Global Digital Entertainment Leader

Investor Relations

2006 Q1 Earnings Release

※ *The financial results for 2006 Q1 have been prepared on an unaudited basis, and may be subject to change during the independent auditing process*

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Results Summary

Revenue decreased 6% compared to Q4

Unit: KRW mm

	2006 Q1	2005 Q4	QoQ	2005 Q1	YoY
Revenue	5,182	5,513	*-6.0%*	9,370	*-44.7%*
Operating Expense	11,549	11,640	*-0.8%*	9,527	*21.2%*
Operating Profit	-6,367	-6,127	-	-157	-
Operating Profit Margin	-	-	-	-	-
Pretax Profit	-7,016	-5,802	-	904	-
Pretax profit margin	-	-	-	*9.6%*	-

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The forward-looking statements, based on our current expectations or estimates, involve substantial risks and uncertainties and speak only as of the date of this presentation.
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Revenue Breakdown

Domestic and Overseas Revenue decreased 4.5% and 13% respectively

Unit: KRW mm

	2006 Q1	2005 Q4	QoQ	2005 Q1	YoY
Revenue	5,182	5,513	-6.0%	9,370	-44.7%
Domestic	4,323	4,526	-4.5%	7,565	-42.9%
Overseas	826	949	-12.9%	1,779	-53.5%
Other	33	38	-13.2%	26	26.9%

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Domestic Revenue Breakdown

Individual revenue decreased 6% and Internet café revenue similar to Q4

Unit: KRW mm

	2006 Q1	2005 Q4	QoQ	2005 Q1	YoY
Domestic	4,323	4,526	-4.5%	7,565	-42.9%
Individual	3,188	3,402	-6.3%	5,359	-40.5%
Internet Cafe	1,135	1,124	1.0%	2,206	-48.5%

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Overseas Revenue Breakdown

Philippines increase, China/Taiwan/Japan/Thailand decrease compared to Q4

Unit: KRW mm

	2006 Q1	2005 Q4	QoQ	2005 Q1	YoY
Overseas	826	949	-12.9%	1,779	-53.6%
China	62	90	-31.1%	605	-89.8%
Taiwan	124	206	-39.8%	208	-40.4%
Japan	508	564	-9.9%	656	-22.6%
Thailand	57	66	-13.6%	102	-44.1%
Philippines	75	23	226.1%	208	-63.9%
Vietnam	-	-	-	-	-

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Operating Costs

Total Operating Costs decreased 0.8% compared to Q4

Unit: KRW mm

	2006 Q1	2005 Q4	QoQ	2005 Q1	YoY
Total Operating Costs	11,549	11,640	-0.8%	9,527	21.2%
Labor costs	6,420	5,147	24.7%	3,975	61.5%
Depreciation	582	866	-32.8%	563	3.4%
Sales commission	194	204	-4.9%	461	-57.9%
Commission paid	1,066	1,201	-11.2%	1,096	-2.7%
Marketing expenses	772	1,782	-56.7%	1,204	-35.9%
Other	2,515	2,440	3.1%	2,228	12.9%

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Non-Operating Items

Non-operating loss in Q1

Unit: KRW mm

	2006 Q1	2005 Q4	QoQ	2005 Q1	YoY
Non-Operating Income	-649	325	-	1,061	-
Interest Income	1,011	1,125	-10.1%	1,141	-11.4%
Profit (Loss) on foreign exchange	-257	-85	-	-215	-
Gain on Equity method	-1,457	-802	-	100	-
Other	54	87	-37.9%	35	54.3%

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Equity Method

Loss on equity method during Q1

Unit: KRW mm

	2006 Q1	2005 Q4	QoQ	2005 Q1	YoY
Flux	-60	-	-	-	-
9Webzen	-493	-269	-	468	-
Webzen Taiwan	-243	-135	-	-157	-
Webzen China	-9	-417	-	-178	-
Webzen America	-651	19	-	-34	-
Total	-1,456	-802	-	99	-

*** Webzen China's equity method may be subject to change during the independent auditing process*

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