

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

	<b>December 31,</b> <b>2010</b>	<b>March 31,</b> <b>2011</b>	<b>March 31,</b> <b>2011</b>
	RMB	RMB	USD (Note 1)
<b>Assets</b>			
Current assets:			
Cash	1,285,137	1,669,597	254,966
Time deposits	8,193,972	8,689,695	1,327,015
Restricted cash	140,599	140,761	21,496
Accounts receivable, net	256,335	181,098	27,656
Prepayments and other current assets	678,793	719,845	109,929
Deferred tax assets	72,059	80,268	12,258
Total current assets	<u>10,626,895</u>	<u>11,481,264</u>	<u>1,753,320</u>
Non-current assets:			
Property, equipment and software, net	755,778	765,933	116,967
Land use right, net	12,046	11,982	1,830
License right, net	144,637	127,817	19,519
Deferred tax assets	1,530	2,504	382
Other long-term assets	45,776	52,274	7,983
Total non-current assets	<u>959,767</u>	<u>960,510</u>	<u>146,681</u>
Total assets	<u><u>11,586,662</u></u>	<u><u>12,441,774</u></u>	<u><u>1,900,001</u></u>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Accounts payable	130,558	107,854	16,471
Salary and welfare payables	181,973	117,039	17,873
Taxes payable	289,332	294,399	44,958
Deferred revenue	773,952	865,059	132,104
Accrued liabilities and other payables	452,412	490,300	74,874
Total current liabilities	<u>1,828,227</u>	<u>1,874,651</u>	<u>286,280</u>
Long-term payable:			
Other long-term payable	33,342	27,671	4,226
Deferred tax liabilities	1,455	2,237	342
Total long-term payable	<u>34,797</u>	<u>29,908</u>	<u>4,568</u>
Total liabilities	1,863,024	1,904,559	290,848
Total NetEase.com, Inc.'s equity	9,740,811	10,557,202	1,612,205
Non-controlling interests	(17,173)	(19,987)	(3,052)
Total shareholders' equity	<u>9,723,638</u>	<u>10,537,215</u>	<u>1,609,153</u>
Total liabilities and shareholders' equity	<u><u>11,586,662</u></u>	<u><u>12,441,774</u></u>	<u><u>1,900,001</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			
	March 31, 2010 RMB (Revised, Note 3)	December 31, 2010 RMB	March 31, 2011 RMB	March 31, 2011 USD (Note 1)
<b>Revenues:</b>				
Online game services	1,085,322	1,422,408	1,385,643	211,603
Advertising services	91,548	233,701	126,828	19,368
Wireless value-added services and others	18,060	23,301	25,680	3,922
<b>Total revenues</b>	<b>1,194,930</b>	<b>1,679,410</b>	<b>1,538,151</b>	<b>234,893</b>
Business taxes	(30,442)	(45,671)	(38,200)	(5,834)
<b>Total net revenues</b>	<b>1,164,488</b>	<b>1,633,739</b>	<b>1,499,951</b>	<b>229,059</b>
<b>Total cost of revenues</b>	<b>(392,040)</b>	<b>(520,325)</b>	<b>(514,990)</b>	<b>(78,645)</b>
<b>Gross profit</b>	<b>772,448</b>	<b>1,113,414</b>	<b>984,961</b>	<b>150,414</b>
<b>Operating expenses:</b>				
Selling and marketing expenses	(107,678)	(180,789)	(130,345)	(19,905)
General and administrative expenses	(39,191)	(53,805)	(63,332)	(9,672)
Research and development expenses	(70,566)	(86,151)	(98,306)	(15,012)
Total operating expenses	(217,435)	(320,745)	(291,983)	(44,589)
<b>Operating profit</b>	<b>555,013</b>	<b>792,669</b>	<b>692,978</b>	<b>105,825</b>
Other income (expenses):				
Investment income	76	76	82	13
Interest income	30,785	41,173	51,363	7,844
Exchange gains (losses)	(39,480)	(36,432)	25,274	3,860
Other, net	(2,750)	6,358	2,084	318
<b>Net income before tax</b>	<b>543,644</b>	<b>803,844</b>	<b>771,781</b>	<b>117,860</b>
Income tax	(94,515)	(83,182)	(37,208)	(5,682)
<b>Net income after tax</b>	<b>449,129</b>	<b>720,662</b>	<b>734,573</b>	<b>112,178</b>
Net loss (income) attributable to non-controlling interests	3,129	(8,139)	2,814	430
<b>Net income attributable to the NetEase.com, Inc.'s shareholders</b>	<b>452,258</b>	<b>712,523</b>	<b>737,387</b>	<b>112,608</b>
Earnings per share, basic	0.14	0.22	0.23	0.04
Earnings per ADS, basic	3.49	5.48	5.66	0.86
Earnings per share, diluted	0.14	0.22	0.23	0.04
Earnings per ADS, diluted	3.47	5.45	5.63	0.86
Weighted average number of ordinary shares outstanding, basic	3,239,858	3,251,764	3,255,764	3,255,764
Weighted average number of ADS outstanding, basic	129,594	130,071	130,231	130,231
Weighted average number of ordinary shares outstanding, diluted	3,259,490	3,265,856	3,273,909	3,273,909
Weighted average number of ADS outstanding, diluted	130,380	130,634	130,956	130,956

