



## Financials

### 2003-2004 Quarterly Results

**DISCLAIMER :** *The financial results as presented in this data sheet have been prepared on an unaudited basis, and may be subject to change. The9 Limited assumes no responsibility for individual investment decisions based on the information as contained herein.*

## The9 Limited -- Income Statement

(RMB)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004
<b>Gross Revenue</b>	<b>2,539,812</b>	<b>4,101,053</b>	<b>5,359,725</b>	<b>5,267,639</b>	<b>6,717,515</b>	<b>12,050,790</b>	<b>8,926,281</b>	<b>8,940,810</b>
- Online game and virtual community services	55,216	267,876	103,364	247,461	98,277	113,157	88,634	57,017
- Game operating support, website solutions and ads	2,484,596	3,197,226	3,633,937	4,020,144	5,559,047	7,149,298	5,957,991	6,033,581
- SMS					1,044,791	4,659,735	2,706,054	2,700,123
- Others		635,951	1,622,424	1,000,034	15,400	128,600	173,601	150,089
Business Taxes	127,261	209,657	270,534	275,484	337,555	590,045	509,158	476,111
<b>Net Revenues</b>	<b>2,412,551</b>	<b>3,891,396</b>	<b>5,089,191</b>	<b>4,992,155</b>	<b>6,379,960</b>	<b>11,460,745</b>	<b>8,417,122</b>	<b>8,464,699</b>
Cost of services	1,120,337	1,444,880	1,919,051	2,007,458	2,118,908	2,190,595	2,518,552	2,310,151
<b>Gross Profit/ (loss)</b>	<b>1,292,214</b>	<b>2,446,516</b>	<b>3,170,140</b>	<b>2,984,697</b>	<b>4,261,052</b>	<b>9,270,150</b>	<b>5,898,571</b>	<b>6,154,548</b>
Operating Expenses	4,218,390	3,269,248	3,079,306	5,363,648	4,940,899	6,219,893	9,077,590	15,108,526
- Sales and Marketing	1,595,341	1,028,883	627,118	528,603	899,562	1,403,446	1,605,893	5,317,885
- Development costs	615,942	573,824	788,887	831,455	1,665,494	1,229,866	3,560,206	2,571,993
- General and Administrative	2,007,107	1,666,541	1,663,301	4,003,590	2,375,843	3,586,581	3,911,491	7,218,648
- Share-based compensation								
<b>Income (Loss) from Operations</b>	<b>-2,926,176</b>	<b>-822,732</b>	<b>90,834</b>	<b>-2,378,951</b>	<b>-679,847</b>	<b>3,050,257</b>	<b>-3,179,018</b>	<b>-8,953,978</b>
Non-operating Income (Expense)	-428,597	-265,826	-398,389	-122,681	47,385	-13,674	557,507	15,281,673
- Finance costs	-402,216	-339,731	-292,031	-346,578	118,907	-85,119	-204,512	251,968
- Other income (expense), net	-26,381	73,905	-106,358	223,897	-71,522	71,445	762,019	15,029,705
Income Tax Expense	467,430	97,093	5,028,834	256,714	-431,144	-1,124,582	-896,182	-2,621,566
<b>Income (loss) before Equity Method</b>	<b>-2,887,343</b>	<b>-991,465</b>	<b>4,721,279</b>	<b>-2,244,918</b>	<b>-1,063,606</b>	<b>1,912,001</b>	<b>-3,517,694</b>	<b>3,706,129</b>
Equity in profit (loss) of related equity investment, net of taxes	7,458,511	11,828,680	8,109,614	22,480,276	3,517,143	6,905,419	5,143,446	1,005,285
Minority Interests					907,230	1,327,835	1,528,368	3,107,782
<b>Net income</b>	<b>4,571,168</b>	<b>10,837,215</b>	<b>12,830,893</b>	<b>20,235,358</b>	<b>3,360,767</b>	<b>10,145,255</b>	<b>3,154,120</b>	<b>7,819,196</b>

