WEBZEN

Global Digital Entertainment Leader

Investor Relations

2006 Q4 Earnings Release

※ *The financial results for 2006 Q4 have been prepared on an unaudited basis, and may be subject to change during the independent auditing process*

Results Summary

Revenue increased 6% / Ordinary loss decreased 49.5%

Unit: KRW mm

	2006 Q4	2006 Q3	QoQ	2005 Q4	YoY
Revenue	5,347	5,053	*5.8%*	5,513	*-3.0%*
Operating Expense	11,181	12,028	*-7.0%*	11,640	*-3.9%*
Operating Profit	-5,834	-6,975	-	-6,127	-
Operating Profit Margin	-	-	-	-	-
Ordinary Profit	-3,804	-7,546	-	-5,802	-
Ordinary profit margin	-	-	-	-	-
Net Income	-10,876	-5,987	-	-4,151	-

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Revenue Breakdown

Domestic increased 9% and Overseas royalty revenue decreased 14%

Unit: KRW mm

	2006 Q4	2006 Q3	QoQ	2005 Q4	YoY
Revenue	5,347	5,053	*5.8%*	5,513	*-3.0%*
Domestic	4,694	4,289	*9.4%*	4,526	*3.7%*
Overseas	646	748	*-13.6%*	949	*-31.9%*
Other	7	16	*-56.3%*	38	*-81.6%*

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Domestic Revenue Breakdown

Individual revenue and increased 2%, Internet café revenue decreased 2%

Unit: KRW mm

	2006 Q4	2006 Q3	QoQ	2005 Q4	YoY
MU	4,340	4,289	*1.2%*	4,526	*-4.1%*
Individual	3,335	3,264	*2.2%*	3,402	*-2.0%*
Internet Café	1,005	1,025	*-2.0%*	1,124	*-10.5%*
Soul of the Ultimate Nation (SUN)	354	-	-	-	-
Individual	255	-	-	-	-
Internet Café	99	-	-	-	-
Total	4,694	4,289	*9.4%*	4,526	3.7%

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Overseas Royalty Revenue Breakdown

Overseas royalty revenue decreased 14%

Unit: KRW mm

	2006 Q4	2006 Q3	QoQ	2005 Q4	YoY
Overseas	646	748	-13.6%	949	-31.9%
China	67	57	17.5%	90	-25.6%
Taiwan	106	110	-3.6%	206	-48.5%
Japan	390	467	-16.5%	564	-30.9%
Thailand	-	-	-	66	-
Philippines	58	69	-15.9%	23	152.2%
Vietnam	8	26	-69.2%	-	-
US	17	19	-5.0%	-	-

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Total Operating Costs

Total Operating Costs decreased 7%

Unit: KRW mm

	2006 Q4	2006 Q3	QoQ	2005 Q4	YoY
Total Operating Costs	11,181	12,028	-7.0%	11,640	-3.9%
Labor costs	5,489	5,915	-7.2%	5,067	8.3%
Depreciation	773	583	32.6%	866	-10.7%
Commission Paid	1,485	1,570	-5.4%	1,201	23.6%
Marketing Expenses	881	1,492	-41.0%	1,782	-50.6%
Sales Commission	254	173	46.8%	204	24.5%
Other	2,299	2,295	0.2%	2,520	-8.8%

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Non-Operating Items

Non-operating profit in Q4

Unit: KRW mm

	2006 Q4	2006 Q3	QoQ	2005 Q4	YoY
Non-Operating Income	2,030	-571	-	325	*524.6%*
Interest Income	975	973	*0.2%*	1,125	*-13.3%*
Profit (Loss) on foreign exchange	-108	-85	-	-85	-
Gain on Equity method	-1,192	-1,501	-	-802	-
Gain on disposal of marketable securities	2,320	3	*77,233.3%*	139	*1,569.1%*
Other	35	39	*-10.3%*	-52	-

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Equity Method

Loss in equity method in Q4

Unit: KRW mm

	2006 Q4	2006 Q3	QoQ	2005 Q4	YoY
Flux	-	-	-	-	-
9Webzen	-396	-436	-	-269	-
Webzen Taiwan	-19	-278	-	-135	-
Webzen China	-16	-11	-	-417	-
Webzen America	-761	-776	-	19	-
Total	-1,192	-1,501	-	-802	-

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FY 2006 Results Summary

Revenue decreased 24% YoY, Operating loss/Ordinary loss/Net loss increased YoY

Unit: KRW mm

	FY2006	FY2005	YoY
Revenue	21,950	29,015	*-24.3%*
Operating Profit	-30,115	-18,003	-
(OP Margin, %)	-	-	-
Ordinary Profit	-30,115	-16,444	-
Net Income	-31,519	-13,205	-

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FY 2006 Revenue Summary

Domestic revenue decreased 25%, Overseas revenue decreased 18%

Unit: KRW mm

	FY2006	FY2005	YoY
Revenue	21,950	29,015	-24.3%
Domestic	17,886	23,762	-24.7%
Individual	13,489	17,219	-21.7%
Internet Café	4,397	6,543	-32.8%
Overseas	3,994	4,881	-18.2%
Other	70	372	-81.2%

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FY 2006 Expense Summary

Labor costs increased 23%, Marketing costs increased 6%

Unit: KRW mm

	FY2006	FY2005	YoY
Labor cost (R&D costs)	24,186 (9,027)	19,599 (8,021)	*23.4%*
Marketing cost	8,431	7,941	*6.2%*
Commission paid	5,988	5,887	*1.7%*
Depreciation	2,609	2,803	*-6.9%*

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