



2006 Q4 Results Investor Conference

February 9, 2006

ALPHA[®]

明泰科技
Alpha Networks Inc.

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 Review

Mason Liu

Business Updates

Wonder Wang

Outlook

John Lee

Q&A

Financial Review

Presented by
Mason Liu
Vice President
Finance/Accounting Division

2006 vs. 2005 Income Statement Comparison

Amount: NT\$ million	2006		2005		% change
	Amt	%	Amt	%	
Net Sales	21,469	100.00	17,731	100.00	21%
Cost of Goods Sold	18,007	83.87	14,451	81.50	25%
Gross Profit	3,462	16.13	3,280	18.50	6%
Operating Expenses	1,987	9.25	1,973	11.13	1%
Operating Income	1,476	6.87	1,307	7.37	13%
Total Non-Op. Inc. (Loss)	(168)	-0.78	(63)	-0.35	167%
Income Before Tax	1,308	6.09	1,244	7.02	5%
Income Tax Expense	259	-1.21	222	-1.25	17%
Net Income	1,048	4.88	1,022	5.77	3%
Earnings Per Share (NT\$)	3.10		3.61		
Adjusted EPS			3.17		

*2006 figures are non-auditing

4Q/2006 QoQ Income Statement Comparison

Amount: NT\$ million

	2006Q4		2006Q3		% change
	Amt	%	Amt	%	
Net Sales	5,604	100.00	6,009	100.00	-7%
Cost of Goods Sold	4,642	82.84	5,043	83.94	-8%
Gross Profit	962	17.16	965	16.06	0%
Operating Expenses	422	7.54	515	8.57	-18%
Operating Income	539	9.63	450	7.50	20%
Total Non-Op. Inc. (Loss)	(100)	-1.79	(25)	-0.41	300%
Income Before Tax	439	7.83	426	7.09	3%
Income Tax Expense	88	-1.58	84	-1.39	5%
Net Income	351	6.26	342	5.69	3%
Earnings Per Share (NT\$)	1.04		1.01		

**2006 figures are non-auditing*

4Q/2006 YoY Income Statement Comparison

Amount: NT\$ million

	2006Q4		2005Q4		% change
	Amt	%	Amt	%	
Net Sales	5,604	100.00	5,065	100.00	11%
Cost of Goods Sold	4,642	82.84	4,062	80.20	14%
Gross Profit	962	17.16	1,003	19.80	-4%
Operating Expenses	422	7.54	553	10.91	-24%
Operating Income	539	9.63	450	8.88	20%
Total Non-Op. Inc. (Loss)	(100)	-1.79	(39)	-0.77	156%
Income Before Tax	439	7.83	411	8.11	7%
Income Tax Expense	88	-1.58	82	-1.62	-7%
Net Income	351	6.26	329	6.49	7%
Earnings Per Share (NT\$)	1.04		1.16		
Adjusted EPS			1.02		

*2006 figures are non-auditing

Non-op Income / Loss Breakdown

Amount: NT\$ million

	2006	2005
Interest Expense	(26)	(19)
FX Gain / (Loss)	(61)	15
Inventory Loss	(111)	(43)
Others	30	(15)
Total	<u>(168)</u>	<u>(63)</u>

Non-op Income / Loss Breakdown

Amount: NT\$ million

	2006Q4	2006Q3
Interest Expense	(11)	(4)
FX Gain / (Loss)	(55)	27
Inventory Loss	(47)	(29)
Others	13	(19)
Total	(100)	(25)

12/31/2006 Balance Sheet YoY Comparison

Amount: NT\$ million	12/31/2006		12/31/2005		%change
	Amt	%	Amt	%	
Cash	3,099	23.85	820	9.47	278%
Account Receivable	5,100	39.24	3,659	42.23	39%
Inventory	2,063	15.87	1,913	22.08	8%
Fixed Assets	2,126	16.36	1,920	22.16	11%
Other Assets	609	4.68	352	4.06	73%
Total Assets	12,997	100.00	8,664	100.00	50%
Account Payable	3,332	25.63	2,560	28.99	30%
Other Current Liabilities	2,115	16.27	1,248	14.96	69%
Current Liabilities	5,448	41.92	3,808	43.95	43%
L-T & Other Liabilities	1,168	8.99	62	0.71	178%
Total Liabilities	6,616	50.90	3,870	44.66	71%
Common Stock	3,553	27.34	2,829	32.65	26%
Shareholders' Equity	6,381	49.10	4,794	55.33	33%

*2006 figures are non-auditing

12/31/2006 Balance Sheet QoQ Comparison

Amount: NT\$ million	12/31/2006		9/30/2006		%change
	Amt	%	Amt	%	
Cash	3,099	23.85	1,348	11.23	130%
Account Receivable	5,100	39.24	5,858	48.81	-13%
Inventory	2,063	15.87	2,349	19.57	-12%
Fixed Assets	2,126	16.36	2,091	17.42	2%
Other Assets	609	4.68	357	2.97	71%
Total Assets	12,997	100.00	12,003	100.00	8%
Account Payable	3,332	25.63	3,827	31.89	-13%
Other Current Liabilities	2,115	16.27	1,712	14.26	24%
Current Liabilities	5,448	41.91	5,539	46.15	-2%
L-T & Other Liabilities	1,168	8.99	1,165	9.71	0%
Total Liabilities	6,616	50.90	6,704	55.86	-1%
Common Stock	3,553	27.34	3,330	27.74	7%
Shareholders' Equity	6,381	49.10	5,299	44.15	20%

*2006 figures are non-auditing

Key Financial Ratios – Liquidity / Leverage

Unit: day, %	2006	2005
Days A/R	74	68
Days Inventory	40	41
Current Ratio	193.41%	171.96%
Debt/Equity Ratio	50.90%	44.67%

Key Financial Ratios - Profitability

	2006	2005
Net Income/Sales	4.88%	5.77%
Net Income/Total Assets	10.20%	12.73%
Return on Equity	18.76%	23.26%
EPS (NT\$)	3.10	3.61

