



3Q 2007 Pro Forma Earnings Release

October 30, 2007, Taipei

Agenda

➤ **3Q07 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.

3Q07 Pro Forma Financial Review & Corporate Updates

3Q07 Income Statement & QoQ Comparison

Unit: NT\$ million	3Q07		2Q07		QoQ %
	AMT	%	AMT	%	Change
Net Sales	8,999	100.0	7,833	100.0	14.9
Cost of Goods Sold	5,850	65.0	5,117	65.3	14.3
Gross Profit	3,149	35.0	2,716	34.6	16.0
Operating Expenses	2,462	27.4	2,118	27.0	16.2
Operating Income	687	7.6	598	7.6	15.0
Total Non-Op. Inc. (Loss)	274	3.1	78	1.0	251.3
Income Before Tax	961	10.7	676	8.6	42.2
Tax (Exp.) / Income	(156)	(1.7)	105	1.3	248.6
Net Income	805	9.0	781	9.9	3.1
Minority Interest	(4)	(0.1)	(10)	(0.1)	(60.0)
Consolidated Income	801	8.9	771	9.8	3.9
EPS (NT\$)	1.17		1.13		3.9

* Calculated by fully diluted basis of 683.8mln shares

* The numbers are pro forma

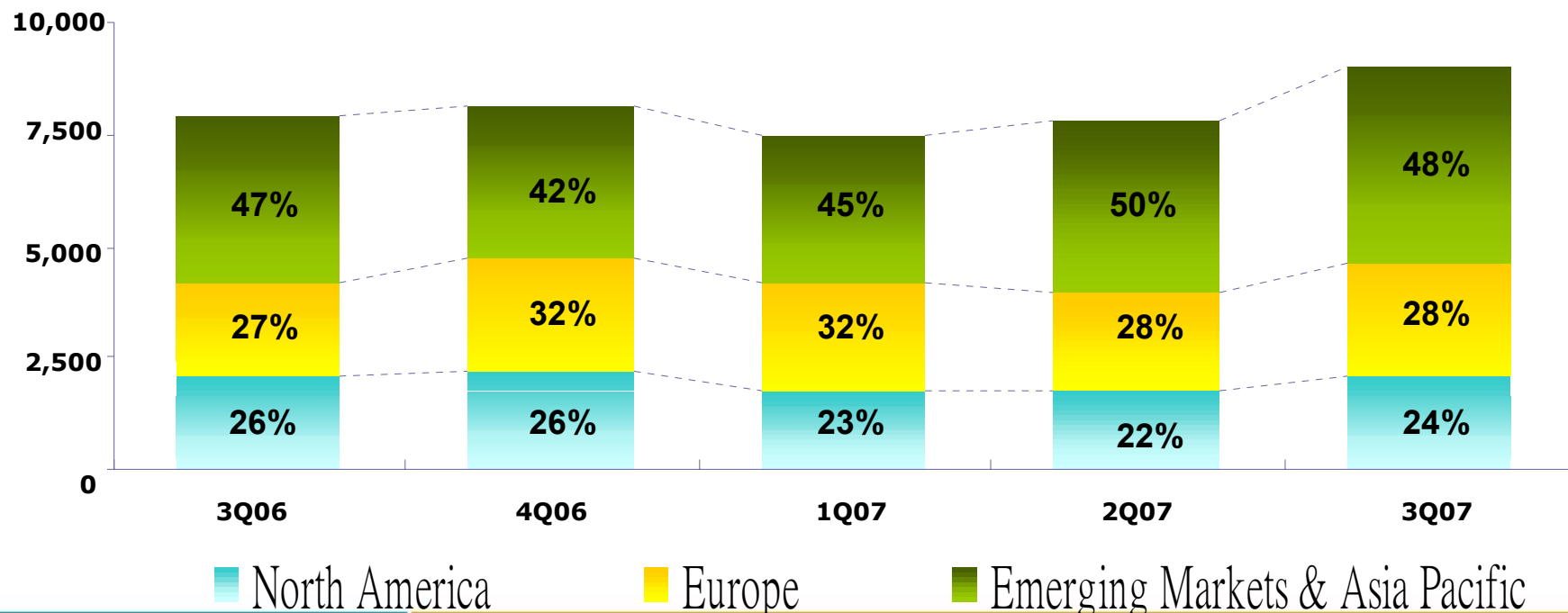
Quarterly Revenue by Regions

Brand Only

3Q07 revenue up 15% QoQ

- **N.A. jumped 22%**
- **Europe increased 15%**
- **Emerging markets & AsiaPac rose 12%**

