
NQ Mobile Inc. Reports Unaudited Financial Results For the Third Quarter of 2015

BEIJING and DALLAS, November 30th, 2015 /PRNewswire/ - NQ Mobile Inc. ("NQ Mobile" or the "Company") (NYSE: NQ), a leading global provider of mobile internet services, today announced its unaudited financial results for the quarter ended September 30th, 2015.

Highlights for Third Quarter 2015

- Quarterly Net Revenues were \$87.9 million in the third quarter of 2015, an 8.3% increase year-over-year from \$81.2 million in the same period in 2014. The difference in net revenue performance relative to previously issued guidance was primarily due to lower hardware sales in the Company's enterprise mobility segment.
- Income from Operations in the third quarter of 2015 was \$0.2 million, compared with an operating loss of \$18.3 million in the same period in 2014.
- Net Loss attributable to NQ Mobile was \$2.5 million, or a loss of \$0.03 per ADS, in the third quarter of 2015, an 85.4% improvement compared with a net loss of \$17.0 million, or a loss of \$0.19 per ADS, in the same period in 2014.
- Non-GAAP Net Income attributable to NQ Mobile was \$0.9 million, or \$0.01 per ADS in the third quarter of 2015, compared with Non-GAAP net income of \$6.4 million, or \$0.07 per ADS, in the same period in 2014.

Operating Metrics as of September 30, 2015

As a reminder, beginning in the third quarter of 2014, the Company began presenting the operating metrics of average monthly active user accounts ("MAUs") as redefined to include many emerging businesses previously not included in the Company's user account metrics. The MAUs presented herein include the user accounts in all the related business segments. As such, the MAUs presented herein should only be compared to operating metrics in the third quarter of 2014 and in subsequent periods and should not be compared to operating metrics in earlier historical periods due to divergent definitions. The MAUs for the period presented herein and going forward are expected to be better aligned with the key underlying trends of a mobile internet platform company focused on driving mobile consumer traffic and engagement that can be monetized. The MAU statistics do not include the users addressed by the installation of the Company's advertising SDK into third-party applications. These indirect users generate impressions and search traffic that the Company can monetize outside of the user accounts generated directly by the Company's own portfolio of products and applications.

Average Monthly Active User Accounts as of September 30, 2015: 198.8 million.

"Our strict focus on cost controls and budgets continue to pay off in our results," said Mr. Zemin Xu, Chief Executive Officer of NQ Mobile. "Although the hardware sales within our enterprise mobility segment performed below expectations, we are pleased to see progress in our entertainment and consumer businesses and see results from our efforts in the monetization of our traffic."

"The business divestitures we previously announced are moving forward and accordingly, we continue to work on unlocking the value in these businesses," said Mr. Roland Wu, Chief Financial Officer of NQ Mobile. "We look forward to unlocking value and focusing on our businesses going forward."

Third Quarter 2015 Results

Revenues

Net revenues in the third quarter of 2015 increased 8.3% year-over-year to \$87.9 million from \$81.2 million in the same period in 2014.

Mobile value added service revenues increased 25.4% year-over-year to \$31.5 million from \$25.1 million in the same period in 2014. The increase in mobile value added service revenues was primarily attributable to the growth in mobile gaming revenues and live mobile social video platform revenues. The increase in mobile gaming revenues was primarily the result of the continuing expansion of FL Mobile's business in both domestic and overseas markets, which grew over 40.0% compared with the same period in 2014. The significant increase in live mobile social video platform revenues was driven by the rapid growth of the business of Showself, which was up over 600% compared to the same period in 2014. The strong growth in NQ Mobile's live mobile social video platform and mobile gaming revenues was offset by a decrease in consumer mobile security revenues which was mainly due to the fact that the Company has been moving its focus away from premium mobile security services and focusing more on mobile applications and services.

Advertising revenues decreased 21.6% year-over-year to \$16.0 million from \$20.4 million in the same period in 2014. The decrease was primarily attributable to slower smartphone sales and shipments.

Enterprise mobility revenues increased by 13.0% year-over-year to \$39.1 million from \$34.6 million in the same period in 2014. The increase was primarily due to improved software sales, which increased by over 100.0% when compared with the same quarter in 2014. On the other hand, hardware sales declined slightly when compared with the same quarter in 2014. The decline in hardware sales was the primary factor in the overall revenue shortfall relative to the Company's previously issued guidance for the third quarter.

