Global Digital Entertainment Leader

Investor Relations

FY2008 Q2 Earnings Release

※ *The financial results for FY2008 Q1 have been prepared on an unaudited basis, and may be subject to change during the independent auditing process*

Results Summary

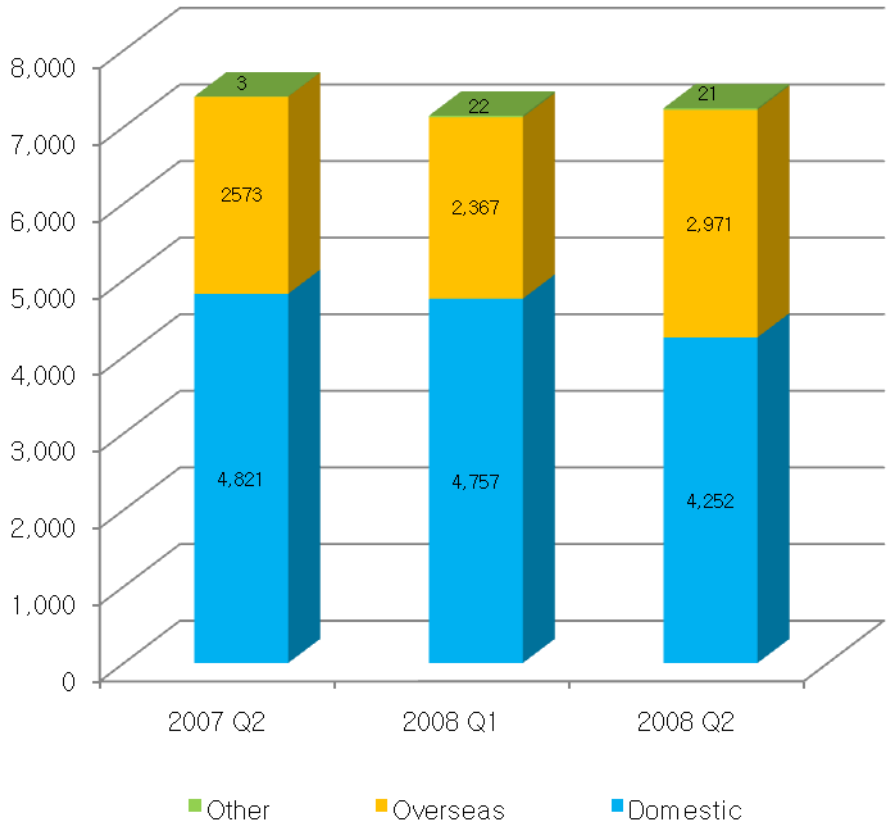
Revenue increased 1.4% / Net Income decreased

Unit: KRW mm

	2008 Q2	2008 Q1	QoQ	2007 Q2	YoY
Revenue	7,245	7,146	1.4%	7,397	-2.1%
Operating Expense	11,269	10,914	3.3%	9,207	22.4%
Operating Profit	-4,024	-3,768	-6.8%	-1,810	-122.3%
Ordinary Profit	-11,795	-1,894	-522.8%	-1,989	-493.0%
Net Income	-11,981	-2,107	-468.6%	-2,418	-395.5%

