

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2008	June 30, 2009	June 30, 2009
	RMB	RMB	USD (Note 1)
Assets			
Current assets:			
Cash	793,407,922	1,282,098,940	187,710,307
Time deposits	4,820,000,100	4,929,100,734	721,662,723
Accounts receivable, net	231,030,576	133,682,801	19,572,311
Prepayments and other current assets	104,092,051	195,913,131	28,683,365
Deferred tax assets	25,248,842	41,277,219	6,043,340
Total current assets	<u>5,973,779,491</u>	<u>6,582,072,825</u>	<u>963,672,046</u>
Non-current assets:			
Non-current rental deposits	3,443,249	3,979,450	582,626
Property, equipment and software, net	258,787,534	475,261,632	69,582,389
Land use right, net	12,563,485	12,434,187	1,820,472
Prepayment for license right	27,463,600	232,282,600	34,008,170
Deferred tax assets	12,444,636	12,041,039	1,762,912
Restricted cash	-	82,000,000	12,005,505
Other long-term assets	57,411,308	48,675,856	7,126,564
Total non-current assets	<u>372,113,812</u>	<u>866,674,764</u>	<u>126,888,638</u>
Total assets	<u>6,345,893,303</u>	<u>7,448,747,589</u>	<u>1,090,560,684</u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	119,829,878	224,254,641	32,832,807
Salary and welfare payables	94,922,963	79,442,922	11,631,127
Taxes payable	104,754,356	170,563,607	24,971,978
Deferred revenue	447,725,795	425,370,733	62,277,932
Accrued liabilities	61,815,070	90,328,881	13,224,925
Total current liabilities	<u>829,048,062</u>	<u>989,960,784</u>	<u>144,938,769</u>
Long-term payable:			
Other long-term payable	200,000	200,000	29,282
Total long-term payable	<u>200,000</u>	<u>200,000</u>	<u>29,282</u>
Total liabilities	829,248,062	990,160,784	144,968,051
Shareholders' equity	5,516,645,241	6,458,586,805	945,592,633
Total liabilities and shareholders' equity	<u>6,345,893,303</u>	<u>7,448,747,589</u>	<u>1,090,560,684</u>

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

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

	Quarter Ended			
	June 30, 2008 RMB	March 31, 2009 RMB	June 30, 2009 RMB	June 30, 2009 USD (Note 1)
Revenues:				
Online game services	595,039,049	724,023,597	781,482,693	114,415,785
Advertising services	103,937,354	41,030,255	72,801,803	10,658,810
Wireless value-added services and others	16,897,198	16,640,705	17,823,767	2,609,553
Total revenues	715,873,601	781,694,557	872,108,263	127,684,148
Business taxes	137,081,472	(5,772,131)	(9,018,646)	(1,320,408)
Total net revenues	852,955,073	775,922,426	863,089,617	126,363,740
Total cost of revenues	(130,164,922)	(134,228,461)	(171,209,882)	(25,066,599)
Gross profit	722,790,151	641,693,965	691,879,735	101,297,141
Operating expenses:				
Selling and marketing expenses	(53,403,127)	(47,510,899)	(68,323,402)	(10,003,133)
General and administrative expenses	(44,127,629)	(52,295,550)	(52,671,504)	(7,711,561)
Research and development expenses	(52,208,647)	(50,789,431)	(53,812,664)	(7,878,637)
Total operating expenses	(149,739,403)	(150,595,880)	(174,807,570)	(25,593,331)
Operating profit	573,050,748	491,098,085	517,072,165	75,703,810
Other income (expenses):				
Investment income	123,534	102,922	84,794	12,415
Interest income	31,439,986	35,560,102	33,086,968	4,844,217
Other, net	(26,439,269)	(48,319,337)	33,227,641	4,864,812
Net income before tax	578,174,999	478,441,772	583,471,568	85,425,254
Income tax	(140,003,786)	(61,739,147)	(115,383,256)	(16,893,101)
Net income after tax	438,171,213	416,702,625	468,088,312	68,532,153
Add: Net loss attributable to noncontrolling interest	117	18,217	30,515	4,468
Net income attributable to the Company's shareholders	438,171,330	416,720,842	468,118,827	68,536,621
Earnings per share, basic	0.14	0.13	0.15	0.02
Earnings per ADS, basic	3.62	3.25	3.64	0.53
Earnings per share, diluted	0.14	0.13	0.14	0.02
Earnings per ADS, diluted	3.39	3.23	3.60	0.53
Weighted average number of ordinary shares outstanding, basic	3,027,874,505	3,207,759,573	3,219,247,705	3,219,247,705
Weighted average number of ADS outstanding, basic	121,114,980	128,310,383	128,769,908	128,769,908
Weighted average number of ordinary shares outstanding, diluted	3,233,701,752	3,224,599,184	3,250,458,685	3,250,458,685
Weighted average number of ADS outstanding, diluted	129,348,070	128,983,967	130,018,347	130,018,347