Other revenues increased 25.8% year-over-year to \$1.4 million from \$1.1 million in the same period in 2014. Other revenues are generated primarily by providing technical contract services to third parties and fluctuate as such business is driven by individual projects.

Cost of Revenues

Cost of revenues in the third quarter of 2015 increased 14.6% year-over-year to \$67.2 million from \$58.7 million in the same period in 2014. The year-over-year increase was primarily due to higher revenue sharing cost, incurred mainly for the Company's mobile game business and live mobile social video platform business, which was in line with the increase in corresponding revenues from these businesses. Such an increase was also partly offset by the decrease in advertising related costs as well as cost of products sold.

Gross Profit and Gross Margin

Gross profit in the third quarter of 2015 decreased 8.0% to \$20.7 million from \$22.5 million in the same period in 2014. Gross margin, or gross profit as a percentage of net revenues, was 23.6% in the third quarter of 2015, compared with 27.8% in the same period in 2014. Excluding the impact from hardware sales of the enterprise mobility business and associated costs, gross margin was 35.0% in the third quarter of 2015, down from 43.2% in the same period in 2014.

Operating Expenses

Total operating expenses in the third quarter of 2015 decreased 49.7% year-over-year to \$20.5 million from \$40.9 million in the same period in 2014. Non-GAAP operating expenses, which exclude share-based compensation, the expenses incurred for the handling of short seller allegations and the amortization of intangible assets arising from acquisitions, decreased by 2.6% year-over-year to \$21.2

million from \$21.8 million in the same period in 2014.

Selling and marketing expenses in the third quarter of 2015 decreased 15.4% year-over-year to \$6.6 million from \$7.8 million in the same period in 2014. Non-GAAP selling and marketing expenses, which exclude share-based compensation, decreased 12.4% year-over-year to \$6.4 million from \$7.3 million in the same period in 2014. The year-over-year decrease in selling and marketing expenses mainly resulted from the decrease in spending on the promotional channels for mobile games in the third quarter, as well as reduced expenditures on mobile security.

General and administrative expenses in the third quarter of 2015 decreased 75.8% year-over-year to \$6.5 million from \$27.0 million in the same period in 2014. Non-GAAP general and administrative expenses, which exclude share-based compensation, the expenses incurred for the handling of short seller allegations and amortization of intangible assets arising from acquisitions, decreased 9.6% year-over-year to \$7.7 million from \$8.5 million in the same period in 2014. The year-over-year decrease in general and administrative expenses under GAAP was mainly from a significant \$16.7 million decrease in compensation expenses, as well as a large decrease in legal and professional fees.

Research and development expenses in the third quarter of 2015 increased 21.2% year-over-year to \$7.4 million from \$6.1 million in the same period in 2014. Non-GAAP research and development expenses, which exclude share-based compensation and amortization of intangible assets arising from acquisitions, increased 19.6% to \$7.1 million from \$5.9 million in the same period in 2014. The year-over-year increase in research and development expenses was primarily due to the increase in the expenditures on software development, mainly including staff costs, as a result of business expansion.

Share-based compensation expenses

Share-based compensation expenses, which were allocated to related operating cost and expenses line items, declined to negative \$1.5 million in the third quarter of 2015, a decrease of 109.4% from \$15.7 million in the corresponding period in 2014. The significant decrease in share-based compensation expenses was primarily due to adjustments on performance-based share options related to employees and less equity incentives issued to the Company's acquirers.

Income/Loss from Operations and Operating Margin

Income from operations in the third quarter of 2015 was \$0.2 million, compared with an operating loss of \$18.3 million in the same period in 2014.

Non-GAAP income from operations, which excludes share-based compensation, the expenses incurred for the handling of short seller allegations and amortization of intangible assets arising from acquisitions, was \$1.3 million in the third quarter of 2015, compared with an income of \$2.6 million in the same period in 2014. Non-GAAP operating margin, or non-GAAP income from operations as a percentage of net revenues, was 1.4% in the third quarter of 2015, compared with 3.2% in the same quarter in 2014. The decrease in non-GAAP operating margin was mainly due to the decline in gross margin, which was affected by the mix of businesses.

Foreign Exchange Gain/Loss, Interest Expenses and Other Income

Foreign exchange loss was \$1.6 million in the third quarter of 2015, compared with a loss of \$0.03 million in the same quarter of the previous year, which was affected by a fluctuation in foreign exchange rates. Interest expenses were \$1.3 million in the third quarter of 2015, compared with \$1.5 million in the same quarter of the previous year. Interest expenses were primarily derived from interest expense related to convertible debt, offset by the interest income from certain term deposits.

