

The logo for Alpha Networks Inc. features the word "ALPHA" in a bold, blue, sans-serif font. The letter "A" is stylized with a red triangle pointing upwards from its base. A registered trademark symbol (®) is located at the top right of the word.

**ALPHA**®

**明泰科技**  
Alpha Networks Inc.

A large, light blue, stylized swoosh or arc graphic that curves around the central text, starting from the bottom left and ending at the top right.

**2005 1H Results**  
**Investor Conference**

*July 28, 2005*

## Safe Harbor Statement

Except for statement in respect of historical matters, the statement contained in this release are “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of Alpha Networks Inc. to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.

- Financial Review Yunwen Huang
- Business Updates Wonder Wang
- Q&A



# Financial Review

Presented by  
Yunwen Huang  
Senior Manager  
Finance/Accounting Division



# Q2/2005 QoQ Income Statement Comparison

Amount: NT\$ million	Q2/2005		Q1/2005		QoQ% Change
Net Sales	3,962	100%	3,679	100%	8%
Cost of Goods Sold	3,326	84%	3,083	84%	8%
Gross Profit	636	16%	595	16%	0%
Operating Expenses	410	10%	394	11%	4%
Operating Income	225	6%	202	5%	14%
Total Non-Op. Inc. (Loss)	(6)	0%	(52)	-1%	-79%
Income Before Tax	219	6%	150	4%	47%
Income Tax Expense	35	1%	27	1%	33%
Net Income	184	5%	123	3%	49%
Earnings Per Share (NT\$)	0.74		0.49		50%

*\*2005 figures are non-auditing*



# 1H/2005 YoY Income Statement Comparison

Amount: NT\$ million	1H/2005		1H/2004		YoY % Change
Net Sales	7,640	100%	7,054	100%	8%
Cost of Goods Sold	6,409	84%	5,817	82%	10%
Gross Profit	1,231	16%	1,237	18%	0%
Operating Expenses	804	10%	761	11%	20%
Operating Income	427	6%	476	7%	-10%
Total Non-Op. Inc. (Loss)	(58)	1%	(69)	1%	-9%
Income Before Tax	369	5%	407	6%	-9%
Income Tax Expense	62	1%	40	1%	55%
Net Income	307	4%	366	5%	-16%
Earnings Per Share (NT\$)	1.23		1.52		-19%

*\*2005 figures are non-auditing*

## Non-op Income / Loss Breakdown

Amount: NT\$ million

	Q2/05	Q1/05	Q4/04
Investment Income / (Loss)	(6)	(21)	(15)
FX Gain / (Loss)	-	9	(47)
Inventory Gain / (Loss)	(6)	(41)	(64)
Financial Income / (Exp.) & Others	6	-	41
<b>Total</b>	<b>(6)</b>	<b>(53)</b>	<b>(84)</b>

*\*2005 figures are non-auditing*



# 06/30/2005 Balance Sheet QoQ Comparison

Amount: NT\$ million	06/30/2005		03/31/2005		QoQ % Change
Cash	474	6%	161	2%	194%
S-T Investments	737	10%	1,683	21%	-56%
Account Receivable	2,916	37%	2,867	36%	2%
Inventory	1,596	20%	1,540	19%	4%
L-T Investments	955	12%	324	5%	195%
Fixed Assets	1,144	14%	1,156	15%	-1%
Total Assets	8,000	100%	7,940	100%	1%
Account Payable	2,285	29%	2,344	29%	-3%
Current Liabilities	3,898	50%	3,767	47%	3%
L-T Liabilities	-	-	56	1%	-100%
Common Stock	2,500	31%	2,500	31%	0%
Shareholders' Equity	4,041	50%	4,117	52%	-2%

*\*2005 figures are non-auditing*



# Key Financial Ratios - Liquidity / Leverage

Unit %, days

	Q2/2005	Q1/2005
Days A/R	68	70
Days Inventory	46	47
Days A/P	60	63
Cash Cycle	54	54
Current Ratio	148	167
Debt/Equity Ratio	98	93

*\*2005 figures are non-auditing*

## Key Financial Ratios - Profitability (%)

	Q2/2005	Q1/2005
Net Income/Sales	5%	3%
Net Income/Total Assets	8%	7%
Operating Profit/Sales	6%	5%
Return on Equity	15%	12%
EPS (NT\$)	0.74	0.49

