

D-Link[®]
Building Networks for People

D-Link®

Annual Report 2006



Connecting People. Around the House. Around the Office. Around the World.



About the Cover:

A key contributor to D-Link's consistent growth over its more than 20 year history has been the company's ability to think globally and act locally. When D-Link talks about Connecting People, the scope of this corporate motto encompasses the connectivity needs of people all over the world. While D-Link solutions all feature pioneering computer technologies, the applications are as diverse as the people that use them. D-Link has established local and regional offices on every continent and in more than 100 countries. D-Link calls everywhere home, providing geographically-relevant solutions and timely support to its partners and customers. Connecting People. Around the House. Around the Office. Around the World.

Financial Highlights

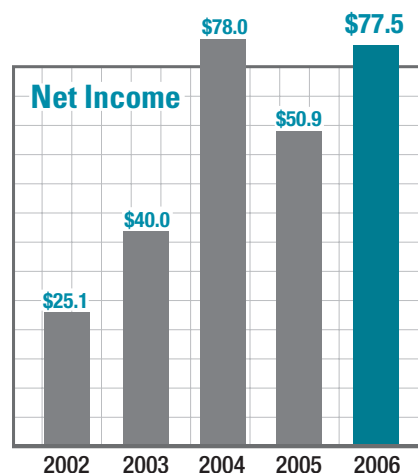
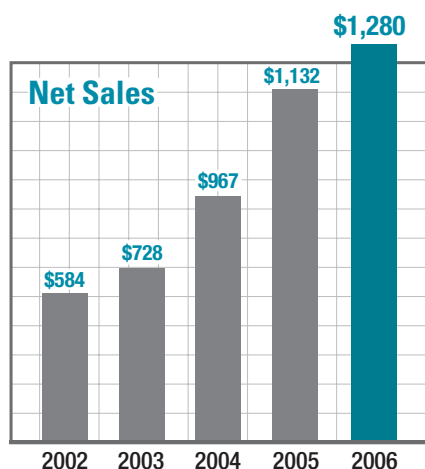
(U.S. Dollars in Thousands)	2006 (US\$)	2005	% Change	2004	2003	2002
Net Sales	\$1,280,619	\$1,131,954	13.1%	\$966,584	\$728,062	\$583,560
Operating Income	\$117,519	\$79,241	48.3%	\$78,592	\$46,655	\$18,745
Income Before Tax	\$114,910	\$82,780	38.8%	\$96,381	\$45,246	\$28,749
Net Income	\$77,473	\$50,897	52.2%	\$77,966	\$39,992	\$25,075

*Amounts are in U.S. Dollars solely for the reader's convenience, at the rate of: NT\$32.53=US\$1. The average annual exchange rate for 2006
 NT\$32.14=US\$1. The average annual exchange rate for 2005
 NT\$33.36=US\$1. The average annual exchange rate for 2004
 NT\$34.36=US\$1. The average annual exchange rate for 2003
 NT\$34.62=US\$1. The average annual exchange rate for 2002

(U.S. Dollars in Thousands)	2006 (US\$)	2005	% Change	2004	2003	2002
Cash & Cash Equivalents	\$187,213	\$67,922	175.6%	\$120,515	\$57,762	\$90,394
Total Assets	\$928,519	\$734,822	26.4%	\$814,977	\$541,990	\$503,998
Working Capital	\$276,617	\$256,011	8.0%	\$231,611	\$215,405	\$215,405
Long Term Loans	\$33,275	\$336	9803.1%	\$685	\$86,632	\$85,160
Shareholder's Equity	\$449,920	\$368,623	22.1%	\$367,315	\$276,619	\$276,619
Shares Outstanding **	\$663,378	\$597,162	11.1%	\$535,521	\$494,378	\$445,944

*Amounts are in U.S. Dollars solely for the reader's convenience, at the rate of: NT\$32.59=US\$1. The prevailing rate on December 31, 2006
 NT\$32.85=US\$1. The prevailing rate on December 31, 2005
 NT\$31.75=US\$1. The prevailing rate on December 31, 2004
 NT\$33.93=US\$1. The prevailing rate on December 31, 2003
 NT\$34.62=US\$1. The prevailing rate on December 31, 2002

** in Thousands





Letter to Shareholders, Customers, Partners and Employees

Ken Kao
Chairman and Chief Executive Officer
D-Link Group

We reached our 20-year milestone in June 2006. We are proud to report that this was another year of success — 20 years of double-digit revenue growth, year over year.

The strengthening of our business in mature markets and important expansion in emerging high-growth markets were key elements to our growth in 2006. We continued to aggressively push forward into lucrative budding markets, strengthening our leading market position in Russia, the Middle East, Latin America and Southeast Asia with deeper localized business operations, strong brand awareness and a product portfolio to match the growing needs of each region.

As we enter our 21st year in business, now is the perfect opportunity to look to the future with the strength and resolve gained from past experience. We will improve our business by using the same commitment to innovation — such as D-Link becoming the first networking company to enter the Web 2.0 era this past year, our global-oriented approach to growth and our keen focus on customer service and product excellence.

Financial Highlights

In 2006, financial metrics were healthy. Most notably, revenues in 2006 topped US\$1.280 billion, representing a 13.1% (or 14.5% in Taiwan Dollar terms) increase over the previous year. Net income also rose from US\$50.8 million in 2005, to US\$77.4 million in 2006. We successfully grew gross profit by 20 percent, operating profit by 48 percent and earnings per share by 52 percent.

Our strategy to extend our global reach by laying strong foundations in emerging markets is producing most of the positive operation results and points to years of healthy growth ahead.

Localized Global Presence

While reveling in the success of our first 20 years, we celebrated important market penetration around the globe through the strengthening of localized business units on every major continent. Our operating business units increased to 105 worldwide in 2006.

D-Link holds a strong market position in all key markets, with a leading position in critical emerging markets such as India, Latin America, Russia, the Middle East and Southeast Asia. Strength in these emerging markets was an important cornerstone for the company in 2006 as we realized strong growth momentum heading into 2007. This strength was fueled by local infrastructure development and economic expansion.

For the first time in company history, D-Link foreign shareholding went up significantly and exceeded 50% as of 12/31/06. The foreign shareholders were largely world-class mutual funds, pension funds and large financial investment institutions that historically hold for long term. This reflected a long-term confidence in our business strategy, management and operations with recognition to the value of our brand equity.

