AVerMedia Corporate Profile

May, 2009

By

Moses Lee

AVerMedia Group Overview

Founded in 1990, Specializing in Designing, Manufacturing and Marketing of Multimedia Entertainment(MPD), Presentation(PPD) and Digital Surveillance Products(NVD).

- **Annual Turnover (2008) : US$ 148.1 Million**
- **Consecutive profitable years : 18 years Plus**
- **Employees (AVerMedia Group) : 1183**
- **RD Engineers (AVerMedia Group) : 371**
- **Branding / ODM : 70% / 30%**

AVerMedia Group includes AVerMedia Technologies Inc., AVerMedia Information Inc., and all of the oversea affiliates.

Updated on May. 2009

Exchange Rate: 1:33 (US$:NT$)

2009 CES Best of Innovations Award & two CES 2009 Innovations Design & Engineering Awards

- EB1704HB WiFi-4 security system entered the top echelon of cutting-edge products as a recipient of a CES 2009 Innovations, Design and Engineering Award in the Integrated Home Systems category. Not only was this system selected as a 2009 Innovations honoree, but was also recognized as a 2009 Best of Innovations product!
- AVerTV Hybrid TVBox 11 and AVerTV Hybrid PocketExpress were both selected as CES 2009 Innovations Design and Engineering Award Winners in the Video Accessories category.

2008 Outstanding I.T. Applications Product Award & 2009 iF Product Design Award

product design award 2009

AVerVision CP300's achievements now inclusive of the 2008 Outstanding I.T. Applications Product Award and 2009 iF Product Design Award. AVerVision CP300 was chosen as one of the innovative products from the large pool of entries to receive this prestigious award, reinforcing its success in integrating cutting-edge electronics, optics, and mechanical technologies.

2008 Taiwan Excellence Gold Award

AVerMedia won the recognition of Taiwan Excellence Gold Awards with the new **AVerVision SPB350** simplicity yet rich functionalities and user-friendly operation.

Best Choice of COMPUTEX TAIPEI 2008

AVerTV Volar GPS805 is the world's first DVB-T USB dongle receiver with integrated GPS capability

Best Choice of COMPUTEX TAIPEI 2008 Award revealed the award list on June 3,2008. According to the jury, because the categories are more complete and more closely in touch with the newest industry trend, the Best Choice this year can better illustrate the creativity, technical skills and specialty of the product itself……

2008 CES Innovations Design & Engineering Award

AVerTV Hybrid NanoExpress

AVerTV Hybrid Volar MAX

AVerTV Hybrid Volar MAX and AVerTV Hybrid NanoExpress were both selected as CES 2008 Innovations Design and Engineering Award Winner in the Video Accessories category. Each year, CES Innovations award winning products have been served as benchmark for the latest and most advanced in consumer technologies, showcasing the latest design and engineering innovations.

2009	2008	2007	Medium-Sized Enterprises
1	1	1	Sinyi Realty Inc.
2	2	2	Everlight Chemical Industrial
3	3	4	Hiwin Technologies
4	-	-	ZyXEL Communications Corp.
5	10	-	PLANET Technology Corporation.
6	-	-	Phoenix Precision Technology Corporation
7	4	24	Advantech Co.
8	5	10	AVerMedia Technologies
9	-	-	ATEN International Co., Ltd.
10	8	-	Makalot Industrial

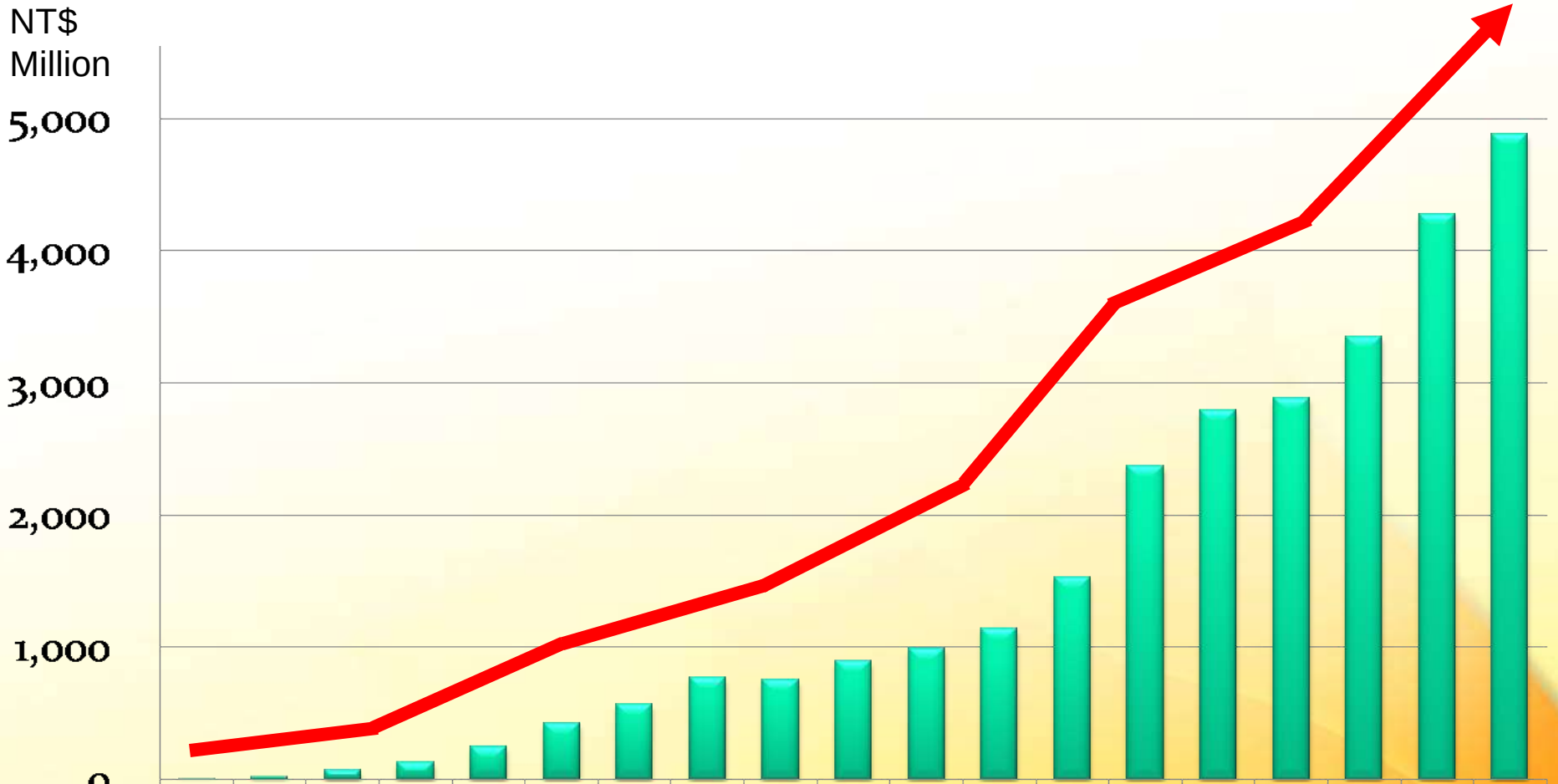
AVerMedia is ranked Taiwan's Top 50 Corporate Citizens for three years by *CommonWealth* Magazine.

