WEBZEN

Global Digital Entertainment Leader

Investor Relations

2007 Q1 Earnings Release

※ *The financial results for 2007 Q1 have been prepared on an unaudited basis, and may be subject to change during the independent auditing process*

Results Summary

Revenue increased 17% / Operating loss decreased 15%

Unit: KRW mm

	2007 Q1	2006 Q4	QoQ	2006 Q1	YoY
Revenue	6,299	5,347	*17.8%*	5,182	*21.6%*
Operating Expense	11,244	11,181	*0.6%*	11,549	*-2.6%*
Operating Profit	-4,945	-5,834	-	-6,367	-
Operating Profit Margin	-	-	-	-	-
Ordinary Profit	-4,883	-3,804	-	-7,373	-
Ordinary profit margin	-	-	-	-	-
Net Income	-5,926	-10,876	-	-5,857	-

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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 revenue increased 14% and Overseas royalty revenue increased 46%

Unit: KRW mm

	2007 Q1	2006 Q4	QoQ	2006 Q1	YoY
Revenue	6,299	5,347	17.8%	5,182	21.6%
Domestic	5,351	4,694	14.0%	4,323	23.8%
Overseas	943	646	46.0%	826	14.2%
Other	5	7	-28.6%	33	-84.8%

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Domestic Revenue Breakdown

Individual revenue increased 2%, Internet café revenue decreased 4%

Unit: KRW mm

	2007 Q1	2006 Q4	QoQ	2006 Q1	YoY
MU	4,392	4,340	1.2%	4,323	1.6%
Individual	3,426	3,335	2.7%	3,188	7.5%
Internet Café	966	1,005	-3.9%	1,135	-14.9%
Soul of the Ultimate Nation (SUN)	959	354	170.9%	–	–
Individual	435	255	70.6%	–	–
Internet Café	524	99	429.3%	–	–
TOTAL	5,351	4,694	14.0%	4,323	23.8%

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Overseas Royalty Revenue Breakdown

Overseas royalty revenue increased 46%

Unit: KRW mm

	2007 Q1	2006 Q4	QoQ	2006 Q1	YoY
MU	759	646	17.5%	826	-8.1%
China	55	67	-17.9%	62	-11.3%
Taiwan	104	106	-1.9%	124	-16.1%
Japan	347	390	-11.0%	508	-31.7%
Thailand	–	–	–	57	–
Philippines	61	58	5.2%	75	-18.7%
Vietnam	124	8	1450.0%	–	–
US	68	17	300%	–	–
Soul of the Ultimate Nation (SUN)	184	-	–	–	–
Taiwan	184	-	–	–	–
TOTAL	943	646	46.0%	826	14.2%

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Total Operating Costs

Total Operating Costs similar to previous quarter

Unit: KRW mm

	2007 Q1	2006 Q4	QoQ	2006 Q1	YoY
Total Operating Costs	11,244	11,181	0.6%	11,549	-2.6%
Labor costs	5,978	5,489	8.9%	6,420	-6.9%
Depreciation	515	773	-33.4%	582	-11.5%
Commission Paid	1,760	1,485	18.5%	1,066	65.1%
Marketing Expenses	314	881	-64.4%	772	-59.3%
Sales Commission	210	254	-17.3%	194	8.2%
Other	2,467	2,299	7.3%	2,515	-1.9%

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Non-Operating Items

Non-operating profit in Q1

Unit: KRW mm

	2007 Q1	2006 Q4	QoQ	2006 Q1	YoY
Non-Operating Income	62	2,030	-96.9%	-649	-
Interest Income	880	975	-9.7%	1,011	-13.0%
Profit (Loss) on foreign exchange	45	-108	-	-257	-
Gain on Equity method	-1,015	-1,192	-	-1,457	-
Gain on disposal of marketable securities	56	2,320	-97.6%	-	-
Other	96	35	174.3%	54	77.8%

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Equity Method

Decrease in equity method loss from previous quarter

Unit: KRW mm

	2007 Q1	2006 Q4	QoQ	2006 Q1	YoY
Flux	–	-	–	–60	–
9Webzen	–286	-396	–	–493	–
Webzen Taiwan	–	-19	–	–243	–
Webzen China	28	-16	–	–9	–
Webzen America	–757	-761	–	–651	–
Total	–1,015	-1,192	–	–1,456	–