NT\$ mln



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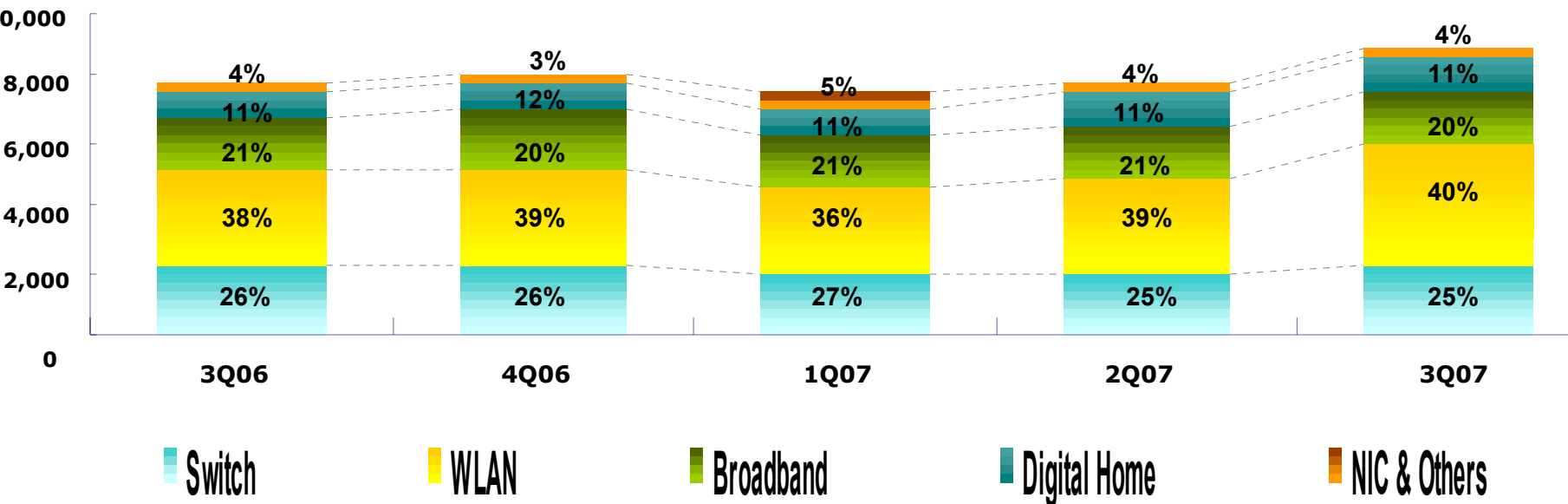
Quarterly Revenue by Products

Brand Only

3Q/07 revenue QoQ comparison:

- Switch went up 17%
- WLAN increased 17%
- Broadband rose 13%
- Digital Home up 6%

NT\$ mln



3Q07 Non-op Income/Loss & QoQ Comparison

Unit : NT\$ mln	3Q07	2Q07	QoQ % Change
Investment Income	166	148	12.2
Sub./Aff.	142	114	24.6
Capital Gain	24	34	(29.4)
FX Gain/(Loss)	63	39	61.5
Inventory Loss	(67)	(170)	(60.6)
Fin. Income/(Exp.) & Oth.	112	61	83.6
Total	274	78	251.3

3Q07 Income Statement & QoQ Comparison

Unit: NT\$ million	3Q07		2Q07		QoQ %
	AMT	%	AMT	%	Change
Net Sales	8,999	100.0	7,833	100.0	14.9
Cost of Goods Sold	5,850	65.0	5,117	65.3	14.3
Gross Profit	3,149	35.0	2,716	34.6	16.0
Operating Expenses	2,462	27.4	2,118	27.0	16.2
Operating Income	687	7.6	598	7.6	15.0
Total Non-Op. Inc. (Loss)	274	3.1	78	1.0	251.3
Income Before Tax	961	10.7	676	8.6	42.2
Tax (Exp.) / Income	(156)	(1.7)	105	1.3	248.6
Net Income	805	9.0	781	9.9	3.1
Minority Interest	(4)	(0.1)	(10)	(0.1)	(60.0)
Consolidated Income	801	8.9	771	9.8	3.9
EPS (NT\$)	1.17		1.13		3.9

