



AMOREPACIFIC

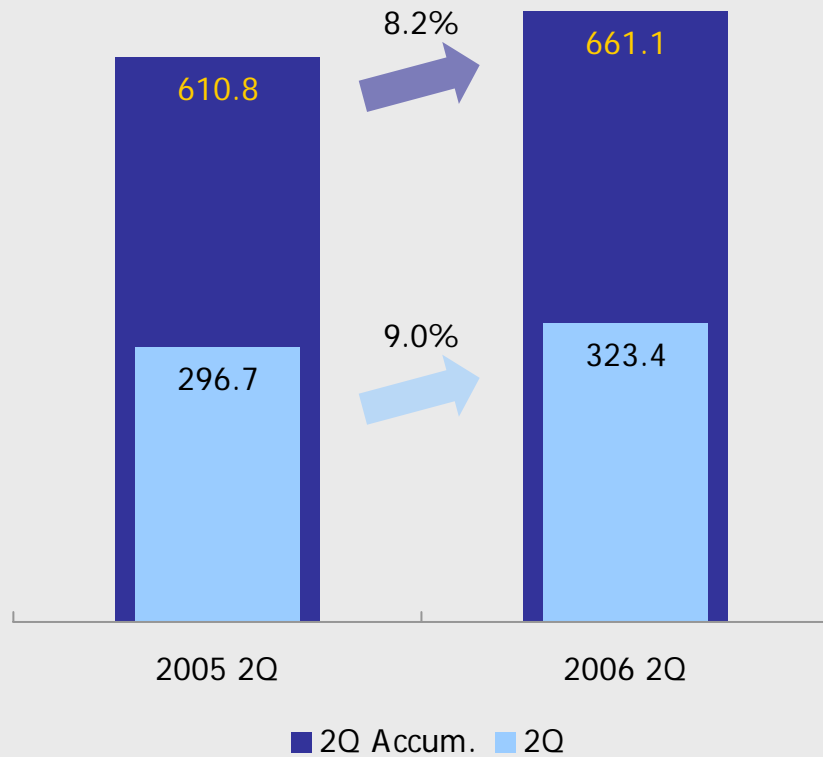
2006 2Q RESULTS

WWW.AMOREPACIFIC.CO.KR

OVERVIEW

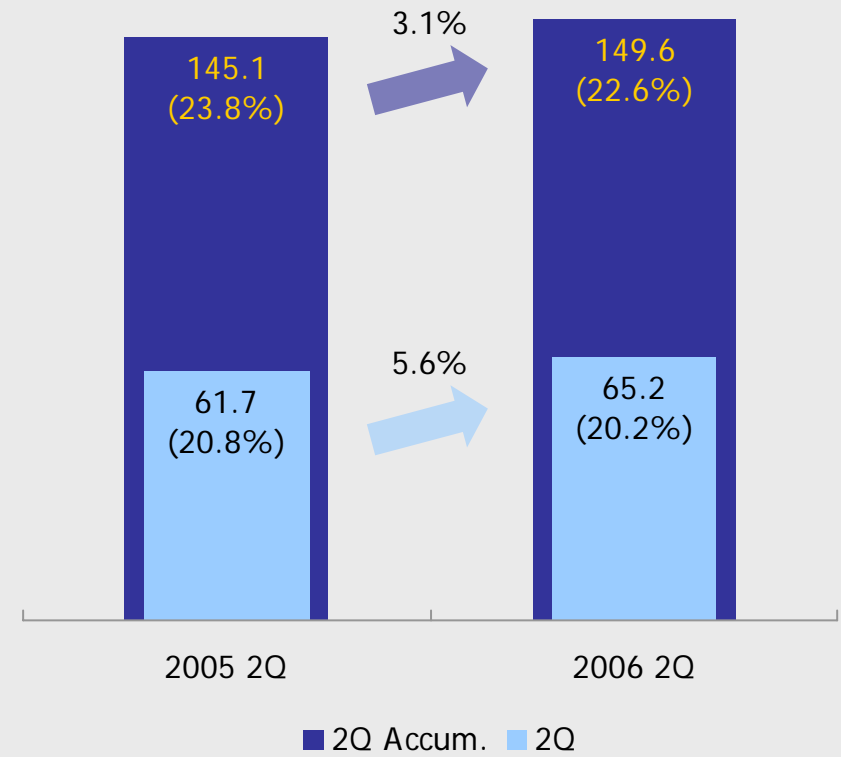
■ Sales Results

[in KRW bn]



