



2009 Q4 Results Investor Conference

March 10, 2010

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.

2009 figures are non-auditing

Agenda

- ◆ Financial Review Mason Liu
- ◆ Business Updates & Outlook Harrison Chang
- ◆ Q&A

2009 figures are non-auditing

Financial Review

Presented by

Mason Liu

Vice President

FA & Administration Center

2009 figures are non-auditing

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2009 vs. 2008

Consolidated Income Statement Comparison

Amount: NT\$ million	2009		2008		% change
	Amt	%	Amt	%	
Net Sales	17,322	100.0	24,322	100.0	-28.8%
Cost of Goods Sold	13,962	80.6	19,951	82.0	-30.0%
Gross Profit	3,360	19.4	4,371	18.0	-23.1%
Operating Expenses	2,541	14.7	2,876	11.9	-11.6%
Operating Income	819	4.7	1,495	6.1	-45.2%
Total Non-Op. Inc. (Loss)	175	1.0	(222)	-0.9	178.8%
Income Before Tax	994	5.7	1,273	5.2	-21.9%
Income Tax Expense	167	0.9	220	0.9	-24.1%
Net Income	827	4.8	1,053	4.3	-21.5%
Earnings Per Share (NT\$)	1.80		2.35		

2009 figures are non-auditing

2009Q4 vs. 2009Q3

Consolidated Income Statement Comparison

Amount: NT\$ million	2009Q4		2009Q3		%
	Amt	%	Amt	%	change
Net Sales	4,927	100.0	4,850	100.0	1.6%
Cost of Goods Sold	3,991	81.0	3,955	81.5	0.9%
Gross Profit	936	19.0	895	18.5	4.6%
Operating Expenses	594	12.1	644	13.3	-7.8%
Operating Income	342	6.9	251	5.2	36.3%
Total Non-Op. Inc. (Loss)	49	1.0	25	0.5	96.0%
Income Before Tax	391	7.9	276	5.7	41.7%
Income Tax Expense	75	1.5	47	1.0	59.6%
Net Income	316	6.4	229	4.7	38.0%
Earnings Per Share (NT\$)	0.68		0.49		

2009 figures are non-auditing

2009Q4 vs. 2008Q4

Consolidated Income Statement Comparison

Amount: NT\$ million	2009Q4		2008Q4		%
	Amt	%	Amt	%	change
Net Sales	4,927	100.0	5,443	100.0	-9.5%
Cost of Goods Sold	3,991	81.0	4,387	80.6	-9.0%
Gross Profit	936	19.0	1,056	19.4	-11.4%
Operating Expenses	594	12.1	722	13.3	-17.7%
Operating Income	342	6.9	334	6.1	2.4%
Total Non-Op. Inc. (Loss)	49	1.0	(147)	-2.7	133.3%
Income Before Tax	391	7.9	187	3.4	109.1%
Income Tax Expense	75	1.5	82	1.5	-8.5%
Net Income	316	6.4	105	1.9	201.0%
Earnings Per Share (NT\$)	0.68		0.23		

2009 figures are non-auditing

2009H2 vs. 2009H1

Consolidated Income Statement Comparison

Amount: NT\$ million	2009H2		2009H1		%
	Amt	%	Amt	%	change
Net Sales	9,777	100.0	7,545	100.0	29.6%
Cost of Goods Sold	7,946	81.3	6,016	79.7	32.1%
Gross Profit	1,831	18.7	1,529	20.3	19.8%
Operating Expenses	1,238	12.7	1,303	17.3	-5.0%
Operating Income	593	6.0	226	3.0	162.4%
Total Non-Op. Inc. (Loss)	74	0.8	101	1.3	-26.7%
Income Before Tax	667	6.8	327	4.3	104.0%
Income Tax Expense	122	1.2	45	0.6	171.1%
Net Income	545	5.6	282	3.7	93.3%
Earnings Per Share (NT\$)	1.17		0.63		

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2009 vs. 2008

Non-op Income / Loss Breakdown

Amount: NT\$ million	2009	2008
Interest Gain (Expense)	(8)	2
FX Gain / (Loss)	186	(22)
Others	(3)	(202)
Total	<hr style="border: 0.5px solid black;"/> 175 <hr style="border: 0.5px solid black;"/>	<hr style="border: 0.5px solid black;"/> (222) <hr style="border: 0.5px solid black;"/>

2009 figures are non-auditing

2009Q4 vs. 2009Q3 Non-op Income / Loss Breakdown

Amount: NT\$ million	2009Q4	2009Q3
Interest Gain (Expense)	(5)	(2)
FX Gain / (Loss)	4	22
Others	50	5
Total	<u>49</u>	<u>25</u>