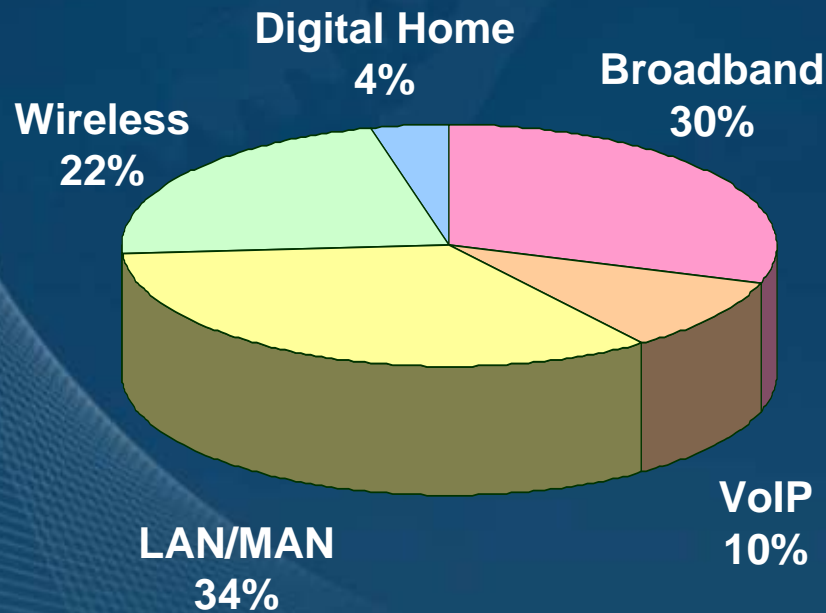
Business Updates

Presented by
Wonder Wang
President

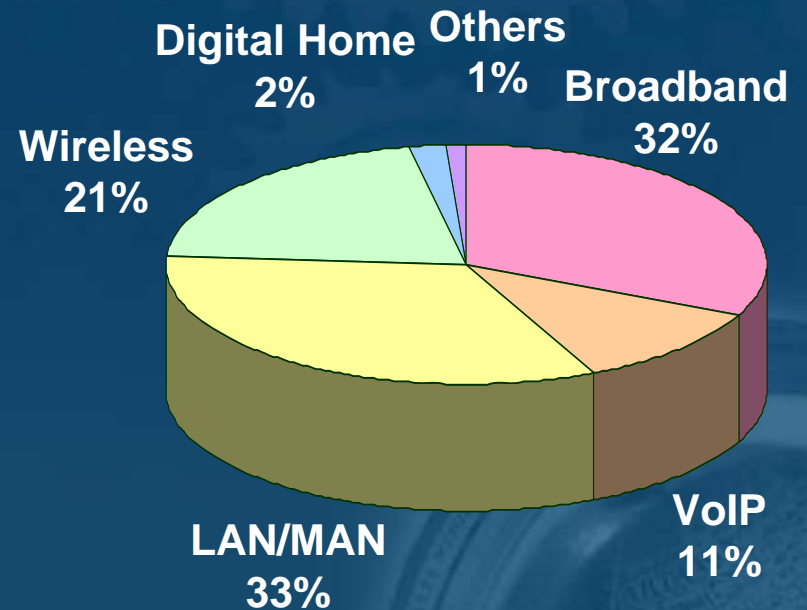
By Product Line

Revenue Breakdown By Product Line 2006 vs. 2005

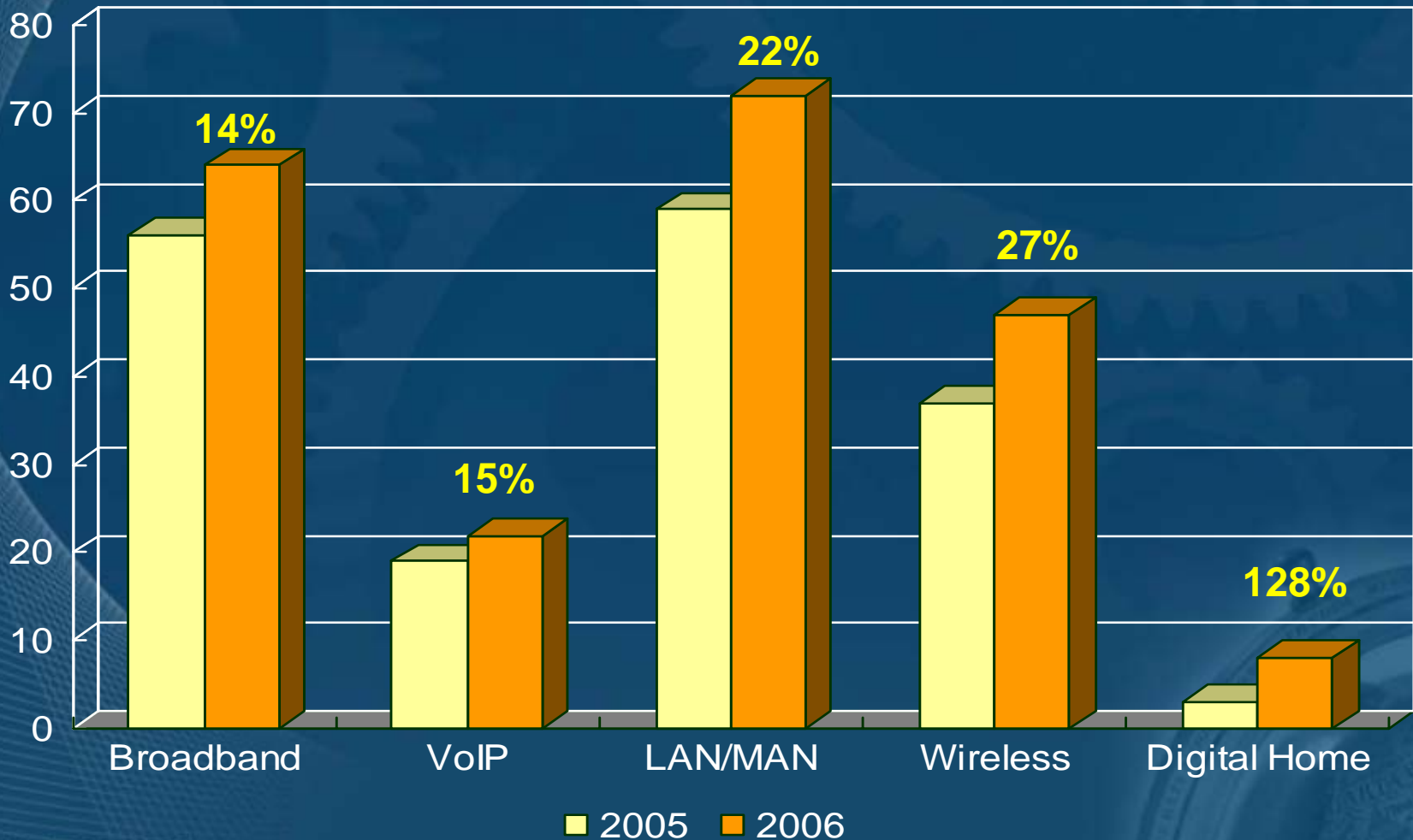
2006



2005年

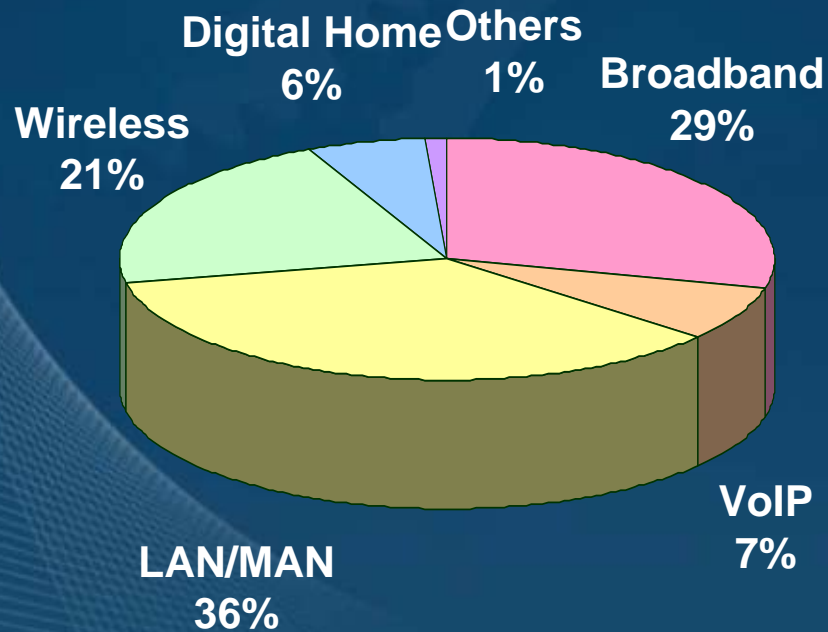