## The9 Limited -- Balance Sheet

(RMB)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004
Cash and cash equivalents	49,690,411	75,273,943	65,522,126	62,765,605	63,166,787	31,858,421	39,032,020	793,405,288
Notes receivables								
Accounts receivable	20,000	-	-	-	1,044,791	3,460,867	4,962,098	16,686,079
Due from related parties				24,970,375	4,959,000	9,103,217	10,864,693	4,883,135
Advance to suppliers	516,300	502,411	477,411	1,447,250	1,561,300	15,457,750	18,949,397	15,591,310
Deferred costs								
Prepayments and other current assets	1,899,588	2,118,679	1,605,859	4,248,855	8,057,666	10,339,181	12,251,179	16,022,357
Deferred tax assets, current	494,875	592,731	8,168,776	1,564,801	1,297,264	360,922	188,778	
Dividend receivable								8,442,030
<b>Total Current Assets</b>	<b>52,621,174</b>	<b>78,487,764</b>	<b>75,774,172</b>	<b>94,996,886</b>	<b>80,086,808</b>	<b>70,580,358</b>	<b>86,248,165</b>	<b>855,030,199</b>
Long Term Investment	6,555,519	18,384,199	26,493,813	48,974,089	44,034,437	84,999,396	90,150,869	88,338,021
Property, equipment and software	7,143,080	6,395,331	6,125,812	5,616,032	5,423,223	4,747,715	6,294,954	8,082,280
Intangible Assets-Prepaid license fee					25,472,478	25,471,278	30,971,217	33,293,989
Long term deposits	874,003	874,003	1,281,863	1,629,175	1,515,403	1,451,105	251,920	314,466
Deferred tax assets, non-current				4,581,974	4,418,367	4,110,000	3,630,000	3,150,000
Loan payable to a RP							9,105,184	38,386,260
<b>Total Fixed Assets</b>	<b>14,572,602</b>	<b>25,653,533</b>	<b>33,901,488</b>	<b>60,801,270</b>	<b>80,863,908</b>	<b>120,779,494</b>	<b>140,404,144</b>	<b>171,565,016</b>
<b>TOTAL ASSETS</b>	<b>67,193,776</b>	<b>104,141,297</b>	<b>109,675,660</b>	<b>155,798,156</b>	<b>160,950,716</b>	<b>191,359,852</b>	<b>226,652,309</b>	<b>1,026,595,215</b>
Accounts Payable	567,763	646,372	305,000	46,900	-		1,696,975	2,272,194
Notes payable						15,000,000	15,000,000	
Convertible loans	20,782,780	21,210,361	21,640,868	19,726,595	9,898,686	10,073,475	10,251,146	
Amounts due to related parties	65,001,235	91,077,197	78,542,068	110,443,355	84,753,930	90,569,580	126,200,076	124,251,127
Taxes payable	1,020,075	1,009,412	3,410,219	2,142,381	665,481	175,010	220,320	1,907,240
Advances from customers					5,983,299	3,750,026	4,660,861	1,488,478
Deferred revenue					7,318,478	5,934,954	3,398,828	2,222,284
Other payables and accruals	2,002,863	1,545,015	4,499,489	1,850,997	1,605,016	3,831,172	1,573,224	15,640,310
Deferred tax liability								1,483,291
<b>Total Current Liabilities</b>	<b>89,374,716</b>	<b>115,488,357</b>	<b>108,397,644</b>	<b>134,210,228</b>	<b>110,224,890</b>	<b>129,334,217</b>	<b>163,001,430</b>	<b>149,264,925</b>
Minority interest					15,647,170	16,801,205	15,272,837	12,165,055
Convertible preferred stock	32,324,133	32,952,875	33,591,007	34,241,909	43,352,319	44,198,335	45,063,040	
Group equity	285,636	285,636	285,636	285,636	285,636	285,636	285,636	
Common stock								2,001,781
Additional paid-in capital	970,000	970,000	970,000	970,000	2,697,359	2,697,359	2,697,359	872,855,341
Statutory reserves								54,172
Accumulated other comprehensive loss	(4,389)	(7,724)	(213,541)	(138,987)	(13,382)	(12,864)	(13,372)	(14,617)
Retained earning (Accumulated deficit)	(55,756,320)	(45,547,847)	(33,355,086)	(13,770,630)	(11,243,276)	(1,944,036)	345,379	7,326,900
Defer compensation cost								(17,058,341)
<b>Total Shareholders' Equity (Deficit)</b>	<b>(54,505,073)</b>	<b>(44,299,935)</b>	<b>(32,312,991)</b>	<b>(12,653,981)</b>	<b>(8,273,663)</b>	<b>1,026,095</b>	<b>3,315,002</b>	<b>865,165,236</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>67,193,776</b>	<b>104,141,297</b>	<b>109,675,660</b>	<b>155,798,156</b>	<b>160,950,716</b>	<b>191,359,852</b>	<b>226,652,309</b>	<b>1,026,595,215</b>

