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2010 Q4 Results Investor Conference

March 10, 2011

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.

Agenda

- ◆ **Financial Reviews** Yunwan Huang
- ◆ **Business Updates & Outlook** Harrison Chang
- ◆ **Q&A** John Lee /
Harrison Chang /
Yunwen Huang



2010 Financial Reviews

Presented by
Yunwen Huang
Director of Finance and Accounting Div.

4Q10 Consolidated Income Statement & QoQ Comparison

Unit: NT\$ million	4Q10		3Q10		QoQ change
	Amt	%	Amt	%	%
Net Sales	6,345	100.0	7,207	100.0	-11.9
Cost of Goods Sold	5,401	85.1	5,999	83.2	-9.9
Gross Profit	944	14.9	1,208	16.8	-21.8
Operating Expenses	620	9.8	842	11.7	-26.4
Operating Income	324	5.1	366	5.1	-11.5
Total Non-Op. Inc. (Loss)	(191)	-3.0	9	0.1	-2222.2
Income Before Tax	133	2.1	375	5.2	-64.5
Income Tax Expense	10	0.2	42	0.6	-76.2
Net Income	123	1.9	333	4.6	-63.1
Earnings Per Share (NT\$)	0.27		0.72		

2010 figures are non-auditing

4Q10 Non-op Income / Loss Breakdown & QoQ Comparison

Unit: NT\$ million

	4Q10	3Q10
Interest Gain (Expense)	(7)	(4)
FX Gain / (Loss)	(224)	(33)
Others	40	46
Total	<u>(191)</u>	<u>9</u>

2010 figures are non-auditing

2010 Consolidated Income Statement & YoY Comparison

Unit: NT\$ million	2010		2009		YoY change
	Amt	%	Amt	%	%
Net Sales	25,851	100.0	17,322	100.0	49.2
Cost of Goods Sold	21,854	84.5	13,962	80.6	56.5
Gross Profit	3,997	15.5	3,360	19.4	18.9
Operating Expenses	2,800	10.8	2,541	14.7	10.2
Operating Income	1,197	4.6	819	4.7	46.1
Total Non-Op. Inc. (Loss)	(126)	-0.5	175	1.0	-172.0
Income Before Tax	1,071	4.1	994	5.7	7.7
Income Tax Expense	138	0.5	167	0.9	-17.4
Net Income	933	3.6	827	4.8	12.8
Earnings Per Share (NT\$)	2.01		1.80		

2010 figures are non-auditing

2010 Non-op Income / Loss Breakdown & YoY Comparison

Unit: NT\$ million

	2010	2009
Interest Gain (Expense)	(14)	(8)
FX Gain / (Loss)	(265)	186
Others	153	(3)
Total	<u>(126)</u>	<u>175</u>

2010 figures are non-auditing

12/31/2010 Consolidated Balance Sheet & YoY Comparison

Unit: NT\$ million	12/31/2010		12/31/2009		YoY change
	Amt	%	Amt	%	%
Cash	2,832	16.9	4,809	32.1	-41.1
Account Receivable	5,915	35.3	4,633	31.0	27.7
Inventory	4,078	24.3	2,411	16.1	69.1
Other Assets	3,943	23.5	3,107	20.8	26.9
Total Assets	16,768	100.0	14,960	100.0	12.1
Current Liabilities	7,545	45.0	5,721	38.2	31.9
L-T & Other Liabilities	140	0.8	520	3.5	-73.1
Total Liabilities	7,685	45.8	6,241	41.7	23.1
Common Stock	4,711	28.1	4,642	31.0	1.5
Shareholders' Equity	9,083	54.2	8,719	58.3	4.2

2010 figures are non-auditing

Key Financial Ratios – Liquidity / Leverage

<u>Unit: days, %</u>	<u>2010</u>	<u>2009</u>
Days A/R	74	101
Days Inventory	54	57
Days A/P	75	98
Cash Conversion Cycle	53	60
Current Ratio	175.4%	210.6%
Debt/Assets Ratio	45.8%	41.7%