Revenue Breakdown By Product Line 2006 vs. 2005

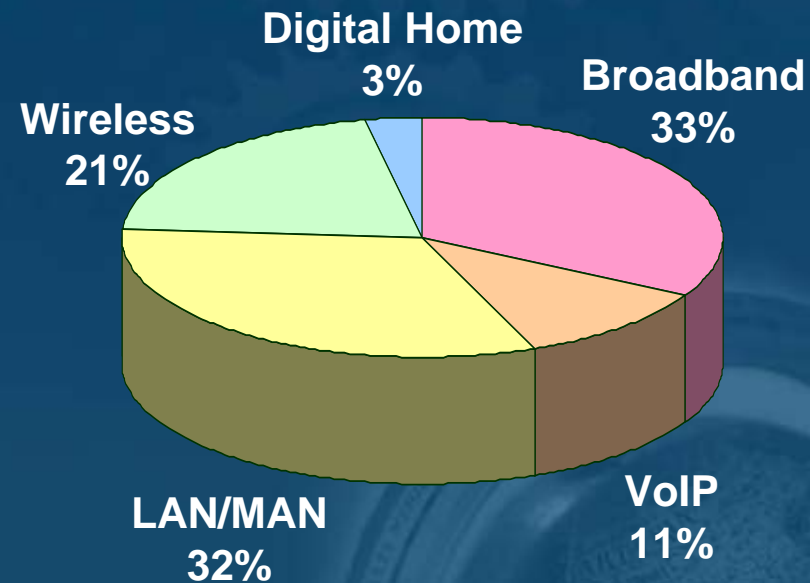


Revenue Breakdown By Product Line 4Q/2006 vs. 3Q/2006

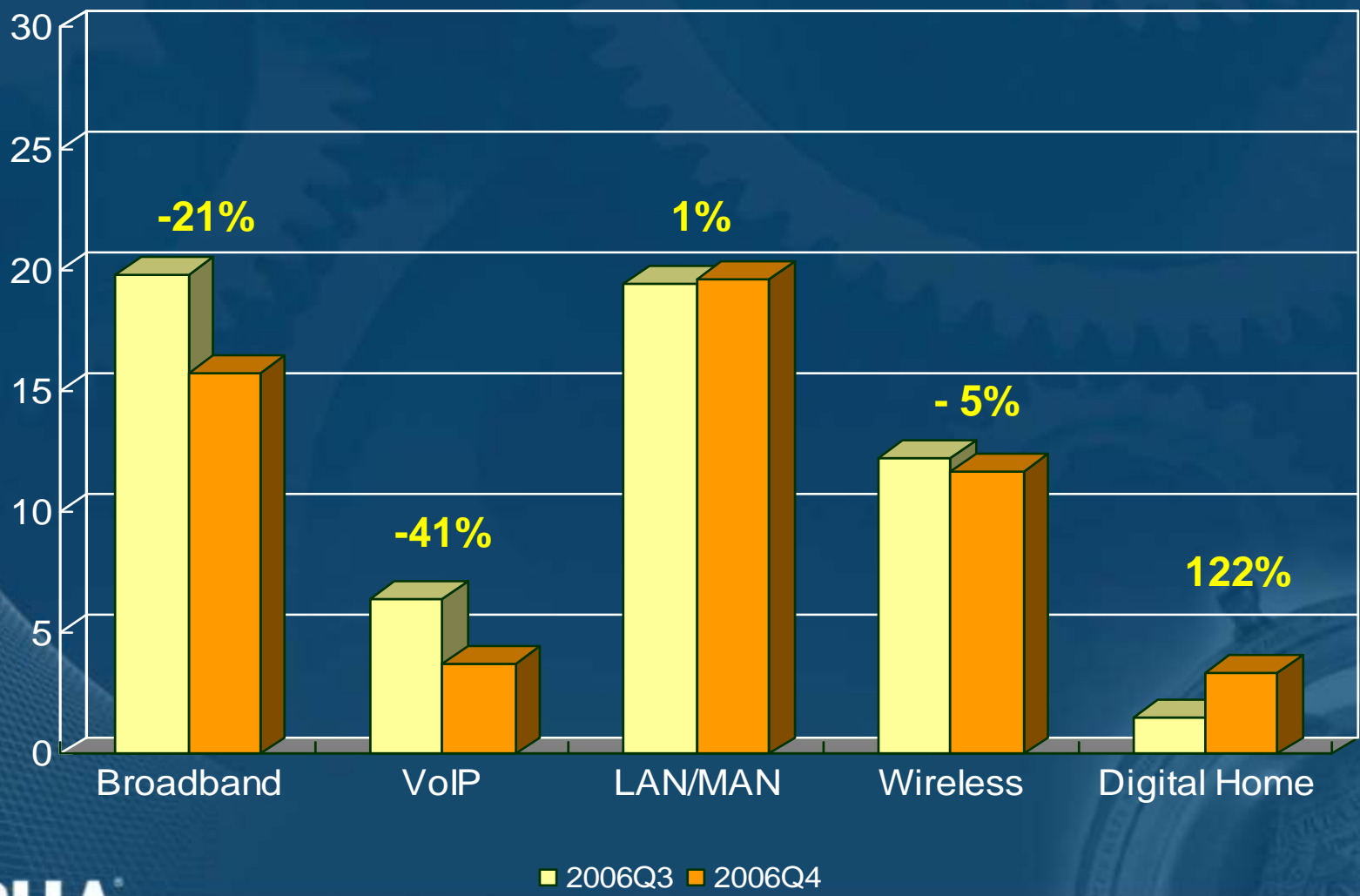
2006年Q4



2006年Q3

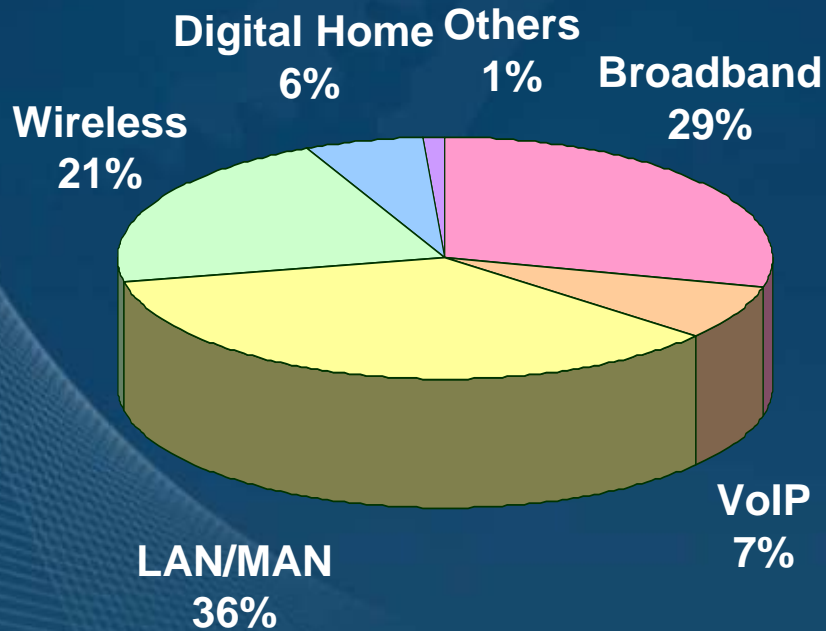


Revenue Growth By Product Line 4Q/2006 vs. 3Q/2006

