[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

Consolidated Financial Results
for the Six Months Ended June 30, 2016
[IFRS]

August 10, 2016

Company name: NEXON Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 3659

URL: http://www.nexon.co.jp/

Representative: Owen Mahoney, Chief Executive Officer and President

Contact: Shiro Uemura, Representative Director and Chief Financial Officer Phone: +81-3-3523-7910

Scheduled date for filing of quarterly securities report: August 12, 2016

Scheduled date of commencing dividend payments: September 26, 2016

Supplementary briefing material on quarterly financial results: Yes

Quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts are rounded to nearest million yen)

1. Consolidated Financial Results for the Six Months Ended June 30, 2016 (from January 1, 2016 to June 30, 2016)

(1) Consolidated Operating Results (cumulative) (% changes year-over-year)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
Six months ended June 30, 2016	95,620	1.0%	17,082	(49.1)%	7,832	(79.5)%	1,498	(95.3)%	1,292	(95.9)%	(36,823)	–%
Six months ended June 30, 2015	94,636	12.1%	33,539	7.7%	38,247	31.8%	31,960	56.0%	31,549	56.0%	38,816	374.0%

	Basic earnings per share from continuing operations	Diluted earnings per share from continuing operations
	Yen	Yen
Six months ended June 30, 2016	2.97	2.91
Six months ended June 30, 2015	73.41	71.25

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total equity	Total equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company
As of June 30, 2016	384,799	342,914	338,312	87.9%
As of December 31, 2015	425,586	379,681	374,447	88.0%

2. Dividends

(Yen)

	Annual Dividends				
	End of 1st Quarter	End of 2nd Quarter	End of 3rd Quarter	End of Year	Total
FY 2015	–	5.00	–	5.00	10.00
FY 2016	–	5.00			
FY 2016 (Forecast)			–	5.00	10.00

(Note) Revision of most recently announced dividend forecasts: No

3. Consolidated Financial Results Forecast for the Nine Months Ending September 30, 2016 (from January 1, 2016 to September 30, 2016)

(% changes year-over-year)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
Nine Months Ending September 30, 2016	133,970 ～ 136,942	(7.3)% ～ (5.2)%	27,716 ～ 30,009	(46.7)% ～ (42.3)%	19,377 ～ 21,670	(68.1)% ～ (64.3)%	11,029 ～ 12,994	(78.5)% ～ (74.6)%	10,940 ～ 12,889	(78.4)% ～ (74.6)%	Yen 25.12 ～ 29.59

As it is difficult to reasonably estimate financial results for the year ending December 31, 2016 at the moment, only the financial results forecasts for the nine months ending September 30, 2016 is disclosed. For details, please refer to “1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast” on page 7 of the Appendix.

*(Notes)

(1) Changes in Significant Subsidiaries during the Period under Review (changes in specified subsidiaries accompanying changes in scope of consolidation): No

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1) Changes in accounting policies required by IFRS: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Number of Shares Issued (common stock)

1) Total number of shares issued at the end of the period (including treasury stock):

As of June 30, 2016:	436,377,117 shares
As of December 31, 2015:	434,117,117 shares

2) Total number of treasury stock at the end of the period:

As of June 30, 2016:	48 shares
As of December 31, 2015:	- shares

3) Average number of shares during the period (cumulative):

Six months ended June 30, 2016:	435,163,226 shares
Six months ended June 30, 2015:	429,753,231 shares

* Presentation regarding the Implementation Status of the Quarterly Review Process

This quarterly financial report is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, review procedures for the Consolidated Financial Statements are in progress.

* Explanation of the Proper Use of Financial Results Forecasts and Other Notes

(Caution Concerning Forward-Looking Statements)

The forward-looking statements including the financial results forecast herein are based on information available to the Company and certain assumptions that can be deemed reasonable as of the date of publication of this document, and are not intended as the Company's commitment to achieve such forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast and the points to be noted in the use thereof, please refer to "1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast" on page 7 of the Appendix.