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* The numbers are pro forma

3Q07 Income Statement & YoY Comparison

Unit: NT\$ million	3Q07		3Q06		YoY % Change
	AMT	%	AMT	%	
Net Sales	8,999	100.0	7,933	100.0	13.4
Cost of Goods Sold	5,850	65.0	5,352	67.5	9.3
Gross Profit	3,149	35.0	2,581	32.5	22.0
Operating Expenses	2,462	27.4	1,997	25.2	23.3
Operating Income	687	7.6	584	7.3	17.7
Total Non-Op. Inc. (Loss)	274	3.1	275	3.5	(0.4)
Income Before Tax	961	10.7	859	10.8	11.9
Tax (Exp.) / Income	(156)	(1.7)	(128)	(1.6)	21.9
Net Income	805	9.0	731	9.2	10.1
Minority Interest	(4)	(0.1)	(17)	(0.2)	(76.5)
Consolidated Income	801	8.9	714	9.0	12.2
EPS (NT\$)	1.17		1.04		12.2

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* The numbers are pro forma

YT3Q07 Income Statement & YoY Comparison

Unit: NT\$ million	YT3Q07		YT3Q06		YoY % Change
	AMT	%	AMT	%	
Net Sales	24,345	100.0	21,650	100.0	12.5
Cost of Goods Sold	15,856	65.1	14,644	67.6	8.3
Gross Profit	8,489	34.9	7,006	32.4	21.2
Operating Expenses	6,609	27.2	5,662	26.2	16.7
Operating Income	1,880	7.7	1,345	6.2	39.8
Total Non-Op. Inc. (Loss)	972	4.0	682	3.1	42.5
Income Before Tax	2,852	11.7	2,026	9.3	40.7
Tax (Exp.) / Income	(100)	(0.4)	(292)	(1.3)	(65.8)
Net Income	2,752	11.3	1,734	8.0	58.7
Minority Interest	(23)	(0.1)	(34)	(0.2)	(32.4)
Consolidated Income	2,729	11.2	1,700	7.8	60.5
EPS (NT\$)	3.99		2.49		60.5

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* The numbers are pro forma

09/30/2007 Balance Sheet & QoQ Comparison

Unit: NT\$ mln	09/30/07		06/30/07		QoQ %
	AMT	%	AMT	%	Change
Cash	4,729	17	4,585	17	3.1
S-T Investment	759	3	1,421	5	(46.6)
Account Receivable	6,617	23	5,977	22	10.7
Inventory	7,201	25	5,987	22	20.3
Long-term Investments	6,531	23	6,556	24	(0.4)
Total Assets	28,477	100	27,383	100	4.0
Accounts Payable	7,602	27	6,294	23	20.8
Current Liabilities	11,226	39	10,618	39	5.7
Long-term Loans	6	0	6	0	0.0
Common Stock	6,838	24	6,838	24	0.0
Stockholders' Equity	16,714	59	16,303	60	2.5

