

2Q 2006 Investor Conference

Taipei, April 28, 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

- **1Q/06 Financial Review** A.P. Chen
- **Business Updates** J.C. Liao
- **Q&A**

All numbers consolidated except otherwise specified.
1Q/06 numbers are pro forma ..



1Q/06 Pro Forma Financial Review

Presented by
A.P. Chen, CFO

1Q/06 QoQ Consolidated Income Statement Comparison

Amount: NT\$ million

	1Q/06		4Q/05		QoQ % Change
Net Sales	9,543	100.0%	9,987	100.0%	(4.4)%
Cost of Goods Sold	6,431	67.4%	6,775	67.8%	(5.1)%
Gross Profit	3,112	32.6%	3,212	32.2%	(3.1)%
Operating Expenses	2,375	24.9%	2,415	24.2%	(1.7)%
Operating Income	737	7.7%	797	8.0%	(7.5)%
Total Non-Op. Inc. (Loss)	77	0.8%	(82)	(0.8)%	193.9%
Income Before Tax	814	8.5%	715	7.2%	13.8%
Tax Expenses	(121)	(1.3)%	(219)	(2.2)%	(44.7)%
Net Income	693	7.3%	496	5.0%	39.7%
Minority Interest	(110)	(1.2)%	(147)	(1.5)%	(25.2)%
Consolidated Income	583	6.1%	349	3.5%	67.0%
Earnings Per Share (NT\$)	0.98		0.58		67.1%

* Calculated by 4Q05 weighted average of 597mln shares.

* All numbers are pro forma

Non-op Income/Loss Breakdown

Unit : NT\$Mln	1Q06	4Q05
Investment Income/(Loss)	62	144
Sub./Aff.	62	144
Capital Gain	0	0
FX Gain/(Loss)	61	(91)
Inventory Gain/(Loss)	(84)	(84)
Financial Income/(Exp.) & Others	<u>38</u>	<u>(51)</u>
Total	77	(82)

1Q/06 YoY Consolidated Income Statement Comparison

Amount: NT\$ million

	1Q/06		1Q/05		YoY % Change
Net Sales	9,543	100.0%	8,557	100.0%	11.5%
Cost of Goods Sold	6,431	67.4%	5,880	68.7%	9.4%
Gross Profit	3,112	32.6%	2,677	31.3%	16.2%
Operating Expenses	2,375	24.9%	2,010	23.5%	18.2%
Operating Income	737	7.7%	667	7.8%	10.5%
Total Non-Op. Inc. (Loss)	77	0.8%	(89)	(1.0)%	186.5%
Income Before Tax	814	8.5%	578	6.8%	40.8%
Tax Expenses	(121)	(1.3)%	(168)	(2.0)%	(28.0)%
Net Income	693	7.3%	410	4.8%	69.0%
Minority Interest	(110)	(1.2)%	(57)	(0.7)%	93%
Consolidated Income	583	6.1%	353	4.1%	65.2%
Earnings Per Share (NT\$)	<u>0.98</u>		<u>0.59</u>		<u>65.2%</u>

• Calculated by 4Q05 weighted average of 597mln shares.

**All numbers are pro forma.

3/31/2006 Consolidated Balance Sheet QoQ Comparison

Amount: NT\$ million

	3/31/06		12/31/05		QoQ % Change
Cash	4,665	17%	2,415	10%	93%
S-T Investment	54	-	720	3%	(93)%
Account Receivable	7,019	26%	6,840	28%	3%
Inventory	7,282	27%	7,141	29%	2%
Long-term Investments	2,543	9%	2,248	9%	13%
Total Assets	26,780	100%	24,431	100%	10%
Accounts Payable	5,824	22%	5,928	24%	(2)%
Current Liabilities	9,823	37%	9,874	40%	(1)%
Long-term Liabilities	1,066	4%	16	-	6562%
Common Stock	6,092	23%	6,092	25%	-
Stockholders' Equity	15,232	56%	14,223	58%	7%

Consolidated Key Financial Ratios– Liquidity/Leverage

Unit: % , days

	3/31/06	12/31/05	9/30/05	6/30/05	3/31/05
Days A/R	67 [*]	63 [*]	70 [*]	64 [*]	65 [*]
Days Inventory	100 [*]	96 [*]	100 [*]	96 [*]	89 [*]
Days A/P	79 [*]	78 [*]	87 [*]	79 [*]	75 [*]
Cash Cycle	87	82	83	82	80
Current Ratio	2.05	1.82	1.71	1.67	1.70
Debt/Equity Ratio	0.89	0.84	0.98	1.05	1.12
Adjusted Debt/ Equity Ratio	0.53 ^{**}	0.59 ^{**}	0.71 ^{**}	0.55 ^{**}	0.58 ^{**}