Global Marketing & Service Network

Subsidiaries and Global Network of Distributors, System Integrators, VARs, and ODMs Over 75 Countries

New Factory of AVerMedia

Revenue (1990-2008)



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Sales Revenue	3.75	23.41	78.24	138.0	252.3	425.3	568.7	770.1	760.7	902.1	993.2	1,144	1,529	2,374	2,798	2,886	3,352	4,276	4,886

consolidated

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2009- Q1 Financial Results

Amount : US$ k	2009-Q1		2008-Q1		YoY %
Net Sales	36,103	100 %	31,267	100 %	15 %
COGS	(18,567)	(51)%	(16,148)	(52)%	15 %
GP	17,536	49 %	15,118	48 %	16 %
Operating Expense	(12,090)	(33)%	(11,230)	(36)%	8 %
Operating Income	5,445	15 %	3,888	12 %	40 %
Net Non-op Items	511	1 %	(876)	(3)%	158 %
Income before Tax	5,956	16 %	3,012	10 %	98 %
Income Tax Exp. (Ben.)	221	1 %	(519)	(2)%	
Minority Interest	388		0		
Net Income	5,347	15 %	3,531	11 %	51 %
EPS(NT$)	0.79		0.51		54 %

2008- Annual Financial Results

Amount : US$ k	2008		2007		YoY %
Net Sales	154,253	100 %	133,649	100 %	15 %
COGS	(83,300)	(54)%	(71,121)	(53)%	17 %
GP	70,953	46 %	62,528	47 %	13 %
Operating Expense	(47,578)	(31)%	(35,375)	(26)%	34 %
Operating Income	23,376	15 %	27,153	20 %	(14)%
Net Non-op Items	2,666	2 %	1,645	1 %	
Income before Tax	26,041	17 %	28,799	22 %	(10)%
Income Tax Exp. (Ben.)	2,877	2 %	(434)	(0)%	
Net Income	23,164	15 %	29,384	22 %	(21)%
EPS(NT$)	3.40		4.77		(29)%
Pre-Tax Net Income before [a. Ex-rate loss; b. Staffs' bonus and remuneration to the Board members c. Retirement fund paid-up]	31,345	20 %	28,299	21 %	11 %

3 yrs Income Statement

Performance Comparison of 2008 to that of 2007 & 2006

Amount : US$ k	2008		2007		2006	
Net Sales	154,253	100 %	133,649	100 %	104,773	100 %
COGS	(83,300)	(53)%	(71,121)	(53)%	(58,874)	(56)%
GP	70,953	47 %	62,528	47 %	45,898	44 %
Operating Expense	(47,578)	(32)%	(35,375)	(26)%	(29,965)	(29)%
Operating Income	23,376	15 %	27,153	20 %	15,934	15 %
Net Non-op Items	2,666	2 %	1,645	1 %	1,603	2 %
Income before Tax	26,041	17 %	28,799	22 %	17,537	17 %
Income Tax	2,877	2 %	(434)	(0)%	185	0 %
Net Income	23,164	15 %	29,384	22 %	17,351	17 %
Fully Diluted EPS(NT$)	3.40		4.77		3.04	
Sales Grew	15 %		28 %		16 %	
EPS Grew	(29)%		57 %		1 %	

Balance sheet highlights

Amount : US$ k	2009-Q1		2008		2007	
Cash & Equivalent	79,346	46 %	75,340	44 %	61,680	41 %
Accounts Receivable	18,534	11 %	18,365	11 %	17,849	12 %
Inventory	15,146	9 %	14,948	9 %	20,549	14 %
Fixed Assets	40,491	23 %	40,903	24 %	29,523	20 %
Total Assets	173,400	100 %	169,835	100 %	149,713	100 %
Liabilities	41,269	24 %	43,402	26 %	29,484	20 %
Equities	132,130	76 %	126,433	74 %	120,228	80 %

Key Financial indicators

	2009-Q1	2008	2007	2006
ROE	16.19 %	18.32 %	24.31 %	17.24 %
ROA	12.33 %	13.64 %	19.53 %	12.93 %
AR Turnover	47 days	43 days	56 days	57 days
Inventory Turnover	74 days	65 days	107 days	86 days
Debt ratio	23.80 %	25.56 %	20.33 %	25.96 %

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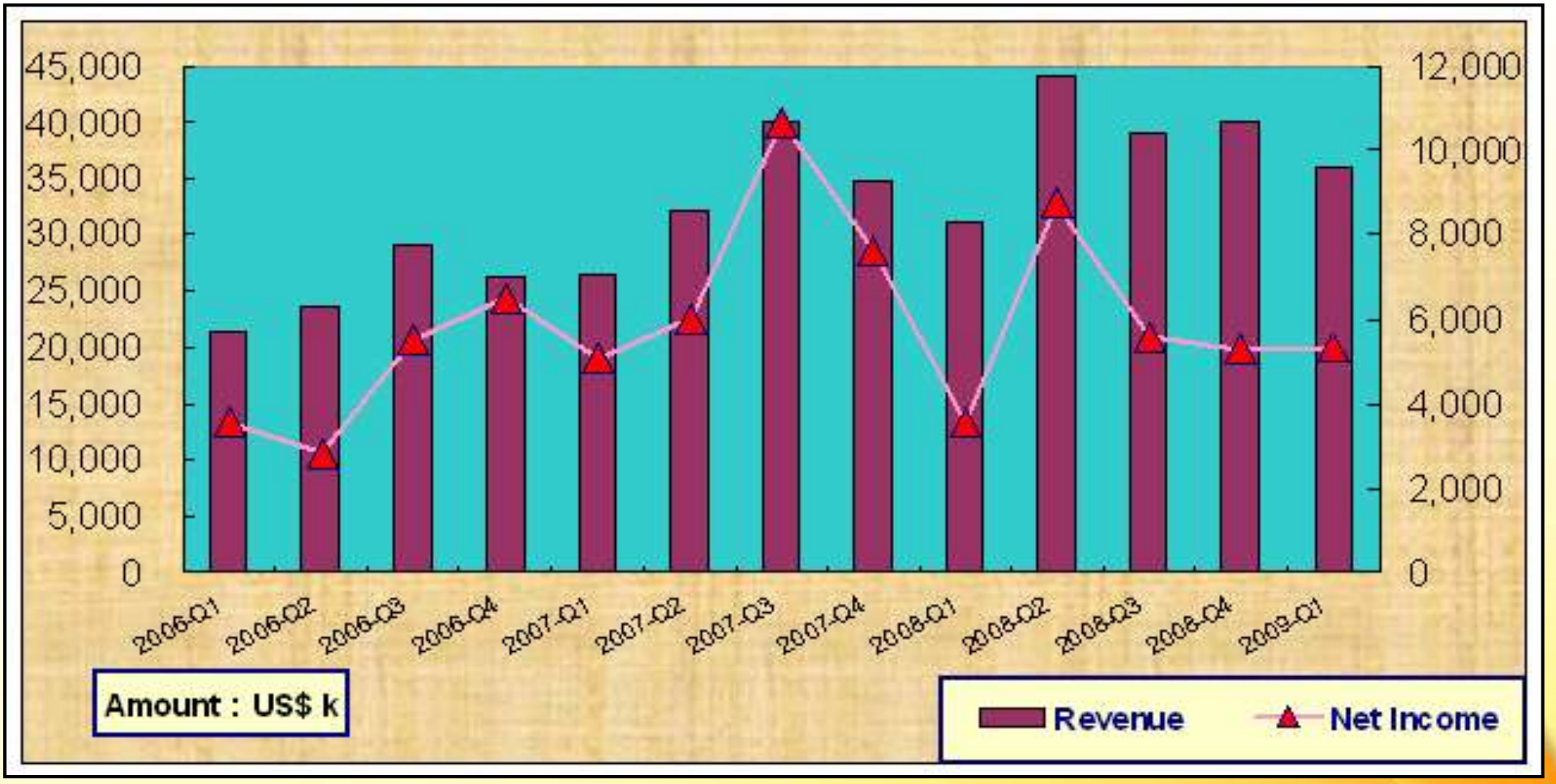
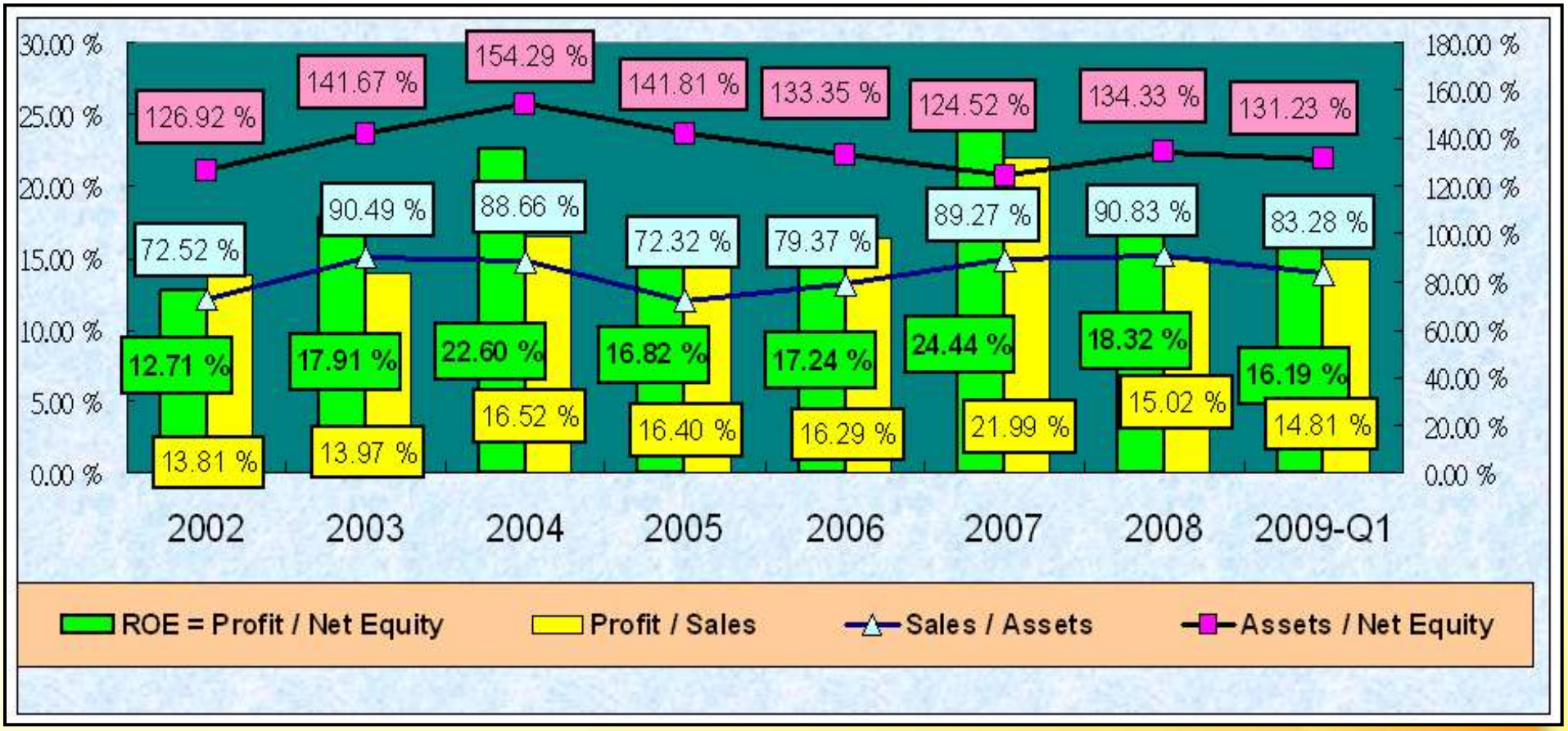
2006~09-Q1 Quarterly Revenue/Profit