2009 figures are non-auditing

2009H2 vs. 2009H1 Non-op Income / Loss Breakdown

Amount: NT\$ million	2009H2	2009H1
Interest Gain (Expense)	(8)	(1)
FX Gain / (Loss)	26	160
Others	56	(58)
Total	<u>74</u>	<u>101</u>

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12/31/2009 vs. 12/31/2008 Consolidated Balance Sheet Comparison

Amount: NT\$ million	12/31/2009		12/31/2008		% change
	Amt	%	Amt	%	
Cash	4,809	32.1	3,412	25.3	40.9%
Account Receivable	4,633	31.0	4,976	36.9	-6.9%
Inventory	2,411	16.1	1,981	14.7	21.7%
Other Assets	3,107	20.8	3,102	23.1	0.2%
Total Assets	14,960	100.0	13,471	100.0	11.1%
Current Liabilities	5,721	38.2	4,927	36.6	16.1%
L-T & Other Liabilities	520	3.5	544	4.0	-4.4%
Total Liabilities	6,241	41.7	5,471	40.6	14.1%
Common Stock	4,642	31.0	4,488	33.3	3.4%
Shareholders' Equity	8,719	58.3	8,000	59.4	9.0%

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Key Financial Ratios – Liquidity / Leverage

Unit: day, %	<u>2009</u>	<u>2008</u>
Days A/R	101	81
Days Inventory	57	37
Current Ratio	210.6%	215.2%
Debt/Assets Ratio	41.7%	40.6%

2009 figures are non-auditing

Key Financial Ratios – Profitability

	<u>2009</u>	<u>2008</u>
Net Income/Sales	4.8%	4.3%
Net Income/Total Assets	6.0%	8.2%
Return on Equity	9.9%	13.2%
EPS (NT\$)	1.80	2.35

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Business Updates & Outlook

**Presented by
Harrison Chang
President**

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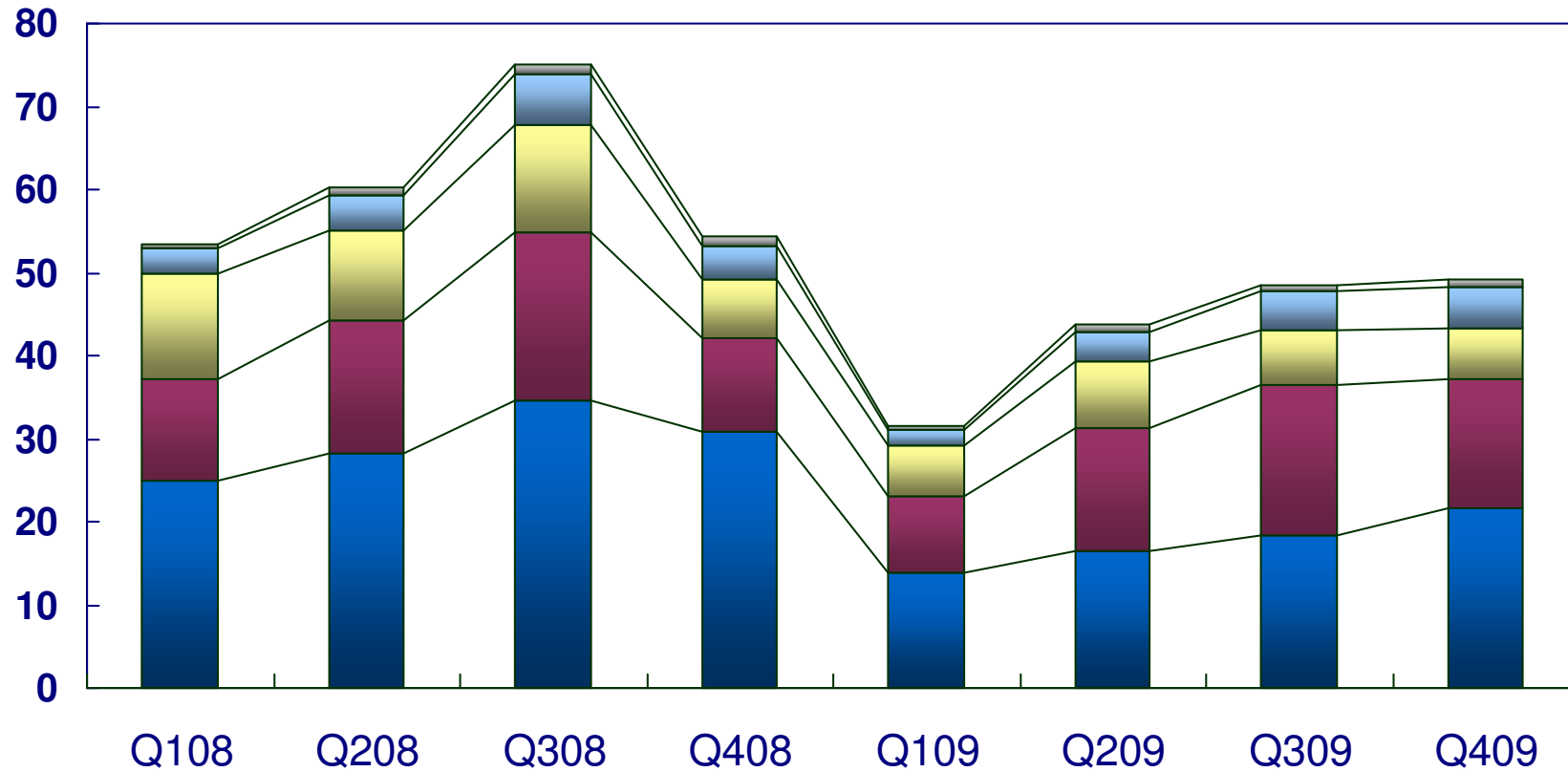
Revenue Breakdown By Product Line

