Corporate Profile

April, 2007
AVerMedia Overview

Founded in 1990, Specializing in Designing, Manufacturing and Marketing of Multimedia Entertainment, Presentation and Digital Surveillance Products.

- Annual Turnover (2006) : US$ 104.9 Million
- Consecutive profitable years : 16 years
- Consecutive profitable quarters : 64 quarters
- Employees (AVerMedia Group) : 917
- Branding / ODM with premium value : 70% / 30%

Updated on Mar. 2007
Based on the evaluation by the 2006 Taiwan Superior Brand committee, the company is awarded for its outstanding performance and innovation in research and development, product quality, branding strategy, and branding achievement.
Global Marketing & Service Network

Subsidiaries and Global Network of Distributors, System Integrators, VARs, and ODMs Over 75 Countries
<table>
<thead>
<tr>
<th></th>
<th>2006 ☆</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>104,932</td>
<td>90,191</td>
<td>87,452</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>(58,184)</td>
<td>(49,806)</td>
<td>(49,705)</td>
</tr>
<tr>
<td><strong>GP</strong></td>
<td>46,748</td>
<td>40,385</td>
<td>37,748</td>
</tr>
<tr>
<td><strong>Operating Expense</strong></td>
<td>(30,415)</td>
<td>(26,769)</td>
<td>(23,607)</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>16,333</td>
<td>13,616</td>
<td>14,141</td>
</tr>
<tr>
<td><strong>Net Non-op Items</strong></td>
<td>233</td>
<td>43</td>
<td>513</td>
</tr>
<tr>
<td><strong>Income before Tax</strong></td>
<td>16,566</td>
<td>13,659</td>
<td>14,654</td>
</tr>
<tr>
<td><strong>Income Tax</strong></td>
<td>651</td>
<td>1,137</td>
<td>(205)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>17,217</td>
<td>14,796</td>
<td>14,449</td>
</tr>
<tr>
<td><strong>Fully Diluted EPS(NT$)</strong></td>
<td>3.03</td>
<td>3.00</td>
<td>3.06 ☆</td>
</tr>
</tbody>
</table>

Sales Grew

 EPS Grew

☆Y2006’s results are before CPA’s audit

※Y2004 EPS are converted to “Fully Diluted”
## Balance sheet highlights

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Equivalent</td>
<td>54,601</td>
<td>61,354</td>
<td>51,623</td>
</tr>
<tr>
<td></td>
<td>41 %</td>
<td>49 %</td>
<td>48 %</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>16,920</td>
<td>14,757</td>
<td>9,776</td>
</tr>
<tr>
<td></td>
<td>13 %</td>
<td>12 %</td>
<td>9 %</td>
</tr>
<tr>
<td>Inventory</td>
<td>13,573</td>
<td>10,867</td>
<td>8,601</td>
</tr>
<tr>
<td></td>
<td>10 %</td>
<td>9 %</td>
<td>8 %</td>
</tr>
<tr>
<td>L-T Investment</td>
<td>3,430</td>
<td>5,277</td>
<td>5,408</td>
</tr>
<tr>
<td></td>
<td>3 %</td>
<td>4 %</td>
<td>5 %</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>28,434</td>
<td>20,695</td>
<td>20,586</td>
</tr>
<tr>
<td></td>
<td>21 %</td>
<td>17 %</td>
<td>19 %</td>
</tr>
<tr>
<td>Total Assets</td>
<td>133,979</td>
<td>124,705</td>
<td>107,759</td>
</tr>
<tr>
<td></td>
<td>100 %</td>
<td>100 %</td>
<td>100 %</td>
</tr>
<tr>
<td>Liabilities</td>
<td>34,788</td>
<td>36,765</td>
<td>43,827</td>
</tr>
<tr>
<td></td>
<td>26 %</td>
<td>29 %</td>
<td>41 %</td>
</tr>
<tr>
<td>Equities</td>
<td>99,192</td>
<td>87,940</td>
<td>63,932</td>
</tr>
<tr>
<td></td>
<td>74 %</td>
<td>71 %</td>
<td>59 %</td>
</tr>
</tbody>
</table>

