



2006 Q1 Investor Conference

Jan. 20, 2006

ALPHA[®]
明泰科技
Alpha Networks Inc.

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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.

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Agenda

- Financial Review Mason Liu
- Business Updates Wonder Wang
- Business Outlook John Lee
- Q&A

Financial Review

Presented by

Mason Liu

Vice President

Finance/Accounting Division

Income Statement Comparison 2004 vs.2005

Amount: NT\$ million	2005		2004		YoY% Change
Net Sales	17,717	100%	13,982	100%	27%
Cost of Goods Sold	14,609	82%	11,438	82%	28%
Gross Profit	3,108	18%	2,544	18%	22%
Operating Expenses	1,753	10%	1,546	11%	13%
Operating Income	1,355	8%	997	7%	36%
Total Non-Op. Inc. (Loss)	(129)	-1%	(220)	-1%	-41%
Income Before Tax	1,226	7%	777	6%	58%
Income Tax Expense	204	1%	72	1%	183%
Net Income	1,022	6%	705	5%	45%
Earnings Per Share (NT\$)	3.61		2.87		26%

*2005 figures are non-auditing

4Q/2005 QoQ Income Statement Comparison

Amount: NT\$ million	4Q/2005		3Q/2005		QoQ% Change
Net Sales	5,095	100%	4,981	100%	2%
Cost of Goods Sold	4,116	81%	4,084	82%	1%
Gross Profit	979	19%	897	18%	9%
Operating Expenses	509	10%	439	9%	16%
Operating Income	471	9%	458	9%	3%
Total Non-Op. Inc. (Loss)	(75)	-2%	3	0%	-260%
Income Before Tax	395	7%	461	9%	-14%
Income Tax Expense	67	1%	74	1%	-9%
Net Income	328	6%	387	8%	-15%
Earnings Per Share (NT\$)	1.16		1.37		-15%

*2005 figures are non-auditing

4Q/2005 YoY Income Statement Comparison

Amount: NT\$ million	4Q/2005		4Q/2004		YoY % Change
Net Sales	5,095	100%	3,442	100%	48%
Cost of Goods Sold	4,116	81%	2,818	82%	46%
Gross Profit	979	19%	624	18%	57%
Operating Expenses	509	10%	396	11%	29%
Operating Income	471	9%	228	7%	107%
Total Non-Op. Inc. (Loss)	(75)	-2%	(84)	-2%	-19%
Income Before Tax	395	7%	144	4%	189%
Income Tax Expense	67	1%	10	0%	570%
Net Income	328	6%	134	4%	145%
Earnings Per Share (NT\$)	1.16		0.55		111%

**2005 figures are non-auditing*

Non-op Income / Loss Breakdown

Amount: NT\$ million

	Q4/05	Q3/05	Q4/04
L.T. Investment Income / (Loss)	(80)	(19)	(15)
FX Gain / (Loss)	(32)	39	(47)
Inventory Gain / (Loss)	35	(20)	(64)
Financial Income / (Exp.) & Others	2	3	42
Total	(75)	3	(84)

**2005 figures are non-auditing*

12/31/2005 Balance Sheet YoY Comparison

Amount: NT\$ million	12/31/2005		12/31/2004		YoY % Change
Cash	710	8%	827	12%	-14%
S-T Investments	0	-	427	6%	-100%
Account Receivable	3,757	44%	2,741	39%	37%
Inventory	1,865	22%	1,453	20%	28%
L-T Investments	993	12%	220	4%	351%
Fixed Assets	1,100	14%	1,173	16%	-6%
Total Assets	8,596	100%	7,113	100%	21%
Account Payable	2,844	33%	1,931	27%	47%
Current Liabilities	3,735	43%	3,064	43%	22%
L-T Liabilities	-	-	-	-	-
Common Stock	2,829	33%	2,500	35%	13%
Shareholders' Equity	4,791	56%	3,996	56%	20%

