Global Digital Entertainment Leader

Investor Relations

FY2008 Q4 Earnings Release

※ *The financial results for FY2008 Q4 have been prepared on an unaudited basis, and may be subject to change during the independent auditing process*

Disclaimer

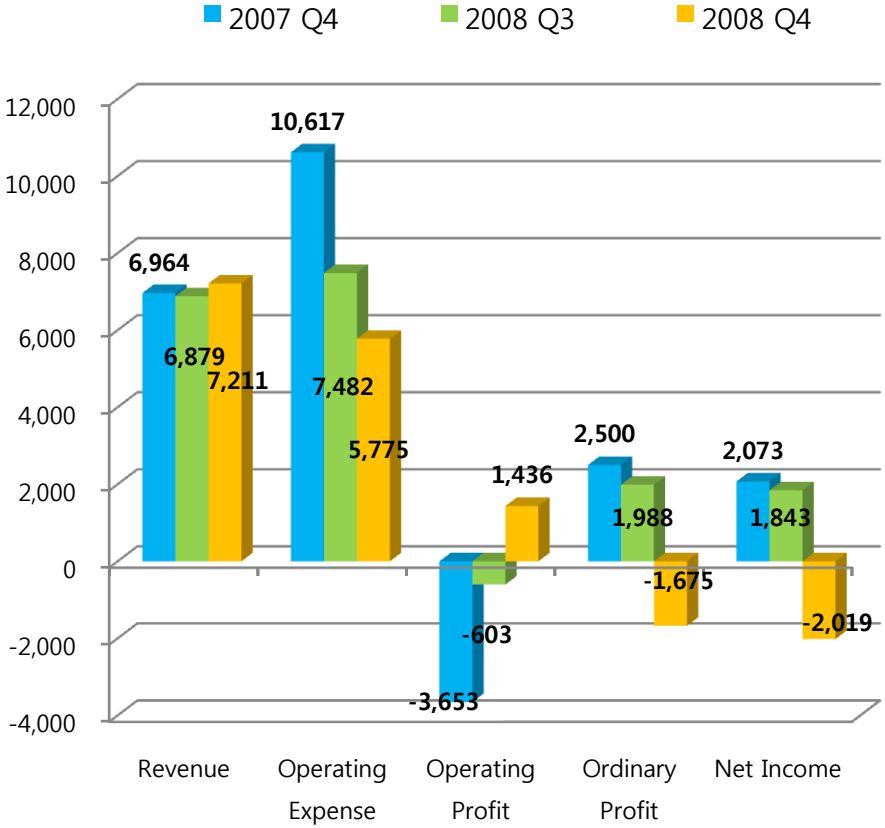
The financial results for Q4 of 2008 have been prepared on an un-audited basis, and may be subject to change during independent auditing process

Therefore, information and data contained in this document is subject to change through an independent auditor's review.

Also, the information and projections contained in this document are based on our Internal analysis of the market and industry environment. Please note these estimated Numbers are subject to change according to the change in the management Environment and industry conditions.

