



# 2010 3Q Earnings Release



**2010.11.15**

**Webzen**



# Disclaimer

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The financial results for Q3 of 2010 have been prepared on an un-audited basis, and may be subject to change during independent auditing process

Therefore, information and data contained in this document is subject to change through an independent auditor's review.

Also, the information and projections contained in this document are based on our

Internal analysis of the market and industry environment. Please note these estimated

Numbers are subject to change according to the change in the management

Environment and industry conditions.

# Results Summary

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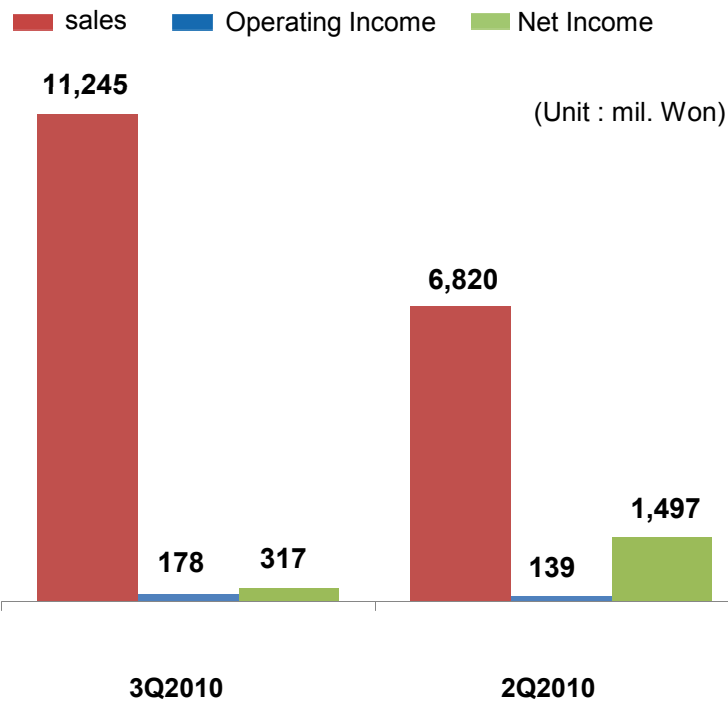
(Unit : mil. Won)

	3Q2010	2Q2010	3Q2009
<b>Revenue</b>	11,245	6,820	6,716
<b>Operating Income</b>	178	139	355
<i>(%)</i>	<i>2%</i>	<i>2%</i>	<i>5%</i>
<b>Non-Operating Profit</b>	164	1,546	13
<b>Income before ITE</b>	342	1,684	367
<i>(%)</i>	<i>3%</i>	<i>25%</i>	<i>5%</i>
<b>Net Income(Loss)</b>	317	1,497	138
<i>(%)</i>	<i>3%</i>	<i>22%</i>	<i>2%</i>

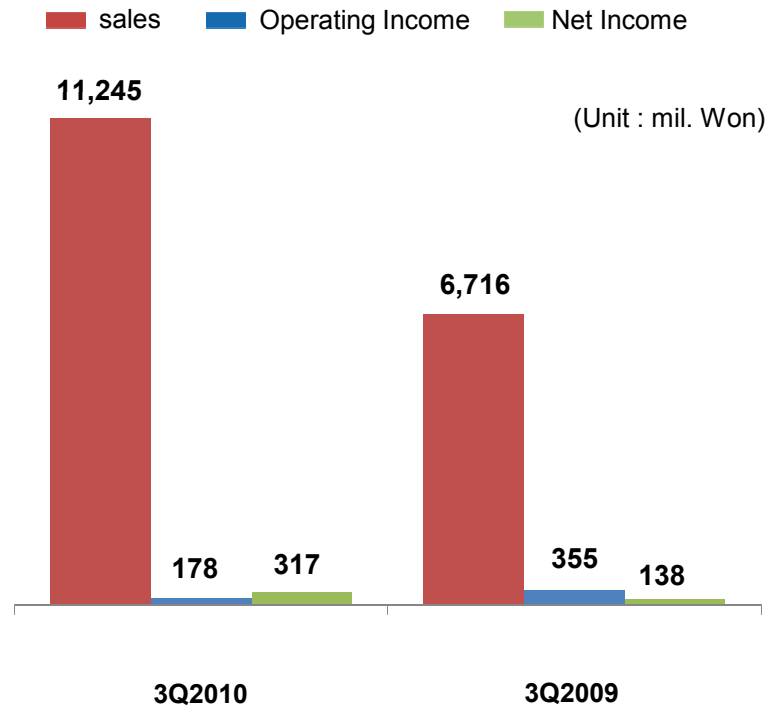
# Results Summary

- ▶ Revenue : 11,245 mil. won - ↑ 65% QoQ , ↑ 67% YoY (increase of game portfolio following merger)
- ▶ Operating Income : 178 mil. won - ↑ 28% QoQ , ↓ 50% YoY (merger-related amortization of goodwill)
- ▶ Net Income : 317 mil. won - ↓ 79% QoQ , ↑ 130% YoY

