

# D-LINK CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

**March 31, 2004 and 2005**  
(In thousands of New Taiwan dollars)

Assets	2004/3/31	%	2005/3/31	%	Liabilities and Stockholders' Equity	2004/3/31	%	2005/3/31	%
<b>Current assets</b>					<b>Current liabilities:</b>				
Cash and cash equivalents	\$ 2,373,883	9	\$ 1,775,091	7	Short-term borrowings	\$ 3,113,098	12	\$ 3,998,264	16
Short-term investments	5,188,420	20	3,679,896	14	Notes and accounts payable	5,086,882	19	3,531,132	14
Notes and accounts receivable, net	5,719,175	22	6,240,747	24	Payables to related parties	381,176	1	1,414,400	6
Receivables from related parties	281,473	1	227,069	1	Current portion of long-term debts	2,064,913	8	2,266	0
Other financial assets-current	185,940	1	35,915	0	Other current liabilities	2,642,330	10	2,457,755	10
Inventories	5,404,286	21	5,453,972	21	<b>Total current liabilities</b>	<u>13,288,399</u>	<u>50</u>	<u>11,403,817</u>	<u>45</u>
Other current assets	879,806	3	911,799	4	<b>Long-term liabilities bearing interest:</b>				
Restricted assets	826,050	3	1,057,056	4	Bonds payable	0	0	0	0
<b>Total current assets</b>	<u>20,859,033</u>	<u>80</u>	<u>19,381,545</u>	<u>75</u>	Long-term debts and lease obligations payable, excluding current installments	39,931	0	21,414	0
<b>Long-term investments</b>					<b>Total long-term liabilities</b>	<u>39,931</u>	<u>0</u>	<u>21,414</u>	<u>0</u>
Long-term investments under equity method	1,530,761	6	1,434,244	6	<b>Other liabilities</b>				
Long-term investments under cost method	794,838	3	680,699	3	Accrued pension	30,740	0	0	0
<b>Total long-term investments</b>	<u>2,325,599</u>	<u>9</u>	<u>2,114,943</u>	<u>9</u>	Minority Interest	985,475	4	1,833,258	7
<b>Other financial assets-noncurrent</b>	<u>26,701</u>	<u>0</u>	<u>18,933</u>	<u>0</u>	Deferred credit and others	229,220	1	249,764	1
<b>Property, plant and equipment</b>					<b>Total other liabilities</b>	<u>1,245,435</u>	<u>5</u>	<u>2,083,022</u>	<u>8</u>
Land	95,949	0	38,472	0	<b>Total liabilities</b>	<u>14,573,765</u>	<u>56</u>	<u>13,508,253</u>	<u>53</u>
Buildings and improvements	2,173,504	8	1,723,114	7	<b>Stockholders' equity</b>				
Machinery and equipment	1,296,799	5	1,494,357	6	Common stock	5,251,531	20	5,486,926	22
Other equipment	458,191	2	562,230	2	Capital surplus	3,231,574	12	2,909,333	11
	<u>4,024,443</u>	<u>15</u>	<u>3,818,173</u>	<u>15</u>	Retained earnings:				
Less: accumulated depreciation	1,367,766	5	1,570,606	6	Legal reserve	610,282	2	747,696	3
Less: assets impairment loss	0	0	0	0	Special reserve	0		0	
Construction in progress and prepayment for purchases of machinery and equipment	30,742	0	22,818	0	Unappropriated earnings	2,967,430	11	3,282,328	13
<b>Net property, plant and equipment</b>	<u>2,687,419</u>	<u>10</u>	<u>2,270,385</u>	<u>9</u>		<u>3,577,712</u>	<u>14</u>	<u>4,030,024</u>	<u>16</u>
<b>Other assets:</b>					Foreign currency translation adjustment	157,849	1	75,371	0
Assets held for lease	0	0	1,214,957	5	Long-term investments unrealized decline loss	0	0	(28,860)	(0)
Others	219,109	1	531,568	2	Treasury stock	(674,570)	(3)	(448,716)	(2)
<b>Total other assets</b>	<u>219,109</u>	<u>1</u>	<u>1,746,525</u>	<u>7</u>	<b>Total stockholders' equity</b>	<u>11,544,096</u>	<u>44</u>	<u>12,024,078</u>	<u>47</u>
<b>Total assets</b>	<u>\$ 26,117,861</u>	<u>100</u>	<u>\$ 25,532,331</u>	<u>100</u>	<b>Total liabilities and stockholders' equity</b>	<u>\$ 26,117,861</u>	<u>100</u>	<u>\$ 25,532,331</u>	<u>100</u>

# D-LINK CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Income

**Years ended March 31, 2004 and 2005**

(In thousands of New Taiwan dollars)

	2004	%	2005	%
<b>Sales</b>	\$ 7,813,667	100	\$ 8,556,587	100
<b>Cost of goods sold</b>	5,360,191	69	5,880,436	69
	<u>2,453,476</u>	31	<u>2,676,151</u>	31
<b>Net changes in unrealized profit in inter-company sales</b>	(3,847)	(0)	0	0
<b>Gross Profit</b>	<u>2,457,323</u>	31	<u>2,676,151</u>	31
<b>Operating expenses</b>		0		
Selling	1,377,448	18	1,495,380	17
Administrative	181,323	2	174,023	2
Research and development	232,583	3	340,389	4
	<u>1,791,354</u>	23	<u>2,009,792</u>	23
<b>Operating income</b>	<u>665,969</u>	9	<u>666,359</u>	8
<b>Nonoperating income:</b>				
Interest income	11,695	0	13,826	0
Exchange gain, net	(69,386)	(1)	(48,079)	(1)
Gain on disposal of investments	825,963	11	64,578	1
Investment income from long-term investments under equity method, net	26,988	0	(2,745)	(0)
Other income, net	14,966	0	13,713	0
	<u>810,226</u>	10	<u>41,293</u>	0
<b>Nonoperating expenses:</b>				
Interest expenses	36,994	0	31,964	0
Investment loss on long-term investments under cost method,	0	0	0	0
Loss on inventory obsolescence and devaluation	56,951	1	97,975	1
	<u>93,945</u>	1	<u>129,939</u>	2
<b>Income before income taxes and minority interest</b>	1,382,250	18	577,713	7
<b>Income tax expenses</b>	94,723	1	167,608	2
<b>Income before minority interest</b>	1,287,527	16	410,105	5
<b>Net income attributed to minority interest</b>	(44,164)	(1)	(56,784)	(1)
<b>Net income</b>	<u>\$ 1,243,363</u>	16	<u>\$ 353,321</u>	4