

**ALPHA**<sup>®</sup>

**明泰科技**  
Alpha Networks Inc.

**Q1 2005**  
**Investor Conference**

**April 27, 2005**

- Financial Review Mason Liu
  - Business Updates John Lee
  - Q&A
- 
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# Financial Review

Presented by

Mason Liu

Associate VP, Finance



# 1Q/2005 QoQ Income Statement Comparison

Amount: NT\$ million	1Q/2005		4Q/2004		QoQ% Change
Net Sales	3,679	100 %	3,442	100 %	7%
Cost of Goods Sold	3,083	84 %	2,819	82 %	9%
Gross Profit	595	16 %	624	18 %	(5)%
Operating Expenses	394	11 %	396	11 %	(1)%
Operating Income	202	5 %	228	7 %	(11)%
Total Non-Op. Inc. (Loss)	(52)	(1)%	(84)	(2)%	(38)%
Income Before Tax	150	4 %	144	4 %	4%
Income Tax Expense	27	1 %	10	-	170%
Net Income	123	3 %	134	4 %	(8)%
Earnings Per Share (NT\$)	0.49		0.55		(11)%



# 1Q/2005 YoY Income Statement Comparison

Amount: NT\$ million	1Q/2005		1Q/2004		YoY % Change
Net Sales	3,679	100 %	3,139	100 %	17%
Cost of Goods Sold	3,083	84 %	2,586	82 %	19%
Gross Profit	595	16 %	553	18 %	8%
Operating Expenses	394	11 %	337	10 %	17%
Operating Income	202	5 %	216	8 %	(6)%
Total Non-Op. Inc. (Loss)	(52)	(1)%	(30)	(2)%	73%
Income Before Tax	150	4 %	185	6 %	(19)%
Income Tax Expense	27	1 %	17	1 %	59%
Net Income	123	3 %	168	5 %	(27)%
Earnings Per Share (NT\$)	0.49		0.72		(32)%

## Non-op Income / Loss Breakdown

Unit : NT\$ million

	1Q/05	4Q/04	2004
Investment Income / (Loss)	(21.0)	(14.7)	(35.3)
FX Gain / (Loss)	9.37	(46.6)	(52.1)
Inventory Gain / (Loss)	(40.5)	(61.6)	(157.6)
Financial Income / (Exp.) & Others	0.33	39	25.0
Total	(51.8)	(83.9)	(220.0)



# 03/31/2005 Balance Sheet QoQ Comparison

Amount: NT\$ million	03/31/2005		12/31/2004		QoQ % Change
Cash	161	2%	827	12%	(81)%
S-T Investments	1683	21%	427	6%	(294)%
Account Receivable	2,867	36%	2,740	39%	(5)%
Inventory	1,540	19%	1,453	20%	6%
L-T Investments	324	5%	220	4%	47%
Total Assets	7,940	100%	7,113	100%	12%
Account Payable	2,777	34%	2,346	33%	18%
Current Liabilities	3,767	47%	3,064	43%	23%
Common Stock	2,500	31%	2,500	35%	0%
Shareholders' Equity	4,117	52%	3,996	56%	3%

# Key Financial Ratios - Liquidity / Leverage

Unit %, days	1Q/05	2004
Days A/R	70	39
Days Inventory	47	23
Days A/P	63	61
Cash Cycle	54	1
Current Ratio	167	181
Debt/Equity Ratio	93	78

