

D-Link[®]
Building Networks for People

3Q 2006 Investor Conference

Taipei, August 4, 2006



Safe Harbor Statement

All numbers are consolidated. Except for statements in respect of historical matters, the statements contained in this release are "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of D-Link Corporation to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.

Agenda

- **2Q/06 Financial Review** A.P. Chen
- **Business Updates** J.C. Liao
- **Q&A**

All numbers consolidated except otherwise specified.
2Q/06 numbers are pro forma ..



2Q/06 Pro Forma Financial Review

2Q/06 QoQ Comparison of Income Statement

Unit: NT\$ million	2Q/06		1Q/06		QoQ % Change
	AMT	%	AMT	%	
Net Sales	9,632	100.0	9,543	100.0	0.9
Cost of Goods Sold	6,703	69.6	6,431	67.4	4.2
Gross Profit	2,929	30.4	3,112	32.6	(5.9)
Operating Expenses	2,384	24.8	2,375	24.9	0.4
Operating Income	545	5.7	737	7.7	(26.1)
Total Non-Op. Inc. (Loss)	108	1.1	77	0.8	40.3
Income Before Tax	653	6.8	814	8.5	(19.8)
Tax Expenses	(158)	(1.6)	(121)	(1.3)	30.6
Net Income	495	5.1	693	7.3	(28.6)
Minority Interest	(102)	(1.1)	(110)	(1.2)	(7.3)
Consolidated Income	393	4.1	583	6.1	(32.6)
EPS (NT\$)- post div. distribution	0.59		0.88		(32.9)
EPS (NT\$)- before div. distribution	0.66		0.98		(32.7)

* Calculated by 2Q06 weighted average of 663mln shares.
* 2Q06 numbers are pro forma

2Q/06 YoY Comparison of Income Statement

Unit: NT\$ million	2Q/06		2Q/05		YoY % Change
	AMT	%	AMT	%	
Net Sales	9,632	100.0	8,118	100.0	18.6
Cost of Goods Sold	6,703	69.6	5,553	68.4	20.7
Gross Profit	2,929	30.4	2,565	31.6	14.2
Operating Expenses	2,384	24.8	2,126	26.2	12.1
Operating Income	545	5.7	439	5.4	24.1
Total Non-Op. Inc. (Loss)	108	1.1	6	0.1	1700.0
Income Before Tax	653	6.8	445	5.5	46.7
Tax Expenses	(158)	(1.6)	(109)	(1.3)	45.0
Net Income	495	5.1	336	4.1	47.3
Minority Interest	(102)	(1.1)	(88)	(1.1)	15.9
Consolidated Income	393	4.1	248	3.1	58.5
EPS (NT\$)- post div. distribution	0.59		0.37		59.5
EPS (NT\$)- before div. distribution	0.66		0.42		57.1

* Calculated by 2Q06 weighted average of 663mln shares.
* 2Q06 numbers are pro forma

1H/06 YoY Comparison of Income Statement

Unit: NT\$ million	1H/06		1H/05		YoY % Change
	AMT	%	AMT	%	
Net Sales	19,175	100.0	16,675	100.0	15.0
Cost of Goods Sold	13,134	68.5	11,434	68.6	14.9
Gross Profit	6,051	31.5	5,241	31.4	15.3
Operating Expenses	4,759	24.8	4,136	24.8	15.1
Operating Income	1,282	6.7	1,105	6.6	16.0
Total Non-Op. Inc. (Loss)	185	1.0	(82)	(0.5)	(325.6)
Income Before Tax	1,467	7.7	1,023	6.1	43.4
Tax Expenses	(279)	(1.5)	(277)	(1.7)	0.7
Net Income	1,188	6.2	746	4.5	59.2
Minority Interest	(212)	(1.1)	(145)	(0.9)	46.2
Consolidated Income	976	5.1	601	3.6	62.4
EPS (NT\$)- post div. distribution	1.47		0.91		61.5
EPS (NT\$)- before div. distribution	1.63		1.01		61.4

* Calculated by 2Q06 weighted average of 663mln shares.