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NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Quarter Ended			
	March 31,	December 31,	March 31,	March 31,
	2010	2010	2011	2011
	RMB	RMB	RMB	USD (Note 1)
<b>Cash flows from operating activities:</b>				
Net income	449,129	720,662	734,573	112,178
Adjustments to reconcile net profit to net cash provided by operating activities:				
Depreciation and amortization	58,839	57,526	65,706	10,034
Share-based compensation cost	5,861	24,508	38,238	5,839
Allowance for (reversal of) provision for doubtful debts	(9,361)	1,466	(1,366)	(209)
Loss on disposal of property, equipment and software	10,538	154	4	1
Unrealized exchange losses/(gains)	50,301	33,960	(31,077)	(4,746)
Deferred income taxes	11,949	16,487	(8,401)	(1,283)
Net equity share of losses (gains) from associated companies	132	(246)	330	50
Others	-	-	(162)	(25)
Changes in operating assets and liabilities:				
Accounts receivable	48,843	(75,353)	75,613	11,547
Prepayments and other current assets	110,172	26,335	54,987	8,397
Accounts payable	(104,933)	39,519	(18,560)	(2,834)
Salary and welfare payables	(40,940)	88,448	(64,934)	(9,916)
Taxes payable	(20,875)	12,541	(30,719)	(4,691)
Deferred revenue	73,145	7,297	91,107	13,913
Accrued liabilities and other payables	33,730	(51,794)	63,976	9,770
Net cash provided by operating activities	<u>676,530</u>	<u>901,510</u>	<u>969,315</u>	<u>148,025</u>
<b>Cash flows from investing activities:</b>				
Purchase of property, equipment and software	(60,135)	(63,199)	(141,157)	(21,556)
Proceeds from sale of property, equipment and software	-	121	1	-
Transfer from/(to) restricted cash	91,864	(108,600)	-	-
Net change in time deposits with terms of three months	(76,782)	487,580	231,682	35,380
Placement/rollover of matured time deposits	(2,771,650)	(4,390,645)	(2,863,899)	(437,350)
Uplift of matured time deposits	2,540,391	2,799,112	2,157,008	329,400
Net change in other assets	(1,977)	(1,746)	(5,844)	(892)
Net cash used in investing activities	<u>(278,289)</u>	<u>(1,277,377)</u>	<u>(622,209)</u>	<u>(95,018)</u>
<b>Cash flows from financing activities:</b>				
Capital contribution from non-controlling interests	-	16	-	-
Proceeds from employees exercising stock options	5,182	1	30,252	4,620
Payment of other long-term payable	-	-	(10)	(2)
Net cash provided by financing activities	<u>5,182</u>	<u>17</u>	<u>30,242</u>	<u>4,618</u>
Effect of exchange rate changes on cash held in foreign currencies	(1,608)	(3,123)	7,112	1,086
Net increase in cash	401,815	(378,973)	384,460	58,711
<b>Cash, beginning of the period</b>	<u>1,041,290</u>	<u>1,664,110</u>	<u>1,285,137</u>	<u>196,255</u>
Cash, end of the period	<u><u>1,443,105</u></u>	<u><u>1,285,137</u></u>	<u><u>1,669,597</u></u>	<u><u>254,966</u></u>
<b>Supplemental disclosures of cash flow information:</b>				
Cash paid for income tax, net of tax refund	62,264	31,177	91,682	14,001
<b>Supplemental schedule of non-cash investing and</b>				
Fixed asset purchases financed by accounts payable	39,625	146,523	64,347	9,827

