

# GRAVITY CO., LTD.

## FORM 6-K (Report of Foreign Issuer)

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Telephone	82-2-2132-7800
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Symbol	GRVY
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Industry	Software & Programming
Sector	Technology
Fiscal Year	12/31

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**Form 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR  
15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the month of March, 2010

Commission File Number 000-51138

**GRAVITY Co., Ltd.**

(Translation of registrant's name into English)

Nuritkum Square Business Tower 15F, 1605 Sangam-Dong, Mapo-Gu, Seoul, Korea 121-795

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:  
 Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:  Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

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## **RESULTS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS AND THE BOARD MEETING OF GRAVITY CO., LTD.**

Gravity Co., Ltd. (the “Company”) held its Annual General Meeting of Shareholders (the “AGM”) at the Conference Room located at Nuritkum Square Business Tower 15F, 1605 Sangam-Dong, Mapo-Gu, Seoul 121-795 Korea at 10:00 AM on March 26, 2010.

The AGM was held with a quorum present and the agenda items were resolved by the shareholders in accordance with the Korean Commercial Code and the Company’s Articles of Incorporation as follows:

- Agendum 1: the shareholders approved the Company’s balance sheets, income statements and statements of appropriation of retained earnings as of and for the years ended December 31, 2009 and 2008, each of which has been extracted and translated into English from the original Korean language financial statements audited in accordance with generally accepted auditing standards in Korea, or KGAAS, and prepared in accordance with generally accepted accounting principles in Korea, or KGAAP.
- Agendum 2: the shareholders approved the reappointment of two directors, Messrs. Toshiro Ohno and Kazuya Sakai (both of whom are inside directors) and the appointment of one new director, Mr. Jong Gyu Hwang (who is an independent director).
- Agendum 3: the shareholders approved the amount of KRW 1,400,000,000 as the maximum amount of compensation payable to directors as a group for fiscal year 2010.

Furthermore, the Company’s 2009 Annual Business Report was presented to the shareholders at the AGM.

\* The figures provided in this submission on Form 6-K relate only to Gravity Co., Ltd., and are not consolidated with those of its subsidiaries.

The Company’s Board of Directors, including the reelected and newly elected directors, held a meeting immediately following the AGM (the “Board Meeting”). At the Board Meeting, Mr. Toshiro Ohno, the reelected executive director of the Company, was reappointed as Chief Executive Officer, President and Chairman of the Board of Directors. Mr. Toshiro Ohno will continue to serve as co-CEO, along with Mr. Yoon Seok Kang, who was appointed as CEO in June 2008.

At the Board Meeting, Mr. Jong Gyu Hwang, the newly elected independent director of the Company, was appointed as an Audit Committee member.

The Company expects to file the Company’s financial statements, including the notes thereto, which are prepared in the Korean language and audited in accordance with KGAAS and prepared in accordance with KGAAP, as of and for the years ended December 31, 2009 and 2008 (“2009/2008 audited financial statements”) with the Financial Supervisory Service of Korea as soon as practicable. The condensed English translation version of the 2009/2008 audited financial statements is expected to be submitted to the United States Securities and Exchange Commission on Form 6-K at the same time.

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**Forward-Looking Statements:**

Certain statements in this press release may include, in addition to historical information, “forward-looking statements” within the meaning of the “safe-harbor” provisions of the U.S. Private Securities Litigation Reform Act 1995. Forward-looking statements can generally be identified by the use of forward-looking terminology, such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” “project,” or “continue” or the negative thereof or other similar words, although not all forward-looking statements contain these words. Investors should consider the information contained in our submissions and filings with the United States Securities and Exchange Commission (the “SEC”), including our registration statement on Form F-1, as amended, and our annual reports on Form 20-F, together with such other documents and we may submit to or file with the SEC from time to time, on Form 6-K. The forward-looking statements speak only as of this press release and we assume no duty to update them to reflect new, changing or unanticipated events or circumstances.