* 1H06 numbers are pro forma

2Q/06 QoQ Comparison of Non-op Income/Loss

	2Q06	1Q06	QoQ Change
Unit : NT\$Mln			
Investment Income	119	62	57
Sub./Aff.	40	62	(22)
Capital Gain	79	0	79
FX Gain/(Loss)	(2)	61	(63)
Inventory Loss	(97)	(84)	(13)
Fin. Income/(Exp.) & Oth.	88	38	50
Total	108	77	31

6/30/2006 Consolidated Balance Sheet QoQ Comparison

Unit: NT\$ million

	6/30/06		3/31/06		QoQ %
	AMT	%	AMT	%	Change
Cash	4,400	15	4,665	17	(6)
S-T Investment	1,635	6	326	1	402
Account Receivable	7,679	27	7,085	26	8
Inventory	7,357	26	7,282	27	1
Long-term Investments	2,420	9	2,543	10	(5)
Total Assets	28,587	100	26,846	100	7
Accounts Payable	6,031	21	5,890	22	2
Current Liabilities	11,832	41	9,922	37	19
Long-term Loans	1,179	4	1,066	4	11
Common Stock	6,754	24	6,092	23	11
Stockholders' Equity	14,902	52	15,232	57	(2)

Consolidated Key Financial Ratios– Liquidity/Leverage

Unit: % , days	6/30/06	3/31/06	12/31/05	9/30/05	6/30/05
Days A/R	70*	67*	63*	70*	64*
Days Inventory	98*	100*	96*	100*	96*
Days A/P	79*	79*	78*	87*	79*
Cash Cycle	89	87	82	83	82
Current Ratio	1.86	2.05	1.82	1.71	1.67
Debt/Equity Ratio	1.10	0.89	0.84	0.98	1.05
Adjusted Debt/ Equity Ratio	0.61**	0.53**	0.59**	0.71**	0.55**
ROE	16	18	14	14	11

* Annualized

**Adjust for Cash & S-T investment

Consolidated Key Financial Ratios – Profitability (%)

Unit: %	1H/06	2Q/06	1Q/06	2005	4Q/05	3Q/05
Net Income/Sales	5.09	4.08	6.11	4.47	3.49	6.91
Net Income/Total Assets	3.41	1.37	2.18	6.68	1.43	2.67
Operating Profit/Sales	6.69	5.66	7.72	7.39	7.98	8.07
Return on Equity	16	16	18	14	14	14
EPS (NT\$)	1.47	0.59	0.98	2.73	0.58	1.14

* Annualized

**Calculated by 2Q06 weighted average of 663mln shares.



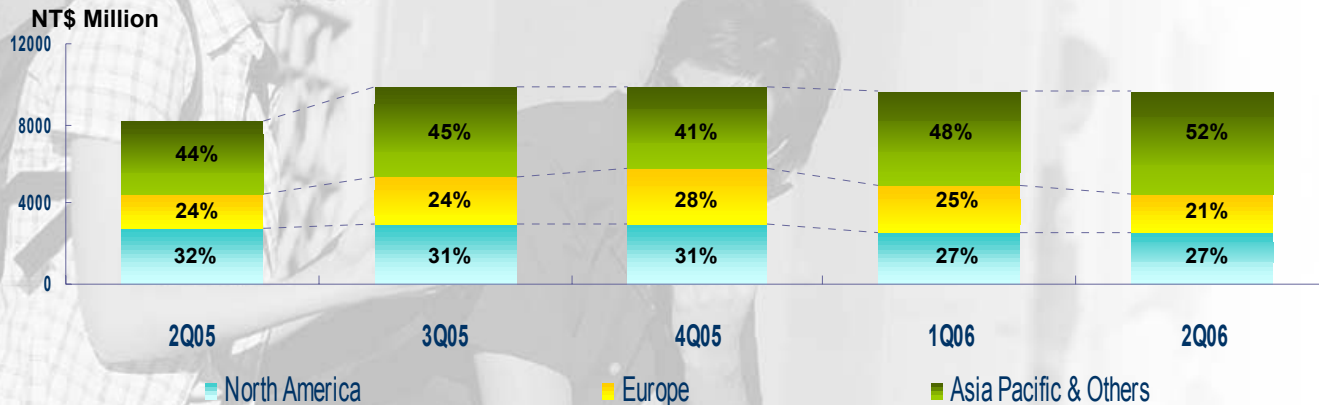
Business Updates

**Presented by
J.C. Liao, President**

Revenue by Regions Consolidated

2Q/06 revenue YoY comparison:

