

NETEASE.COM, INC.

UNAUDITED CONSOLIDATED BALANCE SHEETS

	December 31, 2001	December 31, 2002	December 31, 2002
	RMB	RMB	USD (Note 1)
Assets			
Current assets:			
Cash	479,608,534	560,069,711	67,641,269
Restricted cash	90,308,448	1,208,305	145,931
Temporary cash investments	45,521,300	-	-
Prepayments and other current assets	9,136,362	6,110,689	738,006
Due from related parties, net	2,290,204	22,448,509	2,711,173
	<u>626,864,848</u>	<u>589,837,214</u>	<u>71,236,379</u>
Total current assets			
Non-current rental deposit	1,087,487	1,065,912	128,733
Investment in convertible preference shares	9,701,293	-	-
Property, equipment and software, net	36,356,088	26,379,182	3,185,892
Deferred assets	783,352	-	-
Deferred tax assets	-	2,395,888	289,358
	<u>674,793,068</u>	<u>619,678,196</u>	<u>74,840,362</u>
Total assets			
Liabilities & Shareholders' Equity			
Current liabilities:			
Short-term bank loans	84,000,000	-	-
Accounts payable	13,116,442	3,814,614	460,702
Salary and welfare payable	9,936,211	16,023,380	1,935,191
Taxes payable	1,772,931	8,252,950	996,733
Deferred revenue	-	165,115	19,941
Accrued liabilities	10,937,950	10,398,385	1,255,844
	<u>119,763,534</u>	<u>38,654,444</u>	<u>4,668,411</u>
Total current liabilities			
Commitments and contingencies			
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 3,100,162,537 shares issued and			
outstanding as of December 31, 2002	2,503,626	2,566,543	309,969
Additional paid-in capital	1,044,889,829	1,049,651,354	126,769,488
Less: Subscriptions receivable	(35,100,568)	(33,113,848)	(3,999,257)
Deferred compensation	(3,344,574)	(474,739)	(57,336)
Translation adjustments	217,327	228,910	27,646
Accumulated deficit	(454,136,106)	(437,834,468)	(52,878,559)
	<u>555,029,534</u>	<u>581,023,752</u>	<u>70,171,951</u>
Total shareholders' equity			
Total liabilities and shareholders' equity	<u>674,793,068</u>	<u>619,678,196</u>	<u>74,840,362</u>

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00=RMB8.2800 on December 31, 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.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended				Year Ended		
	December 31, 2001	September 30, 2002	December 31, 2002	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2002
	RMB	RMB	RMB	USD (Note 1)	RMB	RMB	USD (Note 1)
Revenues:							
Advertising services	3,069,350	9,779,126	12,454,490	1,504,165	14,163,952	34,209,376	4,131,567
E-commerce and other services	7,505,584	63,999,662	83,052,025	10,030,438	14,103,151	197,357,067	23,835,395
Software licensing and related integration projects	-	618,138	226,348	27,337	33,218	1,002,025	121,018
Total revenues	10,574,934	74,396,926	95,732,863	11,561,940	28,300,321	232,568,468	28,087,980
Sales and value-added taxes	(624,998)	(3,694,693)	(4,809,943)	(580,911)	(2,274,784)	(11,627,216)	(1,404,253)
Net revenues	9,949,936	70,702,233	90,922,920	10,981,029	26,025,537	220,941,252	26,683,727
Cost of revenues:							
Advertising, e-commerce and other services	(14,289,494)	(19,940,627)	(20,826,355)	(2,515,260)	(60,058,488)	(69,769,449)	(8,426,262)
Share compensation cost	-	(477,032)	(477,029)	(57,612)	-	(1,908,125)	(230,450)
Total cost of revenues	(14,289,494)	(20,417,659)	(21,303,384)	(2,572,872)	(60,058,488)	(71,677,574)	(8,656,712)
Gross profit (Loss on revenues)	(4,339,558)	50,284,574	69,619,536	8,408,157	(34,032,951)	149,263,678	18,027,015
Operating expenses:							
Selling, general and administrative expenses	(29,505,098)	(21,903,299)	(26,717,117)	(3,226,705)	(181,560,624)	(92,785,244)	(11,205,948)
Asset impairment loss	(2,766,543)	-	-	-	(2,766,543)	(746,857)	(90,200)
Research and development expenses	(3,065,057)	(2,714,442)	(3,643,946)	(440,090)	(11,169,454)	(13,808,360)	(1,667,676)
Share compensation cost	(784,486)	(358,700)	(296,612)	(35,823)	(2,357,758)	(1,898,733)	(229,316)
Class action settlement	-	(36,005,385)	-	-	-	(36,005,385)	(4,348,476)
Total operating expenses	(36,121,184)	(60,981,826)	(30,657,675)	(3,702,618)	(197,854,379)	(145,244,579)	(17,541,616)
Operating profit (loss)	(40,460,742)	(10,697,252)	38,961,861	4,705,539	(231,887,330)	4,019,099	485,399
Other income (expenses):							
Investments impairment loss	-	-	-	-	(8,924,381)	-	-
Interest income	1,707,710	1,719,807	1,611,700	194,650	17,571,187	7,562,322	913,324
Interest expense	(2,499,021)	(191,924)	-	-	(9,882,874)	(1,401,041)	(169,208)
Other, net	(44,664)	145,506	111,430	13,458	(40,516)	3,725,370	449,924
Profit (loss) before tax	(41,296,717)	(9,023,863)	40,684,991	4,913,647	(233,163,914)	13,905,750	1,679,439
Income tax-deferred tax credit	-	-	2,395,888	289,358	-	2,395,888	289,358
Net profit (loss)	(41,296,717)	(9,023,863)	43,080,879	5,203,005	(233,163,914)	16,301,638	1,968,797
Earnings (Net loss) per share, basic	(0.01)	(0.01)	0.01	0.01	(0.08)	0.01	0.01
Earnings (Net loss) per ADS, basic	(1.37)	(0.30)	1.39	0.17	(7.74)	0.53	0.06
Earnings (Net loss) per share, diluted	(0.01)	(0.01)	0.01	0.01	(0.08)	0.01	0.01
Earnings (Net loss) per ADS, diluted	(1.37)	(0.30)	1.35	0.16	(7.74)	0.52	0.06
Weighted average number of ordinary shares outstanding, basic	3,020,320,600	3,046,595,200	3,091,650,900	3,091,650,900	3,013,419,400	3,051,395,100	3,051,395,100
Weighted average number of ADS Outstanding, basic	30,203,206	30,465,952	30,916,509	30,916,509	30,134,194	30,513,951	30,513,951
Weighted average number of ordinary shares outstanding, diluted	3,020,320,600	3,046,595,200	3,185,313,400	3,185,313,400	3,013,419,400	3,127,837,900	3,127,837,900
Weighted average number of ADS Outstanding, diluted	30,203,206	30,465,952	31,853,134	31,853,134	30,134,194	31,278,379	31,278,379

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