



## Financials

### 2004-2005 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 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005
<b>Gross Revenue</b>	<b>6,717,515</b>	<b>12,050,790</b>	<b>8,926,280</b>	<b>8,940,810</b>	<b>12,794,434</b>	<b>58,488,329</b>	<b>194,507,475</b>	<b>223,400,614</b>
- Online game and virtual community services	98,277	113,157	88,634	57,017	209,717	55,257,690	190,369,969	220,717,384
- Game operating support, website solutions and advertisement	5,559,047	7,149,298	5,957,991	6,033,581	3,164,888	1,111,081	886,274	887,822
- SMS	1,044,791	4,659,735	2,706,054	2,700,123	3,146,323	4,062	116,256	162,674
- Others	15,400	128,600	173,601	150,089	6,273,506	2,115,496	3,134,976	1,632,734
Business Taxes	337,555	590,045	509,158	476,111	539,152	2,791,864	9,668,918	11,164,248
<b>Net Revenues</b>	<b>6,379,960</b>	<b>11,460,745</b>	<b>8,417,122</b>	<b>8,464,699</b>	<b>12,255,282</b>	<b>55,696,465</b>	<b>184,838,557</b>	<b>212,236,366</b>
Cost of services	2,118,908	2,190,595	2,518,552	2,310,151	7,624,678	25,571,664	92,269,316	114,950,079
<b>Gross Profit/ (loss)</b>	<b>4,261,052</b>	<b>9,270,150</b>	<b>5,898,570</b>	<b>6,154,548</b>	<b>4,630,604</b>	<b>30,124,801</b>	<b>92,569,241</b>	<b>97,286,287</b>
Operating Expenses	4,940,899	6,219,893	9,077,590	15,108,526	21,931,790	56,128,555	42,173,886	44,664,074
- Development costs	1,665,494	1,229,866	3,560,206	2,571,993	8,279,103	21,594,703	2,943,205	7,825,264
- Sales and Marketing	899,562	1,403,446	1,605,893	5,317,885	5,060,598	20,839,936	21,732,114	14,172,398
- General and Administrative	2,375,843	3,586,581	3,911,491	7,218,648	8,592,089	13,693,916	17,498,567	22,666,412
<b>Profit (Loss) from Operations</b>	<b>(679,847)</b>	<b>3,050,257</b>	<b>(3,179,020)</b>	<b>(8,953,978)</b>	<b>(17,301,186)</b>	<b>(26,003,754)</b>	<b>50,395,355</b>	<b>52,622,213</b>
- Interest income, net	118,907	(85,119)	(204,512)	251,968	3,021,368	3,781,730	2,576,425	642,082
- Other income (expenses), net	(71,522)	71,445	762,019	15,029,705	(169,056)	5,219,079	(2,791,569)	12,208,696
Income Tax Benefit (expense)	(431,144)	(1,124,582)	(896,182)	(2,621,566)	1,254,558	(3,577,497)	1,421,498	733,186
<b>Income (loss) before gain on investment disposal and gain (loss) on equity investments</b>	<b>(1,063,606)</b>	<b>1,912,001</b>	<b>(3,517,695)</b>	<b>3,706,129</b>	<b>(13,194,316)</b>	<b>(20,580,442)</b>	<b>51,601,709</b>	<b>66,206,177</b>
Gain on investment disposal	-	-	-	-	-	-	-	6,715,917
Gain (loss) on equity investments, net of taxes	3,517,143	6,905,419	5,143,446	1,005,285	(495,447)	(4,011,145)	(4,628,782)	(4,601,416)
Minority Interests	907,230	1,327,835	1,528,368	3,107,782	3,192,464	1,576,699	(9,309,731)	-
<b>Net income (loss)</b>	<b>3,360,767</b>	<b>10,145,255</b>	<b>3,154,119</b>	<b>7,819,196</b>	<b>(10,497,299)</b>	<b>(23,014,888)</b>	<b>37,663,196</b>	<b>68,320,678</b>