Income Tax

Income tax expense was \$2.3 million in the third quarter of 2015, compared with an income tax expense

of \$0.9 million in the same period in 2014.

Net Loss/Income

Net Loss attributable to NQ Mobile was \$2.5 million in the third quarter of 2015, compared with net loss of \$17.0 million in the same period in 2014. Non-GAAP net income attributable to NQ Mobile, which excludes share-based compensation, the expenses incurred for the handling of short seller allegations, interest expenses related to convertible debt, amortization of intangible assets arising from acquisition and impairment loss arising from acquisitions, was \$0.9 million in the third quarter of 2015, compared with net income of \$6.4 million in the same period in 2014.

Cash and Cash Equivalents, Term Deposits and Restricted Cash

Cash and cash equivalents, term deposits and restricted cash together amounted to \$203.4 million as of September 30, 2015.

Cash Flow

Net Cash used in operations in the third quarter of 2015 was \$14.9 million.

Other Significant Events

Binding agreement to sell Beijing Tianya

In a press release issued on November 18, 2015, the Company announced that it entered into a legally binding agreement to sell 100% of the equity interest in Beijing Tianya Co., Ltd. ("Beijing Tianya"), which operates NQ Mobile's mobile health applications related business, to Tack Fiori International Group Limited for an aggregate consideration of US \$40 million, or the RMB equivalent, in cash.

NationSky Divestment

The contemplated sale of the Company's NationSky business (the "NationSky Divestment"), as previously announced on August 26, 2015, is moving forward with the cooperation of all parties involved. However, the timing of the originally disclosed payment schedule has been modified. The Company has received part of the overall purchase price and all parties are working together to complete this transaction as soon as practicable.

NQ Mobile Share Repurchase

As previously announced, on December 23, 2014, the Board authorized the Company to repurchase up to \$80 million of its shares on the open market, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulation, over the next 12 months. To date, NQ Mobile has repurchased \$12.6 million worth of shares on the open market, or a total of approximately 2.9 million ADSs. As of November 30, 2015, \$67.4 million remains available for further repurchases under the \$80 million authorized share repurchase program.

Business Outlook

The Company believes it is more prudent to temporarily suspend the practice of providing revenue guidance, in part due to the previously announced ongoing divestitures of certain business segments. The Company will resume providing revenue guidance when it is appropriate.

Conference Call Information

NQ Mobile's management team will hold an earnings conference call to discuss its results and outlook

at 7:30 p.m. U.S. Eastern Time on Monday, November 30th, 2015, (8:30 a.m. Beijing/Hong Kong Time on Tuesday, December 1st, 2015).

The dial-in details for the conference call are:

U.S. Toll Free: +1-866-519-4004
International: +1-845-675-0437
Hong Kong: +852-3018-6771
United Kingdom: +44 203-059-8139
China Mainland: 4006208038 or 8008190121
Conference ID: 88358584

Please dial in 10 minutes before the call is scheduled to begin and provide the conference ID to join the call.

A replay of the call will be available after the conclusion of the conference call at 11:30 p.m. U.S. Eastern Time on November 30th through December 6th, 2015. The dial-in details for the replay are:

U.S. Toll Free: 1-855-452-5696
International: +1- 646-254-3697
Conference ID: 88358584

Additionally, a live and archived webcast of this call will be available on the Investor Relations section of NQ Mobile's website at <http://ir.nq.com>.

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About NQ Mobile

NQ Mobile Inc. (NYSE: NQ) is a leading global provider of consumer and enterprise mobile internet services. NQ Mobile's portfolio of offerings includes mobile security and productivity, mobile search, mobile games and advertising applications for the consumer market and consulting, mobile platforms, and mobility management services for the enterprise market. NQ Mobile maintains dual headquarters in Dallas, Texas, USA and Beijing, China. For more information on NQ Mobile, please visit <http://www.nq.com>.

Non-GAAP Financial Measures

To supplement the Company's financial results prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP"), NQ Mobile's management uses non-GAAP measures of cost of revenues, operating expenses, income from operations and net income attributable to NQ Mobile, which are adjusted from results based on GAAP to exclude share-based compensation expenses, expenses related to the handling of short seller allegations, interest expenses related to convertible debt, amortization of intangible assets arising from acquisitions and impairment loss arising from acquisitions. The Company also uses non-GAAP fully diluted earnings per ADS, which is the non-GAAP net income attributable to common shareholders divided by weighted average number of diluted ADS.

