

D-Link[®]
Building Networks for People



4Q 2006 Investor Conference

October 31, 2006, 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

- **3Q/06 Financial Review** A.P. Chen
- **Business Updates** J.C. Liao
- **Q&A**

All numbers are consolidated, and 3Q/06 numbers are pro forma, except otherwise specified.

3Q/06 Pro Forma Financial Review

3Q/06 QoQ Comparison of Income Statement

Unit: NT\$ million	3Q/06		2Q/06		QoQ % Change
	AMT	%	AMT	%	
Net Sales	11,210	100.0	9,631	100.0	16.4
Cost of Goods Sold	7,735	69.0	6,698	69.5	15.5
Gross Profit	3,474	31.0	2,933	30.5	18.5
Operating Expenses	2,450	21.9	2,382	24.7	2.9
Operating Income	1,024	9.1	552	5.7	85.7
Total Non-Op. Inc. (Loss)	37	0.3	54	0.6	(32.0)
Income Before Tax	1,061	9.4	606	6.3	75.2
Tax Expenses	(208)	(1.8)	(143)	(1.5)	44.9
Net Income	853	7.6	462	4.8	84.6
Minority Interest	(140)	(1.2)	(64)	(0.7)	117.2
Consolidated Income	714	6.4	398	4.1	79.4
EPS (NT\$)	1.08		0.60		79.4

* Calculated by 3Q06 weighted average of 663mln shares.

* 3Q/06 numbers are pro forma

3Q/06 YoY Comparison of Income Statement

Unit: NT\$ million	3Q/06		3Q/05		YoY % Change
	AMT	%	AMT	%	
Net Sales	11,210	100.0	9,846	100.0	13.9
Cost of Goods Sold	7,735	69.0	6,814	69.2	13.5
Gross Profit	3,474	31.0	3,032	30.8	14.6
Operating Expenses	2,450	21.9	2,237	22.7	9.5
Operating Income	1,024	9.1	795	8.1	28.8
Total Non-Op. Inc. (Loss)	37	0.3	324	3.3	(88.7)
Income Before Tax	1,061	9.4	1,119	11.4	(5.2)
Tax Expenses	(208)	(1.8)	(277)	(2.8)	(24.9)
Net Income	853	7.6	842	8.6	1.2
Minority Interest	(140)	(1.2)	(162)	(1.7)	(14.0)
Consolidated Income	714	6.4	680	6.9	4.9
EPS (NT\$)	1.08		1.03		4.9

* Calculated by 3Q06 weighted average of 663mln shares.

* 3Q/06 numbers are pro forma

YT3Q/06 YoY Comparison of Income Statement

Unit: NT\$ million	YT3Q/06		YT3Q/05		YoY % Change
	AMT	%	AMT	%	
Net Sales	30,383	100.0	26,521	100.0	14.6
Cost of Goods Sold	20,864	68.7	18,247	68.8	14.3
Gross Profit	9,520	31.3	8,274	31.2	15.0
Operating Expenses	7,207	23.7	6,373	24.0	13.1
Operating Income	2,313	7.6	1,901	7.2	21.7
Total Non-Op. Inc. (Loss)	173	0.6	242	0.9	(28.4)
Income Before Tax	2,486	8.2	2,143	8.1	16.0
Tax Expenses	(472)	(1.6)	(554)	(2.1)	(14.8)
Net Income	2,014	6.6	1,589	6.0	26.8
Minority Interest	(314)	(1.0)	(307)	(1.2)	2.2
Consolidated Income	1,700	5.6	1,282	4.8	32.7
EPS (NT\$)	2.56		1.93		32.7

* Calculated by 3Q06 weighted average of 663mln shares.

