

Spokesperson:

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D-Link Reports 3Q09 Unaudited Consolidated Financials

- Third quarter 2009 net revenue was NT\$8.334bln, up 18.6% QoQ.
- Third quarter 2009 gross margin exclusive of inventory related gain was 30.6%, compared to 28.9% in 2Q09.
- Third quarter 2009 gross margin inclusive of inventory related gain was 30.9%, compared to 33.5% in 2Q09.
- Third quarter 2009 operating margin was 2.3%, compared to 2.0% in 2Q09.
- Third quarter 2009 tax expense was NT\$85mln, compared to tax income of NT\$28mln in 2Q09.
- Third quarter 2009 net income was NT\$260mln, compared to net income of NT\$219mln in 2Q09.
- Third quarter 2009 EPS, per fully diluted capital of NT\$6.476bln, was NT\$0.40, compared to NT\$0.34 per share in 2Q09.
- All of the figures are unaudited.

Taipei, Taiwan, November 4, 2009 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the YT3Q09 and third quarter of 2009.

For the YT3Q09, D-Link posted a net revenue of NT\$22.164bln, down by 13.5% compared to NT\$25.628bln for the comparable period of 2008 due to global economic recession. For the same reason, the gross margin excluding inventory related gain/loss slipped to 29.2%, down by 4.1% from 33.3% of YT3Q08. Gross margin including inventory provisional gain/loss was 29.8%, down by 2.3% from 32.1% in YT3Q08. Operating expenses of 30.3% from net revenue were up from 27.9% of the same period of 2008 but the expense amount of NT\$6.711bln was trimmed down by 6.2%, compared to NT\$7.159bln in YT3Q08. The operating profit margin was -0.5%, compared to 4.1% in YT3Q08. Net margin was 0.7%, compared to 4.5% in YT3Q08.

For the third quarter of 2009, D-Link posted a net revenue of NT\$8.334bln, significantly up

18.6% over 2Q09 due mainly to the combination of demand increase and channel inventory adjustment in emerging markets, and gradual warm-up for end demands in developed countries. Sales, however, were down 3.4% marginally down compared to the year-ago figure. Thank to growing switching sales, gross margin excluding inventory related gain/loss rose to 30.6% in 3Q09 from 28.9% in 2Q09, but down by 2.1% compared to 32.7% of the year-ago quarter. By applying Article number 10 of Taiwan GAAP, gross margin including inventory provisional gain/loss was 30.9% in 3Q09, down by 2.6% from 33.5% in 2Q09 owing to the much less inventory write-back of NT\$21mln in 3Q09 versus significant reversal of NT\$325mln in 2Q09, or compared to 31.7% of the comparable 2008 quarter. Operating expenses of 28.6% of net revenue was down by 2.9% from 31.5% in the previous quarter, or compared to 26.5% in 3Q08. Operating profit margin expanded to 2.3% from 2.0% in 2Q09, or compared to 5.2% in 3Q08.

On the non-operating side, income consisted of NT\$71mln from long-term investment profit under equity method, NT\$57mln from currency gain, and NT\$33mln by way of financial/other incomes, totaling NT\$161mln in 3Q09. Regarding the bottom line, the income before tax was NT\$352mln, which was knocked out by the tax expense of NT\$85mln and the minority interest of NT\$7mln, resulting in the consolidated net income of NT\$260mln of the third quarter of 2009, or an EPS of NT\$0.40 based on the fully diluted capital of NT\$6.476bln.