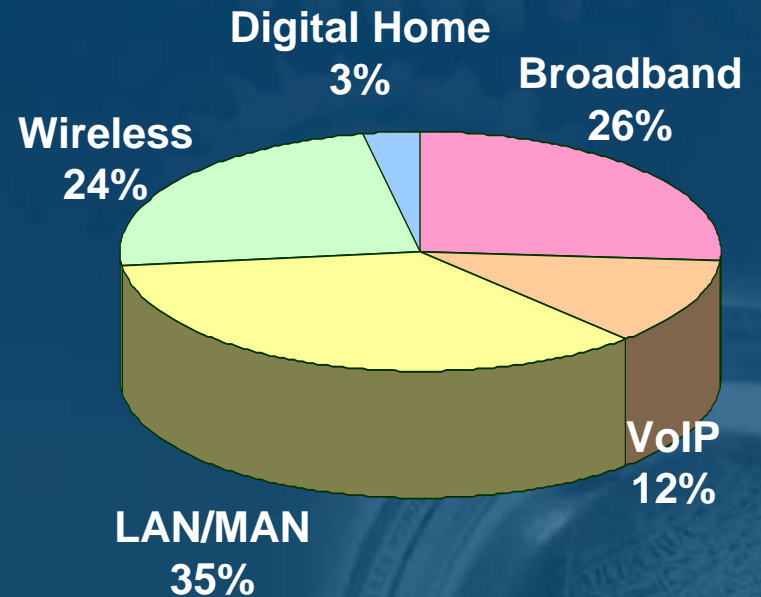


Revenue Growth By Product Line 4Q/2006 vs. 3Q/2006

2006Q4

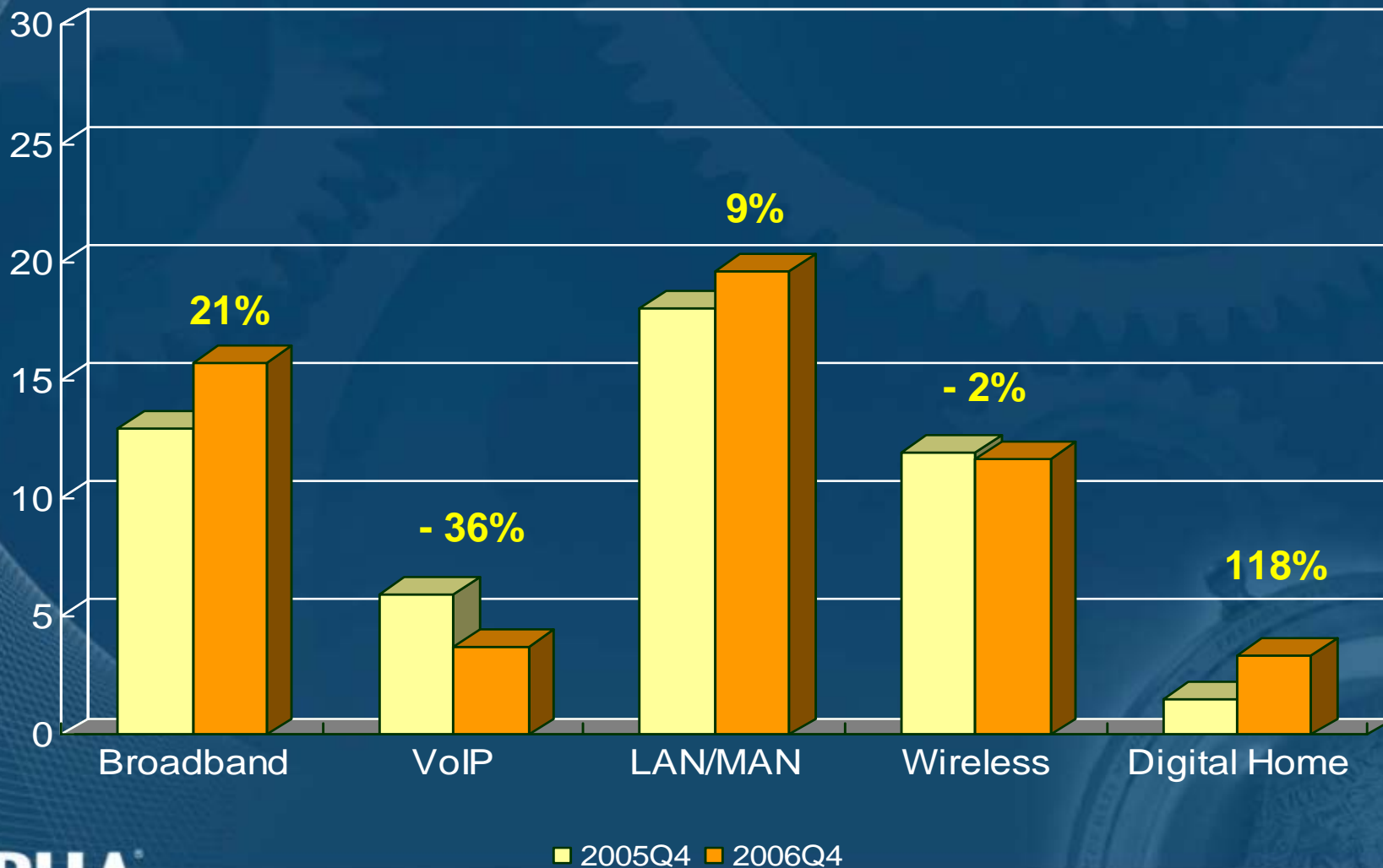


2005Q4



Revenue Growth By Product Line

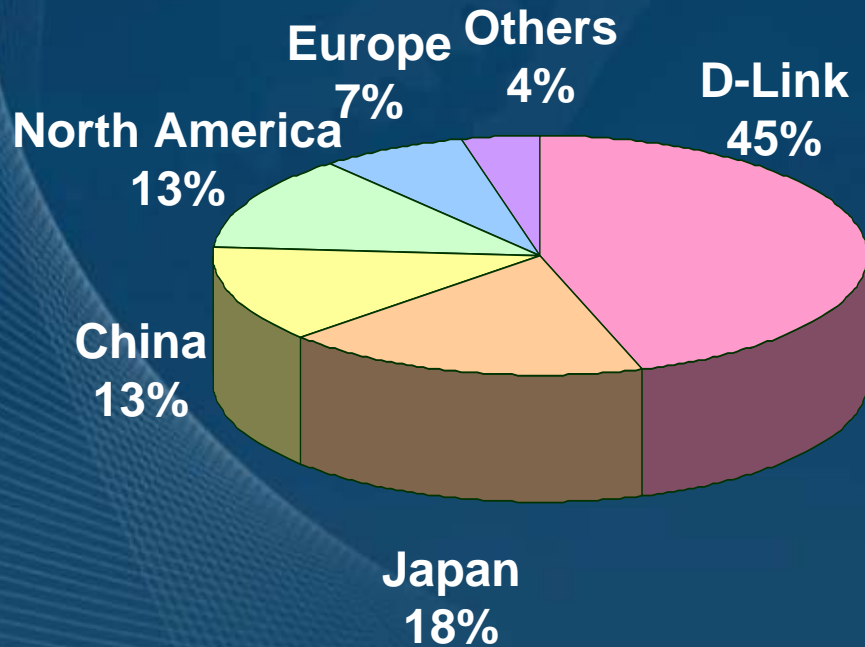
4Q/2006 vs. 4Q/2005



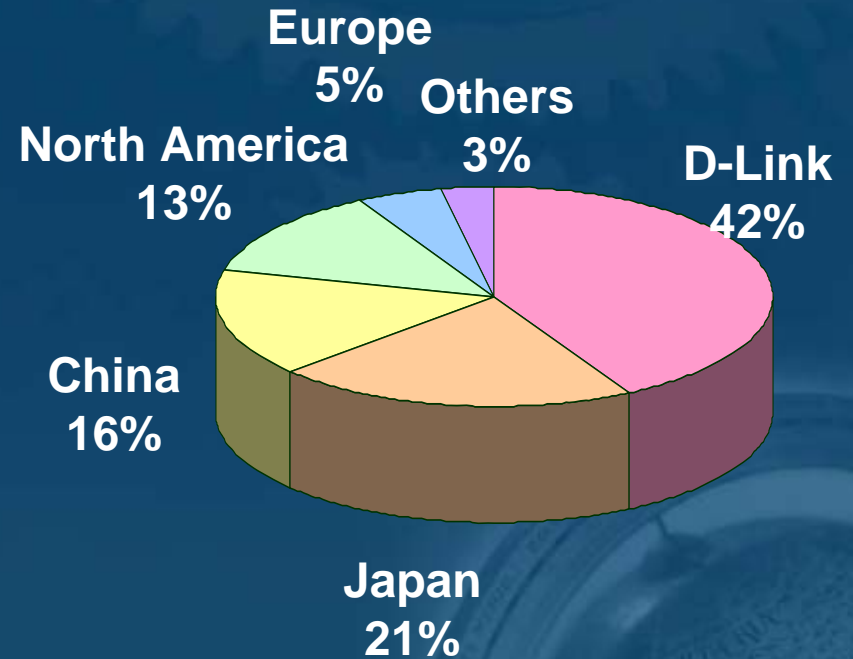
