

**NETEASE.COM, INC.**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>December 31, 2008</b>	<b>December 31, 2009</b>	<b>December 31, 2009</b>
	RMB	RMB	USD (Note 1)
<b>Assets</b>			
Current assets:			
Cash	793,407,922	1,041,290,312	152,549,893
Time deposits	4,820,000,100	5,975,378,114	875,397,840
Restricted cash	-	123,863,334	18,146,081
Accounts receivable, net	231,030,576	187,339,985	27,445,463
Prepayments and other current assets	104,092,051	568,125,100	83,230,796
Deferred tax assets	25,248,842	76,564,853	11,216,814
Total current assets	<u>5,973,779,491</u>	<u>7,972,561,698</u>	<u>1,167,986,887</u>
Non-current assets:			
Property, equipment and software, net	258,787,534	557,755,641	81,711,663
Land use right, net	12,563,485	12,304,888	1,802,676
License right, net	27,463,600	212,847,221	31,182,294
Deferred tax assets	12,444,636	4,188,376	613,601
Other long-term assets	60,854,557	43,811,015	6,418,350
Total non-current assets	<u>372,113,812</u>	<u>830,907,141</u>	<u>121,728,584</u>
Total assets	<u>6,345,893,303</u>	<u>8,803,468,839</u>	<u>1,289,715,471</u>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable	119,829,878	238,434,710	34,930,882
Salary and welfare payables	94,922,963	129,493,530	18,970,909
Taxes payable	104,754,356	213,727,123	31,311,200
Deferred revenue	447,725,795	583,469,528	85,478,769
Accrued liabilities and other payables	61,815,070	212,800,237	31,175,411
Total current liabilities	<u>829,048,062</u>	<u>1,377,925,128</u>	<u>201,867,171</u>
Long-term payable:			
Other long-term payable	200,000	200,000	29,300
Total long-term payable	<u>200,000</u>	<u>200,000</u>	<u>29,300</u>
Total liabilities	829,248,062	1,378,125,128	201,896,471
Shareholders' equity	5,516,645,241	7,425,343,711	1,087,819,000
Total liabilities and shareholders' equity	<u>6,345,893,303</u>	<u>8,803,468,839</u>	<u>1,289,715,471</u>

