



News Release

Alpha Networks Inc. 2005 Second Quarter Report

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Hsinchu, Taiwan, July 28, 2005 – Alpha Networks Inc. (Taiwan: 3380.TW) held an investor conference today to discuss results for the quarter ending June 30, 2005, in which revenue reached NT\$3,962 million, net income was NT\$183 million, and earnings per share was NT\$0.74.

On a quarterly basis, revenue increased 8% from the previous quarter, while net income rose 49% in the same time period. The main reasons cited for net profit growth are better inventory management and lower non-operating costs. Revenue by product categories was as follows: Broadband ranked No.1, accounting for 33% of 2Q/05 revenue, followed by MAN/LAN at 29%, Wireless at 21% and VoIP at 12%. Viewed by business unit, D-Link accounted for 46% of revenues in 2Q, Japan 22%, China 12%, and Europe and North America combined for 16%.

Total revenue in the first half of 2005 reached NT\$7,640 million, net income was NT\$307 million, and earnings per share was NT\$1.23. Revenue by product categories breaks down as follows: Broadband ranked No.1, accounting for 36% of 1H/05 revenue, followed by MAN/LAN at 29%, Wireless at 19%, and VoIP at 10%. By business unit, D-Link captured 42%, Japan 20%, China 16%, and Europe and North America totaled 17%.

According to Alpha Networks' President Wonder Wang, 3Q/05 revenue will be equal to that of the 2Q. Overall, revenue in the 2nd half of 2005 is expected to grow. The company will make every effort to maintain the gross margin level in the face of market competition and declining product prices.

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

	2005 Q2	2005 Q1	QoQ Change %
Net Sales	3,962	3,679	8%
Gross Profit	642	595	0%
Operating Income	230	202	14%
Income before Tax	220	150	47%
Net Income	183	123	49%
EPS (NT\$)	0.74	0.49	50%

*2005 figures are non-auditing

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

	2005 1H	2004 1H	YoY Change %
Net Sales	7,640	7,054	8%
Gross Profit	1,231	1,237	0%
Operating Income	427	476	-10%
Income before Tax	369	407	-9%
Net Income	307	366	-16%
EPS (NT\$)	1.23	1.52	-19%

*2005 figures are non-auditing

Alpha Networks Inc.

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