

D-Link[®]



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Investor Conference

July 30, 2004

- **1H/04 Financial Review** A.P. Chen
- **D-Link Business Updates** J.C. Liao
- **Q&A**

1H04 (including 2Q/04) numbers are pro forma. All numbers shown consolidated.

Safe Harbor Statement

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.

1H/04 Financial Review



Presented by AP Chen



1H/04 YoY Consolidated Income Statement Comparison

Amount: NT\$ million

	1H/04		1H/03		YoY % Change
Net Sales	15,471	100%	11,273	100%	37%
Cost of Goods Sold	10,288	66%	7,658	68%	34%
Gross Profit	5,183	34%	3,615	32%	43%
Operating Expenses	3,811	25%	2,964	26%	29%
Operating Income	1,372	9%	651	6%	111%
Total Non-Op. Inc. (Loss)	523	3%	123	1%	325%
Investment Income (Loss)	832	5%	83	1%	
Income Before Tax	1,895	12%	774	7%	145%
Income Tax Expense	(172)	(1)%	(58)	(1)%	197%
Net Income	1,723	11%	716	6%	141%
Minority	(99)	(1)%	(7)	-	
Consolidate Income	1,624	10%	709	6%	129%
Earnings Per Share (NT\$)	3.00*		1.42		

*Calculated by 1H/04 weighted average of 541.6mln shares.



2Q/04 QoQ Consolidated Income Statement Comparison

Amount: NT\$ million

	2Q/04 Actual		1Q/04 Actual		QoQ % Change
Net Sales	7,657	100%	7,814	100%	(2)%
Cost of Goods Sold	4,931	64%	5,357	69%	(8)%
Gross Profit	2,726	36%	2,457	31%	11%
Operating Expenses	2,020	26%	1,790	23%	13%
Operating Income	706	10%	667	9%	6%
Total Non-Op. Inc. (Loss)	(193)	(3)%	715	9%	
Investment Income (Loss)	(20)	-	852	11%	(270)%
Income Before Tax	513	7%	1,382	18%	(63)%
Income Tax Expense	77	(1)%	95	(1)%	(19)%
Net Income	436	6%	1,287	16%	(66)%
Minority	55	(1)%	44		
Consolidate Income	381	5%	1,243	16%	(69)%
Earnings Per Share (NT\$)	0.7*		2.3*		

*Calculated by 1H/04 weighted average of 541.6mln shares.



2Q/04 YoY Consolidated Income Statement Comparison

Amount: NT\$ million

	2Q/04 Actual		2Q/03 Actual		YoY% Change
Net Sales	7,657	100%	5,599	100%	37%
Cost of Goods Sold	4,931	64%	3,788	68%	30%
Gross Profit	2,726	36%	1,811	32%	51%
Operating Expenses	2,020	26%	1,552	28%	30%
Operating Income	706	10%	259	5%	173%
Total Non-Op. Inc. (Loss)	(193)	(3)%	46	1%	(520)%
Investment Income (Loss)	(20)	-	34	1%	(159)%
Income Before Tax	513	7%	305	5%	68%
Income Tax Expense	77	(1)%	(7)	-	
Net Income	436	6%	312	6%	40%
Minority Interests	55	(1)%	(2)	-	
Consolidate Income	381	5%	310	6%	23%
Earnings Per Share (NT\$)	0.70*		0.63		

*Calculated by 1H/04 weighted average of 541.6mln shares.



06/30/2004 Consolidated Balance Sheet QoQ Comparison

Amount: NT\$ million

	06/30/04 Actual		03/31/04 Actual		QoQ % Change
Inventory	6,052	21%	5,404	21%	12%
Current Liabilities	16,484	57%	13,288	51%	24%

06/30/2004 Consolidated Balance Sheet YoY Comparison

Amount: NT\$ million

	06/30/04 Actual		06/30/03 Actual		YoY % Change
Account Receivable	6,159	21%	4,205	19%	46%
Inventory	6,052	21%	4,066	18%	49%
Current Liabilities	16,484	57%	10,720	48%	54%



Consolidated Key Financial Ratios– Liquidity/Leverage

Unit: % , days

	2Q/04	1Q/04	FY2003	FY2002	FY2001
Days A/R	64*	62*	61	61	63
Days Inventory	99*	89*	93	82	88
Days A/P	94*	93*	90	71	69
Cash Cycle	68	59	64	71	82
Current Ratio	1.38	1.57	1.46	2.66	2.30
Debt/Equity Ratio	1.66	1.26	1.34	1.24	0.90
Adjusted Debt/Equity Ratio	0.91**	0.61**	0.69**	0.68**	0.56*

*Annualized

* *Adjust for Cash & S-T investment



Consolidated Key Financial Ratios – Profitability (%)

Unit: %

	2Q/04	1Q/04	FY2003	FY2002	FY2001
Net Income/Sales	4.98	15.82	5.49	4.30	5.42
Net Income/Total Assets	1.32	4.73	5.78	4.61	5.41
Operating Profit/Sales	9.22	8.43	6.41	3.21	2.94
Return on Equity	4	11	14	9	10
EPS (NT\$)	0.70	2.45	2.75	1.69	2.15