**QoQ**

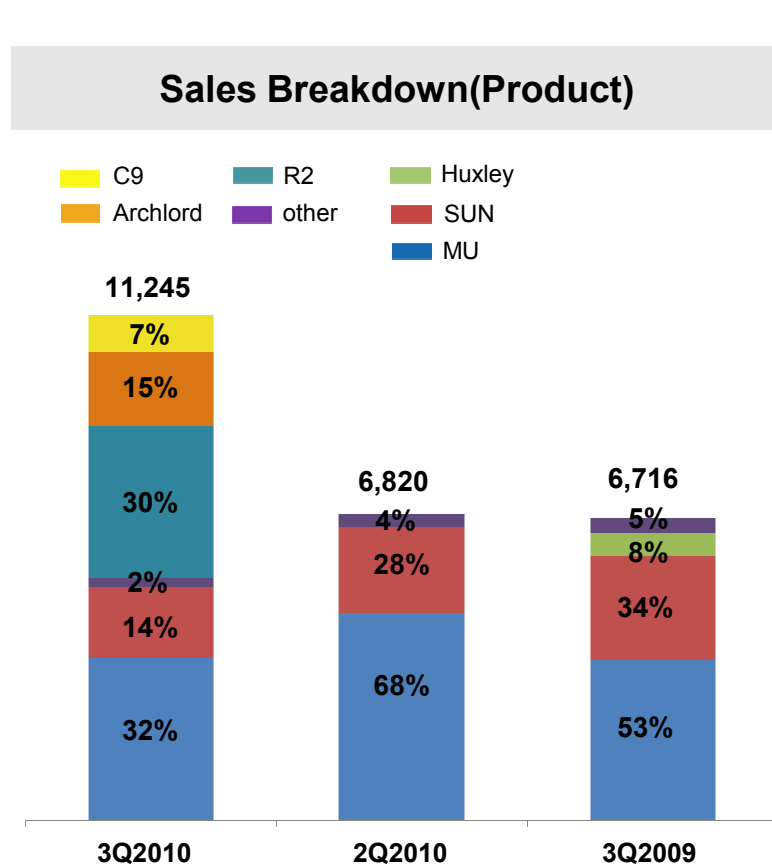


**YoY**



# Sales Breakdown(Product)

- ▷ MU : 3,620 mil.won - ↓ 22% QoQ , ↑ 1% YoY
- ▷ SUN : 1,568 mil.won - ↓ 19% QoQ , ↓ 32% YoY
- ▷ Archlord, R2, C9 – added line up following merger with NHNGames



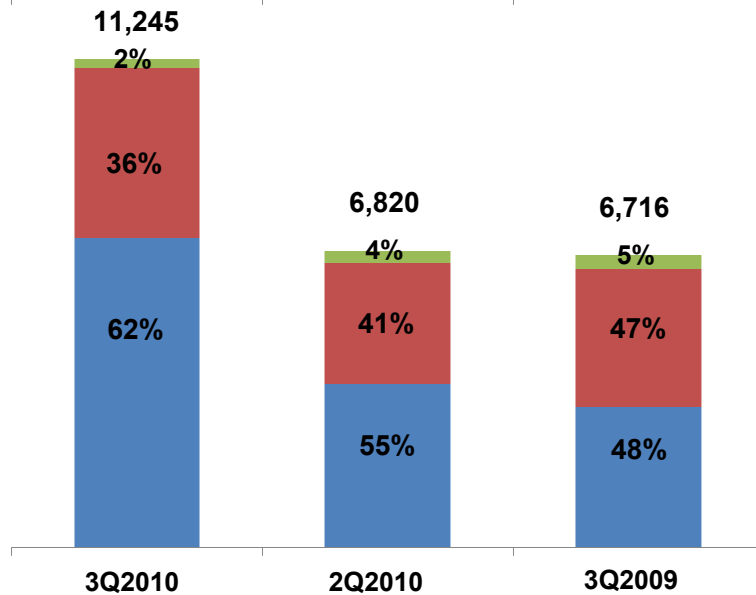
	3Q2010	2Q2010	3Q2009
<b>Total Sales</b>	<b>11,245</b>	<b>6,820</b>	<b>6,716</b>
Mu	3,620	4,613	3,575
SUN	1,568	1,930	2,315
Huxley	17	-	518
Other	206	277	309
R2	3,347		
Archlord	1,668		
C9	818		

