

## Webzen Inc. 2010 1H Earning Results

### 2010 2Q Results Summary

(Unit : KRW Mln)

	2010-2Q	2010-1Q	QoQ	2009-2Q	YoY
Revenue	6,820	7,886	-14%	6,172	11%
Operating Expenses	3,977	6,586	9%	3,210	24%
Operating Profit	139	1,301	-89%	69	101%
Ordinary Profit(Loss) before tax	1,684	2,012	-16%	(73)	Turn around
Net Income	1,497	1,721	-13%	(313)	Turn around

### Revenue Breakdown

(Unit : KRW Mln)

	2010-2Q	2010-1Q	QoQ	2009-2Q	YoY
Revenue	6,820	7,886	-14%	6,172	11%
Domestic	4,382	5,540	-21%	3,374	30%
Overseas	2,162	2,043	6%	2,715	-20%
Other	277	304	-9%	83	234%

(\* Other : IDC Service revenue that using the company's idle facilities and Service revenue from NHN Games co., Ltd.)

### Total cost before Operating Income

(Unit : KRW Mln)

	2010-2Q	2010-1Q	QoQ	2009-2Q	YoY
Labor cost	1,315	1,092	20%	1,235	6%
Advertising expenses	75	217	-65%	152	-51%
Development expenses	798	779	2%	559	43%
Commission service charges	636	788	-19%	548	16%
Other	1,154	772	49%	717	61%

# WEBZEN INC. INTERIM FY 2010 FINANCIAL INFORMATION

## Webzen Inc. Non-Consolidated Balance Sheet

(\*The FY 2010 1H financial information has been prepared on an unaudited basis, and may be subject to change during the independent auditing process.)

(\*The FY 2010 1H financial information included herein is prepared on a non-consolidated basis, and has been prepared under the Korean General Accepted Accounting Principles.)

(unit : KRW)

	As of		
	2010-06-30	2009-12-31	2008-03-31
<b>Assets</b>			
<b>I. Current Assests</b>	<b>81,724,626,117</b>	<b>88,921,184,111</b>	<b>76,475,160,673</b>
<b>(1) Quick Assets</b>	<b>81,724,626,117</b>	<b>88,921,184,111</b>	<b>76,475,160,673</b>
1.Cash and cash equivalents	66,701,253,112	64,271,760,794	40,328,785,906
2.Short-term financial instruments	192,686,997	244,126,997	10,774,248,071
3.Available-for-sale securities	12,910,167,413	7,312,332,756	5,787,413,752
4.Accounts receivables, net of allowance	4,320,677,423	4,980,606,456	8,029,037,292
5.Short term loans, net of allowance	-3,911,306,947	168,930,900	408,190,200
6.Prepaid expenses	402,924,460	364,581,353	295,866,678
7.Accrued income	246,407,061	397,129,780	1,245,493,355
8.Other account receivables	676,579,710	11,018,961,723	9,446,035,419
9.Advanced payments	78,800,000	8,398,000	15,090,000
10.Prepaid income taxes	0	0	0
11.Derivatives assets	106,436,888	154,355,352	145,000,000
12.Deffered tax assets	0	0	0
13.Value added taxes receivable	0	0	0
<b>II. Non-Current Assets</b>	<b>52,001,732,578</b>	<b>43,327,295,346</b>	<b>54,380,881,728</b>
<b>(1) Investments</b>	<b>88,337,060</b>	<b>458,671,101</b>	<b>2,690,077,964</b>
1.Long-term available-for-sale securities	4,201,780,429	184,002,129	1,708,909,000
2.Investments securities in equity method	186,918,703	98,513,822	114,782,507
3.Long-term loans, net of allowance	75,062,450	176,155,150	866,386,457
4.Long-term Accrued income	-4,375,424,522	0	0