Results Summary

Revenue increased 4.8% / Operation Profit Turn over to Profit

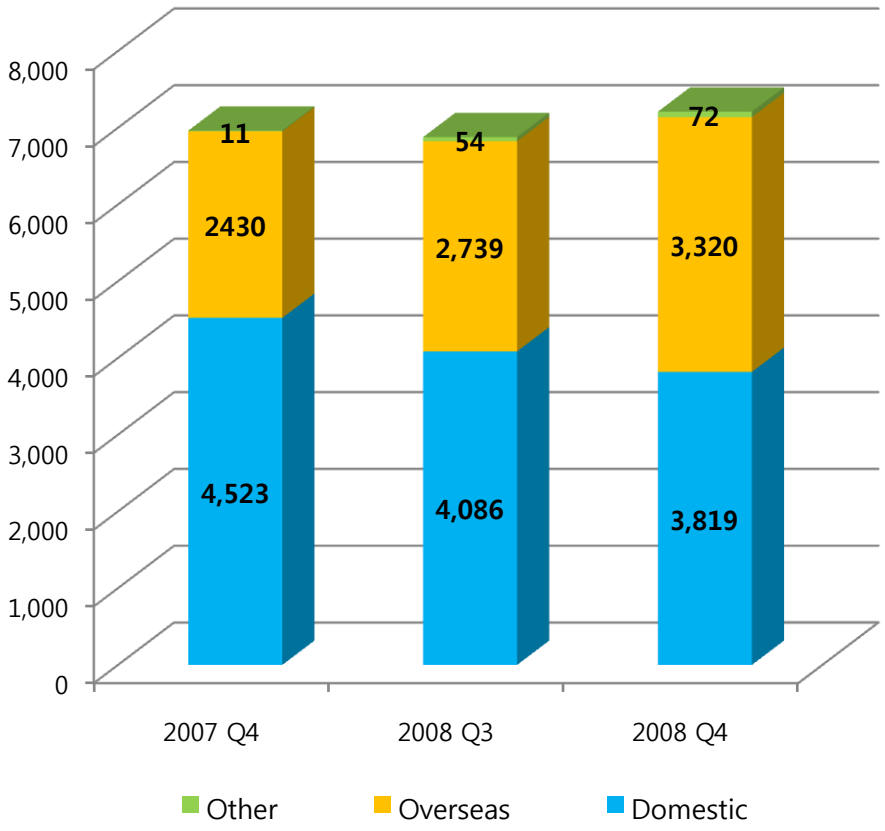


Unit:KRW mm

	2008 Q4	2008 Q3	QoQ	2007 Q4	YoY
Revenue	**7,211**	6,879	4.8%	6,964	3.5%
Operating Expense	**5,775**	7,482	-22.8%	10,617	-45.6%
Operating Profit	**1,436**	-603	**Turn Over**	-3,653	**Turn Over**
Ordinary Profit	**-1,675**	1,988	-184.3%	2,500	-167.0%
Net Income (Loss)	**-2,019**	1,843	-209.5%	2,073	-197.4%

Revenue Breakdown

Domestic revenue decreased 6.5% and Oversea revenue increased 21.2%

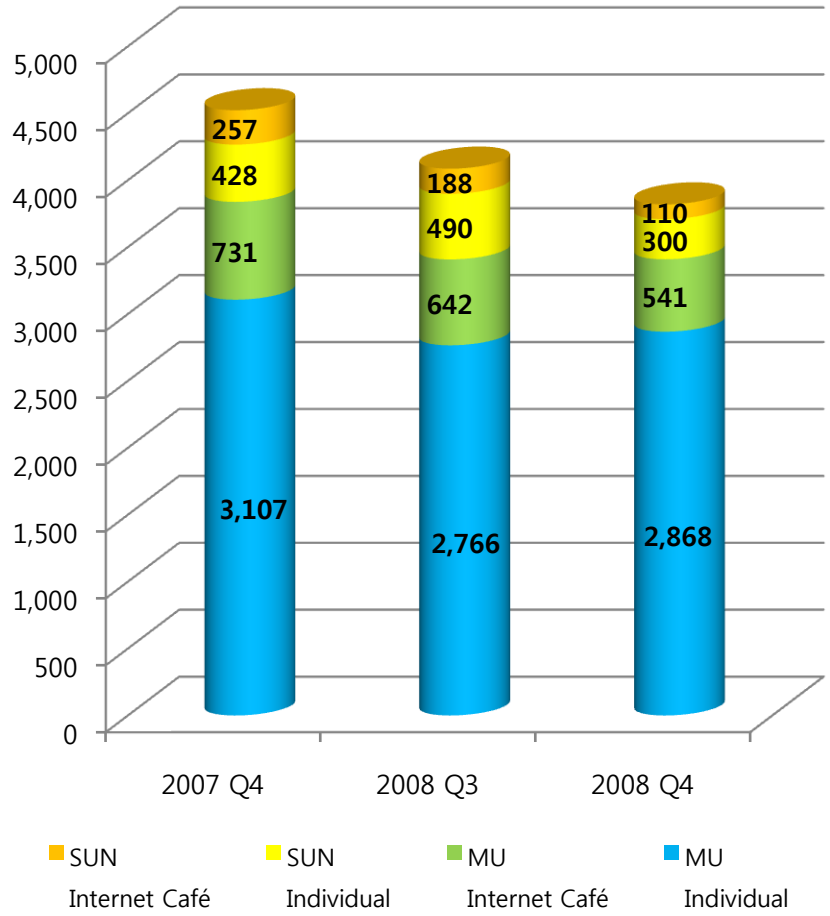


Unit:KRW mm

	2008 Q4	2008 Q3	QoQ	2007 Q4	YoY
Revenue	**7,211**	6,879	4.8%	6,964	3.5%
Domestic	**3,819**	4,086	-6.5%	4,523	-15.6%
Overseas	**3,320**	2,739	21.2%	2,430	36.6%
Other	**72**	54	33.7%	11	554.5%

