

# D-LINK CORPORATION AND SUBSIDIARIES

## Consolidated Statement of Income

Years ended December 31 2007  
(In thousands of New Taiwan dollars)

		%
<b>Sales</b>	\$33,230,526	100
<b>Cost of goods sold</b>	21,844,752	66
<b>Gross profit</b>	<u>11,385,775</u>	<u>34</u>
	<u>11,385,775</u>	<u>34</u>
<b>Operating expenses</b>		
Selling	7,476,149	21
Administrative	913,752	3
Research and development	691,510	2
	<u>9,081,411</u>	<u>27</u>
<b>Operating income</b>	<u>2,304,364</u>	<u>7</u>
<b>Non-operating income:</b>		
Interest income	181,104	-
Exchange gain, net	238,606	-
Gain on disposal of investments	532,567	2
Investment income from long-term investments under equity method, net	654,621	2
Other income, net	94,635	-
	<u>1,701,532</u>	<u>4</u>
<b>Non-operating expenses:</b>		
Interest expenses	13,104	-
Exchange loss, net		0
Investment loss on long-term investments under cost method, net		0
Loss on inventory obsolescence and devaluation	419,036	1
Other expense, net		
	<u>432,140</u>	<u>1</u>
<b>Income before income taxes</b>	<u>3,573,757</u>	<u>11</u>
<b>Income tax expenses</b>	234,131	-
<b>Income before cumulative effect of changes in accounting principles</b>	3,339,626	12
<b>Cumulative effect of changes in accounting principles</b>		
<b>Consolidated net income</b>	<u><u>3,339,626</u></u>	<u>10</u>
<b>Net income attributed to:</b>		
<b>Parent company stockholders</b>	3,339,165	10
<b>Minority interest</b>	460	-
	<u><u>3,339,626</u></u>	<u>10</u>
Earning per share	<u>6.10</u>	

# D-LINK CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheet

December 31 2007

(In thousands of New Taiwan dollars)

<b>Assets</b>		<b>%</b>	<b>Liabilities and Stockholders' Equity</b>		<b>%</b>
<b>Current assets</b>			<b>Current liabilities:</b>		
Cash and cash equivalents	\$4,614,749	17	Short-term borrowings	\$429,043	2
Short-term investments	1,064,454	4	Notes and accounts payable	1,709,074	6
Notes and accounts receivable, net	5,900,704	22	Payables to related parties	4,874,976	18
Receivables from related parties	53,589	-	Current portion of long-term debts	3,514	-
Other financial assets-current	33,255	-	Income tax payable	516,345	2
Inventories	6,642,736	24	Accrued expenses	3,779,790	15
Other current assets	928,230	3	Other current liabilities	-	0
<b>Total current assets</b>	<b>19,237,717</b>	<b>70</b>	<b>Total current liabilities</b>	<b>11,312,742</b>	<b>42</b>
<b>Funds and long-term investments</b>			<b>Long-term liabilities</b>		
Long-term financial asset-available-for-sales securities	1,516,447	6	Long-term debts and lease obligations payable, excluding current installments	4,795	-
Long-term financial asset under cost method-non-curre	679,934	2			
Long-term investments under equity method	4,305,847	16	<b>Other liabilities</b>		
Other financial assets-noncurrent	9,359	-	Deferred income tax liability and others	543,162	2
	<b>6,511,588</b>	<b>24</b>	<b>Total liabilities</b>	<b>11,860,698</b>	<b>44</b>
<b>Property, plant and equipment</b>			<b>Stockholders' equity</b>		
Land	531,453	2	Common stock	5,470,765	20
Buildings and improvements	689,594	4	Capital surplus	2,092,383	8
Machinery and equipment	401,411	1	Retained earnings:		
Other equipment	599,532	2	Legal reserve	1,423,391	5
	<b>2,221,988</b>	<b>9</b>	Unappropriated earnings	5,123,685	19
Less:accumulated depreciation	812,518	3		<b>6,547,075</b>	<b>24</b>
Construction in progress and prepayment for purchases of machinery and equipment	1,928	-	Unrealized valuation gain on financial assets	857,635	3
<b>Net property, plant and equipment</b>	<b>1,411,399</b>	<b>5</b>	Accumulated translation adjustment	474,195	2
<b>Other assets:</b>					
Assets held for lease and idle assets	38,345	0	<b>Total parent company stockholders' equity</b>	<b>15,442,053</b>	<b>56</b>
Deferred expenses and others	142,979	-	Minority interest	39,276	-
<b>Total other assets</b>	<b>181,324</b>	<b>1</b>	<b>Total stockholders' equity</b>	<b>15,481,329</b>	<b>56</b>
<b>Total assets</b>	<b>27,342,029</b>	<b>100</b>	<b>Total liabilities and stockholders' equity</b>	<b>27,342,028</b>	<b>100</b>