

NETEASE.COM, INC.  
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	<b>December 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2008</b>
	RMB	RMB	USD (Note 1)
<b>Assets</b>			
Current assets:			
Cash	2,482,820,821	2,261,464,362	322,513,457
Time deposits	1,675,813,944	2,224,789,352	317,283,136
Accounts receivable, net	166,727,514	114,357,426	16,308,817
Prepayments and other current assets	45,143,728	48,883,807	6,971,450
Deferred tax assets	65,787,113	72,683,739	10,365,622
Total current assets	<u>4,436,293,120</u>	<u>4,722,178,686</u>	<u>673,442,482</u>
Non-current assets:			
Non-current rental deposits	3,033,171	3,443,049	491,022
Property, equipment and software, net	183,471,666	178,745,154	25,491,323
Prepayment for land use right, net	26,956,800	27,732,137	3,954,954
Deferred tax assets	19,060,225	19,145,138	2,730,339
Other long-term assets	16,844,399	17,612,114	2,511,710
Total non-current assets	<u>249,366,261</u>	<u>246,677,592</u>	<u>35,179,348</u>
Total assets	<u>4,685,659,381</u>	<u>4,968,856,278</u>	<u>708,621,830</u>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Zero-coupon convertible subordinated notes due July 15, 2023	641,778,908	616,915,760	87,980,000
Accounts payable	89,143,868	87,189,714	12,434,357
Salary and welfare payables	68,653,742	51,310,397	7,317,512
Taxes payable	92,438,670	161,111,117	22,976,486
Deferred revenue	354,966,697	395,545,895	56,409,854
Accrued liabilities	29,844,067	34,840,184	4,968,651
Total current liabilities	<u>1,276,825,952</u>	<u>1,346,913,067</u>	<u>192,086,860</u>
Long-term payable:			
Other long-term payable	10,200,000	10,200,000	1,454,649
Total long-term payable	<u>10,200,000</u>	<u>10,200,000</u>	<u>1,454,649</u>
Total liabilities	1,287,025,952	1,357,113,067	193,541,509
Shareholders' equity	3,398,425,631	3,611,538,924	515,051,187
Minority interests	207,798	204,287	29,134
Total liabilities and shareholders' equity	<u>4,685,659,381</u>	<u>4,968,856,278</u>	<u>708,621,830</u>

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

NETEASE.COM, INC.  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Quarter Ended			
	March 31,	December 31,	March 31,	March 31,
	2007	2007	2008	2008
	RMB	RMB	RMB	USD (Note 1)
<b>Revenues:</b>				
Online game services	481,865,952	506,968,240	555,859,907	79,272,662
Advertising services	56,195,605	98,055,630	77,144,002	11,001,712
Wireless value-added services and others	16,550,555	17,026,320	18,919,553	2,698,168
Total revenues	554,612,112	622,050,190	651,923,462	92,972,542
Business taxes	(21,316,231)	(25,761,100)	(7,469,810)	(1,065,290)
<b>Total net revenues</b>	<b>533,295,881</b>	<b>596,289,090</b>	<b>644,453,652</b>	<b>91,907,252</b>
<b>Total cost of revenues</b>	<b>(103,204,518)</b>	<b>(108,270,695)</b>	<b>(112,495,076)</b>	<b>(16,043,222)</b>
<b>Gross profit</b>	<b>430,091,363</b>	<b>488,018,395</b>	<b>531,958,576</b>	<b>75,864,030</b>
<b>Operating expenses:</b>				
Selling and marketing expenses	(43,089,175)	(59,767,163)	(38,246,993)	(5,454,506)
General and administrative expenses	(35,181,129)	(44,341,316)	(43,143,442)	(6,152,801)
Research and development expenses	(39,384,969)	(48,724,456)	(46,184,577)	(6,586,506)
Total operating expenses	(117,655,273)	(152,832,935)	(127,575,012)	(18,193,813)
<b>Operating profit</b>	<b>312,436,090</b>	<b>335,185,460</b>	<b>404,383,564</b>	<b>57,670,217</b>
Other income (expenses):				
Investment income	126,279	114,007	101,650	14,497
Interest income	23,262,363	31,733,301	30,873,332	4,402,928
Other, net	(732,222)	(30,144,109)	(51,178,963)	(7,298,768)
<b>Profit before tax</b>	<b>335,092,510</b>	<b>336,888,659</b>	<b>384,179,583</b>	<b>54,788,874</b>
Income tax	(33,597,844)	52,868,775	(114,832,848)	(16,376,618)
<b>Profit after tax</b>	<b>301,494,666</b>	<b>389,757,434</b>	<b>269,346,735</b>	<b>38,412,256</b>
Minority interests	-	74,364	3,511	501
<b>Net profit</b>	<b>301,494,666</b>	<b>389,831,798</b>	<b>269,350,246</b>	<b>38,412,757</b>
Earnings per share, basic	0.10	0.13	0.09	0.01
Earnings per ADS, basic	2.39	3.21	2.22	0.32
Earnings per share, diluted	0.09	0.12	0.08	0.01
Earnings per ADS, diluted	2.21	3.01	2.08	0.30
Weighted average number of ordinary shares outstanding, basic	3,160,128,710	3,033,153,746	3,028,995,782	3,028,995,782
Weighted average number of ADS outstanding, basic	126,405,148	121,326,150	121,159,831	121,159,831
Weighted average number of ordinary shares outstanding, diluted	3,410,647,795	3,240,836,099	3,233,744,526	3,233,744,526
Weighted average number of ADS outstanding, diluted	136,425,912	129,633,444	129,349,781	129,349,781