Amount : US$ k	2006-Q1	2006-Q2	2006-Q3	2006-Q4	2007-Q1	2007-Q2	2007-Q3	2007-Q4	2008-Q1	2008-Q2	2008-Q3	2008-Q4	2009-Q1
Revenue	21,444	23,660	29,111	26,355	26,496	32,236	40,065	34,687	31,267	43,976	38,992	40,018	36,103
Net Income	3,546	2,826	5,500	6,516	5,064	6,041	10,660	7,619	3,531	8,754	5,599	5,280	5,347

Breakdown of ROE



	2002	2003	2004	2005	2006	2007	2008	2009-Q1
Profit / Sales	**13.81 %**	**13.97 %**	**16.52 %**	**16.40 %**	**16.29 %**	**21.99 %**	**15.02 %**	**14.81 %**
Sales / Assets	**72.52 %**	**90.49 %**	**88.66 %**	**72.32 %**	**79.37 %**	**89.27 %**	**90.83 %**	**83.28 %**
Assets / Net Equity	**126.92 %**	**141.67 %**	**154.29 %**	**141.81 %**	**133.35 %**	**124.52 %**	**134.33 %**	**131.23 %**
ROE = Profit / Net Equity	**12.71 %**	**17.91 %**	**22.60 %**	**16.82 %**	**17.24 %**	**24.44 %**	**18.32 %**	**16.19 %**

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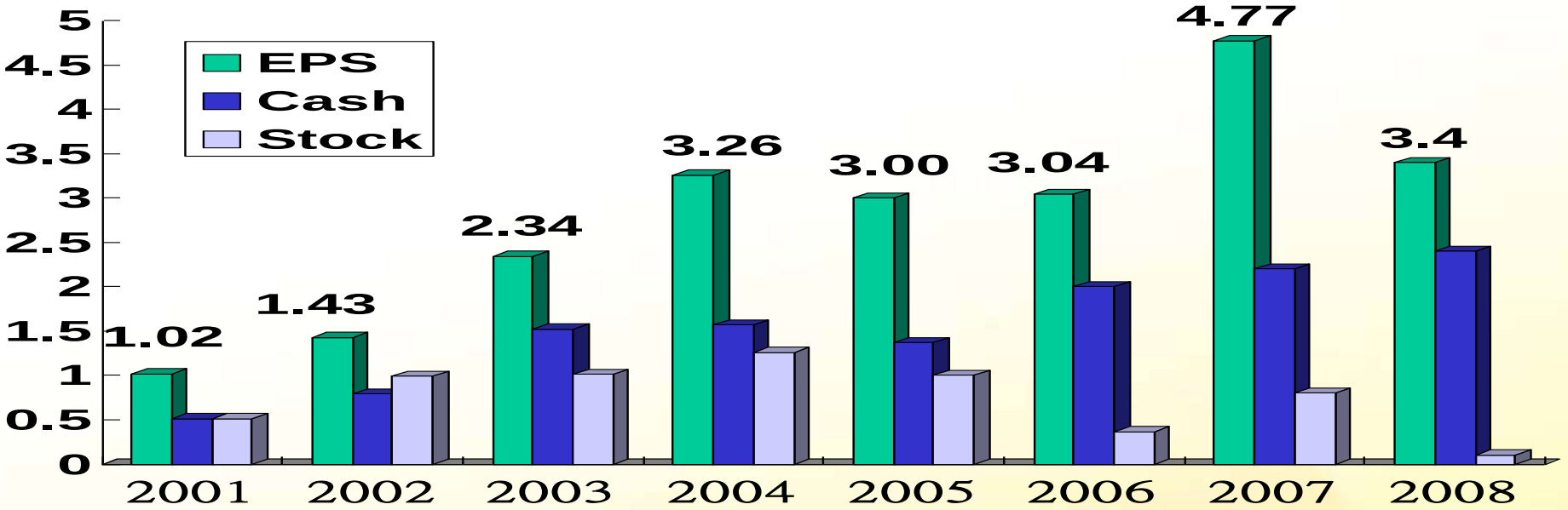
Dividends distribution



