

D-LINK CORPORATION

Consolidated Balance Sheets

(Company Prepared)

September 30, 2002 and 2001

(In thousands of New Taiwan dollars)

Assets	2002	2001	Liabilities and Stockholders' Equity	2002	2001
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 2,002,965	2,331,172	Short-term borrowings	\$ 2,160,122	1,469,938
Short-term investments	4,802,270	250,367	Notes and accounts payable	2,855,679	1,228,526
Notes and accounts receivable	3,432,566	2,775,371	Payables to related parties	723,910	420,962
Receivables from related parties	1,324,879	795,605	Accrued expenses and other current liabilities	<u>1,719,860</u>	<u>1,144,487</u>
Inventories	2,478,049	2,893,159	Total current liabilities	<u>7,459,571</u>	<u>4,263,913</u>
Prepaid expenses and other current assets	<u>922,926</u>	<u>588,846</u>	Bonds payable	2,392,273	2,395,388
Total current assets	<u>14,963,655</u>	<u>9,634,520</u>	Long term loan	600,000	
Long-term equity investments	<u>2,868,128</u>	<u>2,919,910</u>	Other non-current liabilities	<u>651,275</u>	<u>295,075</u>
Property, plant and equipment :			Total liabilities	<u>11,103,119</u>	<u>6,954,376</u>
Land	95,949	101,085	Stockholders' equity :		
Buildings and improvements	1,999,675	1,877,610	Common stock	5,163,307	4,449,865
Machinery and equipment	1,076,279	1,056,363	Capital surplus	2,799,560	2,816,107
Other equipment	364,417	400,373	Retained earnings:		
Less: accumulated depreciation	(961,969)	(832,754)	Legal reserve	523,254	427,753
Construction in progress and prepayment of machinery and equipment	<u>29,918</u>	<u>150,135</u>	Special reserve	275,530	275,530
Net property, plant and equipment	<u>2,604,269</u>	<u>2,752,812</u>	Unappropriated earnings	1,120,744	1,023,098
Deferred expenses and other assets	<u>567,622</u>	<u>757,331</u>	Foreign currency translation adjustment	<u>18,160</u>	<u>117,844</u>
			Total stockholders' equity	<u>9,900,555</u>	<u>9,110,197</u>
Total assets	\$ <u>21,003,674</u>	<u>16,064,573</u>	Total liabilities and stockholders' equity	\$ <u>21,003,674</u>	<u>16,064,573</u>

D-LINK CORPORATION

**Consolidated Statements of Income
(Company Prepared)**

For the period ended September 30, 2002 and 2001

(In thousands of New Taiwan dollars, except for net income per common share)

	2002	2001
Sales	\$ 15,705,747	12,962,537
Cost of goods sold	<u>11,362,399</u>	<u>9,240,926</u>
	4,343,348	3,721,611
Net changes in unrealized intercompany profits	<u>(91,315)</u>	<u>(19,600)</u>
Gross profit	<u>4,252,033</u>	<u>3,702,011</u>
Operating expenses :		
Selling	(2,889,440)	(2,372,020)
Administrative	(398,930)	(327,784)
Research and development	<u>(618,824)</u>	<u>(542,774)</u>
	<u>(3,907,194)</u>	<u>(3,242,578)</u>
Operating income	<u>344,839</u>	<u>459,433</u>
Non-operating income:		
Interest income	35,006	55,747
Investment income, net	318,381	410,965
Gains on Exchange Net	45,085	143,101
Other	<u>94,467</u>	<u>23,910</u>
	<u>492,939</u>	<u>633,723</u>
Non-operating expenses:		
Interest expense	(92,564)	(95,568)
Investment income, loss		
Loss on inventory obsolescence and devaluation	<u>(38,885)</u>	<u>(145,400)</u>
	<u>(131,449)</u>	<u>(240,968)</u>
Income before income tax	706,329	852,188
Income tax Expense	(87,045)	(98,366)
Minority interest	<u>3,983</u>	<u>(5,543)</u>
Net income	<u>\$ 623,267</u>	<u>748,279</u>
Net income per common share	<u>\$ 1.21</u>	<u>\$ 1.68</u>
Primary per common share	<u>\$ 1.17</u>	<u>\$ 1.60</u>