

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(RMB in thousands)

	December 31, 2009	June 30, 2010	June 30, 2010
	RMB	RMB	USD (Note 1)
Assets			
Current assets:			
Cash	1,041,290	2,084,887	307,437
Time deposits	5,975,378	6,194,086	913,380
Restricted cash	123,864	32,000	4,719
Accounts receivable, net	187,340	196,321	28,949
Prepayments and other current assets	568,125	332,397	49,016
Deferred tax assets	76,565	111,464	16,436
Total current assets	<u>7,972,562</u>	<u>8,951,155</u>	<u>1,319,937</u>
Non-current assets:			
Property, equipment and software, net	557,756	662,237	97,653
Land use right, net	12,305	12,176	1,795
License right, net	212,847	179,022	26,399
Deferred tax assets	4,188	6,127	903
Other long-term assets	43,811	42,958	6,335
Total non-current assets	<u>830,907</u>	<u>902,520</u>	<u>133,085</u>
Total assets	<u><u>8,803,469</u></u>	<u><u>9,853,675</u></u>	<u><u>1,453,022</u></u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	238,435	103,332	15,237
Salary and welfare payables	129,493	109,729	16,181
Taxes payable	213,727	238,354	35,148
Deferred revenue	583,470	666,234	98,243
Accrued liabilities and other payables	212,800	332,712	49,061
Total current liabilities	<u>1,377,925</u>	<u>1,450,361</u>	<u>213,870</u>
Long-term payable:			
Other long-term payable	200	11,464	1,690
Total long-term payable	<u>200</u>	<u>11,464</u>	<u>1,690</u>
Total liabilities	1,378,125	1,461,825	215,560
Total NetEase.com, Inc.'s equity	7,438,778	8,407,975	1,239,840
Non-controlling interests	<u>(13,434)</u>	<u>(16,125)</u>	<u>(2,378)</u>
Total shareholders's equity	<u>7,425,344</u>	<u>8,391,850</u>	<u>1,237,462</u>
Total liabilities and shareholders' equity	<u><u>8,803,469</u></u>	<u><u>9,853,675</u></u>	<u><u>1,453,022</u></u>

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

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(RMB in thousands, except per share data)

	Quarter Ended			
	June 30, 2009 RMB	March 31, 2010 RMB	June 30, 2010 RMB	June 30, 2010 USD (Note 1)
Revenues:				
Online game services	781,482	1,085,322	1,180,787	174,119
Advertising services	72,802	91,548	145,948	21,521
Wireless value-added services and others	-			
	17,824	18,060	19,913	2,936
Total revenues	872,108	1,194,930	1,346,648	198,576
Business taxes	(9,019)	(30,442)	(37,653)	(5,551)
Total net revenues	863,089	1,164,488	1,308,995	193,025
Total cost of revenues	(171,210)	(383,788)	(430,613)	(63,498)
Gross profit	691,879	780,700	878,382	129,527
Operating expenses:				
Selling and marketing expenses	(68,323)	(103,812)	(123,654)	(18,235)
General and administrative expenses	(52,672)	(54,879)	(73,099)	(10,779)
Research and development expenses	(53,813)	(66,996)	(71,981)	(10,614)
Total operating expenses	(174,808)	(225,687)	(268,734)	(39,628)
Operating profit	517,071	555,013	609,648	89,899
Other income (expenses):				
Investment income	85	76	73	11
Interest income	33,087	30,785	32,795	4,836
Exchange losses (gains)	47,195	(39,480)	(67,836)	(10,003)
Other, net	(13,967)	(2,750)	(13,087)	(1,930)
Net income before tax	583,471	543,644	561,593	82,813
Income tax	(115,383)	(94,515)	(75,481)	(11,130)
Net income after tax	468,088	449,129	486,112	71,683
Net loss (income) attributable to non-controlling interests	31	3,129	(438)	(65)
Net income attributable to the NetEase.com, Inc.'s shareholders	468,119	452,258	485,674	71,618
Earnings per share, basic	0.15	0.14	0.15	0.02
Earnings per ADS, basic	3.64	3.49	3.74	0.55
Earnings per share, diluted	0.14	0.14	0.15	0.02
Earnings per ADS, diluted	3.60	3.47	3.73	0.55
Weighted average number of ordinary shares outstanding, basic	3,219,248	3,239,858	3,245,756	3,245,756
Weighted average number of ADS outstanding, basic	128,770	129,594	129,830	129,830
Weighted average number of ordinary shares outstanding, diluted	3,250,459	3,259,490	3,258,015	3,258,015
Weighted average number of ADS outstanding, diluted	130,018	130,380	130,321	130,321

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

NETEASE.COM, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(RMB and USD in thousands)