Revenue Breakdown

Domestic revenue decreased -10.6% / Overseas royalty increased 25.5%

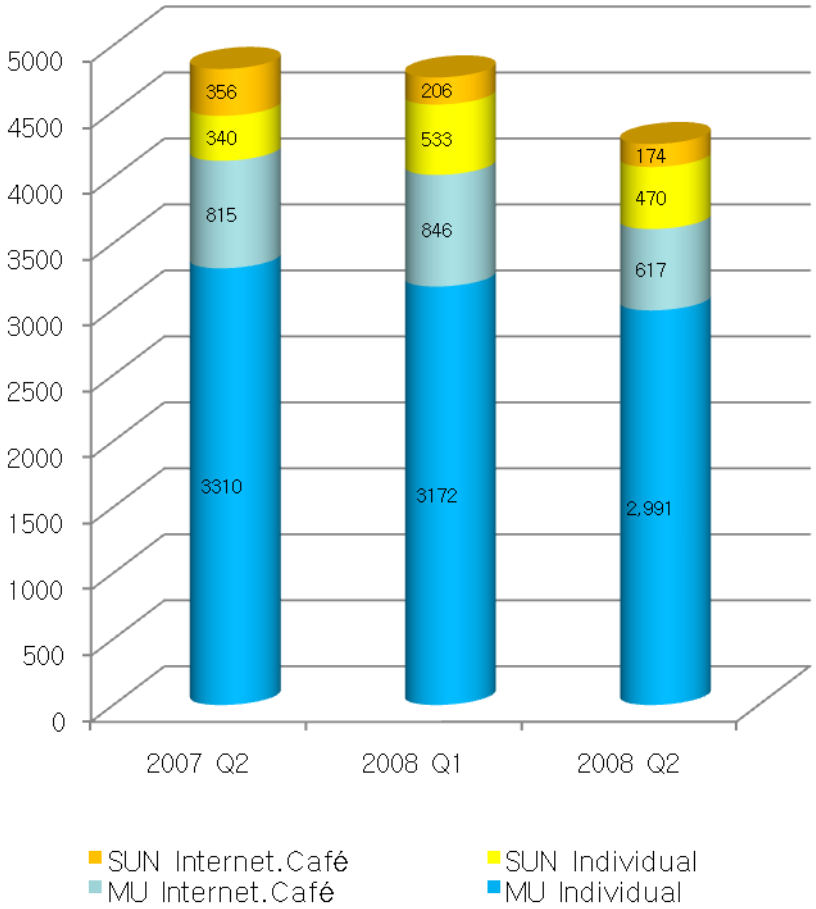


Unit: KRW mm

	2008 Q2	2008 Q1	QoQ	2007 Q2	YoY
Revenue	7,245	7,146	1.4%	7,397	-2.1%
Domestic	4,252	4,757	-10.6%	4,821	-11.8%
Overseas	2,971	2,367	25.5%	2,573	15.5%
Other	21	22	-2.3%	3	-