12/31/2005 Balance Sheet QoQ Comparison

Amount: NT\$ million	12/31/2005		9/30/2005		QoQ % Change
Cash	710	8%	353	4%	101%
S-T Investments	0	-	-	-	-
Account Receivable	3,757	44%	4,612	50%	-19%
Inventory	1,865	22%	1,976	22%	-6%
L-T Investments	993	12%	1,000	11%	-1%
Fixed Assets	1,100	14%	1,107	12%	-1%
Total Assets	8,596	100%	9,175	100%	-6%
Account Payable	2,844	33%	3,210	35%	-11%
Current Liabilities	3,735	43%	4,635	51%	-19%
L-T Liabilities	-	-	-	-	-
Common Stock	2,829	33%	2,829	31%	0%
Shareholders' Equity	4,791	56%	4,474	48%	7%

Key Financial Ratios - Liquidity / Leverage

Unit %, days	2005	2004
Days A/R	67	39
Days Inventory	41	23
Days A/P	60	31
Cash Cycle	48	31
Current Ratio	173	181
Debt/Equity Ratio	79	78

**2005 figures are non-auditing*

Key Financial Ratios - Profitability (%)

	2005	2004
Net Income/Sales	6%	5%
Net Income/Total Assets	12%	13%
Operating Profit/Sales	8%	7%
Return on Equity	22%	19%
EPS (NT\$)	3.61	2.87

