

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2008	March 31, 2009	March 31, 2009
	RMB	RMB	USD (Note 1)
Assets			
Current assets:			
Cash	793,407,922	792,196,789	115,938,590
Time deposits	4,820,000,100	5,238,315,272	766,631,338
Accounts receivable, net	231,030,576	113,017,895	16,540,253
Prepayments and other current assets	104,092,051	137,667,769	20,147,781
Deferred tax assets	<u>25,248,842</u>	<u>42,408,242</u>	<u>6,206,478</u>
Total current assets	<u>5,973,779,491</u>	<u>6,323,605,967</u>	<u>925,464,440</u>
Non-current assets:			
Non-current rental deposits	3,443,249	3,773,703	552,284
Property, equipment and software, net	258,787,534	260,052,681	38,058,903
Land use right, net	12,563,485	12,498,836	1,829,214
Prepayment for license right	27,463,600	27,463,600	4,019,318
Deferred tax assets	12,444,636	12,634,293	1,849,038
Restricted cash	-	82,000,000	12,000,761
Other long-term assets	<u>57,411,308</u>	<u>52,937,596</u>	<u>7,747,457</u>
Total non-current assets	<u>372,113,812</u>	<u>451,360,709</u>	<u>66,056,975</u>
Total assets	<u>6,345,893,303</u>	<u>6,774,966,676</u>	<u>991,521,415</u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	119,829,878	100,517,356	14,710,790
Salary and welfare payables	94,922,963	57,406,869	8,401,538
Taxes payable	104,754,356	133,956,900	19,604,692
Deferred revenue	447,725,795	454,772,821	66,556,341
Accrued liabilities	<u>61,815,070</u>	<u>81,424,806</u>	<u>11,916,581</u>
Total current liabilities	<u>829,048,062</u>	<u>828,078,752</u>	<u>121,189,942</u>
Long-term payable:			
Other long-term payable	<u>200,000</u>	<u>200,000</u>	<u>29,270</u>
Total long-term payable	<u>200,000</u>	<u>200,000</u>	<u>29,270</u>
Total liabilities	829,248,062	828,278,752	121,219,212
Shareholders' equity	<u>5,516,645,241</u>	<u>5,946,687,924</u>	<u>870,302,203</u>
Total liabilities and shareholders' equity	<u>6,345,893,303</u>	<u>6,774,966,676</u>	<u>991,521,415</u>

The accompanying notes are an integral part of this press release.

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended			
	March 31, 2008	December 31, 2008	March 31, 2009	March 31, 2009
	RMB	RMB	RMB	USD (Note 1)
Revenues:				
Online game services	555,859,907	672,491,424	724,023,597	105,961,392
Advertising services	77,144,002	111,800,172	41,030,255	6,004,808
Wireless value-added services and others	18,919,553	17,424,193	16,640,705	2,435,380
Total revenues	651,923,462	801,715,789	781,694,557	114,401,580
Business taxes	(7,469,810)	(10,509,954)	(5,772,131)	(844,756)
Total net revenues	644,453,652	791,205,835	775,922,426	113,556,824
Total cost of revenues	(112,495,076)	(152,249,013)	(134,228,461)	(19,644,435)
Gross profit	531,958,576	638,956,822	641,693,965	93,912,389
Operating expenses:				
Selling and marketing expenses	(38,246,993)	(67,395,203)	(47,510,899)	(6,953,255)
General and administrative expenses	(43,143,442)	(45,760,016)	(52,295,550)	(7,653,493)
Research and development expenses	(46,184,577)	(55,308,137)	(50,789,431)	(7,433,071)
Total operating expenses	(127,575,012)	(168,463,356)	(150,595,880)	(22,039,819)
Operating profit	404,383,564	470,493,466	491,098,085	71,872,570
Other income (expenses):				
Investment income	101,650	90,615	102,922	15,063
Interest income	30,873,332	42,787,380	35,560,102	5,204,247
Other, net	(51,178,963)	(17,387,729)	(48,319,337)	(7,071,571)
Net income before tax	384,179,583	495,983,732	478,441,772	70,020,309
Income tax	(114,832,848)	79,850,979	(61,739,147)	(9,035,570)
Net income after tax	269,346,735	575,834,711	416,702,625	60,984,739
Add: Net loss attributable to noncontrolling interest	3,511	19,020	18,217	2,666
Net income attributable to the Company's shareholders	269,350,246	575,853,731	416,720,842	60,987,405
Earnings per share, basic	0.09	0.18	0.13	0.02
Earnings per ADS, basic	2.22	4.49	3.25	0.48
Earnings per share, diluted	0.08	0.18	0.13	0.02
Earnings per ADS, diluted	2.08	4.46	3.23	0.47
Weighted average number of ordinary shares outstanding, basic	3,028,995,782	3,209,693,009	3,207,759,573	3,207,759,573
Weighted average number of ADS outstanding, basic	121,159,831	128,387,720	128,310,383	128,310,383
Weighted average number of ordinary shares outstanding, diluted	3,233,744,526	3,227,031,848	3,224,599,184	3,224,599,184
Weighted average number of ADS outstanding, diluted	129,349,781	129,081,274	128,983,967	128,983,967