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

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter Ended			
	June 30,	March 31,	June 30,	June 30,
	2008	2009	2009	2009
	RMB	RMB	RMB	USD (Note 1)
Cash flows from operating activities:				
Net income	438,171,213	416,702,625	468,088,312	68,532,153
Adjustments to reconcile net profit to net cash provided by operating activities:				
Depreciation and amortization	23,183,012	21,979,596	20,464,224	2,996,138
Share-based compensation cost	20,836,332	10,814,590	8,787,730	1,286,599
Allowance/(reversal) of provision for doubtful debts	(1,419,319)	6,134,584	4,190,088	613,465
(Gain)/Loss on disposal of property, equipment	(17,798)	16,800	2,858,440	418,500
Unrealized exchange losses (gains)	26,574,778	47,547,400	(47,200,756)	(6,910,596)
Net equity share of loss from associated companies	487,300	1,051,010	1,934,915	283,288
Others	-	(25)	-	-
Changes in operating assets and liabilities:				
Accounts receivable	(77,960,545)	111,878,097	(24,854,994)	(3,638,985)
Prepayments and other current assets	(3,312,399)	(31,374,284)	(56,041,033)	(8,204,891)
Deferred tax assets	18,685,274	(17,159,400)	1,131,023	165,591
Deferred tax assets - non-current	(11,697)	(189,657)	593,254	86,857
Accounts payable	16,206,953	(18,372,015)	123,575,583	18,092,528
Salary and welfare payables	15,394,921	(37,516,094)	22,036,053	3,226,268
Taxes payable	18,745,532	29,202,544	36,606,707	5,359,537
Deferred revenue	10,391,562	7,047,026	(29,402,088)	(4,304,718)
Accrued liabilities	7,367,340	20,021,583	11,612,178	1,700,123
Net cash provided by operating activities	513,322,459	567,784,380	544,379,636	79,701,857
Cash flows from investing activities:				
Purchase of property, equipment and software	(20,258,398)	(23,031,133)	(239,465,882)	(35,059,864)
Proceeds from sale of property, equipment and software	62,501	15,755	5,373	787
Incentive received on land use right	15,000,000	-	-	-
Purchase of license right	-	-	(204,819,000)	(29,987,262)
Transfer to restricted cash	-	(82,000,000)	-	-
Net change in time deposits with terms of three months	(309,877,981)	913,788,700	327,669,991	47,973,704
Placement/rollover of matured time deposits	(201,856,509)	(2,099,024,248)	(149,337,445)	(21,864,286)
Uplift of matured time deposits	180,542,729	718,163,495	171,181,813	25,062,489
Net change in other assets	81,783	(634,380)	(1,421,647)	(208,141)
Net cash used in investing activities	(336,305,875)	(572,721,811)	(96,186,797)	(14,082,573)
Cash flows from financing activities:				
Capital contribution from noncontrolling interest	-	640	-	-
Proceeds from employees exercising stock options	328,603	2,524,853	35,022,839	5,127,645
Net cash provided by financing activities	328,603	2,525,493	35,022,839	5,127,645
Effect of exchange rate changes on cash held in foreign currencies	(39,668,730)	1,200,805	6,686,473	978,957
Net increase (decrease) in cash	137,676,457	(1,211,133)	489,902,151	71,725,886
Cash, beginning of the quarter	2,261,464,362	793,407,922	792,196,789	115,984,421
Cash, end of the quarter	2,399,140,819	792,196,789	1,282,098,940	187,710,307
Supplemental disclosures of cash flow information:				
Cash paid for income tax, net of tax refund	117,313,562	45,079,890	114,558,434	16,772,340
Supplemental schedule of non-cash investing and financing activities:				
Treasury stock cancellation	76,433,652	-	-	-
Fixed asset purchases financed by accounts payable and accrued liabilities	10,529,644	35,955,208	33,393,585	4,889,108
Conversion of convertible notes to ordinary shares	168,377,187	-	-	-