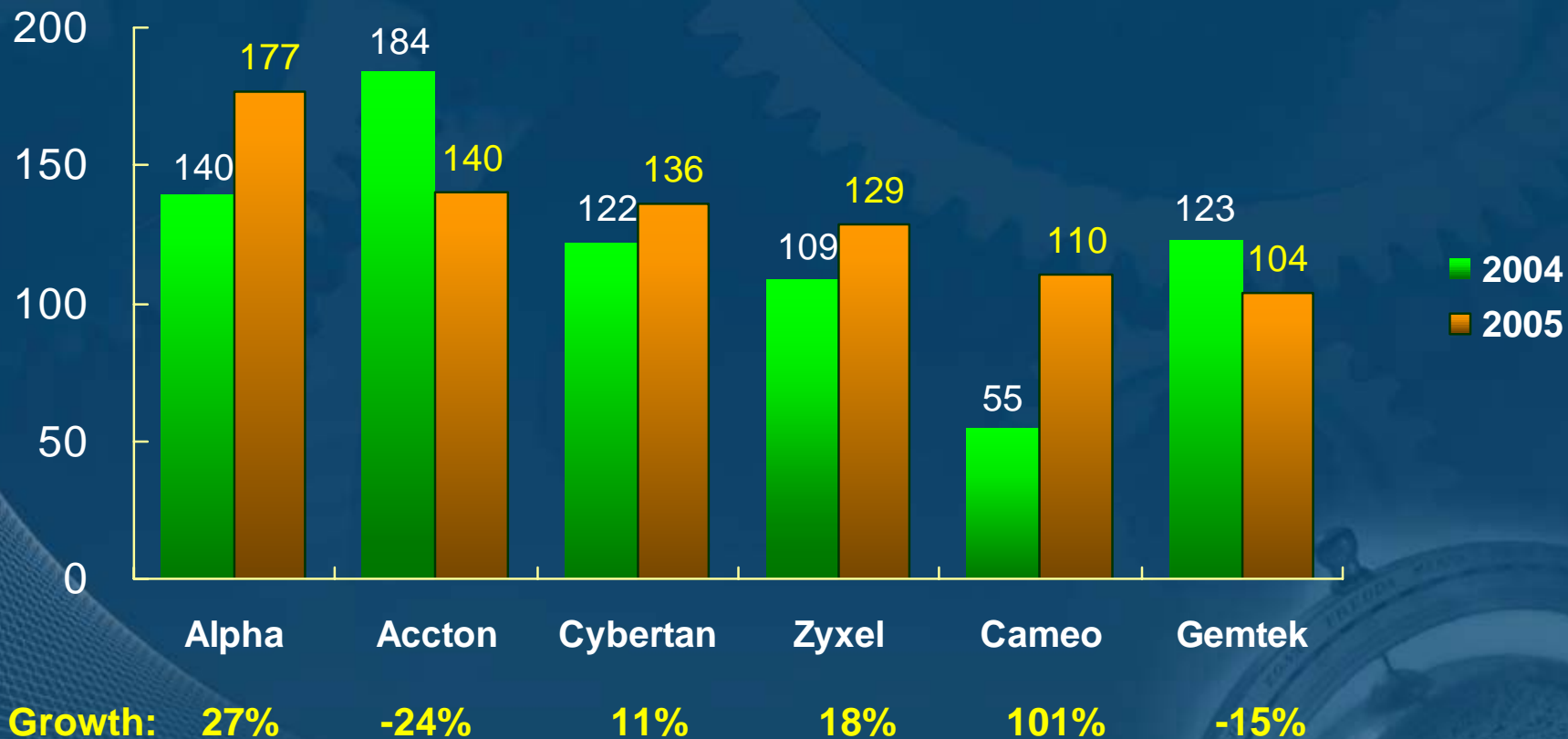
**2005 figures are non-auditing*

Business Updates

Presented by
Wonder Wang
President

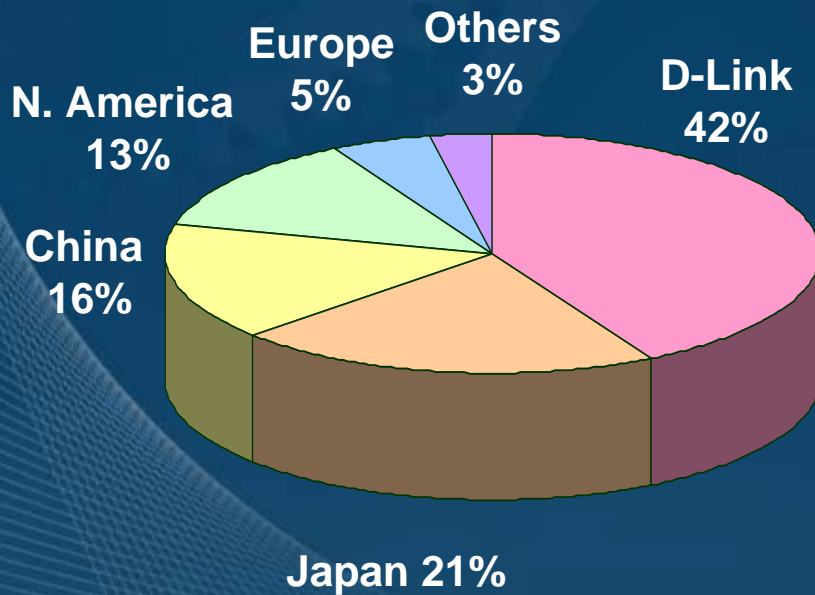
Peer Comparison: 2004 vs. 2005

NTD: 億