	Quarter Ended			
	June 30, 2009 RMB	March 31, 2010 RMB	June 30, 2010 RMB	June 30, 2010 USD (Note 1)
Cash flows from operating activities:				
Net income	468,088	449,129	486,112	71,683
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	20,464	58,839	58,803	8,671
Share-based compensation cost	8,788	5,861	31,370	4,627
Allowance for (reversal of) provision for doubtful debts	4,190	(9,361)	6,587	971
Loss on disposal of property, equipment and software	2,858	10,538	426	63
Unrealized exchange losses/(gains)	(47,201)	50,301	72,049	10,624
Deferred income taxes	1,724	11,949	(48,787)	(7,194)
Net equity share of losses (gains) from associated companies	1,935	132	(1,225)	(181)
Changes in operating assets and liabilities:				
Accounts receivable	(24,855)	53,622	(59,830)	(8,823)
Prepayments and other current assets	(56,040)	110,172	170,066	25,076
Accounts payable	207,071	(109,712)	3,260	481
Salary and welfare payables	22,036	(40,940)	21,175	3,122
Taxes payable	36,607	(20,875)	22,158	3,267
Deferred revenue	(29,402)	73,145	9,620	1,419
Accrued liabilities and other payables	(71,883)	33,730	(27,515)	(4,058)
Net cash provided by operating activities	544,380	676,530	744,269	109,748
Cash flows from investing activities:				
Purchase of property, equipment and software	(239,466)	(60,135)	(78,715)	(11,607)
Proceeds from sale of property, equipment and software	5	-	19	3
Purchase of license right	(204,819)	-	-	-
Transfer from restricted cash	-	91,864	-	-
Net change in time deposits with terms of three months	327,670	(76,782)	(21,792)	(3,213)
Placement/rollover of matured time deposits	(149,337)	(2,771,650)	(1,008,906)	(148,773)
Uplift of matured time deposits	171,182	2,540,391	1,006,381	148,401
Net change in other assets	(1,422)	(1,977)	(1,396)	(206)
Net cash used in investing activities	(96,187)	(278,289)	(104,409)	(15,395)
Cash flows from financing activities:				
Proceeds from employees exercising stock options	35,023	5,182	8,895	1,312
Net cash provided by financing activities	35,023	5,182	8,895	1,312
Effect of exchange rate changes on cash held in foreign currencies	6,686	(1,608)	(6,973)	(1,028)
Net increase in cash	489,902	401,815	641,782	94,637
Cash, beginning of the period	792,197	1,041,290	1,443,105	212,800
Cash, end of the period	1,282,099	1,443,105	2,084,887	307,437
Supplemental disclosures of cash flow information:				
Cash paid for income tax, net of tax refund	114,558	62,264	102,065	15,051
Supplemental schedule of non-cash investing and financing activities:				
Fixed asset purchases financed by accounts payable and accrued liabilities	33,394	39,625	129,863	19,150

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

NETEASE.COM, INC.
UNAUDITED SEGMENT INFORMATION
(RMB and USD in thousands)

	Quarter Ended			
	June 30, 2009 RMB	March 31, 2010 RMB	June 30, 2010 RMB	June 30, 2010 USD (Note 1)
Revenues:				
Online game services	781,482	1,085,322	1,180,787	174,119
Advertising services	72,802	91,548	145,948	21,521
Wireless value-added services and others	17,824	18,060	19,913	2,936
Total revenues	872,108	1,194,930	1,346,648	198,576
Business taxes:				
Online game services	(1,548)	(21,108)	(23,418)	(3,452)
Advertising services	(7,254)	(8,979)	(13,917)	(2,052)
Wireless value-added services and others	(217)	(355)	(318)	(47)
Total business taxes	(9,019)	(30,442)	(37,653)	(5,551)
Net revenues:				
Online game services	779,934	1,064,214	1,157,369	170,667
Advertising services	65,548	82,569	132,031	19,469
Wireless value-added services and others	17,607	17,705	19,595	2,889
Total net revenues	863,089	1,164,488	1,308,995	193,025
Cost of revenues:				
Online game services	(91,342)	(296,436)	(332,671)	(49,056)
Advertising services	(54,688)	(63,626)	(70,763)	(10,435)
Wireless value-added services and others	(25,180)	(23,726)	(27,179)	(4,007)
Total cost of revenues	(171,210)	(383,788)	(430,613)	(63,498)
Gross profit (loss):				
Online game services	688,592	767,778	824,698	121,611
Advertising services	10,860	18,943	61,268	9,034
Wireless value-added services and others	(7,573)	(6,021)	(7,584)	(1,118)
Total gross profit	691,879	780,700	878,382	129,527
Gross profit (loss) margin:				
Online game services	88.3%	72.1%	71.3%	71.3%
Advertising services	16.6%	22.9%	46.4%	46.4%
Wireless value-added services and others	(43.0%)	(34.0%)	(38.7%)	(38.7%)

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

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00 = RMB6.7815 on June 30, 2010 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 in RMB and USD (in thousands):

	Quarter Ended			
	June 30, 2009	March 31, 2010	June 30, 2010	June 30, 2010
	RMB	RMB	RMB	USD (Note 1)
Share-based compensation cost included in:				
Cost of revenue	2,485	1,670	13,549	1,998
Operating expenses				
- Selling and marketing expenses	679	320	2,723	402
- General and administrative expenses	2,804	1,823	8,326	1,228
- Research and development expenses	2,819	2,048	6,772	999