News Release

Spokesperson:

A.P. Chen
Chief Finance Officer

D-Link Reports 4Q10 Consolidated Financials

- Fourth quarter 2010 net revenue was NT$9.144bln, up 6.5% QoQ.
- Fourth quarter 2010 gross margin exclusive of inventory related gain was 30.8%, compared to 32.1% in 3Q10.
- Fourth quarter 2010 gross margin inclusive of inventory related gain was 29.6%, compared to 31.0% in 3Q10.
- Fourth quarter 2010 operating margin was 3.5%, compared to 2.6% in 3Q10.
- Fourth quarter 2010 tax expense was NT$46mln, compared to the tax expense of NT$79mln in 3Q10.
- Fourth quarter 2010 net income was NT$379mln, compared to net income of NT$343mln in 3Q10.
- Fourth quarter 2010 EPS on fully diluted capital of NT$6.476bln, was NT$0.59, compared to NT$0.53 per share in 3Q10.
- All of the above figures are consolidated and 4Q10's net income is audited / reviewed.

Taipei, Taiwan, March 4, 2011 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for fiscal year 2010 and fourth quarter of 2010.

For the whole year of 2010, D-Link posted net revenue of NT$33.857bln, up by 9.2% compared to NT$31.016bln in 2009. Gross margin excluding inventory related gain/loss was 32.4%, up by 2.0% from 30.4% of 2009 because of better product mix shifting and global economic recovery. Gross margin including inventory provisional gain/loss was 31.3%, slightly up by 0.3% from 31.0% in 2009. Operating expenses as a percentage to net revenue was 28.4%, down from 29.7% in 2009, thank to tight expense control. Operating profit margin stood at 2.9%, a significant improvement, as compared to 1.3% in 2009. Net margin was 3.6%, a dramatic increase, as compared to 1.6% in 2009.

For the fourth quarter of 2010, D-Link posted net revenue of NT$9.144bln, up by 6.5% compared to 3Q10 and up 3.3% over 4Q09, due mainly to consumer end demand rebounds in Europe and North America plus several telco project wins in emerging markets. Due to product mix shifting towards more broadband sales and less switch contribution, gross margin excluding inventory related gain/loss dropped to 30.8% in 4Q10 from 32.1% in 3Q10, or down by 2.5% compared to 33.3% of the year-ago quarter. In compliance with Taiwan's GAAP, gross margin including inventory provisional gain/loss was 29.6% in 4Q10, declining by 1.4% from 31.0% in 3Q10, or down by 4.5% compared to 34.1% of the comparable 2009 quarter. Operating expenses of 26.1% of net revenue was substantially down by 2.3% from 28.4% both in the previous quarter and in the year-ago comparable quarter. Operating profit margin was lifted to 3.5% from 2.6% in 3Q10 because of well control in expenses and relatively higher sales base but down by 2.2% as compared to 5.7% in 4Q09.

The Company reported a net non-operating profit of NT$110mln in 4Q10, mainly composed of NT$82mln income from long term investment account under equity method, NT$14mln in foreign exchange gain, and NT$14mln of financial/other incomes. Net income before tax was NT$433mln which resulted in the consolidated net income of NT$379mln for the fourth quarter of 2010 after taking into consideration of tax expense of NT$46mln and minority interest of NT$8mln. This translated into an EPS of NT$0.59 based on the fully diluted capital of NT$6.476bln.

Financial metrics of D-Link's balance sheet for the December ended quarter were further strengthened. D-Link held NT$5.297bln in cash and NT$727mln in money market funds, totaling NT$6.024ln at the end of the December quarter. Cash position decreased by NT$350mln compared to NT$6.374bln as of the end of September's quarter, mainly due to more cash paid-out for the due account payables. Account Receivables decreased to NT$5.613bln from NT$6.231bln of September's quarter end or down 9.9% QoQ, and was in line with sales policy. The inventory level as of the December quarter end significantly reduced to NT$5.584bln from NT$7.056bln at the end of September quarter mainly owing to better sell-through in 4Q10 and good moderation of product pull-in for slow season. Account Payables at the end of December's quarter dramatically decreased to NT$5.462bln from NT$7.451bln of September's quarter end primarily owing to normal payment term and less stock pull-in. Regarding financial ratios of 4Q operation, Days A/R of the December quarter end was shortened to 64 days from 69 days of the September quarter end. On a QoQ basis, Days Inventory further shortened to 89 days from 108 days of the end of September's quarter, due to better than expected revenue in 4Q10. Cash cycle was slightly improved to 56 days, compared to its previous quarter's figure of 57 days, because of strong execution on working capital management. The current ratio and debt/equity ratio remained sound, reflecting financial enhancement and stability of the Company. Annualized ROE for the fourth quarter end of 2010 improved to 10%. Overall, D-Link financial position was further enhanced in liquidity.

