

AVerMedia Corporate Profile

February, 2008

By

Moses Lee

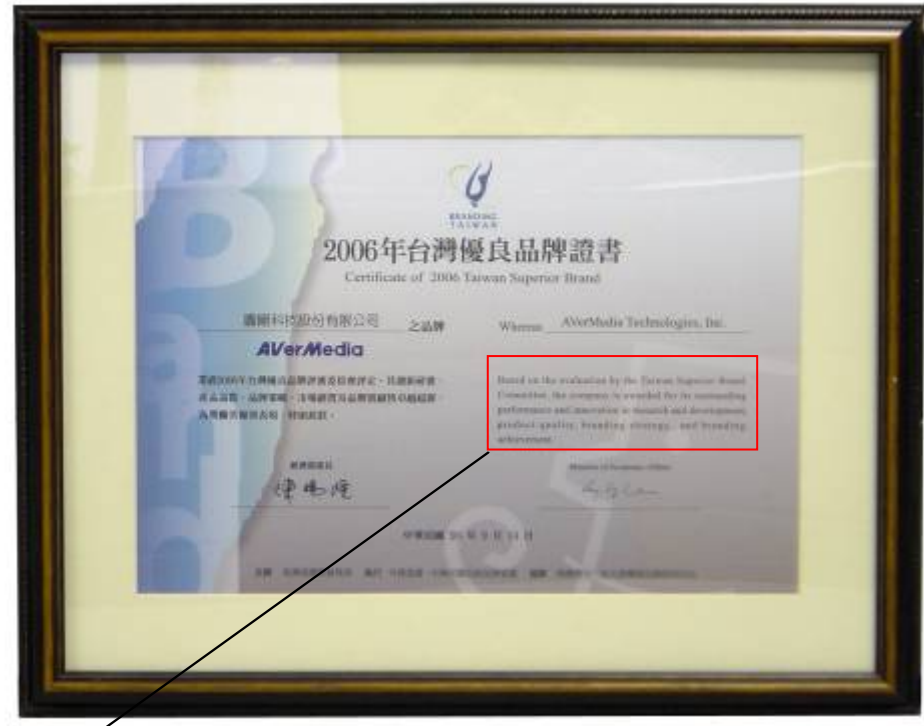
AVerMedia Overview

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

- ❑ Annual Turnover (2007) : **US\$ 133.5 Million**
- ❑ Consecutive profitable years : **17 years Plus**
- ❑ Consecutive profitable quarters : **68 quarters**
- ❑ Employees (AVerMedia Group) : **1070**
- ❑ Branding / ODM with premium value : **70% / 30%**

Updated on Feb. 2008

2006 Taiwan Superior Brand



Based on the evaluation by the 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.

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2007 第三屆

雜誌 企業社會責任獎

指導單位

經濟部投資業

**A VerMedia Wins 2007
Corporate Social
Responsibility Award**

Global Marketing & Service Network



Subsidiaries and Global Network of Distributors, System

Integrators, VARs, and ODMs Over 75 Countries

2007 Annual Financial Results

Performance Comparison of 2007 to that of 2006 & 2005

Amount : US\$ k	2007☆		2006		2005	
Net Sales	133,485	100 %	104,773	100 %	90,191	100 %
COGS	(69,954)	(52)%	(58,874)	(56)%	(49,806)	(55)%
GP	63,531	48 %	45,898	44 %	40,385	45 %
Operating Expense	(34,907)	(26)%	(29,965)	(29)%	(26,769)	(30)%
Operating Income	28,624	21 %	15,934	15 %	13,616	15 %
Net Non-op Items	598	0 %	1,603	2 %	43	0 %
Income before Tax	29,222	22 %	17,537	17 %	13,659	15 %
Income Tax	(162)	(0)%	185	0 %	1,137	1 %
Net Income	29,384	22 %	17,351	17 %	14,796	16 %
Fully Diluted EPS(NT\$)	4.77		3.04		3.00	
Sales Grew	27 %		16 %		3 %	
EPS Grew	57 %		1 %		(2)%	

☆Y2007's annual results are before CPA's audit

Balance sheet highlights

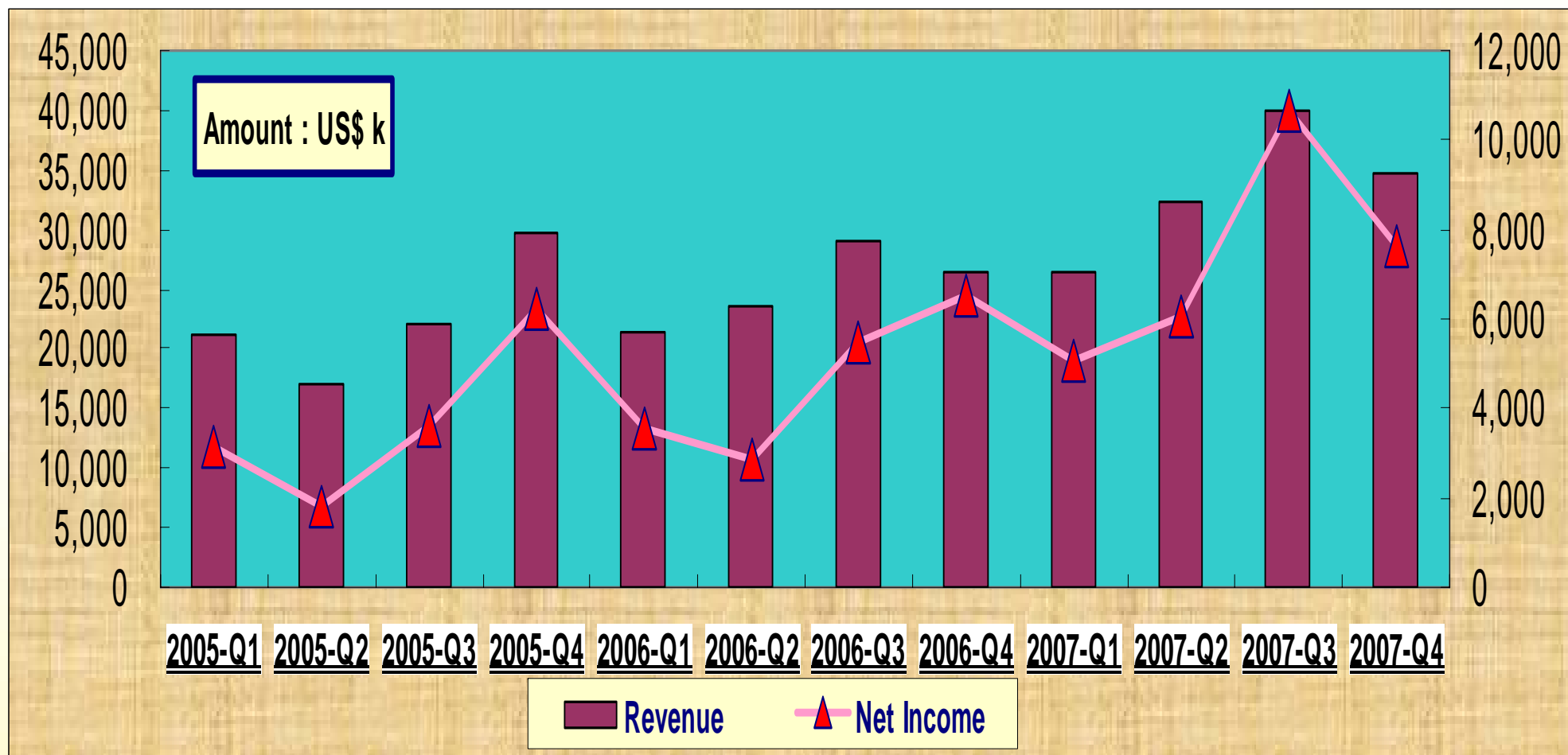
Amount : US\$ k	2007☆		2006		2005	
Cash & Equivalent	60,047	40 %	54,601	41 %	61,354	49 %
Accounts Receivable	20,134	14 %	16,920	13 %	14,757	12 %
Inventory	20,691	14 %	13,573	10 %	10,867	9 %
L-T Investment	1,547	1 %	3,430	3 %	865	1 %
Fixed Assets	28,740	19 %	28,434	21 %	20,695	17 %
Total Assets	148,651	100 %	133,979	100 %	124,705	100 %
Liabilities	30,216	20 %	34,788	26 %	36,765	29 %
Equities	118,436	80 %	99,192	74 %	87,940	71 %