The Company's non-GAAP financial information is provided as additional information to help the Company's investors compare business trends among different reporting periods on a consistent basis and to enhance investors' overall understanding of the historical and current financial performance of the Company's continuing operations and its prospects for the future. The Company's non-GAAP financial information should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. In addition, the Company's

calculation of this non-GAAP financial information may be different from the calculation used by other companies, and therefore comparability may be limited.

The non-GAAP financial measures are provided to enhance investors' overall understanding of NQ Mobile's current financial performance and prospects for the future. A limitation of using non-GAAP cost of revenues, operating expenses, income from operations and net income attributable to NQ Mobile, excluding share-based compensation expenses, expenses related to the handling of short seller allegations, interest expenses related to convertible debt, amortization of intangible assets arising from acquisitions and impairment loss arising from acquisitions, are that these items has been and may continue to be a significant expense in the Company's business for the foreseeable future. In order to mitigate these limitations the Company has provided specific information regarding the GAAP amounts excluded from each non-GAAP measure. The accompanying tables include details on the reconciliation between GAAP financial measures that are most directly comparable to the non-GAAP financial measures the Company has presented.

Forward Looking Statements

This news release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. All statements other than statements of historical fact in this press release are forward-looking statements and involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These forward-looking statements are based on management's current expectations, assumptions, estimates and projections about the Company and the industry in which the Company operates, but involve a number of unknown risks and uncertainties. Further information regarding these and other risks is included in the Company's filings with the U.S. Securities and Exchange Commission. The Company undertakes no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or changes in its expectations, except as may be required by law. Although the Company believes that the expectations expressed in these forward looking statements are reasonable, it cannot assure you that such expectations will turn out to be correct, and actual results may differ materially from the anticipated results. You are urged to consider these factors carefully in evaluating the forward-looking statements contained herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements.

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NQ MOBILE INC.
 UNAUDITED CONDENSED CONSOLIDATED
 BALANCE SHEETS
 (In thousands)

| | As of | |
|---|-------------------------------|------------------------------|
| | September 30, 2015 US\$ | December 31, 2014 US\$ |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 67,745 | 152,915 |
| Term deposits | 132,049 | 116,284 |
| Restricted cash | 3,623 | 3,767 |
| Accounts receivable, net of allowance of US\$8,656 and US\$8,892 as of September 30, 2015 and December 31, 2014, respectively | 107,406 | 88,403 |
| Inventory | 4,320 | 13,135 |
| Deferred tax assets, current portion | 756 | 1,288 |
| Prepaid expenses and other current assets | 50,665 | 44,126 |
| Assets held for sale | - | 390 |
| Total current assets | 366,564 | 420,308 |
| Non-current assets: | | |
| Equity investments, net | 55,951 | 35,249 |
| Property and equipment, net | 5,847 | 5,961 |
| Intangible assets, net | 26,089 | 33,890 |
| Goodwill | 306,792 | 320,425 |
| Deferred tax assets, non-current portion | 551 | 167 |
| Consideration prepaid for acquiring an investee | 15,645 | - |
| Other non-current assets | 18,523 | 17,808 |
| Total Assets | 795,962 | 833,808 |
| LIABILITIES | | |
| Current liabilities: | | |
| Advance from customers | 6,723 | 12,481 |
| Accounts payable | 27,349 | 24,050 |
| Deferred revenue | 12,358 | 14,922 |
| Consideration payable of acquiring an investee/associate | 314 | 817 |
| Accrued expenses and other current liabilities | 34,696 | 35,082 |
| Tax payable | 7,815 | 5,658 |
| Liabilities on assets held for sale | - | 228 |
| Total current liabilities | 89,255 | 93,238 |
| Non-current liabilities: | | |
| Convertible debt | 172,500 | 172,500 |
| Deferred tax liabilities and other liabilities | 7,132 | 9,159 |
| Total Liabilities | 268,887 | 274,897 |
| MEZZANINE EQUITY | | |
| Total Mezzanine Equity | 23,151 | 21,854 |
| EQUITY | | |
| NQ Mobile Inc.'s shareholders' equity | 444,425 | 479,929 |
| Non-controlling interest | 59,499 | 57,128 |
| Total equity | 503,924 | 537,057 |
| Total Liabilities, Mezzanine Equity and Equity | 795,962 | 833,808 |

