

**D-LINK CORPORATION**  
**Auditor Reviewed**  
**Non-Consolidated Balance Sheets**

**September 30, 2002 and 2001**  
**( In thousands of New Taiwan dollars)**

<b>Assets</b>	<b>2002</b>	<b>2001</b>	<b>Liabilities and Stockholders' Equity</b>	<b>2002</b>	<b>2001</b>
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash and cash equivalents	\$ 1,411,613	1,803,206	Short-term borrowings	\$ 272,218	
Short-term investments	4,678,613	206,352	Notes and accounts payable	2,288,256	1,039,815
Notes and accounts receivable	772,492	720,999	Payables to related parties	817,529	532,466
Receivables from related parties	3,475,577	3,324,747	Accrued expenses and other current liabilities	<u>785,735</u>	<u>601,773</u>
Inventories	816,441	1,378,470	<b>Total current liabilities</b>	<u>4,163,738</u>	<u>2,174,054</u>
Prepaid expenses and other current assets	<u>274,036</u>	<u>296,397</u>	<b>Bonds payable</b>	2,392,273	2,391,846
<b>Total current assets</b>	<u>11,428,772</u>	<u>7,730,171</u>	<b>Long term loan</b>	600,000	
<b>Long-term equity investments</b>	<u>4,192,397</u>	<u>3,991,795</u>	<b>Other non-current liabilities</b>	<u>857,781</u>	<u>489,731</u>
<b>Property, plant and equipment :</b>			<b>Total liabilities</b>	<u>8,013,792</u>	<u>5,055,631</u>
Land	95,949	95,949	<b>Stockholders' equity :</b>		
Buildings and improvements	1,393,879	1,263,584	Common stock	5,163,307	4,449,865
Machinery and equipment	775,374	774,839	Capital surplus	2,799,560	2,816,107
Other equipment	211,267	271,423	Retained earnings:		
Less: accumulated depreciation	(617,674)	(567,560)	Legal reserve	523,254	427,753
Construction in progress and prepayment of machinery and equipment	<u>19,762</u>	<u>150,135</u>	Special reserve	275,530	275,530
<b>Net property, plant and equipment</b>	<u>1,878,557</u>	<u>1,988,370</u>	Unappropriated earnings	1,120,744	1,023,098
<b>Deferred expenses and other assets</b>	<u>414,621</u>	<u>455,492</u>	Foreign currency translation adjustment	<u>18,161</u>	<u>117,844</u>
			<b>Total stockholders' equity</b>	9,900,555	9,110,197
<b>Total assets</b>	<b>\$ <u>17,914,347</u></b>	<b><u>14,165,828</u></b>	<b>Commitment and contingent liabilities</b>		
			<b>Total liabilities and stockholders' equity</b>	<b>\$ <u>17,914,347</u></b>	<b><u>14,165,828</u></b>

**D-LINK CORPORATION**  
**Auditor Reviewed**  
**Non-Consolidated Statements of Income**

**For the period ended September 30, 2002 and 2001**  
**(In thousands of New Taiwan dollars, except for net income per common share)**

