



News Release

Alpha Networks Inc. 2005 Fourth Quarter Report

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Hsinchu, Taiwan, Jan. 20, 2006 – Alpha Networks Inc. (Taiwan: 3380.TW) held an investor conference today to discuss results for the quarter ending December 31, 2005, in which revenue reached NT\$5,095 million, net income was NT\$283 million, and earnings per share after tax was NT\$1.16.

On a quarterly basis, revenue increased 2% from the previous quarter, while net income decreased 15% in the same time period. Revenue by product categories was as follows: MAN/LAN ranked No.1, accounting for 32% of 4Q/05 revenue, followed by Broadband at 27%, Wireless at 23% and VoIP at 11%. Viewed by business unit, D-Link accounted for 42% of revenues in 4Q, Japan 23%, China 13%, and Europe and North America combined for 21%.

Total revenue of 2005 reached NT\$177.17 million, net income was NT\$1,022 million, and earnings per share after tax was NT\$3.61. Revenue by product categories breaks down as follows: Broadband ranked No.1, accounting for 33% of 2005 revenue, followed by MAN/LAN at 31%, Wireless at 21%, and VoIP at 10%. By business unit, D-Link captured 42%, Japan 21%, China 16%, and Europe and North America totaled 18%.

According to Alpha Networks' CEO John Lee, many new applications of networking technologies will drive the market, such as the replacement demand of Gigabit switches, broadband solutions for GEAPON plus VDSL, 802.11n and WiMax for wireless, and high demand for IP Set-Top Boxes and Digital Media Players driven by IPTV market growth. According to President Wonder Wang, Alpha's impressive revenue and profit performance in 2005 exceed competitors' performance in both categories. For 2006, it is expected 15%~25% of revenue growth.

Alpha Networks Inc. 2005 Fourth Quarter Results: (Unit: NT\$ million)

	2005 Q4	2005 Q3	QoQ Change %	2004 Q4	QoQ Change %
Net Sales	5,095	4,981	2%	3,442	48%
Gross Profit	979	897	9%	624	57%
Operating Income	471	458	3%	228	107%
Income before Tax	395	461	-14%	144	189%
Net Income	328	387	-15%	134	145%
EPS (NT\$)	1.16	1.37	-15%	0.55	111%

*2005 figures are non-auditing

Alpha Networks Inc. 2005 Results: (Unit: NT\$ million)

	2005	2004	YoY Change %
Net Sales	17,717	13,982	27%
Gross Profit	3,108	2,544	22%
Operating Income	1,355	997	36%
Income before Tax	1,226	777	58%
Net Income	1,022	705	45%
EPS (NT\$)	3.61	2.87	26%

*2005 figures are non-auditing

Alpha Networks Inc.

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