2009 figures are non-auditing

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Sales Trends

Unit: NT\$ billion



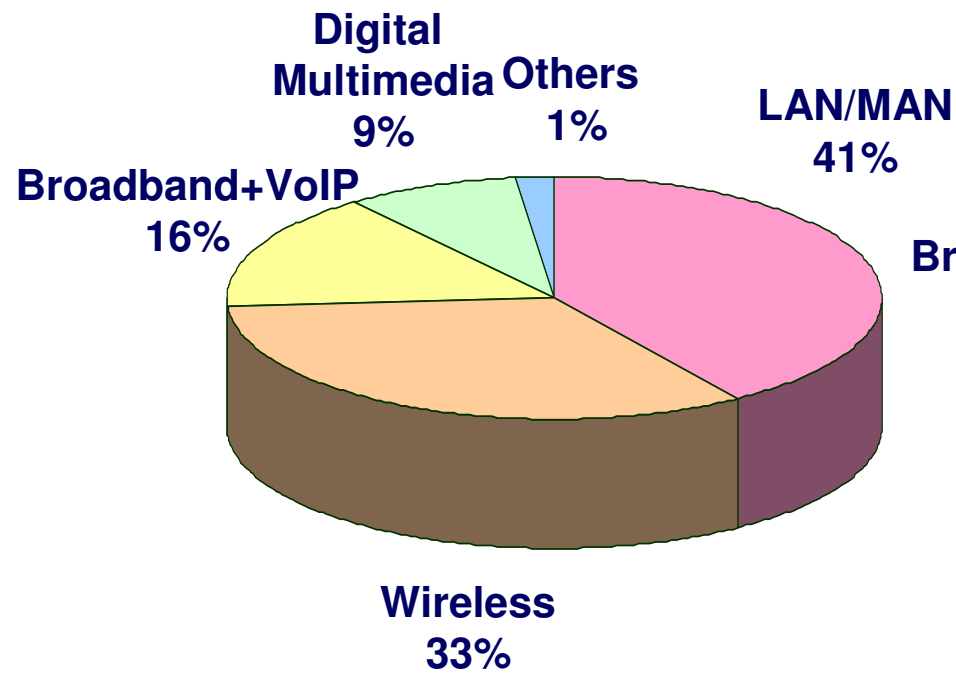
■ LAN/MAN ■ Wireless ■ Broadband + VoIP ■ Digital Multimedia ■ Others