	<b>2002</b>	<b>%</b>	<b>2001</b>	<b>%</b>
<b>Sales</b>	\$ 11,739,037	100	10,632,342	100
<b>Cost of goods sold</b>	<u>9,597,590</u>	82	<u>8,725,347</u>	82
	2,141,447	18	1,906,995	18
<b>Net changes in unrealized intercompany profits</b>	<u>(93,721)</u>	(1)	<u>(66,001)</u>	(1)
<b>Gross profit</b>	<u>2,047,726</u>	17	<u>1,840,994</u>	17
<b>Operating expenses :</b>				
Selling	(286,742)	2	(435,303)	4
Administrative	(394,219)	2	(323,944)	3
Research and development	<u>(581,941)</u>	5	<u>(417,342)</u>	4
	<u>(1,262,902)</u>	9	<u>(1,176,589)</u>	11
<b>Operating income</b>	<u>784,824</u>	8	<u>664,405</u>	6
<b>Non-operating income:</b>				
Interest income	26,191	-	44,293	1
Investment income, net			61,973	1
Gains on Exchange Net	84,000	1	142,909	1
Rental Income	29,044	-	24,475	-
Other	<u>59,616</u>	1	<u>7,860</u>	-
	<u>198,851</u>	2	<u>281,510</u>	3
<b>Non-operating expenses:</b>				
Interest expense	(78,064)	1	(59,607)	1
Investment income, loss	(135,516)	1		
Loss on inventory obsolescence and devaluation	<u>(74,828)</u>	1	<u>(86,863)</u>	1
	<u>(288,408)</u>	3	<u>(146,470)</u>	2
<b>Income before income tax</b>	695,267	7	799,445	7
<b>Income tax Expense</b>	(72,000)	1	(51,166)	-
<b>Net income</b>	<u>\$ 623,267</u>	6	<u>748,279</u>	7
<b>Net income per common share</b>	<u>\$ 1.21</u>		<u>\$1.68</u>	

# D-LINK CORPORATION

Auditor Reviewed

## Non Consolidated Statements of Cash Flows

For the period ended September 30, 2002 and 2001

(In thousands of New Taiwan dollars)

	2002	2001
<b>Cash flows from operating activities:</b>		
Net income	\$ 623,267	748,279
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and loss from disposal of property and equipment, net	260,544	227,568
Provision for inventory loss, doubtful accounts, allowance for decline in market value of short-term equity investments	99,039	136,851
Investment income in long-term equity investments	140,441	40,059
Gain on disposal of long-term equity investments	(4,925)	(125,286)
Unrealized intercompany profits	93,721	66,001
Deferred Income tax	(28,279)	(58,516)
Provision for early redemption of convertible bonds	45,971	48,050
Increase in current assets	222,356	(292,689)
Increase (decrease) in current liabilities	<u>505,667</u>	<u>(135,667)</u>
<b>Cash provided by operating activities</b>	<u>1,957,802</u>	<u>654,650</u>
<b>Cash flows from investing activities:</b>		
Increase in receivable from related parties	201,545	(241,115)
Additions to property, plant and equipment	(120,225)	(311,054)
Proceeds from disposal of property, plant and equipment	2,149	5,234
Proceeds from disposal of long-term investment	315,251	183,870
Decrease (Increase) in short-term investments	(3,512,051)	(155,873)
Increase in long-term equity investments	(24,576)	(509,160)
Decrease (Increase) in deposits held	(4,907)	77
Decrease (increase) in deferred expense and other assets	<u>(50,066)</u>	<u>(200,342)</u>
<b>Cash used in investing activities</b>	<u>(3,192,880)</u>	<u>(1,228,363)</u>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	141,274	(630,564)
Issuance of convertible bonds	-	1,300,800
Proceeds from disposal of convertible bonds	(1,400)	
Payment of cash dividend, director remuneration and employee bonus	(474,616)	(204,698)
Increase (decrease) in long-term borrowings	600,000	-
Guarantee Deposits Received	<u>169</u>	<u>5,515</u>
<b>Cash provided by financing activities</b>	<u>265,427</u>	<u>471,053</u>
<b>Effect of exchange rate changes on cash</b>	<u>34,443</u>	<u>4,200</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(935,208)	(98,460)
<b>Cash and cash equivalents at beginning of year</b>	<u>2,346,821</u>	<u>1,901,666</u>
<b>Cash and cash equivalents at end of year</b>	<b>\$ <u>1,411,613</u></b>	<b>\$ <u>1,803,206</u></b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash payments of interest (excluding capitalized interest)	<u>\$ 29,920</u>	<u>21,399</u>
Cash payments of income tax	<u>\$ 83,884</u>	<u>24,166</u>
<b>Supplementary disclosures of non-cash investing and financing activities:</b>		
Convertible bonds applying for conversion	<u>\$ 529,651</u>	<u>677</u>

Long-term equity investments transfer to short-term equity investments      \$       -                  11,400