■ Operating Profit (Margin) Results

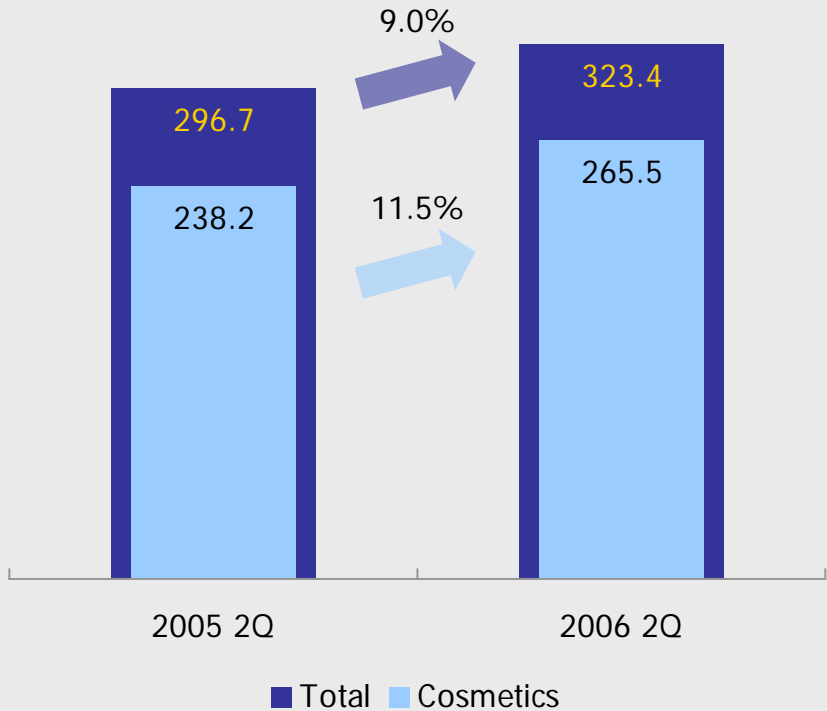
[in KRW bn]



SALES ANALYSIS

2006 2Q Sales Results

[in KRW bn]