☆Y2007's annual results are before CPA's audit

Key Financial indicators

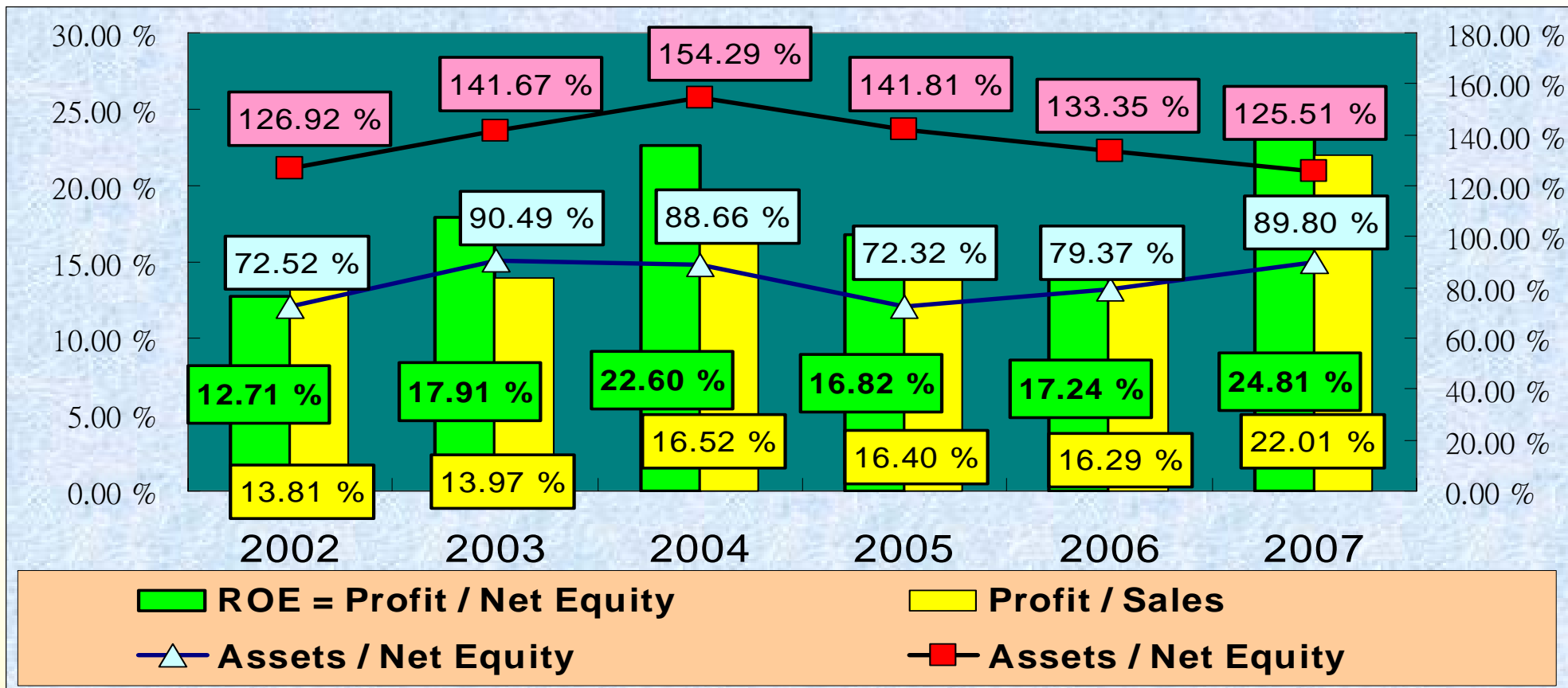
	2007	2006	2005	2004
ROE	24.81 %	17.24 %	16.82 %	22.60 %
ROA	19.77 %	12.93 %	11.86 %	14.65 %
AR Turnover	56 days	57 days	60 days	42 days
Inventory Turnover	107 days	86 days	79 days	74 days
Debt ratio	20.33 %	25.96 %	29.48 %	40.67 %

