

D-Link[®]
Building Networks for People



2Q 2007 Pro Forma Earnings Release

August 2, 2007, Taipei

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

- **2Q07 Financial Review & Corporate Updates** A.P. Chen
- **Q&A** A.P. Chen & J.C. Liao

All numbers are brand consolidated and pro forma, except otherwise specified.
Historic brand consolidated financials for 05 and 06 can be downloaded from D-Link's IR website.

2Q07 Pro Forma Financial Review & Corporate Updates

2Q07 Income Statement & QoQ Comparison

Unit: NT\$ million	2Q07		1Q07		QoQ % Change
	AMT	%	AMT	%	
Net Sales	7,833	100.0	7,512	100.0	4.3
Cost of Goods Sold	5,117	65.3	4,888	65.1	4.7
Gross Profit	2,716	34.6	2,624	34.9	3.5
Operating Expenses	2,118	27.0	2,029	27.0	4.4
Operating Income	598	7.6	595	7.9	0.5
Total Non-Op. Inc. (Loss)	78	1.0	620	8.3	(87.4)
Income Before Tax	676	8.6	1,215	16.2	(44.4)
Tax (Exp.) / Income	105	1.3	(48)	(0.7)	(318.8)
Net Income	781	9.9	1,167	15.5	(33.1)
Minority Interest	(10)	(0.1)	(9)	(0.1)	11.1
Consolidated Income	771	9.8	1,158	15.4	(33.4)
EPS (NT\$)	1.13		1.69		(33.4)