2009 figures are non-auditing

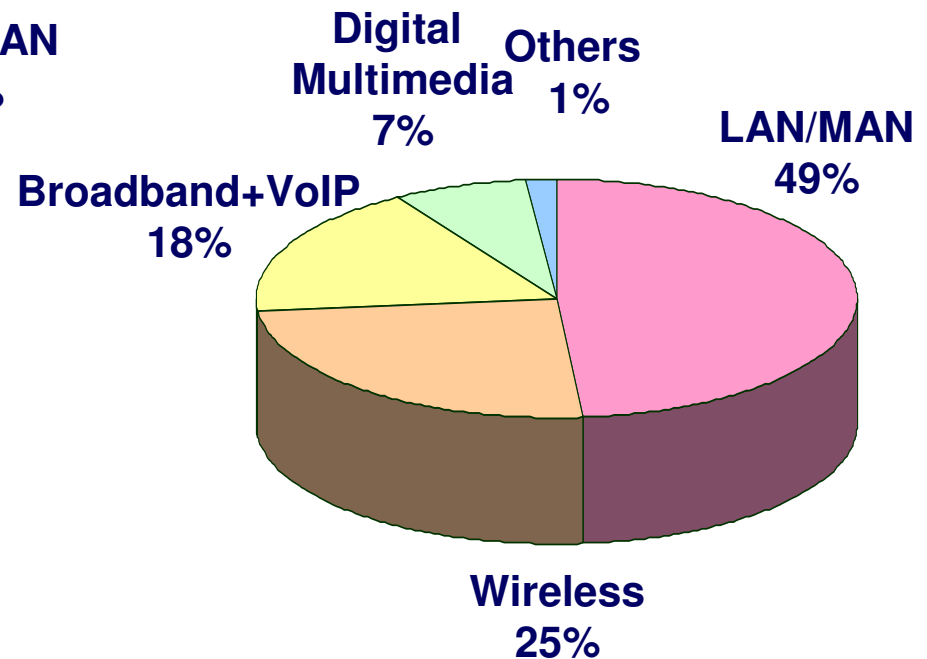
Revenue Breakdown By Product Line

2009 vs. 2008

2009



2008



2009 figures are non-auditing

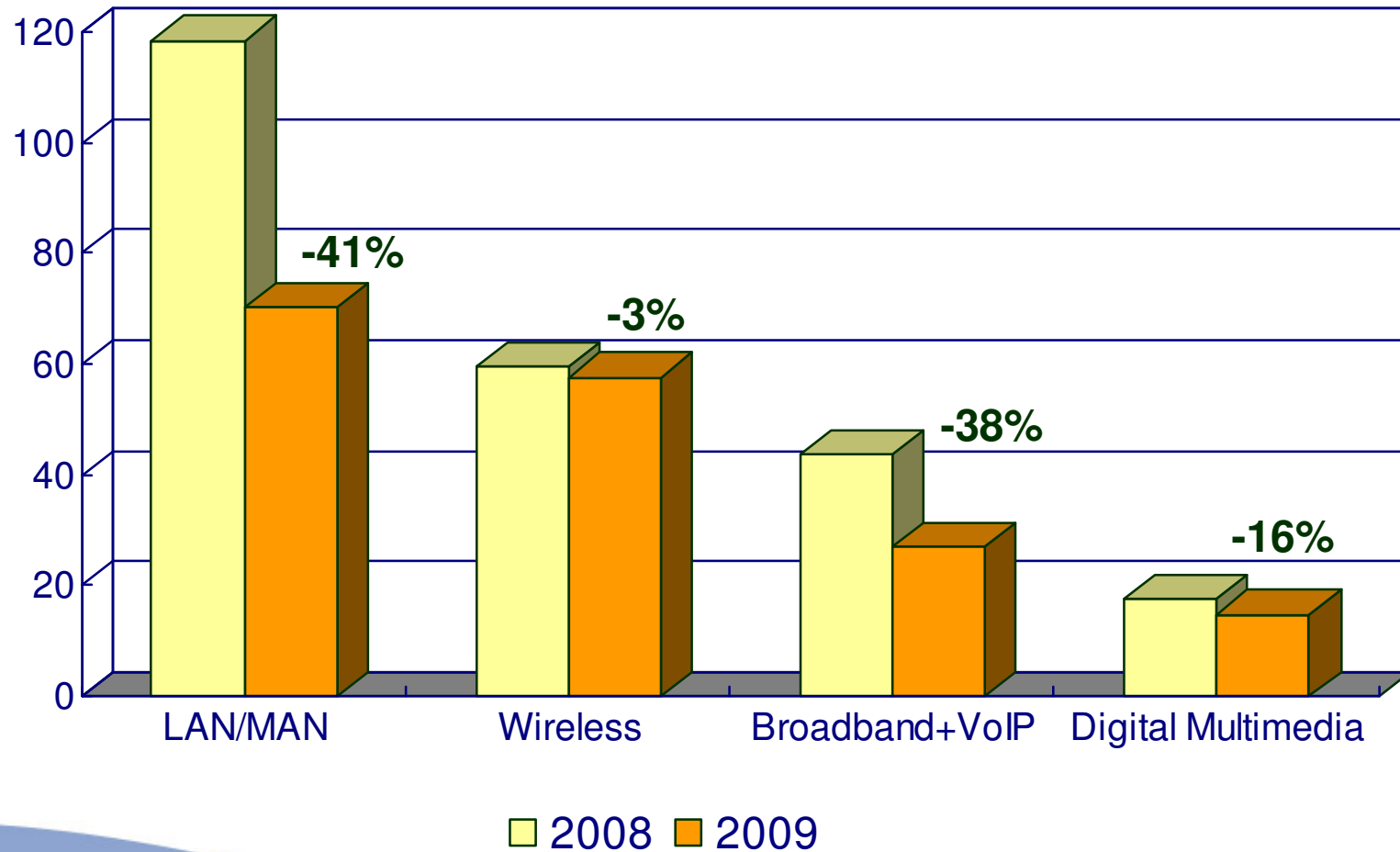
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Revenue Growth By Product Line