<b>(2) Property, Plant and Equipment</b>	<b>12,380,424,302</b>	<b>3,879,309,824</b>	<b>5,461,695,792</b>
1.Land	1,097,171,250	1,097,171,250	1,514,373,250
2.Buildings and auxiliary facilities, net	1,824,071,570	1,851,991,034	2,905,795,378
3.Computers and equipment, net	8,520,722,277	747,126,929	702,834,602
4.Facilities, net	938,459,205	183,020,611	338,692,562
<b>(3) Intangible Assets</b>	<b>5,579,259,232</b>	<b>5,343,785,398</b>	<b>4,998,235,129</b>
1.Capitalized R&D costs	4,507,577,311	3,935,819,698	3,057,725,783
2.Computer software	1,071,681,921	1,407,965,700	1,940,509,346
3.Etc Intangible assets	0	0	0
<b>(4) Other non-current Assets</b>	<b>33,953,711,984</b>	<b>33,645,529,023</b>	<b>41,230,872,843</b>
1.Long-term prepaid expenses	31,344,919,834	30,906,066,873	30,897,106,893
2.Guarantee deposits	2,608,792,150	2,739,462,150	10,333,765,950
3.Long-term deferred income tax assets	0	0	0
<b>Total Assets</b>	<b>133,726,358,695</b>	<b>132,248,479,457</b>	<b>130,856,042,401</b>
<b>Liabilities</b>			
<b>I.Current Liabilities</b>	<b>5,472,296,966</b>	<b>7,159,263,854</b>	<b>6,208,173,010</b>
1.Short-term Loan/Debt	0	0	0
2.Other accounts payables	1,778,901,572	2,320,295,414	849,496,678
3.Accrued expenses	539,556,294	1,161,509,864	263,021,219
4.Income taxes payable	0	0	5,044,290
5.Deferred income	1,627,292,108	2,258,192,106	3,890,090,675
6.Withholdings	108,505,895	109,488,041	135,931,091
7.Value added taxes payable	148,694,506	249,688,662	202,296,912
8.Advanced received	960,554,179	965,246,583	113,413,152
9.Provision for other estimated liabilities	80,607,920	67,480,000	77,400,000
10.Derivatives liabilities	228,184,492	27,363,184	671,478,993
11.payable deposit	0	0	0
12.provision for sales competition	0	0	0
<b>II.Non-Current Liabilities</b>	<b>5,155,200,673</b>	<b>4,852,255,657</b>	<b>5,646,156,446</b>
1.Long-term deferred income	1,881,200,001	1,881,200,001	2,765,718,092
2.Accrued severance benefits	3,274,000,672	2,971,055,656	2,858,613,917
3.Long-term other account payable	0	0	21,824,437
4.Long-term deferred income tax liabilities	0	0	0
<b>Total Liabilities</b>	<b>10,627,497,639</b>	<b>12,011,519,511</b>	<b>11,854,329,456</b>
<b>Shareholders' Equity</b>			
<b>I.Capital Stock</b>	<b>6,487,000,000</b>	<b>6,487,000,000</b>	<b>6,487,000,000</b>
1.Common stock	6,487,000,000	6,487,000,000	6,487,000,000
<b>II. Capital Surplus</b>	<b>136,310,764,129</b>	<b>135,892,426,686</b>	<b>135,527,919,976</b>
1.Additional paid-in capital	135,527,919,976	135,527,919,976	135,527,919,976
2.Other capital surplus	782,844,153	364,506,710	0
<b>III.Capital Adjustment</b>	<b>-18,918,143,596</b>	<b>-18,717,073,611</b>	<b>-19,126,728,597</b>