Year	Cash		Stock		Total
2008	2.40	96 %	0.10	4 %	2.50
2007	2.20	73 %	0.80	27 %	3.00
2006	2.00	85 %	0.365	15 %	2.365
2005	1.37	58 %	1.00	42 %	2.37
2004	1.57	55 %	1.26	45 %	2.83
2003	1.52	60 %	1.01	40 %	2.53
2002	0.79	44 %	0.99	56 %	1.78
2001	0.51	50 %	0.51	50 %	1.02

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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

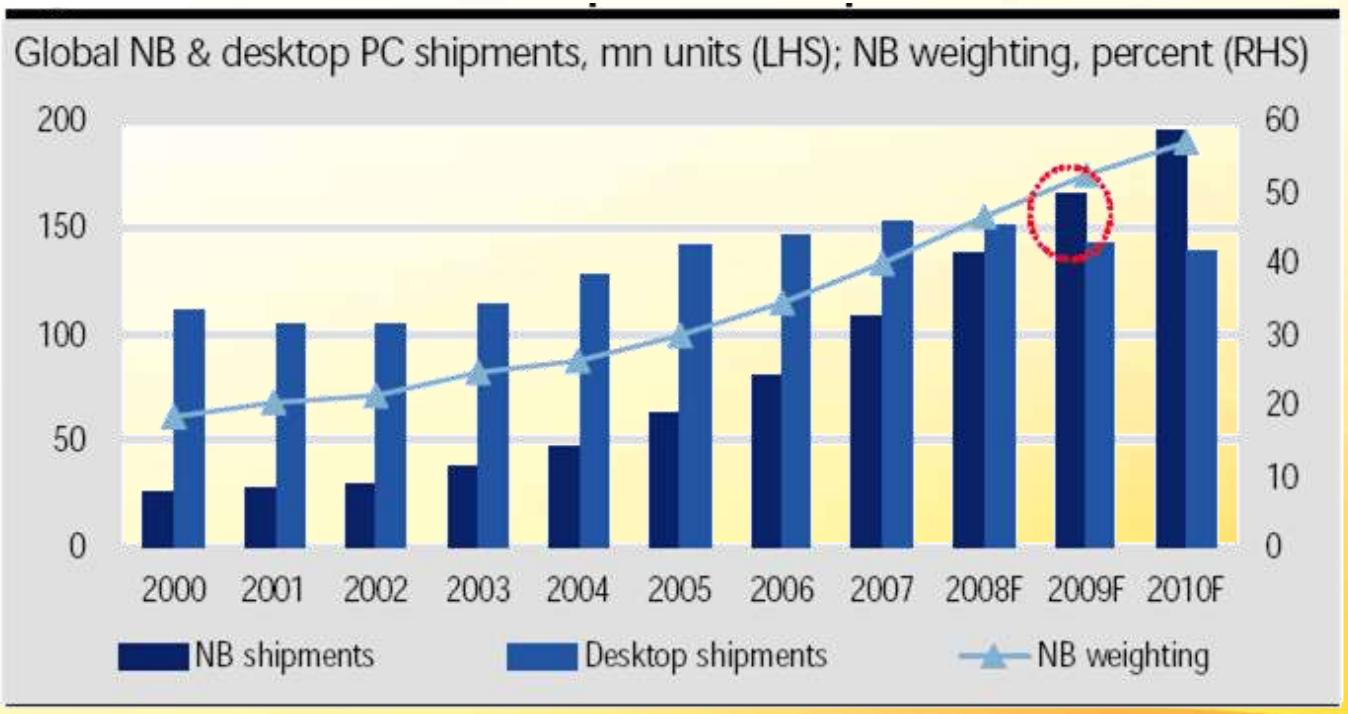
- Document Camera

Network Video Product

- Digital Video Surveillance

External marketing trend

- **Multimedia Products**
  - **Strong demand in Notebook PCs: annual demand of around 140 million sets (less than 2% of attachment rate of TV Tuner in Notebook PCs except Japan)**