* Calculated by fully diluted basis of 683.8mln shares

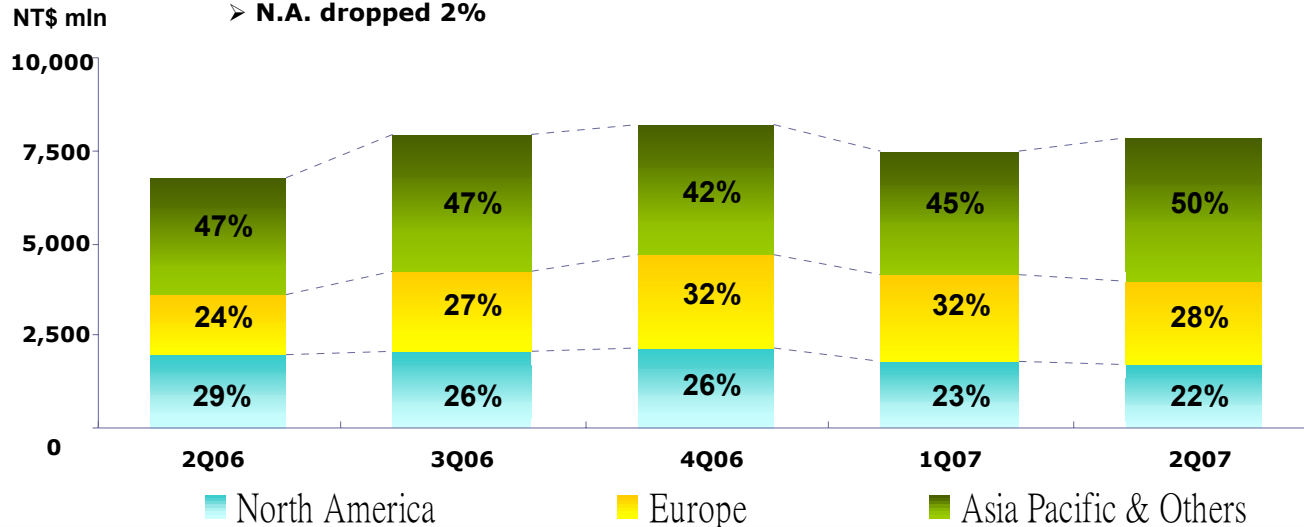
* The numbers are pro forma

Quarterly Revenue by Regions

Brand Only

2Q07 revenue up 4% QoQ

- Emerging markets & AsiaPac jumped 15%
- Europe decreased 7%
- N.A. dropped 2%



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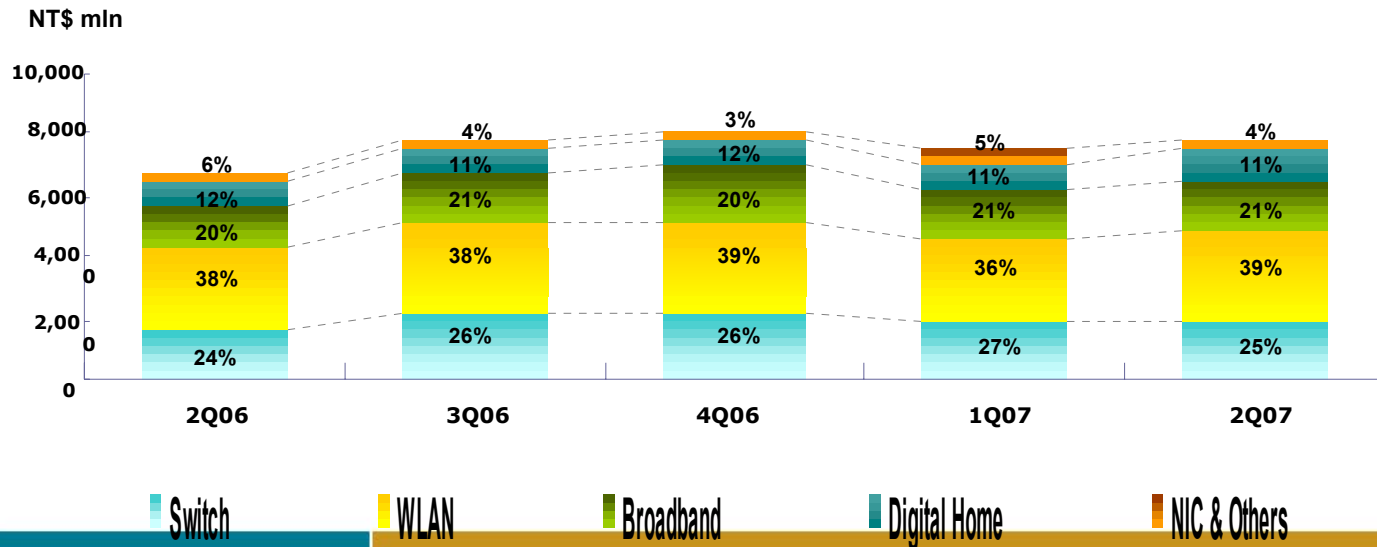
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Quarterly Revenue by Products Brand Only

2Q/07 revenue QoQ comparison:

- Switch down 2%
- WLAN increased 12%
- Broadband inched 3%
- Digital Home up 13%



2Q07 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln	2Q07	1Q07	QoQ % Change
Investment Income	148	622	(76.2)
Sub./Aff.	114	167	(31.7)
Capital Gain	34	455	(92.5)
FX Gain/(Loss)	39	46	(15.2)
Inventory Loss	(170)	(121)	40.5
Fin. Income/(Exp.) & Oth.	61	73	(16.4)
Total	78	620	(87.4)

2Q07 Income Statement & QoQ Comparison

Unit: NT\$ million	2Q07		1Q07		QoQ % Change
	AMT	%	AMT	%	
Net Sales	7,833	100.0	7,512	100.0	4.3
Cost of Goods Sold	5,117	65.3	4,888	65.1	4.7
Gross Profit	2,716	34.6	2,624	34.9	3.5
Operating Expenses	2,118	27.0	2,029	27.0	4.4
Operating Income	598	7.6	595	7.9	0.5
Total Non-Op. Inc. (Loss)	78	1.0	620	8.3	(87.4)
Income Before Tax	676	8.6	1,215	16.2	(44.4)
Tax (Exp.) / Income	105	1.3	(48)	(0.7)	(318.8)
Net Income	781	9.9	1,167	15.5	(33.1)
Minority Interest	(10)	(0.1)	(9)	(0.1)	11.1
Consolidated Income	771	9.8	1,158	15.4	(33.4)
EPS (NT\$)	1.13		1.69		(33.4)

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* The numbers are pro forma

2Q07 Income Statement & YoY Comparison

Unit: NT\$ million	2Q07		2Q06		YoY % Change
	AMT	%	AMT	%	
Net Sales	7,833	100.0	6,801	100.0	15.2
Cost of Goods Sold	5,117	65.3	4,669	68.7	9.6
Gross Profit	2,716	34.6	2,132	31.3	27.4
Operating Expenses	2,118	27.0	1,798	26.4	17.8
Operating Income	598	7.6	334	4.9	79.0
Total Non-Op. Inc. (Loss)	78	1.0	165	2.4	(52.7)
Income Before Tax	676	8.6	499	7.3	35.5
Tax (Exp.) / Income	105	1.3	(92)	(1.3)	(214.1)
Net Income	781	9.9	407	6.0	91.9
Minority Interest	(10)	(0.1)	(9)	(0.1)	11.1
Consolidated Income	771	9.8	398	5.9	93.8
EPS (NT\$)	1.13		0.58		93.8

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* The numbers are pro forma

1H07 Income Statement & YoY Comparison

Unit: NT\$ million	1H07		1H06		YoY % Change
	AMT	%	AMT	%	
Net Sales	15,345	100.0	13,717	100.0	11.9
Cost of Goods Sold	10,005	65.2	9,292	67.7	7.7
Gross Profit	5,340	34.8	4,425	32.3	20.7
Operating Expenses	4,148	27.0	3,663	26.7	13.2
Operating Income	1,192	7.8	762	5.6	56.4
Total Non-Op. Inc. (Loss)	699	4.5	405	2.9	72.6
Income Before Tax	1,891	12.3	1,167	8.5	62.0
Tax (Exp.) / Income	56	0.4	(163)	(1.2)	(134.4)
Net Income	1,947	12.7	1,004	7.3	93.9
Minority Interest	(19)	(0.1)	(17)	(0.1)	11.8
Consolidated Income	1,928	12.6	986	7.2	95.5
EPS (NT\$)	2.82		1.44		95.5

