

D-LINK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet (Unaudited)

December 31 2008

(In thousands of New Taiwan dollars)

Assets	Amount	%	Liabilities and Stockholders' Equity	Amount	%
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 2,594,828	11	Short-term borrowings	\$ 196,987	1
Financial assets at fair value through profit or loss	285,547	1	Financial liabilities at fair value through profit or loss - current	50,495	0
Notes and accounts receivable, net	5,907,946	24	Notes and accounts payable	1,101,711	5
Receivables from related parties	76,978	0	Payables to related parties	4,623,755	19
Other financial assets-current	41,566	0	Income tax payable	476,409	2
Inventories, net	7,472,238	31	Accrued expenses and other current liabilities	2,730,985	11
Prepaid expenses and other current assets	1,165,867	5		<u>9,180,342</u>	<u>38</u>
	<u>17,544,970</u>	<u>72</u>	Long-term liabilities:		
			Long-term debts	1,010,339	4
Funds and investments:			Other liabilities:		
Available-for-sale financial asset- noncurrent	665,174	3	Deferred income tax liability and others	537,467	2
Financial asset carried at cost- noncurrent	359,399	1	Total liabilities	<u>10,728,148</u>	<u>44</u>
Long-term investments under equity method	4,108,261	17			
	<u>5,132,834</u>	<u>21</u>	Stockholders' equity:		
Property, plant and equipment:			Common stock	5,652,180	23
Land	531,453	2	Capital surplus	1,933,381	8
Buildings and improvements	690,859	3	Retained earnings:		
Machinery and equipment	415,715	2	Legal reserve	1,757,308	7
Other equipment	709,262	3	Unappropriated earnings	4,321,423	18
	<u>2,347,289</u>	<u>10</u>		<u>6,078,731</u>	<u>25</u>
Less: accumulated depreciation	986,267	4	Unrealized gain on available-for-sale financial assets	(316,305)	(1)
Prepayment for purchase of equipment	2,974	0	Accumulated translation adjustment	304,394	1
	<u>1,363,996</u>	<u>6</u>		<u>(11,911)</u>	<u>(0)</u>
Other assets:			Total parent company stockholders' equity	<u>13,652,381</u>	<u>56</u>
Assets held for lease and idle assets	37,669	0	Minority interest	39,886	0
Deferred expenses and others	340,946	1	Total stockholders' equity	<u>13,692,267</u>	<u>56</u>
	<u>378,615</u>	<u>1</u>			
Total assets	<u>\$ 24,420,415</u>	<u>100</u>	Total liabilities and stockholders' equity	<u>\$ 24,420,415</u>	<u>100</u>

D-LINK CORPORATION AND SUBSIDIARIES

Consolidated Statement of Income (Unaudited)

Years ended December 31 2008
(In thousands of New Taiwan dollars)

	Amount	%
Net sales	\$ 32,991,746	100
Cost of goods sold	<u>22,283,265</u>	<u>68</u>
Gross profit	<u>10,708,481</u>	<u>32</u>
Operating expenses:		
Selling	6,582,524	19
Administrative	2,192,630	7
Research and development	<u>678,159</u>	<u>2</u>
	<u>9,453,313</u>	<u>28</u>
Operating income	<u>1,255,168</u>	<u>4</u>
Non-operating income and gains:		
Interest income	138,801	0
Investment income under equity method, net	464,128	1
Other income, net	<u>256,153</u>	<u>1</u>
	<u>859,082</u>	<u>2</u>
Non-operating expenses and losses:		
Interest expenses	15,765	0
Exchange loss, net	195,458	1
Loss on inventory obsolescence and devaluation	425,408	1
Other expense, net	<u>68,112</u>	<u>0</u>
	<u>704,743</u>	<u>2</u>
Income before income taxes	1,409,507	4
Income tax expenses	<u>215,268</u>	<u>(0)</u>
Consolidated net income	<u>\$ 1,194,239</u>	<u>4</u>
Net income attributed to:		
Parent company stockholders	\$ 1,193,950	4
Minority interest	<u>289</u>	<u>0</u>
	<u>\$ 1,194,239</u>	<u>4</u>
Net income per common share:	<u>\$ 2.11</u>	