**Contact:**

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAVITY Co., Ltd.

Date: March 26, 2010

By: /s/ Heung Gon Kim

Name: Heung Gon Kim

Title: Chief Financial Officer

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Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
99.1	Gravity Reports Non-consolidated Financial Results for 2009
99.2	Reappointment and Appointment of Directors
99.3	2009 Annual Business Report

## **GRAVITY Reports Non-consolidated Financial Results for 2009**

SEOUL, South Korea, March 26, 2010 — GRAVITY Co., Ltd. (NasdaqGM: GRVY) (“Gravity” or the “Company”), an online game developer and publisher based in South Korea, announces its non-consolidated financial results for the fiscal year ended December 31, 2009, prepared in accordance with generally accepted accounting principles in Korea or KGAAP. Financial statements are available on Edgar at <http://www.sec.gov>.

### REVIEW OF FINANCIAL RESULTS

#### Revenues and Cost of Revenues

Revenues for 2009 was KRW 43,946 million (US\$ 37,766 thousand), representing a 4.7% increase from KRW 41,983 million for 2008.

Royalties and licensing fees revenues for 2009 were KRW 35,878 million (US\$ 30,832 thousand), representing a 13.6% increase from KRW 31,587 million for 2008. This increase was primarily attributed to higher revenues from *Ragnarok Online*™ in the Japanese market due to the weakening of the Korean Won against the Japanese Yen and partly due to increased revenues from *Ragnarok Online*™ and *Requiem* the U.S. and Canada.

Subscription revenues decreased by 36.2% to KRW 4,775 million (US\$ 4,103 thousand) for 2009 from KRW 7,484 million for 2008. The decrease resulted mainly from decreased revenues from *Ragnarok Online*™ in Korea.

Cost of revenues was KRW 13,776 million (US\$ 11,839 thousand) for 2009, representing a 13.6% decrease from KRW 15,944 million for 2008. The decrease in Gravity’s cost of revenues was mainly attributed decrease in salaries, commission paid and depreciation.

As a result of the foregoing factors, gross profit for 2009 was KRW 30,170 million (US\$ 25,927 thousand), representing a 15.9% increase from KRW 26,039 million for 2008. The gross profit ratio inclined to 68.7% in 2009 from 62.0% in 2008.

#### Selling, General & Administrative Expenses (“SG&A”)

The Company reduced total SG&A by 1.3% to KRW 18,400 million (US\$ 15,812 thousand) for 2009 compared with KRW 18,648 million for 2008.

This reduction in SG&A was attributed primarily to decreased rent expenses which were due to relocation of the headquarter office in Seoul on February 1, 2008; the rent expenses for both old and new offices occurred between February 1, 2008 and Mar 16, 2008 as the lease agreement of the old office expired on March 16, 2008, which did not recur in 2009. The decreased SG&A is also due in part to decrease in fringe benefit and salaries while partially offset by increase in R&D expenses and commission paid.

Based on the foregoing factors, the Company’s operating income for 2009 was KRW 11,770 million (US\$ 10,115 thousand).

#### Non-operating Income and Non-operating Expenses

Non-operating income for 2009 was KRW 5,927 million (US\$ 5,093 thousand) compared with KRW 8,362 million in 2008 representing a 29.1% decrease, which was primarily due to the net loss from the fluctuations in the foreign exchange rates.

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Non-operating expenses for 2009 were KRW 10,628 (US\$ 9,133 thousand), a 6.4% decrease from KRW 11,359 million in 2008, which consist primarily of decrease in loss on valuation of equity method investments and in impairment losses on intangible assets. The decrease in non-operation expenses was substantially offset by increase in impairment losses on available for sale related to Online Game Revolution Fund No. 1 and settlement expenses for the lawsuit between Softstar Entertainment Inc. and the Company.

Income before income tax for 2009 was KRW 7,069 million (US\$ 6,075 thousand), which represents a 60.9% increase compared with KRW 4,394 million in 2008.