Key Financial Ratios

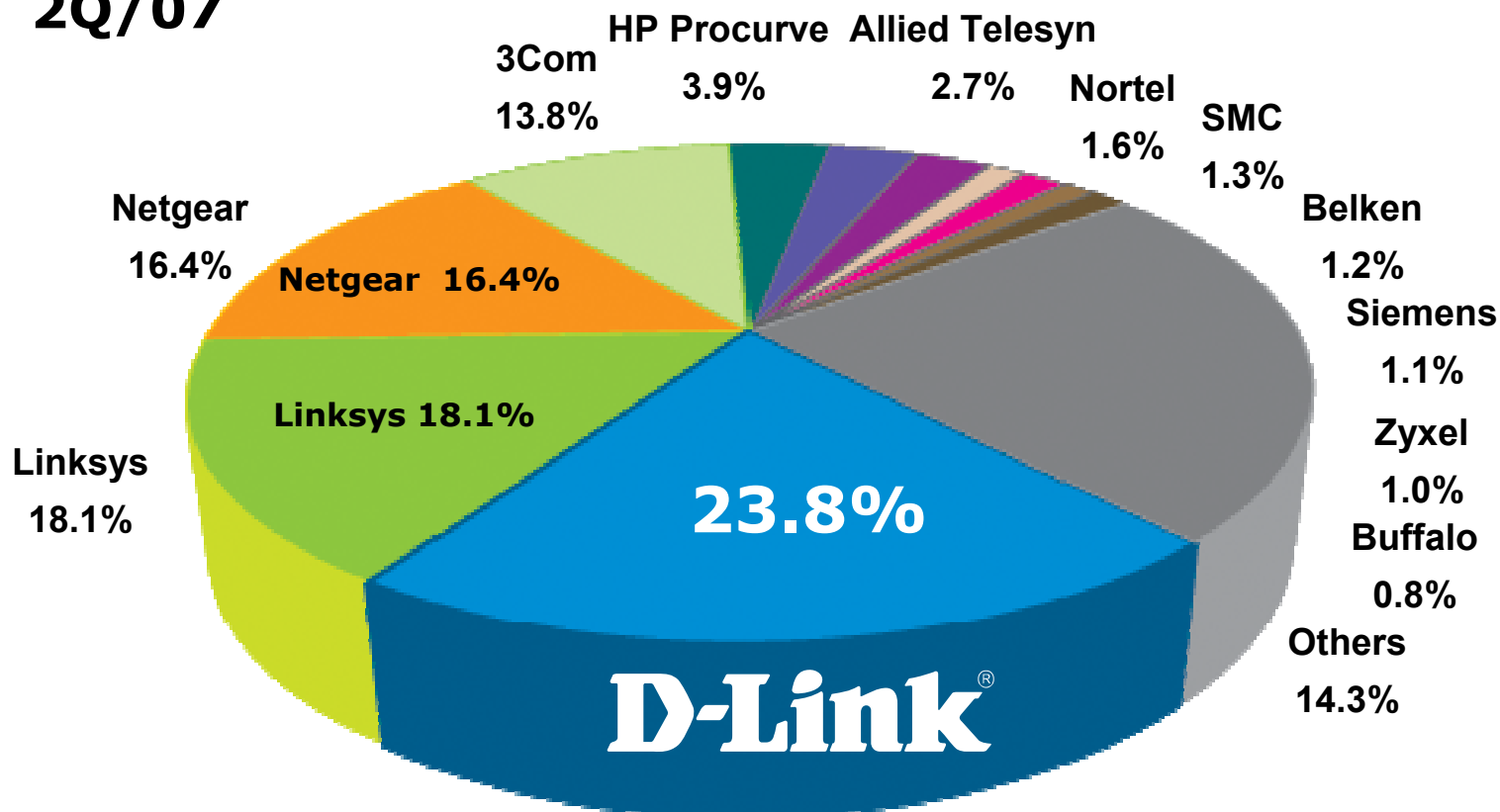
Unit: % , days	9/30/07	06/30/07	03/31/07	12/31/06	9/30/06
Days A/R	67*	68*	69*	59*	64*
Days Inventory	112*	103*	102*	96*	94*
Days A/P	119*	107*	100*	95*	98*
Cash Cycle	61	64	71	60	60
Current Ratio	1.80	1.79	2.15	1.99	1.73
Debt/Equity Ratio	0.71	0.69	0.52	0.60	0.76
Adjusted Debt/ Equity Ratio	0.38**	0.32**	0.20*	0.34*	0.51*
ROE	22*	25*	29*	19*	18*

* Annualized

**Adjust for Cash & S-T investment

#1 in SOHO/SMB Market

2Q/07



Source: Compiled from
 In-Stat 2Q 2007 Wireless LAN Equipment Market Share Report
 In-Stat 2Q 2007 Ethernet LAN Switch Market Share Report
 In-Stat 2Q 2007 Broadband Equipment Market Share Report

4Q07 Outlook

Brand Only

- **4Q Guidance**
 - Revenue flat or low single digit up sequentially
 - Gross margin stable

- **Regional Updates**
 - U.S.: Gaining marketshare for 11-n
 - Europe: Expanding switch business in Central Europe
 - Emerging markets: More competition in ANZ

- **Product Drivers**
 - Metro Ethernet switch solution growing
 - Pre-n wireless embedded products initiating
 - IP Camera adoption increasing

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.

Q & A

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