Full consolidated base
<table>
<thead>
<tr>
<th>Key Financial Indicators</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>22.60 %</td>
<td>16.82 %</td>
<td>17.24 %</td>
</tr>
<tr>
<td>ROA</td>
<td>14.65 %</td>
<td>11.86 %</td>
<td>12.93 %</td>
</tr>
<tr>
<td>AR Turnover</td>
<td>42 days</td>
<td>60 days</td>
<td>57 days</td>
</tr>
<tr>
<td>Inventory Turnover</td>
<td>74 days</td>
<td>79 days</td>
<td>86 days</td>
</tr>
<tr>
<td>Debt ratio</td>
<td>40.67 %</td>
<td>29.48 %</td>
<td>25.96 %</td>
</tr>
</tbody>
</table>
Breakdown of ROE

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit / Sales</td>
<td>13.81 %</td>
<td>13.97 %</td>
<td>16.52 %</td>
<td>16.40 %</td>
<td>16.29 %</td>
</tr>
<tr>
<td>Sales / Assets</td>
<td>72.52 %</td>
<td>90.49 %</td>
<td>88.66 %</td>
<td>72.32 %</td>
<td>79.37 %</td>
</tr>
<tr>
<td>Assets / Net Equity</td>
<td>126.92 %</td>
<td>141.67 %</td>
<td>154.29 %</td>
<td>141.81 %</td>
<td>133.35 %</td>
</tr>
<tr>
<td>ROE = Profit / Net Equity</td>
<td>12.71 %</td>
<td>17.91 %</td>
<td>22.60 %</td>
<td>16.82 %</td>
<td>17.24 %</td>
</tr>
</tbody>
</table>
Revenue evolution

CAGR : 21.73%

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>47,788</td>
<td>74,200</td>
<td>87,452</td>
<td>90,191</td>
<td>104,932</td>
</tr>
</tbody>
</table>

Compound Annual Growth Rate : 21.73 %
R&D Expenditures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D Expenditures</td>
<td>4,487</td>
<td>6,392</td>
<td>8,448</td>
<td>10,310</td>
<td>9,903</td>
</tr>
</tbody>
</table>

Compound Annual Growth Rate : 21.89%
<table>
<thead>
<tr>
<th>Amount : US$ k</th>
<th>2007 1-Q [CPA-Draft]</th>
<th>2006 1-Q</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>26,496</td>
<td>21,444</td>
<td>24 %</td>
</tr>
<tr>
<td>COGS</td>
<td>(16,229)</td>
<td>(13,265)</td>
<td>22 %</td>
</tr>
<tr>
<td>GP</td>
<td>10,267</td>
<td>8,179</td>
<td>26 %</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(5,043)</td>
<td>(4,797)</td>
<td>5 %</td>
</tr>
<tr>
<td>Operating Income</td>
<td>4,415</td>
<td>3,382</td>
<td>31 %</td>
</tr>
<tr>
<td>Net Non-op Items</td>
<td>38</td>
<td>(230)</td>
<td></td>
</tr>
<tr>
<td>Income before Tax</td>
<td>4,453</td>
<td>3,152</td>
<td>41 %</td>
</tr>
<tr>
<td>Income Tax</td>
<td>613</td>
<td>394</td>
<td>2 %</td>
</tr>
<tr>
<td>Net Income</td>
<td>5,066</td>
<td>3,546</td>
<td>43 %</td>
</tr>
<tr>
<td>Fully Diluted EPS(NT$)</td>
<td>0.88</td>
<td>0.62</td>
<td>43 %</td>
</tr>
</tbody>
</table>
### 2005~07-1Q Quarterly Revenue/Profit

