

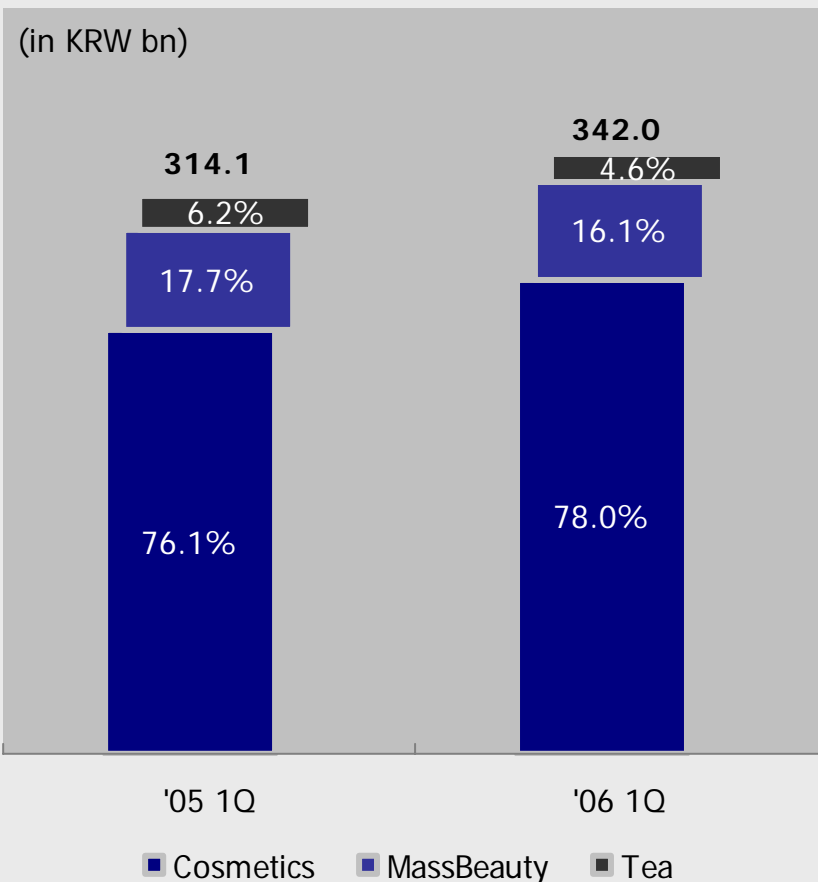


AMOREPACIFIC

2006 1Q RESULTS

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## 2006 1Q Sales Results



## Comments

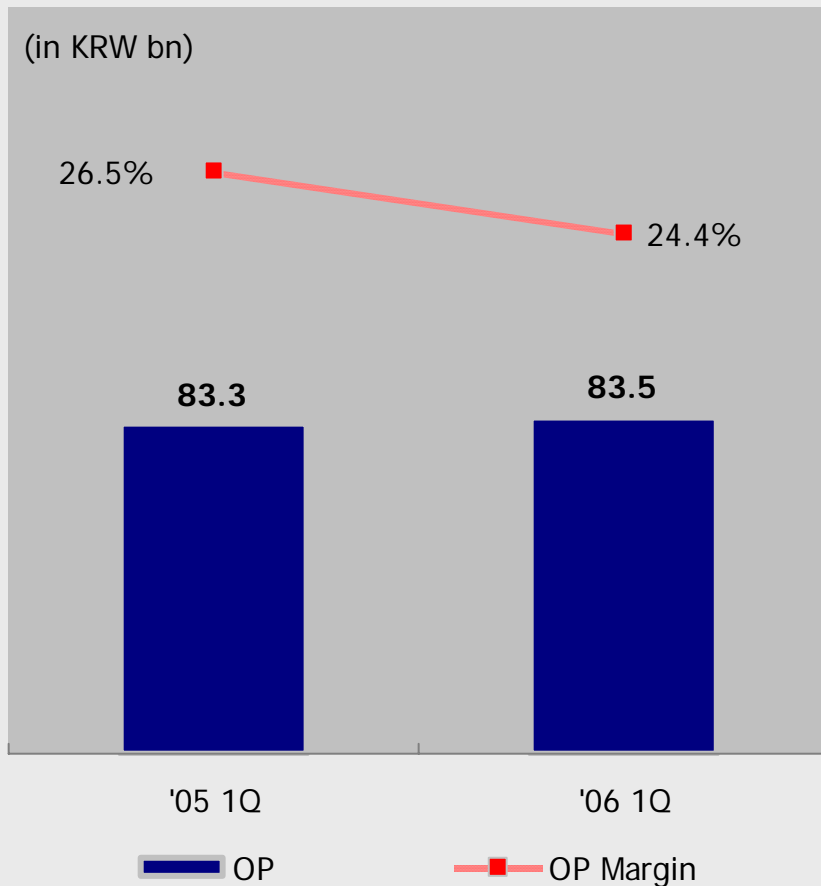
### Total Sales of KRW 342 bn, 8.9% YoY Growth

- Cosmetics BU: 11.6% Growth**  
 Continuous gaining of market share based on the balanced portfolio
- MassBeauty BU: -0.6% Growth**  
 Core brands continue growth (Mise en Scene 16%, Happy Bath 10%)
- Tea BU: -18.9% Growth**  
 Negative growth due to the aggravated competition and channel readjustment
- Pacific Glas and Jang Won Industry's sales of KRW 4.3 bn**