(Method of Obtaining Supplementary Briefing Material on Financial Results and Earnings Presentation Contents)

The supplementary briefing materials on financial results are available on the Company's website.

Contents of Appendix

1. Qualitative Information on Consolidated Financial Results for the Period under Review 5
(1) Explanation on Operating Results 5
(2) Explanation on Financial Position 6
(3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast 7
2. Matters Related to Summary Information (Notes) 9
(1) Changes in Significant Subsidiaries during the Period under Review 9
(2) Changes in Accounting Policies and Changes in Accounting Estimates 9
3. Condensed Consolidated Financial Statements 10
(1) Condensed Consolidated Statement of Financial Position 10
(2) Condensed Consolidated Income Statement 12
(3) Condensed Consolidated Statement of Comprehensive Income 14
(4) Condensed Consolidated Statement of Changes in Equity 16
(5) Condensed Consolidated Statement of Cash Flows 17
(6) Notes on Going Concern Assumption 18
(7) Notes on Significant Changes in the Amount of Equity Attributable to Owners of the Parent Company 18
(8) Segment Information 18
(9) Subsequent Event 22

1. Qualitative Information on Consolidated Financial Results for the Period under Review

(1) Explanation on Operating Results

During the six months ended June 30, 2016, the world economy seemed to be at a standstill due to the U.K.'s decision to leave EU in Europe and the economic slowdown in emerging countries in Asia including China while the U.S. economy showed a steady growth backed mainly by consumer spending and housing investment. In Japan, although the moderate recovery of the economy is expected due to improvement of capital expenditure and employment and income environment as well as the government's decision of another postponement of a consumption tax hike, the outlook of the economy remains uncertain due to a sharp fall in stock prices and continuing strong yen triggered by the Kumamoto earthquake and the Brexit.

Under these circumstances, Nexon Group is primarily engaged in PC online and mobile businesses. In order to provide users with an enjoyable game experience, Nexon Group has endeavored to provide high-quality games, obtain more contents, deliver new titles, and update existing titles. Specifically, Nexon Group has worked on various initiatives such as the enhancement of game development capabilities within Nexon Group, business alliance with other companies including co-development, provision of high-quality games through acquisition of leading game developers, enhancement of Nexon Group's development capabilities in mobile business and further reinforcement of the business foundation to enable attractive content updates for the existing titles.

For the three months ended June 30, 2016, revenues decreased year-over-year on an as-reported basis due to a strong foreign exchange rate headwind, with the Japanese yen appreciating year-over-year against major currencies in our business including the Korean won, Chinese yuan and the U.S. dollar. In China, revenues grew primarily due to solid performance of *Dungeon&Fighter* supported by well-received item sales in line with content updates for the Labor Day (April) and the 8th anniversary of the title (June). In Korea, overall revenues decreased as a result of a huge impact of foreign exchange despite a year-over-year growth in mobile business driven by strong performance of *HIT* and *DomiNations* launched in Q4 2015 and Q3 2015, respectively.

In terms of expenses, cost of sales decreased year-over-year due to a year-over-year decrease in royalty costs because sales from *EA SPORTS™ FIFA Online 3*("*FIFA Online 3*") *and EA SPORTS™ FIFA Online 3 M*("*FIFA Online 3 M*") decreased year-over-year and royalty payments for *DomiNations* launched in Europe and the U.S. in Q2 2015 are no longer required as Big Huge Games became a wholly-owned subsidiary in Q1 2016. Selling, general and administrative expenses significantly decreased year-over-year due to a significant decrease in depreciation as a result of completion of IP amortization related to *Dungeon&Fighter* in Q3 2015 and a decrease in advertising costs with no new big titles launched. In addition, finance income decreased and finance costs increased year-over-year due to foreign exchange loss in foreign currency-denominated cash deposits and account receivables

As a result, for the six months ended June 30, 2016, Nexon Group recorded revenues of ¥95,620 million (up 1.0% year-over-year), operating income of ¥17,082 million (down 49.1% year-over-year), income before income taxes of ¥7,832 million (down 79.5% year-over-year) and net income attributable to owners of the parent company of ¥1,292 million (down 95.9% year-over-year).