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

NETEASE.COM, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarter Ended			
	March 31,	December 31,	March 31,	March 31,
	2007	2007	2008	2008
	RMB	RMB	RMB	USD (Note 1)
<b>Cash flows from operating activities:</b>				
Net profit	301,494,666	389,831,798	269,350,246	38,412,757
Adjustments to reconcile net profit to net cash provided by operating activities:				
Depreciation and amortization	24,274,997	26,752,268	24,085,433	3,434,888
Share-based compensation cost	20,237,797	22,060,172	19,282,517	2,749,931
Reversal of provision for doubtful debts	(8,182,712)	(228,892)	(1,202,665)	(171,515)
Loss (gain) on disposal of property, equipment	416,242	38,711	(53,816)	(7,675)
Unrealized exchange losses	531,592	30,230,159	50,399,867	7,187,659
Share of loss by minority interests	-	(74,364)	(3,511)	(501)
Net equity share of loss from an associated company	-	351,101	386,123	55,066
Others	278,324	-	-	-
Changes in operating assets and liabilities:				
Accounts receivable	63,629,570	(28,797,530)	53,521,635	7,632,863
Prepayments and other current assets	(19,599,070)	19,140,543	(5,467,334)	(779,712)
Deferred tax assets	(330,359)	(45,969,165)	(6,896,626)	(983,546)
Deferred tax assets - non-current	5,126,664	(11,939,153)	(84,913)	(12,110)
Accounts payable	(23,295,601)	4,839,436	(900,446)	(128,415)
Salary and welfare payables	(6,687,391)	25,160,475	(17,343,345)	(2,473,381)
Taxes payable	(23,419,176)	11,798,902	68,672,447	9,793,561
Deferred revenue	(44,351,950)	(14,094,607)	40,579,198	5,787,108
Deferred tax liabilities	698,123	-	-	-
Accrued liabilities	(7,779,795)	(2,499,785)	635,974	90,698
Net cash provided by operating activities	<u>283,041,921</u>	<u>426,600,069</u>	<u>494,960,784</u>	<u>70,587,676</u>
<b>Cash flows from investing activities:</b>				
Purchase of property, equipment and software	(33,208,899)	(13,885,112)	(15,418,337)	(2,198,850)
Proceeds from sale of property, equipment and software	14,109	25,434	56,540	8,063
Prepayment for land use right	-	-	(822,182)	(117,254)
Transfer from restricted cash	-	761,580,600	-	-
Net change in time deposits with terms of three months	228,588,067	(200,145,698)	(252,686,082)	(36,036,235)
Placement/rollover of matured time deposits	(75,000,000)	(270,000,000)	(422,426,062)	(60,243,306)
Uplift of matured time deposits	65,000,000	655,105,518	126,035,000	17,974,187
Net change in other assets	4,355	(89,786)	(412,578)	(58,839)
Net cash provided by (used in) investing activities	<u>185,397,632</u>	<u>932,590,956</u>	<u>(565,673,701)</u>	<u>(80,672,234)</u>
<b>Cash flows from financing activities:</b>				
Proceeds from employees exercising stock options	1,870,625	1,618,804	642,039	91,563
Repurchase of company shares	(160,750,459)	(36,478,319)	(76,433,652)	(10,900,407)
Payment of other long-term payable	(138,681)	-	-	-
Minority interests	-	282,162	-	-
Net cash used in financing activities	<u>(159,018,515)</u>	<u>(34,577,353)</u>	<u>(75,791,613)</u>	<u>(10,808,844)</u>
Effect of exchange rate changes on cash held in foreign currencies	(8,028,654)	(47,214,367)	(74,851,929)	(10,674,833)
Net increase (decrease) in cash	301,392,384	1,277,399,305	(221,356,459)	(31,568,235)
<b>Cash, beginning of the quarter</b>	<u>1,206,476,526</u>	<u>1,205,421,516</u>	<u>2,482,820,821</u>	<u>354,081,692</u>
<b>Cash, end of the quarter</b>	<u><u>1,507,868,910</u></u>	<u><u>2,482,820,821</u></u>	<u><u>2,261,464,362</u></u>	<u><u>322,513,457</u></u>
<b>Supplemental disclosures of cash flow information:</b>				
Cash paid for income tax, net of tax refund/(net tax refund)	45,443,563	(9,165,960)	33,512,049	4,779,243
<b>Supplemental schedule of non-cash investing and financing activities:</b>				
Treasury stock cancellation	188,802,099	121,821,189	-	-
Fixed asset purchases financed by accounts payable	9,518,303	6,112,886	9,716,130	1,385,643
Conversion of convertible notes to ordinary shares	86,886,000	-	-	-