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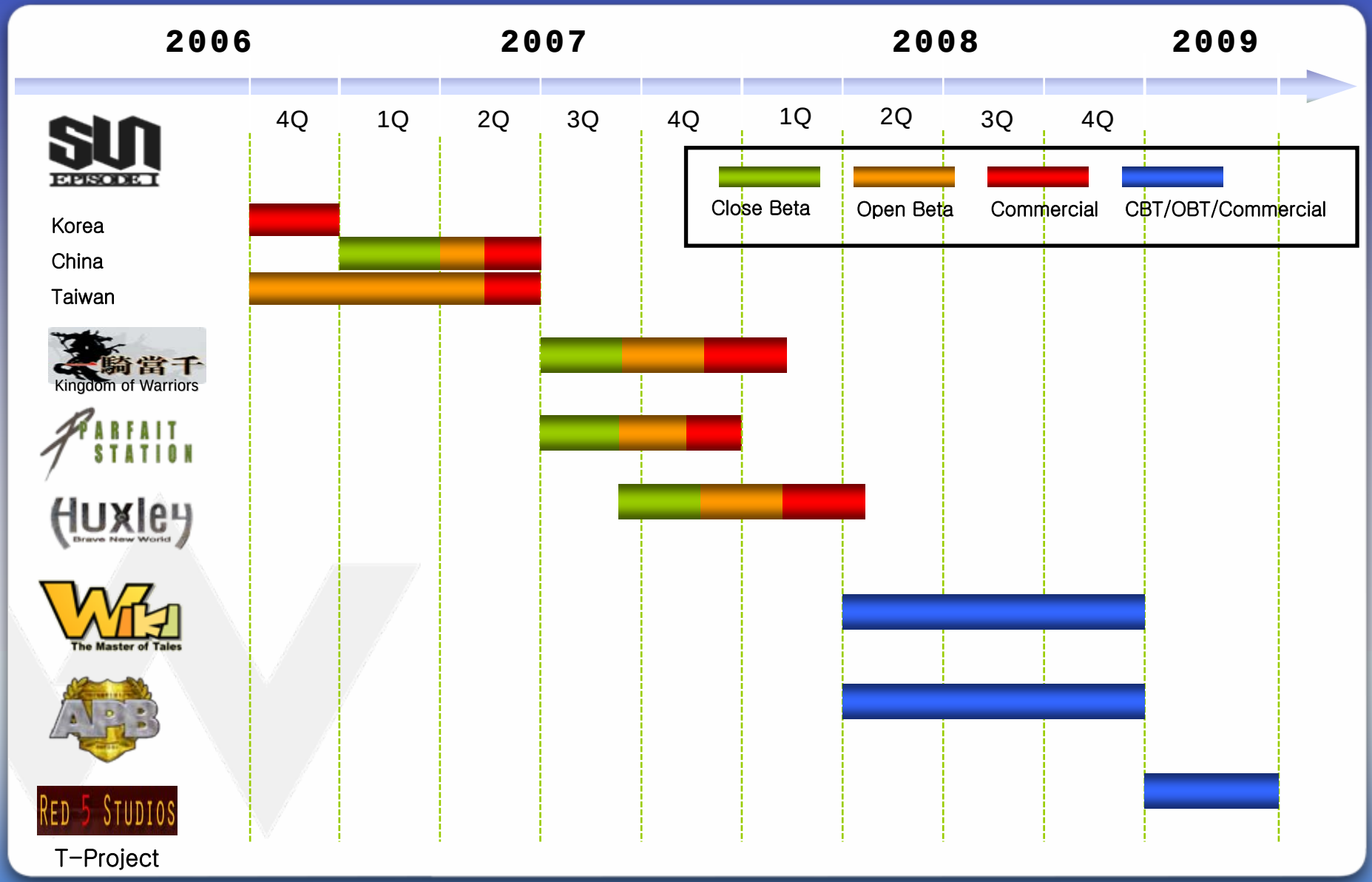
Game Launching Schedule



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