

D-LINK CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
As of March 31, 2004
(Pro Forma, for reference only)

(In thousands of New Taiwan Dollars)

Assets	03/31/2004		03/31/2003		Liabilities and Stockholders' Equity	03/31/2004		03/31/2003	
	Amounts	%	Amounts	%		Amounts	%	Amounts	%
Current Assets :					Current Liabilities :				
Cash and cash equivalents	\$ 2,373,883	9	\$ 2,272,408	12	Short term borrowings	\$ 3,113,098	12	\$ 1,866,599	10
Short-term investment	5,188,420	20	3,149,763	16	Accounts and notes payable	5,086,882	20	1,754,518	9
Accounts and notes receivable	5,719,175	22	3,990,192	21	Payable from related parties	381,176	1	480,729	2
Receivables from related parties	281,473	1	27,935	-	Current maturities	2,064,913	8	200,000	1
Inventory	5,404,286	21	3,359,881	17	Other current liabilities	2,642,330	10	1,447,244	7
Other current assets	1,891,796	7	1,041,094	5		13,288,399	51	5,749,090	29
	<u>20,859,033</u>	<u>80</u>	<u>13,841,273</u>	<u>71</u>	Long-term Liabilities :				
Long-term Investment :					Bonds payables	-	-	2,401,164	13
Investment – Equity method	1,530,761	6	1,687,331	9	Long-term borrowings	39,931	-	440,345	2
Investment – Cost method	794,838	3	585,427	3		39,931	-	2,841,509	15
	<u>2,325,599</u>	<u>9</u>	<u>2,272,758</u>	<u>12</u>	Other Liabilities :				
Fixed Assets :					Pension liabilities	30,740	-	164,207	1
Cost :					Deferrals and other liabilities	1,214,695	5	691,421	4
Land	95,949	-	95,949	1		1,245,435	5	855,628	5
Buildings and improvements	2,173,504	8	2,012,739	10	Total Liabilities	<u>14,573,765</u>	<u>56</u>	<u>9,446,227</u>	<u>49</u>
Machinery and equipment	1,296,799	5	1,262,359	7	Stockholders' Equity :				
Others equipment	458,191	2	425,459	2	Common stock	5,251,531	20	4,903,107	25
	4,024,443	15	3,796,506	20	Paid-in capital	3,231,574	13	2,654,594	14
Less : accumulated depreciation	(1,367,766)	(5)	(1,160,684)	(6)	Retained earnings :				
Construction in progress & prepayment	30,742	-	37,961	-	Legal reserve	610,282	2	523,254	3
	<u>2,687,419</u>	<u>10</u>	<u>2,673,783</u>	<u>14</u>	Special reserve	-	-	275,530	1
Other Assets	245,810	1	563,952	3	Unappropriated earnings	2,967,430	11	1,423,653	7
						3,577,712	13	2,222,437	11
Total Assets	<u>\$ 26,117,861</u>	<u>100</u>	<u>\$ 19,351,766</u>	<u>100</u>	Foreign currency translation adjustment	157,849	1	125,401	1
					Treasury stocks	(674,570)	(3)	-	-
						11,544,096	44	9,905,539	51
					Liabilities and Shareholders' Equity	<u>\$ 26,117,861</u>	<u>100</u>	<u>\$ 19,351,766</u>	<u>100</u>

D-LINK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income
Quarter Ended March 31, 2003 and 2004
(Pro Forma, for reference only)

(In thousands of New Taiwan Dollars)

	Q1/2003		Q1/2004	
	Amounts	%	Amounts	%
Net sales	\$ 5,646,961	100	7,813,667	100
Cost of goods sold	3,828,352	68	5,360,191	69
Gross profit	1,818,609	32	2,453,476	32
Net change in unrealized profit on intercompany sales	(14,993)	-	3,847	-
Realized gross profit	1,803,616	32	2,457,323	32
Operating expenses :				
Selling	1,050,619	18	1,377,448	18
Administrative	156,584	3	181,323	2
Research and development	204,924	4	232,583	3
	1,412,127	25	1,791,354	23
Operating Income	391,489	7	665,969	9
Non-operating income :				
Interest income	7,572	-	11,695	-
Disposal gain	32,083	-	825,963	11
Exchange gain	83,632	1	-	-
Long-term investment income, net	33,519	1	26,988	-
Other income	38,723	1	14,966	-
	195,529	3	879,612	11
Non-operating expenses :				
Interest expense	32,230	1	36,994	-
Loss on inventory obsolescence and devaluation	69,328	1	56,951	1
Exchange loss	-	-	69,386	1
Long-term investment loss, net	16,487	-	-	-
	118,045	2	163,331	2
Income before income tax	468,973	8	1,382,250	18
Income tax expense	64,537	1	94,723	1
Income before minority interests	404,436	7	1,287,527	17
Minority interests	(5,189)	-	(44,164)	(1)
Net Income	399,247	7	1,243,363	16

Net income per share

Basic earnings per common share (in NT Dollars)

\$ 0.79

\$ 2.45