2005~07-4Q Quarterly Revenue/Profit



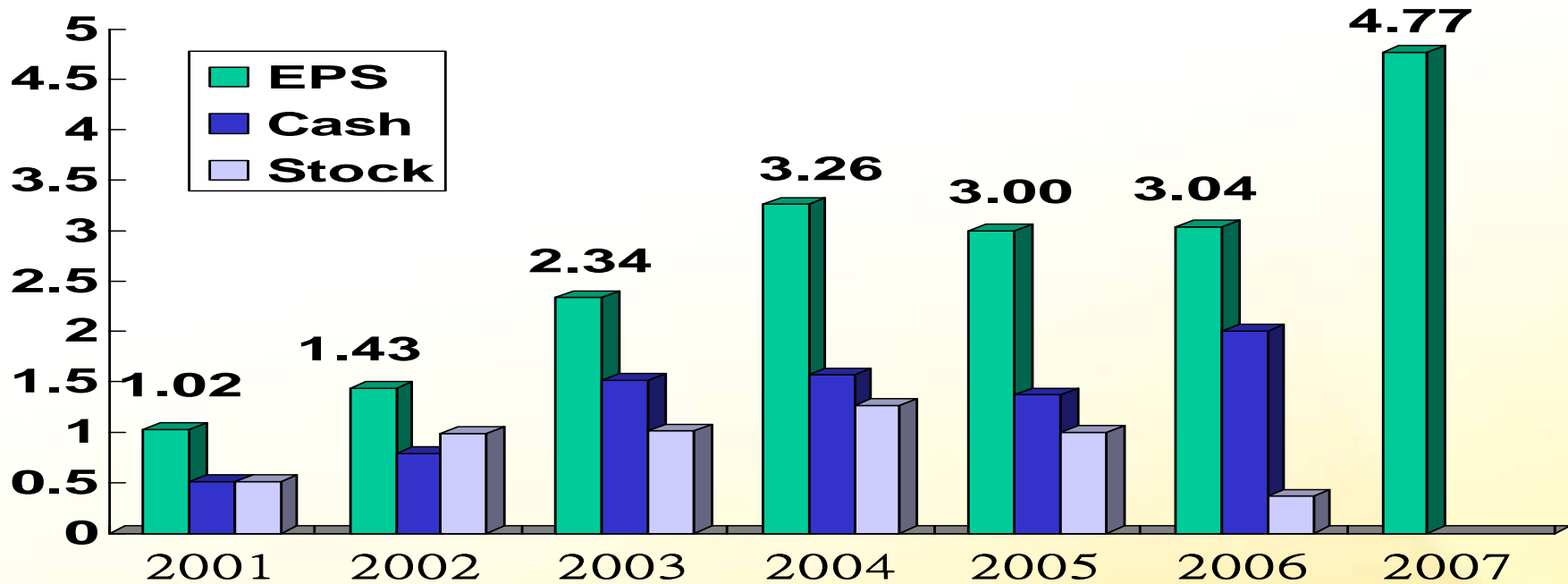
Amount : US\$ k	2005-Q1	2005-Q2	2005-Q3	2005-Q4	2006-Q1	2006-Q2	2006-Q3	2006-Q4	2007-Q1	2007-Q2	2007-Q3	2007-Q4
Revenue	21,219	17,146	22,140	29,686	21,444	23,660	29,111	26,355	26,496	32,236	40,065	34,687
Net Income	3,150	1,780	3,636	6,230	3,546	2,826	5,500	6,516	5,064	6,041	10,660	7,619

Breakdown of ROE



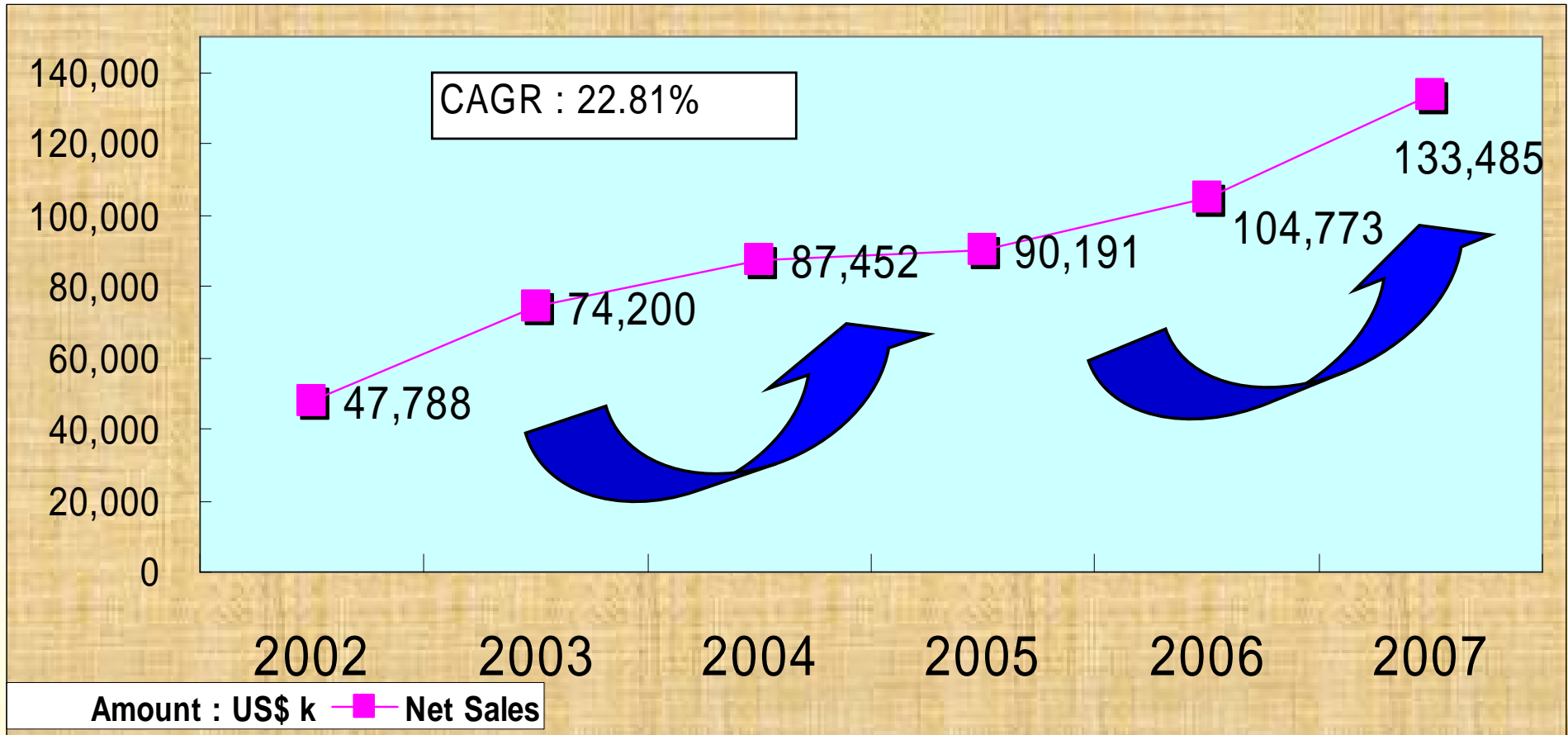
	2002	2003	2004	2005	2006	2007
Profit / Sales	13.81 %	13.97 %	16.52 %	16.40 %	16.29 %	22.01 %
Sales / Assets	72.52 %	90.49 %	88.66 %	72.32 %	79.37 %	89.80 %
Assets / Net Equity	126.92 %	141.67 %	154.29 %	141.81 %	133.35 %	125.51 %
ROE = Profit / Net Equity	12.71 %	17.91 %	22.60 %	16.82 %	17.24 %	24.81 %

