



Global Digital Entertainment Leader

Investor Relations

*2005 Q1 Earnings Release*

## Results Summary

unit: KRW mm

Item	2005 1Q	2004 4Q	QoQ	2004 1Q	YoY
Revenue	9,370	10,949	-14.4%	15,742	-40.5%
Operating Expense	9,527	9,997	-4.7%	6,706	42.1%
Operating Profit	-157	952	-	9,036	-
Operating Profit Margin	-	8.7%	-	57.4%	-
Pretax Profit	904	1,653	-45.3%	7,494	-87.9%
Pretax Profit margin	9.6%	15.1%	-	47.6%	-
Income Tax Expense	521	67	-	1,060	-
Net Income	383	1,586	-75.9%	6,434	-94.0%

1Q revenue decreased 14% compared to last quarter, and recorded an operating loss

## Revenue Breakdown

unit: KRW mm

Item	2005 1Q	2004 4Q	QoQ	2004 1Q	YoY
Revenue	9,370	10,949	- 14.4%	15,742	- 40.5%
Domestic	7,565	9,019	- 16.1%	13,672	- 44.7%
Overseas	1,779	1,790	- 0.6%	2,070	- 14.1%
Other	26	140	- 81.4%	-	-

Domestic revenue decreased 16% compared to last quarter

## Breakdown of Domestic Revenues

unit: KRW mm

Item	2005 1Q	2004 4Q	QoQ	2004 1Q	YoY
Domestic (MU)	7,565	9,019	- 16.1%	13,672	- 44.7%
Individual	5,359	6,418	- 16.5%	9,042	- 40.7%
Internet Cafés	2,206	2,601	- 15.2%	4,630	- 52.4%

Individual revenue decreased 16%, Internet Cafés decreased 15% compared to previous quarter

## Breakdown of Overseas Revenue

unit: KRW mm

Item	2005 1Q	2004 4Q	QoQ	2004 1Q	YoY
Overseas (MU)	1,779	1,790	-0.6%	2,070	-14.1%
China	605	1,131	-46.5%	1,586	-61.9%
Taiwan	208	-38	-	287	-27.5%
Japan	656	572	14.7%	197	233.0%
Thailand	102	125	-18.4%	-	-
Philippines	208	-	-	-	-

1Q overseas revenue decreased 0.6% compared to previous quarter

## Operating Costs

unit: KRW mm

Item	2005 1Q	2004 4Q	QoQ	2004 1Q	YoY
Total Operating Costs	9,527	9,997	-4.7%	6,706	42.1%
Salaries	3,975	3,102	28.1%	1,669	138.2%
Depreciation	563	854	-34.1%	549	2.5%
Sales commission	461	569	-19.0%	1,058	-56.4%
Commission paid	1,096	1,174	-6.6%	969	13.1%
Marketing expenses	1,204	2,062	-41.6%	852	41.3%
Other	2,228	2,236	-0.3%	1,609	38.5%

1Q total operating costs decreased 5% compared to previous quarter

## Non-Operating Items

unit: KRW mm

Item	2005 1Q	2004 4Q	QoQ	2004 1Q	YoY
Net non-operating income	1,061	700	51.6%	-1,542	-
Interest Income	1,141	1,026	11.2%	839	36.0%
Profit (Loss) on foreign exchange	-215	-372	-	-2,715	-
Gain on Equity method	100	86	16.3%	329	-69.6%
Other	35	-40	-	5	-

1Q non-operating income increased 52% compared to previous quarter

## Equity Gains

unit: KRW mm

Item	Affiliated Companies	2005 1Q	2004 4Q	QoQ	2004 1Q	YoY
Domestic	Flux (55%)	-	-8	-	-44	-
Overseas	9Webzen (49%)	468	1,086	-56.9%	373	25.5%
	Webzen Taiwan (100%)	-155	-974	-	-	-
	Webzen China (100%)	-178	-17	-	-	-
	Webzen America (100%)	-35	-	-	-	-
Total		100	86	16.3%	329	-69.6%

1Q gain on equity method increased 16% compared to previous quarter