

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

	December 31, 2009	September 30, 2010	September 30, 2010
	RMB	RMB	USD (Note 1)
Assets			
Current assets:			
Cash	1,041,290	1,664,110	248,727
Time deposits	5,975,378	7,117,321	1,063,795
Restricted cash	123,864	32,000	4,783
Accounts receivable, net	187,340	188,714	28,206
Prepayments and other current assets	568,125	679,015	101,490
Deferred tax assets	76,565	87,146	13,025
Total current assets	<u>7,972,562</u>	<u>9,768,306</u>	<u>1,460,026</u>
Non-current assets:			
Property, equipment and software, net	557,756	692,174	103,456
Land use right, net	12,305	12,111	1,810
License right, net	212,847	161,829	24,188
Deferred tax assets	4,188	1,476	221
Other long-term assets	43,811	44,908	6,712
Total non-current assets	<u>830,907</u>	<u>912,498</u>	<u>136,387</u>
Total assets	<u><u>8,803,469</u></u>	<u><u>10,680,804</u></u>	<u><u>1,596,413</u></u>
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	238,435	95,612	14,291
Salary and welfare payables	129,493	93,526	13,979
Taxes payable	213,727	245,452	36,687
Deferred revenue	583,470	766,654	114,588
Accrued liabilities and other payables	212,800	461,482	68,975
Total current liabilities	<u>1,377,925</u>	<u>1,662,726</u>	<u>248,520</u>
Long-term payable:			
Other long-term payable	200	25,368	3,792
Total long-term payable	<u>200</u>	<u>25,368</u>	<u>3,792</u>
Total liabilities	1,378,125	1,688,094	252,312
Total NetEase.com, Inc.'s equity	7,438,778	9,018,030	1,347,886
Non-controlling interests	(13,434)	(25,320)	(3,785)
Total shareholders's equity	<u>7,425,344</u>	<u>8,992,710</u>	<u>1,344,101</u>
Total liabilities and shareholders' equity	<u><u>8,803,469</u></u>	<u><u>10,680,804</u></u>	<u><u>1,596,413</u></u>

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

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

	Quarter Ended			
	September 30, 2009 RMB	June 30, 2010 RMB	September 30, 2010 RMB	September 30, 2010 USD (Note 1)
Revenues:				
Online game services	775,142	1,180,787	1,255,922	187,717
Advertising services	86,049	145,948	162,012	24,215
Wireless value-added services and others	18,257	19,913	20,867	3,119
Total revenues	879,448	1,346,648	1,438,801	215,051
Business taxes	(11,422)	(37,653)	(38,354)	(5,732)
Total net revenues	868,026	1,308,995	1,400,447	209,319
Total cost of revenues	(241,004)	(430,613)	(441,271)	(65,955)
Gross profit	627,022	878,382	959,176	143,364
Operating expenses:				
Selling and marketing expenses	(102,695)	(123,654)	(237,429)	(35,488)
General and administrative expenses	(53,406)	(73,099)	(52,996)	(7,921)
Research and development expenses	(62,784)	(71,981)	(81,779)	(12,223)
Total operating expenses	(218,885)	(268,734)	(372,204)	(55,632)
Operating profit	408,137	609,648	586,972	87,732
Other income (expenses):				
Investment income	83	73	65	10
Interest income	29,775	32,795	36,248	5,418
Exchange gains (losses)	25,305	(67,836)	54,260	8,110
Other, net	(3,960)	(13,087)	(10,155)	(1,518)
Net income before tax	459,340	561,593	667,390	99,752
Income tax	(65,545)	(75,481)	(91,268)	(13,641)
Net income after tax	393,795	486,112	576,122	86,111
Net loss (income) attributable to non-controlling interests	34	(438)	9,195	1,374
Net income attributable to the NetEase.com, Inc.'s shareholders	393,829	485,674	585,317	87,485
Earnings per share, basic	0.12	0.15	0.18	0.03
Earnings per ADS, basic	3.04	3.74	4.50	0.67
Earnings per share, diluted	0.12	0.15	0.18	0.03
Earnings per ADS, diluted	3.02	3.73	4.48	0.67
Weighted average number of ordinary shares outstanding, basic	3,236,059	3,245,756	3,248,176	3,248,176
Weighted average number of ADS outstanding, basic	129,442	129,830	129,927	129,927
Weighted average number of ordinary shares outstanding, diluted	3,260,784	3,258,015	3,264,036	3,264,036
Weighted average number of ADS outstanding, diluted	130,431	130,321	130,561	130,561