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

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended				Year Ended		
	December 31,	September 30,	December 31,	December 31,	December 31,	December 31,	December 31,
	2008	2009	2009	2009	2008	2009	2009
	RMB	RMB	RMB	USD (Note 1)	RMB	RMB	USD (Note 1)
<b>Revenues:</b>							
Online game services	672,491,424	775,141,663	1,088,040,623	159,398,852	2,498,518,103	3,368,688,576	493,515,665
Advertising services	111,800,172	86,049,485	183,679,014	26,909,128	405,887,007	383,560,557	56,191,939
Wireless value-added services and others	17,424,193	18,257,187	18,479,826	2,707,310	71,718,938	71,201,485	10,431,076
<b>Total revenues</b>	<b>801,715,789</b>	<b>879,448,335</b>	<b>1,290,199,463</b>	<b>189,015,290</b>	<b>2,976,124,048</b>	<b>3,823,450,618</b>	<b>560,138,680</b>
Business taxes	(10,509,954)	(11,421,825)	(40,290,883)	(5,902,647)	108,460,101	(66,503,485)	(9,742,816)
<b>Total net revenues</b>	<b>791,205,835</b>	<b>868,026,510</b>	<b>1,249,908,580</b>	<b>183,112,643</b>	<b>3,084,584,149</b>	<b>3,756,947,133</b>	<b>550,395,864</b>
<b>Total cost of revenues</b>	<b>(152,249,013)</b>	<b>(241,003,866)</b>	<b>(405,786,869)</b>	<b>(59,448,112)</b>	<b>(559,605,362)</b>	<b>(952,229,078)</b>	<b>(139,502,348)</b>
<b>Gross profit</b>	<b>638,956,822</b>	<b>627,022,644</b>	<b>844,121,711</b>	<b>123,664,531</b>	<b>2,524,978,787</b>	<b>2,804,718,055</b>	<b>410,893,516</b>
<b>Operating expenses:</b>							
Selling and marketing expenses	(67,395,203)	(102,694,671)	(119,779,629)	(17,547,816)	(221,551,138)	(338,308,601)	(49,562,490)
General and administrative expenses	(45,760,016)	(53,406,612)	(54,159,703)	(7,934,441)	(181,841,322)	(212,533,368)	(31,136,314)
Research and development expenses	(55,308,137)	(62,783,771)	(63,054,014)	(9,237,465)	(207,023,649)	(230,439,880)	(33,759,633)
Total operating expenses	(168,463,356)	(218,885,054)	(236,993,346)	(34,719,722)	(610,416,109)	(781,281,849)	(114,458,437)
<b>Operating profit</b>	<b>470,493,466</b>	<b>408,137,590</b>	<b>607,128,365</b>	<b>88,944,809</b>	<b>1,914,562,678</b>	<b>2,023,436,206</b>	<b>296,435,079</b>
<b>Other income (expenses):</b>							
Investment income	90,615	82,497	83,341	12,210	1,517,890	353,554	51,796
Interest income	42,787,380	29,775,123	29,746,136	4,357,834	144,805,368	128,168,329	18,776,766
Other, net	(17,387,729)	21,344,811	(7,571,161)	(1,109,181)	(163,549,591)	(1,318,046)	(193,095)
<b>Net income before tax</b>	<b>495,983,732</b>	<b>459,340,021</b>	<b>629,386,681</b>	<b>92,205,672</b>	<b>1,897,336,345</b>	<b>2,150,640,043</b>	<b>315,070,546</b>
Income tax	79,850,979	(65,544,656)	(71,194,080)	(10,429,992)	(300,673,321)	(313,861,139)	(45,980,917)
<b>Net income after tax</b>	<b>575,834,711</b>	<b>393,795,365</b>	<b>558,192,601</b>	<b>81,775,680</b>	<b>1,596,663,024</b>	<b>1,836,778,904</b>	<b>269,089,629</b>
Add: Net loss attributable to noncontrolling interests	19,020	34,189	13,574,180	1,988,629	24,883	13,657,100	2,000,776
<b>Net income attributable to the Company's shareholders</b>	<b>575,853,731</b>	<b>393,829,554</b>	<b>571,766,781</b>	<b>83,764,309</b>	<b>1,596,687,907</b>	<b>1,850,436,004</b>	<b>271,090,405</b>
Earnings per share, basic	0.18	0.12	0.18	0.03	0.51	0.58	0.08
Earnings per ADS, basic	4.49	3.04	4.42	0.65	12.81	14.38	2.11
Earnings per share, diluted	0.18	0.12	0.18	0.03	0.49	0.57	0.08
Earnings per ADS, diluted	4.46	3.02	4.39	0.64	12.34	14.28	2.09
Weighted average number of ordinary shares outstanding, basic	3,209,693,009	3,236,059,232	3,237,487,643	3,237,487,643	3,117,117,306	3,216,437,747	3,216,437,747
Weighted average number of ADS outstanding, basic	128,387,720	129,442,369	129,499,506	129,499,506	124,684,692	128,657,510	128,657,510
Weighted average number of ordinary shares outstanding, diluted	3,227,031,848	3,260,784,175	3,259,643,745	3,259,643,745	3,234,214,324	3,240,170,656	3,240,170,656
Weighted average number of ADS outstanding, diluted	129,081,274	130,431,367	130,385,750	130,385,750	129,368,573	129,606,826	129,606,826