Domestic Revenue Breakdown

Domestic revenue decreased 10.6%



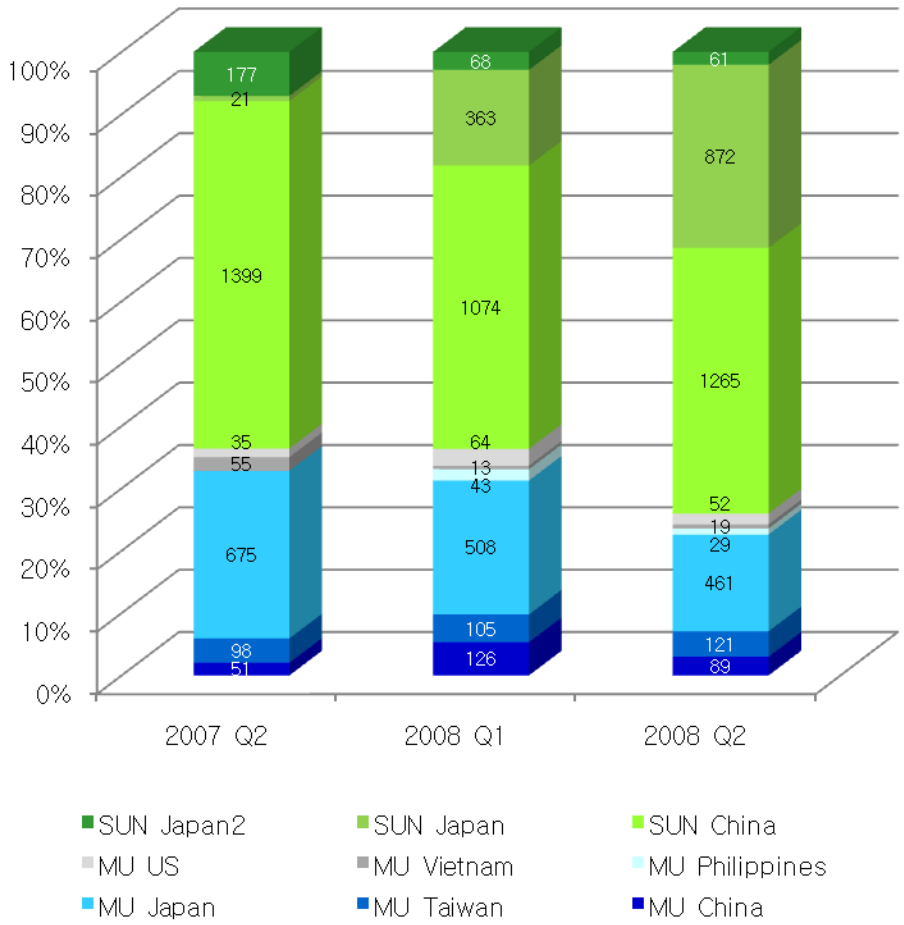
Unit: KRW mm

	2008 Q2	2008 Q1	QoQ	2007 Q2	YoY
MU	**3,608**	**4,018**	**-10.2%**	**4,125**	**-12.5%**
Individual	2,991	3,172	-5.7%	3,310	-9.6%
Internet Café	617	846	-27.0%	815	-24.3%
SUN	**644**	**739**	**-12.9%**	**696**	**-7.5%**
Individual	470	533	-11.8%	340	38.3%
Internet Café	174	206	-15.7%	356	-51.2%
TOTAL	**4,252**	**4,757**	**-10.6%**	**4,821**	**-11.8%**