*\*2005 figures are non-auditing*

# Key Financial Ratios - Liquidity / Leverage

Unit %, days

	1H/2005	1H/2004
Days A/R	68	86
Days Inventory	46	50
Days A/P	60	63
Cash Cycle	54	73
Current Ratio	148	154
Debt/Equity Ratio	98	109

*\*2005 figures are non-auditing*

# Key Financial Ratios - Profitability (%)

	1H/2005	1H/2004
Net Income/Sales	4%	5%
Net Income/Total Assets	8%	10%
Operating Profit/Sales	6%	7%
Return on Equity	8%	11%
EPS (NT\$)	1.23	1.52

*\*2005 figures are non-auditing*

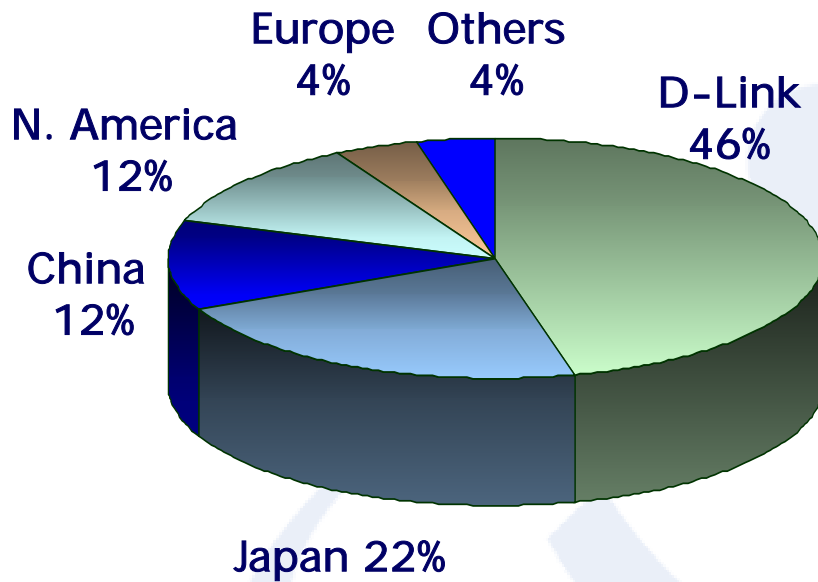


# Business Updates

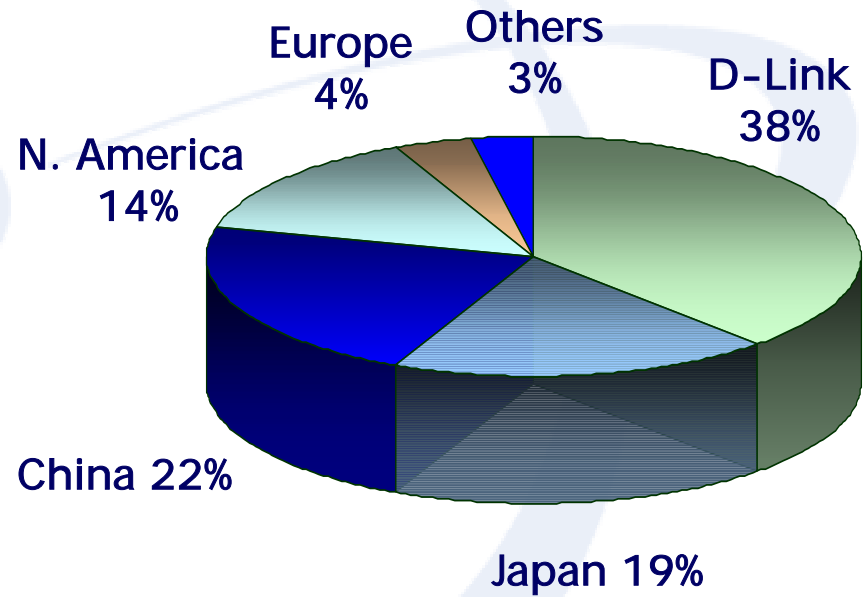
