



AMOREPACIFIC

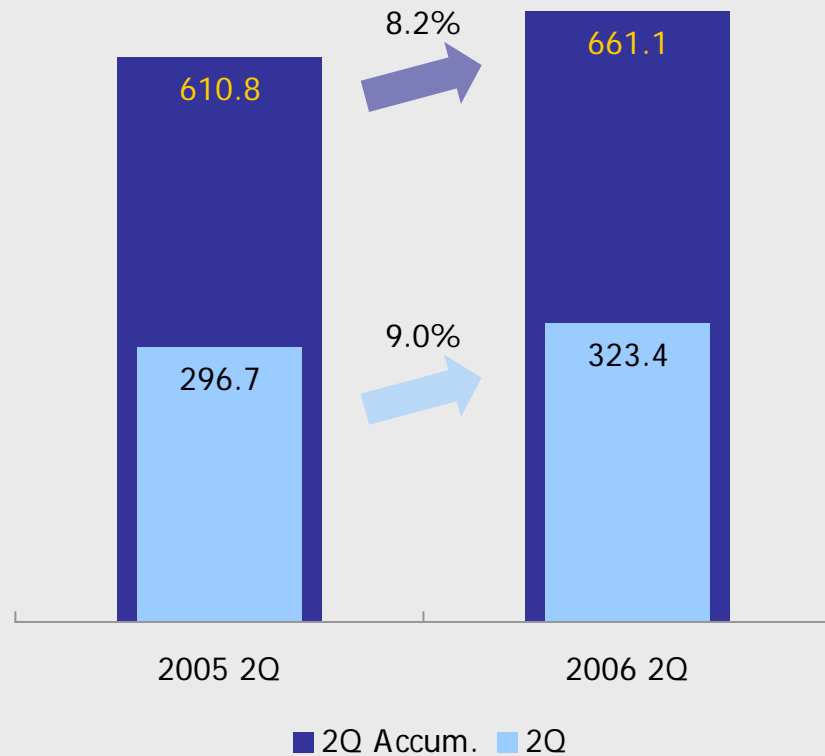
2006 2Q RESULTS

WWW.AMOREPACIFIC.CO.KR

OVERVIEW

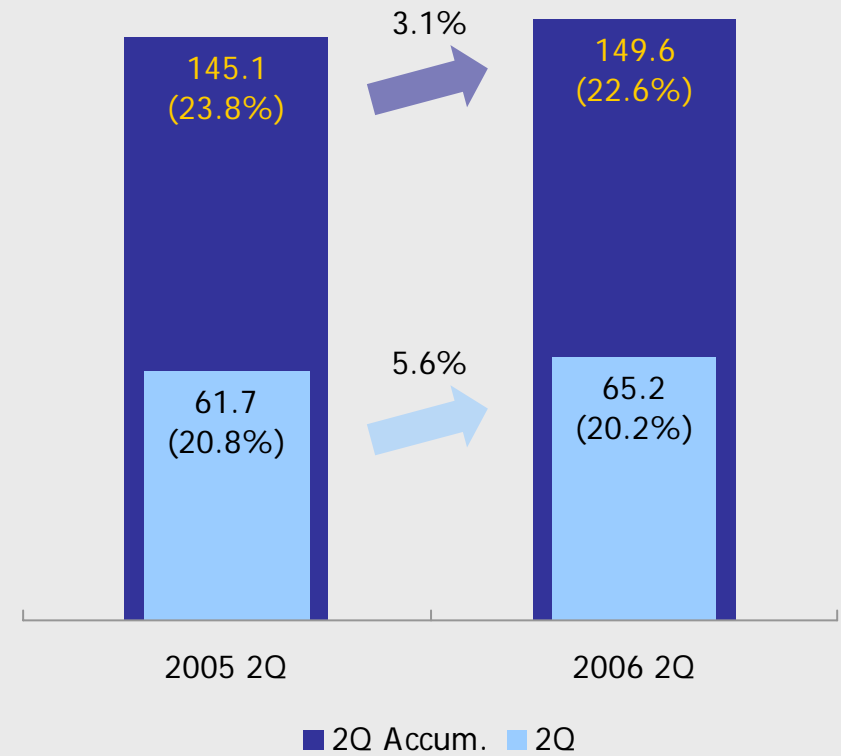
■ Sales Results

[in KRW bn]



■ Operating Profit (Margin) Results

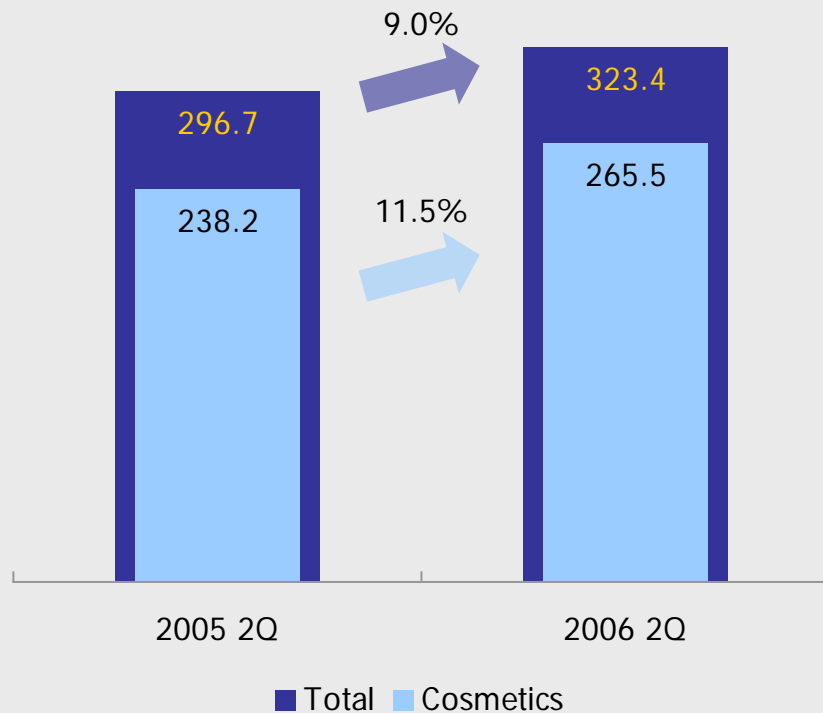
[in KRW bn]



