

NETEASE.COM, INC.

UNAUDITED CONSOLIDATED BALANCE SHEETS

	December 31, 2002	March 31, 2003	March 31, 2003
	RMB	RMB	USD (Note 1)
Assets			
Current assets:			
Cash	560,069,711	638,087,620	77,087,929
Restricted cash	1,208,305	1,212,761	146,515
Prepayments and other current assets	6,110,689	9,381,194	1,133,350
Due from related parties, net	<u>22,448,509</u>	<u>14,289,740</u>	<u>1,726,356</u>
Total current assets	589,837,214	662,971,315	80,094,150
Non-current rental deposit	1,065,912	1,107,201	133,762
Property, equipment and software, net	26,379,182	27,063,932	3,269,617
Deferred tax assets	<u>2,395,888</u>	<u>5,500,000</u>	<u>664,460</u>
Total assets	<u>619,678,196</u>	<u>696,642,448</u>	<u>84,161,989</u>
Liabilities & Shareholders' Equity			
Current liabilities:			
Accounts payable	3,814,614	3,814,600	460,845
Salary and welfare payable	16,023,380	14,968,043	1,808,302
Taxes payable	8,252,950	13,345,476	1,612,279
Deferred revenue	165,115	8,250	997
Accrued liabilities	<u>10,398,385</u>	<u>12,741,118</u>	<u>1,539,266</u>
Total current liabilities	<u>38,654,444</u>	<u>44,877,487</u>	<u>5,421,689</u>
Shareholders' equity:			
Ordinary shares, US\$0.0001 par value:			
1,000,000,000,000 shares authorized,			
3,100,162,537 shares issued and			
outstanding as of December 31, 2002,			
and 3,117,037,889 shares issued and			
outstanding as of March 31, 2003	2,566,543	2,580,108	311,705
Additional paid-in capital	1,049,651,354	1,051,231,308	127,000,182
Less: Subscriptions receivable	(33,113,848)	(33,113,848)	(4,000,513)
Deferred compensation	(474,739)	(224,479)	(27,120)
Translation adjustments	228,910	210,839	25,472
Accumulated deficit	<u>(437,834,468)</u>	<u>(368,918,967)</u>	<u>(44,569,426)</u>
Total shareholders' equity	<u>581,023,752</u>	<u>651,764,961</u>	<u>78,740,300</u>
Total liabilities and shareholders' equity	<u>619,678,196</u>	<u>696,642,448</u>	<u>84,161,989</u>

Note 1: The conversion of Renminbi (RMB) into United States dollars (USD) is based on the noon buying rate of USD1.00=RMB8.2774 on March 31, 2003 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			
	March 31, 2002	December 31, 2002	March 31, 2003	March 31, 2003
	RMB	RMB	RMB	USD (Note 1)
Revenues:				
Advertising services	3,946,530	12,454,490	11,997,296	1,449,404
E-commerce and other services	19,968,083	83,052,025	105,775,901	12,778,880
Software licensing and related integration projects	39,385	226,348	156,865	18,951
Total revenues	23,953,998	95,732,863	117,930,062	14,247,235
Sales and value-added taxes	(1,197,700)	(4,809,943)	(5,896,988)	(712,420)
Net revenues	22,756,298	90,922,920	112,033,074	13,534,815
Cost of revenues:				
Advertising, e-commerce and other services	(14,894,747)	(20,826,355)	(20,216,951)	(2,442,428)
Share compensation cost	(477,032)	(477,029)	-	-
Total cost of revenues	(15,371,779)	(21,303,384)	(20,216,951)	(2,442,428)
Gross profit	7,384,519	69,619,536	91,816,123	11,092,387
Operating expenses:				
Selling, general and administrative expenses	(22,202,753)	(26,717,117)	(23,844,491)	(2,880,674)
Research and development expenses	(3,565,372)	(3,643,946)	(4,159,767)	(502,545)
Share compensation cost	(645,657)	(296,612)	(250,260)	(30,234)
Total operating expenses	(26,413,782)	(30,657,675)	(28,254,518)	(3,413,453)
Operating profit (loss)	(19,029,263)	38,961,861	63,561,605	7,678,934
Other income (expenses):				
Interest income	1,949,086	1,611,700	1,738,018	209,971
Interest expense	(996,735)	-	-	-
Other, net	283,199	111,430	5,518,548	666,701
Profit (loss) before tax	(17,793,713)	40,684,991	70,818,171	8,555,606
Income tax (charge) credit	-	2,395,888	(1,902,670)	(229,863)
Net profit (loss)	(17,793,713)	43,080,879	68,915,501	8,325,743
Earnings (Net loss) per share, basic	(0.01)	0.01	0.02	0.01
Earnings (Net loss) per ADS, basic	(0.59)	1.39	2.22	0.27
Earnings (Net loss) per share, diluted	(0.01)	0.01	0.02	0.01
Earnings (Net loss) per ADS, diluted	(0.59)	1.35	2.15	0.26
Weighted average number of ordinary shares outstanding, basic	3,024,318,700	3,091,650,900	3,102,842,755	3,102,842,755
Weighted average number of ADS outstanding, basic	30,243,187	30,916,509	31,028,428	31,028,428
Weighted average number of ordinary shares outstanding, diluted	3,024,318,700	3,185,313,400	3,207,939,611	3,207,939,611
Weighted average number of ADS outstanding, diluted	30,243,187	31,853,134	32,079,396	32,079,396

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