

SOHU.COM INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED, IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Three Months Ended			Six Months Ended	
	Jun. 30, 2003	Mar. 31, 2003	Jun. 30, 2002	Jun. 30, 2003	June 30, 2002
Revenues:					
Advertising	\$ 6,801	\$ 4,476	\$ 3,363	\$ 11,277	\$ 5,874
Non-advertising	<u>12,548</u>	<u>9,935</u>	<u>2,763</u>	<u>22,483</u>	<u>4,783</u>
Total revenues	19,349	14,411	6,126	33,760	10,657
Cost of revenues:					
Advertising	1,750	1,602	1,495	3,352	2,958
Non-advertising	<u>4,521</u>	<u>3,654</u>	<u>1,600</u>	<u>8,175</u>	<u>3,048</u>
Total cost of revenues	6,271	5,256	3,095	11,527	6,006
Gross profit	13,078	9,155	3,031	22,233	4,651
Operating expenses:					
Product development	1,926	1,742	1,310	3,674	2,485
Sales and marketing	2,528	1,992	1,872	4,527	3,887
General administrative and	<u>1,312</u>	<u>1,076</u>	<u>984</u>	<u>2,394</u>	<u>1,951</u>
Total operating expenses	5,766	4,810	4,166	10,595	8,323
Operating profit/(loss)	7,312	4,345	(1,135)	11,638	(3,672)
Other income/(expense)	(129)	(81)	(58)	(191)	(36)
Interest income	<u>343</u>	<u>327</u>	<u>323</u>	<u>670</u>	<u>629</u>
Net income/(loss)	<u>7,526</u>	<u>4,591</u>	<u>(870)</u>	<u>12,117</u>	<u>(3,079)</u>
Basic net income/(loss) per share	\$ <u>0.21</u>	\$ <u>0.13</u>	\$ <u>(0.02)</u>	\$ <u>0.35</u>	\$ <u>(0.09)</u>
Shares used in computing basic net income/(loss) per share	<u>35,286</u>	<u>34,756</u>	<u>35,641</u>	<u>35,020</u>	<u>35,633</u>
Diluted net income/(loss) per share	\$ <u>0.19</u>	\$ <u>0.12</u>	\$ <u>(0.02)</u>	\$ <u>0.31</u>	\$ <u>(0.09)</u>

Shares used in computing
diluted net income/(loss)
per share

40,036

39,186

35,641

39,405

35,633

SOHU.COM INC.
CONSOLIDATED SUMMARY BALANCE SHEET DATA
(UNAUDITED, IN THOUSANDS)

	<u>Jun. 30,</u> <u>2003</u>	<u>Dec. 31,</u> <u>2002</u>
ASSETS		
Cash, cash equivalents and investments in marketable debt securities	\$ 55,422	\$ 44,211
Accounts receivable, net	12,150	3,954
Prepaid and other current assets	2,538	2,009
Fixed assets, net	5,502	6,012
Loans to related parties and other assets, net	<u>6,059</u>	<u>5,786</u>
	<u>81,671</u>	<u>61,972</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	10,528	5,119
Deferred revenues	<u>2,654</u>	<u>1,622</u>
Total current liabilities	13,182	6,741
Shareholders' equity	<u>68,489</u>	<u>55,231</u>
	\$	\$
	<u>81,671</u>	<u>61,972</u>

SEGMENT INFORMATION

Summarized information by segment for the three and six months ended June 30, 2003 and 2002, as excerpted from the internal management reports, is as follows (in thousands):

	<u>Three Months Ended</u>			<u>Six Months Ended</u>	
	<u>Jun. 30,</u> <u>2003</u>	<u>Mar. 31,</u> <u>2003</u>	<u>Jun. 30,</u> <u>2002</u>	<u>Jun. 30,</u> <u>2003</u>	<u>Jun. 30,</u> <u>2002</u>
Revenues:					
Advertising	6,801	4,476	3,363	11,277	5,874
Non-advertising:					
E-subscriptions	11,564	8,678	1,877	20,242	2,766
E-commerce	984	1,175	800	2,159	1,828
Other	<u>0</u>	<u>82</u>	<u>86</u>	<u>82</u>	<u>189</u>
Subtotal non-advertising revenues	<u>12,548</u>	<u>9,935</u>	<u>2,763</u>	<u>22,483</u>	<u>4,783</u>
Total revenues	<u>19,349</u>	<u>14,411</u>	<u>6,126</u>	<u>33,760</u>	<u>10,657</u>
Cost of revenues:					
Advertising	1,750	1,602	1,495	3,352	2,958
Non-advertising:					
E-subscription	3,547	2,646	850	6,193	1,216
E-commerce	891	1,008	663	1,899	1,568
Other	<u>83</u>	<u>-</u>	<u>87</u>	<u>83</u>	<u>264</u>
Subtotal non-advertising cost of revenues	<u>4,521</u>	<u>3,654</u>	<u>1,600</u>	<u>8,175</u>	<u>3,048</u>
Total cost of revenues	<u>6,271</u>	<u>5,256</u>	<u>3,095</u>	<u>11,527</u>	<u>6,006</u>
Gross profit	<u>13,078</u>	<u>9,155</u>	<u>3,031</u>	<u>22,233</u>	<u>4,651</u>