#### Revenue and Net Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>21,219</td>
<td>17,146</td>
<td>22,140</td>
<td>29,686</td>
<td>21,444</td>
<td>23,660</td>
<td>29,111</td>
<td>26,355</td>
<td>26,496</td>
</tr>
<tr>
<td>2006</td>
<td>21,219</td>
<td>17,146</td>
<td>22,140</td>
<td>29,686</td>
<td>21,444</td>
<td>23,660</td>
<td>29,111</td>
<td>26,355</td>
<td>26,496</td>
</tr>
<tr>
<td>2007</td>
<td>21,219</td>
<td>17,146</td>
<td>22,140</td>
<td>29,686</td>
<td>21,444</td>
<td>23,660</td>
<td>29,111</td>
<td>26,355</td>
<td>26,496</td>
</tr>
</tbody>
</table>

**Table Notes:**
- **Amount**: US$ k
- **Revenue** and **Net Income**

**Diagram Notes:**
- 2005~07-1Q Quarterly Revenue/Profit
- X-axis: Quarter (Q1, Q2, Q3, Q4)
- Y-axis: Amount (US$ k)
- **Revenue** and **Net Income** represented by different markers
### Dividends distribution

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash</th>
<th>Stock Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2.00</td>
<td>0.365 15 %</td>
<td>2.365</td>
</tr>
<tr>
<td>2005</td>
<td>1.37</td>
<td>1.00 42 %</td>
<td>2.37</td>
</tr>
<tr>
<td>2004</td>
<td>1.57</td>
<td>1.26 45 %</td>
<td>2.83</td>
</tr>
<tr>
<td>2003</td>
<td>1.52</td>
<td>1.01 40 %</td>
<td>2.53</td>
</tr>
<tr>
<td>2002</td>
<td>0.79</td>
<td>0.99 56 %</td>
<td>1.78</td>
</tr>
<tr>
<td>2001</td>
<td>0.51</td>
<td>0.51 50 %</td>
<td>1.02</td>
</tr>
</tbody>
</table>
**Product Portfolio**

**Multimedia Product**
- Watch TV on NB solution
- Analog TV Tuner
- Hybrid TV Tuner
- Digital TV Tuner
- Digital Home Solution (ViiV, MCE & Vista)
- External TV Tuner Box

**Presentation Product**
- Document Camera

**Network Video Product**
- Digital Video Surveillance
External marketing trend

- Multimedia Products
  - Strong demand in Notebook PCs: annual demand of 75 million sets (less than 5% of attachment rate of TV Tuner in Notebook PCs)

---

**Graph:**

- **NB:** 59,381, 74,724, 90,674, 108,655, 127,161, 145,852
- **DT:** 136,080, 141,301, 150,810, 160,607, 169,137, 177,089
- **NB YoY:** 25.8%, 21.3%, 19.8%, 17.0%, 14.7%
- **DT YoY:** 3.8%, 6.7%, 6.5%, 5.3%, 4.7%

**Source:** IDC, 永豐金控研究總處整理，Dec. 2006
# Notebook demands

## Business (企業)

- **Mobile Workstation**
  - z-ht: 1.3-1.8 in
  - screen: 15W-17 in
  - wt: 6 lbs+

- **Thin and Light**
  - z-ht: 1.0 - 1.4 in
  - screen: 14.1W - 15.0 in
  - wt: 4 - 6 lbs

- **Mini-Note**
  - z-ht: 0.8 - 1.1 in
  - screen: 10.0 in
  - wt: 2.4lb or less

- **Small Form Factor**
  - z-ht: 0.8 - 1.1 in
  - screen: <10
  - wt: 1 - 3 lbs

**2005->2006**

- Mobile Workstation: 64% → 63%
- Thin and Light: 75% → 76%
- Mini-Note: 8% → 11%
- Small Form Factor: 1% → 1%

## Home (個人)

- **Mobile Entertainment**
  - z-ht: 1.7 - 1.8 in
  - screen: 17W - 20 in
  - wt: 7.5 lbs+