Of significant note, mature markets such as North America and Europe were flat in 2006 due mainly to lack of new technology breakthrough. However, we are proactive in addressing the challenges to continued expansion in these increasingly saturated consumer networking markets. Introduction of home networking products based on an emerging 802.11n networking standard, complimentary digital home solutions such as home network storage, media players and home VoIP and communication solutions are laying the foundation for future growth. We also expect further growth in North America and Europe in the small-to-medium business (SMB) and enterprise networking sectors.

We remain optimistic that the local economic expansion in emerging markets will translate into strong demand for our gigabit switching, broadband access solutions, IP telephony and digital home products. We continue to adjust and optimize our business strategy and expect to see continued growth in these exciting economies going forward despite the gradually intensifying competition in these marketplaces.

Another key milestone in 2006 was the result achieved from improved re-engineering of our global operation processes, which has streamlined procurement and enabled our global logistics to become more cost-efficient. Better currency risk management also contributed to our success.

In terms of sales by product category, WLAN products realized a YoY 10% rise in 2006, and represented our leading product group, accounting for 32% of total revenue. Broadband products represented 27% of sales and climbed 10% YoY, while Switches, which represented 26% of sales, grew 28% YoY, and Digital Home products, which represented 10% of sales, rose 19% YoY.

Furthermore, according to In-Stat Research 2006 reports, D-Link maintained its position as global networking and connectivity leader in the important consumer and SMB market segments. As a positive indicator for future profit growth, we continued to gain switch market share from our competitors, especially in the lucrative emerging markets. We are particularly pleased that we have progressively evolved into a value player and volume winner, as indicated by our consistent bottom line growth in 2006.

The Stage is Set for Future Success

From an industry perspective, demand from the SMB sector remains healthy and is expected to drive worldwide sales growth throughout 2007 and beyond. Indicators also reveal that on the consumer front, earlier market stagnation will be replaced by a recovery in sales for products such as wireless networking based on the emerging 802.11n standard, VoIP, IP cameras, network storage and others.

We strongly believe that D-Link's revenue growth drivers in 2007 will be a series of new products, including gigabit, intelligent and wireless switches along with storage (SAN) solutions for the SMB market, and for consumers, a lineup of new innovations in digital home devices.

The following regional results for 2006 provide insight into D-Link's plans to meet our revenue and profitability goals through the next year. We are confident in our long-term relationships with our international partners, channel experts and vendors, and the professionalism of our more than 1,800 employees worldwide to help us continue to grow through 2007 and beyond.

Emerging Markets & Asia Pacific

Emerging Markets & Asia-Pacific displayed strong market growth and resulted in 50 percent (US\$640 million) of D-Link Group's consolidated revenue in 2006, a significant 34% increase over 2005. We continue to grow our market share in switching with a notable increase in sales to business across the region. We are focused on extending our leading position in the broadband market through key partnerships with influential telecommunication companies in the region.

Our strategy to focus on emerging markets and to lay strong foundations proved to be the correct approach, with healthy revenues achieved from budding markets in 2006. Emerging markets such as India, Latin America, Russia, the Middle East and Southeast Asia were particularly successful. D-Link is the number one provider of networking solutions in these promising markets, where we are excited about future growth. Notable successes included the strengthening of our position as a dominant player in the Latin American telecommunications market, extending our market share in India's rewarding network and structured cabling sectors, and generating double-digit growth in Russia over the past several years. We have no doubt that the energy we are seeing now in these markets is but a glimpse of the larger potential still to come.

North America

Revenues from North America in 2006 accounted for approximately 26 percent (US\$333 million) of worldwide sales. We are optimistic in our strategy to deal with the increased price competition, high retail overheads and other challenges facing this saturated consumer market.

We have sharpened our focus on business networking solution sales. Although 2006's revenue in North America was flat, these efforts will lead to future growth in revenue from managed switching and business-class wireless connectivity. Moving into 2007, greater product availability resulting from strategic distribution partnerships, increased reseller education and introduction of next-generation digital home products will continue to drive D-Link North America's business and extend brand preference in this competitive market landscape.

Europe

Europe continues to deliver consistent performance for D-Link products. In 2006, revenues from this region reached US\$307 million, a 6% increase from 2005. This growth was driven by increased demand for our wireless networking among consumers and switching products for business. In the face of maturing markets and increased competition, we will continue to realize success through successful consolidation of sales, marketing and product strategies across all countries in the region. This unification effort has provided a stronger brand presence for D-Link throughout Europe, increasing the leverage of each individual country to penetrate markets and win new business.

In Summary

Our 20th anniversary year was a success in many ways and leaves us with documented reasons for optimism in 2007. Our product development cycle is experiencing record efficiency and productivity. Our ability to swiftly meet the changing and growing demand for quality product solutions affordable in the business category is gaining attention worldwide – from competitors, customers and our sales and distribution partners. Our switching products are continuing to generate high interest and resultant sales in many areas, especially in the emerging markets of Russia, Eastern Europe and Southeast Asia. In North America and Europe, consumer product maturation is being balanced by an eagerly-awaited new wireless standard and our realizing the opportunities in the business, government and education markets by responding to the increasing demands for product alternatives that meet their needs for quality within a budget. Combine these accomplishments with channel and partner expansion, constant innovation and management efficiency gains by various process re-engineering in operations at different levels and you have a formula for success for years to come.

Thanks to All

I would like to extend my deepest gratitude to you – our loyal customers, our devoted employees, our dedicated partners and our trusting shareholders – for helping us celebrate a momentous 20-year milestone. Your contributions are appreciated and welcomed, and we are proud to have you on our winning team.

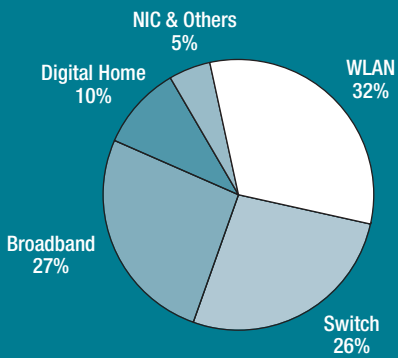


Ken Kao
Chairman and Chief Executive Officer,
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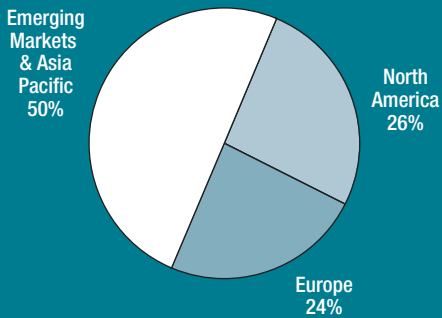
International Localization

Global Penetration through Regional Responsiveness

Sales by Product Category



Sales by Region



The ability to act swiftly and decisively worldwide through localized presence

Single threads, woven together, become a cord of great strength and flexibility. D-Link, with local, regional and national offices dotting the globe, has become the worldwide leader and award-winning designer, developer and manufacturer of wireless and Ethernet networking, broadband, multimedia, digital electronics, voice and data communications solutions. D-Link calls everyplace home and the company has established strong foundations in every corner of the world.