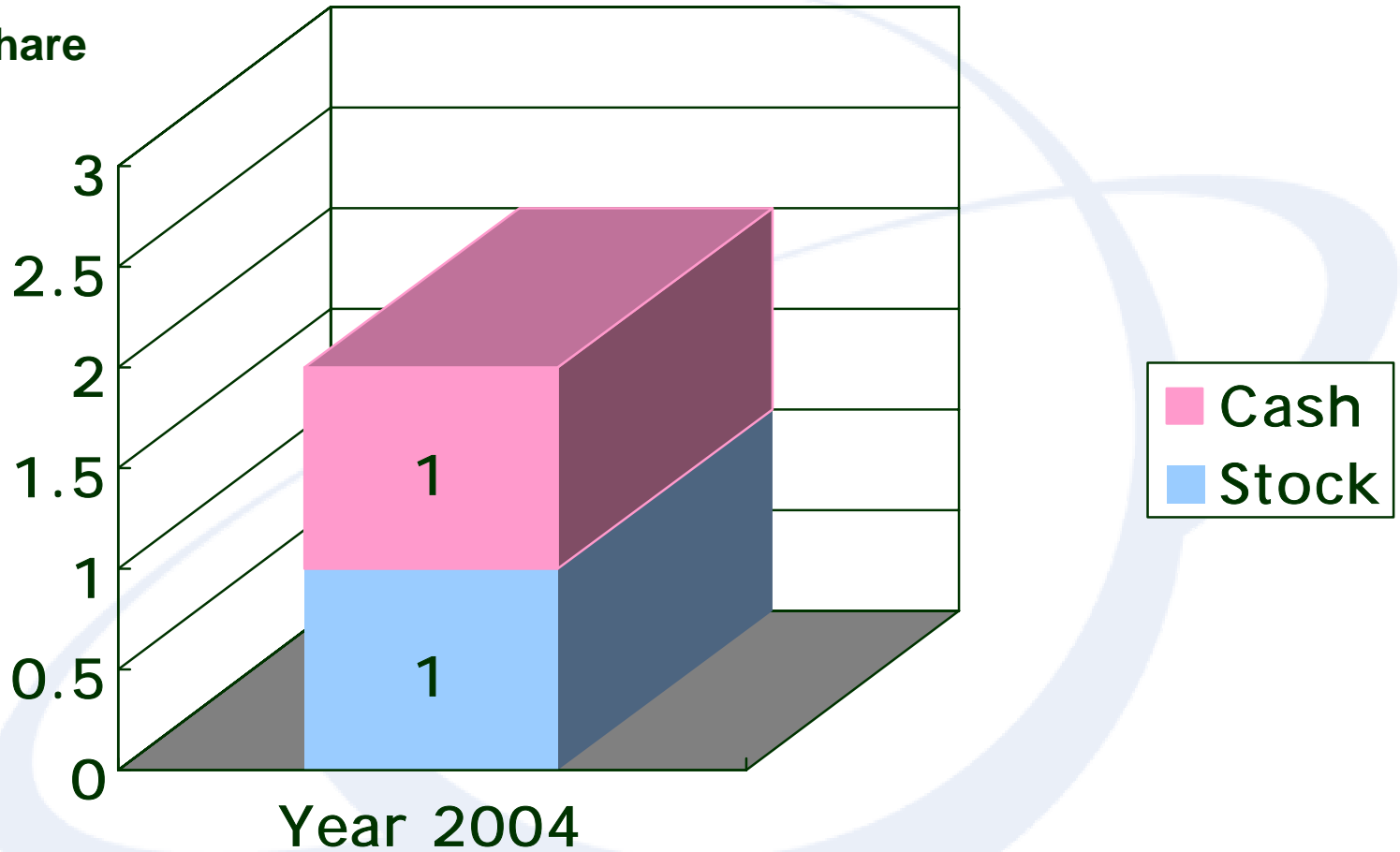


# Key Financial Ratios - Profitability (%)

Unit %, days

	1Q/05	2004
Net Income/Sales	3	5
Net Income/Total Assets	7	13
Operating Profit/Sales	5	7
Return on Equity	12	19
EPS (NT\$)	0.49	2.87