2009 vs. 2008

Unit: NT\$ billion

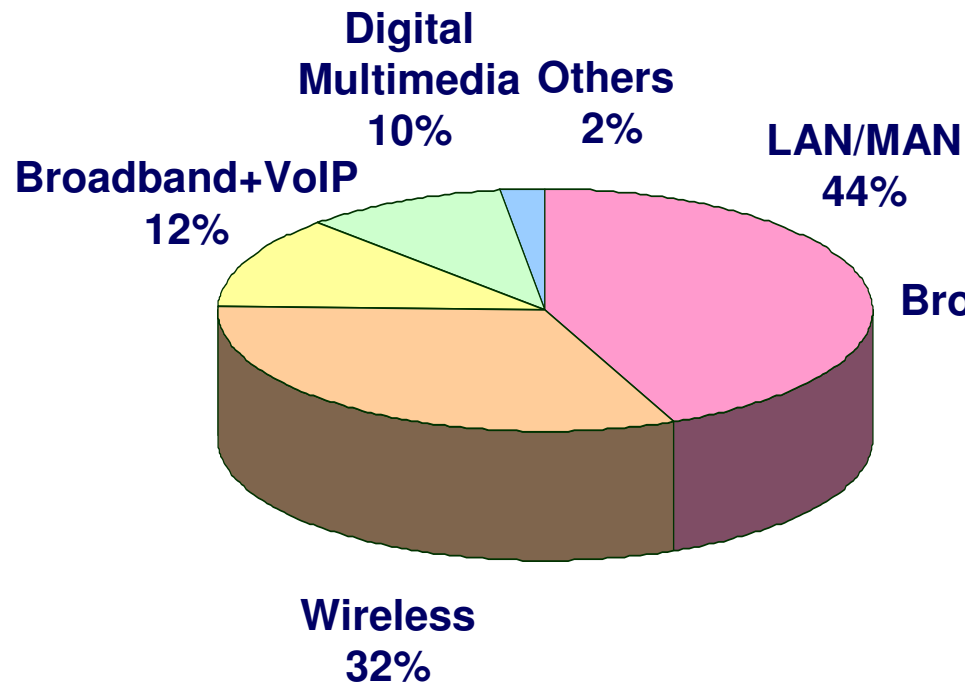


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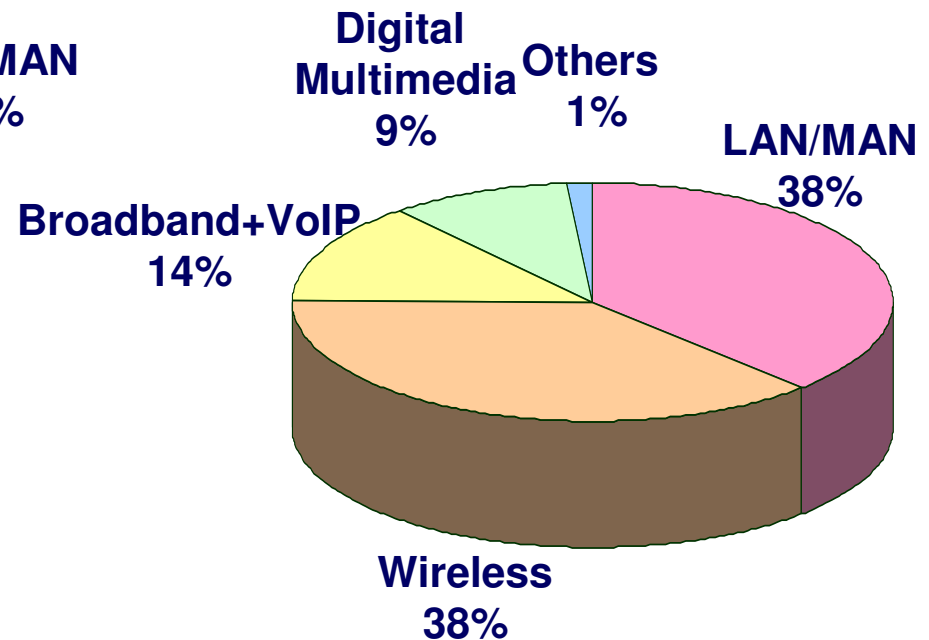
Revenue Breakdown By Product Line