Comments

Total sales of KRW 323.4 bn, 9.0% yoy growth

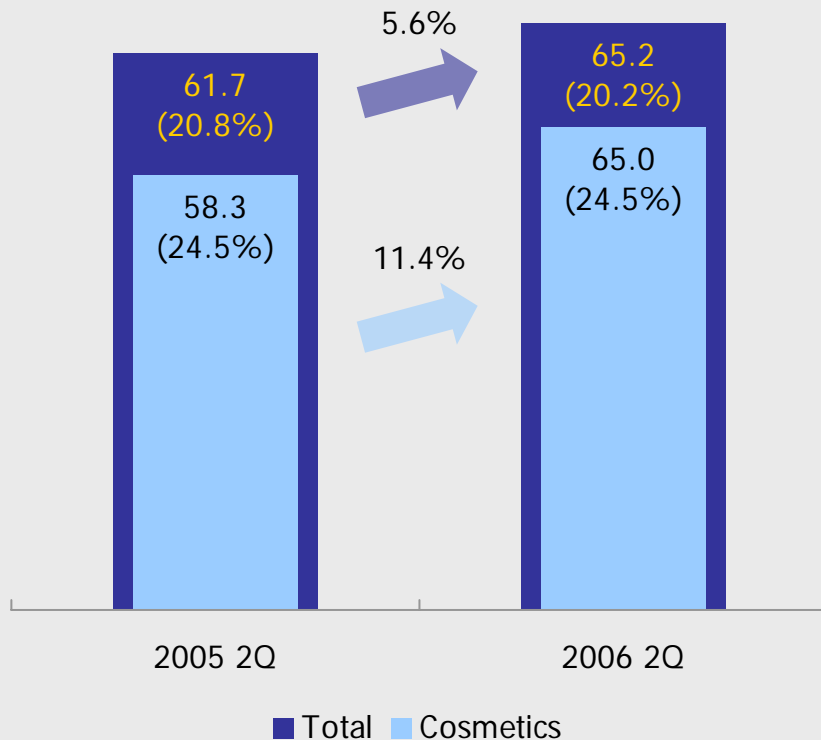
- Cosmetics: 11.5% Growth, 82.1% of total sales**
 Marketing investment into the core brands, balanced growth across all channels, and expansion of customer base to build a strong foundation for continuous growth
- Personal Care: 5.5% Growth, 13.1% of total sales**
 Mise en Scene continues to gain M/S, while Happy Bath's body cleanser reaches the top of the M/S chart
- Tea: -15.7% Growth, 4.8% of total sales**
 Efforts to strengthen the brand's premium image as price competition intensifies with more players

| (KRW bn) | Cosmetics | Personal Care | Tea |
|----------|-----------|---------------|--------|
| 2006 2Q | 265.5 | 42.4 | 15.5 |
| YoY | 11.5% | 5.5% | -15.7% |
| 2005 2Q | 238.2 | 40.2 | 18.3 |
| YoY | 2.4% | 2.2% | -5.1% |

PROFITABILITY ANALYSIS

2006 2Q Operating Profit (Margin) Results

[in KRW bn]



Comments

OP of KRW 65.0 bn, a 5.6% yoy growth

- Cosmetics OP increased by 11.4%, as the margin enhancement trend recovers in 2Q

| OP Margin | Cosmetics | Personal Care | Tea |
|-----------|-----------|---------------|--------|
| 2006 2Q | 24.5% | 4.7% | -11.2% |
| 2005 2Q | 24.5% | 5.1% | 7.5% |

- Marketing expense increased for the core brands in 1H (1Q 25%, 2Q 10%), and will slow down in 2H

| Vs Sales | 2006 2Q | 2005 2Q |
|------------|---------|---------|
| Personnel | 15.7% | 15.8% |
| Marketing | 16.5% | 16.4% |
| Commission | 7.2% | 7.3% |
| Others | 10.5% | 10.7% |