## 9Webzen Limited -- Income Statement

(RMB)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004
<b>Gross Revenue</b>	<b>43,060,556</b>	<b>64,284,887</b>	<b>63,014,075</b>	<b>75,625,239</b>	<b>40,324,600</b>	<b>48,086,084</b>	<b>41,261,053</b>	<b>45,425,851</b>
- Online game and virtual community services	43,060,556	63,804,887	62,080,560	74,982,111	40,195,955	47,657,845	41,188,064	45,425,934
- Others	-	480,000	933,515	643,128	128,645	428,239	72,989	(83)
Business Taxes	2,163,793	3,744,015	4,561,948	5,039,117	2,026,311	2,416,326	2,073,367	2,282,649
<b>Net Revenues</b>	<b>40,896,763</b>	<b>60,540,872</b>	<b>58,452,127</b>	<b>70,586,122</b>	<b>38,298,289</b>	<b>45,669,758</b>	<b>39,187,686</b>	<b>43,143,202</b>
Cost of services	16,594,112	22,737,119	26,773,255	28,465,418	21,167,905	23,497,406	21,003,863	22,831,305
<b>Gross Profit/ (loss)</b>	<b>24,302,651</b>	<b>37,803,753</b>	<b>31,678,872</b>	<b>42,120,704</b>	<b>17,130,384</b>	<b>22,172,352</b>	<b>18,183,823</b>	<b>20,311,897</b>
Operating Expenses	7,106,942	8,629,044	11,468,858	12,234,637	10,888,956	9,006,564	9,770,158	16,265,260
- Sales and Marketing	4,841,144	4,289,785	5,998,631	6,945,794	5,051,919	3,887,829	4,023,034	5,661,117
- Development costs	961,540	1,328,019	1,402,520	1,325,947	1,919,241	1,815,906	1,328,867	2,666,087
- General and Administrative	1,304,258	3,011,240	4,067,707	3,962,896	3,917,796	3,302,829	4,418,257	2,306,807
- Share-based compensation	-	-	-	-	-	-	-	5,631,249
<b>Income (Loss) from Operations</b>	<b>17,195,709</b>	<b>29,174,709</b>	<b>20,210,014</b>	<b>29,886,067</b>	<b>6,241,428</b>	<b>13,165,788</b>	<b>8,413,665</b>	<b>4,046,637</b>
Non-operating Income (Expense)	10,098	63,820	(30,280)	33,753	419,558	1,627,094	2,335,081	4,608,473
- Finance costs	-	6,788	24,832	36,326	285,207	320,984	2,081	(82,177)
- Other income (expense), net	10,098	57,032	(55,112)	(2,573)	134,351	1,306,109	2,333,000	4,690,650
Income Tax Expense	(2,581,275)	(6,045,039)	(4,278,531)	14,159,153	235,374	238,518	256,809	255,578
<b>Net income</b>	<b>14,624,532</b>	<b>23,193,490</b>	<b>15,901,203</b>	<b>44,078,973</b>	<b>6,896,360</b>	<b>15,031,400</b>	<b>11,005,555</b>	<b>8,910,688</b>