SALES ANALYSIS

2006 2Q Sales Results

[in KRW bn]



Comments

Total sales of KRW 323.4 bn, 9.0% yoy growth

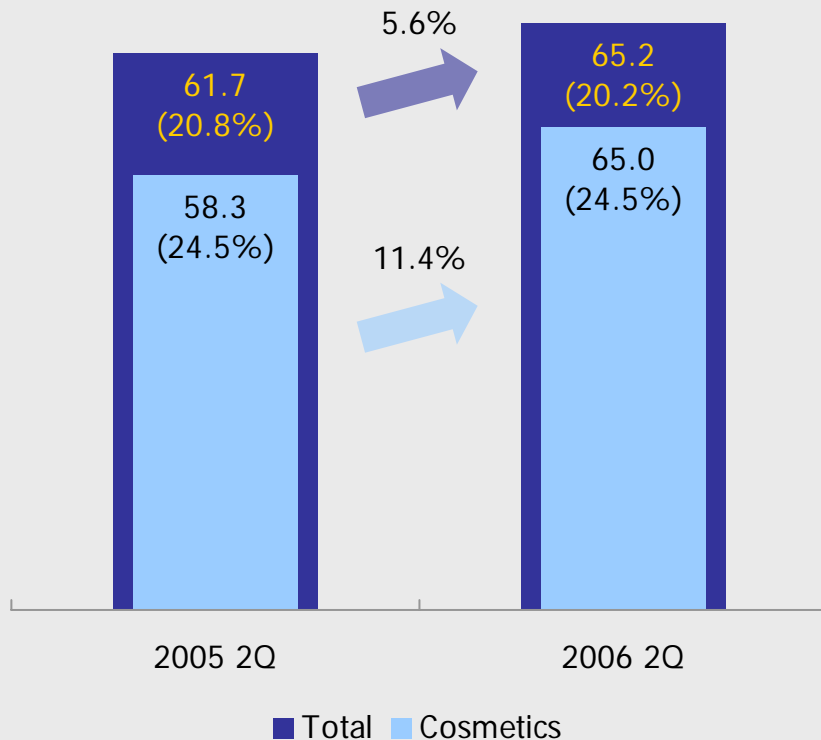
- Cosmetics: 11.5% Growth, 82.1% of total sales**
 Marketing investment into the core brands, balanced growth across all channels, and expansion of customer base to build a strong foundation for continuous growth
- Personal Care: 5.5% Growth, 13.1% of total sales**
 Mise en Scene continues to gain M/S, 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%

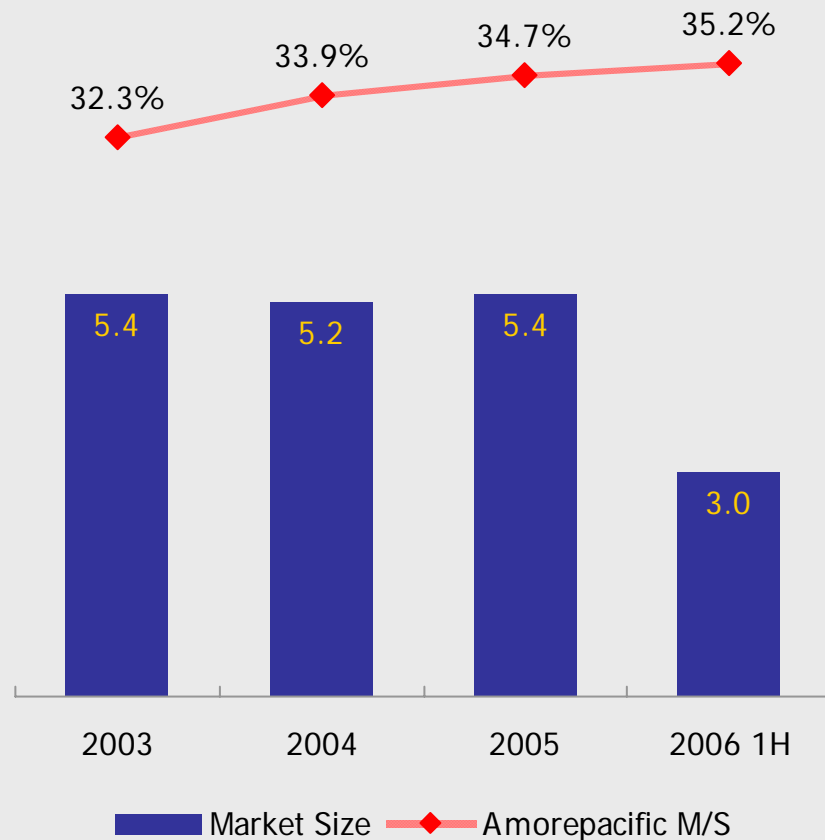
RP of KRW 66.3 bn, a 15.8% yoy decrease

- 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