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D-Link Reports 4Q09 Unaudited Consolidated Financials

- Fourth quarter 2009 net revenue was NT\$8.852bln, up 6.2% QoQ.
- Fourth quarter 2009 gross margin exclusive of inventory related gain was 33.3%, compared to 30.6% in 3Q09.
- Fourth quarter 2009 gross margin inclusive of inventory related gain was 34.0%, compared to 30.9% in 3Q09.
- Fourth quarter 2009 operating margin was 5.7%, compared to 2.3% in 3Q09.
- Fourth quarter 2009 tax expense was NT\$83mln, compared to a tax expense of NT\$85mln in 3Q09.
- Fourth quarter 2009 net income was NT\$358mln, compared to net income of NT\$260mln in 3Q09.
- Fourth quarter 2009 EPS on fully diluted capital of NT\$6.476bln, was NT\$0.55, compared to NT\$0.40 per share in 3Q09.
- All of the above figures are based on unaudited financial.

Taipei, Taiwan, March 3, 2010 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for fiscal year 2009 and fourth quarter of 2009.

For the whole year of 2009, D-Link posted net revenue of NT\$31.016bln, down by 6.0% compared to NT\$32.992bln in 2008 due to global severe economic condition. Gross margin excluding inventory related gain/loss was 30.4%, down by 2.1% from 32.5% of 2008. Gross margin including inventory provisional gain/loss was 31.0%, only slightly down by 0.2% from 31.2% in 2008 owing to focusing on inventory management in 2009. Operating expenses as a percentage to net revenue was 29.7%, slightly up from 28.7% in 2008 but in absolute dollar terms was NT\$9.222bln, down by 2.5% as compared to NT\$9.459bln in 2008. Operating profit margin stood at 1.3% as compared to 2.5% in 2008. Net margin was 1.6% as compared to 3.6% in 2008.

For the fourth quarter of 2009, D-Link posted net revenue of NT\$8.852bln, an increase of

20.2% compared to 4Q08 and up 6.2% over 3Q09, due mainly to a pick up in project business in emerging markets and improved end users demand in Europe. Despite challenging market condition, through the optimization of product mix towards more switches and WiFi 11n sales, gross margin excluding inventory related gain/loss jumped to 33.3% in 4Q09 from 30.6% in 3Q09, or up by 3.8% compared to 29.5% of the year-ago quarter. With the adoption of article ten of Taiwan's GAAP, gross margin including inventory provisional gain/loss was 34.0% in 4Q09, improved by 3.1% from 30.9% in 3Q09, up by 5.9% compared to 28.1% of the comparable 2008 quarter. Operating expenses of 28.3% of net revenue was down by 0.3% from 28.6% in the previous quarter, or down by 2.9% compared to 31.2% in 4Q08. Operating profit margin was lifted to 5.7% from 2.3% in 3Q09 and much improved as compared to -3.1% in 4Q08.

The Company reported a net non-operating loss of NT\$43mln in 4Q09 mainly comprised of NT\$45mln foreign exchange loss, NT\$121mln one time write-off in long term investment holdings offsetting a NT\$121mln gain from long term investment account under equity method and NT\$2mln of financial/other incomes. Net income before tax was NT\$460mln which after deducting tax expense of NT\$83mln and minority interest of NT\$19mln resulted in the consolidated net income of NT\$358mln for the fourth quarter of 2009. This translated into an EPS of NT\$.55 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 enhanced. Cash position of NT\$5.558bln at the end of December increased by NT\$1.485bln compared to NT\$4.073bln as of the end of September's quarter, mainly as a result of cash inflow from operation. Account Receivables decreased to NT\$6.297bln from NT\$6.41bln of September's quarter end or slightly down 1.8% QoQ. The inventory level as of the December quarter end further reduced to NT\$4.690bln from NT\$5.288bln at the end of September quarter mainly owing to better sell-through and materials' shortage in supply chain in 4Q09. Account Payables at the end of December's quarter slightly rose to NT\$5.836bln from NT\$5.614bln of September's quarter end primarily due to progressive product pull-in. Regarding financial ratios of 4Q operation, Days A/R of the December quarter end was continuously shortened to 72 days from 77 days of the September quarter end. On a QoQ basis, Days Inventory further shortened to 104 days from 112 days of the end of September's quarter, due to better than expected revenue in 4Q09. Cash cycle was consecutively improved to 77 days, compared to its previous quarter's figure of 89 days, because of strong execution on working capital management. The current ratio and debt/equity ratio remained sound, reflecting financial strength and stability of the Company. Annualized ROE for the fourth quarter end of 2009 improved to 10%. Overall, D-Link financial position was further strengthen with enhancement in liquidity