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

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter Ended				Year Ended		
	December 31,	September 30,	December 31,	December 31,	December 31,	December 31,	December 31,
	2008	2009	2009	2009	2008	2009	2009
	RMB	RMB	RMB	USD (Note 1)	RMB	RMB	USD (Note 1)
<b>Cash flows from operating activities:</b>							
Net income	575,834,711	393,795,365	558,192,601	81,775,680	1,596,663,024	1,836,778,904	269,089,629
provided by operating activities:							
Depreciation and amortization	21,214,759	42,479,635	58,656,520	8,593,229	90,962,041	143,579,975	21,034,585
Share-based compensation cost	11,712,364	6,008,286	5,774,089	845,909	67,948,661	31,384,695	4,597,884
Allowance for provision for doubtful debts	1,768,291	4,148,839	1,507,691	220,878	8,604,654	15,981,202	2,341,259
(Gain)/loss on disposal of property, equipment and software	(192,511)	446,393	666,897	97,701	316,916	3,988,530	584,323
Unrealized exchange (gains)/losses	21,131,801	(25,338,559)	13,304,810	1,949,166	166,712,075	(11,687,105)	(1,712,171)
Net equity share of loss (gain) from associated companies	(113,653)	1,285,489	(167,757)	(24,577)	2,028,154	4,103,657	601,189
Others	(9,014)	13,371	-	-	(16,306)	13,346	1,955
Changes in operating assets and liabilities:							
Accounts receivable	(14,699,446)	12,044,441	(71,358,155)	(10,454,029)	(72,907,716)	27,709,389	4,059,448
Prepayments and other current assets	(37,373,232)	(248,662,365)	(116,969,002)	(17,136,058)	(52,387,634)	(453,046,685)	(66,371,713)
Deferred tax assets	4,597,642	(12,249,742)	(23,037,892)	(3,375,070)	40,538,271	(51,316,011)	(7,517,838)
Deferred tax assets - non-current	6,364,324	1,512,981	6,339,682	928,769	6,615,589	8,256,260	1,209,549
Accounts payable	(39,605,453)	(117,137,897)	65,450,761	9,588,591	32,756,625	119,614,930	17,523,686
Salary and welfare payables	41,161,456	(15,600,191)	65,650,799	9,617,896	26,269,221	34,570,567	5,064,617
Taxes payable	(73,972,379)	(8,467,595)	51,631,111	7,564,000	12,315,686	108,972,767	15,964,601
Deferred revenue	3,858,634	141,140,067	16,958,728	2,484,468	92,759,098	135,743,733	19,886,569
Accrued liabilities and other payables	(7,672,623)	94,546,582	79,764,980	11,685,636	(1,379,171)	139,846,825	20,487,676
Net cash provided by operating activities	514,005,671	269,965,100	712,365,863	104,362,189	2,017,799,188	2,094,494,979	306,845,248
<b>Cash flows from investing activities:</b>							
Purchase of property, equipment and software	(47,987,508)	(91,139,494)	(54,090,682)	(7,924,330)	(133,329,185)	(407,727,191)	(59,732,371)
Proceeds from sale of property, equipment and software	11,603	89,019	10,068	1,475	280,714	120,215	17,612
Prepayment for land use right	-	-	-	-	(822,182)	-	-