* YT3Q/06 numbers are pro forma

3Q/06 QoQ Comparison of Non-op Income/Loss

Unit : NT\$Mln	3Q06	2Q06	QoQ % Change
Investment Income	16	116	(86)
Sub./Aff.	14	37	(62)
Capital Gain	2	79	(97)
FX Gain/(Loss)	34	(2)	1800
Inventory Loss	(40)	(95)	58
Fin. Income/(Exp.) & Oth.	27	35	(26)
Total	37	54	(33)

9/30/2006 Consolidated Balance Sheet QoQ Comparison

Unit: NT\$ million	9/30/06		6/30/06		QoQ %
	AMT	%	AMT	%	Change
Cash	3,686	12	4,360	15	(15.5)
S-T Investment	937	3	1,767	6	(47.0)
Account Receivable	9,644	33	7,718	27	24.9
Inventory	7,887	27	7,191	25	9.7
Long-term Investments	2,426	8	2,490	9	(2.6)
Total Assets	29,546	100	28,474	100	3.8
Accounts Payable	7,368	25	4,429	16	66.4
Current Liabilities	11,634	39	12,112	43	(3.9)
Long-term Loans	1,593	5	1,163	4	37.1
Common Stock	6,754	23	6,754	24	0.0
Stockholders' Equity	15,779	53	14,819	52	6.5

Consolidated Key Financial Ratios– Liquidity/Leverage

Unit: % , days	9/30/06	6/30/06	3/31/06	12/31/05	9/30/05
Days A/R	75 [*]	70 [*]	67 [*]	63 [*]	70 [*]
Days Inventory	96 [*]	98 [*]	100 [*]	96 [*]	100 [*]
Days A/P	83 [*]	79 [*]	79 [*]	78 [*]	87 [*]
Cash Cycle	88	89	87	82	83
Current Ratio	1.97	1.86	2.05	1.82	1.71
Debt/Equity Ratio	1.03	1.10 ^{**}	0.89	0.84	0.98 ^{**}
Adjusted Debt/ Equity Ratio	0.69 ^{**}	0.61	0.53 ^{**}	0.59 ^{**}	0.71
ROE	17	16	18	14	14

* Annualized

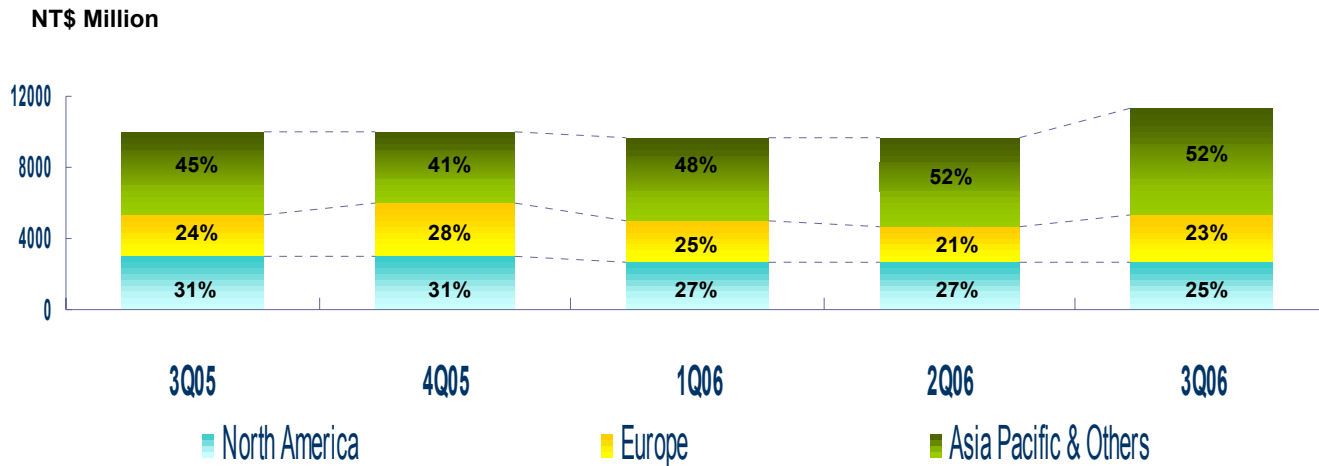
**Adjust for Cash & S-T investment

Business Updates

Revenue by Regions Consolidated

3Q/06 revenue QoQ comparison:

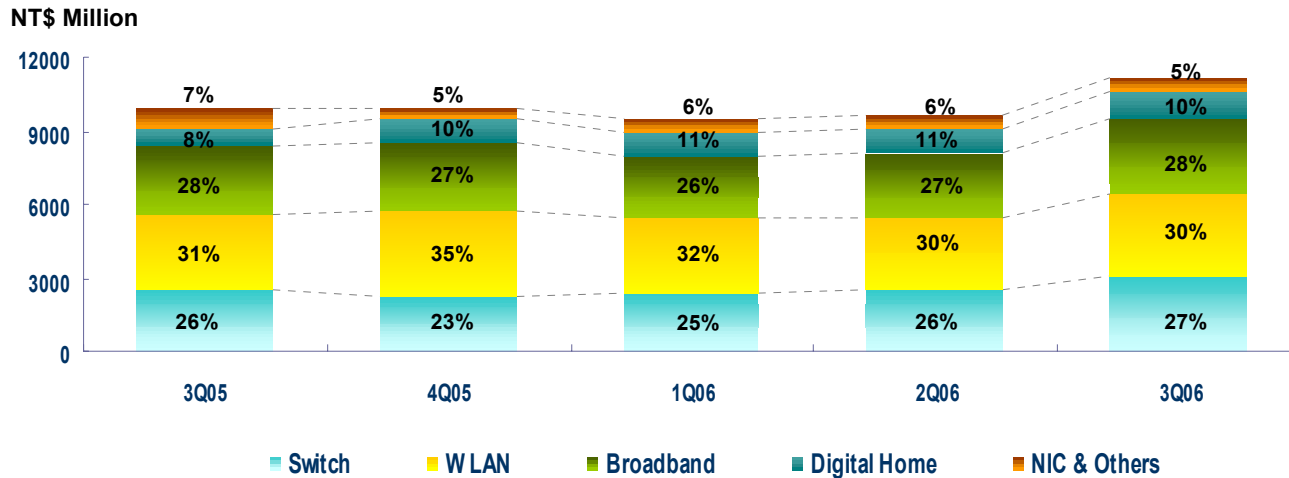
- N.A. rose 8%
- Europe jumped 29%
- AsiaPac & Others seasonally up 15%
- In NT\$ terms, WW 3Q revenue grew 16%



Revenue by Products Consolidated

3Q/06 revenue QoQ comparison:

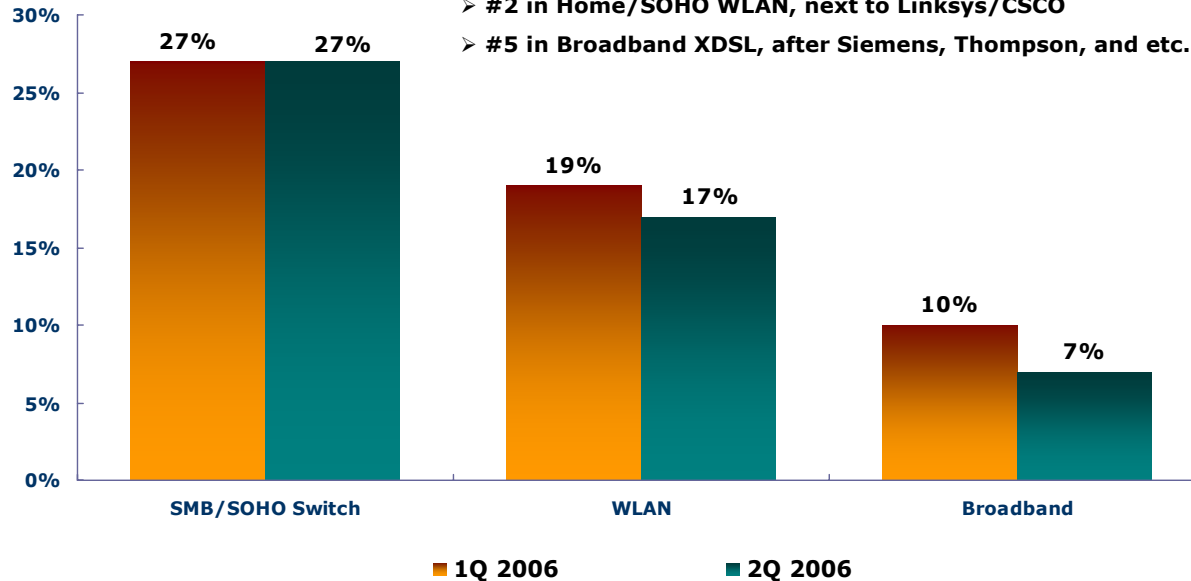
- Switch grew 23%
- WLAN increased 15%
- Broadband up 18%
- Digital Home rose 12%