Outstanding Shares

Moving Average between 1/01/04 to 6/30/04

Bal. as of 1/01/04	513,777
Transferred from Capital Surplus	25,348
Employees' Bonuses	10,000
Conversion from ECB*	8,896
Treasury Stock*	<u>(16,461)</u>
Weighted-average Shares to Calculate 1H EPS	<u><u>541,561</u></u>

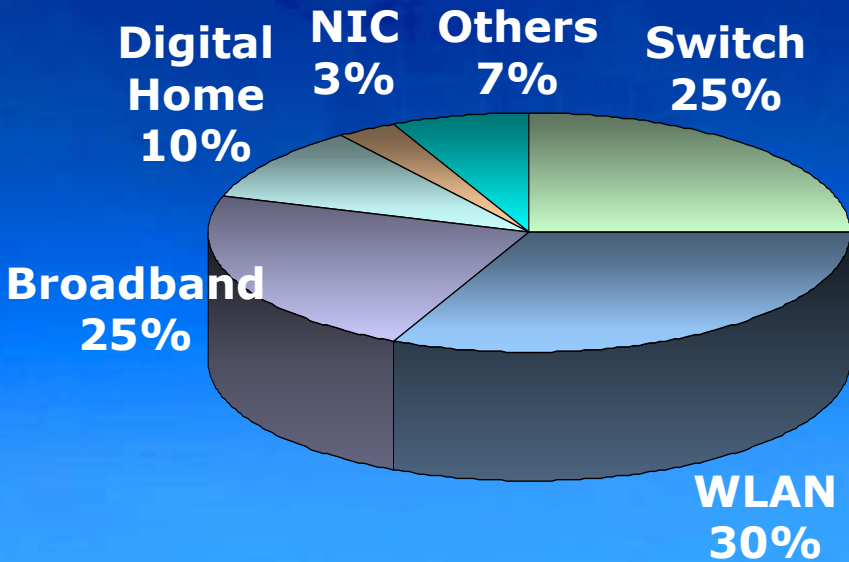
D-Link's Business Updates



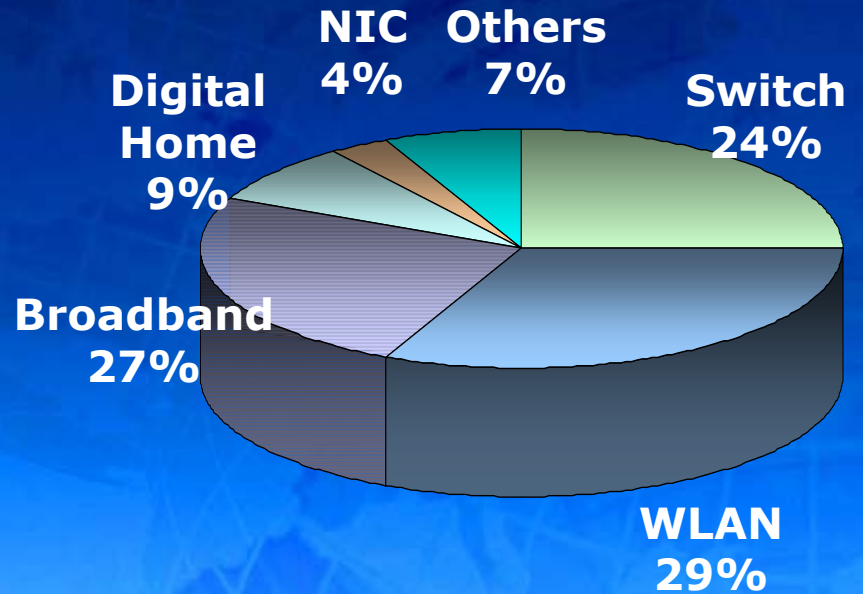
**Presented by JC Liao
President**

Revenue By Products

1Q/04



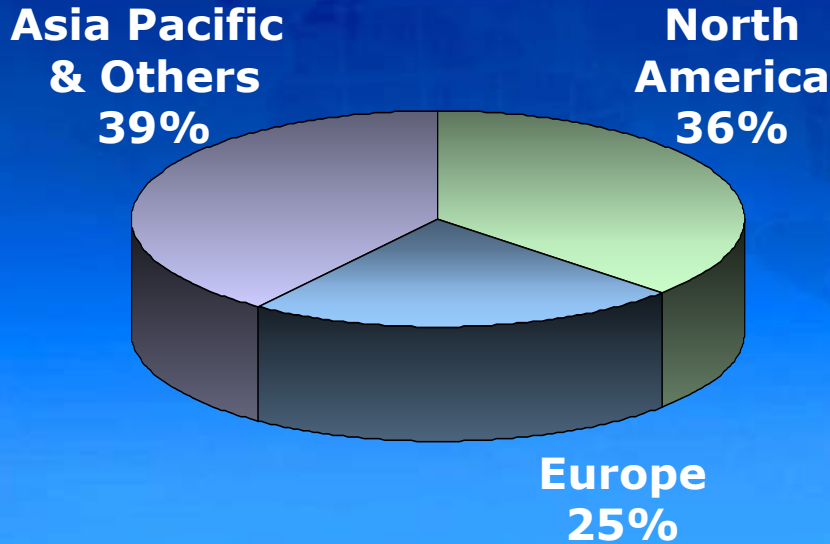
2Q/04



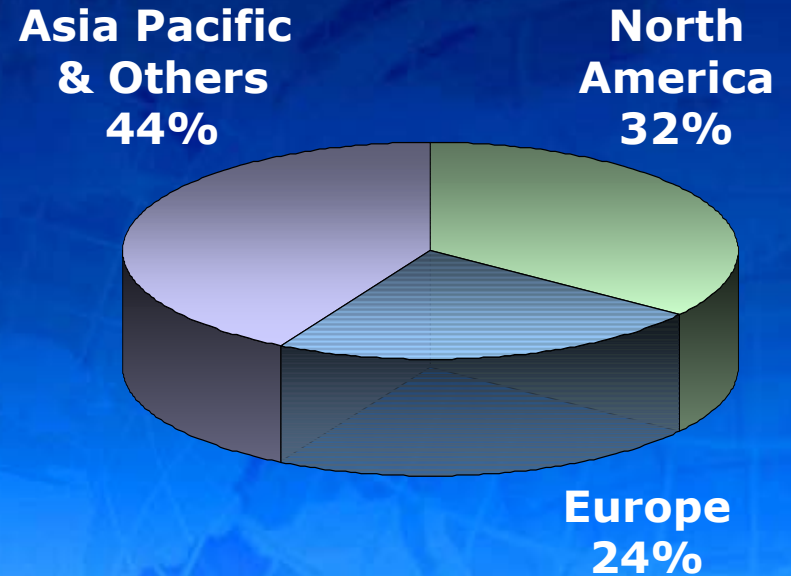
***All sales consolidated**

Revenue By Regions

1Q/04



2Q/04



***All sales consolidated**

Recap of Recent Events

- Announced by Synergy Research Group as the **#1 in Global Consumer Connectivity** leader over Linksys and Netgear; reported by IDC was one of the top 5 Gigabit Ethernet vendor in EMEA.
- Expanding alliance with America Online (AOL), to deliver AOL for Broadband subscribers services, now features access to Radio@AOL **D-Link MediaLounge (DSM-320) Players**, the world's first product earning Intel Conformance Validation.
- Demonstrated complete line of business-class networking solutions at Supercomm 2004, including **smart Gigabit switches, business-class 802.11g WLAN**...etc.



D-Link® Recap of Recent Events

(Cont.)

- Chosen as the single vendor for ADSL modems by MATÁV Telecom in Hungary.
- DVG-1120M, VoIP Telephone Adapter, is selected by AT&T to perform AT&T CallVantageSM Service, the company's Voice over Internet Protocol (VoIP) Phone Service.