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

NETEASE.COM, INC.  
UNAUDITED SEGMENT INFORMATION

	Quarter Ended			
	March 31, 2007 RMB	December 31, 2007 RMB	March 31, 2008 RMB	March 31, 2008 USD (Note 1)
<b>Revenues:</b>				
Online game services	481,865,952	506,968,240	555,859,907	79,272,662
Advertising services	56,195,605	98,055,630	77,144,002	11,001,712
Wireless value-added services and others	16,550,555	17,026,320	18,919,553	2,698,168
Total revenues	554,612,112	622,050,190	651,923,462	92,972,542
<b>Business taxes:</b>				
Online game services	(15,901,576)	(16,729,952)	(747,630)	(106,622)
Advertising services	(4,776,626)	(8,334,729)	(6,557,240)	(935,145)
Wireless value-added services and others	(638,029)	(696,419)	(164,940)	(23,523)
Total business taxes	(21,316,231)	(25,761,100)	(7,469,810)	(1,065,290)
<b>Net revenues:</b>				
Online game services	465,964,376	490,238,288	555,112,277	79,166,040
Advertising services	51,418,979	89,720,901	70,586,762	10,066,567
Wireless value-added services and others	15,912,526	16,329,901	18,754,613	2,674,645
Total net revenues	533,295,881	596,289,090	644,453,652	91,907,252
<b>Cost of revenues:</b>				
Online game services	(48,506,860)	(45,658,298)	(54,290,222)	(7,742,473)
Advertising services	(33,039,634)	(43,104,579)	(38,290,401)	(5,460,696)
Wireless value-added services and others	(21,658,024)	(19,507,818)	(19,914,453)	(2,840,053)
Total cost of revenues	(103,204,518)	(108,270,695)	(112,495,076)	(16,043,222)
<b>Gross profit (loss)</b>				
Online game services	417,457,516	444,579,990	500,822,055	71,423,567
Advertising services	18,379,345	46,616,322	32,296,361	4,605,871
Wireless value-added services and others	(5,745,498)	(3,177,917)	(1,159,840)	(165,408)
Total gross profit	430,091,363	488,018,395	531,958,576	75,864,030
<b>Gross profit (loss) margin</b>				
Online game services	89.6%	90.7%	90.2%	90.2%
Advertising services	35.7%	52.0%	45.8%	45.8%
Wireless value-added services and others	(36.1%)	(19.5%)	(6.2%)	(6.2%)

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 = RMB7.0120 on March 31, 2008 in The City of New York for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

Note 2: Share-based compensation cost reported in the Company's unaudited condensed consolidated statements of operations is set out as follows:

	<b>Quarter Ended</b>			
	<b>March 31, 2007</b>	<b>December 31, 2007</b>	<b>March 31, 2008</b>	<b>March 31, 2008</b>
	RMB	RMB	RMB	USD (Note 1)
Share-based compensation cost included in:				
Cost of revenue	3,124,056	3,444,268	3,147,772	448,912
Operating expenses				
- Selling and marketing expenses	3,508,632	3,043,367	2,548,679	363,474
- General and administrative expenses	8,006,729	7,822,539	7,084,995	1,010,410
- Research and development expenses	5,598,380	7,749,998	6,501,071	927,135