NQ MOBILE INC.
 UNAUDITED CONDENSED CONSOLIDATED
 STATEMENTS OF COMPREHENSIVE INCOME
 (In thousands, except for share and per share data)

| | Three months ended | | | Nine months ended | |
|--|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Net Revenues | | | | | |
| Mobile value added services | 31,455 | 31,655 | 25,074 | 88,211 | 81,691 |
| Advertising services | 15,972 | 16,212 | 20,376 | 49,727 | 52,461 |
| Enterprise mobility | 39,129 | 52,759 | 34,642 | 137,903 | 104,690 |
| Other services | 1,388 | 1,444 | 1,103 | 3,375 | 3,786 |
| Total net revenues | 87,944 | 102,070 | 81,195 | 279,216 | 242,628 |
| Cost of revenues* | (67,210) | (76,782) | (58,656) | (214,428) | (163,503) |
| Gross profit | 20,734 | 25,288 | 22,539 | 64,788 | 79,125 |
| Operating expenses: | | | | | |
| Selling and marketing expenses* | (6,589) | (6,720) | (7,786) | (20,558) | (23,336) |
| General and administrative expenses* | (6,536) | (10,551) | (26,955) | (38,222) | (99,569) |
| Research and development expenses* | (7,414) | (6,596) | (6,115) | (21,217) | (17,262) |
| Total operating expenses | (20,539) | (23,867) | (40,856) | (79,997) | (140,167) |
| Income/(Loss) from operations | 195 | 1,421 | (18,317) | (15,209) | (61,042) |
| Interest expense | (1,282) | (1,079) | (1,547) | (3,202) | (4,258) |
| Foreign exchange (loss)/gain, net | (1,626) | 698 | (33) | (1,108) | (853) |
| Investment income | 521 | 501 | 2,538 | 1,518 | 12,986 |
| Impairment loss | - | (2,539) | (2,112) | (2,539) | (5,367) |
| Other income, net | 2,069 | 1,212 | 2,686 | 4,097 | 3,337 |
| (Loss)/Income before income taxes | (123) | 214 | (16,785) | (16,443) | (55,197) |
| Income tax expense | (2,279) | (442) | (856) | (3,168) | (2,070) |
| Net loss | (2,402) | (228) | (17,641) | (19,611) | (57,267) |
| Net income/(loss) attributable to the non-controlling interest | 346 | (981) | 605 | (269) | 1,761 |
| Net income attributable to the mezzanine classified non-controlling interest | (432) | (432) | - | (1,296) | - |
| Net loss attributable to NQ Mobile Inc. | (2,488) | (1,641) | (17,036) | (21,176) | (55,506) |
| Net loss | (2,402) | (228) | (17,641) | (19,611) | (57,267) |
| Other comprehensive (loss)/income: foreign currency translation adjustment | (25,612) | 2,370 | 20 | (25,178) | (2,378) |

NQ MOBILE INC.
 UNAUDITED CONDENSED CONSOLIDATED
 STATEMENTS OF COMPREHENSIVE INCOME
 (In thousands, except for share and per share data)

| | Three months ended | | | Nine months ended | |
|--|---------------------------|-----------------|----------------------|--------------------------|----------------------|
| | September 30, | June 30, | September 30, | September 30, | September 30, |
| | 2015 | 2015 | 2014 | 2015 | 2014 |
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Comprehensive (loss)/income | (28,014) | 2,142 | (17,621) | (44,789) | (59,645) |
| Comprehensive income/(loss) attributable to non-controlling interest | 323 | (1,000) | 605 | (334) | 1,761 |
| Comprehensive income attributable to the mezzanine classified non-controlling interest | (432) | (432) | - | (1,296) | - |
| Comprehensive (loss)/income attributable to NQ Mobile Inc. | (28,123) | 710 | (17,016) | (46,419) | (57,884) |
| Net loss per Class A and Class B common share, basic and diluted | (0.0053) | (0.0035) | (0.0377) | (0.0456) | (0.1441) |
| Net loss per ADS, basic and diluted | (0.0265) | (0.0175) | (0.1885) | (0.2280) | (0.7205) |
| Weighted average number of common shares outstanding: | | | | | |
| Basic and Diluted | 470,059,612 | 465,243,052 | 451,839,042 | 464,880,435 | 385,206,398 |
| Weighted average number of ADS outstanding: | | | | | |
| Basic and Diluted | 94,011,922 | 93,048,610 | 90,367,808 | 92,976,087 | 77,041,280 |
| *Share-based compensation expenses included in: | | | | | |
| Cost of revenues | 50 | 18 | 94 | 147 | 211 |
| Selling and marketing expenses | 191 | 391 | 481 | 762 | 1,221 |
| General and administrative expenses | (1,781) | 1,133 | 14,895 | 11,568 | 62,196 |
| Research and development expenses | 58 | (437) | 230 | (342) | 902 |
| Total | (1,482) | 1,105 | 15,700 | 12,135 | 64,530 |