- Launched 30 new products such as Stackable L3 Giga Switch w/ 10GigE uplink, outdoor AP, E-2-W Adapter, 802.11a/b/g AP, ADSL IP DSLAM, PoE Adapter, Bluetooth Print Adapter, wireless high gain antenna and SMB firewall.



- Proved by *PC Magazine* that **D-Link Xtreme G products** deliver the fastest wireless throughput of 73.8Mbps, outpacing other 14 solutions.
- Named by *CompUSA* as **Networking Vendor of the Year**, besting over 5 other networking vendors; earned 5-star rating from *VAR Business Magazine* on Partner Program Guide in Wireless/Mobile category.
- Recognized by *AEA (American Electronic Association)* as industry leader in consumer electronics with **High Tech Innovation Award for new Wireless Media Player (DSM-320)**.
- **DI-804HV, 4-port Broadband VPN Router**, earned 5 out of 6 star review on *Internet World* in Germany.



Looking Forward

- Both booking and forecasting orders for Q3 are up 10% sequentially.
- Our main segments of WLAN, BB and Home Networking are in the fast developing cycle. ASP stays steady on the street level.
- North America's are well prepared for summer back-to-school sales, while Europe for late-August higher business season.
- China, SE Asia, Australia, Russia and Latin America's continue to gain fast-growing momentum.
- We expect revenue in Q3 to grow at least 10% QoQ, and GM to maintain at around 33% level.

FY2003 Sales by Products

Quarter	Q1	Q2	Q3	Q4	2003YTD
Broadband	23%	24%	23%	20%	22%
Digital Home	7%	7%	6%	8%	7%
NIC	8%	7%	6%	4%	6%
Switch	24%	25%	22%	23%	23%
Wireless	31%	29%	35%	38%	34%
Others	7%	8%	7%	8%	7%
Total	100%	100%	100%	100%	100%