NT\$ per share



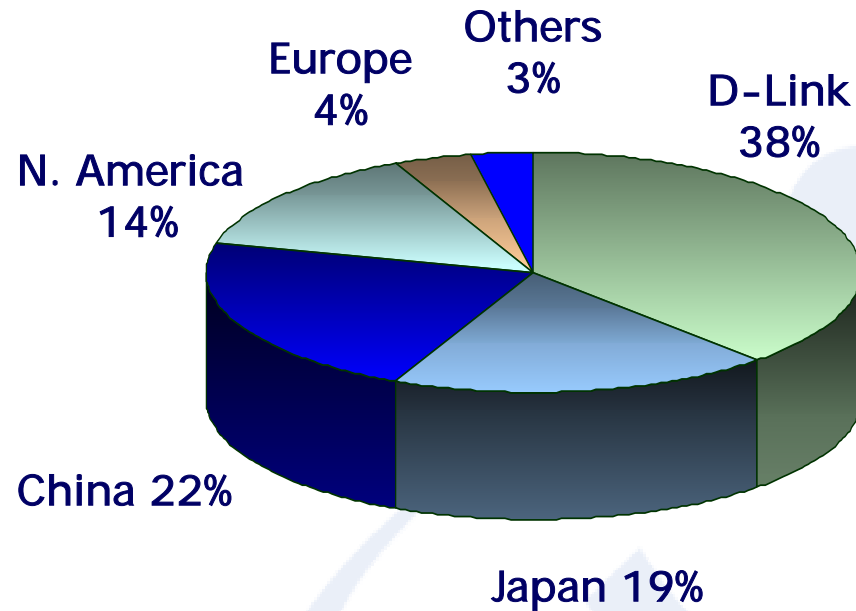


# Product & Business Updates

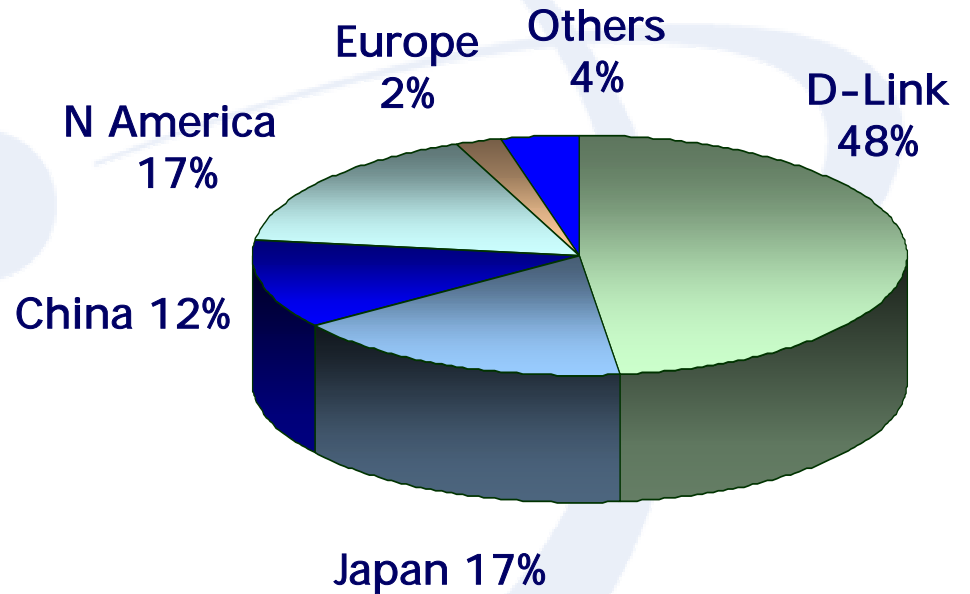
Presented by  
John Lee  
CEO

## Revenue By Region 1Q 2005 vs. FY2004

### 1Q/2005

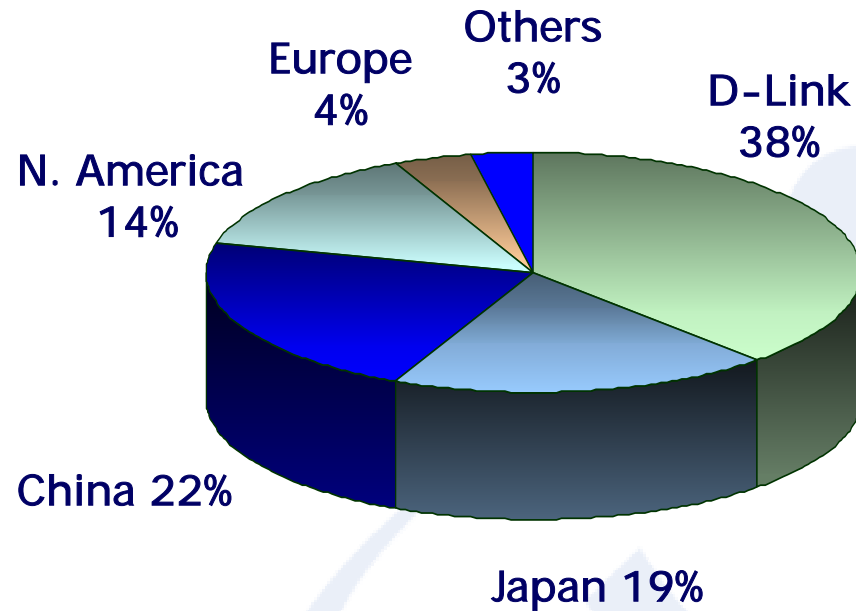


### FY 2004

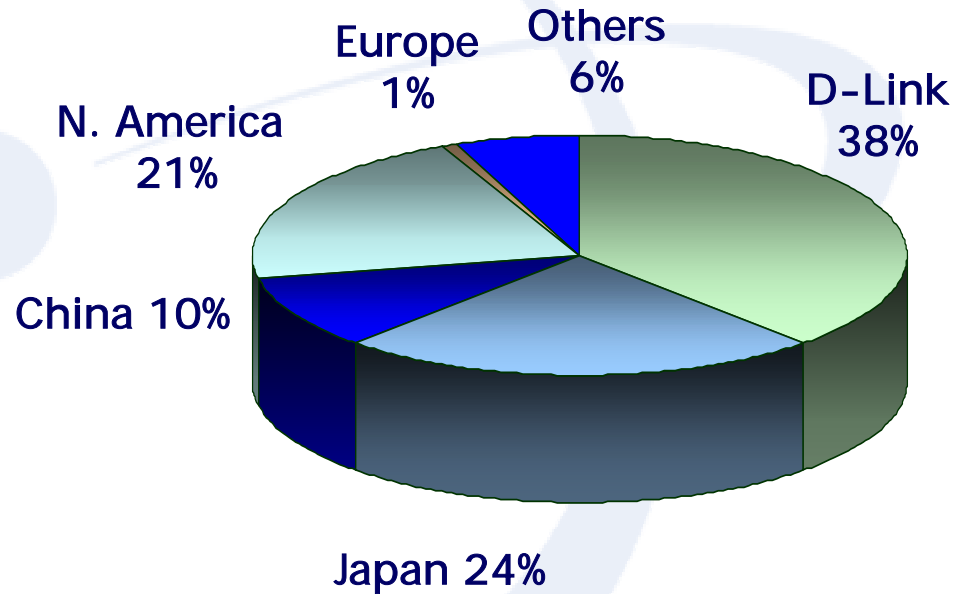


## Revenue By Region 1Q 2005 vs. 1Q 2004

### 1Q/2005

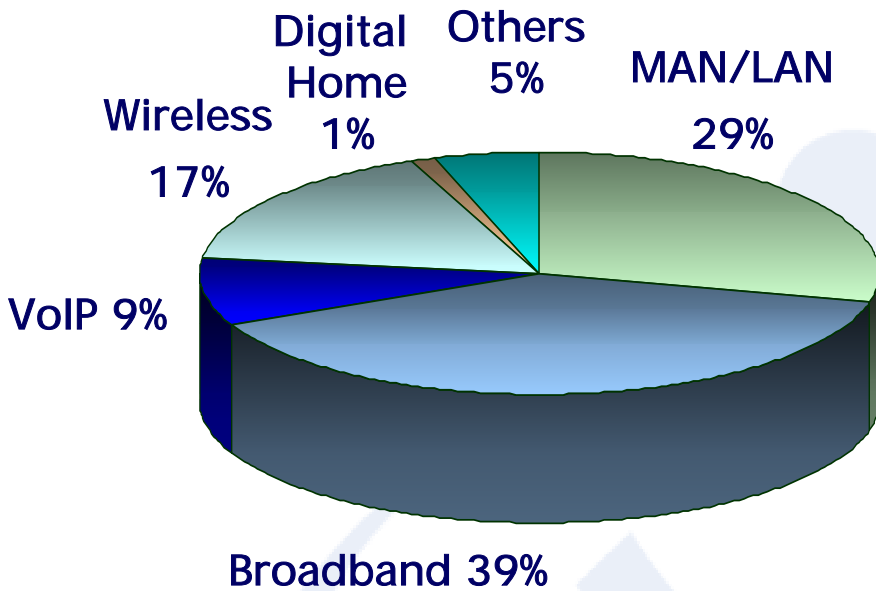


### 1Q/2004

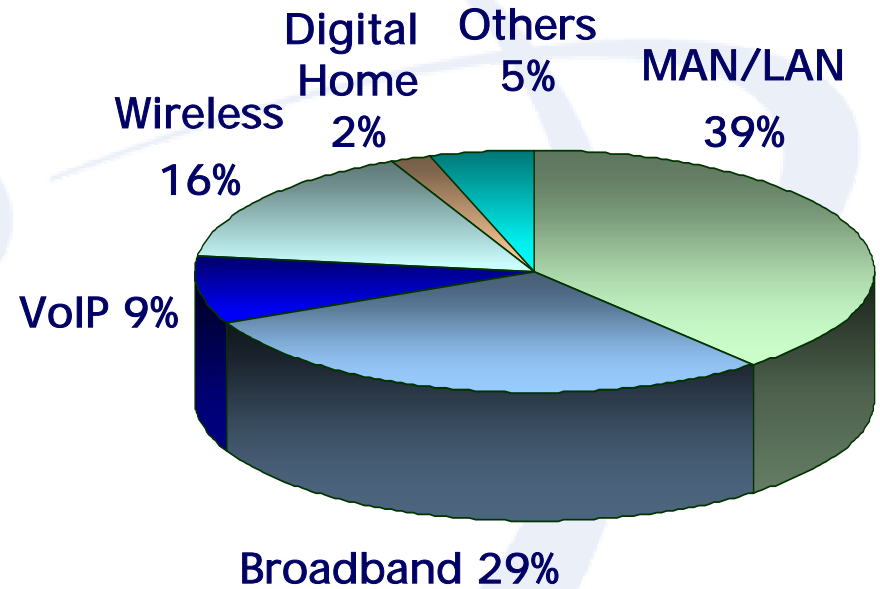