The company's local presence enables D-Link to adapt to market demand with tailored solutions and messages in response to specific needs. D-Link technology connects people, bringing us together to share our passions and our lives, at home or in the marketplace. D-Link creates innovative technology that strictly adheres to industry standards and delivers maximum interoperability.



North America

Affordable D-Link connectivity solutions meet the budget requirements of any size business.



D-Link's popular consumer products take home entertainment to a whole new level of fun and convenience.



D-Link provides the small office/home office (SOHO) with business-class performance.



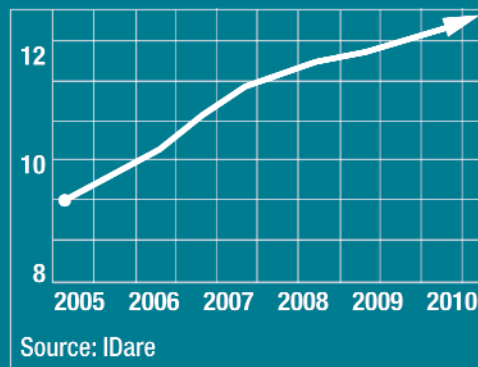
While consumers outside the U.S. continued to purchase D-Link's full line of routers, access points and antennas to build their wireless home networks, the U.S. market is quickly maturing in the consumer arena, highlighting the importance of Draft 802.11n as an emerging standard to spur a replacement cycle in the home router market. That said, consumer networking continues to be one of the most popular retail categories as homeowners expand their networks with IP cameras, media players, high-capacity storage and VoIP devices, to name just a few products in D-Link's arsenal.

The U.S. business market shows strong potential with small, medium and large corporations that have long been looking for quality networking solutions at reasonable prices. D-Link North America has continued their renewed focus on the sale of business-class products, putting special emphasis on government opportunities. This focused strategy has gradually led to increased revenue in the region in 2006. D-Link expanded the breadth of the business product portfolio with solutions complementary to new or existing network architectures, including iSCSI storage, wireless switching and VoIP.

Recognizing the tremendous growth potential for both consumer and business products in North America, D-Link continues to seize the burgeoning opportunities as they arise. For instance, the company's sales efforts and channel engagement were bolstered last year by partnering with major distributors to help the company further penetrate certain lucrative vertical markets such as government, education and enterprise-level organizations. They have found significantly increased demand for D-Link's business products that offer similar or improved quality with more reasonable price points than those provided by D-Link's traditional competitors. This demand is translating into sales up-side and long-term relationships with a new set of customers.

As Draft 802.11n wireless LAN products gradually migrate to Pre-n, recent sales figures indicate that n-based wireless LAN products are quickly gaining acceptance in North America, which includes Canada, Mexico and the United States. During 2006, unit shipments increased 76.8 percent, higher than any other D-Link product in the Wireless LAN category.

North America Business Network Equipment (Billions/USD)



D-Link is committed to drive revenue in North America through a renewed focus on the sale of business-class products to businesses of all sizes.

Notable Accolades



D-Link Draft 11N 650 Router Wins 4 1/2 of 5 Stars & Editor's Choice Award from LAPTOP Magazine



D-Link xStack Storage Wins VarBusiness Editor's Choice Award



D-Link's Internet Security Cameras Win DICE Award From Digital Connect Magazine



D-Link Wins Best of Interop Award for xStack Storage iSCSI SAN Solutions

Case Study – City of Seattle

The mayor of the City of Seattle, Greg Nickels, initiated the creation of a pilot project that would offer free wireless access to the Internet. The intent was to revitalize portions of the community by teaming with local businesses and other community organizations to attract more customers to local business districts, support small businesses, encourage the use of public parks and facilities and enable more citizens to access City services online. "Mayor Nickels believes that thriving businesses strengthen the city's neighborhoods. The city views technology as a tool to help businesses attract more customers," said Greg Skinner, president of ACJ Wireless Networking Solutions, the City of Seattle's partner in the project and a D-Link solutions integrator.

The City's Department of Information Technology headed up the project and acted as the designer, integrator and installer of the wireless network infrastructure. Doug King, IT Project Manager, and his dedicated team set out to design and install a robust and reliable WiFi infrastructure that would provide convenient and easy-to-use wireless Internet access to visitors and patrons of the Columbia City and University District business areas and surrounding public parks.

Europe



D-Link switches, security, VoIP and other leading-edge connectivity solutions are in top demand by Western Europe's most vibrant businesses.

Consumers in Western Europe are known for their love of technology. D-Link continues to lead the way in sales of solutions for the digital home, both in the living room and in the home office.

D-Link's pursuit of new business opportunities in Europe continues unabated as consumers and businesses keep seeking the latest networking technology.

This section primarily addresses D-Link's Northern, Central, Eastern and Southern pan-European markets, or the so-called Euro zone area.

Historically, D-Link has named this section of its Annual Report, "Europe, The Middle East and Africa." Since the FY2005 report, because of the shift of long-term economic importance and significance worldwide as well as inherent demand for D-Link products and services in different parts of the world, Middle East and Africa have been separated and added to Emerging Markets and combined with the Asia Pacific summary.

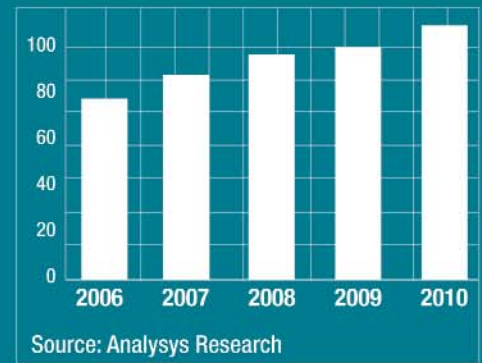
The Euro zone market has grown steadily as businesses installed the connectivity infrastructure needed to operate their networks, and increasing numbers of consumers discovered the convenience of home networking. The quest for new technology and new ways to help businesses operate faster and more efficiently continues to generate new business opportunities. While Central and North European countries led the growth of broadband subscribers, the market saw substantial growth in demand for wireless and digital home products in Central and Southern Europe.

