

D-LINK CORPORATION
Non-consolidated Balance Sheets
June 30, 2002 and 2003

(In thousands of New Taiwan Dollars)

Assets	6/30/2003		6/30/2002		Liabilities and stockholders' equity	6/30/2003		6/30/2002	
	Amounts	%	Amounts	%		Amounts	%	Amounts	%
Current Assets :					Current liabilities :				
Cash and cash equivalents	\$ 1,928,966	10	1,858,032	11	Short-term borrowings	\$ 652,657	3	-	-
Short-term investments	3,453,880	19	3,410,890	21	Notes and accounts payable	2,707,222	15	1,416,660	9
Notes and accounts receivable	954,249	5	588,617	4	Payable to related parties	481,305	2	440,269	3
Receivables from related parties	3,420,601	19	2,681,172	16	Current maturities	1,048,694	6		
Other current financial assets	47,655	-	152,772	1	Other current liabilities	1,390,433	8	1,091,563	7
Inventories	1,292,110	7	910,268	6	Deferred credit – intercompany profit	555,574	3	364,478	2
Other current assets	149,359	1	192,599	1		6,835,885	37	3,312,970	21
Restricted assets	1,005,990	5	-	-	Long-term liabilities :				
	12,252,810	66	9,794,350	60	Bonds payable	1,578,108	9	2,345,289	14
Long-term investments :					Long-term borrowings	400,000	2	600,000	4
Investments under equity method	4,065,500	22	3,940,370	24		1,978,108	11	2,945,289	18
Investments under cost method	15,768	-	314,335	2	Other liabilities :				
Prepayment for long-term investments	-	-	56,911	-	Pension and other liabilities	174,096	1	360,643	1
	4,081,268	22	4,311,616	26	Total liabilities	8,988,089	49	6,618,902	40
Other non-current financial assets	13,808	-	9,225	-	Stockholders' equity :				
Fixed assets :					Capital				
Land	95,949	1	95,949	1	Common stock	4,903,107	27	4,569,870	28
Buildings and improvements	1,391,940	8	1,401,353	8	Certificate for conversion of convertible bonds	-	-	29,452	-
Machinery and equipment	809,675	4	769,906	5	Stock dividend distributable	96,000	-	563,987	3
Other equipment	214,982	1	281,608	2		4,999,107	27	5,163,309	31
	2,512,546	14	2,548,816	16	Paid-in Capital :				
Less: accumulated depreciation	(772,185)	(4)	(660,038)	(4)		2,651,410	14	2,803,360	17
Construction-in-progress and prepayment	4,683	-	19,711	-	Retained earnings :				
	1,745,044	10	1,908,489	12	Legal reserve	610,282	3	523,254	3
Other assets :					Special reserve	-	-	275,530	2
Assets held for lease	134,512	1	153,269	1	Unappropriated earnings	1,073,025	6	1,073,352	7
Other assets	237,567	1	269,473	1		1,683,307	9	1,872,136	12
	372,079	2	422,742	2	Foreign currency translation adjustment	143,096	1	(11,285)	-
					Total stockholders' equity	9,476,920	51	9,827,520	60
Total assets	\$ 18,465,009	100	16,446,422	100	Total liabilities and stockholders' equity	\$ 18,465,009	100	16,446,422	100

D-LINK CORPORATION
Non-consolidated Statements of Income
For The Six Months Ended June 30, 2002 and 2003

(In thousands of New Taiwan Dollars)

	1H 2003		1H 2002	
	Amounts	%	Amounts	%
Net sales	8,777,871	100	7,581,754	100
Cost of goods sold	6,923,504	79	6,256,898	83
Gross profit	1,854,367	21	1,324,856	17
Net change in unrealized profit on intercompany sales	9,849	-	35,432	1
Realized gross profit	1,864,216	21	1,360,288	18
Operating expenses				
Selling	323,442	4	190,727	3
Administrative	292,826	3	265,705	3
Research and development	441,559	5	382,791	5
Total operating expenses	1,057,827	12	839,223	11
Operating profits	806,389	9	521,065	7
Non-operating income				
Interest income	6,240	-	21,208	-
Gain on disposal of investment	17,685	-	15,167	-
Exchange gain	165,727	2	98,332	1
Other income	27,973	-	53,198	1
	217,625	2	187,905	2
Non-operating expense :				
Interest expenses	53,220	-	50,757	1
Long-term investment loss	133,186	2	18,637	-
Loss on inventory obsolescence and devaluation	103,744	1	36,000	-
	290,150	3	105,394	1
Income before income taxes	733,864	8	603,576	8
Income tax expense	25,025	-	48,000	1
Net income	<u>\$ 708,839</u>	<u>8</u>	<u>555,576</u>	<u>7</u>
	<u>Pretax</u>	<u>Taxed</u>	<u>Pretax</u>	<u>Taxed</u>
Net income per share				
Basic earnings per common share	<u>\$ 1.47</u>	<u>1.42</u>	<u>1.17</u>	<u>1.08</u>
Diluted earnings per common share	<u>\$ 1.39</u>	<u>1.33</u>	<u>1.15</u>	<u>1.05</u>