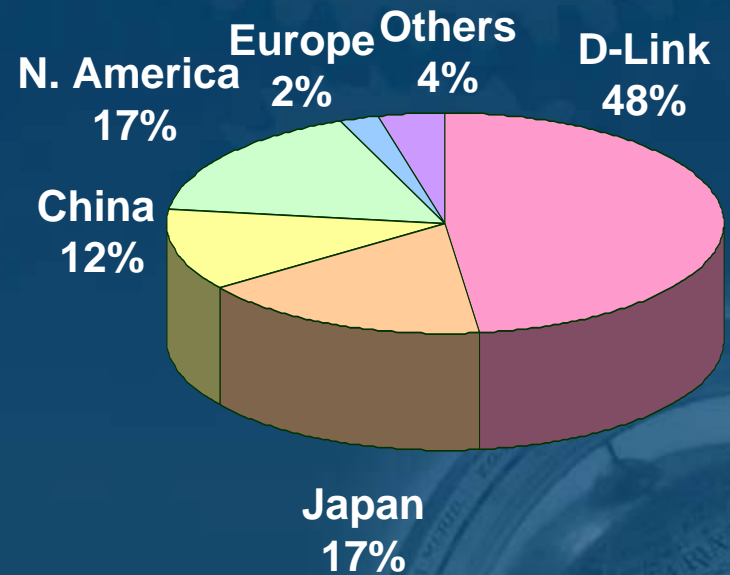


Revenue Breakdown By Business Unit 2005 vs. 2004

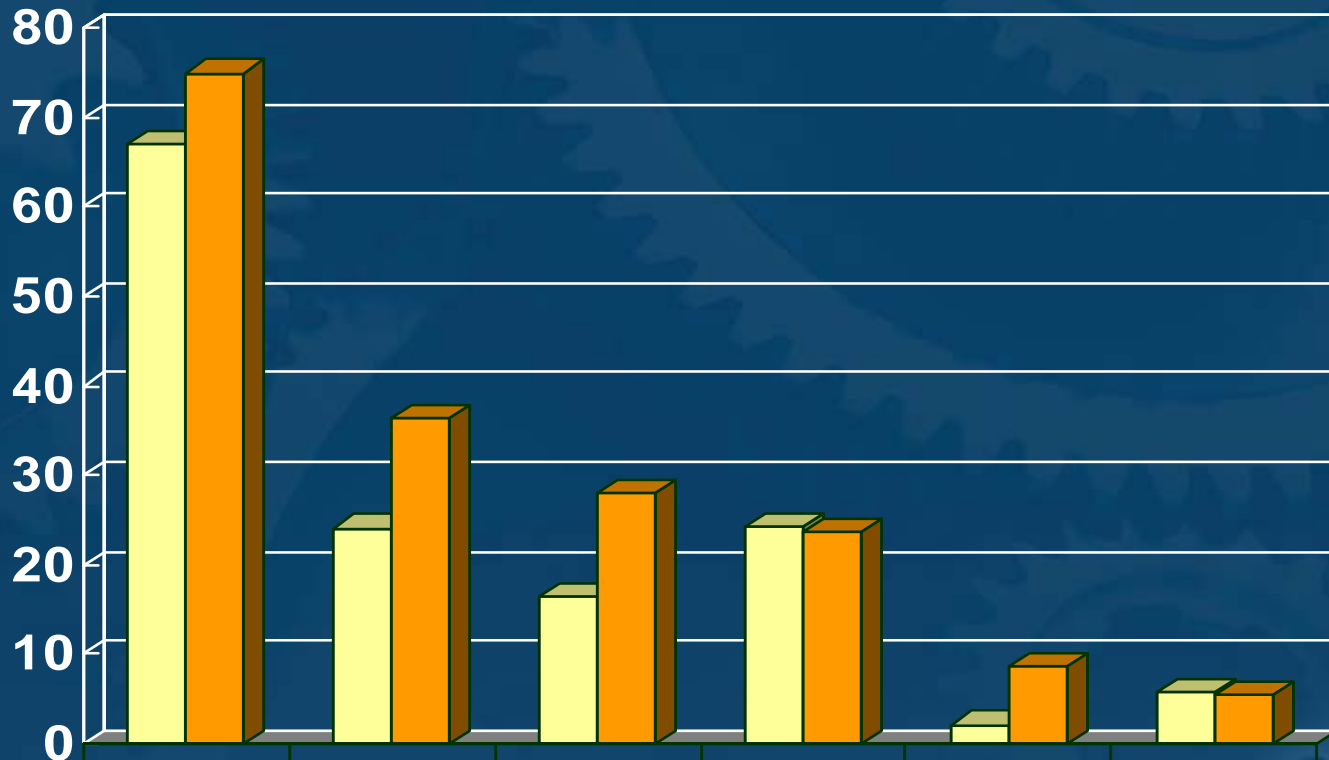
2005



2004



Revenue Growth By Business Unit 2005 vs. 2004

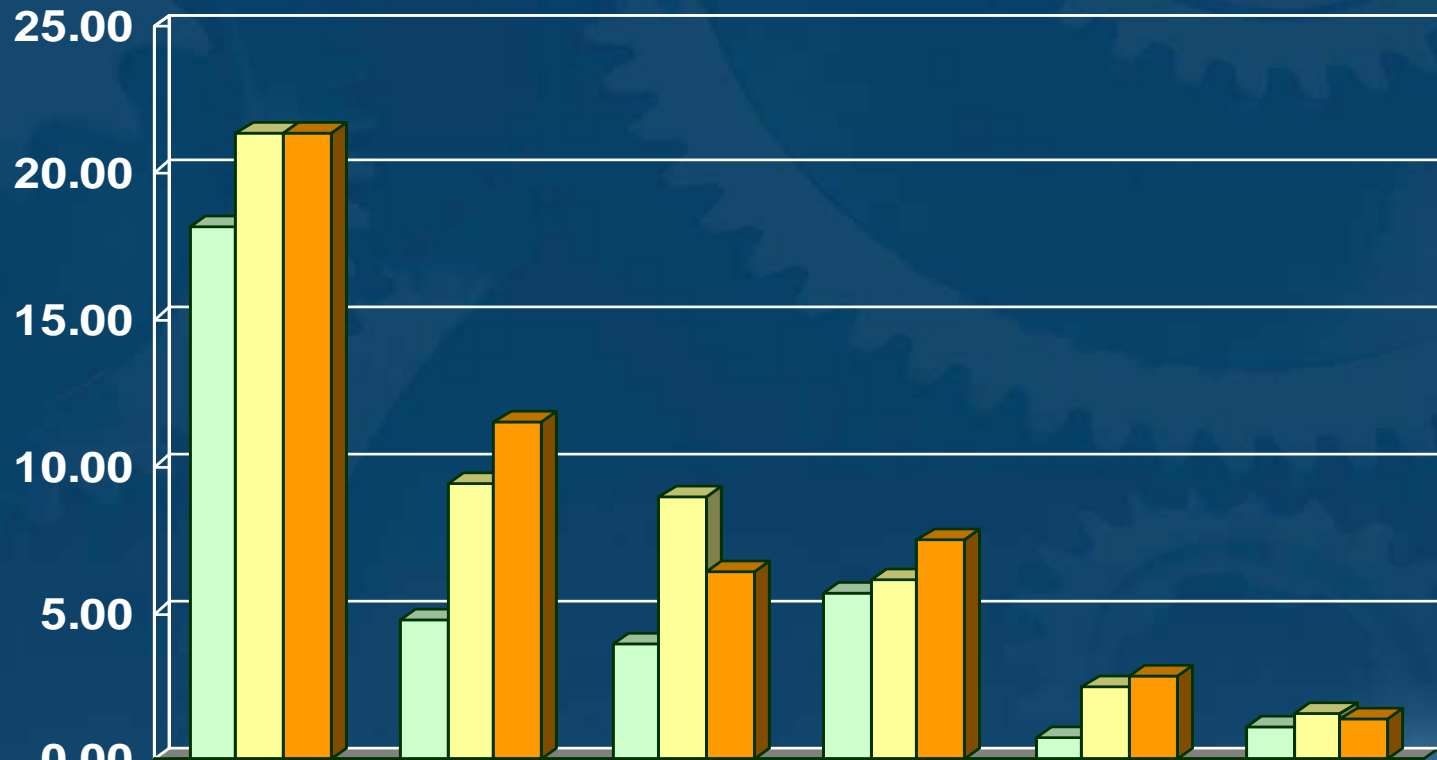


Unit: NT\$0.1 billion

新台幣: 億

	D-Link	Japan	China	North America	Europe	Others	Total
■ 2004	67.07	24.09	16.51	24.31	2.15	5.67	139.82
■ 2005	74.95	36.43	27.92	23.76	8.54	5.56	177.17
Growth	12%	51%	69%	-2%	297%	-2%	27%