Dividends distribution



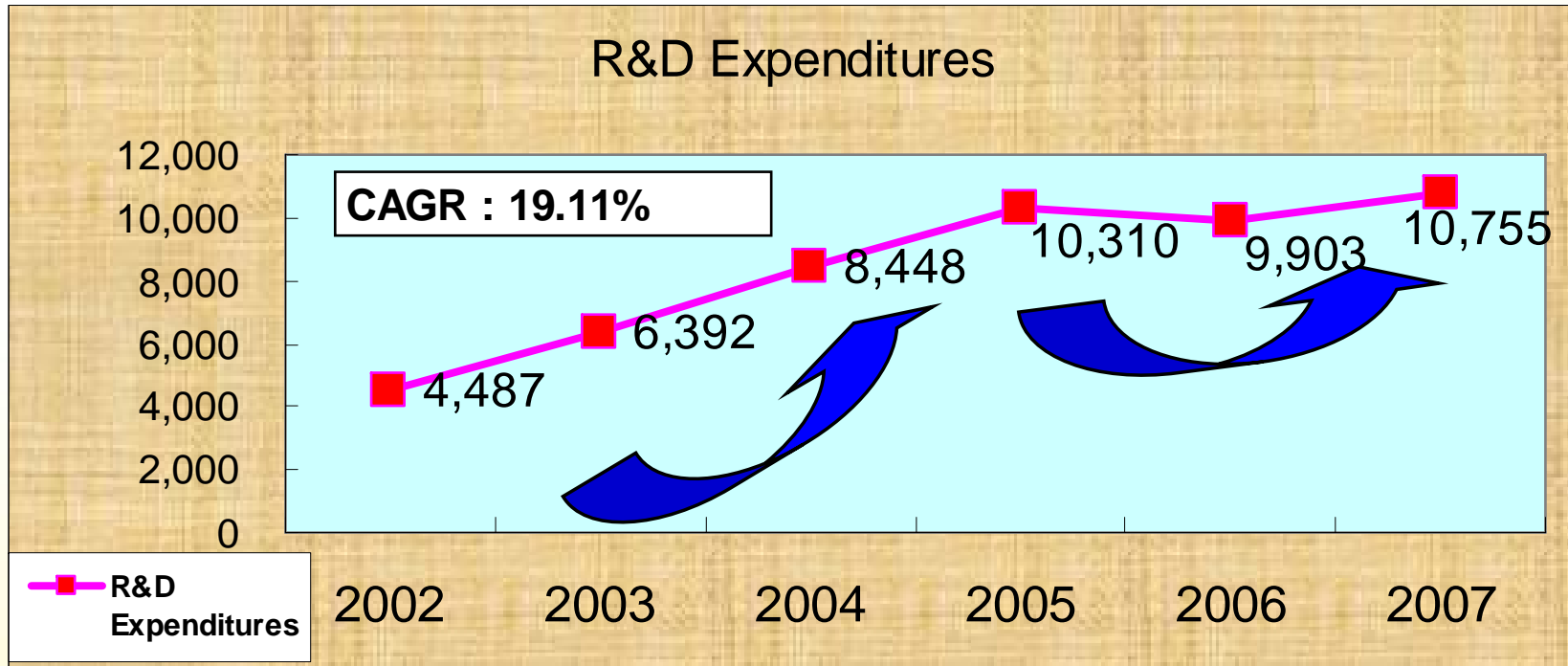
Year	Cash		Stock		Total
2007					
2006	2.00	85 %	0.365	15 %	2.365
2005	1.37	58 %	1.00	42 %	2.37
2004	1.57	55 %	1.26	45 %	2.83
2003	1.52	60 %	1.01	40 %	2.53
2002	0.79	44 %	0.99	56 %	1.78
2001	0.51	50 %	0.51	50 %	1.02

Revenue Evolution



Amount : US\$ k	2002	2003	2004	2005	2006	2007
Net Sales	47,788	74,200	87,452	90,191	104,773	133,485
Compound Annual Growth Rate						22.81 %

R&D Expenditures



Amount : US\$ k	2002	2003	2004	2005	2006	2007
R&D Expenditures	4,487	6,392	8,448	10,310	9,903	10,755
Compound Annual Growth Rate	19.11%					

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

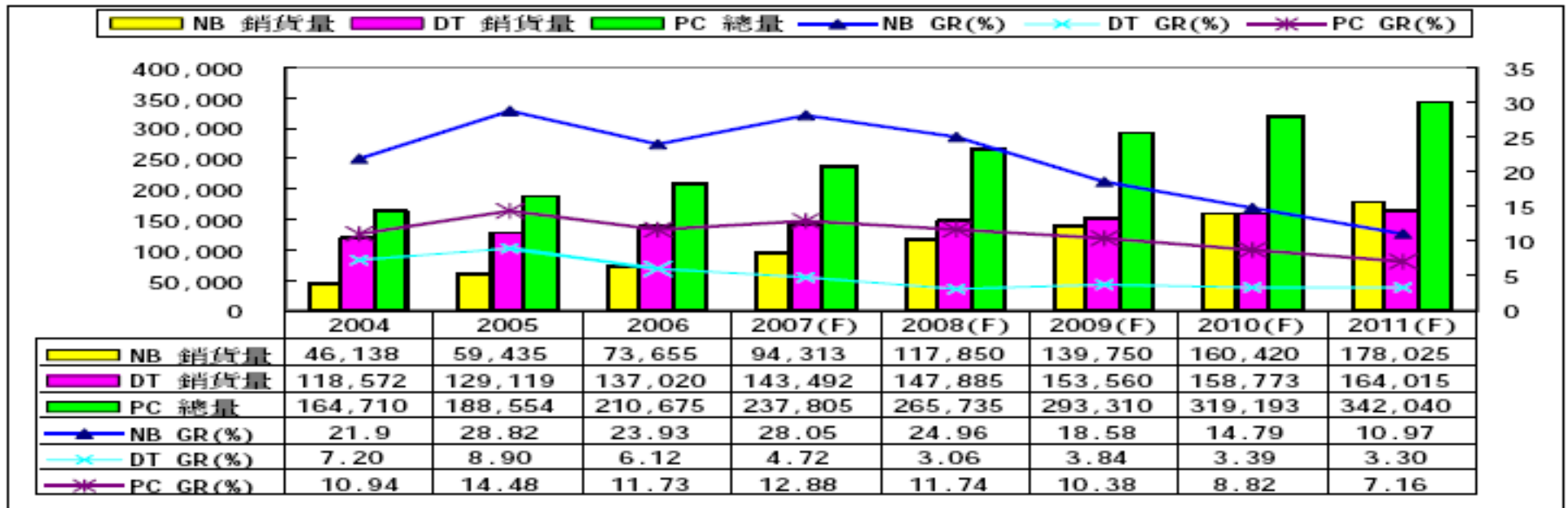
External marketing trend

• Multimedia Products

- Strong demand in Notebook PCs: annual demand of around 95 million sets (less than 2% of attachment rate of TV Tuner in Notebook PCs except Japan)