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

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

	Quarter Ended			
	September 30, 2009 RMB	June 30, 2010 RMB	September 30, 2010 RMB	September 30, 2010 USD (Note 1)
Cash flows from operating activities:				
Net income	393,795	486,112	576,122	86,111
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	42,480	58,803	57,003	8,520
Share-based compensation cost	6,008	31,370	40,667	6,078
Allowance for (reversal of) provision for doubtful debts	4,149	6,587	(18,721)	(2,798)
Loss on disposal of property, equipment and software	446	426	2,867	429
Unrealized exchange losses/(gains)	(25,339)	72,049	(56,091)	(8,384)
Deferred income taxes	(10,737)	(48,787)	28,970	4,330
Net equity share of losses (gains) from associated companies	1,286	(1,225)	246	37
Others	13	-	-	-
Changes in operating assets and liabilities:				
Accounts receivable	11,950	(73,075)	9,588	1,433
Prepayments and other current assets	(248,662)	170,066	(303,527)	(45,367)
Accounts payable	(117,043)	16,505	11,352	1,697
Salary and welfare payables	(15,600)	21,175	(16,203)	(2,422)
Taxes payable	(8,468)	22,158	(1,232)	(184)
Deferred revenue	141,140	9,620	100,420	15,009
Accrued liabilities and other payables	94,547	(27,515)	101,182	15,123
Net cash provided by operating activities	<u>269,965</u>	<u>744,269</u>	<u>532,643</u>	<u>79,612</u>
Cash flows from investing activities:				
Purchase of property, equipment and software	(91,139)	(78,715)	(95,931)	(14,338)
Proceeds from sale of property, equipment and software	89	19	219	33
Investment in associated companies	(4,207)	-	-	-
Net change in time deposits with terms of three months	(95,919)	(21,792)	(727,576)	(108,748)
Placement/rollover of matured time deposits	(1,511,413)	(1,008,906)	(2,231,621)	(333,551)
Uplift of matured time deposits	1,494,799	1,006,381	2,097,921	313,567
Net change in other assets	(824)	(1,396)	(4,099)	(613)
Net cash used in investing activities	<u>(208,614)</u>	<u>(104,409)</u>	<u>(961,087)</u>	<u>(143,650)</u>
Cash flows from financing activities:				
Capital contribution from non-controlling interests	3	-	-	-
Proceeds from employees exercising stock options	1	8,895	10,047	1,502
Net cash provided by financing activities	<u>4</u>	<u>8,895</u>	<u>10,047</u>	<u>1,502</u>
Effect of exchange rate changes on cash held in foreign currencies	12,851	(6,973)	(2,380)	(356)
Net increase (decrease) in cash	74,206	641,782	(420,777)	(62,892)
Cash, beginning of the period	<u>1,282,099</u>	<u>1,443,105</u>	<u>2,084,887</u>	<u>311,619</u>
Cash, end of the period	<u><u>1,356,305</u></u>	<u><u>2,084,887</u></u>	<u><u>1,664,110</u></u>	<u><u>248,727</u></u>
Supplemental disclosures of cash flow information:				
Cash paid for income tax, net of tax refund	54,590	102,065	56,534	8,450
Supplemental schedule of non-cash investing and financing activities:				
Fixed asset purchases financed by accounts payable and accrued liabilities	36,812	129,863	105,574	15,780

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

NETEASE.COM, INC.

UNAUDITED SEGMENT INFORMATION

(in thousands)

	Quarter Ended			
	September 30,	June 30,	September 30,	September 30,
	2009	2010	2010	2010
	RMB	RMB	RMB	USD (Note 1)
Revenues:				
Online game services	775,142	1,180,787	1,255,922	187,717
Advertising services	86,049	145,948	162,012	24,215
Wireless value-added services and others	18,257	19,913	20,867	3,119
Total revenues	879,448	1,346,648	1,438,801	215,051
Business taxes:				
Online game services	(3,287)	(23,418)	(22,639)	(3,383)
Advertising services	(7,886)	(13,917)	(15,326)	(2,291)
Wireless value-added services and others	(249)	(318)	(389)	(58)
Total business taxes	(11,422)	(37,653)	(38,354)	(5,732)
Net revenues:				
Online game services	771,854	1,157,369	1,233,283	184,334
Advertising services	78,163	132,031	146,686	21,924
Wireless value-added services and others	18,009	19,595	20,478	3,061
Total net revenues	868,026	1,308,995	1,400,447	209,319
Cost of revenues:				
Online game services	(154,810)	(332,671)	(345,209)	(51,597)
Advertising services	(60,089)	(70,763)	(67,129)	(10,033)
Wireless value-added services and others	(26,105)	(27,179)	(28,933)	(4,325)
Total cost of revenues	(241,004)	(430,613)	(441,271)	(65,955)
Gross profit (loss):				
Online game services	617,044	824,698	888,074	132,737
Advertising services	18,074	61,268	79,557	11,891
Wireless value-added services and others	(8,096)	(7,584)	(8,455)	(1,264)
Total gross profit	627,022	878,382	959,176	143,364
Gross profit (loss) margin:				
Online game services	79.9%	71.3%	72.0%	72.0%
Advertising services	23.1%	46.4%	54.2%	54.2%
Wireless value-added services and others	(45.0%)	(38.7%)	(41.3%)	(41.3%)

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 = RMB6.6905 on September 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 shown as follows (in thousands):

	Quarter Ended			
	September 30, 2009	June 30, 2010	September 30, 2010	September 30, 2010
	RMB	RMB	RMB	USD (Note 1)
Share-based compensation cost included in:				
Cost of revenue	1,853	13,549	14,044	2,099
Operating expenses				
- Selling and marketing expenses	350	2,723	3,210	480
- General and administrative expenses	1,640	8,326	13,515	2,020
- Research and development expenses	2,165	6,772	9,898	1,479