| NT\$mIn | 4Q09 | | 3Q09 | | 4Q08 | | QoQ | YoY |
|--------------|--------------|---------------|--------------|---------------|--------------|---------------|-------------|--------------|
| NA | 1,472 | 16.6% | 1,508 | 18.1% | 1,649 | 22.4% | -2.4% | -10.7% |
| EU | 2,684 | 30.3% | 2,174 | 26.1% | 2,323 | 31.5% | 23.4% | 15.5% |
| Emg. & APac | 4,696 | 53.1% | 4,652 | 55.8% | 3,392 | 46.1% | 1.0% | 38.5% |
| Total | 8,852 | 100.0% | 8,334 | 100.0% | 7,364 | 100.0% | 6.2% | 20.2% |

The breakdown of D-Link's global consolidated sales by region for 4Q09 were 16.6% from North America, 30.3% from Europe, and 53.1% from Emerging and Asia Pacific markets. Individually, North America sales were down 2.4% QoQ or down 10.7% compared to the figure in the year-ago comparable quarter; Europe sales significantly increased by 23.4% QoQ, or up 15.5% YoY largely contributed by continuous win in visible telco projects; and Emerging and Asia Pacific markets rose by 1.0% QoQ or dramatically up 38.5% YoY primarily due to the resumption of infrastructure project development. In the fourth quarter of 2009, D-Link's global revenue remained well diversified geographically and higher reported sales were mainly benefited from demand recovery in project-based business within Europe and emerging market countries.

With respect to 4Q09's revenue by product categories, WLAN products remained the most important product mix accounting for 41.0% of 4Q09 consolidated revenue, followed by Switch products at 30.0%, Broadband at 20.0%, Digital Home at 6.8%, NIC and Others at 2.2%. Mirroring the increased market demand for networking access devices, 4Q09's switches sales increased by 9.1% QoQ or dramatically up by 36.2% YoY, WLAN increased by 8.2% QoQ or substantially up by 19.4% YoY, and Broadband increased 2.6% QoQ or significantly up by 29.1% YoY. Digital Home products sales dropped by 1.3% QoQ or down by 20.6% YoY.

According to YT3Q09 Gartner statistics, worldwide ethernet switch in port shipments and wireless standalone access point in units for small-enterprise market, D-Link continued to command a leading position capturing 32% and 40% of global market shares respectively, well ahead of Linksys' 22% and 23% as well as Netgear's 11% and 15%. It demonstrated D-Link continued to further succeed in global network connectivity.

In regards to 2010 market outlooks, in Telcos/ISPs' sector, we see plenty of I.A.D. and 3G projects on the pipeline worldwide. Quite obviously the basic access devices are upgraded into I.A.D. to bolster the revenue as well as 3G applications are prevailing to trigger projects for 2010. Service providers also notice that the application on fourth screen such as ebook and portable devices will be gradually catching consumers' interests. Some service providers within advanced markets are going to launch cloud applications via the portable

devices by 3G, HSDPA, HSUPA, or even LTE technology. In the business sector, we sense enterprise and SMB/SME are going to increase their IT expenditures for 2010, which definitely will boom the networking product replacement cycle. For SMB/SME, customized solution plus cross-sell will be the key winning strategy by offering end-to-end 5S (Switch, Security, Surveillance, Storage, and Service) comprehensive products to further gain the market shares. As for the consumer sector, post-financial crisis, we find multimedia demands for households are resuming. Especially more and more Full HD multimedia contents available via internet will drive the consumers to upgrade their devices and script the multimedia services. Besides home entertaining for multimedia, consumer demands for home automation and cloud applications are also emerging in 2010. In the future, those applications will be the catalysts for networking industry.

Regarding 2010 global outlook by region, economic recovery of all advanced emerging market countries has already trigger considerable demand for I.A.D., WiFi 11n routers, and GE-PON. In Europe, G-PON projects have started to gain attraction in 2010. In North America, our unrelenting efforts to cultivate the SMB/SME markets, we will see increasing number of solution projects win over our competitors from the verticals such as educational institutions, hotels, chain stores, and etc. Progressive engagements of business channel partners such as system integrators and value-added resellers are underway which will enhance our revenue and profitability in the business sector. We anticipate an improvement in consumer spending sentiments which will provide the impetus for our home entertaining and automation products which will greatly contribute to our North America's performance.

For 2010 outlook from a year-over-year perspective, we anticipate our revenue will accelerate in line with a worldwide recovery in the networking marketplace. Operating margin ought to be able to reach pre-financial crisis level and net profit to escalate substantially. We expect to deliver above industry average growth rate for 2010 not only in the top line but also in the bottom line.

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](http://www.dlink.com.tw)

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