D-Link continued to pursue exciting new opportunities, especially in the Central and Eastern European markets, and is aggressively meeting demands for technology, particularly in its higher profit margin switch, security and VoIP solutions for businesses of all sizes. The company continues to gain market share as D-Link products are recognized as feature-rich and reliable business-class equipment capable of handling the most demanding applications in the SME sector.

Home network users, especially early adopters, continue to install the latest and greatest products in these countries where the newest technology is always in demand. Draft 802.11n has drawn tremendous attention and enthusiasm in the region. The increased speed and range of D-Link Wireless 11N products is welcomed in countries that enjoy some of the fastest broadband service in the world where consumers desire to see better performance throughout their home networks. Europeans are inclined to use premium products, and D-Link's n-based routers and customized adapters have seen tremendous acceptance since their introduction in 2006. D-Link's innovative Two-Bay Storage Enclosure that instantly adds storage capacity to a network, and Media Players that stream music, video and photo files to a television from any of the PCs on the network showed sales growth in Europe as well.

D-Link remains optimistic that as new technologies continue to drive the home and business networking markets, Europe will be a vibrant region for continued growth through increased market share.

Western European Broadband Lines
(Lines in millions)



According to Infonetics Research, broadband is expected to grow six-fold by 2010. In 2006, D-Link demonstrated continued broadband growth in Western Europe across all market segments.

Notable Accolades



D-Link UK Wins the PC Pro Recommended Award for DCS-2120



D-Link Poland wins the Laptop Magazine editor's choice for DIR-635



D-Link Germany wins IM test for Draft 11n router



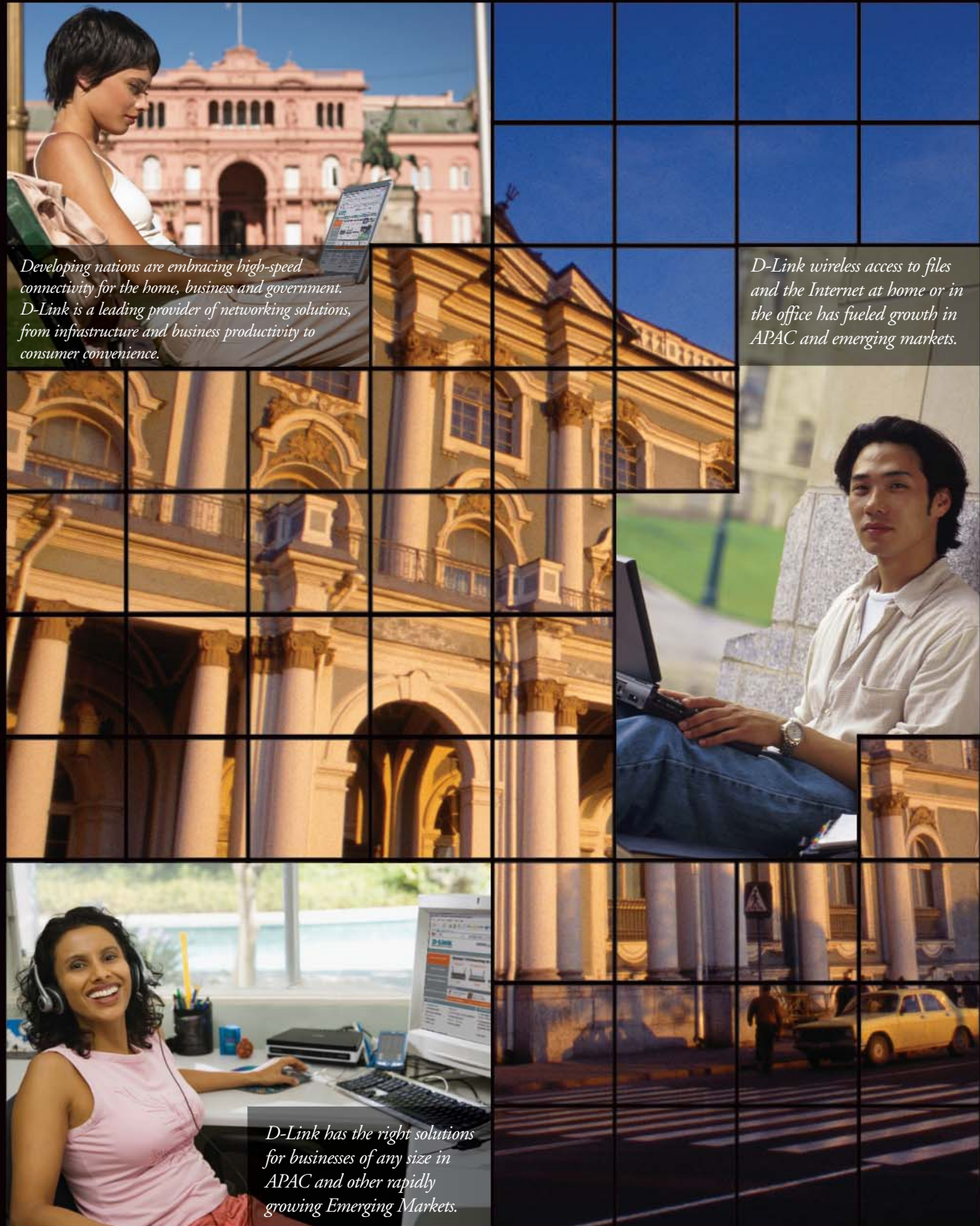
D-Link MIMO Router Wins the Best Budget Buy Award from MikroDatorn Magazine

Case Study – David Lewis Centre

The David Lewis Centre, spread over a 170-acre campus in rural Cheshire, is the largest UK provider of a range of medical, educational, residential and assessment services for people with complex epilepsy and other neurological conditions. To overcome the obstacle of communicating and managing activities across the site, the need for a well-designed and well-administered IT infrastructure had grown in response to evolving user and resident demands. To extend their network, the David Lewis Centre purchased D-Link wireless products. The D-Link DWL-900AP+ is the workhorse of the solution due to its flexible use, power control and ability to utilize external antenna systems for ranges above several hundred metres.