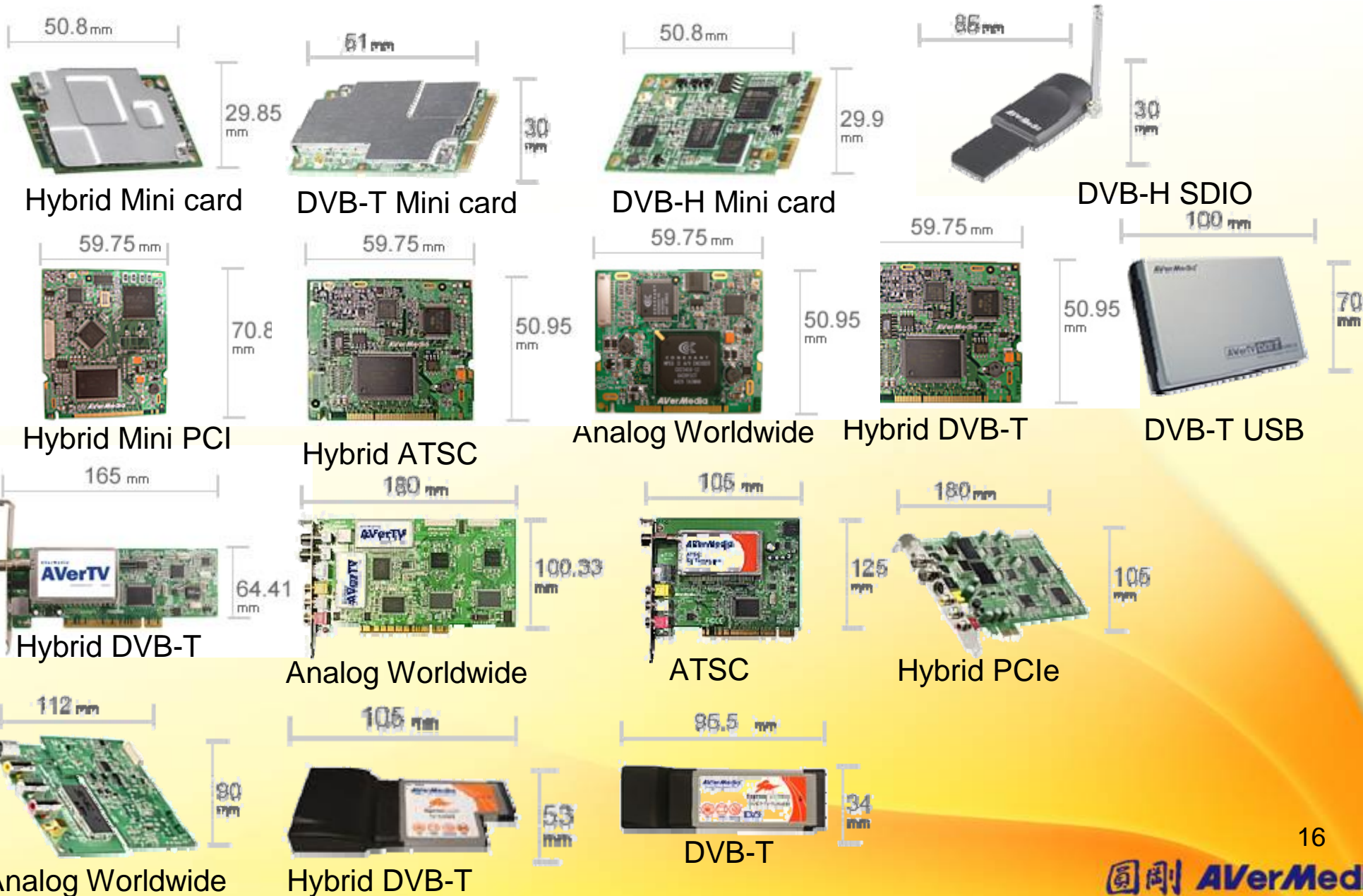
圖一：全球 PC 市場規模

(單位:千支;%)