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ODM solution

Hybrid Mini card

DVB-T Mini card

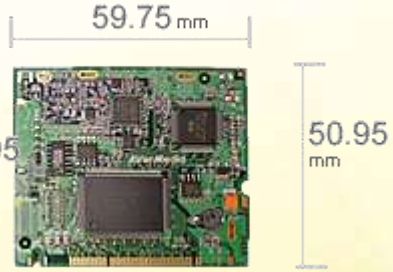
DVB-T Mini card

DVB-H SDIO

Hybrid Mini PCI

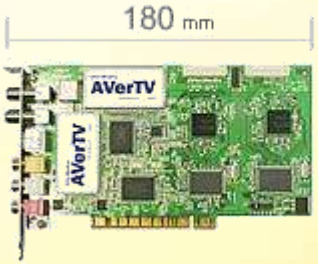
Hybrid ATSC

Analog Worldwide



Hybrid DVB-T

Hybrid DVB-T



Analog Worldwide

ATSC

Hybrid PCIe

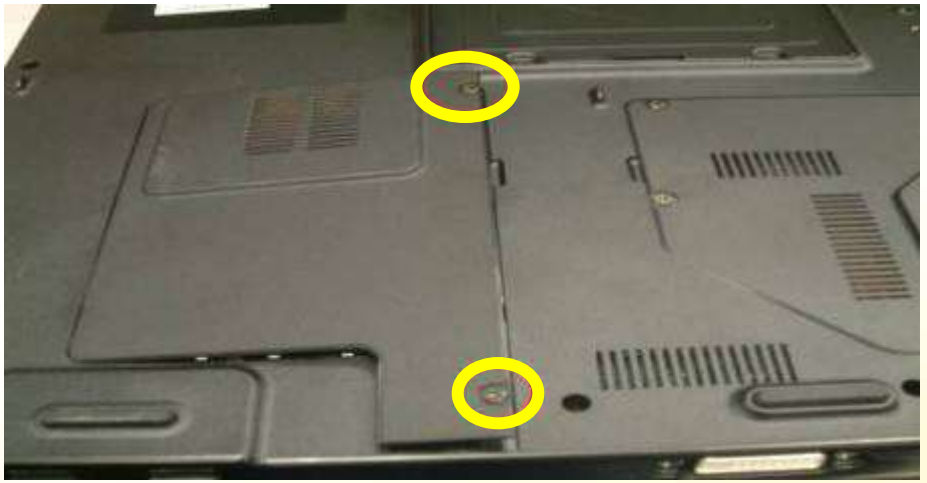
ISDB-T

ISDB-T

DMB-TH

DMB-TH

MiniPCI TV Tuner card for NB



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ODM main customers

acer

DELL™

ASUS

TOSHIBA

sony style USA

lenovo™

FUJITSU

Analog TV Tuner / PVR

- **Watch, Record & Enjoy TV / Video on PC**

- **Desktop PC Solution**
- **Notebook PC Solution**

AVerTV (Studio) 503
High-Quality TV Tuner Card

AVerMedia AVerTV PVR
TV Tuner Card, H/W compression

AVerTV Hybrid Express Slim
Express Tuner Card

AVerTV USB MCE
USB TV Tuner,
H/W compression

Hybrid TV Tuner Card

- **Watch Digital Terrestrial and Analog TV on PC**

Analog TV

DVB-T

VCD\DVD Player

USB Solution

EXPress Card Solution

CardBus Solution

PCI Solution

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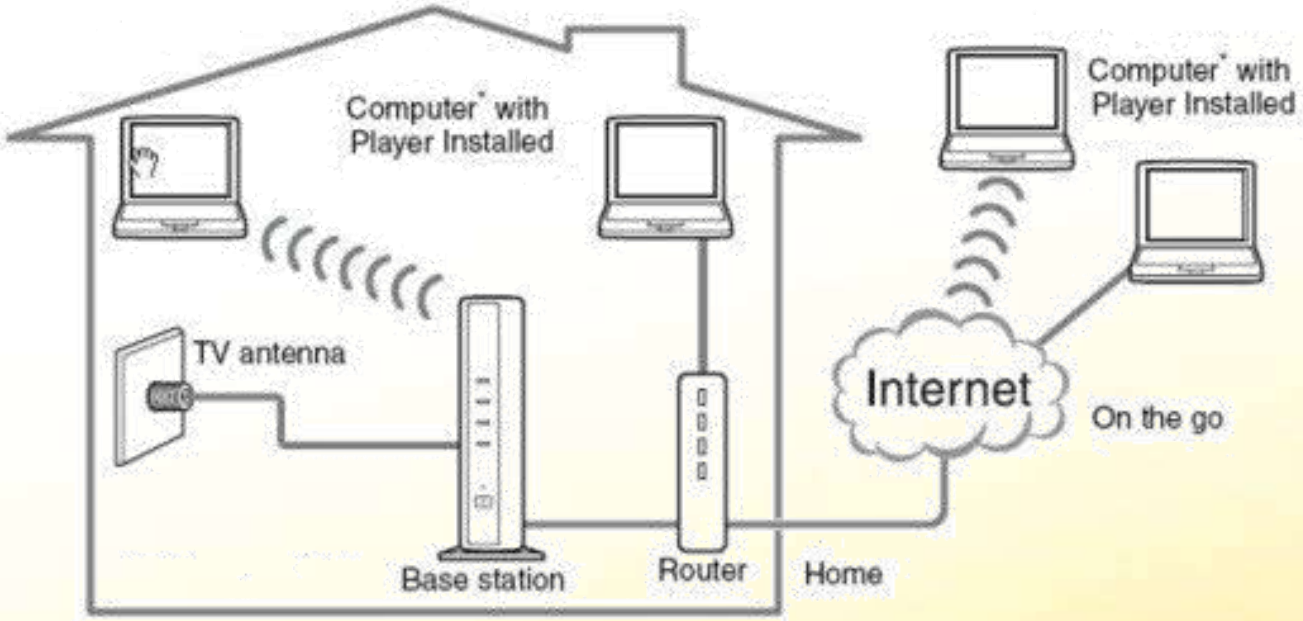
Location Service Solution



1.connecting your TV antenna or video device output to the Base Station .
2.The Base Station grabs the TV or video signal from the source.
3.The digital media process converts the signal into digital data and compresses the data using a Windows- codec.
4.Then broadcasts the stream video in real time via the PC Ethernet port.
5.You access the stream via your home network or a broadband connection using the installed player on your computer.

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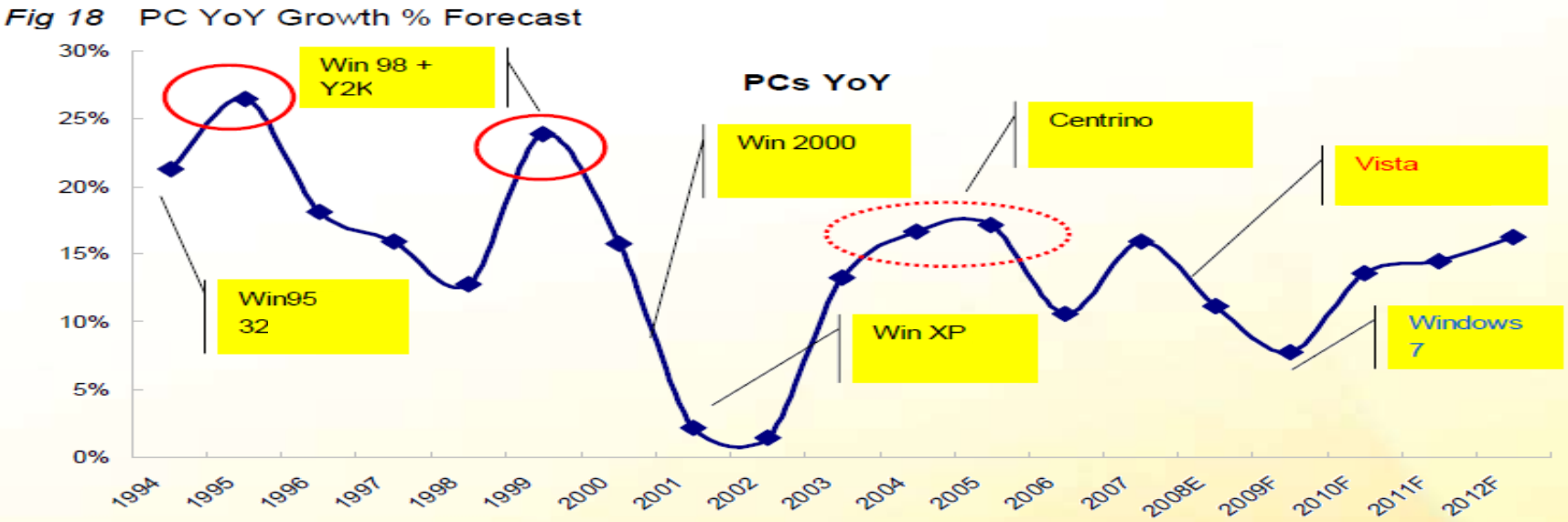
Windows 7 & Media Center TV pack 2008

- Microsoft will launch Windows 7 at 3Q of 2009.
- Windows 7 includes Windows Media Center TV pack 2008 features
- MCE TV Pack 2008 support Worldwide TV tuner solutions
- AVerMedia is listed Windows Media Center PBDA (Protected Broadcast Driver Architecture) Partners that announced at IBC 2008.

Source: Microsoft

Windows OS vs PC Shipment



Source: Capital Securities estimates

Vista Version	Price (Est.)	TV Function (MCE TVPack)	Upgrade to TV Function
Windows 7 Home Starter		X	V
Windows 7 Home Basic	$ 200	X	V
Windows 7 Home Premium	$ 260	V	
Windows 7 Professional	$ 300	V	
Windows 7 Ultimate	$ 320	V	

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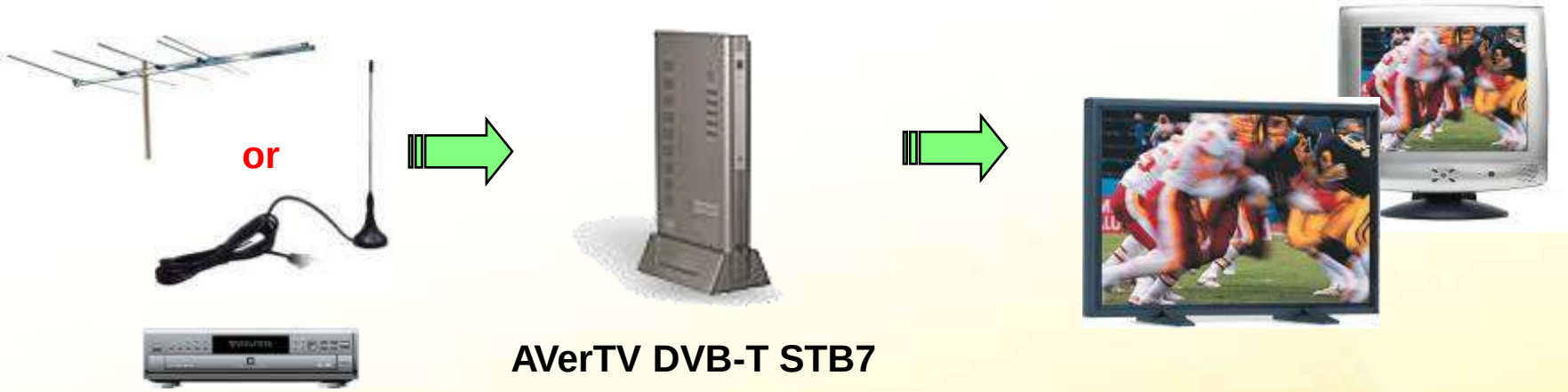
Watch DVB-H TV Solution

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 starts broadcasting to enter into the trial stage. AVerMedia provides DVB-H platform as part of the solutions.