As a result of the foregoing factors, Gravity recorded a net income of KRW 3,082 million (US\$ 2,649 thousand) for 2009 compared with a net income of KRW 921 million for 2008.

The balance of cash and cash equivalents and short-term financial instruments was KRW 59,168 million (US\$ 50,847 thousand) as of December 31, 2009.

*Note* : For convenience purposes only, the KRW amounts have been expressed in U.S. dollars at the rate of KRW 1,163.65 to US\$1.00, the noon buying rate in effect on December 31, 2009 as quoted by the Federal Reserve Bank of New York.



### Reappointment and Appointment of Directors

Two directors of the Company were reappointed and one new director was appointed on March 26, 2010. Details concerning such directors are set forth below.

<u>Name</u>	<u>Major experience</u>	<u>Remarks</u>
Toshiro Ohno	<b>Gravity Co., Ltd., CEO, President and Chairman of the Board of Directors (2009-present)</b> Gravity Interactive, Inc. , <i>Director (2009-present)</i> GungHo Online Entertainment, Inc., <i>Executive Officer (2008-present)</i> GameOn Co., Ltd., <i>Advisor (2007-2008), CEO (2006-2007), Chief Administrative Officer, Executive Vice President and Management Planning Team Leader (2003-2006)</i> Chunsoft Co., Ltd., <i>Manager (2000-2002)</i> DigiCube Co., Ltd., <i>General Manager, Administration (1997-2000)</i> Square Co., Ltd., <i>General Manager, Finance (1993-1997)</i> The Shikoku Bank, Ltd. <i>(1984-1992)</i> Meiji University, <i>LL.B. (1984)</i>	Inside Director
Kazuya Sakai	<b>Gravity Co., Ltd., Executive Director (2009-present)</b> Gravity Entertainment Corporation, <i>Director (2008-present)</i> GungHo Online Entertainment, Inc., <i>Director (2005-present), CFO (2004-present)</i> Capri, Inc., <i>CEO (2008-present)</i> GungHo Online Entertainment Korea, Inc., <i>CEO (2008-2009)</i> GungHo Asset Management, Inc., <i>CEO (2007-2009)</i> Expression Tools, Inc., <i>CEO (2000-2003), Director (1996-2000)</i> The Kyushu Bank, Ltd. (currently, The Shinwa Bank, Ltd.) <i>(1987-1992)</i> Kyushu Sangyo University, <i>B. Com. (1987)</i>	Inside Director
Jong Gyu Hwang	<b>Gravity Co., Ltd., Independent Director (2009-2010)</b> Mungyung Monorail, <i>Director (2007-present)</i> Member of the New York State Bar Association <i>(2006-present)</i> E-Frontier, Inc., <i>Counsel (2000-present)</i> Korea Monorail, <i>Director (2006-2007)</i> Attorney General's Office, MA <i>(2005)</i> Ministry of Justice (Korea), <i>Deputy Director (1995-2000)</i> The Korean Residents Union in Japan <i>(1994-1995)</i> Boston University School of Law, <i>LL.M. (2005)</i> Kennedy School of Government, Harvard University, <i>M.P.A. (2004)</i> Tokyo University, <i>LL.B. (1994)</i>	Outside Director

Pursuant to the reappointment and appointment of directors at the AGM on March 26, 2010, the Company instituted a board of directors comprised of 5 inside (executive) directors and 3 independent (non-executive) directors.

