Global Digital Entertainment Leader

Investor Relations

2006 Q2 Earnings Release

※ *The financial results for 2006 Q1 have been prepared on an unaudited basis, and may be subject to change during the independent auditing process*

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Results Summary

Revenue increased 23% compared to Q1

Unit: KRW mm

	2006 Q2	2006 Q1	QoQ	2005 Q2	YoY
Revenue	6,368	5,182	*22.9%*	7,532	*-15.5%*
Operating Expense	17,307	11,549	*49.9%*	14,287	*21.1%*
Operating Profit	-10,939	-6,367	-	-6,755	-
Operating Profit Margin	-	-	-	-	-
Pretax Profit	-11,391	-7,373	-	-6,328	-
Pretax profit margin	-	-	-	-	-

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Revenue Breakdown

Domestic and Overseas Revenue increased 6% and 115% respectively

Unit: KRW mm

	2006 Q2	2006 Q1	QoQ	2005 Q2	YoY
Revenue	6,368	5,182	*22.9%*	7,532	*-15.5%*
Domestic	4,572	4,323	*5.8%*	6,357	*-28.1%*
Overseas	1,775	826	*114.9%*	1,109	*60.1%*
Other	21	33	*-36.4%*	66	*-68.2%*

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Domestic Revenue Breakdown

Individual revenue increased 8% and Internet café revenue similar to Q1

Unit: KRW mm

	2006 Q2	2006 Q1	QoQ	2005 Q2	YoY
Domestic	4,572	4,323	*5.8%*	6,357	*-28.1%*
Individual	3,440	3,188	*7.9%*	4,601	*-25.2%*
Internet Cafe	1,132	1,135	*-0.3%*	1,756	*-35.5%*

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Overseas Revenue Breakdown

China/Japan decrease, Thailand/Philippines/Vietnam/US increase compared to Q1

Unit: KRW mm

	2006 Q2	2006 Q1	QoQ	2005 Q2	YoY
Overseas	1,775	826	*114.9%*	1,109	*60.1%*
China	59	62	*-4.8%*	138	*-57.2%*
Taiwan	124	124	-	205	*-39.5%*
Japan	487	508	*-4.1%*	498	*-2.2%*
Thailand	123	57	*115.8%*	59	*108.5%*
Philippines	126	75	*68.0%*	6	*2000.0%*
Vietnam	345	-	-	203	-
US	511	-	-	-	-

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Operating Costs

Total Operating Costs increased 50% compared to Q1

Unit: KRW mm

	2006 Q2	2006 Q1	QoQ	2005 Q2	YoY
Total Operating Costs	17,307	11,549	49.9%	14,287	21.1%
Labor costs	6,659	6,420	3.7%	5,147	29.4%
Depreciation	755	582	29.7%	661	14.2%
Commission Paid	1,893	1,066	77.6%	381	396.9%
Marketing Expenses	5,284	772	584.5%	2,512	110.4%
Sales Commission	187	194	-3.6%	3,248	-94.2%
Other	2,529	2,515	0.6%	2,338	8.2%

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Non-Operating Items

Non-operating loss in Q2

Unit: KRW mm

	2006 Q2	2006 Q1	QoQ	2005 Q2	YoY
Non-Operating Income	-453	-649	-	427	-
Interest Income	1,033	1,011	2.2%	1,266	-11.4%
Profit (Loss) on foreign exchange	-51	-257	-	-83	-
Gain on Equity method	-1,594	-1,457	-	-757	-
Other	159	54	194.4%	1	54.3%

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Equity Method

Loss on equity method during Q2

Unit: KRW mm

	2006 Q2	2006 Q1	QoQ	2005 Q2	YoY
Flux	-	-60	-	-	-
9Webzen	-385	-493	-	-181	-
Webzen Taiwan	-192	-243	-	-63	-
Webzen China	174	-9	-	-272	-
Webzen America	-1,191	-651	-	-241	-
Total	-1,594	-1,456	-	-757	-

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