

D-LINK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

As of September 30, 2002 and 2003

(Unaudited, for reference only)

(In thousands of New Taiwan Dollars)

Assets	09/30/2003		09/30/2002		Liabilities and Stockholders' Equity	09/30/2003		09/30/2002	
	Amounts	%	Amounts	%		Amounts	%	Amounts	%
Current Assets :					Current Liabilities :				
Cash and cash equivalents	\$ 2,458,373	10	2,002,965	10	Short term borrowings	\$ 3,758,747	16	2,160,122	10
Short-term investment	4,272,973	18	4,802,270	23	Accounts and notes payable	3,687,991	15	2,855,679	14
Accounts and notes receivable	4,356,974	18	3,432,566	16	Payable from related parties	1,088,116	5	723,910	3
Receivables from related parties	1,192,056	5	1,324,879	6	Current maturities	2,220,269	9	-	-
Inventory	3,953,982	16	2,478,049	12	Other current liabilities	2,156,198	9	1,719,860	9
Other current assets	1,083,276	5	922,926	4		<u>12,911,321</u>	<u>54</u>	<u>7,459,571</u>	<u>36</u>
Restricted assets	1,051,269	4	-	-	Long-term Liabilities :				
	<u>18,368,903</u>	<u>76</u>	<u>14,963,655</u>	<u>71</u>	Bonds payables	600,000	3	2,392,273	11
Long-term Investment :					Long-term borrowings	201,188	1	600,000	3
Investment – Equity method	1,613,802	7	2,238,641	14		<u>801,188</u>	<u>4</u>	<u>2,992,273</u>	<u>14</u>
Investment – Cost method	839,788	4	610,993	-	Other Liabilities :				
Pre-paid L-T investment	-	-	18,494	-	Pension liabilities	178,491	-	108,234	1
	<u>2,453,590</u>	<u>11</u>	<u>2,868,128</u>	<u>14</u>	Deferrals and other liabilities	343,370	1	543,041	2
Fixed Assets :						<u>521,861</u>	<u>1</u>	<u>651,275</u>	<u>3</u>
Cost :					Total Liabilities	<u>14,234,370</u>	<u>59</u>	<u>11,103,119</u>	<u>53</u>
Land	95,949	1	95,949	1	Stockholders' Equity :				
Buildings and improvements	1,877,223	8	1,999,675	10	Capital :				
Machinery and equipment	805,518	3	1,076,279	5	Common stock	4,999,172	21	5,163,307	25
Others equipment	377,671	2	364,417	2					
	<u>3,156,361</u>	<u>14</u>	<u>3,536,320</u>	<u>18</u>	Paid-in capital	2,649,876	11	2,799,560	13
Less : accumulated depreciation	(617,094)	(3)	(961,969)	(5)					
Construction in progress & prepayment	21,503	-	29,918	-	Retained earnings :				
	<u>2,560,770</u>	<u>11</u>	<u>2,604,269</u>	<u>13</u>	Legal reserve	610,282	3	523,254	2
Other Assets	603,363	2	567,622	2	Special reserve	-	-	275,530	1
					Unappropriated earnings	1,363,261	6	1,120,743	6
						<u>1,973,543</u>	<u>9</u>	<u>1,919,527</u>	<u>9</u>
					Foreign currency translation adjustment	129,665	-	18,161	-
					Total stockholders' equity	<u>9,752,256</u>	<u>41</u>	<u>9,900,555</u>	<u>47</u>
Total Assets	<u>\$ 23,986,626</u>	<u>100</u>	<u>21,003,674</u>	<u>100</u>	Liabilities and Shareholders' Equity	<u>\$ 23,986,626</u>	<u>100</u>	<u>21,003,674</u>	<u>100</u>

D-LINK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

For the Nine Months Ended September 30, 2002 and 2003

(Unaudited, for reference only)

(In thousands of New Taiwan Dollars)

	3Q 2003		3Q 2002	
	Amounts	%	Amounts	%
Net sales	18,944,743	100	15,705,747	100
Cost of goods sold	13,200,957	70	11,362,399	72
Gross margin	5,743,786	30	4,343,348	28
Net change in unrealized profit on intercompany sales	(49,408)	-	(91,315)	(1)
Realized gross profits	5,694,378	30	4,252,033	27
Operating expenses :				
Selling	3,540,705	19	2,889,440	18
Administrative	322,196	2	398,930	3
R&D	720,382	4	618,824	4
	4,583,283	25	3,907,194	25
Operating profits	1,111,095	5	344,839	2
Non-operating income :				
Interests income	23,795	-	35,006	1
Long-term investment income, net	127,395	1	318,381	2
Exchange gain	5,636	-	45,085	-
Other income	183,961	1	94,467	1
	340,787	2	492,939	4
Non-operating expenses				
Interests expenses	112,524	1	92,564	1
Loss on inventory obsolescence and devaluation	192,386	1	38,885	-
	304,910	2	131,449	1
Profit before income tax	1,146,972	5	706,329	5
Income tax expense	135,301	-	87,045	1
Income before minority interests	1,011,671	6	619,284	4
Minority interests	(4,965)	-	3,983	-
Net income	<u>\$ 1,006,706</u>	<u>5</u>	<u>623,267</u>	<u>4</u>
	<u>Pretax</u>	<u>Taxed</u>	<u>Pretax</u>	<u>Taxed</u>
Net income per share				
Basic earnings per common share	<u>\$ 2.16</u>	<u>2.01</u>	<u>1.35</u>	<u>1.21</u>