# Sales Breakdown(Market)

- ▷ Domestic : 7,007 mil. won - ↑ 86% QoQ , ↑ 117% YoY
- ▷ Overseas : 4,032 mil.won - ↑ 45% QoQ , ↑ 27% YoY
- ▷ Other : 206 mil. won - ↓ 25% QoQ, ↓ 33% YoY

**Sales Breakdown(Market)**

■ Domestic ■ Overseas ■ other



(Unit : mil. Won)

	3Q2010	2Q2010	3Q2009
<b>Total Sales</b>	<b>11,245</b>	<b>6,820</b>	<b>6,716</b>
<b>Domestic</b>	<b>7,007</b>	<b>3,770</b>	<b>3,226</b>
<b>Overseas</b>	<b>4,032</b>	<b>2,774</b>	<b>3,182</b>
<b>China</b>	426	648	769
<b>Japan</b>	1,450	1,279	1,107
<b>Taiwan</b>	108	125	138
<b>GP*</b>	1,736	612	185
<b>Other</b>	312	110	983
<b>Other</b>	<b>206</b>	<b>277</b>	<b>309</b>

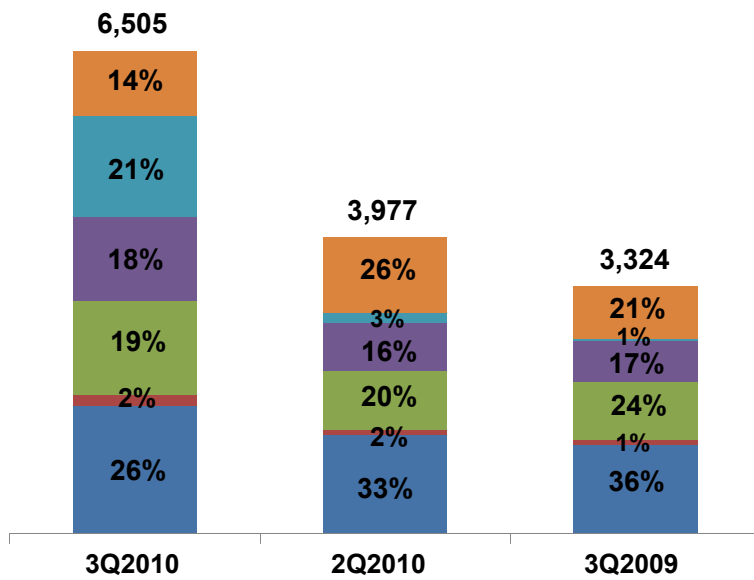
\* GP : Global Portal([www.webzen.com](http://www.webzen.com))

# Operating Expenses

- ▶ Total Operating Expenses : 6,505 mil. won - ↑ 64% QoQ , ↑ 96% YoY
- ▶ Labor Costs : 1,712 mil.won - ↑ 30% QoQ , ↑ 43% YOY
- ▶ Increase of merger-related commission service charges temporarily reflection of merger-related Amortization of Intangible Assets(goodwill)

(Unit : mil. Won)

## Operating Expenses



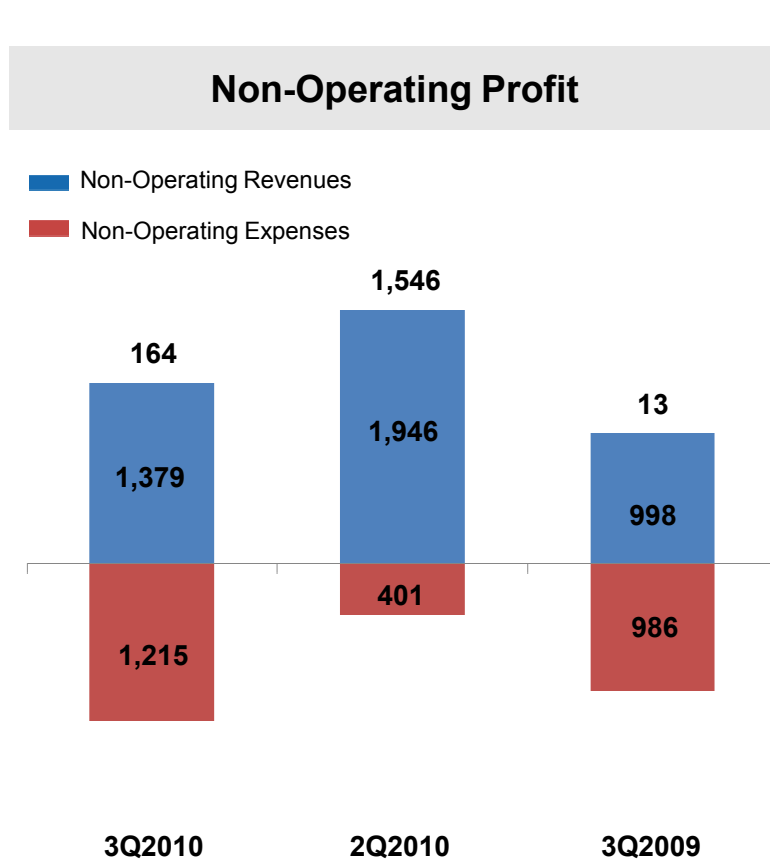
	3Q2010	2Q2010	3Q2009
<b>Total Operating Expenses</b>	<b>6,505</b>	<b>3,977</b>	<b>3,324</b>
Labor costs	1,712	1,315	1,194
Advertising expenses	152	75	50
Development expenses	1,266	798	785
Commission service charges	1,141	636	557
Amortization of Intangible Assets	1,354	130	28
Other	880	1,023	710

