

**NETDRAGON WEBSOFT INCORPORATED:  
THIS MEDIUM REITERATES —  
STAND BY FOR THE CRUNCH !**

Well, [NetDragon Websoft Incorporated \(\)](#) (Code: 777, Main Board, The Stock Exchange of Hongkong Ltd) did not suffer a Loss Attributable to Shareholders for the Financial Year, ended December 31, 2009, after all.

But there is, still, time left for this publicly listed company to write in, in red ink, the financial results of the Current Financial Year, isn't there?

On January 29, 2010, contained in **TARGET** Intelligence Report, Volume XII, Number 20, this medium suggested that this computer games company was on course to suffer losses.

For the 2009 Financial Year, it reported a Net Profit Attributable to Shareholders of about 86.63 million renminbi, down about 64 percent, Year-On-Year.

Actually, that result was much better than this medium expected – even though it was very bad.

In terms of the 36 months, ended December 31, 2009, the 2009 results were the worst.

Which brings **TARGET** () to the matter of the latest missive from NetDragon Websoft Incorporated: The financial results in respect of the first half of the 2010-Year.

On a Turnover of 259,596,000 renminbi, the company recorded a Net Profit Attributable to Shareholders of about 22,673,000 renminbi.

On the surface, that might sound, at first glance, as a reasonable result since a Net Profit Attributable to Shareholders of about 22.67 million renminbi on a Turnover of about 259.60 million renminbi represents a Net Profit Margin of about 8.73 percent.

Except that the Bottom Line contained a number of one-off items, such as a 14.95-million renminbi, above-the-line gain, classified in the Profit and Loss Account as being '*Other Income and Gains*'.

Without this one-off item, the Net Profit Attributable to Shareholders would have dropped to about 7.72 million renminbi, which would have equated to a Net Profit Margin of about 2.97 percent and a Year-On-Year deterioration of about 88 percent.

Comparing the first half of the 2010-Year with the like period in the 2009-Year, the Turnover decreased by about 22.92 percent and the Net Profit Attributable to Shareholders had decreased by about 65.85 percent.

In short, the first half of the Current Year was something of a disaster area as far as investors were concerned.

Revenue by geographic areas is given at Note 2 of the Interim Report, the précis of which is:

Revenue from the People's Republic of China:	Down 25.78 percent, Year-On-Year
Revenue from overseas:	Down 11.94 percent, Year-On-Year

Comparing the second quarter of the 2010-Year with the first quarter of the 2010-Year is even more telling:

Revenue: Down 13.87 percent, Quarter-On-Quarter  
Net Profit Attributable to Shareholders: Down 92.70 percent, Quarter-On-Quarter

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