Presented by  
Wonder Wang  
President

## Revenue By Business Unit Q2'05 vs. Q1'05

### Q2/2005



### Q1/2005



# Revenue By Business Unit

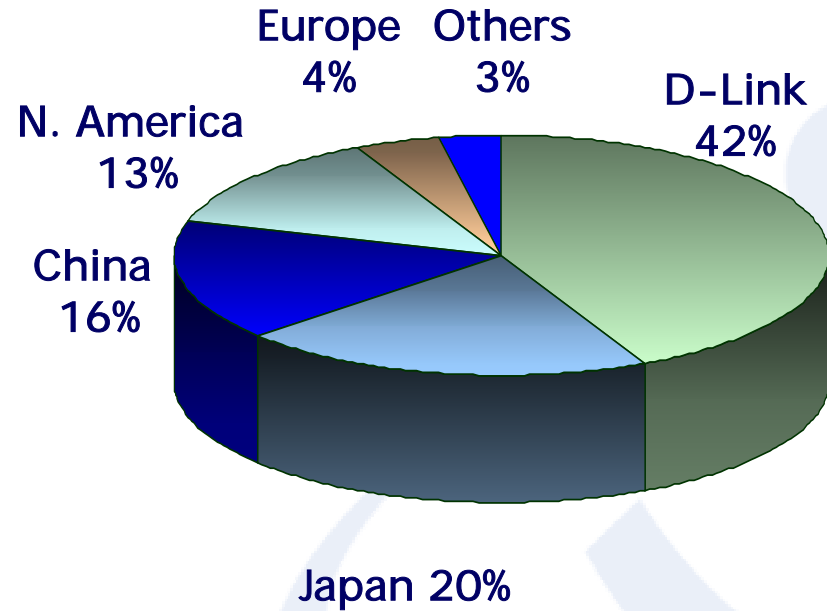
## Q2'05 vs. Q1'05

Amt: NT\$ million

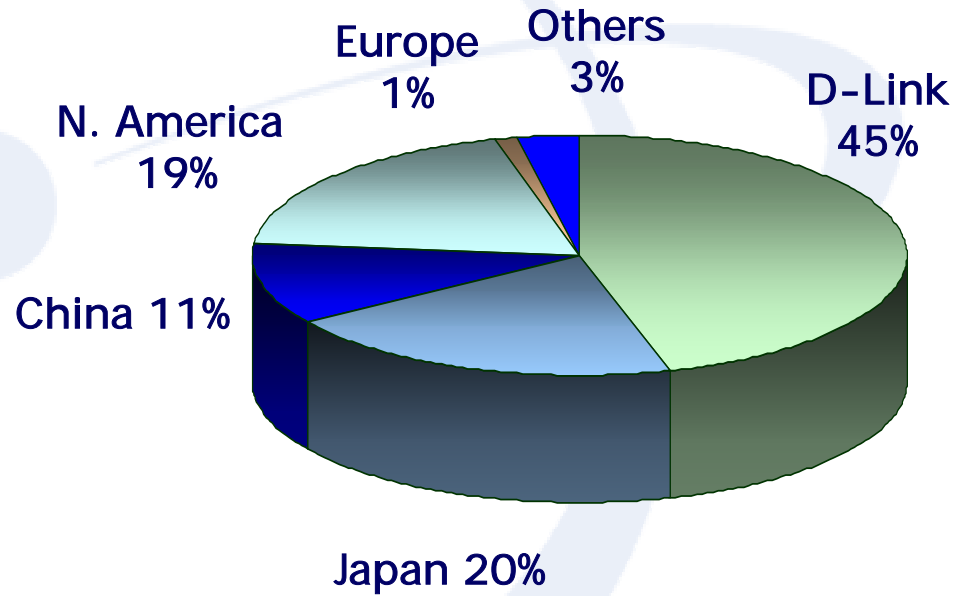
	Q2 2005		Q1 2005		Growth
	Amt	%	Amt	%	
<b>Japan</b>	868	22%	687	19%	26%
<b>D-Link</b>	1,826	46%	1,409	38%	30%
<b>China</b>	457	12%	799	22%	-43%
<b>America</b>	484	12%	532	14%	-9%
<b>Europe</b>	178	4%	143	4%	25%
<b>Others</b>	149	4%	109	3%	37%
<b>Total</b>	3,962	100%	3,679	100%	8%