“Using wireless technology from D-Link has enabled us to branch out our network cost effectively and provided plenty of flexible ways of growing and expanding,” said the centre’s full-time IT Manager, Alex Taylor. “Without it, we would not have the faith in our network’s ability to help us deliver improved medical, educational, residential and assessment services for people in need.”

Emerging Markets and Asia Pacific



Developing nations are embracing high-speed connectivity for the home, business and government. D-Link is a leading provider of networking solutions, from infrastructure and business productivity to consumer convenience.

D-Link wireless access to files and the Internet at home or in the office has fueled growth in APAC and emerging markets.

D-Link has the right solutions for businesses of any size in APAC and other rapidly growing Emerging Markets.

More than 50 percent of D-Link's total revenue during 2006 was generated from the lucrative Emerging Markets and APAC where the company continues to enjoy a strong leadership role in network connectivity. D-Link has experienced double-digit growth over the past several years, driven by strong demand for D-Link switch, broadband and WLAN products needed for local economic expansion and infrastructure development.

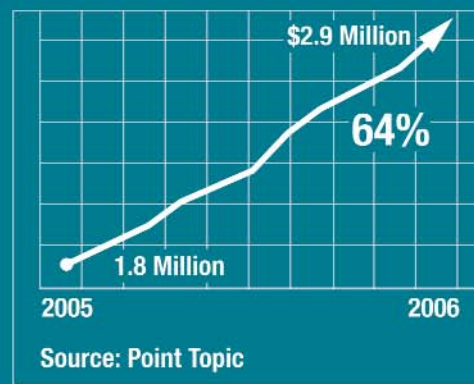
D-Link has established its brand worldwide for 20 years, including in these budding markets, and continues to benefit from its vision and investments. D-Link attributes its expanding sales channels and growing presence to persistent investment in local corporate infrastructure and close working relationships with local partners. These solid relationships with key distributors and resultant strong sales networks have allowed D-Link to tap into leading companies and key government agencies that provide communications services in these developing areas.

Going forward, the company has reasons to believe that D-Link is well positioned to fuel and take advantage of these positive trends in the emerging markets and APAC regions.

In-Stat predicts two trends favoring the telecom market where growth will exceed US\$50 billion by 2008. D-Link's Emerging and APAC market growth is being driven in large part by the telecom equipment market. In-Stat also expects home network growth to rise by more than 20 percent by 2010. This growth is being attributed to non-PC uses for home networks, which is opening additional opportunities.

With such great market demand for its networking products from both consumers and business, and with a large and expanding presence in the vast region, D-Link expects revenue will continue its strong double-digit pace of growth in these areas due to the local economic growth and the company's continued competitiveness as a result of its increasingly sophisticated presence. D-Link has progressively penetrated into Japan by partnering with local system integrators to provide customized solutions to a series of vertical market sectors. Given the fact that Japan is the second largest networking market in the world, D-Link's growing presence in Japan promises great sales potential in the future.

Broadband Subscriptions Russia



As one of the top three broadband equipment suppliers in these emerging markets, D-Link is well positioned for continued growth in this region.

Notable Accolades



Taiwan wins PC Office Editors' Choice for the DSM-120



D-Link China Wins Editors' Choice Award from Popular Computer Week for the DI-504 Router



Taiwan Wins Golden Rhino Awards in Switching and Cabling



D-Link Japan Wins Interop Best of Show Award for the xStack DGS-3400 Series.

Case Study – Turtle Nest Inn

Turtle Nest Inn on Grand Cayman Island needed to replace their PBX system in order to bring costs down and allow on-site staff to configure the PBX themselves. The owners knew the cost savings of an IP system would be significant, but they were also attracted by the flexibility. The Inn needed local and long distance capabilities (mostly outgoing long distance) for eight guest apartments, a laundry facility, the lobby, and the owner's apartment.

Turtle Nest Inn replaced their PBX with a D-Link DVX-1000 IP PBX system. They estimate that the switchover will save them \$10,000 per year. Plus, D-Link equipment allowed them to set up the system and change configurations without having to call for any support. In fact, co-owner Alain Beiner, who has experience with networking equipment, set up the system by himself.

"It was pretty easy actually," said Beiner. "My background is in networks rather than phone systems, but it was easy to understand."

Consumers & the Digital Home



For more than three years, D-Link has been pioneering the streaming of digital media throughout the home with its MediaLounge players.



The new D-Link Xtreme N Router is a best-in-class example of Draft 802.11n speed and range.



Consumers recognize D-Link's brand for its product quality, reliability, affordability and availability.

Statistics tell the story. In the case of D-Link, the story is that the demand for home networks will continue to grow rapidly worldwide over the next several years. The evidence is compelling.

The latest research by In-Stat reveals that the worldwide installed base of home networks will rise by more than 20 percent by 2010, driven heavily by the Asia-China market.

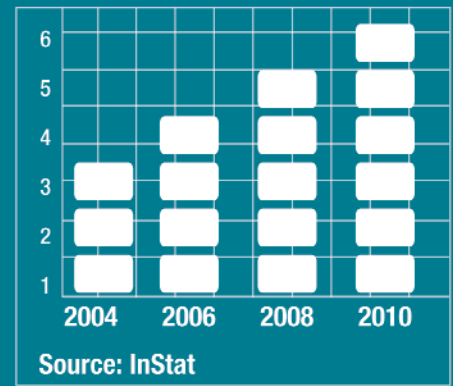
The report also states that the worldwide increase in demand for home networking will be created by a proliferation of PC-free consumer network-capable electronics devices that connect to the Internet, computers, and other electronic devices. Echoing these findings, another In-Stat report reveals that in 2006 home networks took a big step - with the help of Microsoft®, Intel® and AMD® - toward integrating other consumer digital media for a true home digital media experience.

This evolution of the digital home network is being pioneered and supported by D-Link, one of the world's leading providers of devices that connect PCs, media players, televisions, stereo equipment and other products into a true home entertainment network. For the interactive home system to reach the mainstream, it is important for technology to be within reach of all consumers, both logistically and economically. D-Link helped drive the adoption of technology that goes into its wireless routers and entire line of products for storage, multimedia players, IP-based remote security cameras, video conferencing and VoIP phone service and gaming. As In-Stat research suggests, more and more electronic devices will rely on the home network for functionality and connection to the Internet. D-Link will continue to provide the foundation of the home networks with its routers, and more of the automated devices as well.

