

Teaser Memorandum

IBSNET INC.



October 2005

Key Investment Highlight

1) Distinguished Products with Strong Financial Growth

The Company is operating in the high growth market of mobile content services. IBSNET Inc. carries many different products such as multi-messaging services, mobile entertainment, and mobile games to meet the ever changing demands of the consumers. Currently, the Company takes 50% of online cartoon market, it records the largest sales amount as a unique business unit among KT Freetel("KTF") contents services providers in 2004 and 2005 1H. Also it was awarded as the best CP for Cartoon shop service in 2004(KTF Magic N). With such acknowledged service offerings, the sales of the company has sharply increased, showing a 50% increase in sales in 2004 compared to the previous year.

2) Steady Cash Inflow from Credible Buyers (Major Telecom Companies)

With the strong relationships with the domestic Telecom Companies (especially KTF), the operation of the company is stable. The Company has also finalized its service contract with the LG Telecom("LGT"), one of the main domestic Telecom companies, and is in the process of negotiation with the biggest domestic Telecom company, SKT, for providing mobile game services to its customers. Also, the parent company, Samji has a close business relationship with the LGT. With strong relationships between the parent company and the LGT, service contracts with the LGT is highly anticipated.

3) Innovative Products for the Next Generation

With the experienced workforce, in-house development of products or services to meet the various needs of the customers are possible. Also, in preparation for the upcoming platform environment for mobile service industry, IBSNET Inc. is participating in the Korean Digital Multimedia Broadcasting ("DMB") consortium. Also development of Wibro is scheduled with the KT and HSDPA with the KTF to combat the upcoming mobile service industry. Wibro service will provide high speed internet services to the mobile users, thus enabling them to conduct their online activities without any boundaries

I. Company Introduction

The Company was founded in September of 1999 to provide telecommunication services and develop platforms for wireless phones services such as game and entertainment. Majority of the sales volume is from the multi-messaging services and mobile entertainment. Also, overseas sales volume are substantial with services provided to Chinese markets and other overseas markets.

II. Transaction Summary

The Company expects to finance over KRW 1 billion from this event. As it plans to go public in 2008, it is possible for potential investors to realize investment return.

Amount	Over KRW 1 billion
Planning	Intending to fund the capital expenditures associated with Research and Development for New Businesses such as DMB and Wibro service
Deal Structure	Equity financing through issuance of new shares or resale of treasury stock

III. Market Information

1. Present status and outlook of market

1) Industry Overview

Mobile Contents Market

The domestic mobile contents market has been showing an exponential growth due to the increased number of end users of services such as mobile entertainment, broadcasting and games. With such growth in the users, there is a strong need for industry participants to develop innovative products. With constant advancement of the mobile service industry, and easier transfer of mobile carrier, the competition has become fierce not just within the development of the product but also in marketing of different and innovative products such as WiBro, HSDPA, DMB, and BcN. Accordingly, the Company is focusing on developing these high-end mobile devices.

2) Outlook

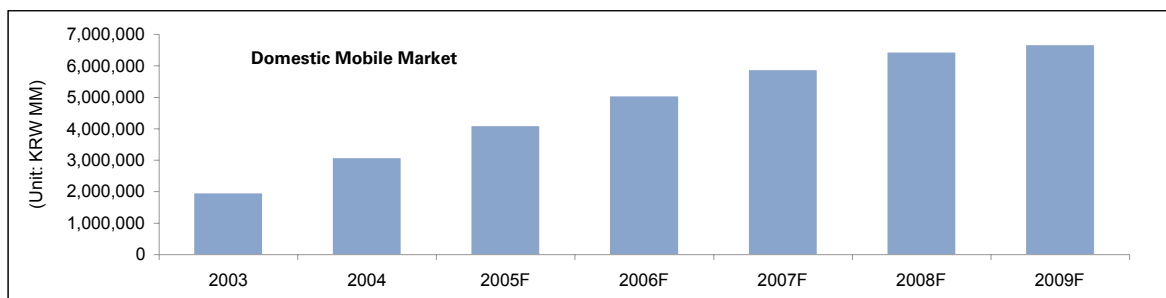
With the mobile users of 340 million people as a foundation, the market participants are expected to focus on the contents platform services including HSDPA (W-CDMA), DMB, and WiBro. Also, advancement in the high speed internet within the mobile products are expected, increasing the innovativeness of products and services of the mobile service industry. DMB is for sending data, radio and TV to mobile devices. High Speed Downlink Packet Access (HSDPA) is a packet-based data service for the mobile users. WiBro(wireless broadband) allows users to maintain an Internet connection on mobile devices even as they move around, and without any boundaries. The 2.3-GHz portable Internet service allows subscribers to use high-speed Internet more cheaply and more widely, even when moving at speeds of about 60 km (37 miles) per hour.