1.Losses on disposition of treasury stock	-6,145,039,469	-6,145,039,469	-6,145,039,469
2.Stock option	1,296,231,817	1,497,301,802	1,087,646,816
3.Treasury stock	-14,069,335,944	-14,069,335,944	-14,069,335,944
<b>IV.Accumulated Other Comprehensive Income/Loss</b>	<b>-2,306,413,329</b>	<b>-1,442,217,160</b>	<b>-1,585,072,927</b>
1.Loss on valuation of securities for using the equity method	-2,173,878,196	-1,986,159,518	-2,428,648,188
2.Unrealized gains on investment securities	46,998,395	543,942,358	1,228,952,477
3.Unrealized losses on investment securities	-179,533,528	0	-385,377,216
<b>V.Retained Earnings</b>	<b>1,234,676,405</b>	<b>-1,983,175,969</b>	<b>-2,301,405,507</b>
1.Appropriated retained earnings for business stabilization	117,904,363	117,904,363	117,904,363
2.Appropriated retained earnings for future investments	442,699,142	442,699,142	442,699,142
3.Legal appropriated retained earnings	322,500,000	322,500,000	322,500,000
4.Unappropriated retained earnings(loss)	351,572,900	-2,866,279,474	-3,184,509,012
<b>Total Shareholders' Equity</b>	<b>122,807,883,609</b>	<b>120,236,959,946</b>	<b>119,001,712,945</b>
<b>Total Liabilities and Total Shareholders' Equity</b>	<b>133,435,381,248</b>	<b>132,248,479,457</b>	<b>130,856,042,401</b>

### Webzen Inc. Non-Consolidated Income Statement

(\* The FY 2010 1Q financial information has been prepared on an unaudited basis, and may be subject to change during the independent auditing process.)

(\* The FY 2010 1Q financial information included herein is prepared on a non-consolidated basis, and has been prepared under the Korean General Accepted Accounting Principles.)

(unit : KRW)

	2010		2009	
	1Q 2010	1H 2010	1Q 2009	1H 2009
<b>I.Revenue</b>	<b>6,820,293,818</b>	<b>14,706,561,379</b>	<b>6,171,558,410</b>	<b>13,593,310,894</b>
1.Online game subscriptions	4,381,996,479	9,921,735,617	3,373,628,956	6,940,439,406
2.Royalties and license fees	2,161,778,569	4,204,499,252	2,715,052,614	6,569,994,648
3.Service fees	276,518,770	580,326,510	82,876,840	82,876,840
<b>II. Cost of Revenue</b>	<b>2,704,826,457</b>	<b>5,643,258,026</b>	<b>2,892,672,220</b>	<b>5,768,853,495</b>
1.Online game subscriptions	2,433,420,709	5,080,145,576	2,829,157,321	5,705,338,596
2.Service fees	271,405,748	563,112,450	63,514,899	63,514,899
<b>III.Gross Profit</b>	<b>4,115,467,361</b>	<b>9,063,303,353</b>	<b>3,278,886,190</b>	<b>7,824,457,399</b>
<b>IV.Operating Expenses</b>	<b>3,976,691,458</b>	<b>7,538,909,799</b>	<b>3,210,081,825</b>	<b>5,850,614,590</b>

