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D-Link Reports 3Q07 Pro Forma Brand Consolidated Financials

- Third quarter 2007 brand net revenue was NT\$8.999bln, up 13.4% YoY.
- Third quarter 2007 brand gross margin was 35.0% compared to 32.5% in 3Q06.
- Third quarter 2007 operating margin was 7.6% compared to 7.4% in 3Q06.
- Third quarter 2007 tax expense was NT\$156mln, compared to NT\$128mln in 3Q06.
- Third quarter 2007 net income was NT\$801mln, compared to NT\$714mln in 3Q06.
- Third quarter 2007 EPS, on a fully diluted capital of NT\$6.838bln was NT\$1.17 per share, compared to NT\$1.04 per share in 3Q06.
- All of the figures are pro forma.
- Starting from April 2007, all of the financials have excluded OEM/ODM figures of Alpha Networks.

Taipei, Taiwan, October 30, 2007 - D-Link Corporation ("D-Link," "the Company," or "the Group") (TAIEX 2332) today announced its global pro forma brand consolidated financial results for the third quarter of 2007.

YT3Q07 pro forma brand revenue of NT\$24.345bln marked a 12.5% growth over the net revenue of NT\$21.650bln for the comparable period of FY2006. Gross margin increased to 34.9% with significant growth from 32.4% for the same period of FY2006. Operating margin rose to 7.7% from 6.2% of YT3Q06. Net margin of 11.2% made a considerable improvement from its previous 7.9% of YT3Q06 due to the strong execution of product and regional focus shifting.

For the third quarter of 2007, D-Link posted a brand net revenue of NT\$8.999bln, rising to 14.9% over 2Q07, or up by 13.4% compared to the year-ago figure. Brand consolidated gross margin made a slight increase of 35.0% in 3Q07, compared to 34.6% in 2Q07, or up by 2.5% from 32.5% in the previous year's comparable quarter. This provides to be indispensable content as 3Q07's gross margin marks the company's third consecutive quarter standing above 34.0%, which affirms to be the highest level of gross margin within D-Link's 21 years as an establishment. In consideration of extra marketing events for

wireless pre-n products, operation expenses of net revenue slightly rose to 27.4% in 3Q07 from 27.0% in the previous quarter, or an increment of 2.2% from 25.2% in 3Q06. Operating margin was 7.6%, at par with the 7.6% in 2Q07, or 7.4% in 3Q06

The non-op sector ended up with a total gain of NT\$274M, consisting of a NT\$24mln capital gain on disposal of non-core holdings, NT\$142mln long term investment income via equity method recognition, NT\$ 63mln of FX gain, and NT\$112mln of financial/other incomes. The gain was offset from a NT\$67mln provisional inventory loss, which marked a substantial decrease from NT\$170mln in 2Q07, thank to the strong sales in 3Q07 .

D-Link registered pre-tax income of NT\$961M, went up from NT\$676m in 2Q07. The profit was deducted by a tax expense of NT\$156M and minority interests of NT\$4mln. Net income resulted in NT\$801M at the bottom line. The net income was translated into an EPS of NT\$1.17/share, compared to the previous quarter's figure of NT\$1.13/share, both based on a fully diluted capital of NT\$6.838bln.

All financial metrics of D-Link's brand balance sheet remained healthy as of September 30, 2007. NT\$4.729bln cash and NT\$759mln short-term money market investment totaling NT\$5.488bln, decreased by NT\$518mln from NT\$6.006bln at the end of June quarter of 2007, primarily due to cash dividend payouts to shareholders. The September quarter Accounts Receivable of NT\$6.617bln grew by NT\$640mln from NT\$5.977bln in the previous quarter as a result of two consecutive record high monthly sales of August and September. Accounts Payable of the September quarter was NT\$7.602bln, increasing by NT\$1.308bln, compared to NT\$6.294bln as of June 30, 2007, primarily due to higher purchasing in 3Q07. As of September 30, 2007 Days A/R decreased by a day from 68 days, as of the end of June 2007, to 67 days. The amount of inventory of NT\$7.201bln grew by NT\$1.214bln from NT\$5.987bln in it previous quarter, resulted mainly from the stock-up worldwide for Thanksgiving and Christmas shopping. Therefore QoQ Days Inventory became lengthened to 112 days from 103 days as of the end of June 2007. Cash was cycled at 61 days, compared to 64 days from its previous quarter of June 30, 2007. The current ratio and debt/equity ratio remained sound in the September quarter. In summary, D-Link's financial standing remained sound and liquid.

To analyze 3Q07 brand revenue by regions, D-Link's global operation cast 23.4%, 28.4%, and 48.2% of consolidated sales from North America, Europe zone, and Emerging markets and Asia Pacific (APac) respectively. For the brand business, North America's sales were sequentially up by a significant 22.0% or at par with the figure in the previous year's comparable quarter. Europe's sales substantially increased by 20.7% YoY (14.8% QoQ), and Emerging markets & APac's revenue grew to 16.9% YoY (11.8% QoQ). In 3Q07, North

America and Central Europe delivered great growth momentum due to incremental wireless pre-n products adoption.

By product categories, WLAN remained to be the No.1 sales item, accounting for 39.5% of 3Q07 brand consolidated revenue, followed by Switch 25.5%, Broadband 20.3%, Digital Home 10.6%, and NIC & Others 4.1%. Switch grew 17.2% QoQ (13% YoY), WLAN jumped up by 17.3% QoQ (18.2% YoY), Broadband rose to 12.7% QoQ (7.6 YoY), and Digital home increased by 5.9% QoQ (7.4% YoY).

According to In-Stat 2Q 2007 statistics, in unit terms, D-Link remained at the helm as the global connectivity leader in SMB/SOHO/Consumer segments, commanding 23.8% of global market shares, ahead of Linksys's 18.1% and Netgear's 16.4% respective stakes. D-Link kept its solid leading position in global SMB/SOHO/Consumer networking connectivity.

Regarding 4Q07's outlook for D-Link brand business, we project revenue to be consistently stable or to have slight growth due to normal seasonality. Gross margin in 4Q07 is anticipated to remain level compared to the figure in 3Q07. From a regional perspective, we anticipate the U.S to be gaining momentum for wireless pre-n products in retail. With regards to Europe, Central Europe will keep expanding its switch business and also generate sales momentum for consumer products. Emerging markets & APac are expected to continue its steady demands for both switch and broadband products due to local economic expansion. Finally, for product drivers, we promote our Metro Ethernet Switch Solution in Europe, Russia and China markets. Increasing amounts of wireless pre-n embedded products will begin to debut and bloom massive adoption of pre-n routers. IP cameras will continue to grow, as provided from accelerating sales in the September quarter from our Digital Home category. In summary, we expect 4Q to incur seasonally strong revenue and oversee continued expansions.

About D-Link

D-Link is the global leader in total products shipped for consumer networking connectivity according to reports published by the Synergy Research Group. D-Link is the worldwide leader and award winning designer, developer, and manufacturer 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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