By Business Unit

Revenue Breakdown By Business Unit 2006 vs. 2005

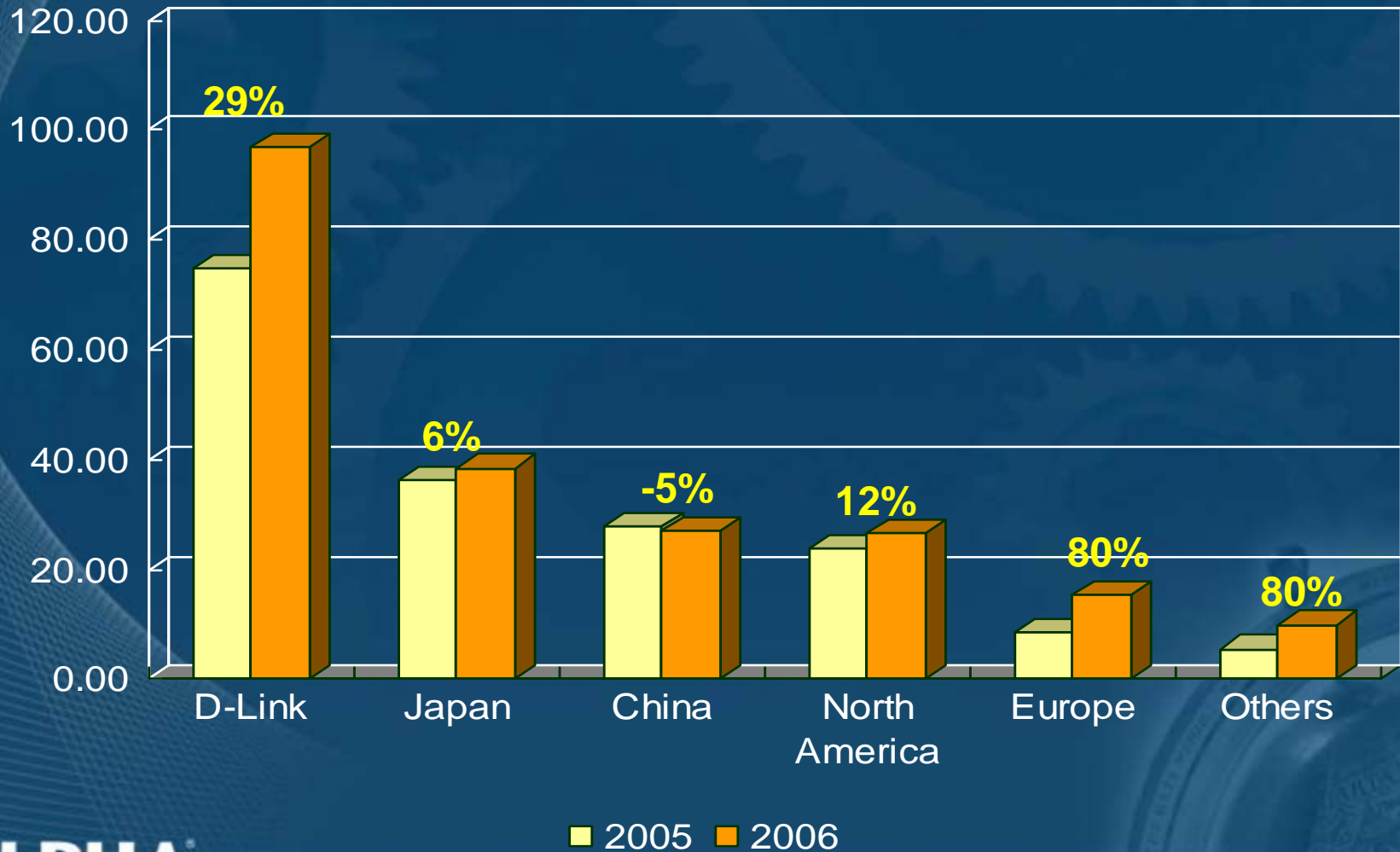
2006



2005

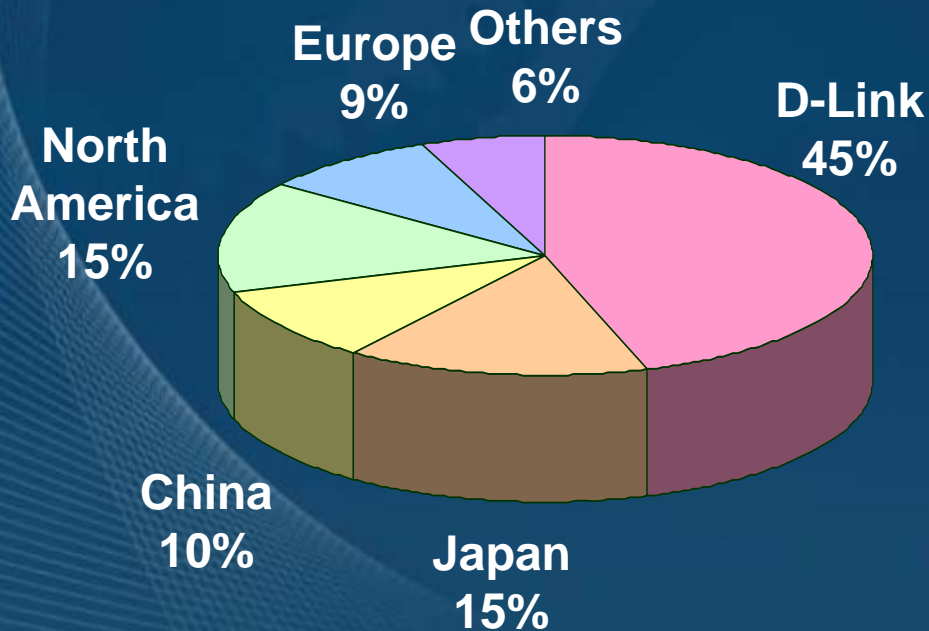


Revenue Growth By Business Unit 2006 vs. 2005

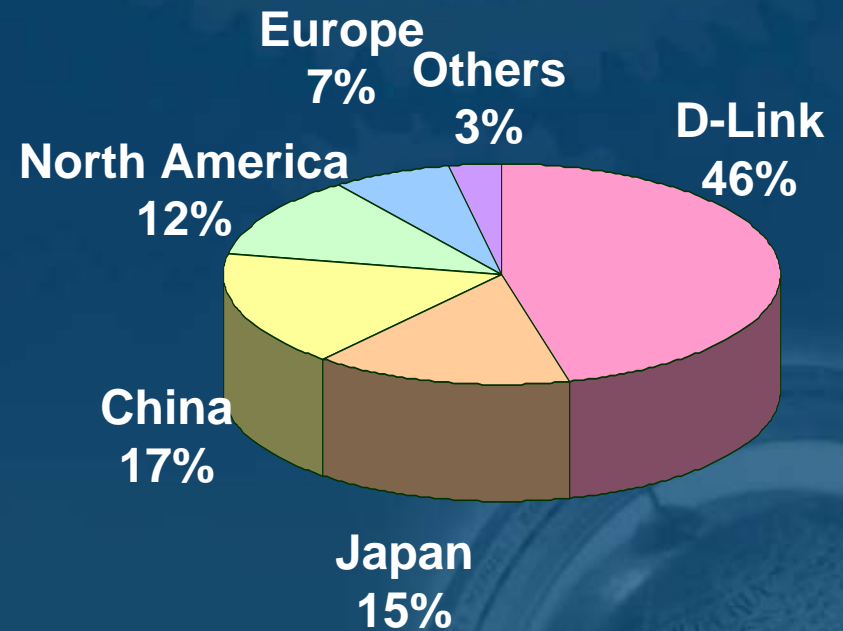


Revenue Breakdown By Business Unit 4Q/2006 vs. 3Q/2006

