Brune Street  
London E1 7NJ

t: +44 (0)20 7721 8440  
f: +44 (0)20 7721 8436  
e: [info@companywatch.net](mailto:info@companywatch.net)  
[www.companywatch.net](http://www.companywatch.net)

TYPE COWH <GO>

## Legal Notice

**YOUR USE OF THIS DOCUMENT SHALL BE DEEMED TO CONSTITUTE YOUR ACKNOWLEDGEMENT OF, AND CONSENT TO, THE FOLLOWING, WHICH YOU HEREBY AGREE SHALL BE BINDING UPON YOU AND SHALL GOVERN YOUR USE OF THIS DOCUMENT. IF YOU DO NOT AGREE TO BE BOUND BY THE PROVISIONS OF THIS LEGAL NOTICE, YOU MAY NOT USE THIS DOCUMENT AND YOU MUST IMMEDIATELY DESTROY IT, AND ANY COPIES YOU MAY HAVE MADE:**

This document contains confidential information belonging to Company Watch Limited ("us" or "we") and you agree not to disclose this document (or any part of it) to any person or entity outside your business. This document should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction whatsoever. We are not soliciting any action based on this document. This document is made available solely for the purpose of internal business evaluation and information and does not constitute a personal recommendation or take into account any particular investment objectives, financial situations or individual needs. Before acting on any information in this document, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. The material is based on information that we consider reliable, but we do not warrant or represent that it is accurate, complete or current, and it should not be relied on as such. ALL WARRANTIES AND REPRESENTATIONS (IMPLIED OR OTHERWISE) ARE HEREBY EXCLUDED TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW. The evaluation of Financial Fundamentals expressed is the current statistical results of our mathematical model as of the date appearing on this document only. Whilst we endeavour to update our materials on a reasonable basis, there may be regulatory, compliance, or other reasons which prevent this Document from being current and you should not rely on it as such.

WE SHALL NOT BE LIABLE TO YOU OR ANY OF YOUR DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS FOR ANY ERRORS OR MISTAKES CONTAINED IN, OR FOR OTHER ACTIONS TAKEN IN RELIANCE UPON, THIS DOCUMENT. IF YOU BECOME AWARE OF ERRORS OR MISTAKES IN THIS DOCUMENT, PLEASE CONTACT US AS SOON AS POSSIBLE, AND SUBJECT TO VERIFICATION OF THE SAME, WE WILL ATTEMPT TO RECTIFY SUCH ERRORS OR MISTAKES AS SOON AS IS REASONABLY POSSIBLE. TO THE FULLEST EXTENT ALLOWED BY APPLICABLE LAW, ALL AND ANY LIABILITY THAT WE MAY HAVE TO YOU IN CONNECTION WITH THIS DOCUMENT WHATSOEVER AND HOWSOEVER ARISING, DIRECTLY OR INDIRECTLY, IS HEREBY EXCLUDED.

Any dispute or claim relating to this document or its contents shall be governed by English law, and you hereby submit to the exclusive jurisdiction of the English courts in respect of any such dispute or claim and further hereby waive any objection to proceedings in any such courts on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum. © 2005 Company Watch Limited. All rights reserved. No part of this document may be sold or distributed, reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or any information or retrieval systems, without the express written permission of Company Watch Limited.

## Note on Fundamental data supplied by Standard & Poor's

Copyright 2004 Standard & Poor's, a division of The McGraw-Hill Companies, Inc. Standard & Poor's including its subsidiary corporations ("S&P") is a division of The McGraw-Hill Companies, Inc. Reproduction of Global Vantage in any form is prohibited except with the prior written permission of S&P. Because of the possibility of human or mechanical error by S&P's sources, S&P or others, S&P does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P be liable for any indirect, special or consequential damages in connection with subscriber's or others use of Global Vantage.