# Non-Operating Profit

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- ▶ **Non-Operating Revenues** : 1,379 mil. won - ↓ 29% QoQ , ↑ 38% YoY
- ▶ **Non-Operating Expenses** : 1,215 mil. won - ↑ 203% QoQ , ↑ 23% YoY



(Unit : mil. Won)

	3Q2010	2Q2010	3Q2009
<b>Non-Operating Profit</b>	<b>164</b>	<b>1,546</b>	<b>13</b>
<b>Non-Operating Revenues</b>	<b>1,379</b>	<b>1,946</b>	<b>998</b>
Interest Income	484	635	472
gain related to foreign currency	118	947	15
Gains on Valuation of Equity Method Securities	222	128	104
other	555	236	407
<b>Non-Operating Expenses</b>	<b>1,215</b>	<b>401</b>	<b>986</b>
Loss related to foreign currency	785	94	815
Losses on Valuation of Other Derivatives	-	295	131
other	430	12	40



# Summarized Income Statement

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(Unit : mil. Won)

	2010.09.30 (After Merger)	2010.06.30 (Webzen)	2009.12.31 (Webzen)	2009.09.30 (Webzen)
<b>Current Assets</b>	72,905	85,752	88,921	79,359
<b>Quick Assets</b>	72,905	85,752	88,921	73,359
<b>Non-Current Assets</b>	67,947	47,684	43,327	55,197
<b>Investments</b>	7,029	4,464	459	1,575
<b>Property, Plant and Equipment</b>	4,278	3,687	3,879	5,105
<b>Intangible Assets</b>	22,552	5,579	5,344	5,290
<b>Other non-current Assets</b>	34,087	33,954	33,646	43,227
<b>Total Assets</b>	<b>140,853</b>	<b>133,435</b>	<b>132,248</b>	<b>134,556</b>
<b>Current Liabilities</b>	14,266	5,472	7,159	6,038
<b>Non-Current Liabilities</b>	19,887	5,155	4,852	4,812
<b>Total Liabilities</b>	<b>34,153</b>	<b>10,627</b>	<b>12,012</b>	<b>10,850</b>
<b>Capital Stock</b>	16,552	6,487	6,487	6,487
<b>Capital Surplus</b>	152,807	136,311	135,892	135,874
<b>Capital Adjustment</b>	(73,050)	(18,918)	(18,717)	(19,029)
<b>Accumulated Other Comprehensive I/L</b>	(1,999)	(2,306)	(1,442)	(1,505)
<b>Retained Earnings</b>	12,389	1,235	(1,983)	1,879
<b>Total Shareholders' Equity</b>	<b>106,699</b>	<b>122,808</b>	<b>120,237</b>	<b>123,706</b>

# Summarized Income Statement

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(Unit : mil. Won)

	3Q2010	2Q2010		3Q2009	
	(After Merger)	Webzen	NHNGames	Webzen	NHNGames
<b>Revenue</b>	11,245	6,820	6,608	6,716	4,772
<b>Cost of Revenue</b>	4,562	2,705	2,284	3,038	1,416
<b>Gross Profit</b>	6,683	4,115	4,324	3,679	3,355
<i>(%)</i>	59%	60%	65%	55%	70%
<b>Operating Expenses</b>	6,505	3,977	1,643	3,324	1,714
<b>Operating Income(Loss)</b>	178	139	2,680	355	1,642
<i>(%)</i>	2%	2%	41%	5%	34%
<b>Non-Operating Profit</b>	164	1,546	2,760	13	(1,990)
<b>Non-Operating revenue</b>	1,379	1,946	3,454	998	372
<b>Non-Operating Expenses</b>	1,215	401	694	986	2,362
<b>Income before ITE</b>	342	1,684	5,440	367	(349)
<i>(%)</i>	3%	25%	82%	5%	-
<b>Income Tax Expenses</b>	25	187	1,889	229	-
<b>Net Income(Loss)</b>	317	1,497	3,551	138	(349)
<i>(%)</i>	3%	22%	54%	2%	-

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**Thank you**