Financial metrics of D-Link's balance sheet of the September quarter demonstrated further strengthening. NT\$3.975bln in cash and NT\$98mln in money market funds, totalled NT\$4.073bln at the end of September. Cash position increased by NT\$835mln compared to NT\$3.238bln as of the end of June's quarter, mainly due to cash inflow from operation and cash dividend received from the investment portfolio. Account Receivables increased to NT\$6.41bln from NT\$5.9bln of June's quarter end, primarily owing to the year record high monthly sales for September, which also resulted a cyclically low September quarter inventory level of NT\$5.288bln from NT\$5.558bln at the end of June quarter. Account Payables rose to NT\$5.614bln from NT\$5.125bln of June's quarter end primarily due to progressive product pull-in. Regarding financial ratios of 3Q operation, Days A/R was shortened to 77 days from 78 days of the June quarter end. On a QoQ basis, Days Inventory shortened to 112 days from 121 days of the end of June's quarter, due to further digestion of inventory in 3Q09. Cash cycle was improved to 89 days, compared to its previous quarter's figure of 99 days, due primarily to better working capital management. The current ratio and debt/equity ratio remained sound, reflecting financial strength and stability of the Company. Annualized ROE for the third quarter end of 2009 topped to 7%. Overall, D-Link financial position was sound with continued improvement in liquidity

NT\$mIn	3Q09		2Q09		3Q08		QoQ	YoY
NA	1,508	18.1%	1,386	19.8%	1,987	23.0%	8.8%	-24.1%
EU	2,174	26.1%	2,046	29.1%	1,800	20.9%	6.3%	20.8%
Emg. & APac	4,652	55.8%	3,593	51.1%	4,842	56.1%	29.5%	-3.9%
Total	8,334	100.0%	7,025	100.0%	8,629	100.0%	18.6%	-3.4%

To break down 3Q09's revenue by region, D-Link's global operation cast 18.1% in North America, 26.1% in Europe, and 55.8% from Emerging and Asia Pacific markets of consolidated sales. Among the regions, North America's sales were up 8.8% QoQ, but down 24.1% compared to the figure in the year-ago comparable quarter, Europe's climbed by 6.3% QoQ, or significantly up 20.8% YoY due mainly to continuous telco project wins, and Emerging and Asia Pacific markets ascended by 29.5% QoQ owing to strong growth in Russia and Brazil, but slightly down 3.9% YoY. In the third quarter of 2009, D-Link's global revenue remained well diversified geographically and has taken full advantage of the relatively strong economic rebound in emerging market countries.

Regarding 3Q09's revenue by product categories, WLAN products remained the most popular item, accounting for 40.2% of 3Q09 consolidated revenue, followed by Switch products at 29.2%, Broadband at 20.7%, Digital Home at 7.3%, NIC and Others at 2.5%. Switch jumped 23.9% QoQ but down by 8.9% YoY, WLAN ascended 16.5% QoQ but down by 5.8% YoY, Broadband increased 11.8% QoQ or significantly up by 39.3% YoY, and Digital Home rose by 11.9% QoQ but down by 28.6% YoY.

In regards to the corporate updates, D-Link's Board approved the fund raising proposal to issue NT\$2.0bln of local currency convertible bonds pending approval by Taiwan Financial Supervisory Commission. In order to expand our business, engage alliances, and invest in software technology, the fund will be used in emerging markets and Asia Pacific areas for general expansion purpose.

For 4Q09 outlooks, D-Link anticipates flat revenue and positive operating margin on quarter-over-quarter basis amid uncertainty of Christmas shopping season in western world.

About D-Link

D-Link is the global leader in total products shipped for consumer networking connectivity according to reports published by the In-Stat Research Group. D-Link is the worldwide leader and award winning designer, developer, and planner of networking, broadband, digital electronics, voice and data communications solutions for the digital home, Small Office/Home Office (SOHO), Small to Medium Business (SMB), and Workgroup to Enterprise environments. With in-depth worldwide channel coverage over 100 countries and full-range product offering of Ethernet adapters, switches and routers for professional and home users, D-Link is a dominant market participant and price/performance leader in the networking and communications market. D-Link Corporation is headquartered at No.289, Sinhu 3rd Road, Neihu District, Taipei City 114, Taiwan. Phone: 886-2-6600-0123; FAX: 886-2-6600-9898; [http:// www.dlink.com.tw](http://www.dlink.com.tw)

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