* Annualized

**Adjust for Cash & S-T investment

Consolidated Key Financial Ratios – Profitability (%)

Unit: %

	1Q/06	2005	4Q/05	3Q/05	2Q/05	1Q/05
Net Income/Sales	6.11	4.47	3.49	6.91	3.33	4.13
Net Income/Total Assets	2.18	6.68	1.43	2.67	1.12	1.38
Operating Profit/Sales	7.72	7.39	7.98	8.07	5.66	7.78
Return on Equity*	18	14	14	14	11	12
EPS (NT\$)**	0.98	2.73	0.58	1.14	0.42	0.59

* Annualized

** Calculated by 4Q05 weighted average of 597mln shares.

Business Updates

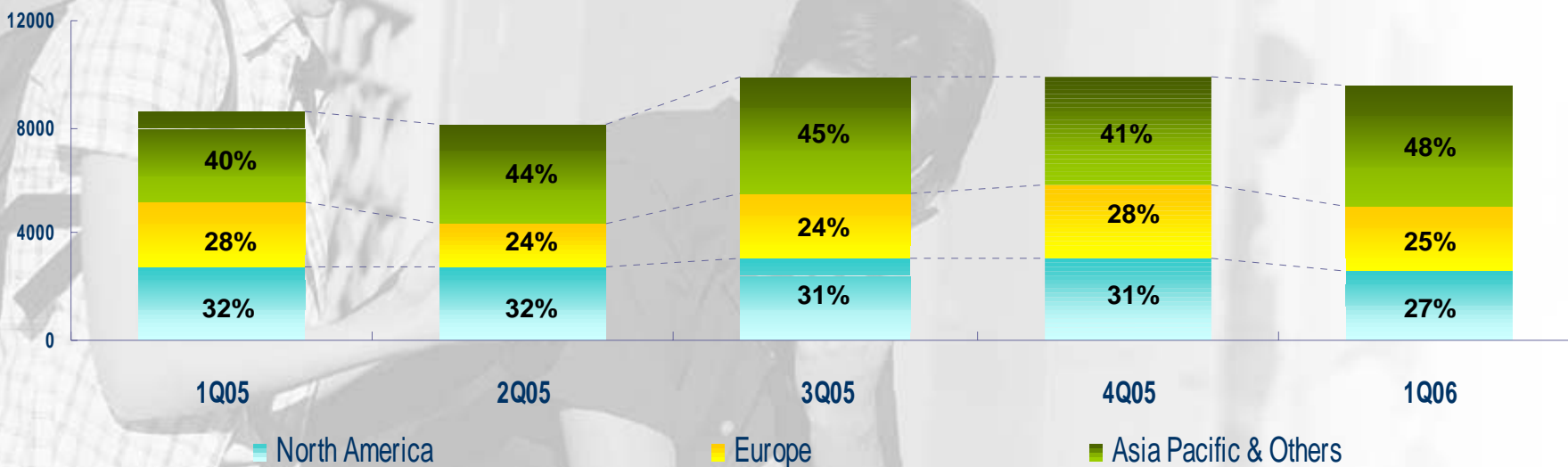
Presented by
J.C. Liao, President

Revenue by Regions Consolidated

1Q/06 revenue YoY comparison:

- N.A. seasonally dropped by 6%
- Europe was flat
- AsiaPac & Others jumped 34%
- In NT\$ terms, WW 1Q revenue grew 11%