NQ MOBILE INC.
NON-GAAP MEASURE RECONCILIATIONS
(In thousands, except for share and per share data)

| | Three months ended | | | Nine months ended | |
|--|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2015 | June 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Selling and marketing expenses under GAAP | (6,589) | (6,720) | (7,786) | (20,558) | (23,336) |
| Adjustment (a) | 191 | 391 | 481 | 762 | 1,221 |
| Non-GAAP selling and marketing expenses | (6,398) | (6,329) | (7,305) | (19,796) | (22,115) |
| General and administrative expenses under GAAP | (6,536) | (10,551) | (26,955) | (38,222) | (99,569) |
| Adjustment (a) | (1,781) | 1,133 | 14,895 | 11,568 | 62,196 |
| Adjustment (b) | - | - | 2,570 | - | 6,825 |
| Adjustment (d) | 601 | 958 | 952 | 2,515 | 2,864 |
| Non-GAAP general and administrative expenses | (7,716) | (8,460) | (8,538) | (24,139) | (27,684) |
| Research and development expenses under GAAP | (7,414) | (6,596) | (6,115) | (21,217) | (17,262) |
| Adjustment (a) | 58 | (437) | 230 | (342) | 902 |
| Adjustment (d) | 248 | (58) | (58) | 132 | (173) |
| Non-GAAP research and development expenses | (7,108) | (7,091) | (5,943) | (21,427) | (16,533) |
| Income/(Loss) from operations under GAAP | 195 | 1,421 | (18,317) | (15,209) | (61,042) |
| Adjustment (a) | (1,482) | 1,105 | 15,700 | 12,135 | 64,530 |
| Adjustment (b) | - | - | 2,570 | - | 6,825 |
| Adjustment (d) | 2,561 | 2,690 | 2,648 | 7,935 | 7,796 |
| Non-GAAP income from operations | 1,274 | 5,216 | 2,601 | 4,861 | 18,109 |
| Net loss attributable to NQ Mobile Inc. under GAAP | (2,488) | (1,641) | (17,036) | (21,176) | (55,506) |
| Adjustment (a) | (1,482) | 1,105 | 15,700 | 12,135 | 64,530 |
| Adjustment (b) | - | - | 2,570 | - | 6,825 |
| Adjustment (c) | 2,314 | 2,306 | 2,497 | 6,917 | 7,147 |
| Adjustment (d) | 2,561 | 2,690 | 2,648 | 7,935 | 7,796 |
| Adjustment (e) | - | 2,539 | - | 2,539 | - |
| Non-GAAP net income attributable to NQ Mobile Inc. | 905 | 6,999 | 6,379 | 8,350 | 30,792 |
| Non-GAAP weighted average number of diluted ADS outstanding: | | | | | |
| Basic | 94,011,922 | 93,048,610 | 90,367,808 | 92,976,087 | 77,041,280 |
| Diluted | 95,758,176 | 95,036,631 | 93,608,747 | 94,872,886 | 82,956,843 |

NQ MOBILE INC.
NON-GAAP MEASURE RECONCILIATIONS
(In thousands, except for share and per share data)

| | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|
| Non-GAAP earnings per ADS, basic | 0.0096 | 0.0752 | 0.0706 | 0.0898 | 0.3997 |
| Non-GAAP earnings per ADS, diluted | 0.0095 | 0.0736 | 0.0681 | 0.0880 | 0.3712 |

- (a) Adjustment to exclude the share-based compensation expenses for each period
- (b) Adjustment to exclude the expenses incurred for the handling of short seller allegations
- (c) Adjustment to exclude the interest expenses related to convertible debt
- (d) Adjustment to exclude the amortization of intangible assets arising from acquisitions
- (e) Adjustment to exclude impairment loss arising from acquisitions