Domestic Revenue Breakdown

Domestic revenue decreased 6.5%

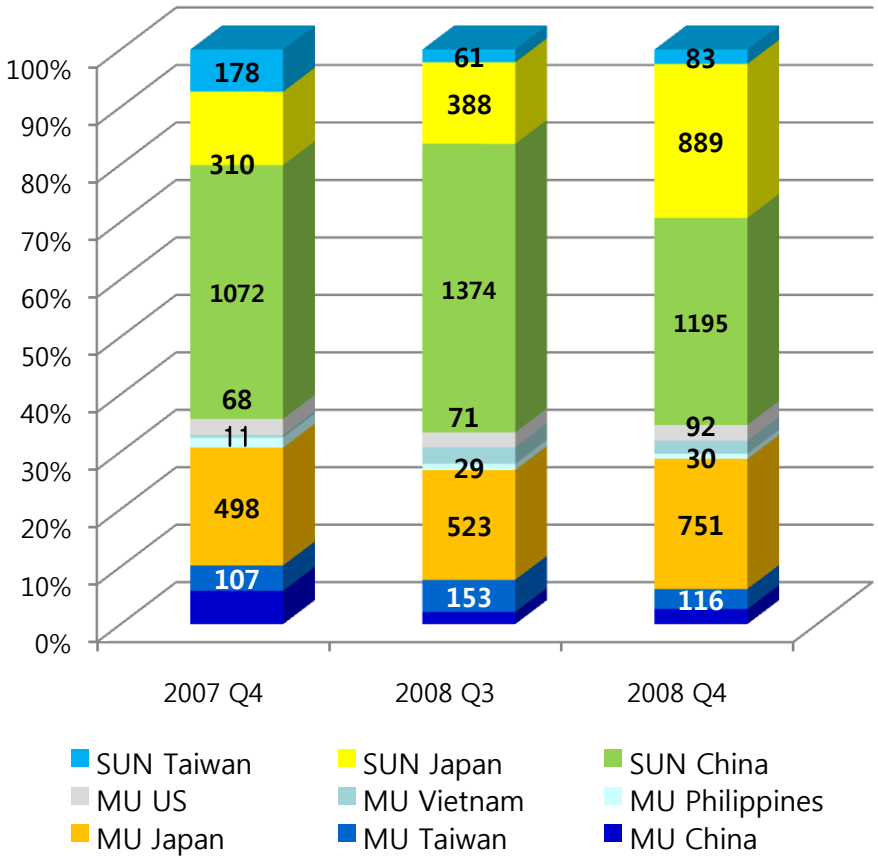


Unit:KRW mm

	2008 Q4	2008 Q3	QoQ	2007 Q4	YoY
MU	**3,409**	3,408	0.0%	3,838	-11.2%
Individual	**2,868**	2,766	3.7%	3,107	-7.7%
Internet Cafe	**541**	642	-15.7%	731	-26.0%
SUN	**410**	678	-39.5%	685	-40.1%
Individual	**300**	490	-38.7%	428	-29.9%
Internet Cafe	**110**	188	-41.6%	257	-57.2%
Total	**3,819**	4,086	-6.5%	4,523	-15.6%