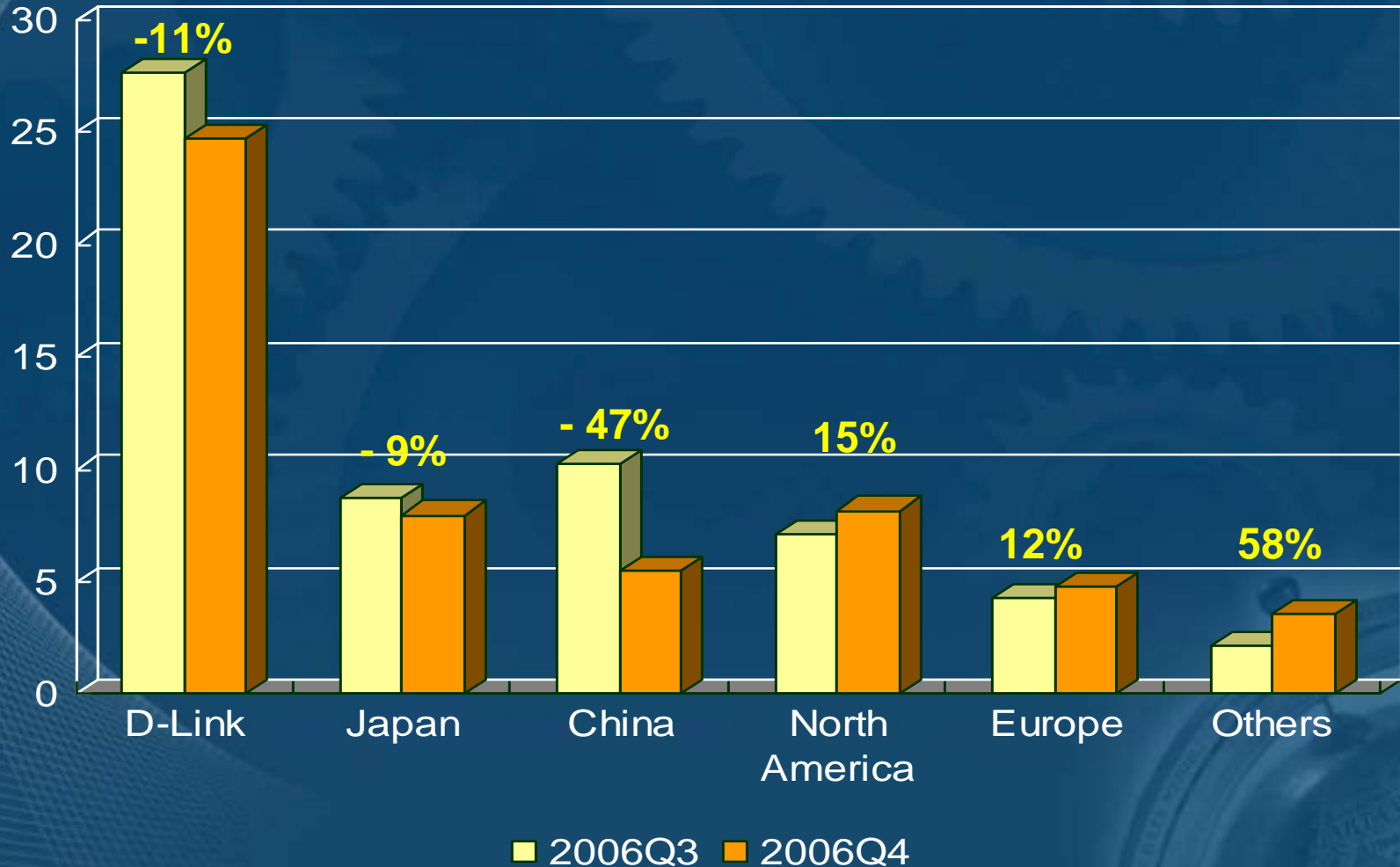
2006Q4



2006Q3

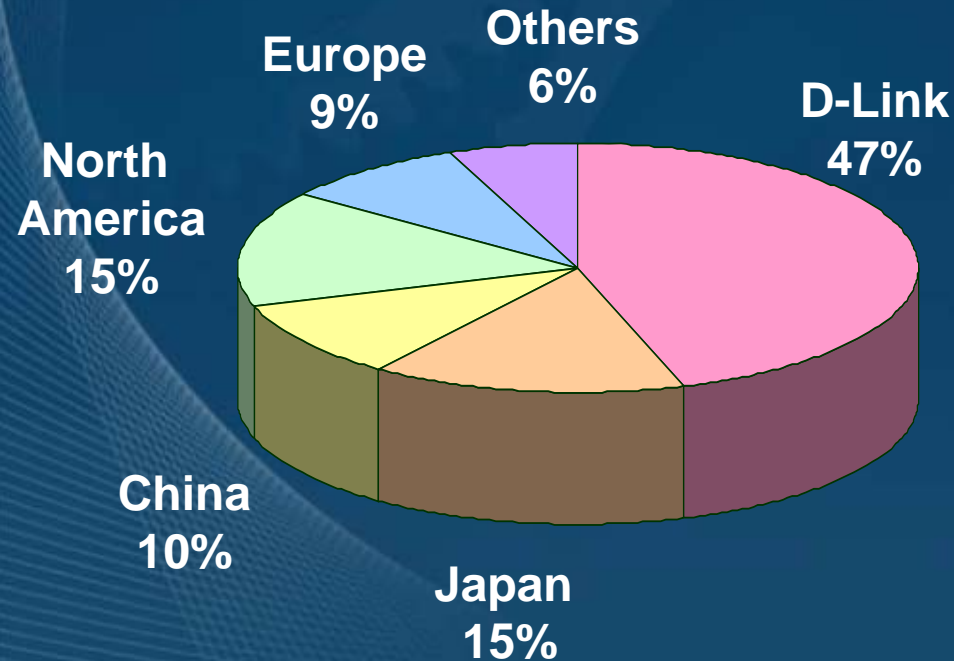


Revenue Growth By Business Unit 4Q/2006 vs. 3Q/2006

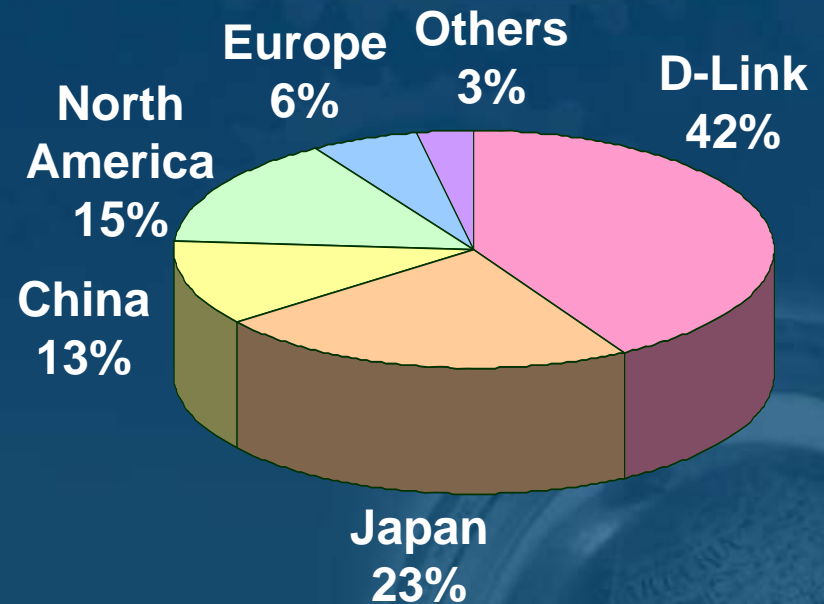


Revenue Breakdown By Business Unit 4Q/2006 vs. 4Q/2005

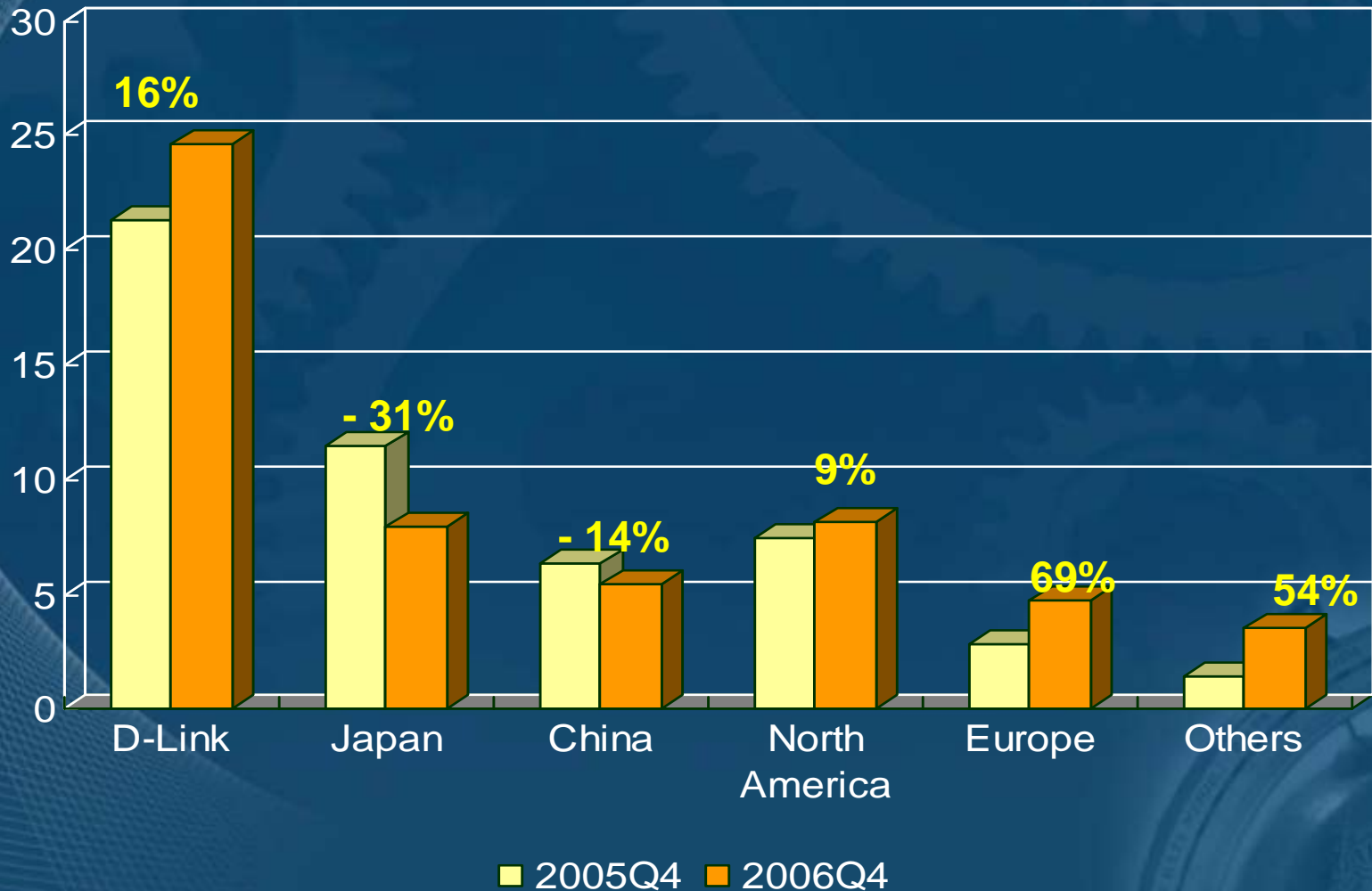
2006Q4



2005Q4



Revenue Growth By Business Unit 4Q/2006 vs. 4Q/2005



Outlook

John Lee
CEO

Industry

- Strong demand on intelligent switches
- Broadband market is slower
- Obvious growth of 802.11n in 2H/07; WiMAX market is not mature
- Digital and IP TV is the driving force of Digital Home products
- More demand on IP Cameras

Company

- Product price keep declining
- Cost down pressure from customers is still exist
- Increase high-end products % to keep profit
- Aggressively develop CE market
- Continues growth in revenue and profit



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