<u>Name</u>	<u>Current Position</u>	<u>Commencement of term</u>	<u>Expiration of term</u>
Toshiro Ohno	Executive Director	March 31, 2009	March 31, 2011
Yoon Seok Kang	Executive Director	March 28, 2008	March 28, 2011
Yoshinori Kitamura	Executive Director	March 28, 2008	March 28, 2011
Kazuki Morishita	Executive Director	March 28, 2008	March 28, 2011
Kazuya Sakai	Executive Director	March 31, 2009	March 31, 2011
Luke Kang	Independent Director	March 28, 2008	March 28, 2011
Phillip Young Ho Kim	Independent Director	March 28, 2008	March 28, 2011
Jong Gyu Hwang	Independent Director	March 26, 2010	March 26, 2011

**2009 Annual Business Report**

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## 1. Business Overview

### (1) Business Results and Financial Statements for the Past Three Fiscal Years (FY2007 – FY2009)

[Unit: KRW]

Category	FY 2009	FY 2008	FY 2007
Current Assets	74,522,234,178	62,479,848,031	61,201,545,490
• Quick Assets	74,480,138,801	62,437,752,654	61,156,844,543
• Inventories	42,095,377	42,095,377	44,700,947
Non-current Assets	26,444,523,461	33,986,383,899	34,147,146,665
• Investment Asset	10,948,571,804	16,516,682,786	14,444,810,113
• Tangible Asset	1,453,967,737	2,778,126,664	4,246,307,112
• Intangible Asset	11,831,295,901	12,510,309,681	12,310,767,578
• Other Non-current Asset	2,210,688,019	2,181,264,768	3,145,261,862
Total Assets	100,966,757,639	96,466,231,930	95,348,692,155
Current Liabilities	8,337,706,064	6,366,734,225	8,083,683,838
Non-current Liabilities	9,842,151,958	10,050,040,467	10,471,639,071
Total Liabilities	18,179,858,022	16,416,774,692	18,555,322,909
Common Stock	3,474,450,000	3,474,450,000	3,474,450,000
Additional paid-in capital	74,935,002,691	74,453,396,848	73,851,580,153
Retained earnings (Accumulated Deficit)	1,926,762,342	(1,155,734,413)	(2,076,674,908)
Capital Adjustment	445,206,322	893,302,099	1,597,604,250
Accumulated other comprehensive income and expense	2,005,478,262	2,384,042,704	(53,590,249)
Total Shareholders' Equity	82,786,899,617	80,049,457,238	76,793,369,246
Revenues	43,945,590,171	41,982,911,692	33,685,656,151
Operating Income (Loss)	11,770,320,038	7,391,182,939	(10,020,381,637)
Income (Loss) before income tax	7,069,619,206	4,394,260,231	(24,703,747,165)
Net Income (Loss)	3,082,496,755	920,940,495	(27,558,972,885)

## 2. Company Overview

### (1) Registered Purpose of the Company

- 1) Software Consulting, development and publishing
- 2) Software, CD development and sales
- 3) Development of telecommunication related software
- 4) Making, development, publishing, sales and consulting of digital contents including game software
- 5) Online network gaming service
- 6) Software development regarding applicator package
- 7) Computer program development and sales
- 8) Software Export-Import
- 9) E-commerce
- 10) Character business
- 11) Animation business
- 12) Leasing business
- 13) Restaurant business
- 14) Media related business
- 15) Printing & publishing business
- 16) Record & video making and distribution

17) All business related to above items 1) – 16)

## (2) Description of Primary Business

Gravity Co., Ltd. (the "Company") is the developer of an MMORPG, *Ragnarok Online*™, which is commercially offered in 57 markets worldwide, including Korea, Japan, China, Taiwan, Southeast Asia, the United States and Europe since its launch in August 2002.

The Company commercially launched *Emil Chronicle Online* in August 2007 and it is currently offered in Korea, Thailand, Hong Kong, Taiwan, Indonesia, Singapore and Malaysia. *Requiem*, which was commercially launched in October 2007, is currently serviced in 18 markets including Korea, the United States and Russia.

Having strong global network and success from *Ragnarok Online*™, the Company is expanding its business areas from online game development and publishing to cultural contents industry based on various platforms, such as animation, game character merchandising, development of console games and IPTV games.