- **Thin and Light**
  - z-ht: 1.0 - 1.4 in
  - screen: 14.1W - 15.0 in
  - wt: 4 - 6 lbs

- **Mini-Note**
  - z-ht: 0.8 - 1.1 in
  - screen: 12
  - wt: 2.4lb or less

- **Small Form Factor**
  - z-ht: 0.8 - 1.1 in
  - screen: <10.1
  - wt: 1 - 3 lbs

**2005->2006**

- Mobile Entertainment: 3% → 8%
- Thin and Light: 92% → 84%
- Mini-Note: 4% → 7%
- Small Form Factor: 1% → 1%
MiniPCI TV Tuner card for NB
Sony Notebook TV inside

VGN-AR21M

Powerful and versatile: the ideal desktop replacement for all your needs

- Overview
- Technical specifications
- View in 3D
- Photo gallery
- Buy at Sony Style

£1,199.01 at Sony Style

Similar products  VGN-AR21S

Technical specification summary

- CPU Section
  - Microprocessor Full Name: Intel® Core™2 Duo Processor T5600, Supports Enhanced Intel® SpeedStep® Technology

- Operating System

Find a dealer
Sony Desktop TV inside

RB Series - Home

LS1 Series - Home
TV Set Free

Catch Your Favorite TV Shows on ASUS W1, W2 and A7 Mobile TV Notebook Series

With built-in DVB-T (Digital Video Broadcasting Terrestrial) feature, wireless TV broadcast is possible right out of the notebook. You will never find yourself stranded in a meeting or trapped in the traffic wondering about the score! Tune in whenever and wherever.

http://event.asus.com/2006/nb/fullline/mobiletv/eng/
acer Aspire TV Inside

Aspire 9520

Aspire 9800/9810

Aspire 5650/5670

Aspire 9120
Analog TV Tuner / PVR

- Watch, Record & Enjoy TV / Video on PC

- Desktop PC Solution
- Notebook PC Solution

AVerTV PVR PCI
H/W MPEG II, TV Tuner Card

AVerTV Studio
High-Quality TV Tuner Card

AVerTV CardBus
Notebook TV Tuner

AVerTV USB2.0
USB2.0 TV Tuner
Emerging digital TV broadcasting in the forthcoming years.

<table>
<thead>
<tr>
<th>Area</th>
<th>Digital TV Broadcasting Standard</th>
<th>Deadline of Analog TV Terminated</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>ATSC</td>
<td>Open Cable</td>
</tr>
<tr>
<td>Europe</td>
<td>DVB-T</td>
<td>DVB-C</td>
</tr>
<tr>
<td>Japan</td>
<td>ISDB-T</td>
<td>DVB-C</td>
</tr>
<tr>
<td>Taiwan</td>
<td>DVB-T</td>
<td>DVB-C</td>
</tr>
</tbody>
</table>
Hybrid TV Tuner Card

- Watch Digital Terrestrial and Analog TV on PC

- Analog TV
- DVB-T
- VCD\DVD Player
- MiniPCI Solution
- EXPRESS Card Solution
- CardBus Solution
- PCI Solution
• Microsoft will launch Windows Vista at the beginning of 2007.
• Most significantly, Windows Vista includes all of the Windows Media Center capabilities for turning your PC into an all-in-one home entertainment center. Windows Media Center in Windows Vista provides new ways for you to enjoy your music, photos, DVD movies, and record and watch your favorite TV shows (even HDTV).
<table>
<thead>
<tr>
<th>Vista Version</th>
<th>Price</th>
<th>TV Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windows Vista Business</td>
<td>$ 299 (199)</td>
<td>X</td>
</tr>
<tr>
<td>Windows Vista Enterprise</td>
<td>not available for retail</td>
<td>X</td>
</tr>
<tr>
<td>Windows Vista Home Premium</td>
<td>$ 239 (159)</td>
<td>V</td>
</tr>
<tr>
<td>Windows Vista Home Basic</td>
<td>$ 199 (99)</td>
<td>X</td>
</tr>
<tr>
<td>Windows Vista Ultimate</td>
<td>$ 399 (259)</td>
<td>V</td>
</tr>
</tbody>
</table>
AVerMedia DVB-H solutions provide superior receiving ability and allow users to watch DVB-H programs whether they are indoor, outdoor or even on the move.