The world is quickly moving toward the "Internet Everywhere" concept, and D-Link continues to position itself as the key source for providing the connectivity required for this endless process. For instance, with the simple installation of D-Link's fastest, most far-reaching routers, one of our popular MediaLounge media players and a network storage device (among many other digital connectivity devices), consumers can quickly convert their network from data sharing only to one that delivers digital entertainment to every room in the house.

Continuing to bolster its reputation for technological innovation and market leadership, D-Link forged new partnerships and solidified existing relationships with major industry influentials in 2006 to create ways to make the consumer's technology experience more productive and user-friendly.

Growth in Home Networking Devices



Home networking devices are projected to grow from three per household in 2004 to six per household in 2010.

Notable Accolades



D-Link SECURESPOT Wins iParenting Media Award



D-Link Wireless Range Extender Wins Perfect 5 of 5 Stars and Editors' Choice Award from LAPTOP Magazine



D-Link Voted as the 2005 CHIP Reader's Choice on Wireless Products in China



D-Link SECURESPOT Wins Cnet's Best of CES in the Networking Category

Digital Home Products

Home Networking

D-Link is a dominant player in home networking with award-winning products that are powerful and easy to use.

Cable/DSL Modems

D-Link standards-based broadband modems are sold through the retail channel and service providers.

Multimedia

D-Link MediaLounge media players pull multimedia content from PCs to TVs and home entertainment systems.

Voice & IP Communications

D-Link VoIP products are sold through retail, partners and service providers, delivering affordable IP telephony.

Internet Cameras

D-Link SecuriCam® cameras bring anytime, anywhere access to live video streams to any PC over the Internet.

Video Conferencing

D-Link i2eye products turn standard televisions into powerful videophones over a Broadband connection.

Internet Security

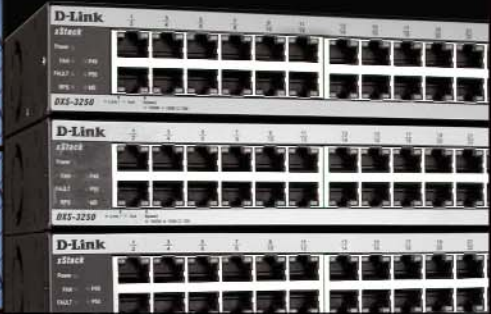
D-Link's Internet security products offer hardware-based all-in-one security and user access control solutions.

Home Network Storage

D-Link storage solutions are ideal to store and share digital music, photos and data files for instant access.

Business-Class Solutions

The D-Link brand has become synonymous with business network switching and connectivity - both wired Ethernet and wireless - throughout the world.



D-Link business products are attracting growing interest from large businesses, government agencies and educational organizations by providing business-class quality and features within reach of tight budgets.

Among the nearly 100 new business products introduced in 2006 were additions to D-Link's well-known xStack line, wireless IP cameras, VoIP solutions, iSCSI Network Storage Arrays, storage enclosures and new security technology.

Renowned today for helping to pioneer the burgeoning home networking market, D-Link was founded in 1986 as a manufacturer of business-class networking and connectivity solutions. More than two decades later the D-Link brand worldwide is synonymous with quality in business networking and connectivity - both wired Ethernet and wireless. D-Link continues to deliver a wide range of powerful network solutions for businesses of all sizes and growth levels, including the small or home office (SOHO), small to medium-sized business (SMB), large enterprise government agencies and educational institutions. In fact, D-Link is the global leader in connectivity for small, medium and large business networking.

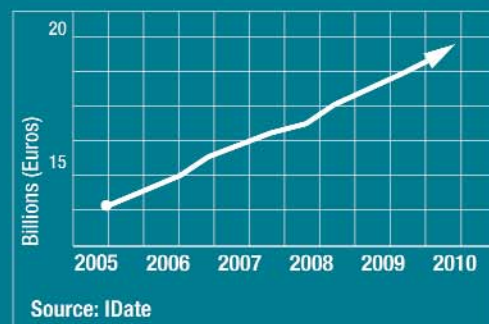
As a true designer and manufacturer, D-Link and its engineers are constantly developing the latest business solutions that are highly competitive in the enterprise market. In businesses of any size, quality cannot be compromised but budgets are continuously being squeezed. The D-Link value proposition is just that - VALUE, delivering dependable high-end solutions matching feature for feature to those offered by competing products, often at a fraction of their prices.

Ever prolific in the industry, in 2006 D-Link launched close to 100 new products, including the latest xStack switches, wireless switches, wireless IP cameras and accessories, VoIP solutions, iSCSI Network Storage Arrays, wireless network print servers and a new security technology, the Safeguard Engine, which is built-into all the latest managed and Web Smart switches. These advanced mechanisms detect an attack against the central processing unit of the switch and take corrective action on the attacking interface.

D-Link again earned its ranking as a Five Star Vendor and Channel Leader from VARBusiness Magazine in the U.S. D-Link was recognized for significantly expanding its channel programs to serve the company's growing legion of value-added resellers, distributors and other partners that specialize in providing business networking solutions for their customers. Many major U.S. distributors became D-Link customers in 2006 and are now offering the company's full line of products, including routers, switches, IP telephone, security and management solutions.

Providing local support in more than 100 countries, D-Link is a valued partner for businesses and the companies that service them around the world. The company is especially active in seeking out and developing new and emerging markets. Regardless of a market's geography or economic maturity, D-Link fulfills its motto of building networks for people with solid networking infrastructure for businesses large and small.

Business Network Equipment Growth



IDate research projects sustained growth of the business networking market in all regions worldwide.

Notable Accolades



D-Link Wi-Fi Phone Wins 'Tech Innovation Product of the Year' Award from VarBusiness Magazine



D-Link Certified As Five-Star Vendor By VARBusiness Magazine



D-Link Channel Program Awarded 'Government Channel Program of the Year'



D-Link Wins Best of Interop Award for xStack Storage iSCSI SAN Solutions

Business-Class Product Solutions

Network Switching

xStack™ switching includes a multi-layer stackable Gigabit switch solution with integrated 10-Gigabit support.

Network Security

The D-Link NetDefend® products protect networks, corporate resources and data communication from outside intrusion.