The accompanying notes are an integral part of this press release.

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter Ended			
	March 31, 2008	December 31, 2008	March 31, 2009	March 31, 2009
	RMB	RMB	RMB	USD (Note 1)
Cash flows from operating activities:				
Net income	269,346,735	575,834,711	416,702,625	60,984,739
Adjustments to reconcile net profit to net cash provided by operating activities:				
Depreciation and amortization	24,085,433	21,214,759	21,979,596	3,216,730
Share-based compensation cost	19,282,517	11,712,364	10,814,590	1,582,723
Allowance/(reversal) of provision for doubtful debts	(1,202,665)	1,768,291	6,134,584	897,801
(Gain)/Loss on disposal of property, equipment and software	(53,816)	(192,511)	16,800	2,459
Unrealized exchange losses	50,399,867	21,131,801	47,547,400	6,958,597
Net equity share of losses (gains) from associated companies	386,123	(113,653)	1,051,010	153,816
Others	-	(9,014)	(25)	(4)
Changes in operating assets and liabilities:				
Accounts receivable	53,521,635	(14,699,446)	111,878,097	16,373,443
Prepayments and other current assets	(5,467,334)	(37,373,232)	(31,374,284)	(4,591,650)
Deferred tax assets	(6,896,626)	4,597,642	(17,159,400)	(2,511,291)
Deferred tax assets - non-current	(84,913)	6,364,324	(189,657)	(27,756)
Accounts payable	(900,446)	(39,605,453)	(18,372,015)	(2,688,758)
Salary and welfare payables	(17,343,345)	41,161,456	(37,516,094)	(5,490,508)
Taxes payable	68,672,447	(73,972,379)	29,202,544	4,273,814
Deferred revenue	40,579,198	3,858,634	7,047,026	1,031,337
Accrued liabilities	635,974	(7,672,623)	20,021,583	2,930,174
Net cash provided by operating activities	494,960,784	514,005,671	567,784,380	83,095,666
Cash flows from investing activities:				
Purchase of property, equipment and software	(15,418,337)	(47,987,508)	(23,031,133)	(3,370,623)
Proceeds from sale of property, equipment and software	56,540	11,603	15,755	2,306
Prepayment for land use right	(822,182)	-	-	-
Prepayment for royalties	-	(13,687,749)	-	-
Investment in an associated company	-	(2,559,525)	-	-
Transfer to restricted cash	-	-	(82,000,000)	(12,000,761)
Net change in time deposits with terms of three months	(252,686,082)	974,552,227	913,788,700	133,733,656
Placement/rollover of matured time deposits	(422,426,062)	(1,817,119,582)	(2,099,024,248)	(307,193,761)
Uplift of matured time deposits	126,035,000	290,674,696	718,163,495	105,103,762
Net change in other assets	(412,578)	(5,682,050)	(634,380)	(92,842)
Net cash used in investing activities	(565,673,701)	(621,797,888)	(572,721,811)	(83,818,263)
Cash flows from financing activities:				
Capital contribution from noncontrolling interest	-	23,641	640	94
Proceeds from employees exercising stock options	642,039	1,426,708	2,524,853	369,514
Repurchase of company shares	(76,433,652)	(88,868,640)	-	-
Net cash provided by (used in) financing activities	(75,791,613)	(87,418,291)	2,525,493	369,608
Effect of exchange rate changes on cash held in foreign currencies	(74,851,929)	3,579,775	1,200,805	175,739
Net decrease in cash	(221,356,459)	(191,630,733)	(1,211,133)	(177,250)
Cash, beginning of the quarter	2,482,820,821	985,038,655	793,407,922	116,115,840
Cash, end of the quarter	2,261,464,362	793,407,922	792,196,789	115,938,590
Supplemental disclosures of cash flow information:				
Cash paid for income tax, net of tax refund	33,512,049	16,023,949	45,079,890	6,597,475
Supplemental schedule of non-cash investing and financing activities:				
Treasury stock cancellation	-	89,293,078	-	-
Fixed asset purchases financed by accounts payable and accrued liabilities	9,716,130	37,302,324	35,955,208	5,262,071