## The9 Limited -- Balance Sheet

(RMB)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005
Cash and cash equivalents	63,166,787	31,858,421	39,032,020	793,405,288	606,000,450	523,300,516	482,979,139	488,244,667
Notes receivables	-	-	-	-	2,250,000	2,250,000	-	-
Accounts receivable	1,044,791	3,460,867	4,962,098	16,686,079	9,490,543	3,236,506	7,954,474	10,593,866
Due from related parties	4,959,000	9,103,217	10,864,693	4,883,135	4,171,411	4,881,738	-	12,395,125
Advance to suppliers	1,561,300	15,457,750	18,949,397	15,591,310	45,440,690	32,428,655	35,084,583	4,289,443
Advance payments for renovation of new office	-	-	-	-	-	-	18,236,498	-
Deferred costs	-	-	-	-	-	9,191,510	19,264,972	24,075,214
Prepayments and other current assets	8,057,666	10,339,181	12,251,179	16,022,357	27,636,134	19,996,474	15,461,526	28,395,864
Prepaid royalties	-	-	-	-	-	84,256,795	56,555,587	42,995,946
Deferred tax assets, current	1,297,264	360,922	188,778	-	-	-	-	-
Dividend receivable	-	-	-	8,442,030	12,663,045	-	-	-
<b>Total Current Assets</b>	<b>80,086,808</b>	<b>70,580,358</b>	<b>86,248,165</b>	<b>855,030,199</b>	<b>707,652,273</b>	<b>679,542,194</b>	<b>635,536,779</b>	<b>610,990,125</b>
Investment in equity investees	44,034,437	84,999,396	90,150,869	88,338,021	80,467,626	76,456,482	81,458,013	46,835,993
Property, equipment and software	5,423,223	4,747,715	6,294,954	8,082,280	66,043,724	154,058,488	184,706,189	231,436,683
Goodwill	-	-	-	-	-	-	33,422,094	30,199,751
Intangible Assets	25,472,478	25,471,278	30,971,217	33,293,989	34,906,277	30,244,912	306,213,375	289,035,226
Long term deposits	1,515,403	1,451,105	251,920	314,466	-	3,132,338	3,132,338	3,132,338
Deferred tax assets, non-current	4,418,367	4,110,000	3,630,000	3,150,000	4,687,908	1,285,937	1,371,278	2,104,464
Loan receivable from a related party	-	-	9,105,184	38,386,260	57,382,107	82,249,784	-	-
<b>Total Non-current Assets</b>	<b>80,863,908</b>	<b>120,779,494</b>	<b>140,404,144</b>	<b>171,565,016</b>	<b>243,487,642</b>	<b>347,427,941</b>	<b>610,303,287</b>	<b>602,744,455</b>
<b>TOTAL ASSETS</b>	<b>160,950,716</b>	<b>191,359,852</b>	<b>226,652,309</b>	<b>1,026,595,215</b>	<b>951,139,915</b>	<b>1,026,970,135</b>	<b>1,245,840,066</b>	<b>1,213,734,580</b>
Accounts Payable	-	-	1,696,975	2,272,194	6,665,129	16,333,210	19,933,233	15,948,674
Notes payable	-	15,000,000	15,000,000	-	29,357,898	29,539,867	29,539,867	-
Convertible loans	9,898,686	10,073,475	10,251,146	-	-	-	-	-
Due to related parties	84,753,930	90,569,580	126,200,076	124,251,127	34,855,058	21,001,167	21,558,631	3,181,004
Taxes payable	665,481	175,010	220,320	1,907,240	1,357,494	4,585,784	3,694,696	8,123,356
Advances from customers	5,983,299	3,750,026	4,660,861	1,488,478	1,160,904	63,778,755	67,193,255	61,651,267
Deferred revenue	7,318,478	5,934,954	3,398,828	2,222,284	4,139,565	38,668,619	61,380,220	76,514,940
Other payables and accruals	1,605,016	3,831,172	1,573,224	15,640,310	11,417,560	17,104,431	15,571,031	26,793,070
Deferred tax liability	-	-	-	1,483,291	1,663,541	-	-	-
Acquisition related liability	-	-	-	-	-	-	155,788,334	79,537,653
<b>Total Current Liabilities</b>	<b>110,224,890</b>	<b>129,334,217</b>	<b>163,001,430</b>	<b>149,264,924</b>	<b>90,617,149</b>	<b>191,011,833</b>	<b>374,659,267</b>	<b>271,749,964</b>
Minority interest	15,647,170	16,801,205	15,272,837	12,165,055	5,469,023	3,892,324	-	-
Convertible preferred stock	43,352,319	44,198,335	45,063,040	-	-	-	-	-
Group equity	285,636	285,636	285,636	-	-	-	-	-
Common stock	-	-	-	2,001,781	2,001,781	2,001,781	2,003,242	2,004,033
Additional paid-in capital	2,697,359	2,697,359	2,697,359	855,797,000	856,183,357	856,201,800	858,701,877	860,068,478
Statutory reserves	-	-	-	54,172	54,172	54,172	54,172	54,172
Accumulated other comprehensive loss	(13,382)	(12,864)	(13,372)	(14,617)	(15,168)	(6,489)	(1,056,402)	59,346
Retained earning (Accumulated deficit)	(11,243,276)	(1,944,036)	345,379	7,326,900	(3,170,399)	(26,185,286)	11,477,910	79,798,587
<b>Total Shareholders' Equity (Deficit)</b>	<b>(8,273,663)</b>	<b>1,026,095</b>	<b>3,315,002</b>	<b>865,165,236</b>	<b>855,053,743</b>	<b>832,065,978</b>	<b>871,180,799</b>	<b>941,984,616</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>160,950,716</b>	<b>191,359,852</b>	<b>226,652,309</b>	<b>1,026,595,215</b>	<b>951,139,915</b>	<b>1,026,970,135</b>	<b>1,245,840,066</b>	<b>1,213,734,580</b>