Incentive received on land use right	-	-	-	-	15,000,000	-	-
Prepayment for license right	-	-	-	-	(27,463,600)	-	-
Purchase of license right	-	-	-	-	-	(204,819,000)	(30,006,153)
Prepayment for royalties	(13,687,749)	-	-	-	(13,687,749)	-	-
Investment in associated companies	(2,559,525)	(4,207,050)	-	-	(33,559,525)	(4,207,050)	(616,336)
Transfer to restricted cash	-	-	(41,863,334)	(6,133,013)	-	(123,863,334)	(18,146,081)
Net change in time deposits with terms of three months	974,552,227	(95,918,953)	(39,621,702)	(5,804,612)	(520,970,208)	1,105,918,036	162,017,908
Placement/rollover of matured time deposits	(1,817,119,582)	(1,511,411,788)	(2,646,827,584)	(387,762,432)	(3,732,114,167)	(6,406,601,065)	(938,572,359)
Uplift of matured time deposits	290,674,696	1,494,799,368	1,752,281,101	256,710,632	1,042,752,487	4,136,425,777	605,989,800
Net change in other assets	(5,682,050)	(824,101)	50,191	7,353	(5,344,734)	(2,829,937)	(414,588)
Net cash used in investing activities	(621,797,888)	(208,612,999)	(1,030,061,942)	(150,904,927)	(3,409,258,149)	(1,907,583,549)	(279,462,568)
<b>Cash flows from financing activities:</b>							
Capital contribution from non-controlling interests	23,641	2,602	15,619	2,288	26,351	18,861	2,763
Proceeds from employees exercising stock options	1,426,708	944	2,964,845	434,352	18,407,235	40,513,481	5,935,259
Repurchase of company shares	(88,868,640)	-	-	-	(165,726,730)	-	-
Decrease in other long-term payable	-	-	-	-	(10,000,000)	-	-
Net cash provided by (used in) financing activities	(87,418,291)	3,546	2,980,464	436,640	(157,293,144)	40,532,342	5,938,022
Effect of exchange rate changes on cash held in foreign currencies	3,579,775	12,850,834	(299,494)	(43,876)	(140,660,794)	20,438,618	2,994,274
Net increase (decrease) in cash	(191,630,733)	74,206,481	(315,015,109)	(46,149,974)	(1,689,412,899)	247,882,390	36,314,976
<b>Cash, beginning of the period</b>	<b>985,038,655</b>	<b>1,282,098,940</b>	<b>1,356,305,421</b>	<b>198,699,867</b>	<b>2,482,820,821</b>	<b>793,407,922</b>	<b>116,234,917</b>
<b>Cash, end of the period</b>	<b>793,407,922</b>	<b>1,356,305,421</b>	<b>1,041,290,312</b>	<b>152,549,893</b>	<b>793,407,922</b>	<b>1,041,290,312</b>	<b>152,549,893</b>
<b>Supplemental disclosures of cash flow information:</b>							
Cash paid for income tax, net of tax refund	16,023,949	54,590,335	80,044,424	11,726,574	250,080,776	294,273,083	43,111,250
<b>Supplemental schedule of non-cash investing and financing activities:</b>							
Treasury stock cancellation	89,293,078	-	-	-	165,726,730	-	-
Fixed asset purchases financed by accounts payable	37,302,324	36,812,035	47,427,382	6,948,151	37,302,324	47,427,382	6,948,151
Conversion of convertible notes to ordinary shares	-	-	-	-	602,041,878	-	-