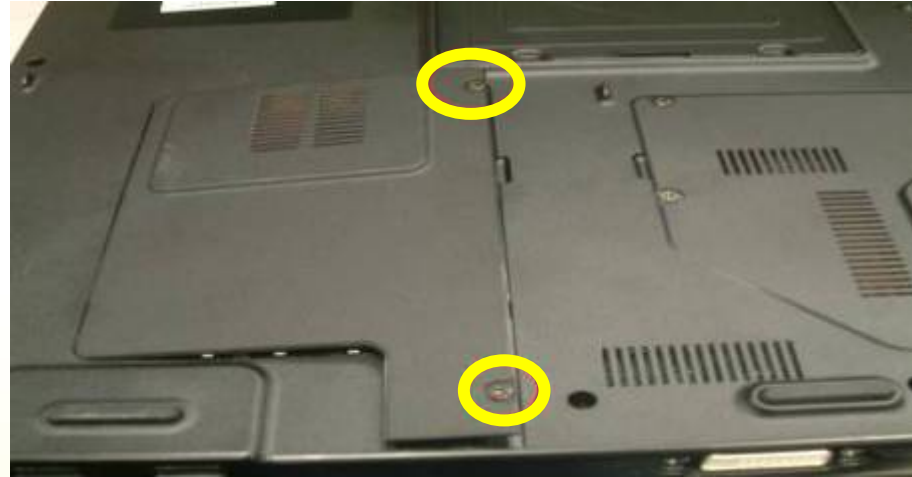


資料來源：MIC，玉山投顧整理

ODM solution



MiniPCI TV Tuner card for NB



ODM main customers

acer

DELL™

ASUS

sony style
USA

TOSHIBA

FUJITSU

lenovo™



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



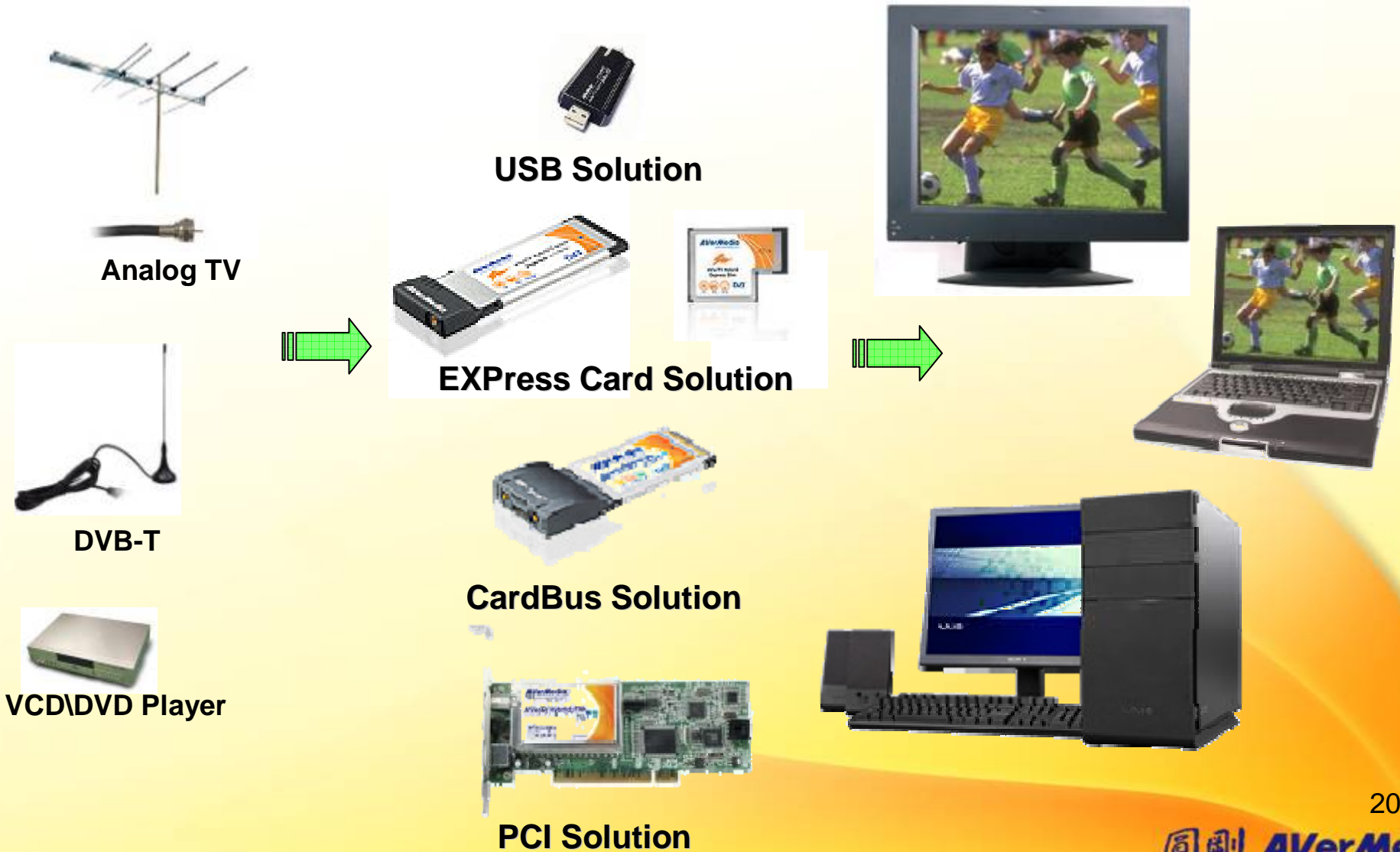
AVerTV Hybrid Express Slim
Express Tuner Card



AVerTV USB MCE
USB TV Tuner,
H/W compression

Hybrid TV Tuner Card

- Watch Digital Terrestrial and Analog TV on PC



Viiiv & Windows Vista

- Microsoft launched 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 \(even HDTV\)](#).

Home > Entertainment > How it works > Get it now >

intel
Viiiv

MOVIES + TV > MUSIC >

GAMES > PHOTOS >

intel
Viiiv

start
more music
music library
play all
radio
search
TV
Photos + Videos

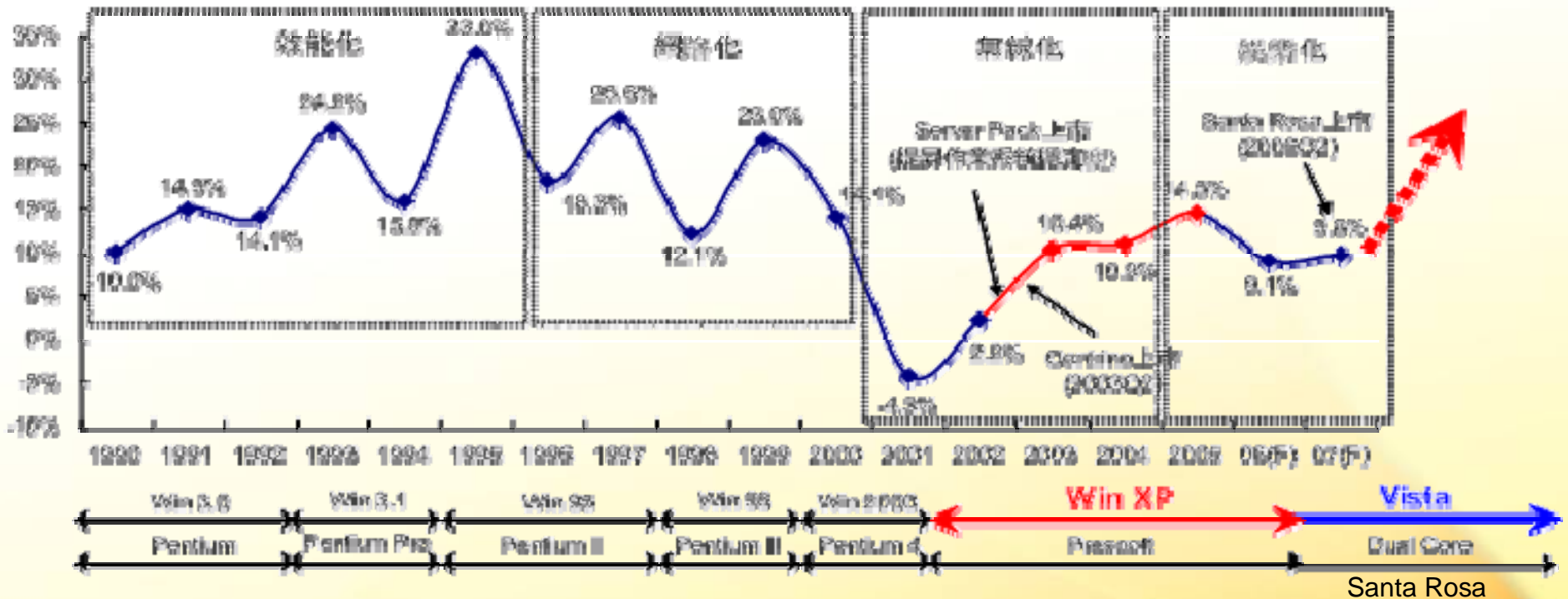
Windows Vista

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圓剛 AVerMedia

Windows OS vs PC Shipment

微軟作業系統與全球PC出貨量成長率關聯圖



Vista Version	Price	TV Function
Windows Vista Business	\$ 299 (199)	X
Windows Vista Home Premium	\$ 239 (159)	V
Windows Vista Home Basic	\$ 199 (99)	X
Windows Vista Ultimate	\$ 399 (259)	V

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

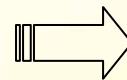
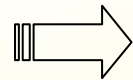