Revenue Growth By Business Unit 4Q05 vs.3Q05 vs.4Q04

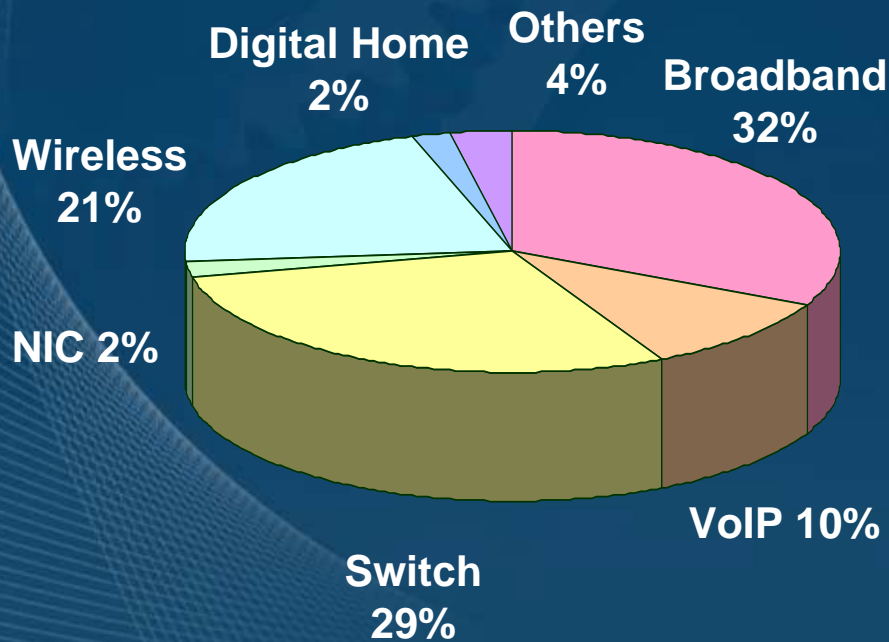


新台幣: 億

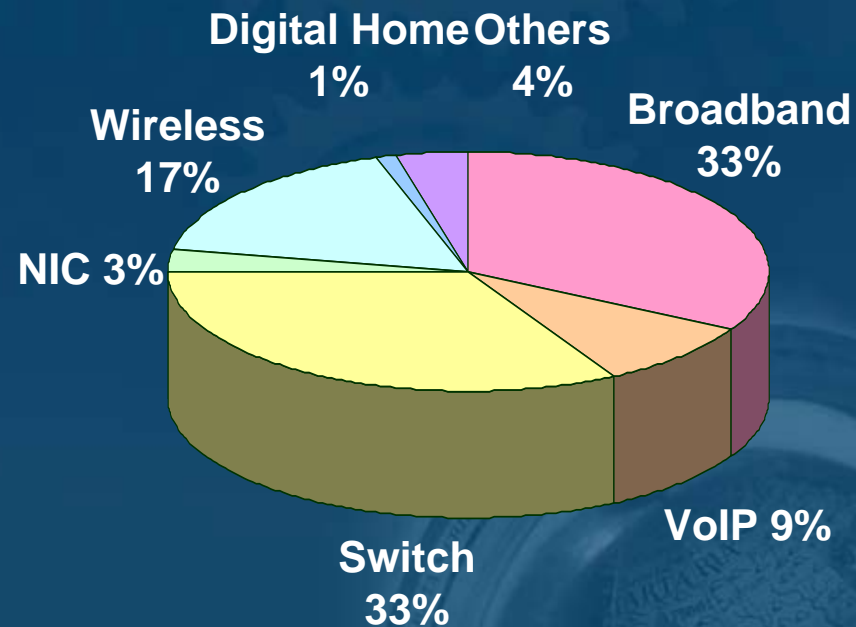
	D-Link	Japan	China	North America	Europe	Others	Total
4Q04	18.10	4.74	3.95	5.71	0.80	1.12	34.42
3Q05	21.28	9.39	8.97	6.11	2.50	1.55	49.81
4Q05	21.33	11.50	6.38	7.49	2.84	1.41	50.95

