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CHANGYOU.COM LIMITED  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED, IN THOUSANDS EXCEPT PER ADS AMOUNTS)

	Three Months Ended		
	Mar. 31, 2015	Dec. 31, 2014	Mar. 31, 2014
<b>Revenues:</b>			
Online game	\$ 184,994	\$ 184,405	\$ 163,388
Online advertising	9,636	18,267	9,246
IVAS	5,919	6,556	3,611
Others	8,148	6,685	4,508
Total revenues	<u>208,697</u>	<u>215,913</u>	<u>180,753</u>
<b>Cost of revenues:</b>			
Online game (includes share-based compensation expense of \$44, \$(36) and \$18 respectively)	49,486	51,752	26,586
Online advertising (includes share-based compensation expense of \$0, \$0 and \$93 respectively)	3,446	3,306	3,626
IVAS (includes share-based compensation expense of \$0, \$2 and \$0 respectively)	6,125	7,367	3,766
Others	6,554	6,310	5,277
Total cost of revenues	<u>65,611</u>	<u>68,735</u>	<u>39,255</u>
<b>Gross profit</b>	<b>143,086</b>	<b>147,178</b>	<b>141,498</b>
<b>Operating expenses:</b>			
Product development (includes share-based compensation expense of \$1,035, \$793 and \$46 respectively)	45,255	22,475	69,604
Sales and marketing (includes share-based compensation expense of \$(18), \$125 and \$(46) respectively)	21,889	38,437	80,527
General and administrative (includes share-based compensation expense of \$2,843, \$1,951 and \$196 respectively)	23,397	36,162	21,364
Goodwill impairment and impairment of intangible assets acquired as part of acquisition of a business	0	52,282	0
Total operating expenses	<u>90,541</u>	<u>149,356</u>	<u>171,495</u>
<b>Operating profit/(loss)</b>	<b>52,545</b>	<b>(2,178)</b>	<b>(29,997)</b>
Interest income	3,638	3,164	6,091
Foreign currency exchange (loss) / gain	(184)	(957)	737
Other income	3,438	2,778	617
<b>Income/ (Loss) before income tax expense</b>	<b>59,437</b>	<b>2,807</b>	<b>(22,552)</b>
Income tax (expense)/benefits	(12,445)	(7,077)	2,683
<b>Net income/(loss)</b>	<b>46,992</b>	<b>(4,270)</b>	<b>(19,869)</b>
Less: Net loss attributable to non-controlling interests	(1,296)	(15,169)	(372)
<b>Net income/ (loss) attributable to Changyou.com Limited</b>	<b>\$ 48,288</b>	<b>\$ 10,899</b>	<b>\$ (19,497)</b>
Basic net income /(loss) per ADS attributable to Changyou.com Limited	<u>\$ 0.92</u>	<u>\$ 0.21</u>	<u>\$ (0.37)</u>
ADSs used in computing basic net income /(loss) per ADS attributable to Changyou.com Limited	<u>52,738</u>	<u>52,849</u>	<u>52,851</u>
Diluted net income /(loss) per ADS attributable to Changyou.com Limited	<u>\$ 0.91</u>	<u>\$ 0.21</u>	<u>\$ (0.37)</u>
ADSs used in computing diluted net income /(loss) per ADS attributable to Changyou.com Limited	<u>53,025</u>	<u>52,861</u>	<u>52,851</u>



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CHANGYOU.COM LIMITED  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED, IN THOUSANDS)

	<u>As of Mar. 31, 2015</u>	<u>As of Dec. 31, 2014</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 286,416	\$ 220,794
Accounts receivable, net	86,579	77,969
Short-term investments	163,707	191,577
Restricted time deposits	249,698	282,186
Deferred tax assets	2,059	4,918
Prepaid and other current assets	82,904	29,927
Assets held for sale	139,779	0
<b>Total current assets</b>	<b><u>1,011,142</u></b>	<b><u>807,371</u></b>
<b>Non-current assets:</b>		
Fixed assets, net	234,621	243,837
Goodwill	149,260	258,997
Intangible assets, net	50,221	68,276
Restricted time deposits	134,746	135,256
Deferred tax assets	14,750	18,704
Other assets, net	16,927	15,524
<b>Total non-current assets</b>	<b><u>600,525</u></b>	<b><u>740,594</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,611,667</u></b>	<b><u>\$ 1,547,965</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Receipts in advance and deferred revenue	\$ 42,503	\$ 39,178
Accounts payable and accrued liabilities	165,905	138,507
Short-term bank loans	25,500	25,500
Tax payables	9,976	18,471
Deferred tax liabilities	23,303	22,356
Current contingent consideration	0	3,935
Liabilities held for sale	2,100	0
<b>Total current liabilities</b>	<b><u>269,287</u></b>	<b><u>247,947</u></b>
<b>Long-term liabilities:</b>		
Long-term bank loans	344,500	344,500
Long-term contingent consideration	1,979	1,929
Long-term deferred tax liabilities	4,562	5,748
Long-term accounts payable	2,845	5,143
<b>Total long-term liabilities</b>	<b><u>353,886</u></b>	<b><u>357,320</u></b>
<b>Total liabilities</b>	<b><u>623,173</u></b>	<b><u>605,267</u></b>
<b>SHAREHOLDERS' EQUITY</b>		
Changyou.com Limited shareholders' equity	938,111	890,388
Non-controlling interests	50,383	52,310
<b>Total shareholders' equity</b>	<b><u>988,494</u></b>	<b><u>942,698</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 1,611,667</u></b>	<b><u>\$ 1,547,965</u></b>