NT\$ Million



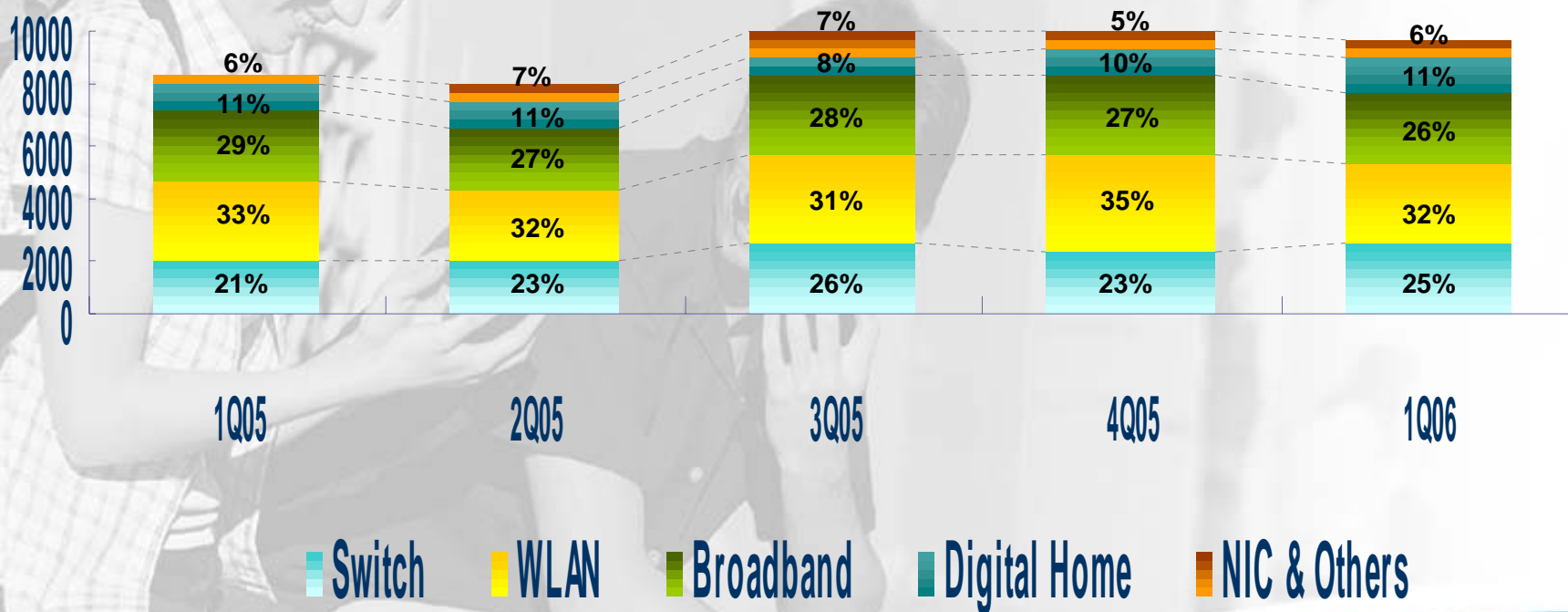
Revenue by Products Consolidated

1Q/06 revenue YoY comparison:

- Switch grew 33%
- WLAN grew 8%

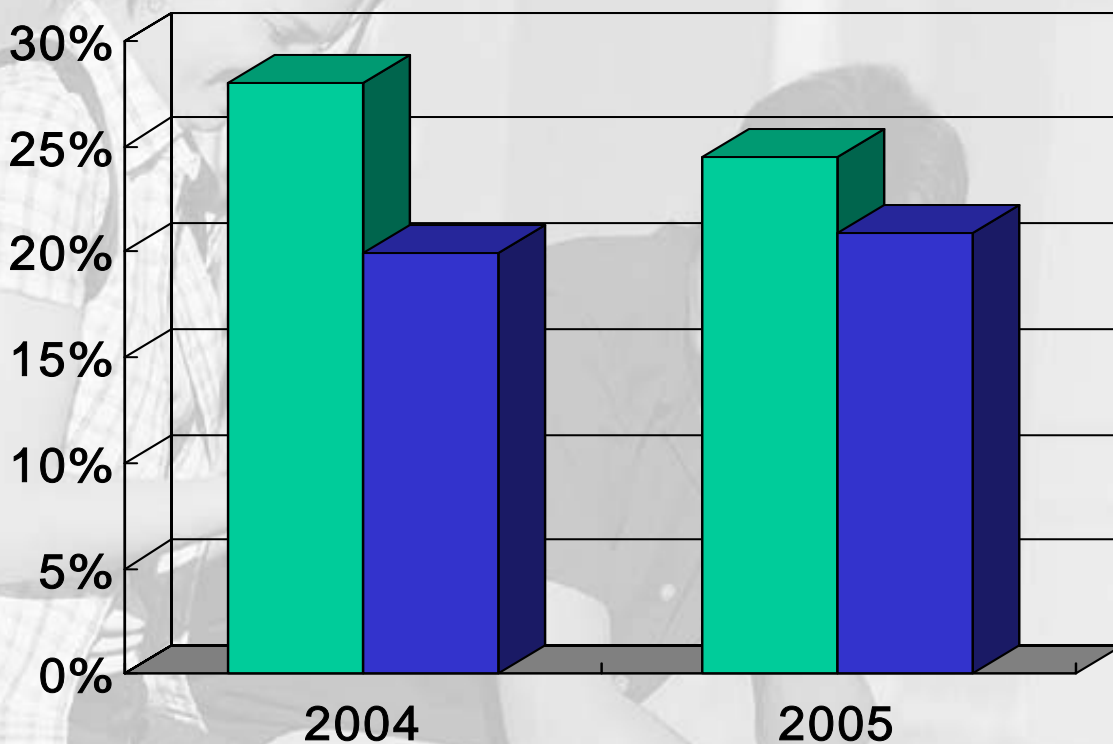
- Broadband stood still
- Digital Home rose 11%