South of Taiwan is start to broadcast trial stage AVerMedia DVB-H solution is
External TV Tuner BOX

- Watch Digital Terrestrial TV on PC Monitor/TV
  - AVerTV DVB-T STB5
  - Digital Terrestrial TV Set-top-Box

- Watch Analog TV / Video on PC Monitor
Portable Document Camera

- Display 3D Objects or Documents on Projector / Monitor / TV

AVerVision530
Digital Platform DocCam
w/ Optical Zoom, Smart Focus

AVerVision110
Gooseneck DocCam

AVerVision300i
Digital Portable DocCam

AVerVision330
Digital Portable DocCam
w/ Optical Zoom, Smart Focus
Top 10 wish list as selected by Americans in education field

1. The Multimedia Classroom

1.1 LCD projectors, interactive whiteboards, document cameras, and other display technologies are beginning to change the face of today's classrooms.

1.2 The Classroom as a Learning Environment

1.3 The Classroom as a Learning Environment

2. Technical Support

3. Professional Development

4. Student Engagement

5. Assessment and Feedback

6. Resource Sharing

7. Corraling Digital Native

8. 24/7 Wireless Access

9. Integrating Games into the Classroom

10. Making the Case for Technology

With a strong message, the right design, and the right technology, your technology plan may come true.
The AVerDiGi Central Monitoring System Software (CM3000) enables users to access and monitor multiple DVRs simultaneously for a wide range of applications. Features include: instant notification on DVR latest status or events, supports remote PTZ and I/O control for alarm events, up to quad monitor outputs, full remote DVR control, etc.
Network Video Surveillance

NV Series

MP Series

Eyes Pro Series

Windows PVRs

- AVerDiGi SA6416/SA6216
  - Hybrid Standalone DVR
  - 16-CHANNEL REAL TIME DIGITAL VIDEO RECORDER

- AVerDiGi EB1504 MPEG4
  - Embedded Standalone DVR with audio
  - ADVANCED REAL TIME MPEG4 DIGITAL VIDEO RECORDER

Standalone PVRs

EB 1304 Series

36
Internal organization capability

Multimedia Product

• Culture
• Technology
• Brand

Presentation Product

Network Video Product

Growth Drivers
Culture

• Core Value
  – Down-to-Earth
  – Value Creation
  – Self- Devotion
  – Service to Society

• Humanity- Self Awareness / Transcendence / Honesty & Integrity
– Video conversion between analog and digital
– Leading technology for TV tuners in the field of Notebook PCs
– Patents: 77 of patents being granted, 234 of patents application in the process
– Product awards
• MultiMedia products: Brand premium in certain geographical areas, like Spain, Russia and East Europe etc.

• DoCam: Distinguished as one of the first movers with strong presence in K12.

• Education market in the U.S. with brand recognition inherited from the glamour of previous product lines.
• No statistic data investigating the market size of DocCam.
  
  – **Market of Projectors**: 30% of projectors will go to institutions every year, considering the sales data of projectors from 2004 to 2006, it will be around 1M to 1.3M units a year as its potential market size.
  
  – **Number of schools**: the maximum market size can be derived from number of schools. Take USA as an example, there are 90,792 K-12 schools in the US with about 48 millions students. If we assume each school has 20 classrooms and each classroom shall install one DocCam, the potential market is 1.8 M units in total.
ISO 14001 Environment Management System
- Lead – Free Process (by the end of 2006)
ISO9001: 2000 Version Quality System
OHSAS:18001
Passed the Quality System Audit by first tier companies.