2009Q4 vs. 2009Q3

2009Q4



2009Q3

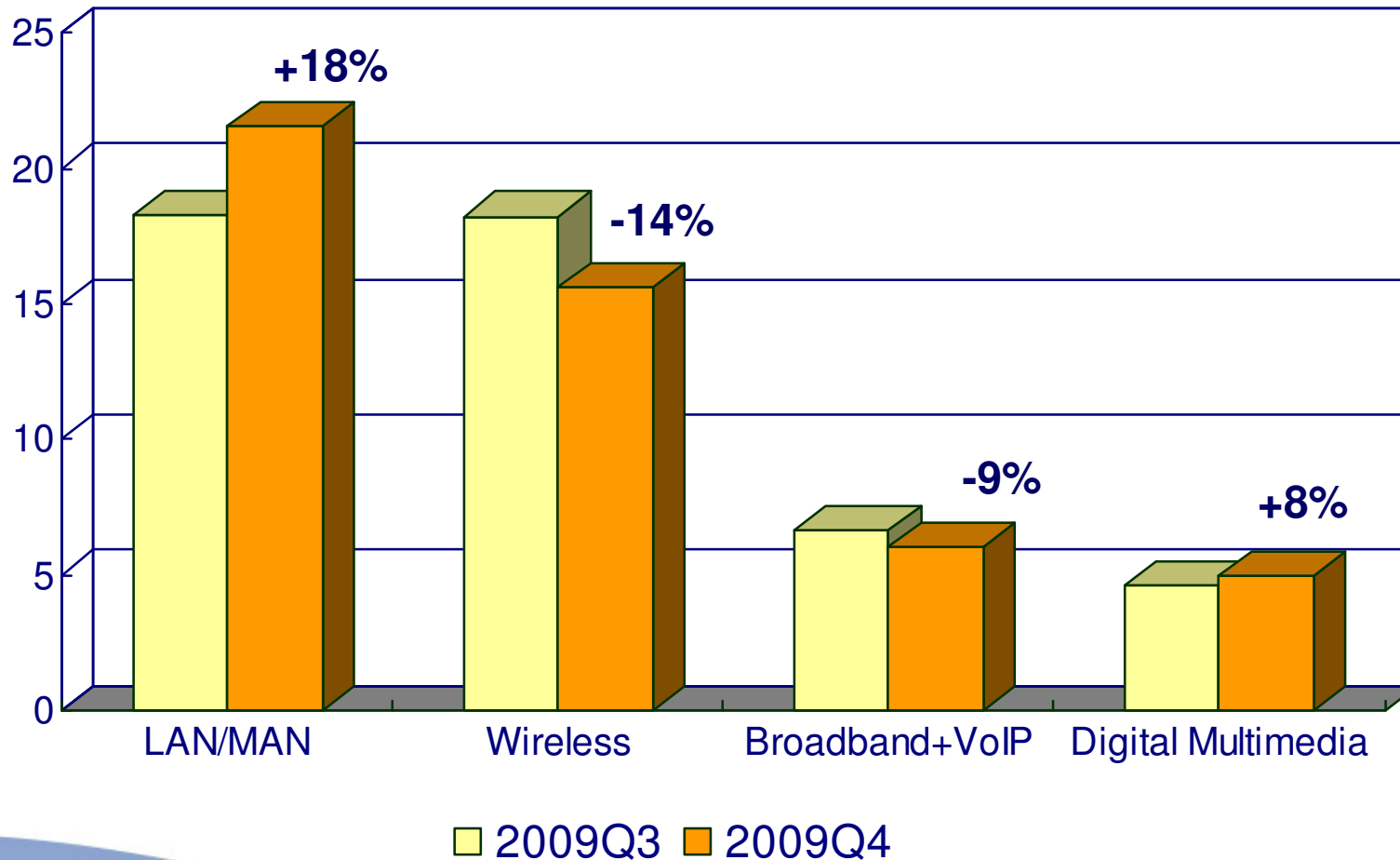


2009 figures are non-auditing

Revenue Growth By Product Line

2009Q4 vs. 2009Q3

Unit: NT\$ 0.1 billion

