



Global Digital Entertainment Leader

Investor Relations

2006 Q3 Earnings Release

** The financial results for 2006 Q3 have been prepared on an unaudited basis, and may be subject to change during the independent auditing process*

Results Summary

Revenue decreased 21% compared to Q2

Unit: KRW mm

	2006 Q3	2006 Q2	QoQ	2005 Q3	YoY
Revenue	5,053	6,368	-20.7%	6,599	-23.4%
Operating Expense	12,028	17,307	-30.5%	11,562	4.0%
Operating Profit	-6,975	-10,939	-	-4,963	-
<i>Operating Profit Margin</i>	-	-	-	-	-
Pretax Profit	-7,546	-11,391	-	-5,218	-
<i>Pretax profit margin</i>	-	-	-	-	-

Revenue Breakdown

Domestic and Overseas Revenue decreased 6% and 58% respectively

Unit: KRW mm

	2006 Q3	2006 Q2	QoQ	2005 Q3	YoY
Revenue	5,053	6,368	-20.7%	6,599	-23.4%
Domestic	4,288	4,572	-6.2%	5,315	-19.3%
Overseas	750	1,775	-57.7%	1,044	-28.2%
Other	15	21	-28.6%	240	-93.8%

Domestic Revenue Breakdown

Individual revenue increased 5% and Internet café revenue decreased 9%

Unit: KRW mm

	2006 Q3	2006 Q2	QoQ	2005 Q3	YoY
Domestic	4,288	4,572	-6.2%	5,315	-19.3%
Individual	3,263	3,440	-5.1%	3,857	-15.4%
Internet Cafe	1,025	1,132	-9.5%	1,458	-29.7%

Overseas Revenue Breakdown

Overseas revenue decreased 58% compared to Q2

Unit: KRW mm

	2006 Q3	2006 Q2	QoQ	2005 Q3	YoY
Overseas	750	1,775	-57.7%	1,044	-28.2%
China	57	59	-3.4%	110	-48.2%
Taiwan	110	124	-11.3%	198	-44.4%
Japan	467	487	-4.1%	554	-15.7%
Thailand	-	123	-100.0%	87	-100.0%
Philippines	70	126	-44.4%	95	-26.3%
Vietnam	26	345	-92.5%	-	-
US	20	511	-96.1%	-	-

Operating Costs

Total Operating Costs decreased 30% compared to Q2

Unit: KRW mm

	2006 Q3	2006 Q2	QoQ	2005 Q3	YoY
Total Operating Costs	12,028	17,307	-30.5%	11,562	4.0%
Labor costs	5,915	6,362	-7.0%	5,410	9.3%
Depreciation	583	670	-13.0%	713	-18.2%
Commission Paid	1,570	1,867	-15.9%	293	435.8%
Marketing Expenses	1,492	5,284	-71.8%	1,077	38.5%
Sales Commission	173	187	-7.5%	1,707	-89.9%
Other	2,295	2,937	-21.9%	2,362	-2.8%

Non-Operating Items

Non-operating loss in Q3

Unit: KRW mm

	2006 Q3	2006 Q2	QoQ	2005 Q3	YoY
Non-Operating Income	-571	-453	-	-255	-
Interest Income	973	1,033	-5.8%	1,191	-18.3%
Profit (Loss) on foreign exchange	-85	-51	-	8	-
Gain on Equity method	-1,501	-1,594	-	-1,512	-
Other	42	159	-73.6%	58	-27.6%

Equity Method

Loss in equity method during Q3

Unit: KRW mm

	2006 Q3	2006 Q2	QoQ	2005 Q3	YoY
Flux	-	-	-	-	-
9Webzen	-436	-385	-	-376	-
Webzen Taiwan	-278	-192	-	-237	-
Webzen China	-11	174	-	-339	-
Webzen America	-776	-1,191	-	-560	-
Total	-1,501	-1,594	-	-1,512	-

T H A N K Y O U



Investor Relations

For more details please contact:
IR Team +822-3498-6818