External TV Tuner BOX

- **Watch Digital Terrestrial TV on PC Monitor/TV**



AVerTV DVB-T STB7

Digital Terrestrial TV Set-top-Box

- **Watch Analog TV / Video on PC Monitor**

AVerTV DVI Box9

TV/Video viewing w/ high-definition 1920x1200（WUXGA）TV Box

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Portable Document Camera

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

AVerVision SPC300

Digital Portable DocCam

Super High Quality, Fast Auto Focus,

PIP & Spilt Screen, 48X total ZOOM

Portable Gooseneck

- AVerVision CP130
- AVerVision CP150
- AVerVision CP300

Portable Mechanical Arm

- AVerVision300e
- AVerVision300AF

Portable Dual Arm

- AVerVision SPC300

Platform DocCam

- AVerVision530

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AVerVision Business Outlook

- Top *3* document camera brand worldwide
- Reap major market shares in USA, South Asia, and many key countries in Europe
- Offer most *complete product line* in the market from portable to platform
- Has delivered *double digit growth* for consecutive 6 years

Document Camera Applications

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Document Camera Business Potential

- **A huge market potential with double digit annual growth rate**
- **Vision:**
  - **Long-term:**

    Equip every classroom a document camera
    - **Singapore: classroom attached rate around 90%**
  - **Short-term:**

    Build up at least one multi-media classroom in every school with a document camera

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Reports indicate the trends

TOP 10 WISH LIST techLEARNING

TOP 1

The Multimedia Classroom

LCD projectors, *interactive white boards*, ***document cameras***, and other display technologies are beginning to change the face of today's classroom.

Source：Technology & Learning November 15, 2005

2020 Vision

Report of the Teaching and Learning in 2020 Review Group

The new technologies have an impact on a school in three main areas:

- …
- the creation and delivery of lesson materials, including teachers' and pupils' use of *whiteboards, **visualizers,** handheld voting devices and tablet PCs* to enable reproduction of and access to resources
- …

Source：Report of the Teaching and Learning in 2020 Review Group, 2006

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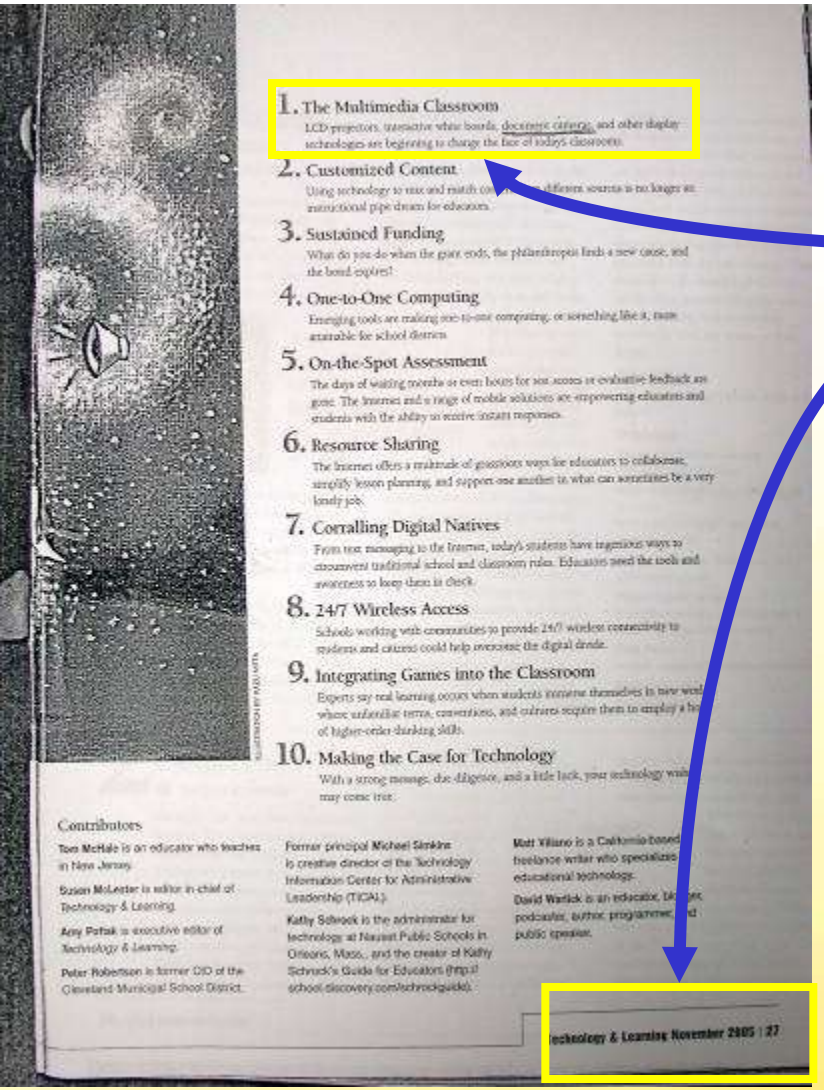
Top 10 wish list as selected by Americans in education field



1. The Multimedia Classroom
LCD projectors, interactive white boards, document cameras, and other display technologies are beginning to change the face of today's classrooms.
2. Customized Content
3. Sustained Funding
4. One-to-One Computing
5. On-the-Spot Assessment
6. Resource Sharing
7. Corralling Digital Natives
8. 24/7 Wireless Access
9. Integrating Games into the Classroom
10. Making the Case for Technology
Contributors
Tom McHale is an educator who teaches in New Jersey.
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Amy Pofak is executive editor of Technology & Learning.
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Matt Villano is a California-based freelance writer who specializes in educational technology.
David Warlick is an educator, [illegible] podcaster, author, programmer, and public speaker.
Technology & Learning November 2005 | 27

1. The Multimedia Classroom
LCD projectors, interactive white boards, document cameras, and other display technologies are beginning to change the face of today's classrooms.