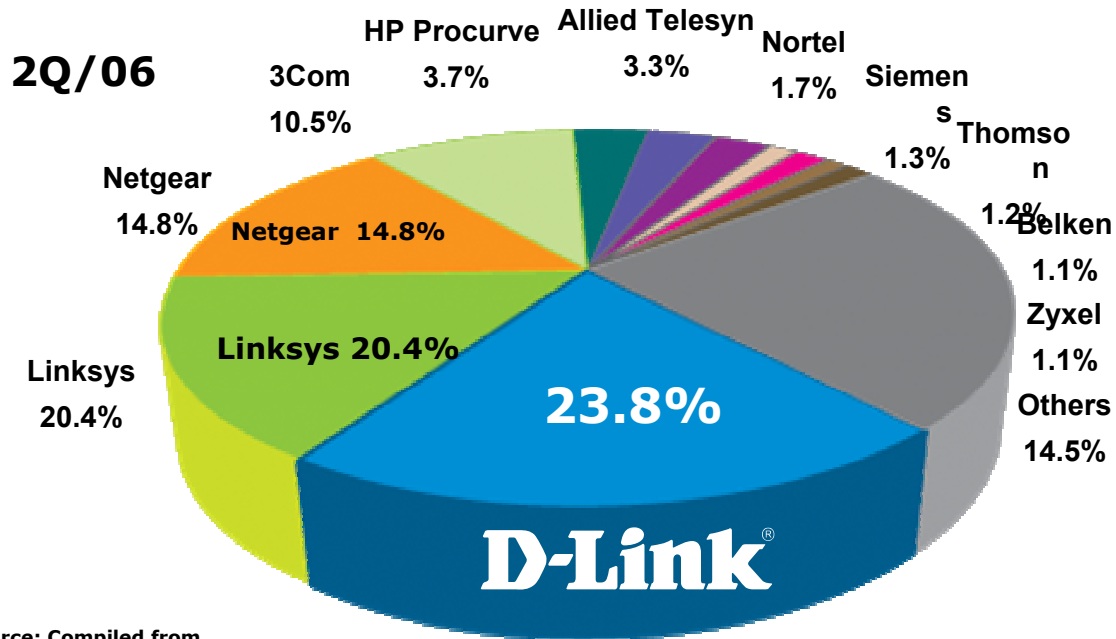
Dominance in Key Segments

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
- #5 in Broadband XDSL, after Siemens, Thompson, and etc.



#1 in SOHO/SMB Market



Source: Compiled from
 In-Stat 2Q 2006 Wireless LAN Equipment Market Share Report
 In-Stat 2Q 2006 Ethernet LAN Switch Market Share Report
 In-Stat 2Q 2006 Broadband Equipment Market Share Report

New Products Releases

22 New Product Announcements in Q3

Significant Highlight:

2-bay SATA network storage enclosure



- Internet file sharing
- Critical failsafe Disc mirror
- Built-in media server function

L2+ Wireless switches



- 24 wireless or wired ports
- Central management
- Secured and seamless roaming

Day & Night, Audio & Video IP Cam



- Full-featured Wireless Surveillance Camera
- Support 16 simultaneous viewing and motion detection recording

4Q/06 Outlook

Consolidated

- **4Q Guidance**
 - **4Q revenue flat sequentially**
 - **Gross margin maintains 31%**

- **Upsides**
 - **Thanksgiving & Christmas shopping in N.A. & Europe**
 - **Emerging markets continuously grow**

- **Downsides**
 - **11n ratification delays**
 - **Cool down of economy**

Q & A

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