Overseas Royalty Revenue Breakdown

WEBZEN

Overseas royalty revenue decreased 25.5%

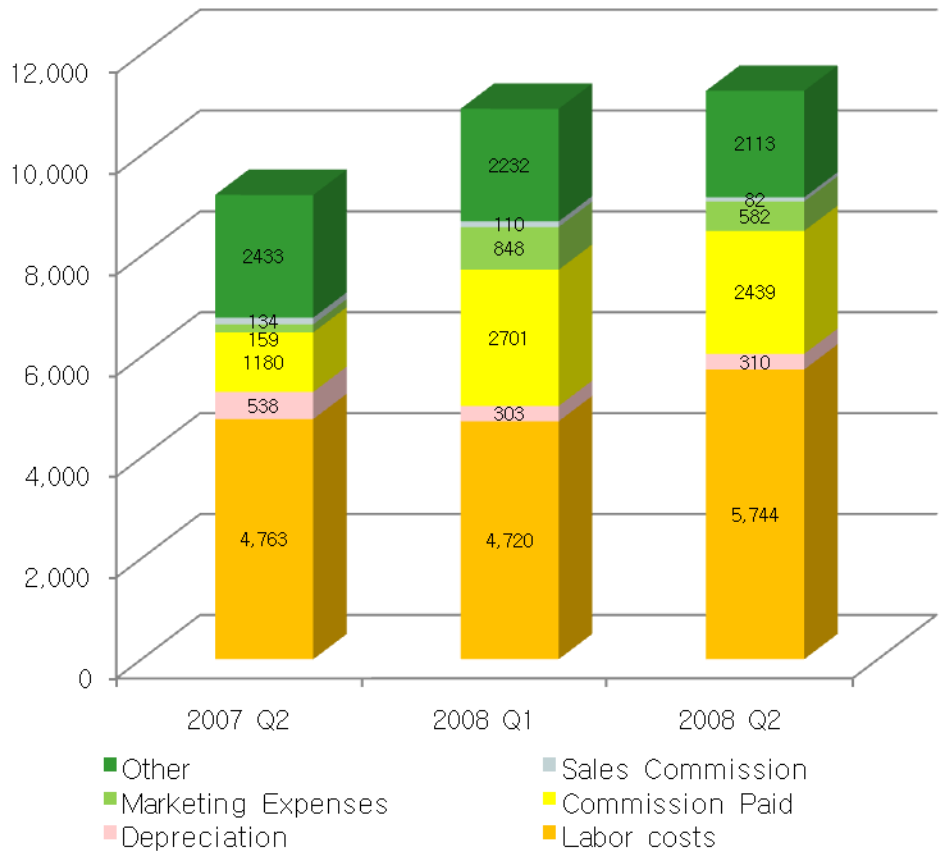


Unit: KRW mm

	2008 Q2	2008 Q1	QoQ	2007 Q2	YoY
MU	**774**	**862**	**-10.2%**	**976**	**-20.7%**
China	89	126	-29.3%	51	74.8%
Taiwan	121	105	14.9%	98	23.1%
Japan	461	508	-9.3%	675	-31.7%
Philippines	29	43	-31.7%	-	-
Vietnam	19	13	48.1%	55	-65.0%
US	52	64	-18.3%	35	49.4%
Singapore	2	3	-16.9%	62	-96.0%
SUN	**2,197**	**1,505**	**46.0%**	**1,576**	**39.4%**
Taiwan	61	68	-10.4%	177	-65.6%
China	1,265	1,074	17.8%	1,399	-9.6%
Japan	872	363	-	21	-
TOTAL	**2,971**	**2,367**	**25.5%**	**2,573**	**15.5%**

Total Operating Costs

Total Operating Costs increased 3.3% from previous quarter

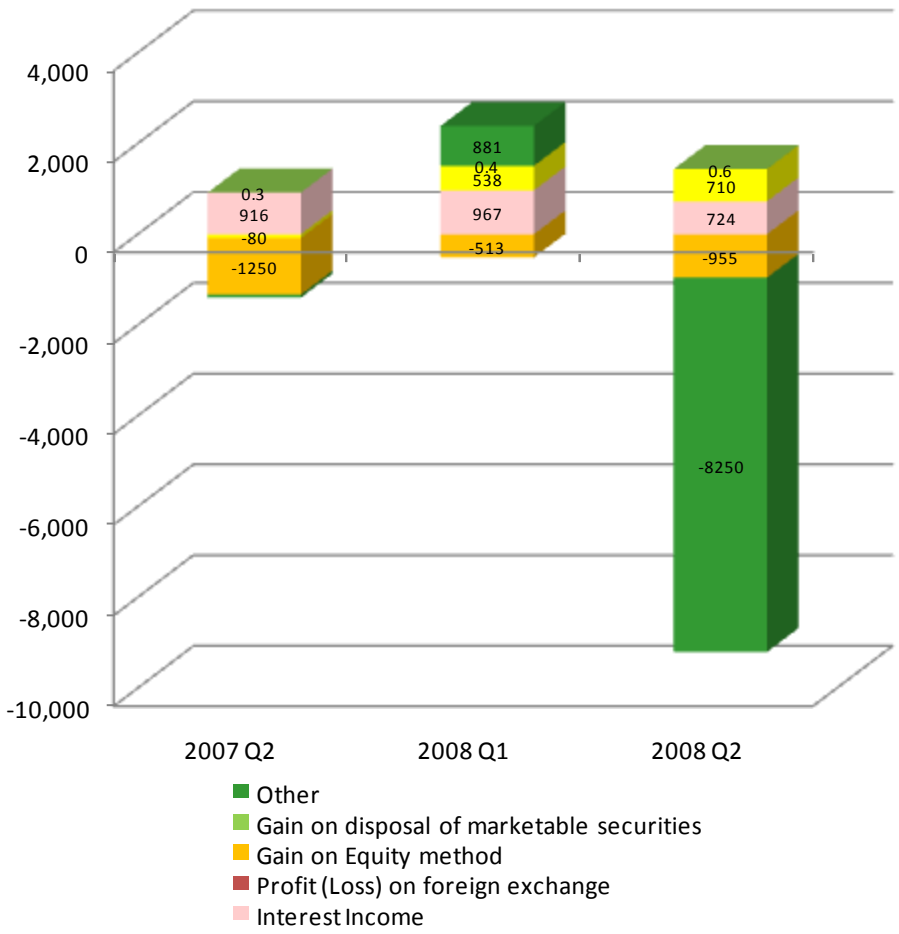


Unit: KRW mm

	2008 Q2	2008 Q1	QoQ	2007 Q2	YoY
Total Operating Costs	**11,269**	**10,914**	**3.3%**	**9,207**	**22.4%**
Labor costs	5,744	4,720	21.7%	4,763	20.6%
Depreciation	310	303	2.3%	538	-42.4%
Commission Paid	2,439	2,701	-9.7%	1,180	106.7%
Marketing Expenses	582	848	-31.4%	159	266.0%
Sales Commission	82	110	-25.5%	134	-38.8%
Other	2,113	2,232	-5.3%	2,433	-13.1%