Network Storage

D-Link's award-winning xStack™ Storage line is an iSCSI solution providing enterprise-class storage for business.

Wireless Networking

D-Link AirPremier® wireless components provide flexible and affordable solutions to expand existing business networks.

Network IP Telephony

xStack™ IP Telephony is an expandable phone system for a single location or throughout a campus environment.

IP Surveillance

D-Link's camera surveillance systems provide remote video and audio monitoring, recording and pan/tilt/zoom over the Internet.

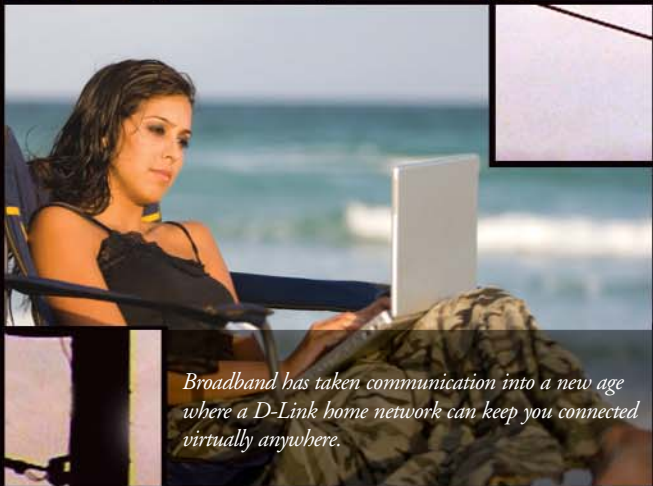
KVM Switches

D-Link Keyboard, Video, Mouse (KVM) switches allow for easy management of multiple PCs or servers for the IT manager and integrator.

Broadband



New innovative products, new strategic business partnerships and continued strong revenues marked D-Link's progress in 2006 for the lucrative worldwide broadband market.



Broadband has taken communication into a new age where a D-Link home network can keep you connected virtually anywhere.



Quality and value have given D-Link worldwide reputation for dependable broadband solutions for home and office.

According to Infonetics Research, broadband is expected to grow six-fold by 2010. As one of the leading manufacturers for the still emerging markets of fixed and mobile broadband service for home and business, in 2006 D-Link launched several innovative products, forged strong partnerships and continued to generate strong worldwide revenue in this category.

Broadband has emerged as a versatile and cost-effective method of communication. D-Link continues to break new ground for broadband usability at home, at work and virtually anywhere you go.

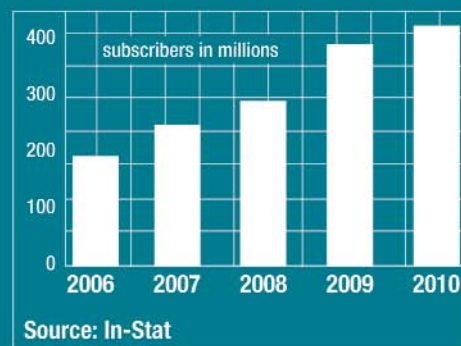
The year began with D-Link's announcement of an alliance with VoIP leader Vonage which adopted D-Link VTA adapter supporting two broadband telephone lines that can be accessed with a standard telephone or FAX machine. Soon after, D-Link introduced its Skype USB Adapter which gives consumers automatic switching between their existing ISDN phone service and Skype's free calling features, all with the same standard phone.

The Vonage success was followed by the announcement of D-Link's partnership with Kyocera Wireless Corp., resulting in the launch of Kyocera's mobile router. This revolutionary router uses D-Link's wireless technology to create a wireless network virtually anywhere you have cellular Internet access (using the laptop card provided by your cellular provider). D-Link later introduced its own branded versions of the mobile router. The 3G Mobile Routers for UMTS/HSDPA networks and for EV-DO networks were met with immediate critical and commercial success.

Other highlights of the year included D-Link's introduction of the first-ever flip-style Wi-Fi phone. It combines the cost-savings of VoIP with 802.11 wireless connectivity in a compact Session Initiation Protocol (SIP)-based package. The sleek, portable D-Link phone provides both consumers and businesses with a stylish way to reduce local and long distance phone charges.

D-Link enjoys a worldwide reputation for dependable broadband solutions, providing quality and value to service providers in both developed and emerging markets. The explosive growth of broadband in Eastern Europe and Latin America is an unmistakable example of the demand for - and the importance of - this technology. D-Link is turning demand into reality with its wide array of broadband solutions for home and business.

Worldwide Broadband Subscriber Forecast



D-Link continues to pioneer broadband usability at in the home and office.

Mobile Broadband Partners



D-Link Broadband Products

Broadband Modems

D-Link modems are standards-based connectivity devices that deliver strong, high-speed Internet connectivity. D-Link modems support both cable and DSL connections, as well as integrated access devices that house a high-performance cable or DSL modem and multi-port wireless router in one unit. D-Link remains on the crest of emerging technologies with its WiMAX routers, used by service providers as a "last-mile" solution to economically deliver broadband to homes where hardwiring is cost-prohibitive due to geographic challenges.

Broadband Routers

D-Link's strength in engineering brings customizable router solutions to service providers selling to the end-user consumer.

Voice & IP Communications

D-Link VoIP products are primarily sold through VoIP service providers, delivering affordable calling options over an Internet connection

Video Conferencing

D-Link videophones represent another value-added solution for service providers selling to the home consumer.

Internet Cameras

D-Link SecuriCam® Internet cameras are value-added options for service providers, delivering consumers live video streams over the Internet.

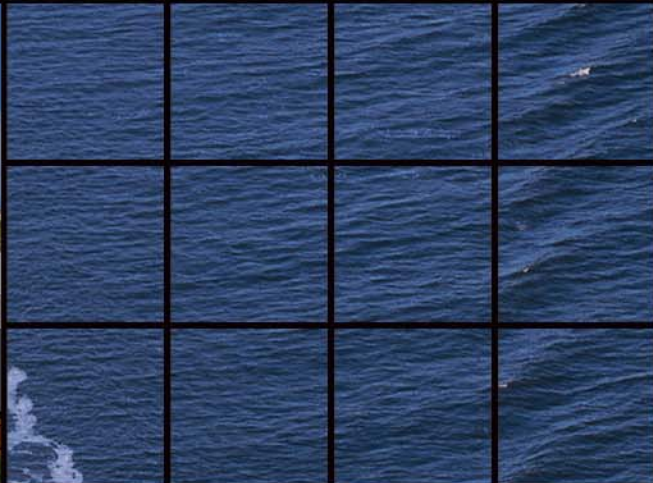
Switching

D-Link business-class Ethernet switching products are robust solutions capable of providing worldwide service provider networks.