Overseas Royalty Revenue Breakdown

Overseas royalty revenue increased 21.2%

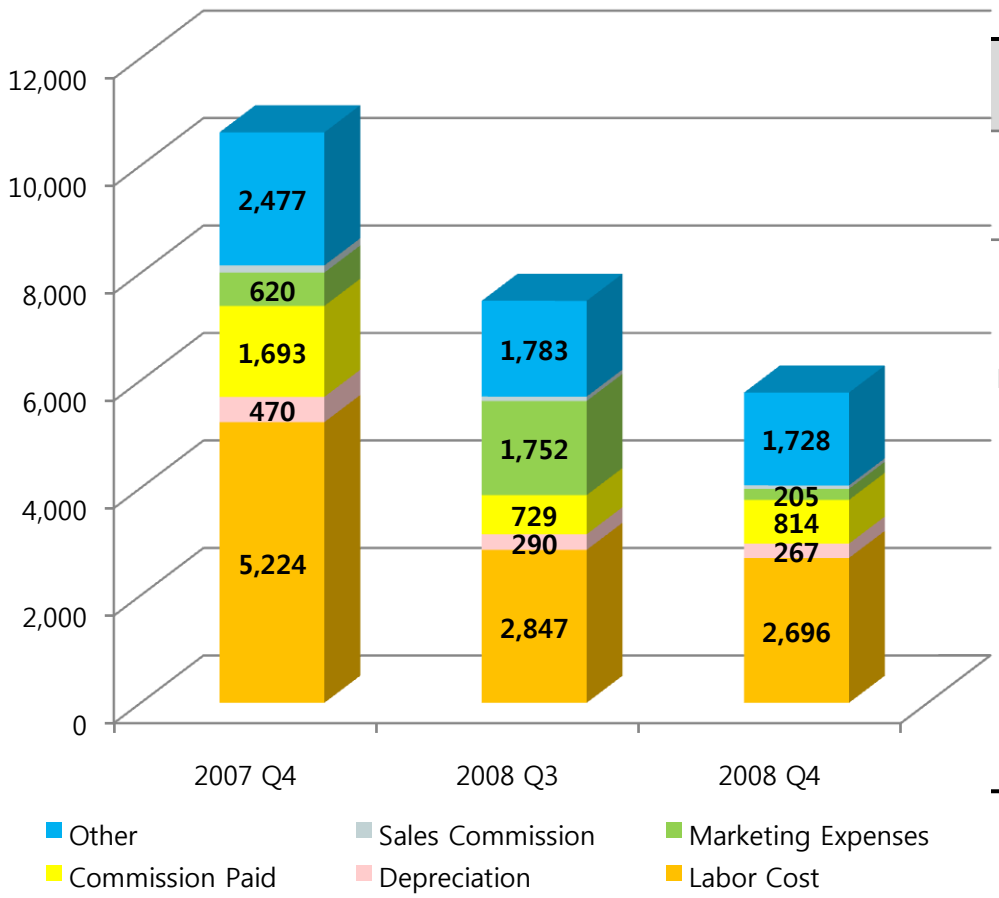


Unit:KRW mm

	2008 Q4	2008 Q3	QoQ	2007 Q4	YoY
MU	**1,153**	915	26.0%	870	32.5%
China	**87**	58	50.0%	141	-38.3%
Taiwan	**116**	153	-24.2%	107	8.4%
Japan	**751**	523	43.6%	498	50.8%
Philippines	**30**	29	4.1%	42	-28.6%
Vietnam	**74**	79	-5.8%	11	572.7%
US	**92**	71	28.8%	68	35.3%
Singapore	**3**	3	19.0%	3	0.0%
SUN	**2,167**	1,824	18.8%	1,560	38.9%
Taiwan	**83**	61	35.2%	178	-53.4%
China	**1,195**	1,374	-13.0%	1,072	11.5%
Japan	**889**	388	129.0%	310	186.8%
TOTAL	**3,320**	2,739	21.2%	2,430	36.6%