Revenue Breakdown By Product Line 2005 vs. 2004

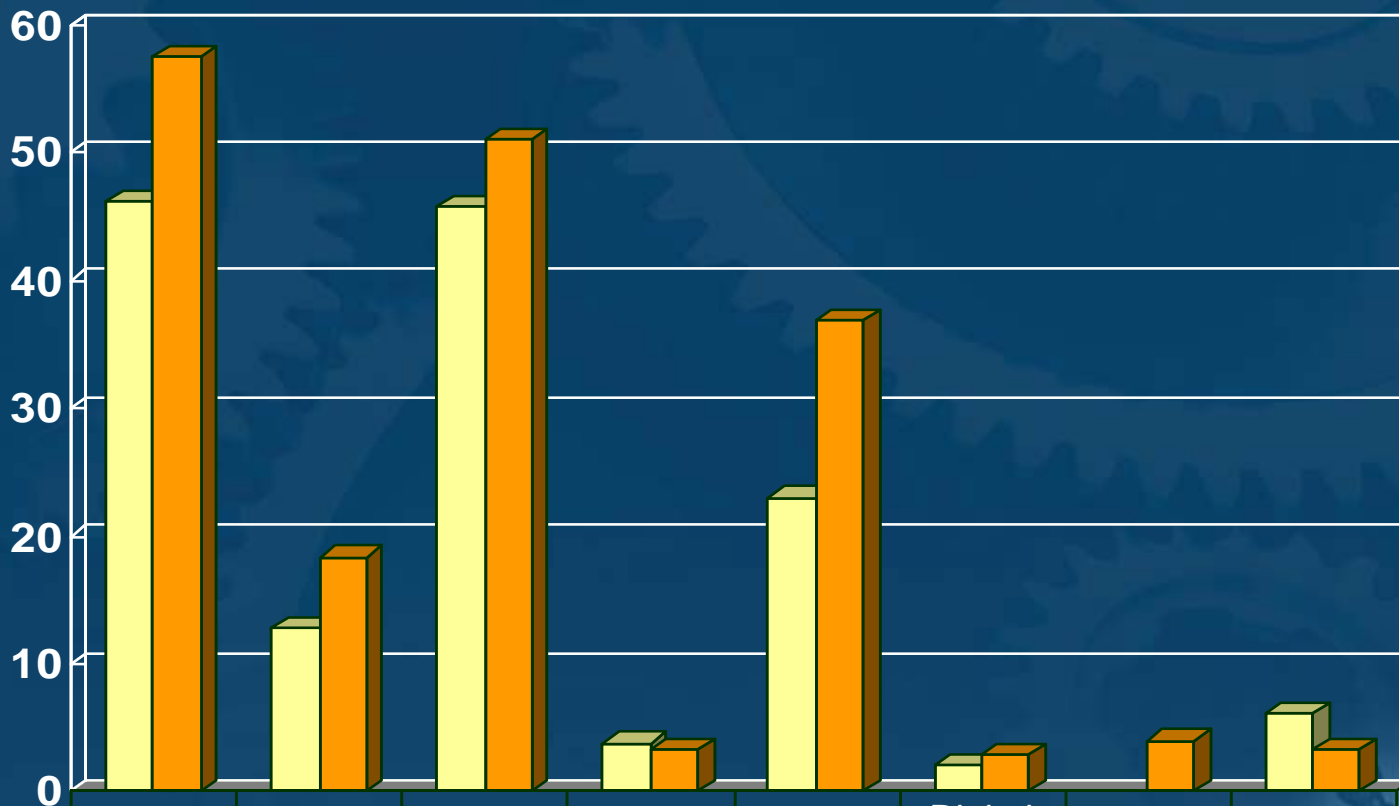
2005



2004



Revenue Growth By Product Line 2005 vs. 2004

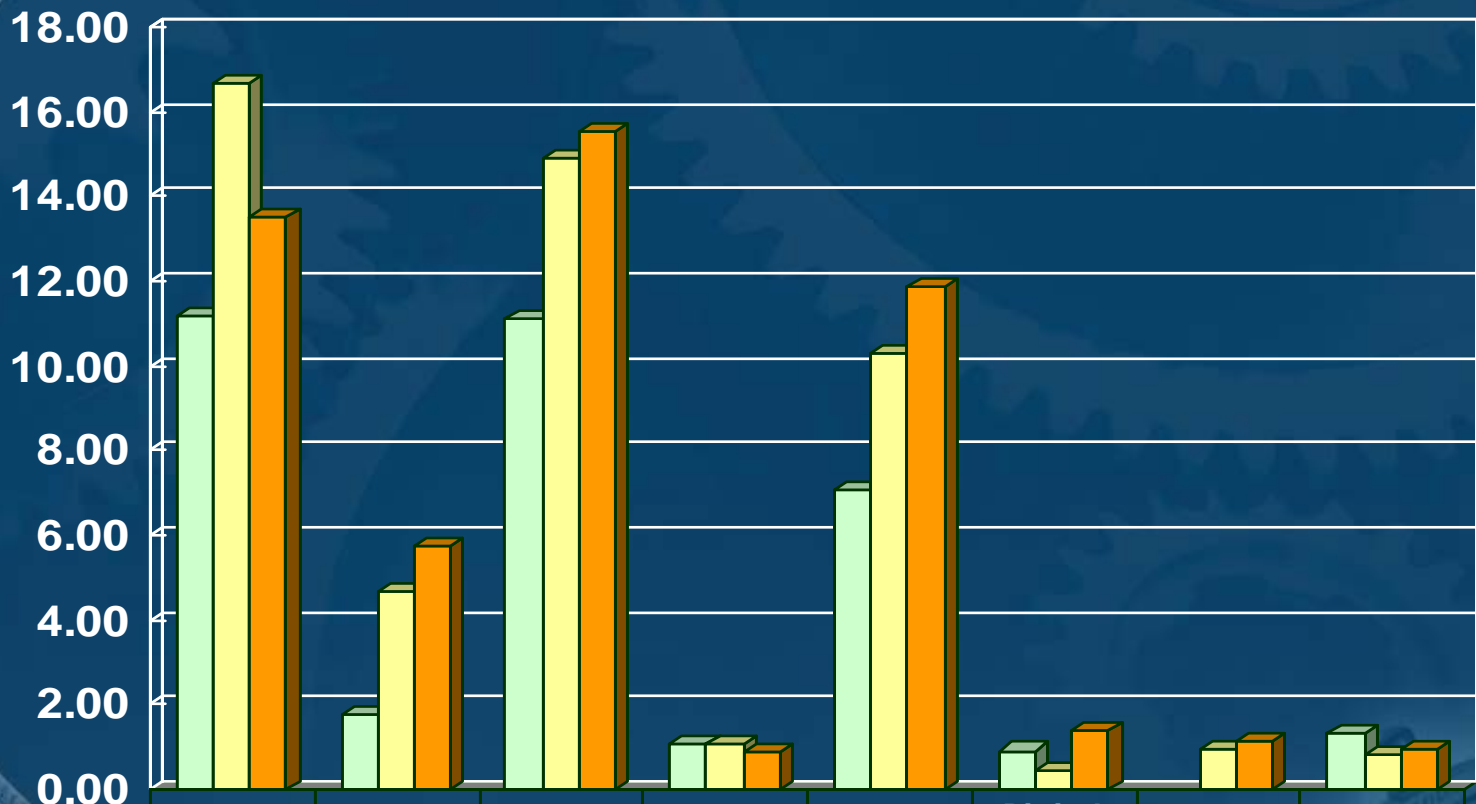


新台幣: 億

	BB	VoIP	Switch	NIC	Wireless	Digital Home	VDSL	Others	Total
■ 2004	46.22	12.8	45.73	3.83	23.01	2.07	N/A	6.14	139.82
■ 2005	57.45	18.39	51.03	3.25	36.82	2.90	4.03	3.30	177.17
Growth	24%	44%	12%	-15%	60%	40%	-	-46%	27%

Revenue Growth By Product Line

4Q05 vs.3Q05 vs.4Q04



新台幣: 億

	BB	VoIP	Switch	NIC	Wireless	Digital Home	VDSL	Others	Total
■ 4Q04	11.19	1.75	11.10	1.07	7.07	0.91		1.33	34.42
■ 3Q05	16.69	4.65	14.92	1.07	10.32	0.42	0.95	0.79	49.81
■ 4Q05	13.50	5.72	15.53	0.87	11.88	1.39	1.12	0.93	50.95

Business Outlook

Presented by

John Lee

CEO

➤ LAN/MAN-

- Increasing internet traffic and 10G (and upcoming 100G) drive the high end switch market.
- Strong demand on GPON/GEPON by Telco and MSO.

➤ Broadband-

- From ADSL2+ to FTTx+VDSL (and VDSL2)
- Triple play (data + voice + wireless) to quadruple play (data + voice + wireless + video)

➤ Wireless-

- 11n stimulates WLAN market
- Integration of Wi-Fi and WiMAX.

➤ Digital Home-

- IPTV to drive demand of IP STB.
- New devices surrounding TV sets (STB, DVBx, DMA, Photo Viewer, ...)

- **Japan:** *Stable shipment on ADSL2+, IAD, Switch and Wireless products. More demand on GEAPON+VDSL solutions.*
- **North America:** *Focus on Switch ODM business. Stable revenue growth from current customers. New customer engagement is the driving force to grow.*
- **Europe:** *Engaged with first-tier customers and brought in 300% YoY revenue growth in 2005. To remain high growth rate in 2006. Mainly broadband , integrated products and IP STB.*
- **China:** *Stable revenue from ADSL business. New customers and products are in discussion.*
- **2006 Guidance**
 - Revenue to rise: 15%-25%.



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