Performance results by reportable segments for the six months ended June 30, 2016 are as follows.

(a) Japan

Revenues for the six months ended June 30, 2016 amounted to ¥7,759 million (down 31.5% year-over-year), and segment loss amounted to ¥1,303 million (segment loss of ¥863 million for the six months ended June 30, 2015). Both PC and mobile revenues decreased.

(b) Korea

Revenues for the six months ended June 30, 2016 amounted to ¥80,421 million (up 7.0% year-over-year), and segment profit amounted to ¥43,338 million (up 16.5% year-over-year). Mobile game revenues grew year-over-year driven by strong performance of *HIT* and *DomiNations* launched in Q4 2015 and Q3 2015 respectively. Revenues in Korea include royalty income of NEOPLE INC. (a subsidiary of NEXON Korea Corporation, our consolidated subsidiary) attributable to license agreements in China. For the six months ended June 30, 2016, royalty income increased driven by solid performance of *Dungeon&Fighter*, our key PC title in China, supported by well-received item sales in line with content updates for the Labor Day (April) and the 8th anniversary of the title (June).

(c) China

Revenues for the six months ended June 30, 2016 amounted to ¥2,259 million (up 47.9% year-over-year), and segment profit amounted to ¥1,572 million (up 167.7% year-over-year). In China, consulting fees related to the existing PC online games increased; and accordingly both revenues and profit increased.

(d) North America

Revenues for the six months ended June 30, 2016 amounted to ¥4,422 million (down 22.9% year-over-year), and segment loss amounted to ¥2,036 million (segment loss of ¥2,162 million for the six months ended June 30, 2015). In North America, revenues decreased due to decreased sales of *DomiNations* and the existing PC online games.

(e) Other

Revenues for the six months ended June 30, 2016 amounted to ¥759 million (down 14.0% year-over-year), and segment loss amounted to ¥134 million (segment loss of ¥176 million for the six months ended June 30, 2015).

(2) Explanation on Financial Position

(a) Assets, liabilities and equity

(Assets)

Total assets as of June 30, 2016 amounted to ¥384,799 million, a decrease of ¥40,787 million from December 31, 2015. Major components included an increase of ¥7,565 million in trade and other receivables, an increase of ¥14,222 million in other deposits, a decrease of ¥46,157 million in cash and cash equivalents, and a decrease of ¥20,124 million in goodwill due to impairment loss.

(Liabilities)

Total liabilities as of June 30, 2016 amounted to ¥41,885 million, a decrease of ¥4,020 million from December 31, 2015. Major components included a decrease of ¥4,440 million in trade and other payables.

(Equity)

Equity as of June 30, 2016 totaled ¥342,914 million, a decrease of ¥36,767 million from December 31, 2015. Major components included a decrease of ¥53,928 million in capital stock and an increase of ¥56,401 million in capital surplus due to capital reduction, and a decrease of ¥38,314 million in other equity interest due to changes in exchange differences on translating foreign operations.

As a result, ratio of equity attributable to owners of the parent company was 87.9% (88.0% as of December 31, 2015).

(b) Cash flows

Cash and cash equivalents (“Cash”) as of June 30, 2016 was ¥148,068 million, a decrease of ¥46,157 million from December 31, 2015. The decrease includes impact from foreign exchange rate movement of ¥22,758 million.

Cash flows from each activity for the six months ended June 30, 2016 and their significant components are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥26,520 million, compared to ¥20,210 million in the six months ended June 30, 2015. Major inflows included income before income taxes of ¥7,832 million, impairment loss of ¥24,492 million and foreign exchange loss of ¥9,646 million, and major outflows included an increase in trade and other receivables of ¥11,912 million and payment of income taxes of ¥7,513 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥48,015 million, compared to net cash used of ¥11,994 million in the six months ended June 30, 2015. Major outflows included an increase in other deposits of ¥29,192 million, payment for purchase of subsidiaries of ¥5,581 million, and the extension of long-term loans receivable of ¥5,002 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1,904 million, compared to ¥9,830 million in the six months ended June 30, 2015. Major outflows included payment of cash dividends of ¥2,173 million.