(KRW bn)	Cosmetics	MassBeauty	Tea
2006 1Q	266.6	55.2	15.9
YoY	11.6%	-0.6%	-18.9%
2005 1Q	238.9	55.5	19.6
YoY	-1.9%	21.2%	-2.5%

# PROFITABILITY

## 2006 1Q Profitability Results



## Comments

### Operating Profit Margin of 24.4%

- Marketing expenses increased by 25%
- Core brands'(Hera, Laneige) renewal and new product launches
- Increase in depreciation costs due to Pacific Glas' new manufacturing facility results in operating losses of KRW 1 bn

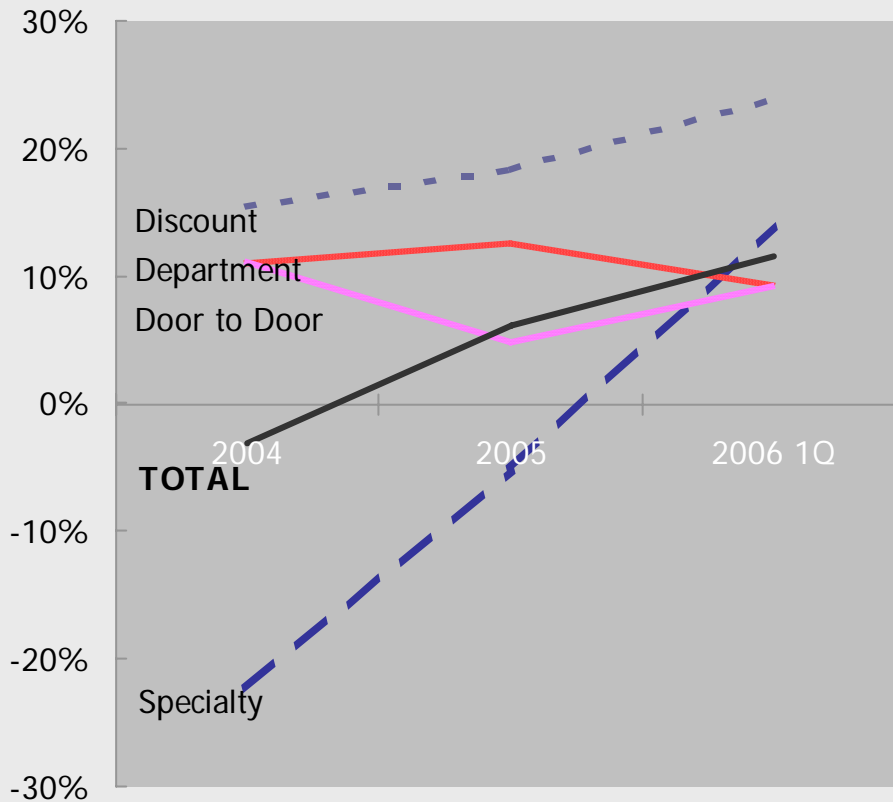
Vs Sales	2006 1Q	2005 1Q
Personnel	14.0%	14.2%
Marketing	14.3%	12.4%
Commission	6.6%	6.8%
Others	8.8%	9.1%

OP Margin	Cosmetics	MassBeauty	Tea
2006 1Q	29.1%	13.4%	-3.4%
2005 1Q	30.8%	12.7%	13.8%

# COSMETICS REVIEW

## Amorepacific Sales Growth by Channel

Balanced growth of all segments strengthening sustainable growth



## Comments

- Aggressive marketing investments expected during the first half of 2006 in line with the recovery of consumer spending and each brands' growth strategy
- Amorepacific's performance was higher than the market's 5.2% estimated growth
- 64% growth in the overseas based on successful launch of Lolita Lempicka's new fragrance line, and continued expansion in the Asian market

Premium Market	Door to Door 9.3% Growth	<ul style="list-style-type: none"> <li>Expansion of product line and customer base</li> </ul>
	Department 9.3% Growth	<ul style="list-style-type: none"> <li>Health supplements' sales growth by 32%</li> <li>Offering of differentiated value and service</li> </ul>
Mass Market	Specialty 13.9% Growth	<ul style="list-style-type: none"> <li>Hue Place store's stable sales growth and expansion of Innisfree's brand shops</li> </ul>
	Discount 24.0% Growth	<ul style="list-style-type: none"> <li>Stronger brand positioning</li> <li>Uplifting expected values versus price</li> </ul>

# FINANCIAL SUMMARY

## Profit & Loss Statement

(in KRW bn)	2006 1Q		2005 1Q	
		%		%
Sales	342.0	100.0	314.1	100.0
Gross Profit	233.0	68.1	216.7	69.0
SG&A	149.6	43.7	133.4	42.5
Operating Profit	83.5	24.4	83.3	26.5
Recurring Profit	87.7	25.6	87.4	27.8
Net Profit	65.4	19.1	63.9	20.3

## Balance Sheet

(in KRW bn)	Mar.06	Dec.05
Asset	1,407.5	1,368.8
Current	705.3	669.4
Fixed	702.2	699.4
Liabilities	370.7	363.9
Current	216.4	209.2
Fixed	154.3	154.7
Shareholder's Equity	1,036.8	1,004.9
Capital	55.6	55.6
Capital Reserve	504.6	504.6
Retained Earnings	903.3	866.7
Capital Adjustment	-426.5	-422.0