



# News Release

## Alpha Networks Inc. 2005 First Quarter Report

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Hsinchu, Taiwan, April 27, 2005 – Alpha Networks Inc. (Taiwan: 3380.TW) today held an investor conference to discuss results for the quarter ended March 31, 2005, where revenue reached NT\$3,679 million, net income was NT\$123 million and earnings per share was NT\$0.49.

On a sequential basis, net sales increased 7 % while net income decreased 8 %. Compared with the first quarter of 2004, when net sales grew 17 %, and net income decreased 27 %. The main reasons cited for gross margin decline are a change of product mix and less favorable currency exchange rates.

Revenue by product categories: Broadband ranked No.1, accounting for 48% of 1Q/05 revenue, followed by MAN/LAN 29% and Wireless 17%. By region: D-Link was 38% in 1Q, Japan was 19%, China was 22%, and Europe and North America was 18%.

According to Alpha Networks' President Wonder Wang, net sales of 2Q/05 are expected to grow compared with 1Q. Business goals for 2005 are to upgrade product lines, expand the customer base and increase market share.

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

	2005 Q1	2004 Q4	QoQ Change %	2004 Q1	YoY Change %
Net Sales	3,679	3,442	7%	3,139	17%
Gross Profit	595	624	-5%	553	8%
Operating Income	202	228	-11%	216	-6%
Income before Tax	150	144	-4%	185	-19%
Net Income	123	134	-8%	168	-27%
EPS (NT\$)	0.49	0.55	-11%	0.72	-32%

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