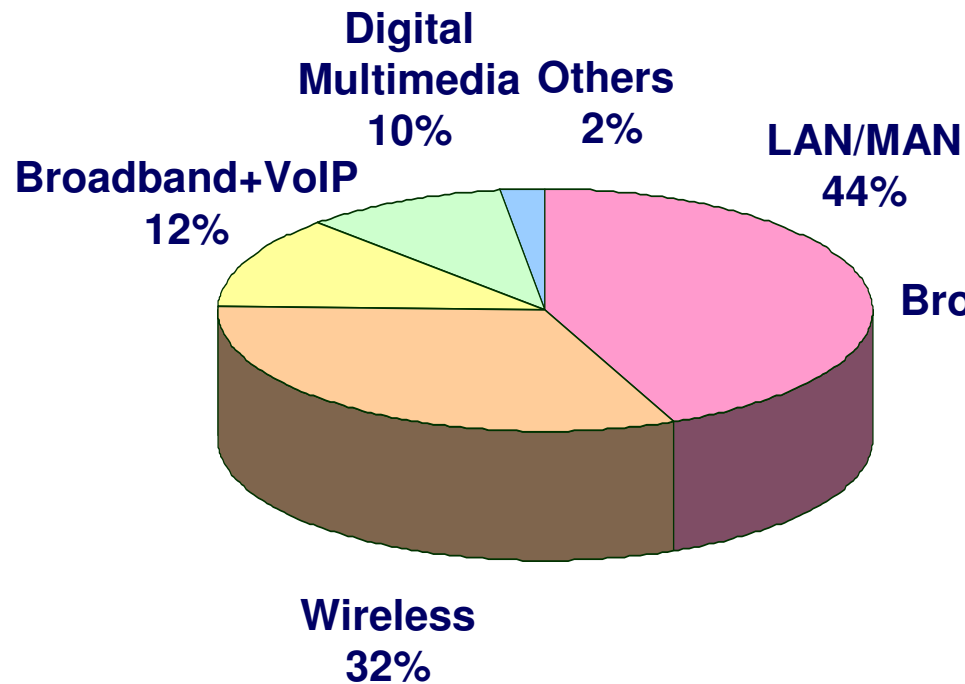


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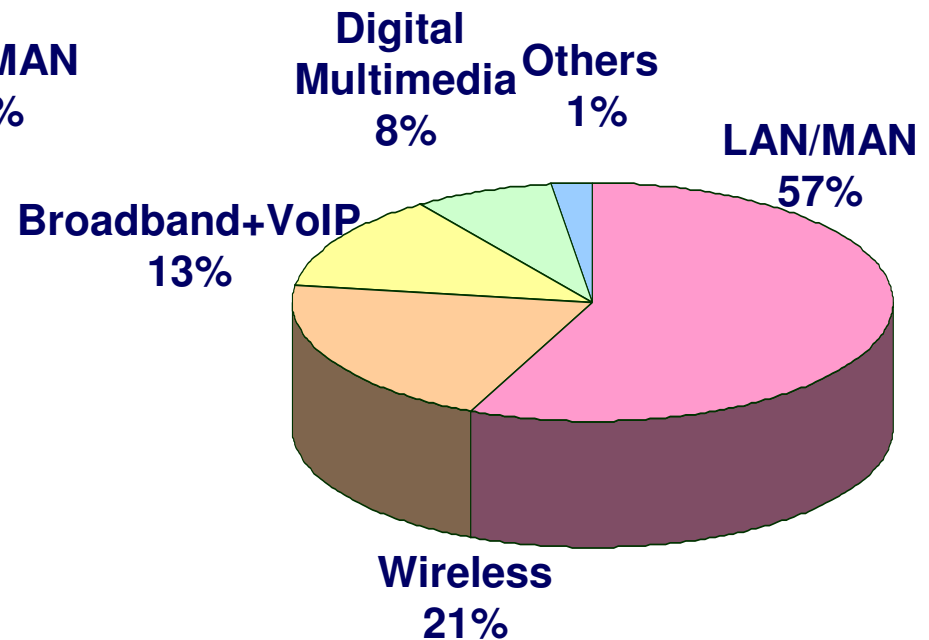
Revenue Breakdown By Product Line