## 9Webzen Limited -- Balance Sheet

(RMB)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004
Cash and cash equivalents	4,481,406	27,490,359	39,984,801	58,076,062	48,057,211	20,237,917	24,773,897	1,228,760
Restricted Cash				30,000,000	10,000,000			
Accounts receivable	35,000	8,277,400	8,277,000	16,553,400	17,856,385	16,553,400	16,553,400	
Due from related parties	57,652,726	98,873,162	80,870,688	110,430,848	93,579,364	99,224,005	109,442,900	124,251,127
Advance to suppliers	471,080	438,830	414,008	304,571	131,490	165,770	227,290	169,290
Deferred costs	5,861,029	5,033,261	5,518,896	8,196,920	10,993,269	7,790,435	4,850,181	4,000,110
Prepayments and other current assets	52,464	2,787,422	5,037,743	1,996,557	2,829,677	2,701,053	3,161,394	6,605,909
Deferred tax assets, current								
<b>Total Current Assets</b>	<b>68,553,705</b>	<b>142,900,434</b>	<b>140,103,136</b>	<b>225,558,358</b>	<b>183,447,396</b>	<b>146,672,580</b>	<b>159,009,063</b>	<b>136,255,196</b>
Property, equipment and software	47,835,639	47,008,360	52,435,547	62,084,204	65,774,467	56,933,923	53,714,060	45,247,702
Long term deposits		242,590	242,590	242,590	242,590			
Deferred tax assets, non-current				1,254,308	1,489,682	1,728,200	1,985,009	2,240,587
<b>Total Fixed Assets</b>	<b>47,835,639</b>	<b>47,250,950</b>	<b>52,678,137</b>	<b>63,581,102</b>	<b>67,506,739</b>	<b>58,662,123</b>	<b>55,699,069</b>	<b>47,488,289</b>
<b>TOTAL ASSETS</b>	<b>116,389,344</b>	<b>190,151,384</b>	<b>192,781,273</b>	<b>289,139,460</b>	<b>250,954,135</b>	<b>205,334,703</b>	<b>214,708,132</b>	<b>183,743,485</b>
Accounts Payable	4,874,010	4,681,841	6,214,044	7,944,453	12,426,297	5,374,393	6,533,914	7,548,356
Notes payable		1,859,485		40,000,000	20,000,000			
Amounts due to related parties	17,855,259	26,831,305	20,368,020	15,164,786	14,590,477	12,218,798	13,157,611	8,738,974
Taxes payable	2,078,739	1,607,404	2,217,371	989,225	392,221	1,350,064	1,133,413	984,265
Income tax payable (defer tax liability)	2,438,665	8,626,314	12,904,845					
Advances from customers	42,408,001	68,828,794	56,676,193	85,317,378	67,553,898	48,517,908	56,076,921	15,897,106
Deferred revenue	31,010,734	37,915,945	35,717,708	38,244,615	47,244,073	34,988,522	22,967,787	18,942,324
Other payables and accruals	2,870,427	3,753,089	6,735,031	5,451,622	2,405,134	1,484,945	2,432,855	4,684,991
Dividend payable								16,553,000
<b>Total Current Liabilities</b>	<b>103,535,835</b>	<b>154,104,177</b>	<b>140,833,212</b>	<b>193,112,079</b>	<b>164,612,100</b>	<b>103,934,630</b>	<b>102,302,501</b>	<b>73,349,016</b>
Group equity	8,446,223	8,446,223	8,446,223	8,446,223	8,446,223	8,446,223	8,446,223	8,446,223
Common stock								
Additional paid-in capital								5,631,249
Statutory reserves				2,905,000	2,905,000	2,905,000	2,905,000	2,905,000
Accumulated other comprehensive loss	(452)	(244)	(593)	(246)	(2,152)	(714)	(711)	(810)
Retained earning (Accumulated deficit)	4,407,738	27,601,228	43,502,431	84,676,404	74,992,964	90,049,564	101,055,119	93,412,807
<b>Total Shareholders' Equity (Deficit)</b>	<b>12,853,509</b>	<b>36,047,207</b>	<b>51,948,061</b>	<b>96,027,381</b>	<b>86,342,035</b>	<b>101,400,073</b>	<b>112,405,631</b>	<b>110,394,469</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>116,389,344</b>	<b>190,151,384</b>	<b>192,781,273</b>	<b>289,139,460</b>	<b>250,954,135</b>	<b>205,334,703</b>	<b>214,708,132</b>	<b>183,743,485</b>