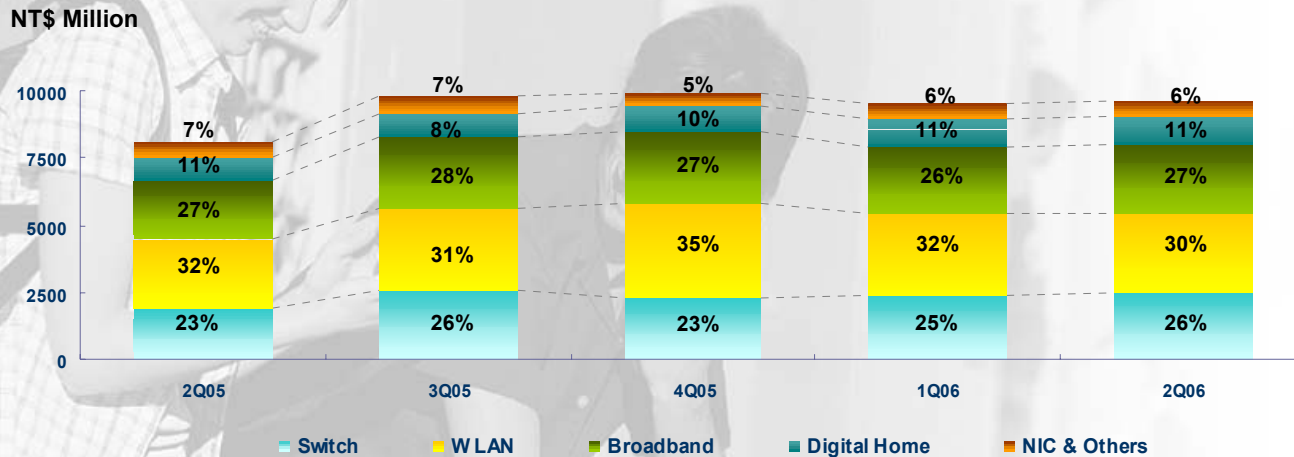
- N.A. seasonally dropped by 1%
- Europe was up 2.5%
- AsiaPac & Others jumped 42%
- In NT\$ terms, WW 2Q revenue grew 19%



Revenue by Products Consolidated

2Q/06 revenue YoY comparison:

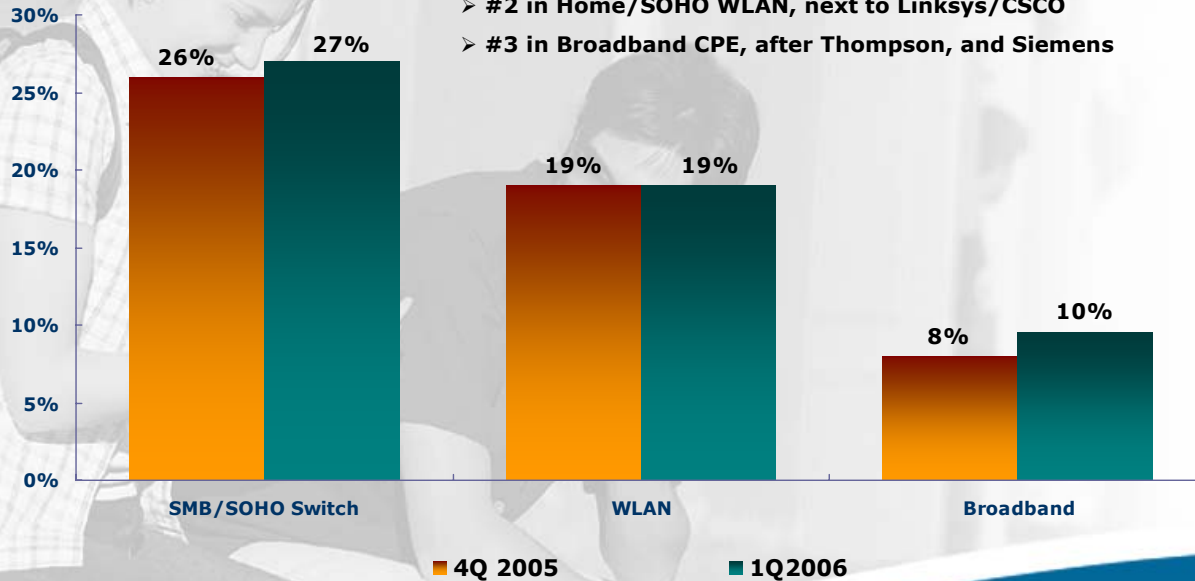
- Switch grew 32%
- WLAN increased 13%
- Broadband up 21%
- Digital Home rose 13%



Dominance in Key Segments

Market Shares by Products D-Link is, in unit terms,

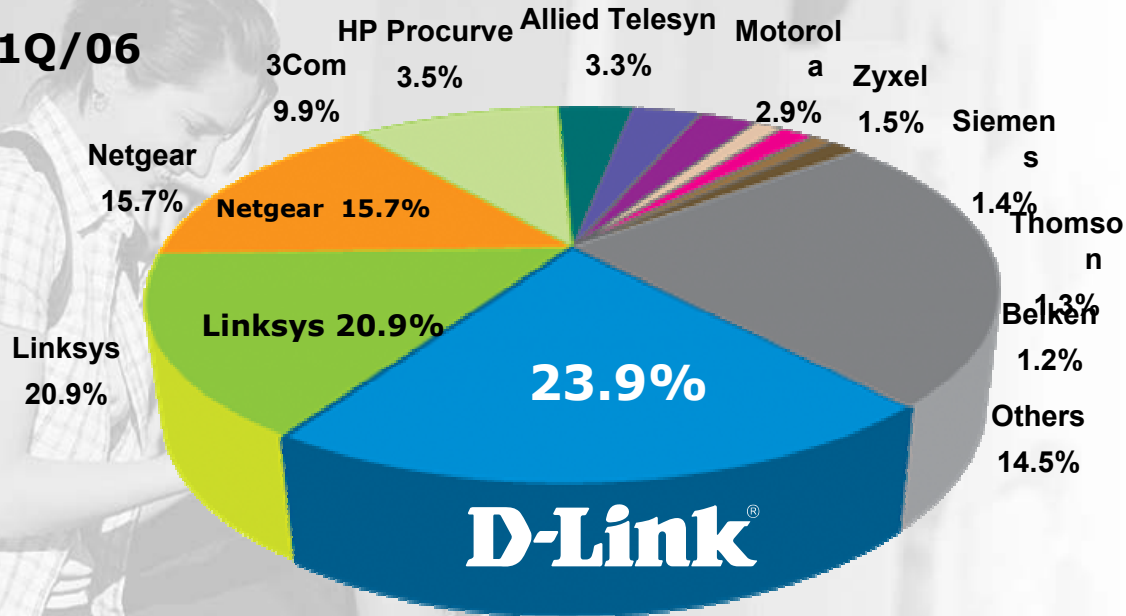
- #1 in SOHO/SMB Ethernet LAN Switch
- #2 in Home/SOHO WLAN, next to Linksys/CISCO
- #3 in Broadband CPE, after Thompson, and Siemens



Source: In-Stat Research Reports, 4Q 2005 and 1Q 2006

#1 in SOHO/SMB Market

1Q/06



Source: Compiled from
 In-Stat Q1 2006 Wireless LAN Equipment Market Share Report
 In-Stat Q1 2006 Ethernet LAN Switch Market Share Report
 In-Stat Q1 2006 Broadband Equipment Market Share Report