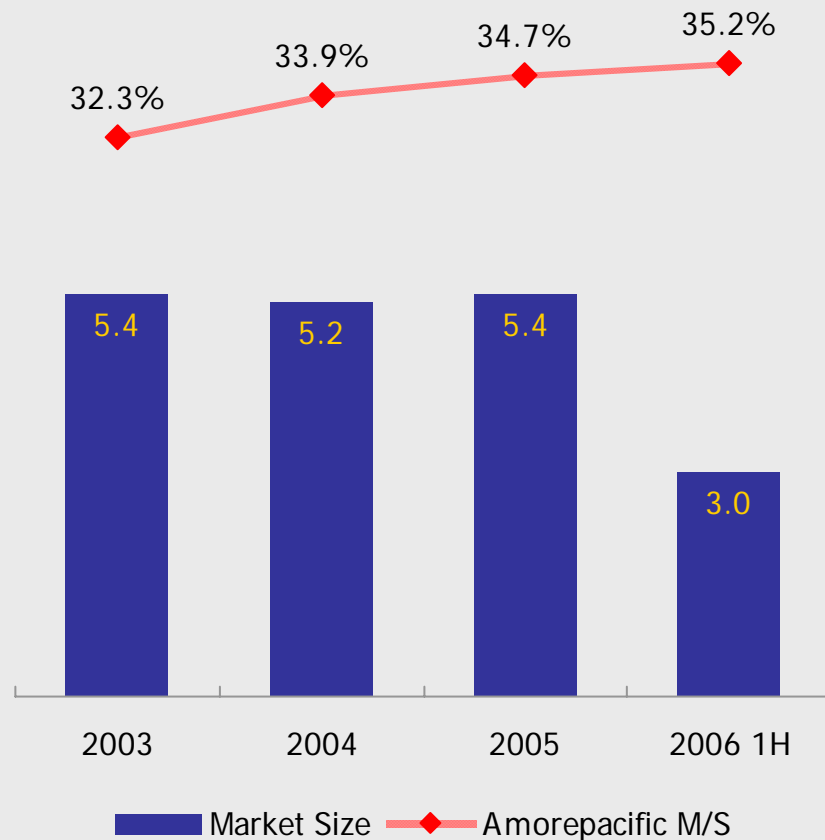
RP of KRW 66.3 bn, a 15.8% yoy decrease

- One time disposal gain of KRW 11.6 bn in 2005 2Q, decrease of equity method gains after the demerger

COSMETICS REVIEW

▪ Cosmetics Market vs. Amorepacific

[in KRW tr]



※ Amorepacific internal estimates, in retail value

▪ Comments

- The cosmetics market grew by 5.2% during 1H
- Sustainable growth in the premium channels, and expanding M/S in the mass by stabilizing the HUE Place stores
- Sales growth of 57% in France and China during 1H, and expansion continues in Asia as Amorepacific adds Japan into its portfolio in August

| Market | Channel Growth 1H (2Q) | Remarks |
|---------|--------------------------|---|
| Premium | Door to Door 8.9% (8.6%) | <ul style="list-style-type: none"> ▪ Strengthening the brands' premium image ▪ Innovating product line with enhanced functional abilities |
| | Department 10.4% (11.6%) | <ul style="list-style-type: none"> ▪ Enhancing brand loyalty with differentiated services |
| Mass | Specialty 18.3% (22.6%) | <ul style="list-style-type: none"> ▪ Hue Place stores experiencing stable sales growth |
| | Discount 17.0% (9.9%) | <ul style="list-style-type: none"> ▪ Expansion of Innisfree's franchise stores ▪ Stronger brand positioning |

FINANCIAL SUMMARY

Profit & Loss Statement

| (in KRW bn) | 2006 2Q | | 2005 2Q | |
|----------------------------|---------|------|---------|------|
| | | % | | % |
| Sales | 323.4 | | 296.7 | |
| Gross Profit | 226.7 | 70.1 | 210.7 | 71.0 |
| SG&A | 161.5 | 49.9 | 149.0 | 50.2 |
| Operating Profit | 65.2 | 20.2 | 61.7 | 20.8 |
| Equity Method Gains | 0.3 | | 7.5 | |
| Fixed Asset Disposal Gains | | | 11.6 | |
| Recurring Profit | 66.3 | 20.5 | 78.8 | 26.5 |
| Net Profit | 48.8 | 15.1 | 54.9 | 18.5 |

※ The above results are based on only Amorepacific, the post-demerger operating company

Balance Sheet

| (in KRW bn) | Jun. 06 Post-demerger | Mar. 06 Pre-demerger |
|----------------------|--------------------------|-------------------------|
| Asset | 961.3 | 1,407.5 |
| Current | 390.2 | 705.3 |
| Fixed | 571.1 | 702.2 |
| Liabilities | 211.7 | 370.7 |
| Current | 169.7 | 216.4 |
| Fixed | 42.0 | 154.3 |
| Shareholder's Equity | 749.6 | 1,036.8 |
| Capital | 34.5 | 55.6 |
| Capital Reserve | 712.7 | 504.6 |
| Retained Earnings | 6.8 | 903.2 |
| Capital Adjustment | -4.4 | -426.6 |