



## *News Release*

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### **Alpha Networks Inc. 2006 Fourth Quarter Report**

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Hsinchu, Taiwan, February 9<sup>th</sup>, 2007 – Alpha Networks Inc. (Taiwan: 3380.TW) held an investor conference today to discuss results for the quarter ending December 31, 2006, in which revenue reached NT\$5,604 million, net income was NT\$351 million, and earnings per share after tax was NT\$1.04.

On a quarterly basis, revenue decreased 7% from the previous quarter, while net income increased 3%. Revenue by product categories was as follows: LAN/MAN ranked No.1, accounting for 36% of 4Q/06 revenue, followed by Broadband at 29%, Wireless at 21%, VoIP at 7%, and Digital Home 6%. Viewed by business unit, D-Link accounted for 45% of revenues in 4Q, Japan 15%, North America 15%, China 10%, and Europe 9%.

Total revenue of 2006 reached NT\$214.69 million, net income was NT\$1,048 million, and earnings per share after tax was NT\$3.10. Revenue by product categories breaks down as follows: LAN/MAN ranked No.1, accounting for 34% of 2006 revenue, followed by Broadband at 30%, Wireless at 22%, VoIP at 10%, and Digital Home at 4%. By business unit, D-Link captured 45%, Japan 18%, North America 13%, China 13%, and Europe 7%.

According to Alpha Networks' CEO John Lee, 2007's growth will come from Intelligent Switches, Digital Home devices and IP Cameras. According to President Wonder Wang, Alpha will increase the percentage of high-end products. For 2007, both revenue and profit will have impressive performance.

Alpha Networks Inc. 2006 Fourth Quarter Results: (Unit: NT\$ million)

	2006 Q4	2006 Q3	QoQ Change %	2005 Q4	QoQ Change %
Net Sales	5,604	6,009	-7%	5,065	11%
Gross Profit	962	965	0%	1,003	-4%
Operating Income	539	450	20%	450	20%
Income before Tax	439	426	3%	411	7%
Net Income	351	342	3%	329	7%
EPS (NT\$)	1.04	1.01		1.16	

\*2006 figures are non-auditing

Alpha Networks Inc. 2006 Results: (Unit: NT\$ million)

	2006	2005	YoY Change %
Net Sales	21,469	17,731	21%
Gross Profit	3,462	3,280	6%
Operating Income	1,476	1,307	13%
Income before Tax	1,308	1,244	5%
Net Income	1,048	1,022	3%
EPS (NT\$)	3.10	3.61	

\*2006 figures are non-auditing

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