

D-LINK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet

September 30 2007
(In thousands of New Taiwan dollars)

Assets		%	Liabilities and Stockholders' Equity		%
Current assets			Current liabilities:		
Cash and cash equivalents	\$ 4,728,659	17	Short-term borrowings	\$ 515,389	2
Short-term investments	758,687	3	Notes and accounts payable	2,448,993	9
Notes and accounts receivable, net	6,541,462	23	Payables to related parties	5,153,088	18
Receivables from related parties	76,468	-	Current portion of long-term debts	3,448	-
Other financial assets-current	32,925	-	Income tax payable	333,764	1
Inventories	7,200,798	25	Accrued expenses	2,371,023	9
Other current assets	906,323	3	Other current liabilities	400,217	1
Total current assets	<u>20,245,322</u>	<u>71</u>	Total current liabilities	<u>11,225,922</u>	<u>40</u>
Funds and long-term investments			Long-term liabilities		
Long-term financial asset-available-for-sales securities	1,880,489	7	Long-term debts and lease obligations payable, excluding current installments	<u>5,622</u>	<u>-</u>
Long-term financial asset under cost method-non-current	575,560	2			
Long-term investments under equity method	4,075,067	14	Other liabilities		
Other financial assets-noncurrent	10,954	-	Deferred income tax liability and others	<u>530,778</u>	<u>2</u>
	<u>6,542,070</u>	<u>23</u>	Total liabilities	<u>11,762,322</u>	<u>42</u>
Property, plant and equipment			Stockholders' equity		
Land	531,453	2	Common stock	<u>6,838,456</u>	<u>24</u>
Buildings and improvements	678,802	3	Capital surplus	<u>2,088,736</u>	<u>7</u>
Machinery and equipment	358,511	1	Retained earnings:		
Other equipment	541,214	2	Legal reserve	1,423,391	5
	<u>2,109,980</u>	<u>8</u>	Unappropriated earnings	<u>4,547,768</u>	<u>16</u>
Less: accumulated depreciation	760,733	3		<u>5,971,159</u>	<u>21</u>
Construction in progress and prepayment for purchases of machinery and equipment	21,502	-	Unrealized valuation gain on financial assets	1,219,782	4
Net property, plant and equipment	<u>1,370,749</u>	<u>5</u>	Accumulated translation adjustment	472,481	2
Other assets:					
Assets held for lease and idle assets	225,398	1	Total parent company stockholders' equity	<u>16,590,614</u>	<u>58</u>
Deferred expenses and others	93,277	-	Minority interest	<u>123,880</u>	<u>-</u>
Total other assets	<u>318,675</u>	<u>1</u>	Total stockholders' equity	<u>16,714,494</u>	<u>58</u>
Total assets	<u>\$ 28,476,816</u>	<u>100</u>	Total liabilities and stockholders' equity	<u>\$ 28,476,816</u>	<u>100</u>

D-LINK CORPORATION AND SUBSIDIARIES

Consolidated Statement of Income

Nine months ended September 30 2007

(In thousands of New Taiwan dollars)

		%
Sales	\$ 24,344,753	100
Cost of goods sold	15,855,835	65
Gross profit	<u>8,488,918</u>	<u>35</u>
Operating expenses		
Selling	5,493,108	22
Administrative	660,648	3
Research and development	455,302	2
	<u>6,609,058</u>	<u>27</u>
Operating income	<u>1,879,860</u>	<u>8</u>
Non-operating income:		
Interest income	127,727	-
Exchange gain, net	148,381	-
Gain on disposal of investments	512,526	2
Investment income from long-term investments under equity method, net	422,824	2
Other income, net	125,207	-
	<u>1,336,665</u>	<u>4</u>
Non-operating expenses:		
Interest expenses	7,113	-
Loss on inventory obsolescence and devaluation	357,441	1
	<u>364,554</u>	<u>1</u>
Income before income taxes	2,851,971	11
Income tax expenses	99,684	-
Consolidated net income	<u>\$ 2,752,287</u>	<u>11</u>
Net income attributed to:		
Parent company stockholders	\$ 2,728,897	11
Minority interest	23,390	-
	<u>\$ 2,752,286</u>	<u>11</u>
 Earning per share	 <u>3.99</u>	