* Calculated by fully diluted basis of 683.8mln shares

* The numbers are pro forma

06/30/2007 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	06/30/07		03/31/07		QoQ %
	AMT	%	AMT	%	Change
Cash	4,585	17	3,938	16	16.4
S-T Investment	1,421	5	1,181	5	20.3
Account Receivable	5,977	22	5,625	23	6.3
Inventory	5,987	22	5,423	22	10.4
Long-term Investments	6,556	24	5,891	27	11.3
Total Assets	27,383	100	24,654	100	11.1
Accounts Payable	6,294	23	5,054	21	24.5
Current Liabilities	10,618	39	7,822	32	35.7
Long-term Loans	6	0	7	0	(14.3)
Common Stock	6,838	24	6,634	27	3.1
Stockholders' Equity	16,303	60	16,276	66	0.2

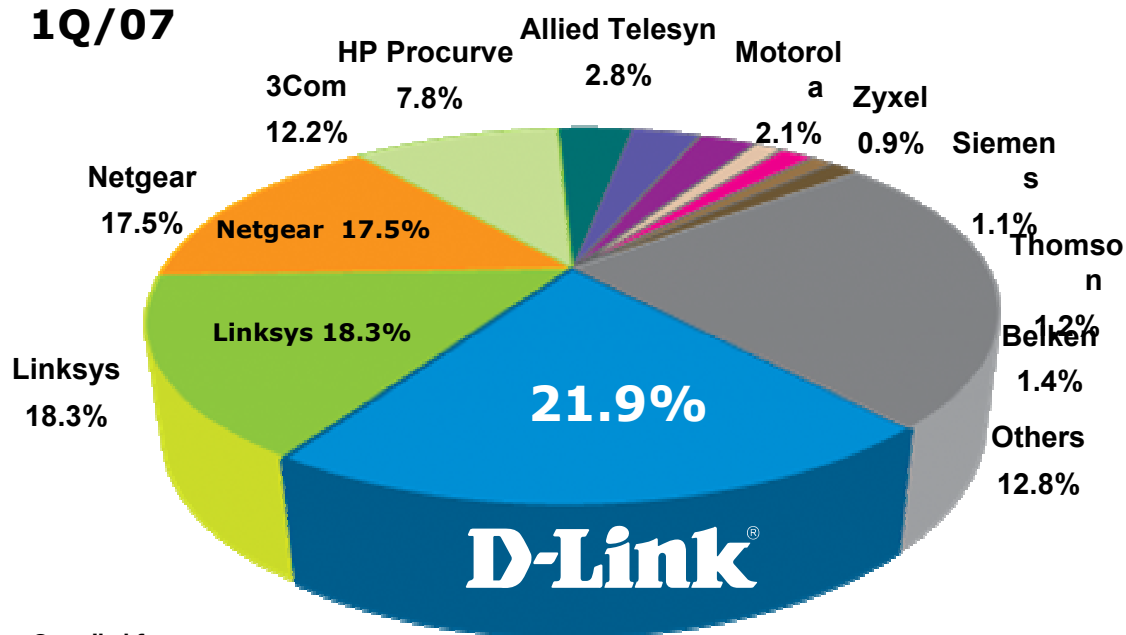
Key Financial Ratios

Unit: % , days	06/30/07	03/31/07	12/31/06	9/30/06	6/30/06
Days A/R	68 [*]	69 [*]	59 [*]	64 [*]	68 [*]
Days Inventory	103 [*]	102 [*]	96 [*]	94 [*]	101 [*]
Days A/P	107 [*]	100 [*]	95 [*]	98 [*]	104 [*]
Cash Cycle	64	71	60	60	65
Current Ratio	1.79	2.15	1.99	1.73	1.66
Debt/Equity Ratio	0.69	0.52	0.60	0.76	0.77
Adjusted Debt/ Equity Ratio	0.32 ^{**}	0.20 ^{**}	0.34 ^{**}	0.51 ^{**}	0.47 ^{**}
ROE	25 [*]	29 [*]	19 [*]	18 [*]	16 [*]

* Annualized

**Adjust for Cash & S-T investment

#1 in SOHO/SMB Market



Source: Compiled from
 In-Stat Q1 2007 Wireless LAN Equipment Market Share Report
 In-Stat Q12007 Ethernet LAN Switch Market Share Report
 In-Stat Q1 2007 Broadband Equipment Market Share Report

3Q07 Outlook

Brand Only

- **3Q Guidance**
 - **Revenue seasonally strong**
 - **Gross margin to inch up**

- **Regional Updates**
 - **U.S.: Leading retails for 11-n, while expanding SMB**
 - **Europe: Back-to-school effect for both consumer and SMB**
 - **Emerging markets: Strong switches / broadband demands**

- **Product Drivers**
 - **L3 Switches growing based on L2 installation**
 - **Pre-n wireless products taking off**
 - **IAD/Triple play projects emerging**
 - **IP Camera/Storage continuing growing**

Q & A

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