- Watch Analog TV / Video on PC Monitor



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



AVerVision130

Gooseneck DocCam



AVerVision300AF

Digital Portable DocCam
High Quality, Fast Auto Focus,
Excl. AVERZOOM™



AVerVision330

Digital Portable DocCam
w/Optical Zoom, Smart Focus

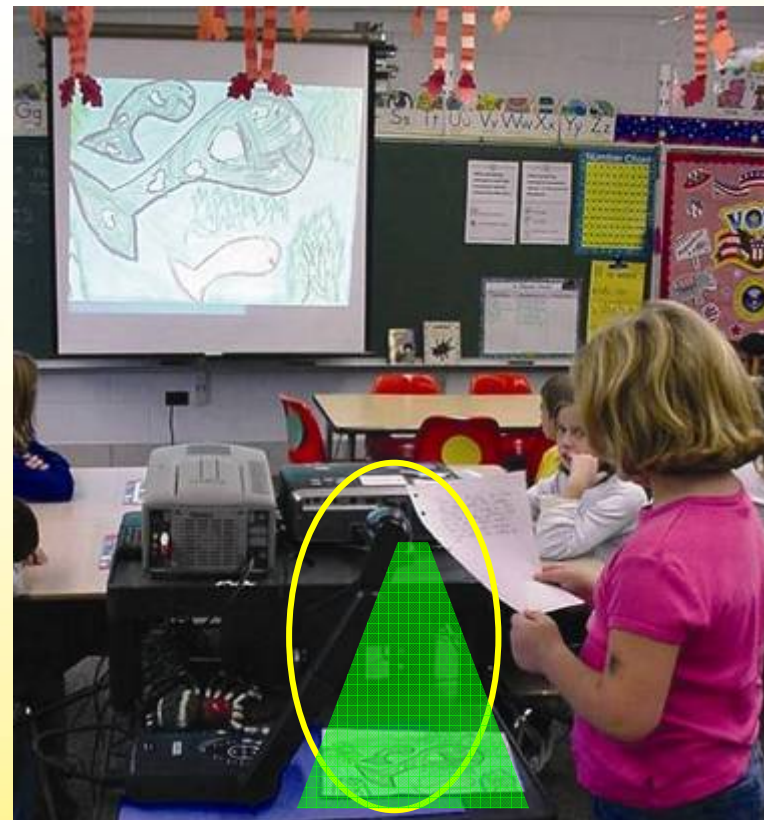


AVerVision530

Digital Platform DocCam

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Document Camera Applications



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

Using technology to mix and match content to address students is no longer an instructional pipe dream for educators.

3. Sustained Funding

What do you do when the guest ends, the philanthropist finds a new cause, and the bond expires?

4. One-to-One Computing

Emerging tools are making one-to-one computing, or something like it, more attainable for school districts.

5. On-the-Spot Assessment

The days of waiting months or even longer for test scores or evaluative feedback are gone. The Internet and a range of mobile solutions are empowering educators and students with the ability to receive instant responses.

6. Resource Sharing

The Internet offers a treasure of ingenious ways for educators to collaborate, simplify lesson planning, and support one another in what can sometimes be a very lonely job.

7. Corraling Digital Natives

From text messaging to the Internet, today's students have ingenious ways to circumvent traditional school and classroom rules. Educators need the tools and awareness to keep them in check.

8. 24/7 Wireless Access

Schools working with communities to provide 24/7 wireless connectivity to students and citizens could help overcome the digital divide.

9. Integrating Games into the Classroom

Experts say real learning occurs when students immerse themselves in new worlds where *admissible* terms, *conventions*, and *cultures* require them to employ a host of higher-order thinking skills.

10. Making the Case for Technology

With a strong message, due diligence, and a little luck, your technology wish list may come true.

Contributors

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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

The screenshot shows the Seattle Times website interface from November 2005. The main article is titled "Document camera enlarges learning" by Linda Knapp. The article discusses how Seattle passed a school levy in 2006 to fund LCD projectors for every secondary school classroom. It also mentions that compared to other districts, this equipment is easier to learn, use, and adapt to current curricula. The article includes a sub-section titled "What is a document camera, and what can it do?" which describes the AVerMedia camera models and their features.

