

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

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2001 Unaudited	2000* Unaudited	2001 Unaudited	2000* Unaudited
Revenues:				
License revenues	\$ 230	\$ 9,789	\$ 2,337	\$ 30,090
Service revenues	1,785	4,078	5,710	11,609
Total revenues.....	<u>2,015</u>	<u>13,867</u>	<u>8,047</u>	<u>41,699</u>
Cost of revenues:				
License revenues	131	1,553	1,157	3,251
Service revenues	1,083	3,333	4,639	8,121
Total cost of revenues	<u>1,214</u>	<u>4,886</u>	<u>5,796</u>	<u>11,372</u>
Gross profit.....	<u>801</u>	<u>8,981</u>	<u>2,251</u>	<u>30,327</u>
Operating expenses:				
Sales and marketing	1,303	3,245	5,952	9,502
Research and product development	1,692	4,884	8,595	12,491
General and administrative.....	1,115	1,667	4,384	4,303
Bad debt expense and other charges	1	4,926	987	5,793
Amortization of goodwill and other intangibles	70	106	273	313
Restructuring and other charges.....	4,580	-	14,789	-
Total operating expenses	<u>8,761</u>	<u>14,828</u>	<u>34,980</u>	<u>32,402</u>
Operating loss	(7,960)	(5,847)	(32,729)	(2,075)
Interest expense and other income (expense) ..	51	(43)	(26)	(139)
Interest income.....	469	496	1,363	1,477
Loss before taxes.....	(7,440)	(5,394)	(31,392)	(737)
Provision (benefit) for income taxes	125	(2,144)	252	(578)
Net loss	<u>\$ (7,565)</u>	<u>\$ (3,250)</u>	<u>\$ (31,644)</u>	<u>\$ (159)</u>
Net loss per common share.....	<u>\$ (2.61)</u>	<u>\$ (1.13)</u>	<u>\$ (10.90)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares outstanding**	<u>2,895</u>	<u>2,866</u>	<u>2,903</u>	<u>2,826</u>
Net loss per common share assuming dilution	<u>\$ (2.61)</u>	<u>\$ (1.13)</u>	<u>\$ (10.90)</u>	<u>\$ (0.06)</u>
Weighted average number of common shares and common equivalent shares outstanding**.....	<u>2,895</u>	<u>2,866</u>	<u>2,903</u>	<u>2,826</u>

* Certain amounts have been reclassified for comparative purposes

** After giving retroactive application to the company's one-for-four reverse stock split