In addition, in order to strength its presence in the overseas markets, the Company has subsidiaries in the United States, Japan, France and Russia, and NeoCyon, Inc., a subsidiary for its mobile business in Korea.

## (3) Problems Confronting the Company

Since the Company operates in a highly competitive industry, the Company is making every effort to enhance its development capacity and to maintain and increase its market share in overseas markets to preserve its competitive advantage.

Due to its high dependence on *Ragnarok Online*™, the Company is in need of diversified revenue structure, global market expansion and new business initiatives for sustainable revenue growth. The Company is doing its best to build its next game line-up in various genres through in-house development or publishing, as well as diversifying its business portfolio with multi-platform businesses.

## (4) Business Offices and Game Development Facilities

Classification	Location
Head Office	Nuritkum Square Business Tower 15F, 1605 Sangam-Dong, Mapo-Gu, Seoul 121-795, Korea
Game Development Facilities	Nuritkum Square R&D Tower 15F, 1605 Sangam-Dong, Mapo-Gu, Seoul 121-795, Korea

## (5) Stock

### ① Total number of shares

[As of December 31, 2009]

Total number of shares authorized	Total number of shares issued	Total number of shares unissued
40,000,000 shares	6,948,900 shares	33,051,100 shares

### ② Type of Stock issued

[Par value per share: KRW 500]

[As of December 31, 2009]

Type	No. of shares	Total face value	%	Remarks
Registered common stock	6,948,900 shares	KRW 3,474,450,000	100%	

## (6) Debenture

[As of December 31, 2009]

Type	Date of issuance	Issuing Amount	Interest Rate	Balance from issuance	Redemption date	Remarks
—	—	—	—	—	—	—

\* Company currently has no debentures and has no plan to have debentures in the future.

## (7) Major Shareholders

[As of December 31, 2009]

Shareholder	Shares owned	%	Transaction with the Company	Remarks
GungHo Online Entertainment, Inc.	4,121,739	59.31	*	—
Moon Capital Management LP	397,314	5.72	—	—
Others	2,429,847	34.97	—	—
Total	6,948,900	100.00	—	—

\* Refer to “(10) Material Transactions with Related Parties.”

## (8) Investment in Other Companies

[As of December 31, 2009]

Subsidiaries				Relationship with Company		
Name	Location	Common Stock	Main business	Shares owned	%	Transaction relationship
Gravity Interactive, Inc.	California, US	USD 5,040,000	Gaming Service	100,000	100.00%	Subsidiary
Gravity Entertainment Corp.	Tokyo, Japan	JPY 167,850,000	Animation making/service	1,000	100.00%	Subsidiary
Gravity EU SASU	Paris, France	EUR 1,800,000	Gaming Service	18,000	100.00%	Subsidiary
Gravity Middle East & Africa FZ-LLC *	Dubai, U.A.E.	AED 7,800,000	Gaming Service	7,800	100.00%	Subsidiary
Gravity RUS Co., Ltd.	Moscow, Russia	RUB 63,809,220	Gaming Service	N/A	99.99%	Subsidiary
NeoCyon, Inc.	Seoul, Korea	KRW 964,005,000	Mobile game development	185,301	96.11%	Subsidiary

\* The liquidation of Gravity Middle East &amp; Africa FZ-LLC was in progress as of December 31, 2009.

## (9) Directors Holding Concurrent Positions

[As of December 31, 2009]

Director		Company		
Name	Position	Name	Position	Responsibility
Toshiro Ohno	President & CEO	Gravity Co., Ltd.	President & CEO	Overall management
		Gravity Interactive, Inc.	Executive Director	
Yoon Seok Kang	CEO	Gravity Co., Ltd.	CEO	Overall management
		NeoCyon, Inc.	Executive Director	
		Gravity Interactive, Inc.	Executive Director	
		Gravity Entertainment Corp.	Executive Director	
		L5 Games Inc.*	Executive Director	
Yoshinori Kitamura	Executive Director	Gravity Co., Ltd.	Executive Director	COO
		NeoCyon, Inc.	CEO	Overall management
		Gravity Interactive, Inc.	CEO	Overall management
		Gravity Entertainment Corp.	CEO	Overall management
		L5 Games Inc.*	Executive Director	

\* A subsidiary of Gravity Interactive, Inc.

