

DSET Corporation
Consolidated Statements of Net Income (Loss)
(In \$000 except per share data)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2001 Unaudited	2000* Unaudited	2001 Unaudited	2000* Unaudited
Revenues:				
License revenues	\$ 586	\$ 12,206	\$ 2,107	\$ 20,301
Service revenues	2,030	4,028	3,925	7,531
Total revenues	<u>2,616</u>	<u>16,234</u>	<u>6,032</u>	<u>27,832</u>
Cost of revenues:				
License revenues	524	899	1,026	1,698
Service revenues	1,565	2,553	3,556	4,788
Total cost of revenues	<u>2,089</u>	<u>3,452</u>	<u>4,582</u>	<u>6,486</u>
Gross profit.....	<u>527</u>	<u>12,782</u>	<u>1,450</u>	<u>21,346</u>
Operating expenses:				
Sales and marketing	2,120	4,147	4,649	6,257
Research and product development	2,994	4,188	6,903	7,606
General and administrative	1,417	995	3,269	2,636
Bad debt expense and other charges	545	613	985	866
Amortization of goodwill and other intangibles	103	103	204	207
Restructuring and other charges.....	6,780	-	10,209	-
Total operating expenses	<u>13,959</u>	<u>10,046</u>	<u>26,219</u>	<u>17,572</u>
Operating income (loss).....	(13,432)	2,736	(24,769)	3,774
Interest expense and other income (expense) ..	(30)	(41)	(77)	(97)
Interest income.....	404	583	894	981
Income (loss) before taxes	(13,058)	3,278	(23,952)	4,658
Provision (benefit) for income taxes	98	1,107	127	1,566
Net income (loss).....	<u>\$ (13,156)</u>	<u>\$ 2,171</u>	<u>\$ (24,079)</u>	<u>\$ 3,092</u>
Net income (loss) per common share	<u>\$ (1.13)</u>	<u>\$ 0.19</u>	<u>\$ (2.07)</u>	<u>\$ 0.28</u>
Weighted average number of common shares outstanding.....	<u>11,632</u>	<u>11,420</u>	<u>11,632</u>	<u>11,229</u>
Net income (loss) per common share assuming dilution.....	<u>\$ (1.13)</u>	<u>\$ 0.18</u>	<u>\$ (2.07)</u>	<u>\$ 0.26</u>
Weighted average number of common shares and common equivalent shares outstanding	<u>11,632</u>	<u>12,204</u>	<u>11,632</u>	<u>12,056</u>

* Certain amounts have been reclassified for comparative purposes.