NT\$ Million



Market Share

Total Switch port shipments

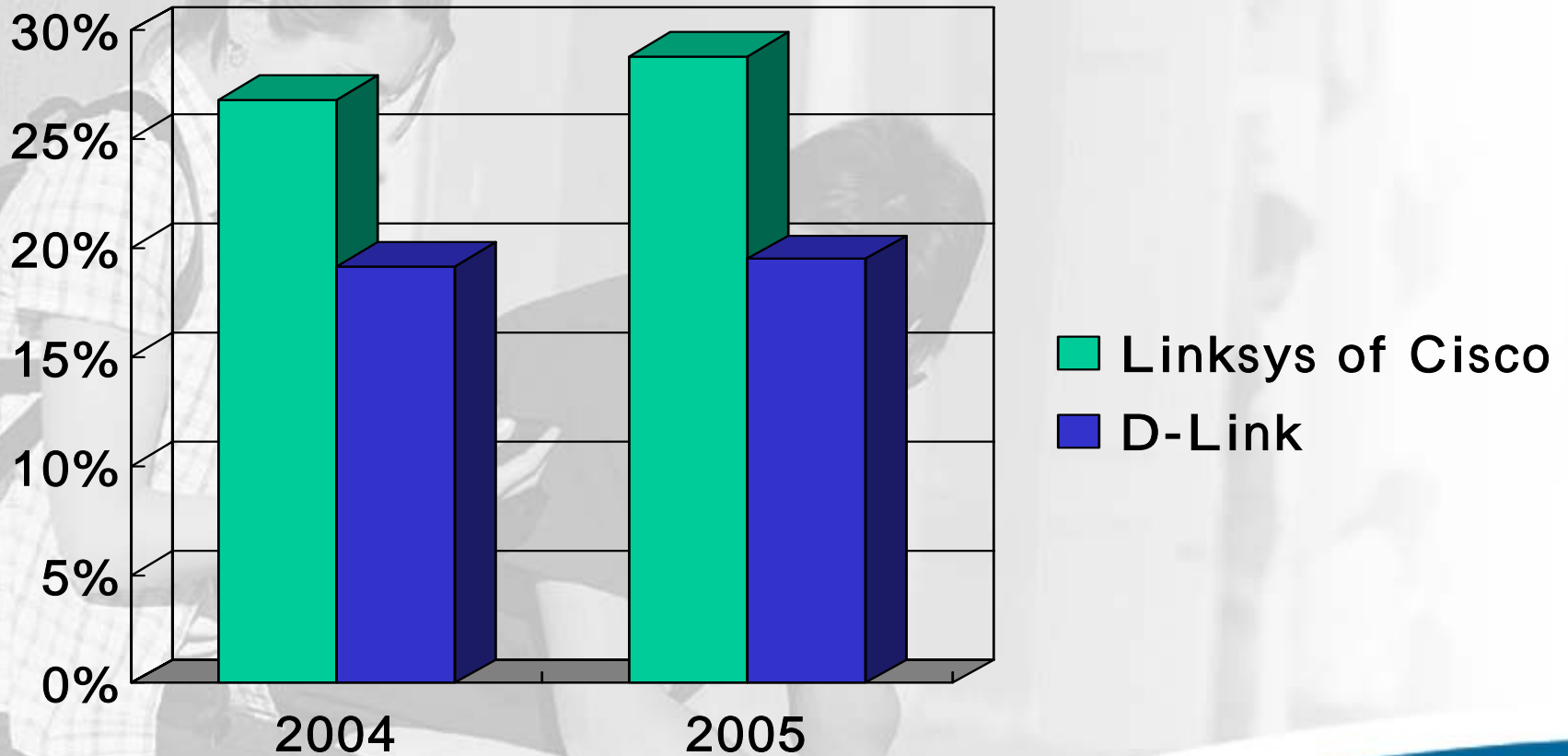


- All Ethernet switches
- L2/3/4-7
- Managed/smart/dump
- FE/Gig/10G
- No. 1 in unmanaged
- No. 2 in all segments

■ CISCO
■ D-LINK

Market Share

Total Wireless LAN



Source: In-Stat Research Report, 2005

New Products Releases

20 new products released in Q1

Highlights:

➤ **IP Telephony:**

➤ IP-PBX, IP Trunk Gateway & Flip Wifi Phone

➤ **Network Security:**

➤ Wired & WLAN NetDefend, SecureSpot

➤ **Draft 802.11n**

➤ NIC and Router



2Q/06 Outlook

Consolidated

- **2Q Guidance**
 - 2Q revenue flat or slightly lower sequentially
 - Gross margin steady at 32%

- **Upsides**
 - Continuous stronger demands for SMB products
 - VoIP products appealing

- **Downsides**
 - WLAN & Broadband pricing pressure
 - RoHS transition in Europe



Q & A

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