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

NETEASE.COM, INC.  
UNAUDITED SEGMENT INFORMATION

	Quarter Ended				Year Ended		
	December 31,	September	December 31,	December 31,	December 31,	December 31,	December 31,
	2008	2009	2009	2009	2008	2009	2009
	RMB	RMB	RMB	USD (Note 1)	RMB	RMB	USD (Note 1)
<b>Revenues:</b>							
Online game services	672,491,424	775,141,663	1,088,040,623	159,398,852	2,498,518,103	3,368,688,576	493,515,665
Advertising services	111,800,172	86,049,485	183,679,014	26,909,128	405,887,007	383,560,557	56,191,939
Wireless value-added services and others	17,424,193	18,257,187	18,479,826	2,707,310	71,718,938	71,201,485	10,431,076
Total revenues	<u>801,715,789</u>	<u>879,448,335</u>	<u>1,290,199,463</u>	<u>189,015,290</u>	<u>2,976,124,048</u>	<u>3,823,450,618</u>	<u>560,138,680</u>
<b>Business taxes:</b>							
Online game services	(892,846)	(3,287,201)	(22,466,299)	(3,291,331)	130,666,281	(28,758,137)	(4,213,092)
Advertising services	(9,502,935)	(7,886,109)	(17,573,989)	(2,574,604)	(34,500,316)	(36,875,590)	(5,402,304)
Wireless value-added services and others	(114,173)	(248,515)	(250,595)	(36,712)	12,294,136	(869,758)	(127,420)
Total business taxes	<u>(10,509,954)</u>	<u>(11,421,825)</u>	<u>(40,290,883)</u>	<u>(5,902,647)</u>	<u>108,460,101</u>	<u>(66,503,485)</u>	<u>(9,742,816)</u>
<b>Net revenues:</b>							
Online game services	671,598,578	771,854,462	1,065,574,324	156,107,521	2,629,184,384	3,339,930,439	489,302,573
Advertising services	102,297,237	78,163,376	166,105,025	24,334,524	371,386,691	346,684,967	50,789,635
Wireless value-added services and others	17,310,020	18,008,672	18,229,231	2,670,598	84,013,074	70,331,727	10,303,656
Total net revenues	<u>791,205,835</u>	<u>868,026,510</u>	<u>1,249,908,580</u>	<u>183,112,643</u>	<u>3,084,584,149</u>	<u>3,756,947,133</u>	<u>550,395,864</u>
<b>Cost of revenues:</b>							
Online game services	(80,640,289)	(154,810,194)	(311,402,332)	(45,620,700)	(268,574,306)	(629,918,759)	(92,283,619)
Advertising services	(49,984,535)	(60,088,698)	(69,143,032)	(10,129,511)	(208,907,875)	(225,626,677)	(33,054,495)
Wireless value-added services and others	(21,624,189)	(26,104,974)	(25,241,505)	(3,697,901)	(82,123,181)	(96,683,642)	(14,164,234)
Total cost of revenues	<u>(152,249,013)</u>	<u>(241,003,866)</u>	<u>(405,786,869)</u>	<u>(59,448,112)</u>	<u>(559,605,362)</u>	<u>(952,229,078)</u>	<u>(139,502,348)</u>
<b>Gross profit (loss):</b>							
Online game services	590,958,289	617,044,268	754,171,992	110,486,821	2,360,610,078	2,710,011,680	397,018,954
Advertising services	52,312,702	18,074,678	96,961,993	14,205,013	162,478,816	121,058,290	17,735,140
Wireless value-added services and others	(4,314,169)	(8,096,302)	(7,012,274)	(1,027,303)	1,889,893	(26,351,915)	(3,860,578)
Total gross profit	<u>638,956,822</u>	<u>627,022,644</u>	<u>844,121,711</u>	<u>123,664,531</u>	<u>2,524,978,787</u>	<u>2,804,718,055</u>	<u>410,893,516</u>
<b>Gross profit (loss) margin:</b>							
Online game services	88.0%	79.9%	70.8%	70.8%	89.8%	81.1%	81.1%
Advertising services	51.1%	23.1%	58.4%	58.4%	43.7%	34.9%	34.9%
Wireless value-added services and others	(24.9%)	(45.0%)	(38.5%)	(38.5%)	2.2%	(37.5%)	(37.5%)

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

**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 = RMB6.8259 on December 31, 2009 as set forth in the H.10 statistical release of the U.S. Federal Reserve Board.

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

	Quarter Ended				Year Ended		
	December 31, 2008	September 30, 2009	December 31, 2009	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2009
	RMB	RMB	RMB	USD (Note 1)	RMB	RMB	USD (Note 1)
Share-based compensation cost included in:							
Cost of revenue	3,294,120	1,852,934	1,811,066	265,323	13,678,836	9,020,785	1,321,552
Operating expenses							
- Selling and marketing expenses	1,328,916	350,137	341,660	50,053	8,564,177	2,323,006	340,323
- General and administrative expenses	3,464,280	1,640,203	1,607,124	235,445	23,586,590	9,861,181	1,444,671
- Research and development expenses	3,625,048	2,165,012	2,014,239	295,088	22,119,058	10,179,723	1,491,338