Operating Costs

Total Operating Costs decreased 22.8% from previous quarter

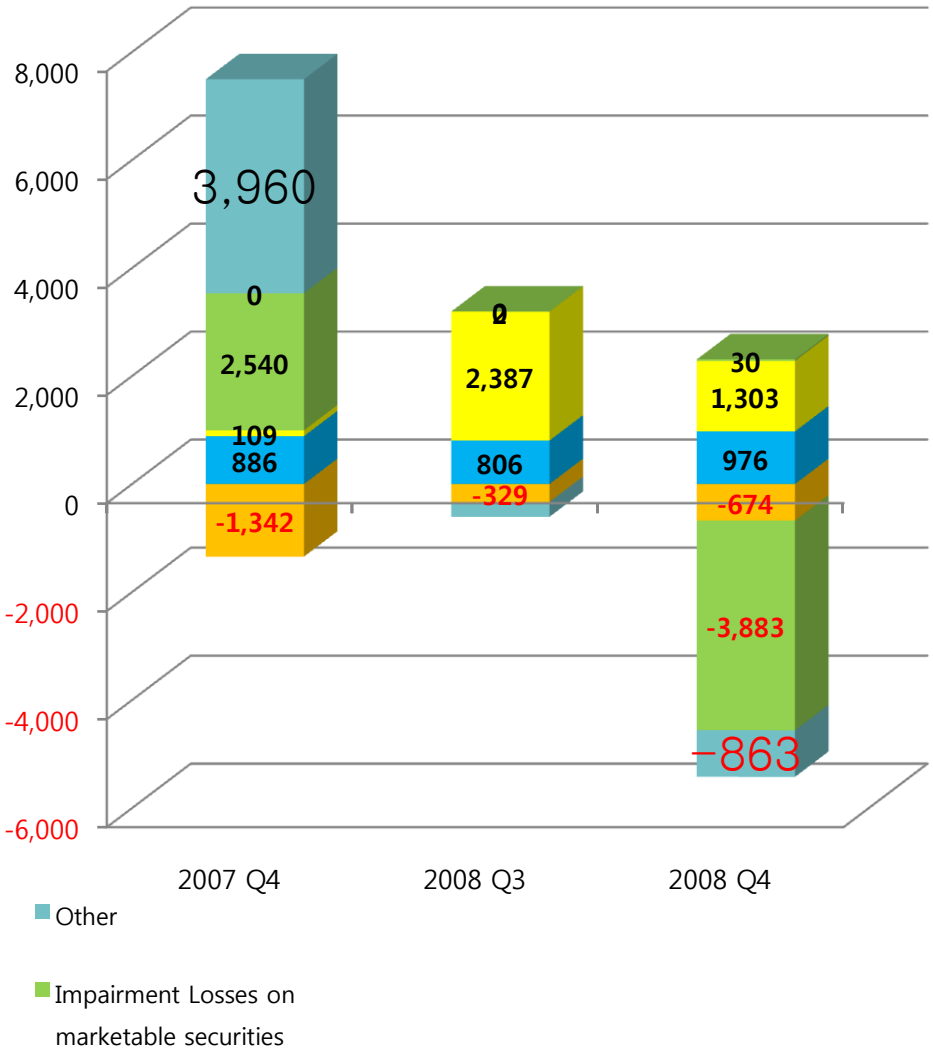


Unit:KRW mm

	2008 Q4	2008 Q3	QoQ	2007 Q4	YoY
Total Operating Costs	**5,774**	7,482	-22.8%	10,617	-45.6%
Labor costs	**2,696**	2,847	-5.3%	5,224	-48.4%
Depreciation	**267**	290	-7.9%	470	-43.2%
Commission Paid	**814**	729	11.7%	1,693	-51.9%
Marketing Expenses	**205**	1,752	-88.3%	620	-66.9%
Sales Commission	**64**	81	-20.7%	133	-51.9%
Other	**1,728**	1,783	-3.1%	2,477	-30.2%