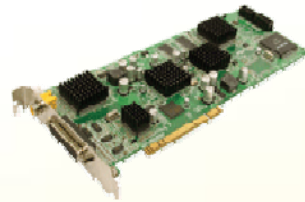
AVerDigi Surveillance



NV Series

AVerDiGi NV7000H

-Single 8 Ch. DVR card,
240fps display/recording,
H/W H264 compression



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



Windows DVRs



AVerDiGi SA6416

- Hybrid standalone DVR, 16 Ch.
Real Time Digital Video Recorder



AVerDiGi SA6000E Pro

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



Standalone DVRs – PC base

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

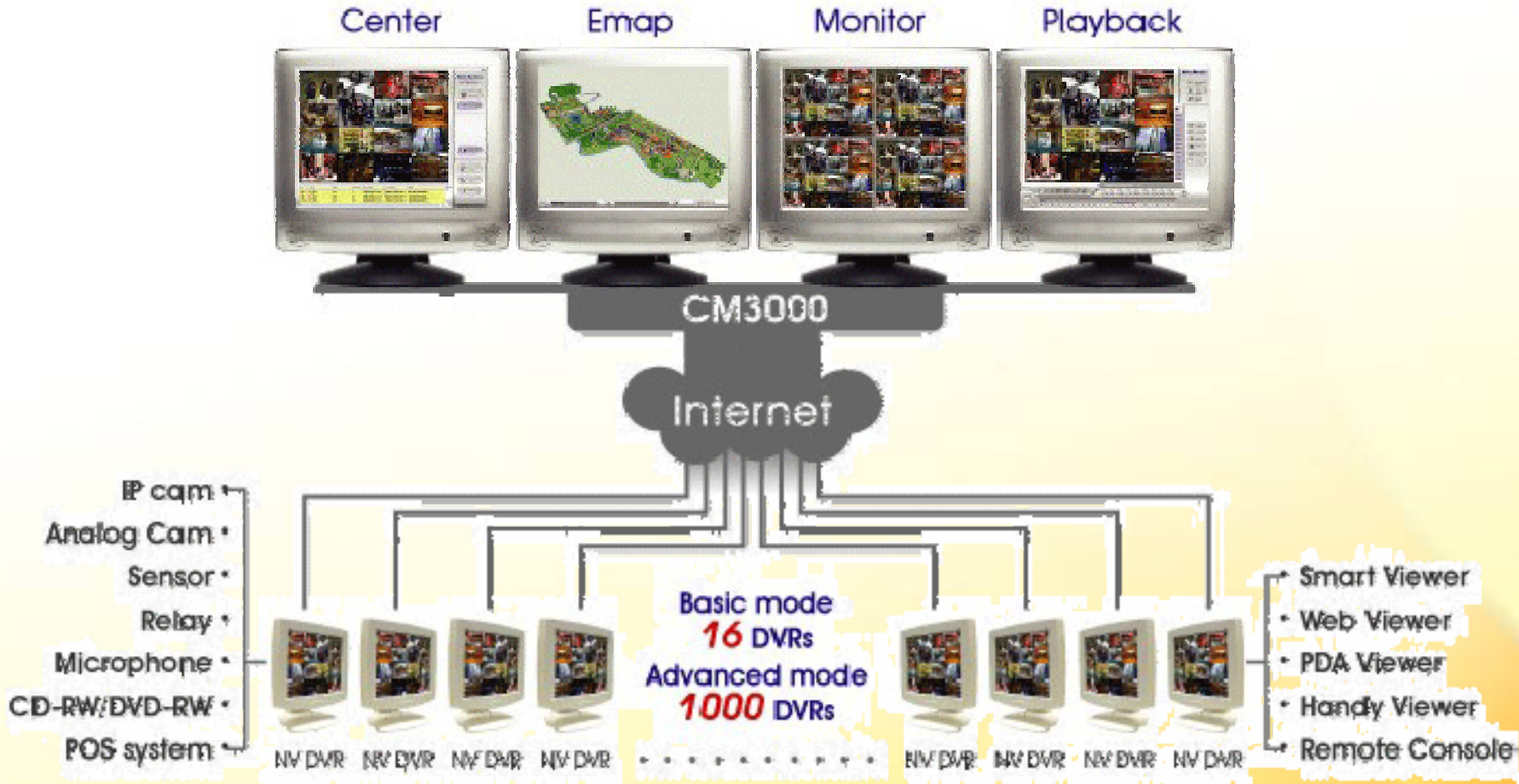
iStable software

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



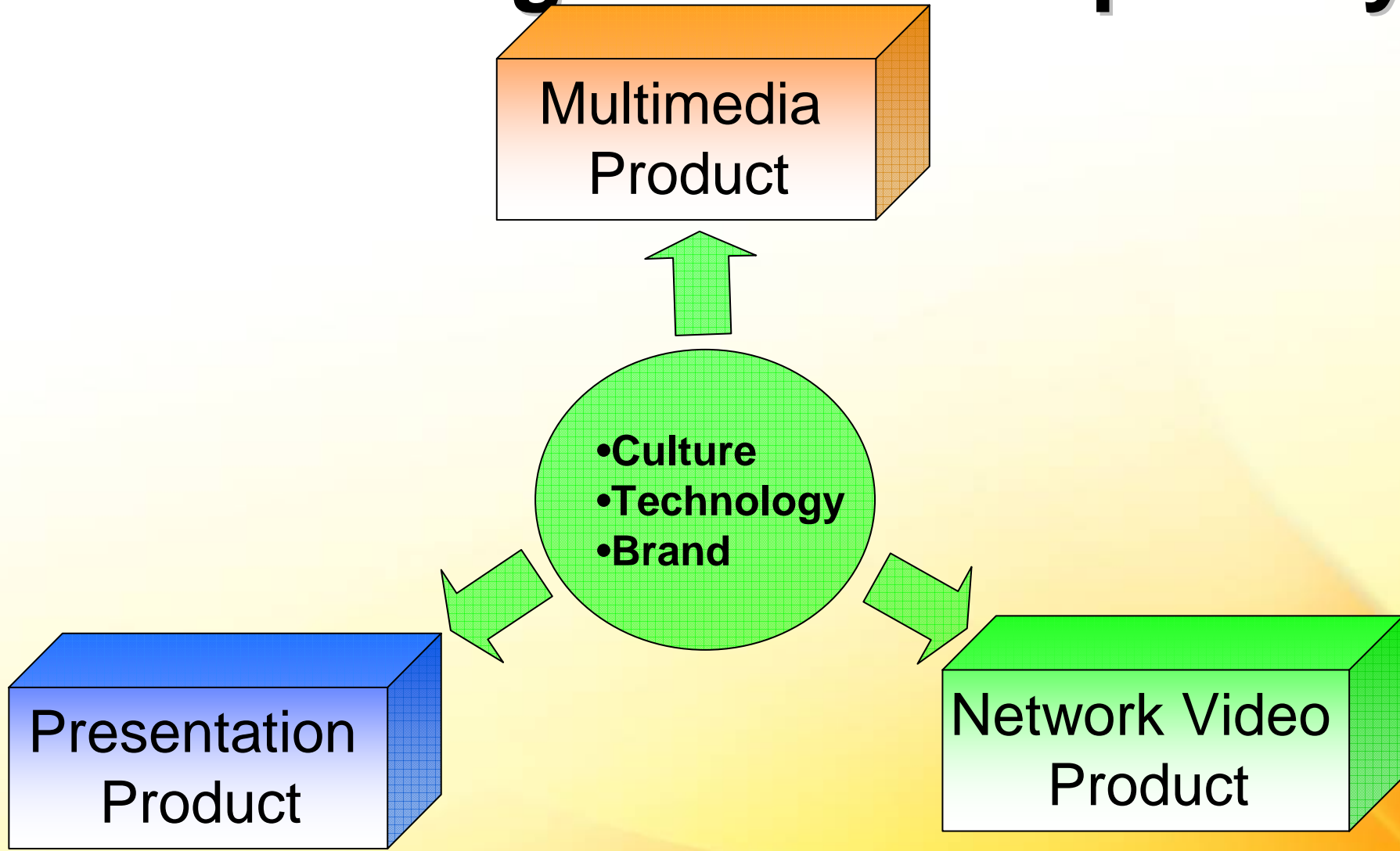
Mobile DVRs

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.

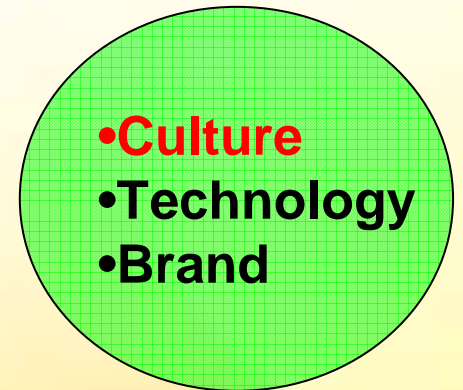
Internal organization capability



Growth Drivers

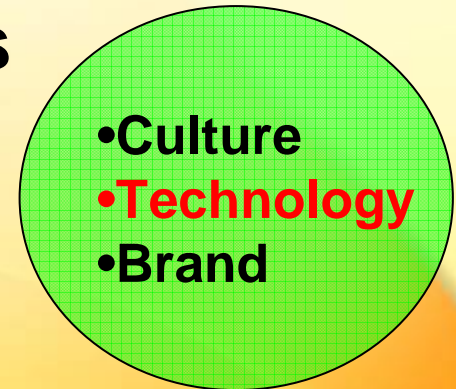
Culture

- **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 : **100** of patents being granted, **224** 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.**

- 
- **Culture**
 - **Technology**
 - **Brand**

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.

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.



Q&A