2010 figures are non-auditing

Key Financial Ratios – Profitability

	<u>2010</u>	<u>2009</u>
Net Income/Sales	3.6%	4.8%
ROA	6.0%	6.0%
ROE	10.5%	9.9%

2010 figures are non-auditing



Business Updates & Outlook

**Presented by
Harrison Chang
President**



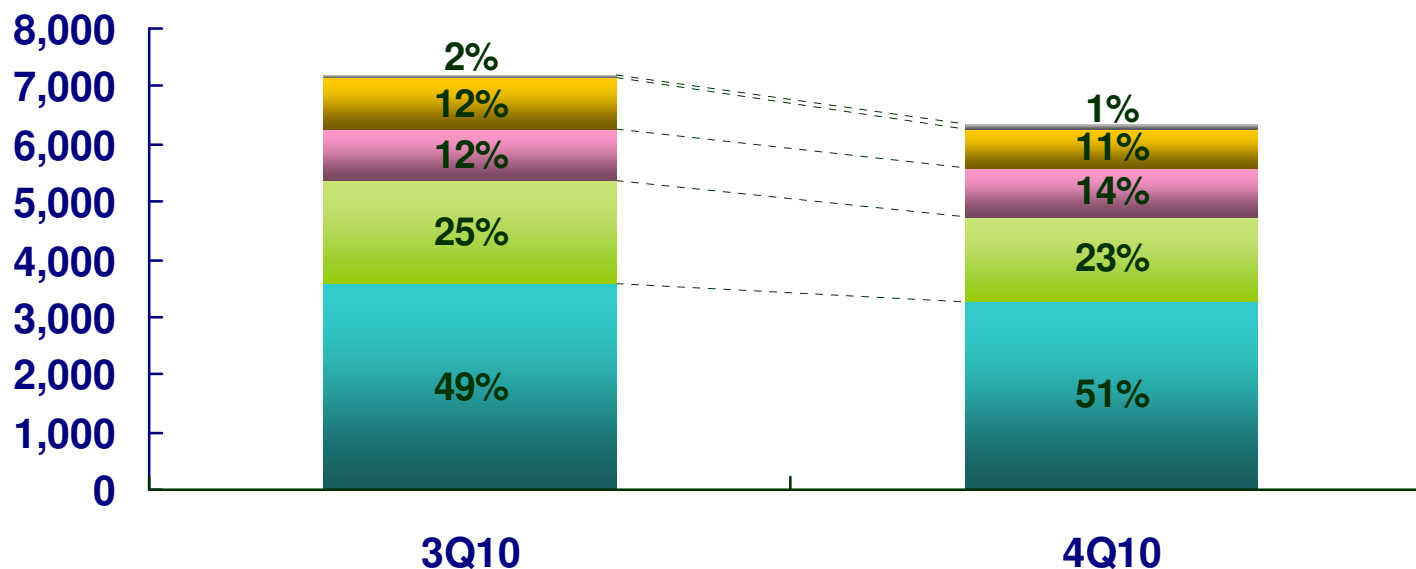
2010 Revenue Breakdown By Product Line

4Q10 Revenue Breakdown by Products & QoQ Comparison

4Q10 Revenue down 11.9% QoQ :

- LAN/MAN down 8% QoQ
- Wireless down 19% QoQ
- Broadband down 3% QoQ
- Digital Multimedia down 23% QoQ

Rev. (NT\$ Million)



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

2010 figures are non-auditing

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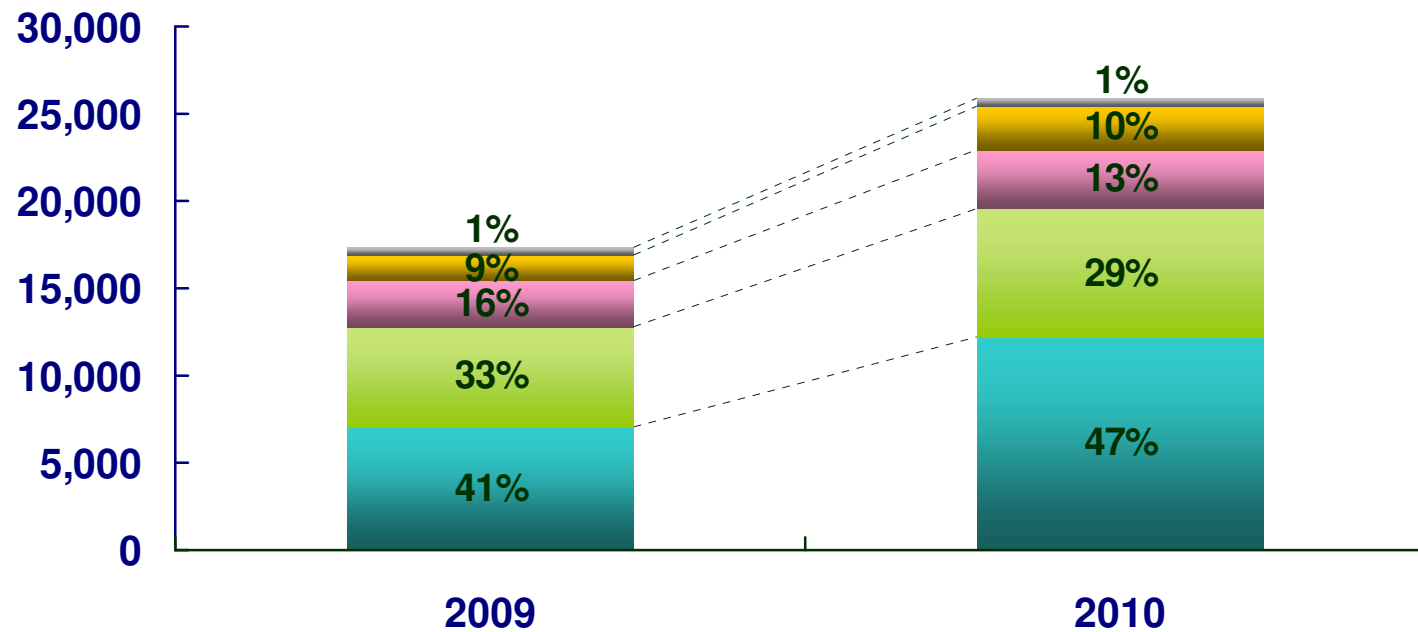
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2010 Revenue Breakdown by Products & YoY Comparison

2010 Revenue up 49.2% YoY :

- LAN/MAN up 73% YoY
- Wireless up 29% YoY
- Broadband up 24% YoY
- Digital Multimedia up 70% YoY

Rev. (NT\$ Million)



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

2010 figures are non-auditing



2011 Outlook

2011 Growth Plan

LAN/MAN

- Cloud Data Center Switch (10Gb 64-96 Port, 40Gb 16-24 Port)
- Wireless Switch
- Metro Ethernet Access Switch
- Bandwidth upgrades for enterprise switches

Broadband

- Fiber Deployment : xPON ONU & MDU, VDSL

Cloud Computing

Network Infrastructure

Wireless

- 3G Femtocell
- Wireless AP for Enterprise and Home
- Wireless modules for Digital Home devices

Wireless Connectivity

Smart TV

Digital Multimedia

- Smart TV Box
- IP Camera
- Power Line Communication (PLC)
- Network-attached Storage (NAS)

2011 Company Outlook

- Capacity expansion in Changshu, China
- Strengthening our global logistics footprint
- CB issue plan



THANK YOU!

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