**CHANGYOU.COM LIMITED**

**RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATIONS MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES**

**(UNAUDITED, IN THOUSANDS, EXCEPT PER ADS AMOUNTS)**

	<b>Three Months Ended Mar. 31, 2015</b>		
	<b>Non-GAAP adjustments</b>		
	<b>GAAP</b>	<b>Share-based compensation expense (a)</b>	<b>Non-GAAP</b>
Online game gross profit	\$ 135,508	44	135,552
Online advertising gross profit	6,190	0	6,190
IVAS gross( loss)	(206)	0	(206)
Other gross profit	1,594	0	1,594
Gross profit	\$ 143,086	44	143,130
Gross margin	69%		69%
Operating profit	\$ 52,545	3,904	56,449
Operating margin	25%		27%
Net income	\$ 46,992	3,904	50,896
Net income attributable to Changyou.com Limited	\$ 48,288	3,885	52,173
Net margin attributable to Changyou.com Limited	23%		25%
Diluted net income attributable to Changyou.com Limited per ADS	\$ 0.91		0.97
ADSs used in computing diluted net income attributable to Changyou.com Limited per ADS	53,025		54,046

Note:

(a) To eliminate share-based compensation expense measured using the fair value method.

**CHANGYOU.COM LIMITED**

**RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATIONS MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES  
(UNAUDITED, IN THOUSANDS, EXCEPT PER ADS AMOUNTS)**

	<b>Three Months Ended Dec. 31, 2014</b>		
	<b>Non-GAAP adjustments</b>		
	<b>GAAP</b>	<b>Share-based compensation expense (a)</b>	<b>Non-GAAP</b>
Online game gross profit	\$ 132,653	(36)	132,617
Online advertising gross profit	14,961	0	14,961
IVAS gross( loss)	(811)	2	(809)
Other gross profit	375	0	375
Gross profit	\$ 147,178	(34)	147,144
Gross margin	68%		68%
Operating (loss) profit	\$ (2,178)	2,835	657
Operating margin	(1%)		0%
Net (loss)	\$ (4,270)	2,835	(1,435)
Net income attributable to Changyou.com Limited	\$ 10,899	2,770	13,669
Net margin attributable to Changyou.com Limited	5%		6%
Diluted net income attributable to Changyou.com Limited per ADS	\$ 0.21		0.25
ADSs used in computing diluted net income attributable to Changyou.com Limited per ADS	52,861		54,189

Note:

(a) To eliminate share-based compensation expense measured using the fair value method.

**CHANGYOU.COM LIMITED**

**RECONCILIATIONS OF NON-GAAP RESULTS OF OPERATIONS MEASURES TO THE NEAREST COMPARABLE GAAP MEASURES**

**(UNAUDITED, IN THOUSANDS, EXCEPT PER ADS AMOUNTS)**

	<b>Three Months Ended Mar. 31, 2014</b>		
	<b>Non-GAAP adjustments</b>		
	<b>GAAP</b>	<b>Share-based compensation expense (a)</b>	<b>Non-GAAP</b>
Online game gross profit	\$ 136,802	18	136,820
Online advertising gross profit	5,620	93	5,713
IVAS gross (loss)	(155)	0	(155)
Other gross (loss)	(769)	0	(769)
Gross profit	\$ 141,498	111	141,609
Gross margin	78%		78%
Operating (loss)	\$ (29,997)	307	(29,690)
Operating margin	(17%)		(16%)
Net (loss)	\$ (19,869)	307	(19,562)
Net (loss) attributable to Changyou.com Limited	\$ (19,497)	307	(19,190)
Net margin attributable to Changyou.com Limited	(11%)		(11%)
Diluted net (loss) per ADS attributable to Changyou.com Limited	\$ (0.37)		(0.36)
ADSs used in computing diluted net (loss) per ADS attributable to Changyou.com Limited	52,851		52,851

Note:

(a) To eliminate share-based compensation expense measured using the fair value method.