## Revenue By Business Unit 1H'05 vs. 1H'04

### 1H/2005



### 1H/2004





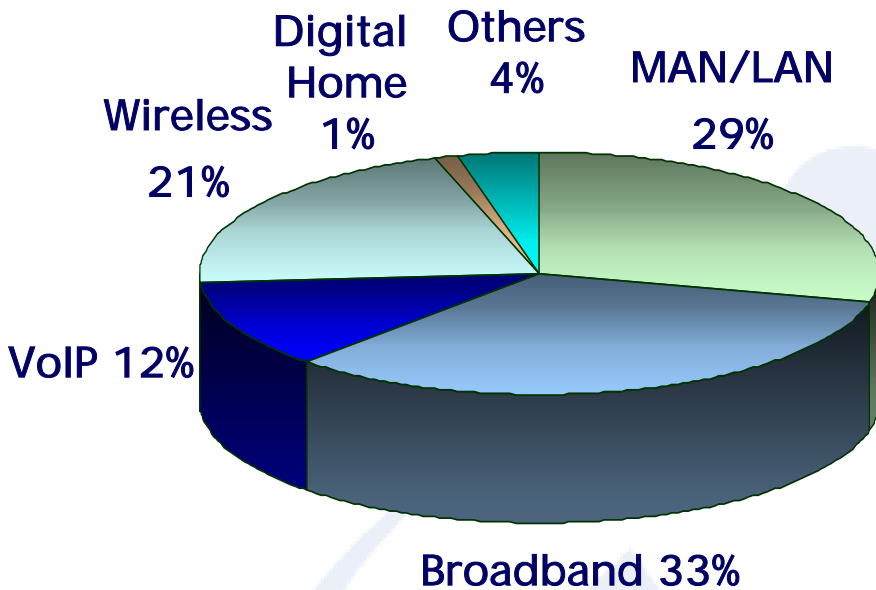
# Revenue By Business Unit 1H'05 vs. 1H'04

Amt: NT\$ million

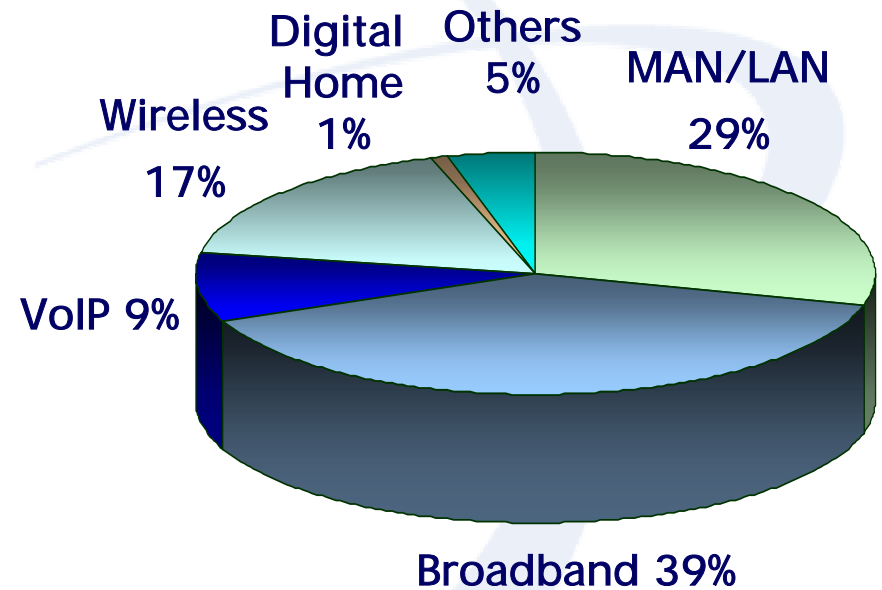
	1H 2005		1H 2004		Growth
	Amt	%	Amt	%	
<b>Japan</b>	1,554	20%	1,408	20%	10%
<b>D-Link</b>	3,234	42%	3,203	45%	1%
<b>China</b>	1,256	16%	763	11%	65%
<b>America</b>	1,016	13%	1,359	19%	-25%
<b>Europe</b>	321	4%	81	1%	296%
<b>Others</b>	259	3%	240	3%	8%
<b>Total</b>	7,640	100%	7,054	100%	8%