(3) Explanation on Future Forecast Information including Consolidated Financial Results Forecast

The business environment surrounding Nexon Group has been changing in expectation of further development of the high-speed Internet environment for PC and mobile around the world. With regard to consolidated financial results forecast, it is difficult to forecast specific figures for full-year financial results as it is not easy to project the growth of the PC online game and the mobile game market in which Nexon Group's main businesses operate, and Nexon Group's revenue largely depends on such uncertain factors as preference of users and the presence of popular titles. In order to provide more accurate information to shareholders and investors, Nexon Group decided to disclose consolidated financial results forecast for the following quarter with a range. "Consolidated Financial Results Forecast for the Nine Months Ending September 30, 2016" is the sum of the actual consolidated financial results for the six months ended June 30, 2016 and the financial results forecast for the three months ending September 30, 2016.

For the nine months ending September 30, 2016, Nexon Group expects consolidated revenue in the range of ¥133,970～136,942 million (a decrease of 7.3%～5.2% year-over-year), operating income in the range of ¥27,716～30,009 million (a decrease of 46.7%～42.3% year-over-year), income before income taxes in the range of ¥19,377～21,670 million (a decrease of 68.1%～64.3X% year-over-year), net income in the range of ¥11,029～12,994 million (a decrease of 78.5%～74.6% year-over-year), net income attributable to owners of the parent in the range of ¥10,940～12,889 million (a decrease of 78.4%～74.6% year-over-year), and basic earnings per share in the range of ¥25.12～29.59.

Nexon Group operates a global business in Japan, South Korea, China, the United States and other countries. Major exchange rates are assumed to be 1 U.S dollar = ¥103.98, 100 South Korean Won = ¥9.11, and 1 Chinese Yuan = ¥15.58. In general, the exchange rates of the South Korean Won and the Chinese Yuan to Japanese yen are assumed to be linked to the exchange rate of U.S. dollar to Japanese yen.

We expect that every one Japanese yen move against the U.S. dollar will have an impact of approximately ¥350 million on revenue and approximately ¥100 million on operating income for the nine months ending September 30, 2016.

For the nine months ending September 30, 2016, revenues in the PC online business and the mobile business are forecasted to be ¥103,395～105,376 million and ¥30,575～31,566 million, respectively. For the three months ending September 30, 2016, we expect our major functional currencies, including the Korean Won and Chinese Yuan to depreciate against Japanese Yen year-over-year, which negatively impacts our revenues, operating income and net income. We expect revenues from Korea to decrease year-over-year as we expect year-over-year decrease from our key titles including *FIFA Online 3*, *FIFA Online 3 M*, and *Sudden Attack*, in addition to the fact that we cannot expect revenue contribution from new titles as we decided to terminate the service of *Sudden Attack 2* launched in July at the end of September. In China, our major PC online game *Dungeon&Fighter* received Summer update in July. Also, National Day update is scheduled in September. However, the planned timing of the National Day update for the three months ending September 30, 2016 is later than in last year of the same period on September 22nd. For this reason, the financial impact from this update is expected to be more in the three months ending December 2016. In North America, we expect revenues to increase year-over-year primarily driven by *Riders of Icarus* which was released into open beta test in July. For mobile business, we expect year-over-year decrease from our Japanese mobile browser business, *FIFA Online 3M* and *DomiNations*, while we expect *HIT* in Korea launched last November and rest of the world (ex-China and Japan) on July to contribute to our mobile business. On the cost side, variable costs including royalty cost related to third-party licensed IPs is expected to decrease year-over-year. While we expect new publishing titles such as Korea and global (ex-China and Japan) service of *HIT* to drive revenue increases, we expect lower sales from *FIFA Online 3* and *FIFA Online 3 M*. In addition, we expect lower royalty costs for *DomiNations* in relation to our acquisition of its developer Big Huge Games in March this year. We also expect lower amortization year-over-year due to the completion of the amortization associated with *Dungeon&Fighter* IP. However, we expect this to be more than offset by decrease in revenues from China and Korea, also impacted by significant depreciation of the Korean Won and the Chinese Yuan against Japanese Yen. A revenue decline in our China business with higher margin in particular impacts our operating margin due to high margin of our revenue there. As a result, operating margin for the three months ending September 30, 2016 is expected to decrease year-over-year.