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

NETEASE.COM, INC.
UNAUDITED SEGMENT INFORMATION

	Quarter Ended			
	June 30,	March 31,	June 30,	June 30,
	2008	2009	2009	2009
	RMB	RMB	RMB	USD (Note 1)
Revenues:				
Online game services	595,039,049	724,023,597	781,482,693	114,415,785
Advertising services	103,937,354	41,030,255	72,801,803	10,658,810
Wireless value-added services and others	16,897,198	16,640,705	17,823,767	2,609,553
Total revenues	<u>715,873,601</u>	<u>781,694,557</u>	<u>872,108,263</u>	<u>127,684,148</u>
Business taxes:				
Online game services	133,155,985	(1,456,904)	(1,547,733)	(226,601)
Advertising services	(8,834,675)	(4,161,980)	(7,253,512)	(1,061,977)
Wireless value-added services and others	12,760,162	(153,247)	(217,401)	(31,830)
Total business taxes	<u>137,081,472</u>	<u>(5,772,131)</u>	<u>(9,018,646)</u>	<u>(1,320,408)</u>
Net revenues:				
Online game services	728,195,034	722,566,693	779,934,960	114,189,184
Advertising services	95,102,679	36,868,275	65,548,291	9,596,833
Wireless value-added services and others	29,657,360	16,487,458	17,606,366	2,577,723
Total net revenues	<u>852,955,073</u>	<u>775,922,426</u>	<u>863,089,617</u>	<u>126,363,740</u>
Cost of revenues:				
Online game services	(63,985,689)	(72,363,943)	(91,342,290)	(13,373,297)
Advertising services	(45,063,123)	(41,707,441)	(54,687,506)	(8,006,721)
Wireless value-added services and others	(21,116,110)	(20,157,077)	(25,180,086)	(3,686,581)
Total cost of revenues	<u>(130,164,922)</u>	<u>(134,228,461)</u>	<u>(171,209,882)</u>	<u>(25,066,599)</u>
Gross profit (loss):				
Online game services	664,209,345	650,202,750	688,592,670	100,815,887
Advertising services	50,039,556	(4,839,166)	10,860,785	1,590,112
Wireless value-added services and others	8,541,250	(3,669,619)	(7,573,720)	(1,108,858)
Total gross profit	<u>722,790,151</u>	<u>641,693,965</u>	<u>691,879,735</u>	<u>101,297,141</u>
Gross profit (loss) margin:				
Online game services	91.2%	90.0%	88.3%	88.3%
Advertising services	52.6%	(13.1%)	16.6%	16.6%
Wireless value-added services and others	28.8%	(22.3%)	(43.0%)	(43.0%)

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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 = RMB6.8302 on June 30, 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			
	June 30, 2008	March 31, 2009	June 30, 2009	June 30, 2009
	RMB	RMB	RMB	USD (Note 1)
Share-based compensation cost included in:				
Cost of revenue	3,396,419	2,871,354	2,485,431	363,889
Operating expenses				
- Selling and marketing expenses	2,675,811	952,155	679,054	99,419
- General and administrative expenses	7,538,343	3,809,875	2,803,979	410,526
- Research and development expenses	7,225,759	3,181,206	2,819,266	412,765