

D-LINK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30 2007

(In thousands of New Taiwan dollars)

Assets	2007/6/30	%	Liabilities and Stockholders' Equity	2007/6/30	%
Current assets			Current liabilities:		
Cash and cash equivalents	4,584,688	17	Short-term borrowings	\$ 80,163	0
Short-term investments	1,421,165	5	Notes and accounts payable	2,014,357	7
Notes and accounts receivable, net	5,774,535	21	Payables to related parties	4,279,897	16
Receivables from related parties	202,423	1	Current portion of long-term debts	3,464	0
Other financial assets-current	282,533	1	Income tax payable	295,542	1
Inventories	5,987,190	22	Other current liabilities	3,944,776	14
Other current assets	835,966	3	Total current liabilities	<u>10,618,198</u>	<u>38</u>
Total current assets	<u>19,088,500</u>	<u>70</u>	Long-term liabilities bearing interest:		
Funds and long-term investments			Bonds payable		
Long-term financial asset-available-for-sales securities	2,296,032	8	Long-term debts and lease obligations payable, excluding current installments	6,382	0
Long-term financial asset under cost method-non-current	348,868	1	Total long-term liabilities	<u>6,382</u>	<u>0</u>
Long-term investments under equity method	3,911,475	15	Other liabilities		
Other financial assets-noncurrent	9,192	0	Accrued pension		
	<u>6,565,567</u>	<u>24</u>	Deferred credit and others	455,743	2
Property, plant and equipment			Total other liabilities	<u>455,743</u>	<u>2</u>
Land	531,453	2	Total liabilities	<u>11,080,324</u>	<u>40</u>
Buildings and improvements	664,384	2	Stockholders' equity		
Machinery and equipment	369,383	2	Common stock	6,838,456	25
Other equipment	471,788	2	Capital surplus	2,070,435	8
	<u>2,037,009</u>	<u>8</u>	Retained earnings:		
Less:accumulated depreciation	697,332	3	Legal reserve	1,423,391	5
Less:assets impairment loss			Unappropriated earnings	3,748,721	14
Construction in progress and prepayment for purchases of machinery and equipment	37,238	0		<u>5,172,113</u>	<u>19</u>
Net property, plant and equipment	<u>1,376,915</u>	<u>5</u>	Foreign currency translation adjustment	389,493	2
Other assets:			Long-term investments- securities fair value adjustment	1,700,637	6
Assets held for lease	227,512	1			
Others	124,690	0	Equiry belonged to parent company's shareholders	16,171,134	60
Total other assets	<u>352,202</u>	<u>1</u>	Minority Interest	131,727	0
Total assets	<u>27,383,184</u>	<u>100</u>	Total liabilities and stockholders' equity	<u>\$ 27,383,184</u>	<u>100</u>

D-LINK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

Half Year ended June 30 2007
(In thousands of New Taiwan dollars)

	June	%
Sales	\$ 15,345,001	100
Cost of goods sold	10,004,982	65
	<u>5,340,019</u>	<u>35</u>
Operating expenses		
Selling	3,471,646	22
Administrative	371,776	2
Research and development	303,764	2
	<u>4,147,186</u>	<u>26</u>
Operating income	<u>1,192,833</u>	<u>8</u>
Nonoperating income:		
Interest income	78,200	1
Exchange gain, net	84,985	1
Gain on disposal of investments	488,559	3
Investment income from long-term investments under equity method, net	280,724	2
Other income, net	59,168	0
	<u>991,636</u>	<u>6</u>
Nonoperating expenses:		
Interest expenses	3,533	0
Loss on inventory obsolescence and devaluation	290,042	2
Other expense, net		
	<u>293,575</u>	<u>2</u>
Income before income taxes and minority interest	1,890,893	13
Income tax expenses(benefit)	(56,397)	(0)
Net income	<u>1,947,290</u>	<u>13</u>
Net income attributed to holding company	1,928,079	13
Net income attributed to minority interest	19,212	0
	<u>1,947,290</u>	<u>13</u>
Earning per shares (663M shares)	<u>2.91</u>	
Earning per shares (683M shares)	<u>2.82</u>	