Technology & Learning November 2005 | 27

TOP 10 WISH LIST techLEARNING

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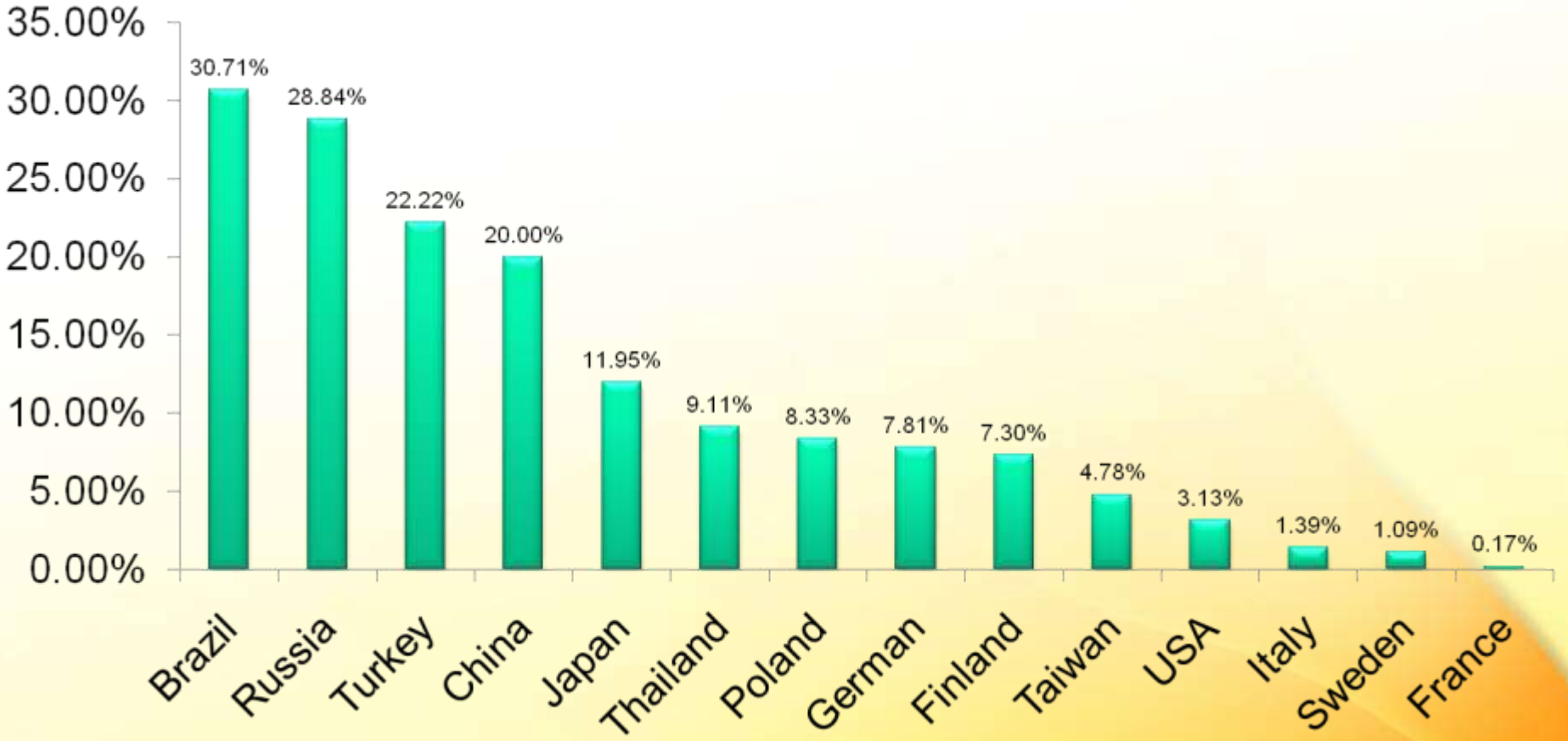
Educational Budget Growth %



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AVerDiGi Surveillance

Standalone DVRs

AVerDiGi SA9000E Pro

- Advanced 16 Ch. hybrid embedded DVR with video loop out ports.

AVerDiGi SA6032E RACK

- 16CH~32CH Hybrid and Real-Time Standalone NVR

Windows DVRs

AVerDiGi NV9000E

-16CH D1 Real-Time h/w compress Hybrid DVR Solution

AVerDiGi NV8416 E4

-World's No.1 PCI-e x 4 interface capture card for faster data streaming

AVerDiGi NV6480 Express

-Single 16 Ch. DVR PCI Express, 480fps display/recording

AVerDiGi NV5000

-Up to 16 Ch.,120~240fps display/recording, remote monitoring via internet or PDA

AVerDiGi Surveillance

Embedded DVRs

AVerDiGi EB1704HB WiFi-4/ WiFi-4 LITE

- 4CH Embedded Hybrid NVR which can support both IP and Analog cameras

AVerDiGi EB1304NET SATA

- 4CH Light Weight Standalone DVR

AVerDiGi SEB5116

- Super slim 16CH embedded real-time DVR with GUI

AVerDiGi EH5116 Pro

- The First 16CH Full Functional Embedded Hybrid DVR in The World

AVerDigi Surveillance

AVerDiGi EB1704Hybrid
- 4 Ch. standalone security digital video recorder w/ network access

AVerDiGi EB1304NET
- 4CH Multiplex Networking DVR

Standalone DVRs

AVerDiGi EB1304 MOB

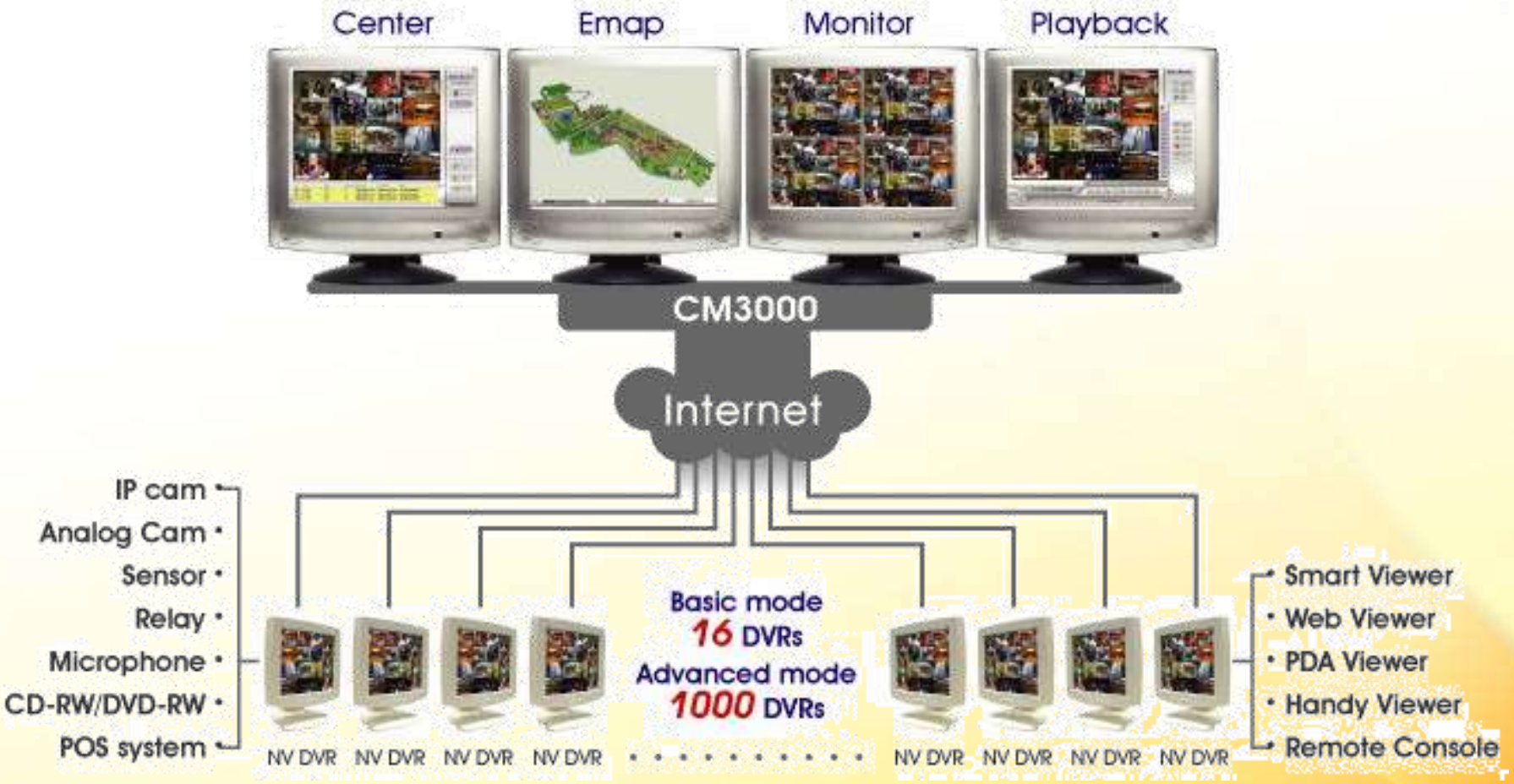
4CH Mobile DVR

iStable software

iStable software is free bundled video stabilizer software which provides smooth video quality

Mobile DVRs

Surveillance Application



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.

