

D-LINK CORPORATION
Reviewed Balance Sheets
March 31, 2002 and 2003

In thousands of New Taiwan Dollars

	<u>03/31/2003</u>		<u>03/31/2002</u>			<u>03/31/2003</u>		<u>03/31/2002</u>	
	<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>%</u>		<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>%</u>
Assets					Liabilities and shareholders' Equity				
Current Assets :					Current liabilities:				
Cash and cash equivalent	\$ 1,372,205	8	1,543,082	9	Short-term borrowings	\$ -		26,012	-
Short-term investment	2,811,171	17	2,100,522	13	Notes and accounts payables	1,496,362	9	1,489,650	9
Notes and accounts receivables, net	773,511	5	882,974	5	Payables to related parties	540,774	3	516,898	3
Receivables from related parties	3,845,688	23	3,852,719	23	Current maturities	200,000	1	-	-
Other financial assets	50,775	-	135,550	1	Other current liabilities	875,557	5	702,349	4
Inventories	1,093,408	7	1,052,306	6	Deferred credits	<u>574,531</u>	<u>4</u>	<u>373,874</u>	<u>2</u>
Other current assets	<u>126,458</u>	<u>1</u>	<u>106,225</u>	<u>1</u>		<u>3,687,224</u>	<u>22</u>	<u>3,108,783</u>	<u>18</u>
	<u>10,073,216</u>	<u>61</u>	<u>9,673,378</u>	<u>58</u>					
Long-term Investments:					Long-term liabilities :				
Long-term investment, equity method	3,982,641	24	4,149,145	27	Bonds payable	2,414,883	15	2,365,504	14
Long-term investment, cost method	68,303	-	314,335	-	Long-term borrowings	<u>400,000</u>	<u>2</u>	<u>600,000</u>	<u>4</u>
Prepaid long-term investment	-	-	56,911	-		<u>2,814,883</u>	<u>17</u>	<u>2,965,504</u>	<u>18</u>
	<u>4,050,944</u>	<u>24</u>	<u>4,520,391</u>	<u>27</u>	Other non-current liabilities:				
Other non-current financial assets	<u>18,336</u>	<u>-</u>	<u>9,275</u>	<u>-</u>	Pension liabilities and others	158,558	1	356,226	2
					Total Liabilities	<u>6,660,665</u>	<u>40</u>	<u>6,430,513</u>	<u>38</u>
Fixed Assets:					Shareholders' equity :				
Land	95,949	1	95,949	1	Capital :				
Buildings and improvements	1,396,550	8	1,401,210	8	Common stock	4,903,107	30	4,569,869	28
Machinery and equipment	811,662	5	748,888	5	Certificates for conversion of CB	-	-	26,214	-
Other equipment	<u>212,205</u>	<u>1</u>	<u>266,092</u>	<u>2</u>		<u>4,903,107</u>	<u>30</u>	<u>4,596,083</u>	<u>28</u>
	2,516,366	15	2,512,139	16	Paid-in Capital :				
Less: accumulated depreciation	(721,689)	(4)	(617,092)	(4)	Capital surplus	2,634,979	16	3,235,054	19
Construction in progress and prepayment	<u>11,741</u>	<u>-</u>	<u>27,026</u>	<u>-</u>	Others	<u>19,615</u>	<u>-</u>	<u>32,134</u>	<u>-</u>
	<u>1,806,418</u>	<u>11</u>	<u>1,922,073</u>	<u>12</u>		<u>2,654,594</u>	<u>16</u>	<u>3,267,188</u>	<u>19</u>
Other Assets :					Retained earnings :				
Assets held for lease	139,201	1	157,959	1	Legal reserve	523,254	3	427,753	3
Long-term receivables, related parties	239,120	2	-	-	Special reserve	275,530	1	275,530	2
Other assets	<u>238,969</u>	<u>1</u>	<u>310,860</u>	<u>2</u>	Unappropriated earnings	<u>1,423,653</u>	<u>9</u>	<u>1,584,256</u>	<u>10</u>
	617,290	4	468,819	3		<u>2,222,437</u>	<u>13</u>	<u>2,287,539</u>	<u>15</u>
					Currency translation adjustment	<u>125,401</u>	<u>1</u>	<u>12,613</u>	<u>-</u>
Total Assets	<u>\$ 16,566,204</u>	<u>100</u>	<u>16,593,936</u>	<u>100</u>	Total stockholders' equity	<u>9,905,539</u>	<u>60</u>	<u>10,163,423</u>	<u>62</u>
					Total liabilities and stockholders' equity	<u>\$ 16,566,204</u>	<u>100</u>	<u>16,593,936</u>	<u>100</u>

D-LINK CORPORATION
Reviewed Income Statement
For the Three Months Ended March 31, 2002 and 2003

In thousands of New Taiwan Dollars

	<u>1Q/2003</u>		<u>1Q/2002</u>	
	<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>%</u>
Net Sales				
Sales	\$ 4,454,169	103	4,117,782	103
Less : Sales return and allowance	<u>130,303</u>	<u>3</u>	<u>109,824</u>	<u>3</u>
Net Sales	4,323,866	100	4,007,958	100
Cost of goods sold	<u>3,391,619</u>	<u>79</u>	<u>3,355,146</u>	<u>84</u>
Gross profit	932,247	21	652,812	16
Unrealized intercompany gross profits	<u>(9,108)</u>	<u>-</u>	<u>26,036</u>	<u>1</u>
Realized gross profit	<u>923,139</u>	<u>21</u>	<u>678,848</u>	<u>17</u>
Operating expenses				
Selling	134,954	3	95,767	2
Administrative	134,377	3	128,826	3
Research & Development	<u>209,238</u>	<u>5</u>	<u>192,811</u>	<u>5</u>
Total operating expenses	<u>478,569</u>	<u>11</u>	<u>417,404</u>	<u>10</u>
Operating income	<u>444,570</u>	<u>10</u>	<u>261,444</u>	<u>7</u>
Non-operating Income :				
Interest income	4,172	-	13,928	-
Long-term investment income, net	-	-	152,765	4
Gain on disposal of investment, net	6,468	-	5,871	-
Exchange gain, net	77,331	2	-	-
Other income, net	<u>23,081</u>	<u>1</u>	<u>21,088</u>	<u>1</u>
	<u>111,052</u>	<u>3</u>	<u>193,652</u>	<u>5</u>
Non-operating expenses :				
Interest expense	25,980	-	23,190	1
Long-term investment loss, net	57,395	2	-	-
Loss on inventory obsolescence and devaluation	<u>29,000</u>	<u>1</u>	<u>18,000</u>	<u>-</u>
	<u>112,375</u>	<u>3</u>	<u>41,190</u>	<u>1</u>
Income before income tax	443,247	10	413,906	11
Income tax expense	<u>44,000</u>	<u>1</u>	<u>24,000</u>	<u>-</u>
Net Income	<u>\$ 399,247</u>	<u>9</u>	<u>389,906</u>	<u>11</u>
			<u>Pretax</u>	<u>Taxed</u>
Earnings Per Share				
Simple EPS	<u>\$ 0.90</u>	<u>0.81</u>	<u>0.91</u>	<u>0.85</u>
Diluted EPS	<u>\$ 0.85</u>	<u>0.76</u>	<u>0.86</u>	<u>0.81</u>