2009Q4 vs. 2008Q4

2009Q4



2008Q4



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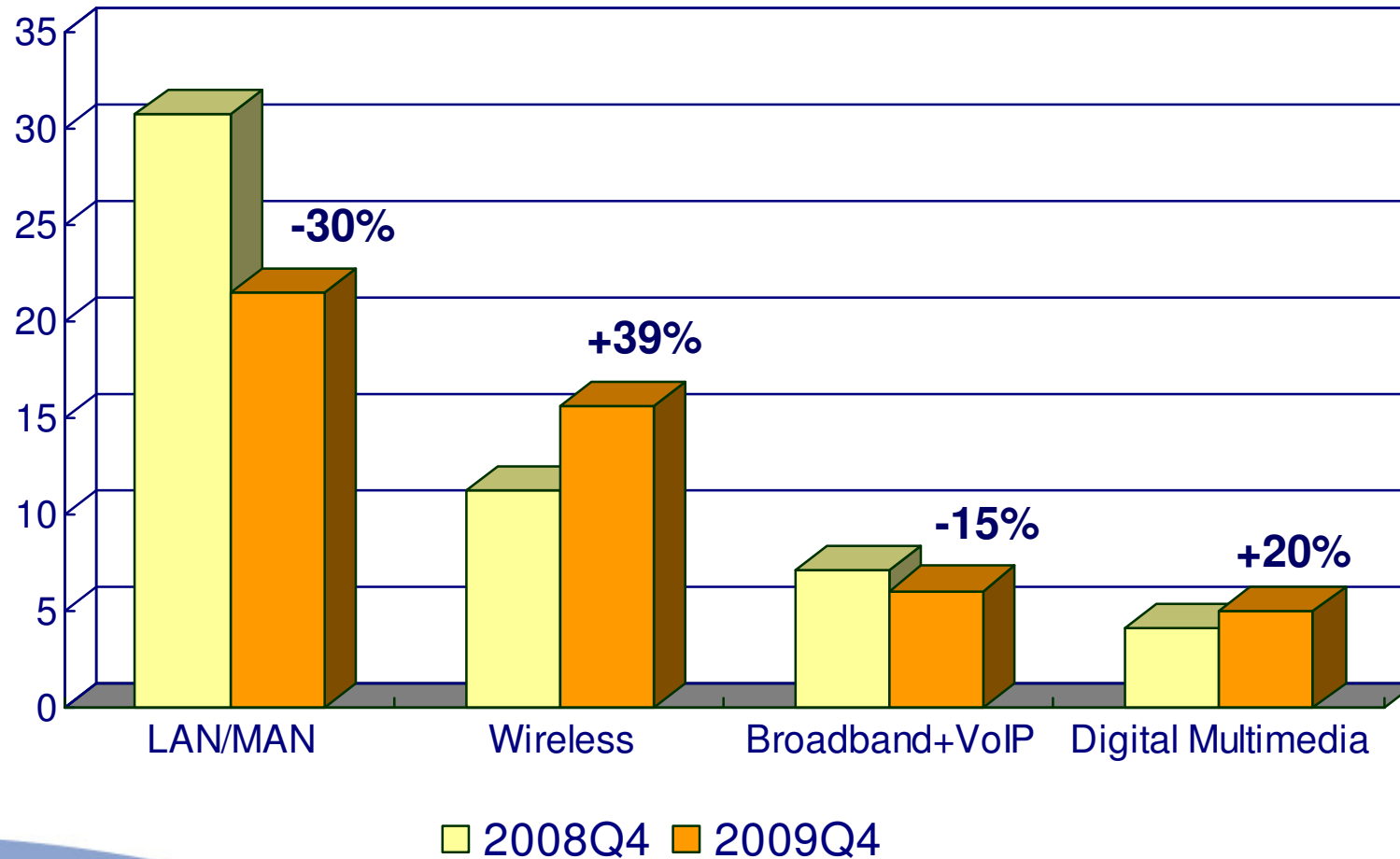
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Revenue Growth By Product Line

2009Q4 vs. 2008Q4

Unit: NT\$ 0.1 billion



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Industry Outlook

- Network infrastructure growth continues
- Emerging opportunities created from fiber deployment
- Cloud computing drives demand for high-end switches
- Mobile broadband expected to rise rapidly
- Networked multimedia applications accelerate demand for superior bandwidth
- More digital-home devices connect to network environments

2009 figures are non-auditing

Company Outlook

- Strive for sales recovery to reach or exceed levels before financial turmoil
- Project higher contribution of high-end switches and PON-related products
- Maintain focus on competitive product mix
- Realize more efficient delivery and inventory management
- Prepare for second factory in China to start trial run by the end of this year

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THANK YOU!

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