## (10) Material Transactions with Related Parties

[Unit: 1,000 KRW]

Related persons, companies	Revenue		Purchase Amount		Credit		Liabilities	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
GungHo Online Entertainment, Inc.	29,035,925	19,103,039	671,134	410,902	2,234,275	3,083,310	6,316,258	5,424,670
Gravity Interactive, Inc.	1,201,390	761,878	—	—	246,953	108,914	96,862	170,942
Gravity Entertainment Corp.	—	29,751	—	—	26,597	29,358	618,828	666,475
Gravity CIS Co, Ltd.	409,549	563,667	—	—	1,159,861	904,887	47,237	105,642
Gravity EU SASU	286,828	191,333	—	—	1,045,994	519,448	9,478	32,226
Gravity Middle East & Africa FZ-LLC	—	20,012	—	—	—	—	1,820,301	—
Gravity RUS Co., Ltd.	—	—	—	—	—	—	—	—
NeoCyon, Inc.	1,709,722	1,450,784	914,000	1,352,885	1,295,605	847,760	108,881	211,957
Total	32,643,414	22,120,464	1,585,134	1,763,787	6,009,285	5,493,677	9,017,845	6,611,912

## (11) Significant Creditors

The Company had no significant creditors as of December 31, 2009.

## (12) Employees

[As of December 31, 2009]

Category	Directors & Officers	Developers	Marketing/Operating	Finance/Administration	Total
Employees	12	240	56	56	364

## (13) Directors and Auditors

Permanent/Non permanent	Name	Position	Main work	Transaction with the Company	Remarks
Permanent	Toshiro Ohno	President & CEO	President & CEO	—	—
Permanent	Yoon Seok Kang	CEO	CEO	—	—
Permanent	Yoshinori Kitamura	Executive Director	COO	—	—
Permanent	Kazuki Morishita	Executive Director	—	—	—
Permanent	Kazuya Sakai	Executive Director	—	—	—
Permanent	Luke Kang	Independent Director	Member of audit committee	—	—
Permanent	Phillip Young Ho Kim	Independent Director	Member of audit committee	—	—
Permanent	Jong Gyu Hwang	Independent Director	Member of audit committee	—	—

## (14) Material Events after the end of FY 2009

N/A

### 3. Financial statements as of and for the fiscal year ended December 31, 2009 and 2008

#### (1) Balance Sheets

FY 2009: as of December 31, 2009

FY 2008: as of December 31, 2008

[Unit: KRW]

