



Spokesperson:

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Chief Finance Officer

## **D-Link Reports 2Q09 Unaudited Consolidated Financials**

- Second quarter 2009 net revenue was NT\$7.025bln, up 3.2% QoQ.
- Second quarter 2009 gross margin exclusive of inventory related gain was 28.9%, compared to 27.7% in 1Q09.
- Second quarter 2009 gross margin inclusive of inventory related gain was 33.5%, due to inventory provision reversal of NT\$325mln, compared to 24.6% in 1Q09.
- Second quarter 2009 operating margin was 2.0%, compared to -6.4% in 1Q09.
- Second quarter 2009 tax income was NT\$28mln, compared to tax expense of NT\$63mln in 1Q09.
- Second quarter 2009 net income was NT\$219mln, a significant improvement, compared to net loss of NT\$324mln in 1Q09.
- Second quarter 2009 EPS, per fully diluted capital of NT\$6.476bln, was NT\$0.34, compared to NT\$-0.50 per share in 1Q09.
- All of the figures are unaudited.

**Taipei, Taiwan, August 5, 2009** - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the first half and second quarter of 2009.

For the first half of 2009, D-Link posted a net revenue of NT\$13.83bln, down by 18.6% compared to NT\$17.0bln for 1H08 due to the global economic recession. The gross margin excluding inventory related gain/loss slipped to 28.3%, down by 5.3% from 33.6% of 1H08, due mainly to tough economic circumstances worldwide. Gross margin including inventory provisional gain/loss was 29.1%, down by 3.1% from 32.2% in 1H08. Operating expenses of 31.3% from net revenue were up from 28.7% of the first half of 2008 but the expense amount was NT\$4.33bln, which trimmed down by 11.2%, compared to NT\$4.877bln in 1H08. The operating profit margin was -2.2%, compared to 3.5% in 1H08. Net margin was -0.8%, compared to 4.1% in 1H08.

For the second quarter of 2009, D-Link posted a net revenue of NT\$7.025bln, up 3.2% over

1Q09, or down 17.4% compared to the year-ago figure. Due to better product mix shifting towards more switching sales, gross margin excluding inventory related gain/loss rose to 28.9% in 2Q09 from 27.7% in 1Q09, but down by 4.6% compared to 33.5% of the year-ago quarter. By applying article number 10 of Taiwan's GAAP, gross margin including inventory provisional gain/loss was 33.5% in 2Q09, up by 8.9% from 24.6% in 1Q09, or compared to 32.4% of the comparable 2008 quarter. Operating expenses of 31.5% of net revenue was slightly up from 31.0% in the previous quarter, or compared to 29.3% in 2Q08, a result of one-time restructuring fees. NT\$2.22bln of 2Q09's operating expenses were trimmed down by NT\$273mln or 10.9% YoY, compared to NT\$2.493bln in 2Q08. Operating profit margin significantly expanded to 2.0% from -6.4% in 1Q09, or 3.1% in 2Q08.

On the non-operating side, income consisted of NT\$63mln from FX gain, and NT\$34mln by way of financial/other incomes, knocked out by NT\$48mln from long-term investment profit under equity method, totaling NT\$49mln in 2Q09. Regarding the bottom line, the income before tax was NT\$187mln, which was enhanced by a one-time tax reversal of NT\$28mln and the minority interest of NT\$4mln, resulting in the consolidated net income of NT\$219mln of the second quarter of 2009, or an EPS of NT\$0.34 based on the fully diluted capital of NT\$6.476bln.

All financial metrics of D-Link's balance sheet of the March quarter remained healthy and faced further strengthening. D-Link held NT\$3.17bln in cash and NT\$68mln in money market funds, totaling NT\$3.238bln at the end of June. Cash position increased by NT\$1.006bln compared to NT\$2.232bln as of the end of March's quarter, mainly due to less cash payment to our vendors in 2Q09. Account Receivables slightly decreased to NT\$5.9bln from NT\$5.941bln of March's quarter end. The June quarter inventory level slightly increased to NT\$5.558bln from NT\$5.476bln of the end of March quarter. Account Payables rose to NT\$5.125bln from NT\$3.423bln of March's quarter end primarily due to new product pull-in. Regarding financial ratios of 2Q operation, Days A/R was shortened to 78 days from 80 days of the March quarter end. On a QoQ basis, Days Inventory lengthened to 121 days from 115 days of the end of March quarter, due to relatively more product pull-in in 2Q09. Cash cycle was improved to 99 days, compared to its previous quarter's figure of 114 days, due primarily to the gradual returning of normal required working capital. The current ratio and debt/equity ratio remained sound, reflecting financial strength and stability of the Company. Annualized ROE for the second quarter end of 2009 turned positive to 6%. Overall, D-Link financial standings kept a stable position in liquidity. For the second half of 2009, D-Link will sustainably tighten cost and control expenses in order to maintain the positive operating margin.

NT\$M	2Q09		1Q09		2Q08		QoQ	YoY
NA	1,386	19.8%	1,485	21.8%	1,693.0	19.9%	-6.7%	-18.1%
EU	2,046	29.1%	2,115	31.1%	1,998.0	23.5%	-3.3%	2.4%
Emg. & APac	3,593	51.1%	3,205	47.1%	4,816.0	56.6%	12.1%	-25.4%
<b>Total</b>	<b>7,025</b>	<b>100.0%</b>	<b>6,805</b>	<b>100.0%</b>	<b>8,507.0</b>	<b>100.0%</b>	<b>3.2%</b>	<b>-17.4%</b>

To break down 2Q09's revenue by region, D-Link's global operation cast 19.7% in North America, 29.1% in Europe, and 51.1% from Emerging and Asia Pacific markets of consolidated sales. Among the regions, North America's sales were down 6.7% QoQ, or down 18.1% compared to the figure in the year-ago comparable quarter, Europe's dropped by 3.3% QoQ, but up 2.4% YoY due mainly to continuous telco project wins, and Emerging and Asia Pacific markets ascended by 12.1% QoQ owing to strong growth in China, but was down 25.4% YoY. In the second quarter of 2009, D-Link's geographic revenue remained globally well diversified.

Regarding 2Q09's revenue by product categories, WLAN products remained the most popular item, accounting for 41.0% of 2Q09 consolidated revenue, followed by Switch products at 28.0%, Broadband at 22.0%, Digital Home at 7.8%, NIC and Others at 1.2%. Switch increased 13.6% QoQ but down by 17.5% YoY, WLAN descended 4.5% QoQ or down by 17.1% YoY, Broadband jumped 19.5% QoQ or up by 10.6% YoY, and Digital Home declined by 10.9% QoQ or down by 41.2% YoY.

For 3Q09 outlooks, D-Link anticipates that the quarterly revenue will deliver sequential growth on the quarter-over-quarter basis. As for the operating margin, the Company projects it to stay positive. Regarding the growth thrusts for 3Q09, telco projects will drive the revenue to grow by shipping the combination of solution products such as switch, Wi-Fi, I.A.D., and XDSL. Regionally, D-Link's Japan market will initiate to take off through strong business alliances. In closing, D-Link has already confirmed its operation to bottom out in 1H09. Although still remaining cautious, the Company projects 2H09's performance to surpass 1H09's.

**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 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 in-depth 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 headquarter is located 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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