The financial results forecast is based on our judgment using available information at this time and include various uncertain factors; and accordingly, any change in the business condition may cause actual results to differ from the forecast.

(Reference)

Consolidated financial results forecast for the three months ending September 30, 2016 (from July 1, 2016 to September 30, 2016)

(% changes from the previous fiscal year)

(Millions of yen)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
											Yen
3rd Quarter	38,350 ～ 41,322	(23.0)% ～ (17.0)%	10,634 ～ 12,927	(42.3)% ～ (29.9)%	11,545 ～ 13,837	(48.7)% ～ (38.5)%	9,531 ～ 11,496	(50.5)% ～ (40.3)%	9,648 ～ 11,598	(49.7)% ～ (39.5)%	22.11 ～ 26.57

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review:

Not applicable

(2) Changes in Accounting Policies and Changes in Accounting Estimates:

(Changes in accounting policies required by IFRS)

The accounting policies used to prepare these condensed consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2015 unless otherwise noted, except for the new standards applied as listed below. Nexon Group calculated income taxes for the six months ended June 30, 2016, based on the estimated average annual effective tax rate.

Nexon Group has applied the following standards from Q1 2016 (from January 1, 2016 to March 31, 2016), but the application of these standards did not have material impacts on Q2 2016 under review.

Standards	Title	Overview of New or Revised Standard
IAS 1	Presentation of Financial Statements	Clarified materiality and aggregation, presentation of subtotals, structure of financial statements and disclosure of accounting policies
IFRS 5	Non-current Assets Held for Sale and Discontinued. Operations	Amended the methods of disposal for assets
IFRS 7	Financial instruments: Disclosures	Clarified that a servicing contract may constitute continuing involvement
		Clarified conditions under which disclosure requirements related to offsetting should be applied to condensed interim financial statements
IFRS 10 and IAS 28	Consolidated Financial Statements	Clarified application of consolidation exception to investment entities and their subsidiaries
IFRS 11	Joint Arrangements	Amended accounting for acquisition of an interest in a joint operation in which the activity constitutes a business
IAS 16	Property, Plant and Equipment	Clarified situations where a revenue-based depreciation method may be appropriate
IAS 19	Employee Benefits	Amended accounting for employee contributions
IAS 27	Separate Financial Statements	Amended accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements
IAS 34	Interim Financial Reporting	Clarified that required interim disclosure should be reflected in interim financial statements or incorporated in applicable parts of the interim financial report
IAS 38	Intangible Assets	Clarified situations where a revenue-based amortization method may be appropriate

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of December 31, 2015	As of June 30, 2016
Assets		
Current assets		
Cash and cash equivalents	194,225	148,068
Trade and other receivables	33,362	40,927
Other deposits	97,105	111,327
Other financial assets	1,973	2,008
Other current assets	5,005	5,777
Total current assets	331,670	308,107
Non-current assets		
Property, plant and equipment	22,027	19,534
Goodwill	35,387	15,263
Intangible assets	7,520	7,827
Investments accounted for using equity method	2,071	5,347
Other financial assets	19,576	22,472
Other non-current assets	3,040	2,496
Deferred tax assets	4,295	3,753
Total non-current assets	93,916	76,692
Total assets	425,586	384,799

(Millions of yen)