1.Salaries	1,144,034,391	2,131,532,316	1,120,281,431	2,235,296,588
2.Severance benefits	170,625,533	274,685,588	114,653,702	189,154,123
3.Employee benefits	165,835,600	305,766,970	133,929,640	225,896,770
4.Travel expenses	27,347,741	56,833,725	25,993,719	53,241,564
5.Entertainment expenses	40,314,487	82,620,394	32,538,970	71,156,973
6.Communication expenses	11,591,841	28,468,474	11,698,958	23,978,225
7.Utility expenses	16,251,825	31,096,325	7,990,825	18,242,958
8.Taxes and dues	45,528,572	90,090,546	43,140,351	86,813,051
9.Depreciation expenses	47,169,340	76,169,229	37,968,403	73,158,705
10.Rental expenses	100,174,416	189,294,149	119,056,438	239,935,612
11.Repairs expenses	0	0	0	0
12.Insurance premium	29,814,721	58,031,426	38,527,611	77,283,786
13.Vehicles maintenance expenses	9,150,478	17,695,596	9,212,807	19,777,790
14.Development expenses	797,695,474	1,577,044,747	558,677,902	688,769,970
15.Freight expenses	1,269,741	2,255,740	813,028	1,721,875
16.Training expenses	25,485,147	38,140,190	10,668,705	16,820,165
17.Publication expenses	19,040,546	22,108,736	2,228,501	4,155,101
18.Office supplies	833,722	1,248,737	843,010	1,855,309
19.Supplies expenses	8,428,424	13,219,674	2,819,498	6,894,227
20.Commission service charges	635,807,771	1,423,410,257	547,653,404	1,144,789,757
21.Advertising expenses	75,345,431	292,168,316	151,887,030	247,026,611
22.Sales commissions	60,656,046	184,809,146	44,873,300	97,131,100
23.Amortization expenses on intangible assets	130,210,962	217,640,430	27,717,416	80,061,135
24.Compensation expenses associated with stock option	98,604,335	194,041,131	166,907,176	247,453,195
25.Bad Debt expenses	315,474,914	230,537,957	0	0
26.Sampling expenses	0	0	0	0
<b>V.Operating Income</b>	<b>138,775,903</b>	<b>1,524,393,554</b>	<b>68,804,365</b>	<b>1,973,842,809</b>
<b>VI.Other Income</b>	<b>1,946,216,229</b>	<b>2,736,927,450</b>	<b>1,095,379,279</b>	<b>3,714,970,428</b>
1.Interest income	635,458,020	1,105,023,850	651,453,409	1,324,636,734
2.Gains on foreign currency transaction	158,274,180	220,074,731	41,079,914	1,321,998,773
3.Commission received	14,284,360	26,284,360	12,000,000	24,000,000
4.Gains on foreign currency translation	789,092,149	444,507,616	17,926	217,733,262
5.Gain on disposition of available-for-sale securities	83,059,159	701,414,778	0	27,200,427
6.Gains on disposal of property, plant, and equipment	0	3,853,656	0	411,739
7.Gain on valuation of equity-method investments	128,278,256	92,292,187	0	0
8.Reversal of allowance for doubtful accounts	60,580,509	0	17,907,846	33,329,958
9.Dividend income	13,396,918	34,020,569	0	28,167,400
10.Gain on valuation of derivative instruments	63,530,846	94,461,692	364,809,370	712,280,585

11. Gain on transaction of Derivative instruments	0	0	0	0
12. Miscellaneous income	261,832	14,994,011	8,110,814	25,211,550
<b>VII. Other Expenses</b>	<b>400,531,692</b>	<b>564,586,717</b>	<b>1,237,545,475</b>	<b>1,090,549,038</b>
1. Interest Expense	0	127,298	1,026,165	2,286,352
2. Losses on foreign currency transaction	94,219,797	173,141,025	558,389,084	602,926,010
3. Losses on foreign currency translation	0	5,664,025	623,514,475	74,112,051
4. Losses on disposal of property, plant, and equipment	0	7,259,261	0	0
5. Impairment losses on intangible assets	0	0	0	0
6. Losses on valuation of equity-method investments	9,093,927	3,401,429	44,950,697	386,696,427
7. Losses on disposition of available-for-sale securities	0	7,546,677	0	7,641,156
8. Impairment losses on investments securities	0	0	0	0
9. Donations	0	160,000	0	0
10. Losses on valuation of derivative instruments	295,079,704	343,201,464	0	0
11. Estimated Corporate income taxes	0	0	0	0
12. Bad debt expenses on etc	0	20,413,383		
13. Miscellaneous losses	2,138,264	3,672,155	9,665,054	16,887,042
<b>VIII. Income before ITE</b>	<b>1,684,460,440</b>	<b>3,696,734,287</b>	<b>-73,361,831</b>	<b>4,598,264,199</b>
<b>IX. Income Tax Expenses</b>	<b>187,307,102</b>	<b>478,881,913</b>	<b>239,889,578</b>	<b>555,707,200</b>
1. Withhold taxes	164,932,269	320,226,980	239,889,578	537,794,812
2. Corporate income tax	22,374,833	158,654,933	0	17,912,388
<b>X. Net Income</b>	<b>1,497,153,338</b>	<b>3,217,852,374</b>	<b>-313,251,409</b>	<b>4,042,556,999</b>