[Mobile Contents Industry Outlook]

	2003	2004	2005F	2006F	2007F	2008F	2009F
Domestic Total	1,966,400	3,080,200	4,100,400	5,050,100	5,880,300	6,437,700	6,672,000
Mobile Data Service	1,966,400	3,080,200	4,100,400	5,050,100	5,880,300	6,437,700	6,672,000
<i>Growth Rate</i>		56.6%	33.1%	23.2%	16.4%	9.5%	3.6%

(Unit: KRW MM)

(Source: Company Management)



2. Competitive Environment

Companies with strong presence in the industry such as Gretech Co., Ltd and Geo Soft Co.,Ltd, a major provider of fundamental platform services, are the major competitors.

<Competitor Comparison>

(Unit: KRW MM)

Company ('04)	Sales	EBIT	EBITDA	Net Income	Market Cap.
IBSNET Inc.	5,531	466	818	485	n/a
Gretech Co.,Ltd	18,454	150	2,564	646	n/a
Geo Soft Co.,Ltd	2,422	107	107	110	n/a

III. Business Information

1. Major Products

The Company develops and provides mobile contents such as blog and Multi Messaging Services("MMS") and it operates entertainment business for cartoons, pictures through telecom companies. Also it develops and provides several online services and mobile games, and has speciality on game developing tools and on/off-line community services.

Major Products	Description
Product 1	Multi Messaging Service
Product 2	Community Service
Product 3	Entertainment Service
Product 4	Mobile Game Service

Intellectual Property

Patent Number

1	Camera phone utility & control system and online printing	10-2003-0013538
2	On/off-line internet banking method	10-2002-0055505
3	Camera phone utility & control system through on-line	10-2002-0029029
4	Camera phone utility & control system including photo service	10-2002-0033361
5	E-trading method connecting telephone and broadcasting	10-2000-0046595
6	E-cash registration & issuance methodology using on/off-line phones	10-2000-0063631

2. Sales by Product

(Unit: KRW MM)

	2003	2004
Multimedia	950	1,757
Entertainment	1,024	3,444
Mobile Games	260	330
Total	2,234	5,531

Customer:

KTF is the major customer for mobile contents, and the Company has provided mobile games to SK Telecom ("SKT"), LGT and KTF.

Major Customer	Service
Customer 1	KTF
Customer 2	SKT
Customer 3	LGT

IV. History & Plan

1. Company History

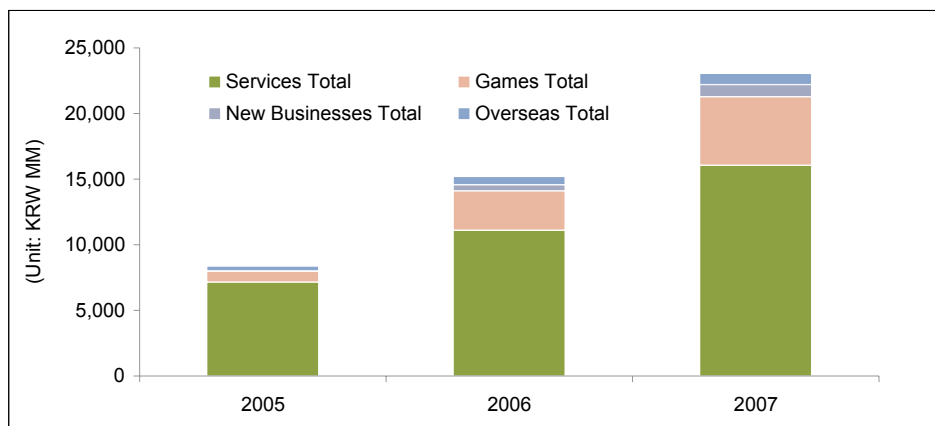
Year	History
1999.09	Established IBSNet Co.,Ltd.
1999.10	KBS "Quiz Craft" Interactive Broadcasting Service("IBS")
2001.03	Contracted with KTF, LGT, SKT to provide wired/wireless games
2001.12	Launched KTF ME Cartoon service "Cartoon Shop"
2002.01	Launched KTF Multipak Application "Baby Land"
2002.07	Launched five KTF Multipak games including "Goombengee Craft" and "GoGo Puzzle"
2002.12	Launched KTF MMS "Photo Shot" Service
2003.05	Participated in Expo Comm Wireless Korea 2003
2003.09	Launched KTF KUN game "Heaven Day"
2003.11	Launched KTF Multipak (BREW) Games "Cubix", "Daedoosinkwon 2"
2003.12	Launched KTF Multipak (BREW) Service "Carol Box", "Hungry", "Pink Riders"
2004.01	Developed 3D Online Engine 1st Closed Beta of "Lock on Target"
2004.05	Launched Multipak(BREW) E-Book <Library Forest> Service Test
2004.09	Launched KTF Multipak service "Love Pink e-book", "Photo MMS" Service in China
2004.12	Launched KTF MagicN "e-Fortune Café"
2005.07	Launched SKT, KTF Games and Photo Catalog Services

