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## D-Link Reports 1Q11 Consolidated Financials

- First quarter 2011 net revenue was NT\$7.802bln, down 14.7% QoQ.
- First quarter 2011 gross margin exclusive of inventory related gain was 33.0%, compared to 30.8% in 4Q10.
- First quarter 2011 gross margin inclusive of inventory related gain was 32.7%, compared to 29.6% in 4Q10.
- First quarter 2011 operating margin was 2.2%, compared to 3.5% in 4Q10.
- First quarter 2011 tax expense was NT\$72mln, compared to the tax expense of NT\$46mln in 4Q10.
- First quarter 2011 net income was NT\$248mln, compared to net income of NT\$379mln in 4Q10.
- First quarter 2011 EPS on fully diluted capital of NT\$6.476bln, was NT\$0.38, compared to NT\$0.59 per share in 4Q10.
- All of the above figures are based on consolidated management report while 1Q11's net income has been audited / reviewed.

Taipei, Taiwan, April 29 2011 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the first quarter of 2011.

For the first quarter of 2011, D-Link posted net revenue of NT\$7.802bln, down by 14.7% over 4Q10, primarily owing to seasonal slowness worldwide and slightly weak end demands in Europe, and down by 1.3% compared to 1Q10's figure mainly due to currency fluctuation, if translating into US\$, 1Q11's sales remained up by 6.8% YoY. Due to better product mix shifting towards more switch and digital home contribution, gross margin excluding inventory related gain/loss ascended to 33.0% in 1Q11 from 30.8% in 4Q10, but down by 1.7% compared to 34.7% of the year-ago quarter. In compliance with Taiwan's GAAP, gross margin including inventory provisional gain/loss was 32.7% in 1Q11, increasing by 3.1% from 29.6% in 4Q10, thank to effective inventory control over seasonality, but down by 1.2% compared to 33.9% of the comparable 2010 quarter. Operating expenses of 30.5% of net revenue was up by 4.4% from 26.1% in the previous quarter mainly owing to relatively

smaller sales base for 1Q11, and slightly up by 0.4% compared to the number in the year-ago quarter. In absolute dollar value, 1Q11's operating expenses amounted to NT\$2.381bln down by 0.3% QoQ or down by 0.1% YoY. Operating profit margin declined to 2.2% from 3.5% in 4Q10 or down by 1.6% as compared to 3.8% in 1Q10.

The Company reported a net non-operating profit of NT\$150mln in 1Q11, mainly composed of NT\$104mln income from long term investment account under equity method, NT\$27mln in foreign exchange gain, and NT\$19mln of financial/other incomes. Net income before tax was NT\$318mln which was knocked out by tax expense of NT\$72mln and enhanced by minority interest of NT\$2mln, leaving the consolidated net income of NT\$248mln for the first quarter of 2011. This translated into an EPS of NT\$0.38 based on the fully diluted capital of NT\$6.476bln.

Financial metrics of D-Link's balance sheet for the March ended quarter were further enhanced. D-Link held NT\$4.928bln in cash and NT\$1.453mln in money market funds, totaling NT\$6.381bln at the end of the March quarter. Cash position increased by NT\$357mln compared to NT\$6.024bln as of the end of December's quarter, primarily because of cash inflow for operation. Account Receivables increased to NT\$5.795bln from NT\$5.613bln of December's quarter end. The inventory level as of the March quarter end further reduced to NT\$5.308bln from NT\$5.5584bln at the end of December quarter mainly owing to improved inventory control. Account Payables at the end of March's quarter decreased to NT\$5.232bln from NT\$5.462bln of December's quarter end. Regarding financial ratios of 1Q operation, Days A/R of the March quarter end was lengthened to 67 days from 64 days of the December quarter end. On a QoQ basis, Days Inventory increased to 95 days from 81 days of the end of December's quarter. Cash cycle was 68 days, compared to its previous quarter's figure of 56 days. The current ratio and debt/equity ratio remained sound, reflecting financial enhancement and stability of the Company. Annualized ROE for the first quarter end of 2011 improved to 7%. Overall, D-Link financial position was further strengthened in liquidity.

NT\$mIn	1Q11		4Q10		1Q10		QoQ	YoY
NA	1,395	17.9%	1,736	19.0%	1,484	18.8%	-19.6%	-6.0%
EU	1,805	23.1%	2,433	26.6%	2,136	27.0%	-25.8%	-15.5%
Emg. & APac	4,602	59.0%	4,975	54.4%	4,288	54.2%	-7.5%	7.3%
<b>Total</b>	<b>7,802</b>	<b>100.0%</b>	<b>9,144</b>	<b>100.0%</b>	<b>7,908</b>	<b>100.0%</b>	<b>-14.7%</b>	<b>-1.3%</b>

US\$mIn	1Q11		4Q10		1Q10		QoQ	YoY
	Value	%	Value	%	Value	%		
NA	47.3	17.9%	56.1	19.0%	46.4	18.8%	-15.7%	1.9%
EU	60.7	23.0%	78.5	26.5%	66.8	27.0%	-22.7%	-9.1%
Emg. & APac	156.3	59.1%	161.2	54.5%	134.2	54.2%	-3.0%	16.5%
<b>Total</b>	<b>264.3</b>	<b>100.0%</b>	<b>295.8</b>	<b>100.0%</b>	<b>247.4</b>	<b>100.0%</b>	<b>-10.6%</b>	<b>6.8%</b>

In NT\$ terms, the breakdown of D-Link's global consolidated sales by region for 1Q11 was 17.9% from North America, 23.1% from Europe, and 59.0% from Emerging and Asia Pacific markets. Individually, North America sales were down 19.6% QoQ or down 6.0% compared to the figure in the year-ago comparable quarter, but in US\$ terms the sales were up 1.9% YoY; Europe sales decreased by 25.8% QoQ owing to weaker end demands and less telco project business than the normal seasonality, or down 15.5% YoY; and Emerging and Asia Pacific markets' revenue dropped by 7.5% QoQ but up 7.3% YoY. If translating into US\$ terms, Emerging and Asia Pacific markets' sales momentum remained strong and continued to deliver double digits YoY growth. In the first quarter of 2011, D-Link's global revenue remained well diversified geographically.

With respect to 1Q11's revenue by product categories, WLAN products remained the most important product mix accounting for 39.4% of 1Q11 consolidated revenue, followed by Switch products at 30.5%, Broadband at 17.0%, Digital Home at 9.6%, NIC and Others at 3.4%. As a result of debut of digital home new product and relatively stronger SMB/SME demands, 1Q11's Digital Home products sales significantly jumped by 33.3% YoY but down by 10.0% QoQ, and Switch sales increased 0.4% YoY but down by 12.5% QoQ. Owing to slow season for consumer sector, especially in Europe, as well as cost concern for Broadband telcos' projects, 1Q11's WLAN revenue decreased by 3.9% YoY or down by 10.1% QoQ, and Broadband sales declined by 15.0% YoY or down by 30.9% QoQ respectively.

Regarding the corporate updates, we launched our seventh share buyback program. The buyback scope is up to 12mln shares with price range from NT\$20/Sh to NT\$30/Sh. The execution period started from March 24, 2011 and will end by May 22, 2011. For 2Q11 business outlook from a quarter-over-quarter perspective, we anticipated our revenue will be flat or grow mildly similar to the historic patterns. Operating margin is expected to start to improve slightly since more new products are introduced as time goes on.

## 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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