

NETEASE.COM, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2001 RMB (Audited)	June 30, 2002 RMB (Unaudited)	June 30, 2002 USD (Note 1) (Unaudited)
Assets			
Current assets:			
Cash	479,608,534	526,641,615	63,626,344
Restricted cash	90,308,448	1,195,900	144,483
Temporary cash investments	45,521,300	-	-
Prepayments and other current assets	9,136,362	6,956,431	840,443
Due from related parties, net	2,290,204	14,801,843	1,788,289
Total current assets	626,864,848	549,595,789	66,399,559
Non-current rental deposit	1,087,487	-	-
Investment in convertible preference shares	9,701,293	-	-
Property, equipment and software, net	36,356,088	32,424,196	3,917,338
Deferred assets	783,352	-	-
Total assets	674,793,068	582,019,985	70,316,897
Liabilities & Shareholders' Equity			
Current liabilities:			
Short-term bank loans	84,000,000	-	-
Accounts payable	13,116,442	15,060,843	1,819,581
Salary and welfare payable	9,936,211	14,281,440	1,725,416
Taxes payable	1,772,931	3,376,603	407,945
Deferred revenue	-	354,461	42,824
Accrued liabilities	10,937,950	7,492,128	905,163
Total current liabilities	119,763,534	40,565,475	4,900,929
Shareholders' equity:			
Ordinary shares, US\$0.0001 par value: 1,000,000,000,000 shares authorized, 3,024,175,192 shares issued and outstanding as of December 31, 2001, and 3,042,906,351 shares issued and outstanding as of June 30, 2002	2,503,626	2,518,744	304,303
Additional paid-in capital	1,044,889,829	1,045,760,339	126,343,809
Less: Subscriptions receivable	(35,100,568)	(33,113,848)	(4,000,658)
Deferred compensation	(3,344,574)	(2,038,232)	(246,250)
Translation adjustments	217,327	218,991	26,457
Accumulated deficit	(454,136,106)	(471,891,484)	(57,011,693)
Total shareholders' equity	555,029,534	541,454,510	65,415,968
Total liabilities and shareholders' equity	674,793,068	582,019,985	70,316,897

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00=RMB8.2771 on June 30, 2002 in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

NETEASE.COM, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended			
	June 30, 2001	March 31, 2002	June 30, 2002	June 30, 2002
	RMB (Unaudited)	RMB (Unaudited)	RMB (Unaudited)	USD (Note 1) (Unaudited)
Revenues:				
Advertising services	3,458,315	3,946,530	8,029,230	970,054
E-commerce and other services	2,025,123	19,968,083	30,337,297	3,665,208
Software licensing and related integration projects	-	39,385	118,154	14,275
Total revenues	<u>5,483,438</u>	<u>23,953,998</u>	<u>38,484,681</u>	<u>4,649,537</u>
Sales and value-added taxes	<u>(529,796)</u>	<u>(1,197,700)</u>	<u>(1,924,880)</u>	<u>(232,555)</u>
Net revenues	<u>4,953,642</u>	<u>22,756,298</u>	<u>36,559,801</u>	<u>4,416,982</u>
Cost of revenues:				
Advertising, e-commerce and other services	(16,888,961)	(14,894,747)	(14,107,720)	(1,704,428)
Share compensation cost	-	(477,032)	(477,032)	(57,633)
Total cost of revenues	<u>(16,888,961)</u>	<u>(15,371,779)</u>	<u>(14,584,752)</u>	<u>(1,762,061)</u>
(Loss on revenues) Gross profit	<u>(11,935,319)</u>	<u>7,384,519</u>	<u>21,975,049</u>	<u>2,654,921</u>
Operating expenses:				
Selling, general and administrative expenses	(61,063,073)	(22,202,753)	(21,962,075)	(2,653,354)
Asset impairment loss	-	-	(746,857)	(90,232)
Research and development expenses	(2,553,281)	(3,565,372)	(3,884,600)	(469,319)
Share compensation cost	2,669,412	(645,657)	(597,764)	(72,219)
Total operating expenses	<u>(60,946,942)</u>	<u>(26,413,782)</u>	<u>(27,191,296)</u>	<u>(3,285,124)</u>
Operating loss	<u>(72,882,261)</u>	<u>(19,029,263)</u>	<u>(5,216,247)</u>	<u>(630,203)</u>
Other income (expenses):				
Interest income	4,168,617	1,949,086	2,281,729	275,668
Interest expense	(2,319,348)	(996,735)	(212,382)	(25,659)
Other, net	4,950	283,199	3,185,235	384,825
(Loss) Profit before tax	<u>(71,028,042)</u>	<u>(17,793,713)</u>	<u>38,335</u>	<u>4,631</u>
Provision for income tax	-	-	-	-
Net (Loss) Profit	<u>(71,028,042)</u>	<u>(17,793,713)</u>	<u>38,335</u>	<u>4,631</u>
(Net loss) Earnings per share, basic and diluted	<u>(0.02)</u>	<u>(0.01)</u>	<u>0.01</u>	<u>0.01</u>
(Net loss) Earnings per ADS, basic and diluted	<u>(2.36)</u>	<u>(0.59)</u>	<u>0.01</u>	<u>0.01</u>
Weighted average number of ordinary shares outstanding	<u>3,010,575,500</u>	<u>3,024,318,700</u>	<u>3,038,264,700</u>	<u>3,038,264,700</u>
Weighted average number of ADS outstanding	<u>30,105,755</u>	<u>30,243,187</u>	<u>30,382,647</u>	<u>30,382,647</u>

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