

**D-LINK CORPORATION AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**As of June 30, 2002 and 2003**  
**(Unaudited, for reference only)**

(In thousands of New Taiwan Dollars)

Assets	06/30/2003		06/30/2002	
	Amounts	%	Amounts	%
<b>Current Assets :</b>				
Cash and cash equivalents	\$ 2,723,360	12	2,548,779	13
Short-term investments	3,796,600	16	3,711,385	19
Notes and accounts receivable	3,735,724	16	2,895,177	15
Receivables from related parties	1,470,182	6	1,129,048	6
Inventories	3,991,897	17	2,460,689	12
Other current assets	938,967	4	902,642	4
Restricted assets	1,005,990	5	-	-
	<u>17,662,720</u>	<u>76</u>	<u>13,647,720</u>	<u>69</u>
<b>Long-term Investments :</b>				
L-T investments under equity method	1,641,394	7	2,215,047	15
L-T investments under cost method	762,793	3	610,647	-
Pre-paid L-T investments	-	-	56,911	-
	<u>2,404,187</u>	<u>10</u>	<u>2,882,605</u>	<u>15</u>
<b>Fixed Assets :</b>				
Land	95,949	1	95,949	1
Buildings and improvements	2,009,681	9	1,984,113	10
Machinery and equipment	1,216,540	5	1,057,280	5
Other equipment	435,810	2	433,614	2
	3,757,980	17	3,570,956	18
Less : accumulated depreciation	(1,175,102)	(5)	(971,759)	(5)
Prepayments	8,744	-	30,716	-
	<u>2,591,622</u>	<u>12</u>	<u>2,629,913</u>	<u>13</u>
<b>Other assets</b>	484,905	2	622,524	3
<b>Total Assets</b>	<u>\$ 23,143,434</u>	<u>100</u>	<u>19,782,762</u>	<u>100</u>

Liabilities and Stockholders' Equity	06/30/2003		06/30/2002	
	Amounts	%	Amounts	%
<b>Current liabilities :</b>				
Short-term borrowings	\$ 3,555,637	15	1,927,099	10
Notes and accounts payable	3,147,519	14	2,101,081	10
Payables to related parties	966,681	4	469,402	2
Current maturities	1,048,694	5	-	-
Other current liabilities	2,548,527	11	1,949,891	10
	<u>11,267,058</u>	<u>49</u>	<u>6,447,473</u>	<u>32</u>
<b>Long-term liabilities :</b>				
Bonds payable	1,578,108	7	2,345,289	12
Term loan	400,000	2	600,000	3
	<u>1,978,108</u>	<u>9</u>	<u>2,945,289</u>	<u>15</u>
<b>Other liabilities :</b>				
Pension liabilities	148,841	1	103,367	1
Other non-current liabilities	272,507	1	459,113	2
	<u>421,348</u>	<u>2</u>	<u>562,480</u>	<u>3</u>
<b>Total Liabilities</b>	<u>13,666,514</u>	<u>60</u>	<u>9,955,242</u>	<u>50</u>
<b>Stockholders' equity :</b>				
Capital				
Common stock	4,903,107	21	4,569,870	23
Certificate for conversion of convertible bonds	-	-	29,452	-
Stock dividend distributable	96,000	-	563,987	3
	<u>4,999,107</u>	<u>21</u>	<u>5,163,309</u>	<u>26</u>
Additional paid-in capital	2,651,410	11	2,803,360	14
Retained Earnings				
Legal reserve	610,282	2	523,254	3
Special reserve	-	-	275,530	1
Unappropriated earnings	1,073,025	5	1,073,352	6
	<u>1,683,307</u>	<u>7</u>	<u>1,872,136</u>	<u>10</u>
Foreign currency translation adjustment	143,096	1	(11,285)	-
<b>Total stockholders' equity</b>	<u>9,476,920</u>	<u>40</u>	<u>9,827,520</u>	<u>50</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 23,143,434</u>	<u>100</u>	<u>19,782,762</u>	<u>100</u>

**D-LINK CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
**For the Six Months Ended June 30, 2002 and 2003**  
**(Unaudited, for reference only)**

(In thousands of New Taiwan Dollars)

	1H 2002		1H 2003	
	Amounts	%	Amounts	%
<b>Net sales</b>	12,765,322	100	10,021,699	100
<b>Cost of goods sold</b>	8,977,842	70	7,249,750	72
<b>Gross profit</b>	3,787,480	30	2,771,949	28
<b>Net change in unrealized profit on intercompany sales</b>	(84,413)	(1)	15,944	-
<b>Realized gross profit</b>	3,703,067	29	2,787,893	28
<b>Operating expenses :</b>				
Selling	2,280,422	18	1,829,197	18
Administrative	264,123	2	268,821	3
Research and development	444,280	3	407,908	4
	2,988,825	23	2,505,926	25
<b>Operating Income</b>	714,242	6	281,967	3
<b>Non-operating income :</b>				
Interest income	13,702	-	26,755	-
Long-term investment income, net	35,578	-	236,034	2
Exchange gain	181,172	2	55,213	1
Other income	-	-	72,394	1
	230,452	2	390,396	4
<b>Non-operating expenses :</b>				
Interest expense	69,401	1	56,613	1
Loss on inventory obsolescence and devaluation	97,613	1	4,402	-
Other loss	12,931	-	-	-
	179,945	2	61,015	1
<b>Income before income tax</b>	764,749	6	611,348	6
<b>Income tax expense</b>	56,854	-	62,430	-
<b>Income before minority interests</b>	707,895	6	548,918	6
<b>Minority interests</b>	944	-	6,658	-
<b>Net Income</b>	<u>\$ 708,839</u>	<u>6</u>	<u>555,576</u>	<u>6</u>
	<u>Pre-tax</u>	<u>Taxed</u>	<u>Pre-tax</u>	<u>Taxed</u>
<b>Net income per share</b>				
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>