Non-Operating Items

Loss on Non-operating Profit

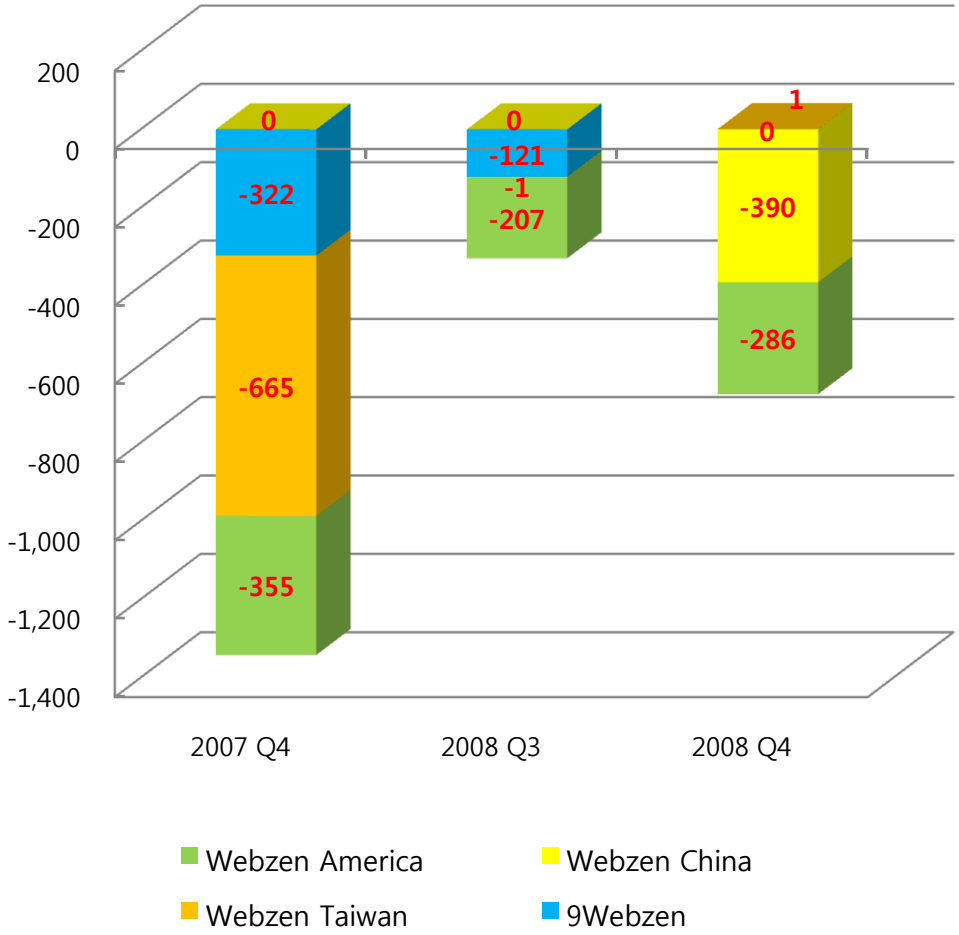


Unit:KRW mm

구분	**2008 Q4**	2008 Q3	QoQ	2007 Q4	YoY
Non-Operating Income	**-3,111**	2,591	-70.2%	6,153	-87.5%
Interest Income	**976**	806	21.1%	886	10.2%
Profit (Loss) on foreign exchange	**1,303**	2,387	45.4%	109	1095.4%
Gain on Equity method	**-674**	-329	104.9%	-1,342	-49.8%
Gain on disposal of marketable securities	**30**	2	1135.1%	2,540	-98.8%
Impairment Losses on marketable securities	**-3,883**	-	-	-	-
Other	**-863**	-276	212.7%	3,960	-121.8%

Equity Method

Increased in equity method loss from previous quarter



Unit:KRW mm

	2008 Q4	2008 Q3	QoQ	2007 Q4	YoY
9Webzen	**0**	-121	-	-322	-
Webzen Taiwan	**1**	-1	-	-665	-
Webzen China	**-390**	0	-	0	-
Webzen America	**-286**	-207	-	-355	-
Total	**-674**	-329	104.9%	-1,342	-

FY 2008 Summary

FY2008 Result Summary

Revenue increased 28.4% YoY, Operating Profit decreased YoY

Unit:KRW mm

	FY2008	FY2007	YoY
Revenue	**28,481**	28,216	28.5%
Operating Profit	**-6,959**	-13,999	Loss decrease
(OP Margin, %)	**-**	-	-
Ordinary Profit	**-13,377**	-6,957	-
Net Income	**-14,266**	-9,536	-

FY2008 Revenue Summary

Domestic revenue decreased 13.7%, Overseas revenue increased 33.12%

Unit:KRW mm

	FY2008	FY2007	YoY
Revenue	**28,481**	28,215	0.94%
Domestic	**16,914**	19,598	-13.70%
Individual	**13,589**	14,774	-8.02%
Internet Café	**3,325**	4,824	-31.07%
Other	**169**	55	207.27%
Overseas	**11,398**	8,562	33.12%

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FY2008 Expense Summary

Labor costs decreased 25.93%, Marketing costs increased 73.87%

Unit:KRW mm

	FY2008	FY2007	YoY
Total Operation Cost	**35,440**	42,214	-16.05%
Labor cost (R&D costs)	**16,007** **(2,539)**	21,610 (6,431)	-25.93%
Marketing cost	**3,387**	1,948	73.87%
Commission paid	**6,683**	6,404	4.36%
Depreciation	**1,170**	1,973	-40.70%

Thank You

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