NT$mln	4Q10		3Q10		4Q09		QoQ	YoY
NA	1,736	19.0%	1,635	19.0%	1,472	16.6%	6.2%	17.9%
EU	2,433	26.6%	1,990	23.2%	2,684	30.3%	22.3%	-9.3%
Emg. & APac	4,975	54.4%	4,964	57.8%	4,696	53.1%	0.2%	5.9%
Total	9,144	100.0%	8,589	100.0%	8,852	100.0%	6.5%	3.3%

The breakdown of D-Link's global consolidated sales by region for 4Q10 was 19.0% from North America, 26.6% from Europe, and 54.4% from Emerging and Asia Pacific markets. Individually, North America sales were up 6.2% QoQ or up 17.9% compared to the figure in the year-ago comparable quarter; Europe sales significantly increased by 22.3% QoQ because of better consumer end demands and continuous telco project wins, but down 9.3% YoY; and Emerging and Asia Pacific markets rose by 0.2% QoQ or up 5.9% YoY. In the fourth quarter of 2010, D-Link's global revenue remained well diversified geographically.

With respect to 4Q10's revenue by product categories, WLAN products remained the most important product mix accounting for 37.4% of 4Q10 consolidated revenue, followed by Switch products at 29.8%, Broadband at 21.0%, Digital Home at 9.1%, NIC and Others at 2.7%. Reflecting relatively stronger consumer end demands and promising telco's projects, 4Q10's Broadband sales substantially increased 19.4% QoQ or up by 8.7% YoY, Digital Home products sales significantly jumped by 34.0% QoQ or dramatically up by 38.0% YoY, and WLAN revenue was up by 7.4% QoQ but down 5.8% YoY. Owing to suspending demands in global SME/SMB markets in 4Q10, switches sales decreased by 8.0% QoQ but up by 2.6% YoY.

In regards to 2011 market outlooks, in the consumer sector, we noticed more and more copyrights of multimedia contents are released to internet service providers, which entices consumers to upgrade their devices such as Smart TV boxes, I.A.D., and media routers. Also IP cameras and storages with private cloud service enabling i.e. free configuration, remote access, and etc. catch eyes from consumers. Increasingly, multimedia and cloud applications will prevail and trigger consumer's purchase power in 2011. Regarding business sector, enterprise and SMB/SME tend to upgrade their networking devices for 2011 because of heavier internet traffics and business expansion, which is likely to initiate their networking product replacement cycle. For SMB/SME, green, PoE, IPv6, and cloud management technologies become essential, which will also make SMB/SME upgrade their networking equipments. As for Telcos/ISPs' sector, we see plenty of mobile and advanced technology broadband projects on the pipeline worldwide. 3G/4G offload to Wifi and FMC home cloud service facilitate more business opportunities for networking solution providers to deploy Femto Cell, VDSL, I.A.D., and DOCSIS 3.0 Cable boxes.

Regarding 2011 global outlook by region, although inflation is the current focal concern in emerging markets, we sense networking infrastructure deployment and telco & government projects remain promising. In Europe, IPTV/Smart TV bundled with powerline rapidly penetrates the consumer market. We engages new SI/VARs to promote our IP surveillance solution targeting on SMB/SME. In North America, our endless efforts to reenter into physical retail stores by our service enabling devices, e.g. IP cameras, IP storages, and Smart TV boxes will boom our consumer product sales. We also keep expanding in SMB/SME market at the expenses of our competitors. Overall, in 2011 not only emerging market revenue growth remains solid, but also developed country sales growth shows promising.

For 2011 outlook from a year-over-year perspective, we anticipate our revenue will grow mildly similar to the industry average. Operating margin ought to be able to slightly widen with net income to increase over 2010's which is expected to be brought about by our equal emphasis on growth and profitability.

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