Surveillance Awards & Certifications

With the honor from CES, AVerDiGi EB1704HB WiFi-4 LITE became a bright start in Time Square, NY

Innovations in Technology Award (IHTA)

TAIWAN EXCELLENT AWARD

GOLD MEDAL (Poznań International Fair)

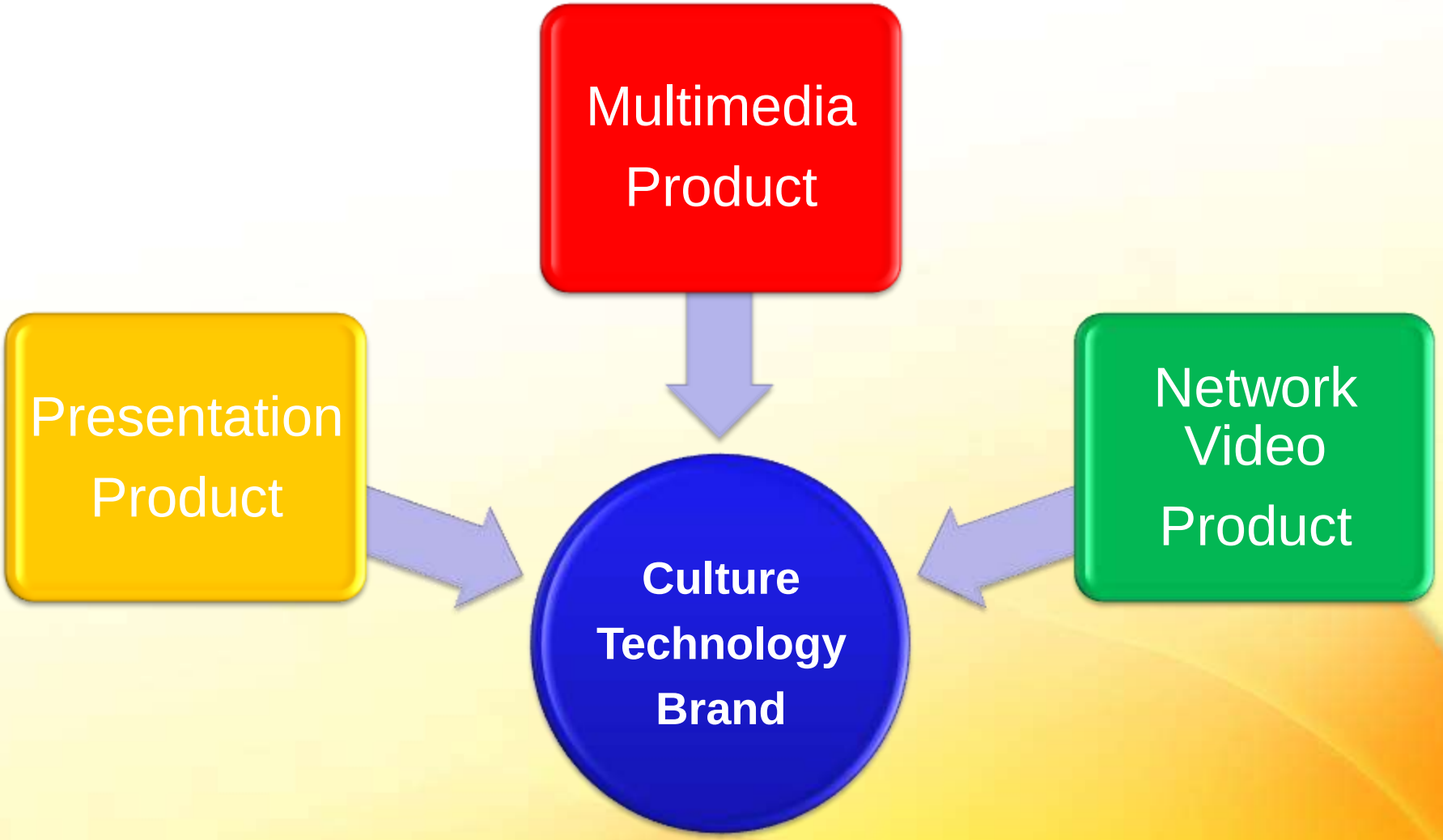
"Editor's Choice" by SDM

“Gold Award” by HWM

BuyCOMs' “Gold award”

CocoonTech.com – “Home Security Software of the Year.”

Internal organization capability



Growth Drivers

Culture

- **Core Value**
  - **Down-to-Earth**
  - **Value Creation**
  - **Self- Devotion**
  - **Service to Society**
- **Humanity- Self Awareness / Transcendence / Honesty & Integrity**

Technology

- Video conversion between analog and digital
- Leading technology for TV tuners in the field of Notebook PCs
- Patents : 138 of patents being granted, 247 of patents application in the process
- Product awards

Brand

- **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 K-12. Education market in the U.S. with brand recognition inherited from the glamour of previous product lines.**

Presentation Products Potential market size

- No statistic data investigating the market size of DocCam.
  - **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. If we assume each school has 30 to 40 classrooms and each classroom shall install one DocCam, the potential market is 3 M units in total.

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Quality & Environment Management

- ISO 14001 Environment Manage 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.
- Certificate of Sony Green Partner

DET NORSKE VERITAS
MANAGEMENT SYSTEM CERTIFICATE

Certificate No. CERT-01501-2002-AQ-HOU-RAB

This is to certify that the Quality System
of

AVerMedia Technologies, Inc.

At

5F-4, No. 502, Yuan Shan Rd., Chung Ho City, Taipei, Taiwan, R.O.C.
5F, No. 442, Sec. 2, Chung Shan Rd., Chung Ho City, Taipei, Taiwan, R.O.C.

Has been found to conform to Quality Standard:

ISO 9001:2000

This Certificate is valid for the following products/service ranges:

DESIGN AND MANUFACTURE OF MULTIMEDIA IMAGE/VIDEO/AUDIO PRODUCTS INCLUDING CONVERTER, COMMANDER, OVERLAY, VIDEO WINDOWS AND VIDEO EDITING, TELEVISION CARDS AND VIDEO CONFERENCE SYSTEMS.

Place and date: Houston, Texas; 08 October 2002

This certificate is valid until: 18 July 2005

Initial Certification Date: 18 July 1998

Patrick Wong
Lead Auditor

DET NORSKE VERITAS
MANAGEMENT SYSTEM CERTIFICATE

Certificate No. CERT-04771-2004-AE-HOU-RAB

This is to certify that the Environmental Management System
of

AVerMedia Technologies, Inc.

At

5F-4, No. 502, Yuan Shan Rd., Chung Ho City, Taipei, Taiwan, R.O.C.
135 Jian Yi Road, Chung Ho City, Taipei, Taiwan, R. O.C.

Has been found to conform to Environmental Management System Standard:

ISO 14001:1996

This Certificate is valid for the following scope:

DESIGN AND MANUFACTURE OF MULTIMEDIA IMAGE/VIDEO/AUDIO PRODUCTS INCLUDING CONVERTER, COMMANDER, OVERLAY, VIDEO WINDOWS AND VIDEO EDITING, TELEVISION CARDS, VIDEO CONFERENCE SYSTEMS AND NETWORK VIDEO SURVEILLANCE SYSTEMS

Place and date: Houston, Texas; 22 April 2004

This certificate is valid until: 04 March 2007

Initial Certification Date: 04 March 2004

Arbin Chang
Lead Auditor

Certificate
of
Green Partner

AVerMedia Information,Inc. (Chang-Ho Factory)

This is to certify that you have successfully established
an environmental management system
that has met the requirements of the Sony Green Partner Program

Procurement Center, Sony Corporation

Akira Kubota

Yukio Saito

SONY

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Q&A