

**NETDRAGON WEBSOFT INCORPORATED:  
IT'S NOT ALL BEER AND SKITTLES  
FOR THIS GAMES COMPANY**

While there is no question as to the solvency of [NetDragon Websoft Incorporated \(\)](#) (Code: 777, Main Board, The Stock Exchange of Hongkong Ltd), at the same time, it is not all beer and skittles for this producer of online computer games.

The latest missive from this company is that, for the 6 months, ended June 30, 2009, on a Turnover of about 336.77 million renminbi (2008: About 322.90 million renminbi), the Bottom Line came in at about 66.39 million renminbi (2008: About 115.19 million renminbi).

The Net Profit Attributable to Shareholders, therefore, had been eroded by about 42.36 percent, Year-On-Year, at the halfway mark of the Current Financial Year.

Whether or not the company will continue along this path, **TARGET** (), at this juncture, cannot say, but it seems quite likely.

Actually, the Gross Profit was up about 1.88 percent, Year-On-Year, to about 295.96 million renminbi, but then:

- Selling and marketing expenses rose, Year-On-Year, about 51.90 percent to about 67.20 million renminbi;
- Administrative expenses rose, Year-On-Year, about 29.21 percent to 80.52 million renminbi; and,
- Development costs rose, Year-On-Year, about 146.34 percent to 87.77 million renminbi.

That is not the end of the story, however, because Note 5 at Page 35 of this semi-annual report breaks down the Turnover for the 6 months in a manner which is not, exactly, complimentary of Management.

**TARGET** notes that the Turnover was swollen by about 18.43 million renminbi due to

- Fair value gain on financial assets, designated at fair value through the Profit and Loss Account: 13.91 million renminbi
- Interest income on financial assets, designated at fair value through the Profit and Loss Account: 4.52 million renminbi

These 2 items with regard to the Turnover accounted for about 5.47 percent.

Without them, the Turnover would have been down to about 318.34 million renminbi, which would have indicated that, from the core activities of this company, things are not looking all that bright, after all.

In addition to the above-mentioned, **TARGET**, also, notes that there has been a decided increase in staff costs which have risen from the 2008 figure of about 59.26 million renminbi to the 2009 figure of 127.28 million renminbi.

That is equivalent to an increase, Year-On-Year, of about 114.78 percent!

While the above may appear to be decidedly negative, on the positive side of the ledger, there is the fact that NetDragon Websoft Incorporated, as at June 30, 2009, was sitting on a veritable ... [CLICK TO ORDER FULL ARTICLE](#)

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