



Spokesperson:

A.P. Chen
Chief Finance Officer

D-Link Reports 3Q08 Unaudited Consolidated Financials

- Third quarter 2008 net revenue was NT\$8.628 billion, up 1.4% QoQ but down 4.1% YoY.
- Third quarter 2008 gross margin was 32.7%, down by 0.8% from 33.5% in 2Q08.
- Third quarter 2008 operating margin was 6.2%, up by 2.1% from 4.1% in 2Q08.
- Third quarter 2008 tax rate was 26.4% of PBT, compared to 13.3% in 2Q08.
- Third quarter 2008 net income was NT\$458 million, up by 35.1% from NT\$339 million in 2Q08.
- Third quarter 2008 EPS, on the fully diluted capital of NT\$5.652 billion, was NT\$0.81 compared to NT\$0.60 per share in 2Q08.
- All of the figures of 3Q08 are unaudited.

Taipei, Taiwan, October 28, 2008 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332), a worldwide leader in the networking and communications market, today announces its unaudited global consolidated financial results for YT3Q and the third quarter of 2008.

For YT3Q of 2008, D-Link posted a net revenue of NT\$25.628 billion, up by 5.3% compared to NT\$24.345bn for YT3Q07. The gross margin slipped to 33.3%, down by 1.6% from 34.9% of YT3Q07. Operating expenses of 27.9% from net revenue were up from 27.2% of YT3Q of 2007 due to accrued employee bonuses of NT\$126 million and relatively higher selling and R&D expenses within YT3Q08. The operating profit margin was 5.4%, compared to 7.7% in the comparable period of YT3Q07. The net margin was 4.6%, compared to 11.2% in YT3Q07.

For the third quarter of 2008, D-Link posted net revenue of NT\$8.628 billion, up by 1.4% over 2Q08, but down 4.1% compared to the year-ago figure. In account to relatively weaker end demands, gross margin slipped to 32.7% in 3Q08 from 33.5% in 2Q08, or compared to 35.0% of the year-ago quarter. Operating expenses of 26.5% from the net revenue of 3Q08 were far below the 29.4% from its previous quarter, or the 27.4% comparison of 3Q07, due to well control of the selling expenses in all fronts, especially in Europe and North America.

Operating profit margin expanded to 6.2% from 4.1% in 2Q08, or 7.6% in the 3Q07 comparison.

The non-op sector ended up with a profit of NT\$83 million, resulting mainly from NT\$177 million of long-term investment income via equity method, and NT\$101 million from financial/other income, which was knocked out by NT\$88 million from provisional inventory loss and NT\$107 million from FX loss. The profit before tax amounted to NT\$622 million, equivalent to NT\$1.10 per share by adopting NT\$5.652bln of capital. The pre-tax profit was deducted by NT\$164 million in tax expenses, leaving a net income of NT\$458 million at the bottom line of the third quarter, or an EPS of NT\$0.81. The tax rate applied to 3Q08 was 26.4%, higher than the 13.3% posted in 2Q08, mainly due to relatively higher international tax, which occurred during the September quarter.

All financial metrics of D-Link's balance sheet remained sound as of September 30, 2008. NT\$3.837 billion in cash and NT\$99 million short-term in money market investments, totaling NT\$3.936 billion, decreased by NT\$1.171 billion from NT\$5.107 billion of the June quarter end, primarily due to cash dividend payout in the early weeks of September. The September quarter accounts receivable of NT\$7.014 billion was up by NT\$36 million compared to NT\$6.978 billion from the previous quarter. At the end of September, days A/R 74 days, one day shortened than 75 days from the end of June 2008. Inventory was NT\$7.926 billion, compared to NT\$5.185 billion as of June 30, 2008, due mainly to earlier shipments to Russia, Middle East, and Latin America for 4Q's project based business. Days inventory was lengthened to 125 days compared to the 84 days from the end of June 2008. The September quarter accounts payable of NT\$8.991 billion rose by NT\$2.464 billion from NT\$6.527 billion primarily due to lots of product pull-in from our suppliers for 4Q08 in September. Therefore days A/P was up to 141 days from 105 days at the June quarter of 2008. Cash was cycled at 57 days, compared to 53 days as of June 30, 2008. The current ratio and debt/equity ratio also kept sound in the September quarter. Overall, D-Link's financial standing remained continuously healthy and liquid.

NT\$M	3Q08		2Q08		3Q07		QoQ	YoY
NA	1,987.0	23.0%	1,693.0	19.9%	2,105.0	23.4%	17.4%	-5.6%
EU	1,800.0	20.9%	1,998.0	23.5%	2,554.0	28.4%	-9.9%	-29.5%
Emg. & APac	4,841.0	56.1%	4,816.0	56.6%	4,340.0	48.2%	0.5%	11.5%
Total	8,628.0	100.0%	8,507.0	100.0%	8,999.0	100.0%	1.4%	-4.1%

To break down 3Q08 revenue by regions, D-Link's global operation cast 23%, 21%, and 56% of consolidated sales in North America, Europe, and Emerging & Asia Pacific (APac)

markets respectively. North America's sales sequentially went up 17.4% but down 5.6% compared to the figure in the year-ago quarter. Europe's sales declined 9.9% QoQ or down 29.5% YoY due to extremely weak demands in Europe, especially for consumer products. Emerging & APac markets slightly increased 0.5% QoQ or up by 11.5% YoY.

By product categories, WLAN remained as the leading sales item, accounting for 41% of 3Q08's net revenue, followed by Switch 31%, Broadband 14%, Digital Home 10%, and Others 4%. Switch grew 12.2% QoQ or up by 16.5% YoY, WLAN ascended 2.5% QoQ or up by 0.1% YoY, Broadband dropped by 11.2% QoQ or down 32.2% YoY, and Digital Home decreased 7.8% QoQ or down by 10.4% YoY.

Regarding 4Q08's outlook for D-Link brand business, we project 4Q08 revenue to be high single digit down sequentially mainly due to relatively weaker end demands. From a regional perspective, due to relatively shorter selling days for Christmas holidays and economy recession, the sales momentums within the North America, Europe, and Emerging & Asia Pacific markets for D-Link are expected to be slightly slow for 4Q08. In order to cope with the tough macro-economy environment, D-Link is trying its best to control expenses and accelerate shifting into SMB and Green products. The Company anticipates on keeping the operating margin in 4Q08 in the range of 5.0-5.5%.

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.