	As of December 31, 2015	As of June 30, 2016
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	10,874	6,434
Deferred income	9,558	8,040
Borrowings	1,916	1,666
Income taxes payable	7,135	5,227
Other financial liabilities	568	293
Provisions	2,246	913
Other current liabilities	4,587	4,404
Total current liabilities	36,884	26,977
Non-current liabilities		
Deferred income	1,985	7,996
Borrowings	2,501	1,668
Other financial liabilities	790	1,010
Provisions	327	298
Other non-current liabilities	1,280	1,235
Deferred tax liabilities	2,138	2,701
Total non-current liabilities	9,021	14,908
Total liabilities	45,905	41,885
Equity		
Capital stock	56,441	2,513
Capital surplus	34,597	90,998
Treasury stock	—	(0)
Other equity interest	73,308	34,994
Retained earnings	210,101	209,807
Total equity attributable to owners of the parent company	374,447	338,312
Non-controlling interests	5,234	4,602
Total equity	379,681	342,914
Total liabilities and equity	425,586	384,799

(2) Condensed Consolidated Income Statement

For the six months ended June 30, 2015 and 2016

(Millions of yen)

	Six months ended June 30,	
	2015 (From January 1, 2015 to June 30, 2015)	2016 (From January 1, 2016 to June 30, 2016)
Revenue	94,636	95,620
Cost of sales	(23,694)	(23,550)
Gross profit	70,942	72,070
Selling, general and administrative expenses	(36,361)	(30,614)
Other income	214	267
Other expenses	(1,256)	(24,641)
Operating income	33,539	17,082
Finance income	4,907	1,630
Finance costs	(214)	(10,949)
Equity in profit of affiliates	15	69
Income before income taxes	38,247	7,832
Income taxes expense	(6,287)	(6,334)
Net income	31,960	1,498
Attributable to:		
Owners of the parent company	31,549	1,292
Non-controlling interests	411	206
Net income	31,960	1,498
Earnings per share (attributable to owners of the parent company)	(Yen)	(Yen)
Basic earnings per share	73.41	2.97
Diluted earnings per share	71.25	2.91

For the three months ended June 30, 2015 and 2016

(Millions of yen)

	Three months ended June 30,	
	2015 (From April 1, 2015 to June 30, 2015)	2016 (From April 1, 2016 to June 30, 2016)
Revenue	42,664	38,123
Cost of sales	(11,092)	(10,475)
Gross profit	31,572	27,648
Selling, general and administrative expenses	(19,585)	(14,202)
Other income	90	120
Other expenses	(757)	(187)
Operating income	11,320	13,379
Finance income	2,331	808
Finance costs	(97)	(4,401)
Equity in profit of affiliates	11	53
Income before income taxes	13,565	9,839
Income taxes expense	(452)	(2,262)
Net income	13,113	7,577
Attributable to:		
Owners of the parent company	13,010	7,564
Non-controlling interests	103	13
Net income	13,113	7,577
Earnings per share (attributable to owners of the parent company)	(Yen)	(Yen)
Basic earnings per share	30.35	17.36
Diluted earnings per share	29.33	17.03

(3) Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2015 and 2016

(Millions of yen)

	Six months ended June 30,	
	2015 (From January 1, 2015 to June 30, 2015)	2016 (From January 1, 2016 to June 30, 2016)
Net income	31,960	1,498
Other comprehensive income		
Items that will not be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	10,194	(535)
Re-measurement of defined benefit pension plans	0	1
Other comprehensive income under equity method	—	(2)
Income taxes	(2,801)	240
Total items that will not be reclassified to net income	7,393	(296)
Items that may be reclassified subsequently to net income		
Exchange differences on translating foreign operations	(543)	(38,026)
Cash flow hedges	13	—
Other comprehensive income under equity method	(1)	1
Income taxes	(6)	—
Total items that may be reclassified subsequently to net income	(537)	(38,025)
Total other comprehensive income	6,856	(38,321)
Total comprehensive income	38,816	(36,823)
Attributable to:		
Owners of the parent company	38,427	(36,357)
Non-controlling interests	389	(466)
Total comprehensive income	38,816	(36,823)