Items	FY 2009 Amount	FY 2008 Amount
<b>Assets</b>		
Current Assets	74,522,234,178	62,479,848,031
Quick assets	74,480,138,801	62,437,752,654
Cash and cash equivalents	47,667,920,811	47,877,965,989
Short-term financial instruments	11,500,000,000	4,000,000,000
Short-term available-for-sale securities	4,973,185,000	—
Accounts receivable	6,760,175,357	6,390,543,944
Allowance for doubtful accounts	(432,692,689)	(242,176,285)
Short-term loans	955,515,449	47,777,540
Allowance for doubtful accounts	(334,856,000)	—
Other accounts receivable	166,795,761	513,759,755
Allowance for doubtful accounts	(4,437,427)	(26,465,808)
Accrued income	388,074,931	244,989,737
Allowance for doubtful accounts	(26,170,653)	—
Advance payments	1,034,495,525	1,587,956,457
Prepaid expenses	316,944,808	387,996,259
Prepaid income taxes	1,227,228,339	1,296,107,573
Refund of income taxes receivable	287,959,589	359,297,493
Inventories	42,095,377	42,095,377
Inventory-resale	42,095,377	42,095,377
Non-current Assets	26,444,523,461	33,986,383,899
Investment assets	10,948,571,804	16,516,682,786
Equity method investments	9,409,490,036	9,454,345,670
Long-term available-for-sale securities	1,518,526,382	6,074,336,096
Long-term loans	336,408,308	988,001,020
Allowance for doubtful accounts	(315,852,922)	—
Tangible assets	1,453,967,737	2,778,126,664
Computer and equipment	10,599,873,171	10,848,947,282
Accumulated depreciation	(9,596,357,602)	(8,861,092,732)
Vehicles	28,110,738	28,110,738
Accumulated depreciation	(28,110,738)	(28,110,738)
Furniture and fixtures	857,711,856	891,535,865
Accumulated depreciation	(801,415,170)	(664,090,228)
Leasehold improvements	745,967,319	729,517,319
Accumulated depreciation	(351,811,837)	(166,690,842)
Intangible assets	11,831,295,901	12,510,309,681
Capitalized R&D cost, net	11,006,644,166	10,894,358,850
Software	586,052,431	1,356,668,210
Other intangible assets, net	238,599,304	259,282,621
Other non-current assets	2,210,688,019	2,181,264,768
Leasehold deposits	1,183,983,000	1,176,550,000
Long-term prepaid expenses	100,581,829	78,591,578
Other non-current assets	926,123,190	926,123,190
Total assets	100,966,757,639	96,466,231,930
<b>Liabilities</b>		
Current liabilities	8,337,706,064	6,366,734,225
Accounts payable	2,972,889,542	3,064,181,711
Advances received	1,885,836,888	68,746,780
Withholdings	153,307,918	136,755,567
Deferred income	3,037,020,561	2,724,061,172



Income tax payable	288,651,155	362,988,995
Deposits received	—	10,000,000
Non-current liabilities	9,842,151,958	10,050,040,467
Long-term deferred income	9,679,061,958	9,900,522,467
Asset retirement obligation	99,000,000	99,000,000
Leasehold deposit received	64,090,000	50,518,000
Total liabilities	18,179,858,022	16,416,774,692

Items	FY 2009 Amount	FY 2008 Amount
Shareholders' equity		
Common stock	3,474,450,000	3,474,450,000
Common stock	3,474,450,000	3,474,450,000
Capital surplus	74,935,002,691	74,453,396,848
Additional paid-in capital	73,255,072,627	73,255,072,627
Other capital surplus	1,679,930,064	1,198,324,221
Capital adjustments	445,206,322	893,302,099
Stock options	445,206,322	893,302,099
Accumulated other comprehensive income and expense	2,005,478,262	2,384,042,704
Unrealized loss on available-for-sale securities	(1,119,704)	(1,119,704)
Net accumulated comprehensive income of equity method investees	2,052,967,661	2,385,162,408
Net accumulated comprehensive expense of equity method investees	(46,369,695)	—
Retained earnings (accumulated deficit)	1,926,762,342	(1,155,734,413)
Unappropriated retained earnings (undisposed accumulated deficit)	1,926,762,342	(1,155,734,413)
Total shareholders' equity	82,786,899,617	80,049,457,238
Total liabilities and shareholders' equity	100,966,757,639	96,466,231,930

## (2) Income Statements

FY 2009: for the year ended December 31, 2009

FY 2008: for the year ended December 31, 2008

[Unit: KRW]