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

	Quarter Ended			
	March 31, 2010 RMB (Revised, Note 3)	December 31, 2010 RMB	March 31, 2011 RMB	March 31, 2011 USD (Note 1)
<b>Revenues:</b>				
Online game services	1,085,322	1,422,408	1,385,643	211,603
Advertising services	91,548	233,701	126,828	19,368
Wireless value-added services and others	18,060	23,301	25,680	3,922
Total revenues	<u>1,194,930</u>	<u>1,679,410</u>	<u>1,538,151</u>	<u>234,893</u>
<b>Business taxes:</b>				
Online game services	(21,108)	(22,772)	(25,392)	(3,878)
Advertising services	(8,979)	(22,329)	(12,198)	(1,863)
Wireless value-added services and others	(355)	(570)	(610)	(93)
Total business taxes	<u>(30,442)</u>	<u>(45,671)</u>	<u>(38,200)</u>	<u>(5,834)</u>
<b>Net revenues:</b>				
Online game services	1,064,214	1,399,636	1,360,251	207,725
Advertising services	82,569	211,372	114,630	17,505
Wireless value-added services and others	17,705	22,731	25,070	3,829
Total net revenues	<u>1,164,488</u>	<u>1,633,739</u>	<u>1,499,951</u>	<u>229,059</u>
<b>Cost of revenues:</b>				
Online game services	(299,337)	(394,764)	(408,201)	(62,337)
Advertising services	(68,637)	(98,354)	(76,316)	(11,654)
Wireless value-added services and others	(24,066)	(27,207)	(30,473)	(4,654)
Total cost of revenues	<u>(392,040)</u>	<u>(520,325)</u>	<u>(514,990)</u>	<u>(78,645)</u>
<b>Gross profit (loss):</b>				
Online game services	764,877	1,004,872	952,050	145,388
Advertising services	13,932	113,018	38,314	5,851
Wireless value-added services and others	(6,361)	(4,476)	(5,403)	(825)
Total gross profit	<u>772,448</u>	<u>1,113,414</u>	<u>984,961</u>	<u>150,414</u>
<b>Gross profit (loss) margin:</b>				
Online game services	71.9%	71.8%	70.0%	70.0%
Advertising services	16.9%	53.5%	33.4%	33.4%
Wireless value-added services and others	(35.9%)	(19.7%)	(21.6%)	(21.6%)

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 = RMB6.5483 on March 31, 2011 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 thousands):

	Quarter Ended			
	March 31, 2010 RMB	December 31, 2010 RMB	March 31, 2011 RMB	March 31, 2011 USD (Note 1)
Share-based compensation cost included in:				
Cost of revenue	1,670	8,081	13,602	2,077
Operating expenses				
- Selling and marketing expenses	320	1,869	3,255	497
- General and administrative expenses	1,823	7,915	11,237	1,716
- Research and development expenses	2,048	6,643	10,144	1,549

Note 3: In the fourth quarter of 2010, management of the Company decided to allocate facility costs comprising of office and staff quarter rentals and management fees, building amortization and miscellaneous utility costs previously recorded under general and administration to the respective functions based on headcount under cost of revenue, selling and marketing, research and development and general and administration. The change was implemented to better reflect staff-related operating cost. Reclassifications have been made to cost of revenue and operating expense amounts in the condensed consolidated statements of operations and segment information for the relevant prior period in order to conform to the current period's presentation. There is no change to the condensed consolidated balance sheets and the condensed consolidated statements of cash flows.