The accompanying notes are an integral part of this press release.

NETEASE.COM, INC.
UNAUDITED SEGMENT INFORMATION

	Quarter Ended			
	March 31, 2008	December 31, 2008	March 31, 2009	March 31, 2009
	RMB	RMB	RMB	USD (Note 1)
Revenues:				
Online game services	555,859,907	672,491,424	724,023,597	105,961,392
Advertising services	77,144,002	111,800,172	41,030,255	6,004,808
Wireless value-added services and others	18,919,553	17,424,193	16,640,705	2,435,380
Total revenues	<u>651,923,462</u>	<u>801,715,789</u>	<u>781,694,557</u>	<u>114,401,580</u>
Business taxes:				
Online game services	(747,630)	(892,846)	(1,456,904)	(213,220)
Advertising services	(6,557,240)	(9,502,935)	(4,161,980)	(609,109)
Wireless value-added services and others	(164,940)	(114,173)	(153,247)	(22,427)
Total business taxes	<u>(7,469,810)</u>	<u>(10,509,954)</u>	<u>(5,772,131)</u>	<u>(844,756)</u>
Net revenues:				
Online game services	555,112,277	671,598,578	722,566,693	105,748,172
Advertising services	70,586,762	102,297,237	36,868,275	5,395,699
Wireless value-added services and others	18,754,613	17,310,020	16,487,458	2,412,953
Total net revenues	<u>644,453,652</u>	<u>791,205,835</u>	<u>775,922,426</u>	<u>113,556,824</u>
Cost of revenues:				
Online game services	(54,290,222)	(80,640,289)	(72,363,943)	(10,590,517)
Advertising services	(38,290,401)	(49,984,535)	(41,707,441)	(6,103,915)
Wireless value-added services and others	(19,914,453)	(21,624,189)	(20,157,077)	(2,950,003)
Total cost of revenues	<u>(112,495,076)</u>	<u>(152,249,013)</u>	<u>(134,228,461)</u>	<u>(19,644,435)</u>
Gross profit (loss):				
Online game services	500,822,055	590,958,289	650,202,750	95,157,655
Advertising services	32,296,361	52,312,702	(4,839,166)	(708,216)
Wireless value-added services and others	(1,159,840)	(4,314,169)	(3,669,619)	(537,050)
Total gross profit	<u>531,958,576</u>	<u>638,956,822</u>	<u>641,693,965</u>	<u>93,912,389</u>
Gross profit (loss) margin:				
Online game services	90.2%	88.0%	90.0%	90.0%
Advertising services	45.8%	51.1%	(13.1%)	(13.1%)
Wireless value-added services and others	(6.2%)	(24.9%)	(22.3%)	(22.3%)

The accompanying notes are an integral part of this press release.

NETEASE.COM, INC.

NOTES TO UNAUDITED FINANCIAL INFORMATION

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00 = RMB6.8329 on March 31, 2009 in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

Note 2: Share-based compensation cost reported in the Company's unaudited condensed consolidated statements of operations is set out as follows:

	Quarter Ended			
	March 31, 2008	December 31, 2008	March 31, 2009	March 31, 2009
	RMB	RMB	RMB	USD (Note 1)
Share-based compensation cost included in:				
Cost of revenue	3,147,772	3,294,120	2,871,354	420,225
Operating expenses				
- Selling and marketing expenses	2,548,679	1,328,916	952,155	139,349
- General and administrative expenses	7,084,995	3,464,280	3,809,875	557,577
- Research and development expenses	6,501,071	3,625,048	3,181,206	465,572