2. Business Plan

1) Projected Revenue

(Unit: KRW MM)

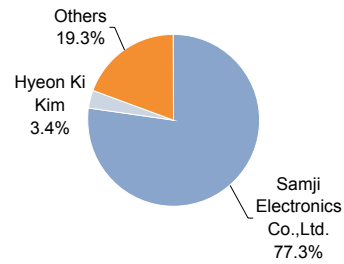
	2005	2006	2007
Contents	412	545	715
MMS	986	1,191	2,281
Cartoon	4,804	8,171	11,170
Entertainment	948	1,189	1,888
Services Total	7,150	11,096	16,054
Mobile Game	715	991	1,209
Online Game	120	2,000	4,000
Games Total	835	2,991	5,209
WCDMA	0	160	300
DMB Relating Business	0	160	305
Contents Providing to Portal Sites	10	20	35
Wibro Service	0	50	150
HSDPA Service	0	80	150
New Businesses Total	10	470	940
China	280	550	750
Other Countries	85	100	100
Overseas Total	365	650	850
Total	8,360	15,207	23,053



V. Ownership Structure

1. Corporate Governance

	Number of shares	% of ownership
Samji Electronics Co.,Ltd.	6,800,000	77.3%
Hyeon Ki Kim	300,000	3.4%
Others	1,700,000	19.3%
Total	8,800,000	100%



VI. Management

1. Key Management

	Name	Education	Major experiences
CEO	Shin, Yoon Ha	Chemical Engineering Hanyang University	Sam Ick Universe, Giga Wave Telecom Co.,Ltd. SJ Wintech Co.,Ltd. Director
Managing Director	Park, Kwan Woong	Department of Communication Yonsei University	Oricom Inc., Cheil Industries Inc.
Director	Chung, Hyo Sik	Electronic Math Dongguk University	KT Hitel Co.,Ltd.

VII. Financial Information

1. Historical F/S

1) Balance Sheets

	(Unit: KRW MM)			
	2001	2002	2003	2004
Cash and cash equivalents.	4	8	519	508
Account Receivables	209	258	271	644
Other Current Assets	751	537	22	222
Current Assets	964	803	811	1,373
Tangible Assets	224	161	140	120
Intangible & Deferred Assets	1,211	435	6	9
Others	203	103	875	1,118
Non-current Assets	1,638	699	1,020	1,247
Total Assets	2,602	1,502	1,831	2,620
Short-term loans	0	147	0	0
Other current liabilities	254	242	282	515
Current liabilities	254	389	282	515
Non-current liabilities	22	41	116	187
Total Liabilities	276	431	398	702
Paid-in Capital	4,400	4,400	4,400	4,400
Retained Earnings	(2,074)	(3,328)	(2,967)	(2,482)
Total Stockholder Equity	2,602	1,072	1,433	1,918

2) Income Statements

(Unit: KRW MM)

	2001	2002	2003	2004
Sales	615	847	2,235	5,531
<i>% Growth</i>		37.8%	163.7%	147.5%
Cost of Sales	118	40	76	0
Gross Profit	497	808	2,159	5,531
<i>Gross Margin</i>	80.9%	95.3%	96.6%	100.0%
SG&A	634	674	1,931	5,065
Operating Income	(137)	133	304	466
<i>Operating Income Margin</i>	n/a	15.7%	13.6%	8.4%
Other income	25	21	105	33
Other expense	1,707	1,408	47	14
Ordinary Income	(1,820)	(1,254)	362	485
Net Income	(1,820)	(1,254)	362	485
<i>Net Income Margin</i>	n/a	n/a	16.2%	8.8%

2. Projected F/S

(Unit: KRW MM)

	2005	2006	2007	2008	2009
Sales	8,365	15,207	22,943	31,013	43,785
<i>% Growth</i>		81.8%	50.9%	35.2%	41.2%
Cost of Sales	-	-	-	-	-
Gross Profit	8,365	15,207	22,943	31,013	43,785
<i>Gross Margin</i>	100.0%	100.0%	100.0%	100.0%	100.0%
SG&A	7,113	11,598	16,889	21,244	28,155
Operating Income	1,252	3,609	6,054	9,834	15,700
<i>Operating Income Margin</i>	15.0%	23.7%	26.4%	31.7%	35.9%
Net Income	1,272	3,267	5,476	8,824	14,110
<i>Net Income Margin</i>	15.2%	21.5%	23.9%	28.5%	32.2%

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