New Products Releases

**22 New Product Announcements in Q2,
Including XStack Switches, KVM Switch, Wireless
Router, Wireless Internet Camera, Wireless Print
Server, VoIP Gateway, Network Storage Array, and
Security Adapter**

Xstack SAN Array Storage



- iSCSI SoC over 65,000 I-O/s
- Single 10GbE or 8x1GbE Port
- Up to 6 Tera-Bytes of Data Space in 15 SATA RAID bays

Xstack Wireless Gb Switch



- stack up to 32 units, 768 Gb ports
- optional 10Gb uplink
- Upgradeable to wireless

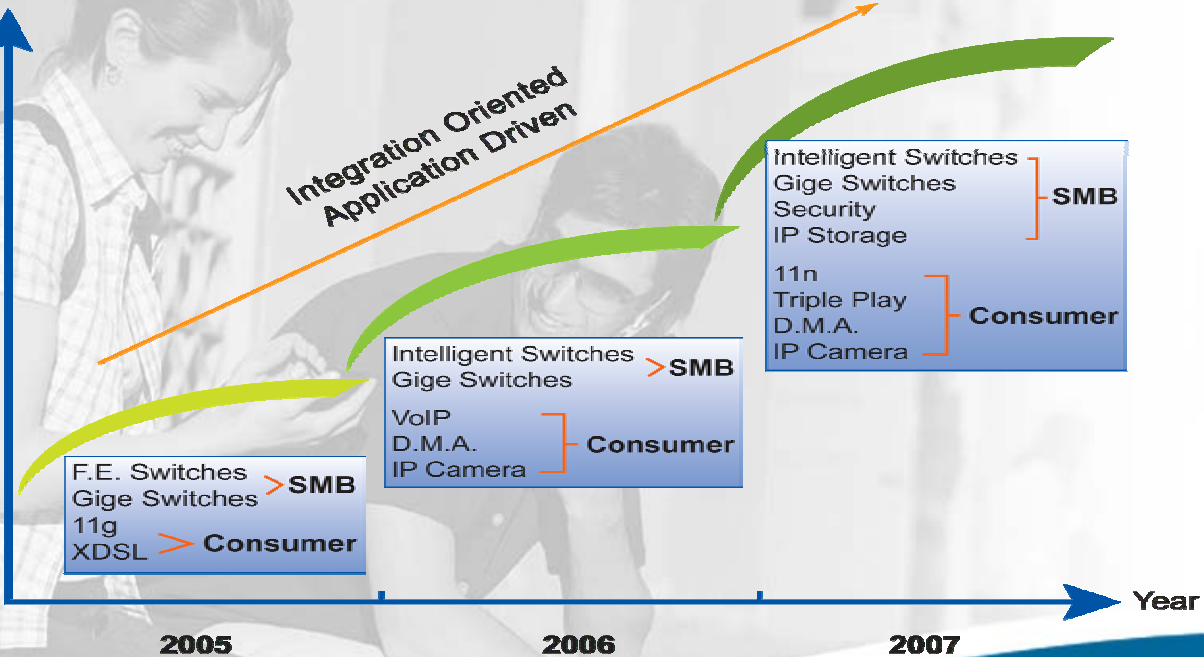
Gigabit Wireless Office Router



- All-in-One Wireless Router, Print Server, and VoIP Enhancer
- Double Firewall (SPI and NAT) for Advanced Security

Growth Strategy

Growth Drivers



3Q/06 Outlook Consolidated

- **3Q Guidance**
 - **3Q revenue seasonally up sequentially**
 - **Gross margin gradually ramping up to 31-32%**
- **Upsides**
 - **Consumer demands relatively warmer than 2Q**
 - **Emerging market demands continuously strong**
- **Downsides**
 - **Uncertain market acceptance to Pre-n products**
 - **Stockpiling in Europe & N.A. Channels**



Q & A

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