

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>	