## Revenue By Product 1Q 2005 vs. FY2004

### 1Q/2005

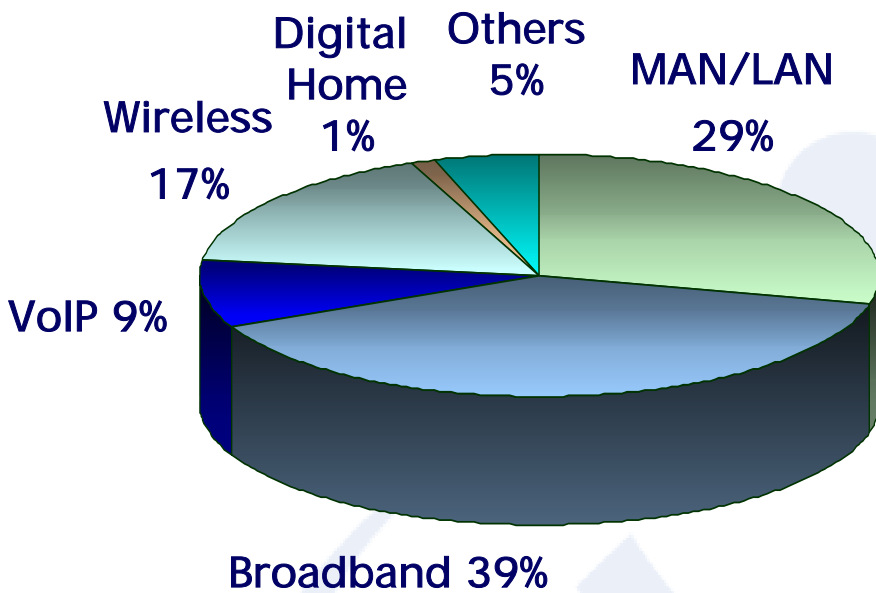


### FY2004

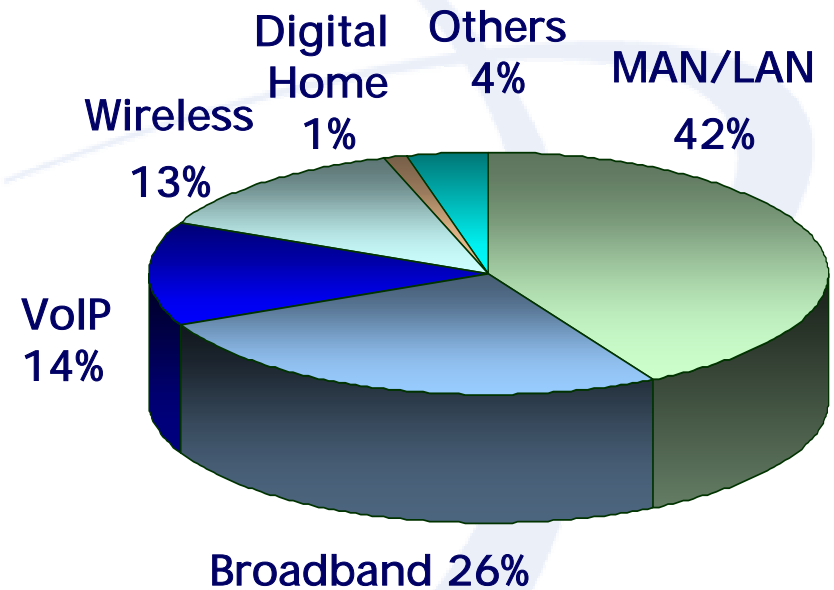


## Revenue By Product 1Q 2005 vs. 1Q 2004

### 1Q/2005



### 1Q/2004



- Intelligent switch shipment (port number): L3>L2; Gigabit>10/100 Fast Ethernet
- VoD is driving the deployment of IP STB and the replacement of ADSL with ADSL2+.
- GE-PON + VDSL are becoming the main stream of FTTx.



## ➤ Accomplish product upgrade

### *Switch*

Won CHT VDSL(50M/30M) bid, Finished GE-PON Prototype.

### *Broadband*

Leading CHT IAD (wireless ADSL2+) tender, finished cordless VoIP phone, delivered next Gen ADSL2++ IAD (50M/10M) to Japanese customers.

### *Wireless*

Provided Enterprise WLAN AP/switch to US leading Wireless Switch companies.

### *Digital Home*

Promoting IP STB through telecos.

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**Q & A**