

Spokesperson:

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Chief Finance Officer

D-Link Reports 1Q08 Pro Forma Consolidated Financials

- First quarter 2008 net revenue was NT\$8,493mln, up 13.0% YoY but down 4.4% QoQ.
- First quarter 2008 gross margin was 33.7%, up by 1.1% from 32.6% in 4Q07.
- First quarter 2008 operating margin was 5.6%, up by 0.8% from 4.8% in 4Q07.
- First quarter 2008 tax rate was 13.9% of PBT, compared to 18.6% in 4Q07.
- First quarter 2008 net income was NT\$371mln, down by 39.2% from NT\$610mln in 4Q07 due mainly to decrease in non-operating profit.
- First quarter 2008 EPS, on average weighted capital of NT\$5,471mln, was NT\$0.68, compared to NT\$1.11 per share in 4Q07.
- All of the figures of 1Q08 are pro forma.

Taipei, Taiwan, April 29, 2008 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announces its global pro forma consolidated financial results for the first quarter of 2008.

For the first quarter of 2008, D-Link posted net revenue of NT\$8,493mln, seasonally down by 4.4% over 4Q07, or up by 13.0% compared to the year-ago figure. Owing to better product mix towards more upstream switches sales, the gross margin climbed to 33.7% in 1Q08, up by 1.1% from 32.6% in 4Q07, or compared to 35.0% in the year-ago comparable quarter. Operating expenses of 28.1% of net revenue were slightly up from 27.8% of the previous quarter, or compared to 27.2% in 1Q07, due to accrued employees' bonus of NT\$36mln in 1Q08. Operating profit margin was 5.6%, compared to 4.8% in 4Q07, or 7.8% in 1Q07.

The non-op sector ended up with a loss of NT\$49mln, resulting mainly from NT\$148mln of provisional inventory loss and NT\$38mln of FX loss, knocking out NT\$91mln of long term investment income via equity method and NT\$46mln of financial/other incomes. The inventory loss was stemmed from the accrual of higher provision on consumer products in Europe and North America.

The profit before tax amounted to NT\$431mln, or equivalent to NT\$0.79 per share by adopting NT\$5,471mln of capital. The pre-tax profit was deducted by NT\$60mln tax expenses, leaving net income of NT\$371mln in the bottom line of the first quarter, or EPS of NT\$0.68. The tax rate applied to 1Q08 was 13.9%, lower than 18.6% in 4Q07, due mainly to relative lower international tax occurring to the March quarter.

All financial metrics of D-Link's balance sheet remained sound as of March 31, 2008. NT\$3,583mln Cash and NT\$630mln short-term money market investment totaling NT\$4,213mln, decreased by NT\$1,466mln from NT\$5,679mln at the December quarter of 2007, primarily due to NT\$1,368mln of cash refund of capital reduction to shareholders. The March quarter Account Receivable of NT\$5,818mln was virtually at par with NT\$5,954mln in the previous quarter. Days A/R was slightly lengthened to 63 days from 61 days at the end of December 2007. Inventory significantly went down to NT\$5,031mln from NT\$6,643mln as of December 31, 2007 due to well inventory adjustment in all fronts. Therefore QoQ Days Inventory was narrowed to 82 days from 101 days as of the end of December 2007. Days A/P was down to 75 days from 100 days at the December quarter of 2007. Cash was cycled at 70 days, compared to 62 days as of December 31, 2007. The current ratio and debt/equity ratio kept improving in the March quarter. In a nutshell, D-Link financial standing was continuously healthy and liquid.

To break down 1Q08 revenue by regions, D-Link's global operation cast 24%, 27%, and 49% of consolidated sales on North America, Europe, and APAC & Emerging markets respectively. North America's sales were surprisingly up 16.2% compared to the figure in the year-ago comparable quarter or up 5.5% sequentially, which represents well execution of our SMB channel strategy and wireless 11n product rollout. Europe's went down 3.9% YoY, or seasonally down 6.8% QoQ due primarily to soft consumers' demand, and APAC & Emerging markets' was substantially up 23.3% YoY but down by 7.4% QoQ due mainly to snowstorms and relatively shorter selling days within the first quarter in China. In 1Q08, although D-Link's geographic revenue remained well diversified, offering good balance between growth and profit, the economy correction in the Western Europe market, especially in the retail sector, has become a cause of our concern. To the contrary, Eastern Europe, Latin America and Russia verified great growth momentum due to firm demand for networking infrastructure development.

By product categories, WLAN remained as the No.1 sales item, accounting for 38% of 1Q08's net revenue, followed by Switch 27%, Broadband 20%, Digital Home 11%, and Others & NIC 4%. Switch grew 13.6% YoY or up by 2.6% QoQ, WLAN increased 17.9% YoY but seasonally down 11.5% QoQ, Broadband rose by 9.5% YoY or up 1.3 % QoQ, and Digital home ascended 16.9% YoY but seasonally down 6.4% QoQ.

According to In-Stat 4Q 2007 statistics, in unit terms, D-Link remained at the helm as the global connectivity leader in SMB/SOHO/Consumer segments, commanding 24.3% of global market shares, ahead of Linksys' 17.6% and Netgear's 15.8%, respectively. D-Link kept its solid leading position in global SMB/SOHO/Consumer networking connectivity. What worth mentioning was that our 11n wireless routers grabbed over 30% of market shares in 4Q07, enhancing our leading position in 11n space.

Regarding 2Q08's outlook for D-Link brand business, we project 2Q08 revenue to be flat due mainly to normal seasonality. Operating margin in 2Q08 is anticipated to maintain in the neighborhood of 6%. From regional perspective, North America market for D-Link which had already bottomed out in 1Q08 will be seasonally slow in 2Q08, repeating the same sales pattern as the past several years. The slowdown in 1Q08 at the retail consumer products in Western Europe is likely to drag 2Q08's sales down but we are hoping consumer products demand to come back in early second half. Emerging markets and Asia Pacific are anticipated to continue growing with fast pace due to consecutively strong demand of networking products in Russia and Latin America. As a whole, our view toward the second quarter is to have a steady normal season sales momentum, except our growing concern over the weak Western Europe market performance.

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 as well as developer 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 earthy and intensive worldwide market 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; Internet www.dlink.com.tw

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