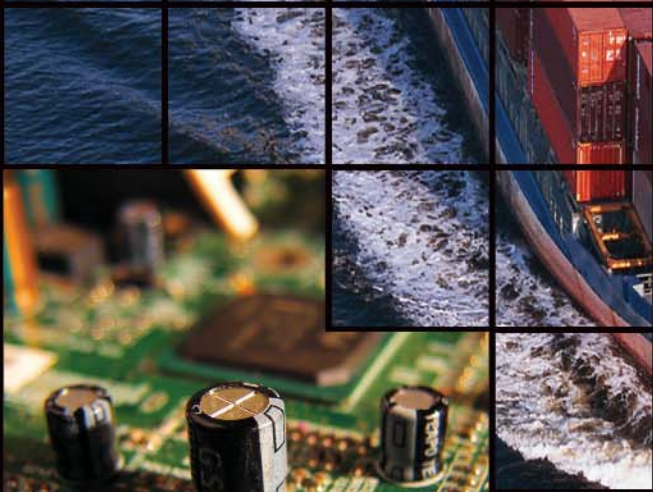
Product Design & Distribution



D-Link's vast worldwide resources include major manufacturing and distribution facilities in more than 100 countries, making the company unique in the networking and connectivity industry. Pictured is D-Link's state-of-the-art manufacturing plant in Goa, India.



Pictured is D-Link's 426,000-square-foot manufacturing facility in Dongguan, China. The company's close ties with its international partners ensure they are provided with all the knowledge, expertise and support they need to be successful in their respective markets.



D-Link owns its supply chain. The company manufactures its own products, designed and developed to meet the needs of consumers and businesses in all parts of the world.



Looking back at its first 20 years, D-Link's success appears to be the result of a deceptively simple recipe - the right products at the right price. In reality, the company has benefited from visionary leadership: D-Link designs and manufactures innovative products, D-Link prices its products competitively and D-Link has developed a distribution network that makes D-Link products readily available and reachable anywhere in the world.

D-Link's management and engineers are innovators, not merely opportunists. The company helped to create the wireless networking market with products that filled the growing demand for connectivity solutions in business and in the home. D-Link made its products accessible, educating consumers and business end-users alike about the technology solutions available to them that improve their processes and their lives.

The company's success in the home networking market is due in large part to its roots in business networking. Ethernet networking has always been D-Link's core competency. With this foundation, it is no wonder that D-Link routers, wireless cards and related home networking devices quickly became known for reliability at the best price. D-Link continues to push the envelope, looking for ways to make communications and connectivity faster, easier and more affordable: D-Link business-class switches match up feature-for-feature with competing products that typically cost considerably more; D-Link's Draft 802.11n home networking is among the best in class; D-Link makes business and home network storage affordable; D-Link provides the hardware necessary to meet the demand for VoIP solutions; D-Link customers were enjoying downloaded videos, music and photos on their television screens using D-Link products that were mostly launched ahead of our major competitors. Innovation and value are D-Link's founding and guiding principles.

D-Link calls everywhere home and honors its global commitment with an aggressive delivery network. Because of seamless teamwork with its supply chain, the company is able to respond to market demand faster and more effectively than competitors. Offices in every corner of the world coordinate with D-Link's headquarters to respond to local market demands and the valuable input from D-Link's international partners. The company's knowledge, expertise and support are implemented globally. D-Link invests to stay abreast of market trends and uses that intelligence to expand new and existing markets.

1900 employees,

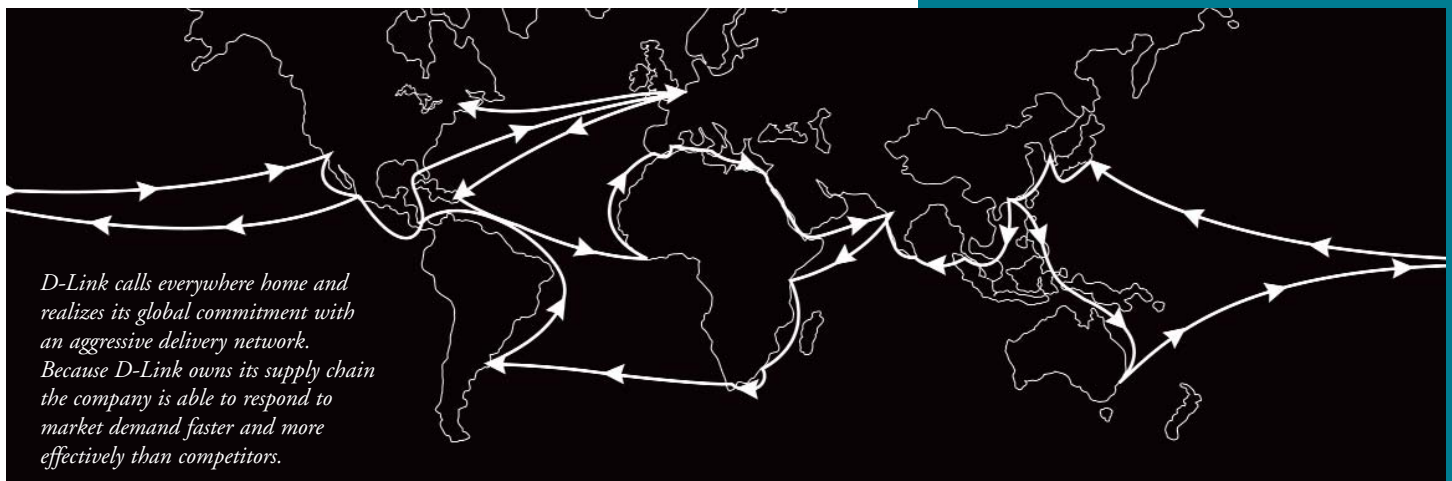
105 offices,

in more than 100 countries.

More than 3000 resellers.

\$1.3 billion revenue.

25 million products shipped.



D-Link calls everywhere home and realizes its global commitment with an aggressive delivery network. Because D-Link owns its supply chain the company is able to respond to market demand faster and more effectively than competitors.

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