## Revenue By Product Q2'05 vs. Q1'05

### Q2/2005



### Q1/2005



# Revenue By Product

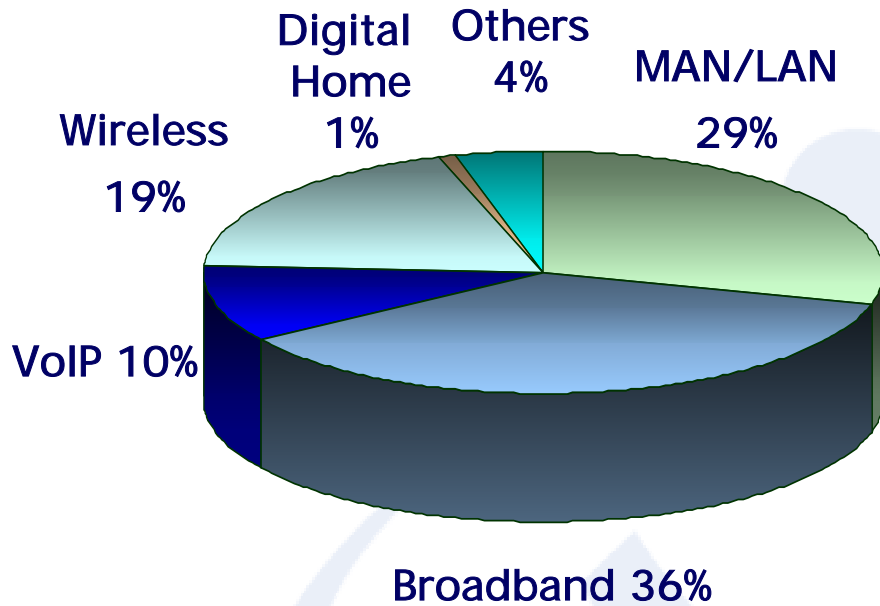
## Q2'05 vs. Q1'05

Amt: NT\$ million

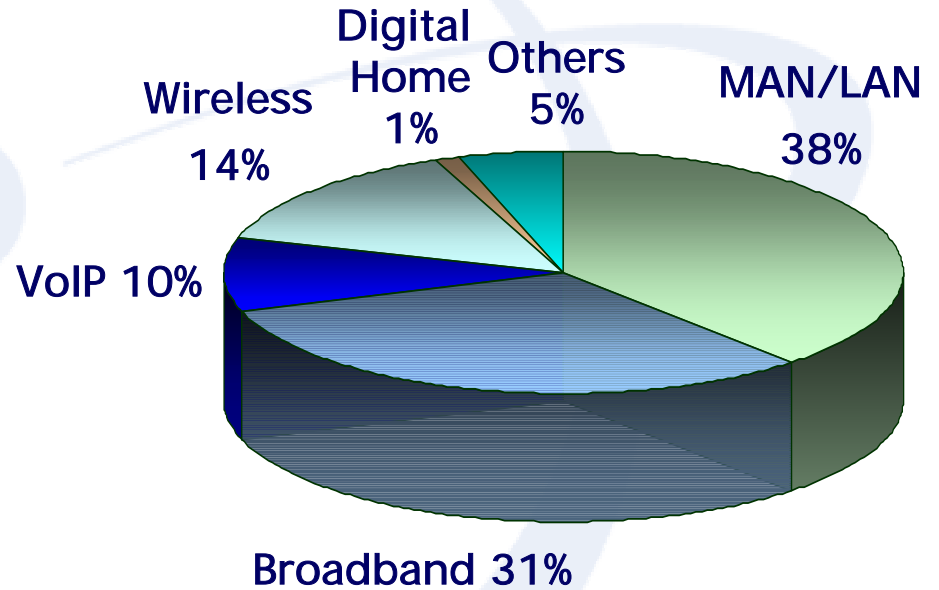
QoQ	Q2 2005		Q1 2005		Growth
	Amt	%	Amt	%	
<b>LAN</b>	1,135	29%	1,077	29%	5%
<b>Broadband</b>	1,300	33%	1,453	39%	-11%
<b>VoIP</b>	482	12%	318	9%	52%
<b>Wireless</b>	850	21%	612	17%	39%
<b>Digital Hom</b>	56	1%	53	1%	6%
<b>Others</b>	139	4%	166	5%	-16%
<b>Total</b>	3,962	100%	3,679	100%	8%

## Revenue By Product 1H'05 vs. 1H'04

### 1H/2005



### 1H/2004



# Revenue By Product

## 1H'05 vs. 1H'04

Amt: NT\$ million

QoQ	2005 1H		2004 1H		Growth
	Amt	%	Amt	%	
<b>LAN</b>	2,212	29%	2,702	38%	-18%
<b>Broadband</b>	2,754	36%	2,185	31%	26%
<b>VoIP</b>	799	10%	739	10%	8%
<b>Wireless</b>	1,462	19%	1,002	14%	46%
<b>Digital Home</b>	109	1%	63	1%	73%
<b>Others</b>	304	4%	364	5%	-16%
<b>Total</b>	7,640	100%	7,055	100%	8%



➤ Revenue Forecast

➤ 3Q vs. 2Q: Flat

➤ 2H vs. 1H: Slightly grow

➤ Gross Margin

➤ To keep the same range as 1H





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