Items	FY 2009 Amount	FY 2008 Amount
Revenues	43,945,590,171	41,982,911,692
Online games-subscription revenue	4,774,859,839	7,483,723,302
Online games-royalties and license fees	35,878,263,413	31,586,974,516
Mobile games	1,665,848,278	1,453,283,697
Character merchandising, animation and other revenue	1,626,618,641	1,458,930,177
Cost of revenues	13,775,721,404	15,943,743,841
Cost of revenues-games	13,628,960,604	15,942,346,972
Cost of revenues-other	146,760,800	1,396,869
Gross profit	30,169,868,767	26,039,167,851
Selling and administrative expenses	18,399,548,729	18,647,984,912
Salaries	6,165,967,337	6,326,567,667
Severance benefits	408,170,090	553,506,480
Employee benefits	1,155,476,756	1,474,826,991
Transportation	588,052,694	399,332,093
Entertainment	64,179,570	86,607,475
Communication	69,423,714	96,029,385
Taxes and dues	299,444,860	349,137,320
Depreciation	732,966,378	801,950,816
Rent	1,007,730,710	1,645,140,809
Insurance premium	223,839,119	235,503,274
Vehicles maintenance	7,362,250	7,828,249
Freight expenses	5,492,632	6,278,119
Repairs expenses	6,449,210	7,209,455
Training expenses	5,033,246	4,225,270
Books & subscription	41,487,297	30,211,458
Office supplies	68,763,624	71,687,435
Commission paid	3,749,041,358	3,538,424,447
Advertising	1,022,867,621	871,673,348

Research and development

1,781,797,670

1,407,974,548

Items	FY 2009 Amount	FY 2008 Amount
Bad debt	359,149,891	110,305,138
Amortization on intangible assets	621,967,986	623,565,135
Compensation expenses associated with stock option	14,884,716	—
Operating income	11,770,320,038	7,391,182,939
Non-operating income	5,927,326,029	8,362,503,789
Interest income	2,272,865,689	2,641,999,091
Gain on foreign currency translation	82,328,259	453,240,861
Gain on foreign exchange transactions	1,786,136,646	3,929,580,828
Gain on valuation of equity-method investments	1,635,795,318	1,168,260,788
Reversal of allowance for doubtful accounts	62,875,000	—
Gain on disposition of property and equipment	3,662,749	13,252,100
Reversal of stock based compensation expense	—	97,830,502
Other income	83,662,368	58,339,619
Non-operating expenses	10,628,026,861	11,359,426,497
Loss on foreign currency translation	660,693,918	473,368,659
Loss on foreign exchange transactions	1,455,376,096	417,353,922
Unrealized loss on available-for-sale securities (ELS)	26,815,000	—
Loss on valuation of equity-method investments	1,978,966,085	7,944,123,978
Loss on impairment of long-term available-for-sale securities	4,784,890,314	657,364,432
Loss on disposal of property and equipment	5,363,445	47,956,973
Loss on retirement of property and equipment	1,360,666	7,894,606
Loss on impairment of intangible assets	39,013,338	1,807,483,500
Litigation charges	1,648,615,200	—
Other losses	26,932,799	3,880,427
Income before income tax	7,069,619,206	4,394,260,231
Income tax expense	3,987,122,451	3,473,319,736
Net income	3,082,496,755	920,940,495
Earnings per share*		
Basic and diluted	444	133

\* Each ADS represents one-fourth of one share of our common stock. Therefore, earnings per ADS is one-fourth of earnings per share.

(3) Statements of Appropriation of Retained Earnings for fiscal years ended December 31, 2009 and 2008

FY 2009	From January 1, 2009 Until December 31, 2009	FY 2008	From January 1, 2008 Until December 31, 2008
Confirmed appropriation date	March 26, 2010	Confirmed appropriation date	March 31, 2009
[Unit: KRW]			
Category	FY 2009 Amount	FY 2008 Amount	
Retained earnings before appreciation (Accumulated deficit before disposition)	1,926,762,342	(1,155,734,413)	
Unappropriated retained earnings (Undisposed accumulated deficit) carried over from prior year	(1,155,734,413)	(2,076,674,908)	
Net income	3,082,496,755	920,940,495	
Appropriation	—	—	
Unappropriated retained earnings (Undisposed accumulated deficit) carried forwards to subsequent year	1,926,762,342	(1,155,734,413)	