Non-Operating Items

Due to discontinuing P.S and other games, Impairment Losses on Intangible Assets in NOI increased

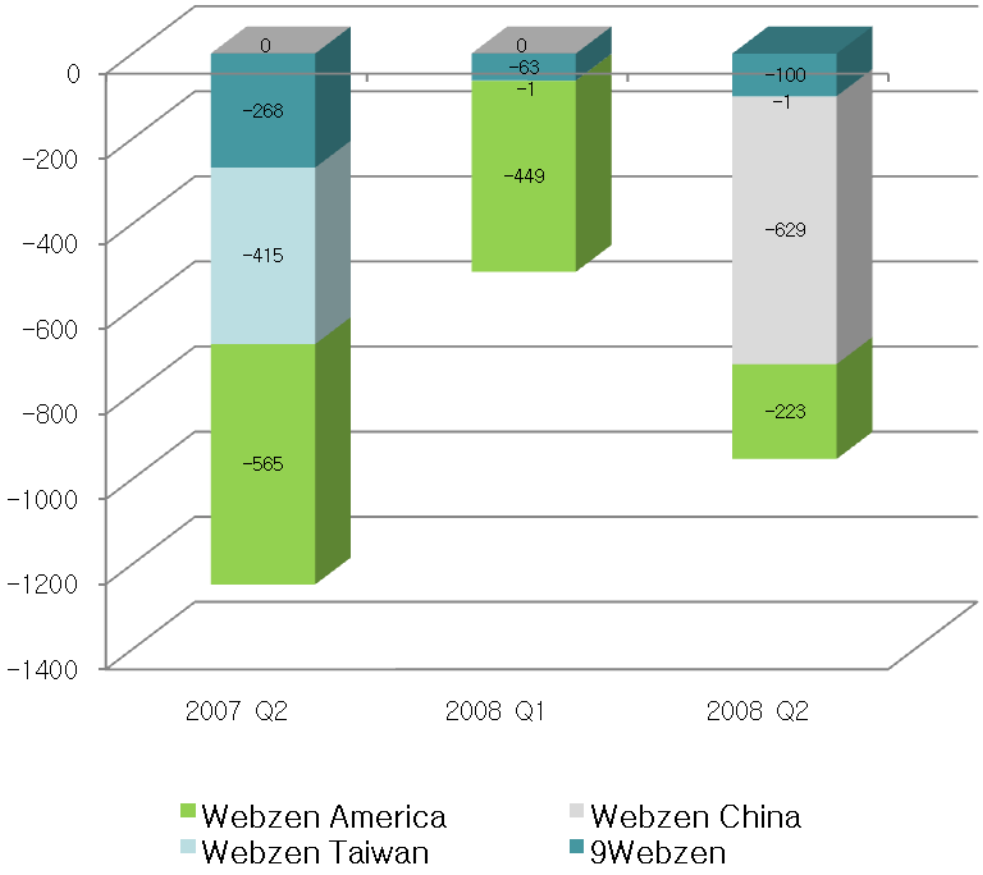


Unit: KRW mm

	2008 Q2	2008 Q1	QoQ	2007 Q2	YoY
Non-Operating Income	**-7,771**	**1,873**	**-**	**-179**	**-**
Interest Income	724	967	-25.1%	916	-20.9%
Profit (Loss) on foreign exchange	710	538	31.9%	-80	-
Gain on Equity method	-955	-513	-86.2%	-1,250	23.6%
Gain on disposal of marketable securities	0.6	0.4	-	0.3	-
Impairment Losses on Intangible Assets in NOI	-7,740	-	-	-	-
Other	-510	881	-	-66	-

Equity Method

Decreased in equity method loss from previous quarter



Unit: KRW mm

	2008 Q2	2008 Q1	QoQ	2007 Q2	YoY
9Webzen	-100	-63	-	-268	-
Webzen Taiwan	-1	-1	-	-415	-
Webzen China	-629	0	-	0	-
Webzen America	-223	-449	-	-565	-
Total	-953	-513	-	-1248	-

T H A N K Y O U

WEBZEN

Investor Relations