For the three months ended June 30, 2015 and 2016

(Millions of yen)

	Three months ended June 30,	
	2015 (From April 1, 2015 to June 30, 2015)	2016 (From April 1, 2016 to June 30, 2016)
Net income	13,113	7,577
Other comprehensive income		
Items that will not be reclassified to net income		
Financial assets measured at fair value through other comprehensive income	7,280	(976)
Re-measurement of defined benefit pension plans	(0)	0
Other comprehensive income under equity method	—	(1)
Income taxes	(2,504)	177
Total items that will not be reclassified to net income	4,776	(800)
Items that may be reclassified subsequently to net income		
Exchange differences on translating foreign operations	1,881	(26,001)
Cash flow hedges	19	—
Other comprehensive income under equity method	(1)	0
Income taxes	(6)	—
Total items that may be reclassified subsequently to net income	1,893	(26,001)
Total other comprehensive income	6,669	(26,801)
Total comprehensive income	19,782	(19,224)
Attributable to:		
Owners of the parent company	19,650	(18,786)
Non-controlling interests	132	(438)
Total comprehensive income	19,782	(19,224)

(4) Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2015 (From January 1, 2015 to June 30, 2015)

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other equity interest	Retained earnings	Total		
Balance at January 1, 2015	52,481	40,830	—	92,044	155,025	340,380	5,097	345,477
Net income for the period	—	—	—	—	31,549	31,549	411	31,960
Other comprehensive income	—	—	—	6,878	—	6,878	(22)	6,856
Total comprehensive income	—	—	—	6,878	31,549	38,427	389	38,816
Issue of shares	2,079	2,079	—	—	—	4,158	—	4,158
Stock issue cost	—	(12)	—	—	—	(12)	—	(12)
Dividends	—	—	—	—	(2,156)	(2,156)	—	(2,156)
Share-based payments	—	—	—	156	—	156	—	156
Purchase of treasury stock	—	(169)	(10,000)	—	—	(10,169)	—	(10,169)
Retirement of treasury stock	—	(10,000)	10,000	—	—	—	—	—
Reclassification from other equity interest to retained earnings	—	—	—	(15)	15	—	—	—
Total transactions with the owners	2,079	(8,102)	—	141	(2,141)	(8,023)	—	(8,023)
Balance at June 30, 2015	54,560	32,728	—	99,063	184,433	370,784	5,486	376,270

For the six months ended June 30, 2016 (From January 1, 2016 to June 30, 2016)

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other equity interest	Retained earnings	Total		
Balance at January 1, 2016	56,441	34,597	—	73,308	210,101	374,447	5,234	379,681
Net income for the period	—	—	—	—	1,292	1,292	206	1,498
Other comprehensive income	—	—	—	(37,649)	—	(37,649)	(672)	(38,321)
Total comprehensive income	—	—	—	(37,649)	1,292	(36,357)	(466)	(36,823)
Reclassification from capital stock to capital surplus	(55,227)	55,227	—	—	—	—	—	—
Issue of shares	1,299	1,299	—	—	—	2,598	—	2,598
Stock issue cost	—	(10)	—	—	—	(10)	—	(10)
Dividends	—	—	—	—	(2,171)	(2,171)	—	(2,171)
Share-based payments	—	—	—	(89)	—	(89)	—	(89)
Purchase of non-controlling interests	—	(115)	—	—	—	(115)	(166)	(281)
Purchase of treasury stock	—	—	(0)	—	—	(0)	—	(0)
Reclassification from other equity interest to retained earnings	—	—	—	(576)	576	—	—	—
Others	—	—	—	—	9	9	—	9
Total transactions with the owners	(53,928)	56,401	(0)	(665)	(1,586)	222	(166)	56
Balance at June 30, 2016	2,513	90,998	(0)	34,994	209,807	338,312	4,602	342,914

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30,	
	2015 (From January 1, 2015 to June 30, 2015)	2016 (From January 1, 2016 to June 30, 2016)
Cash flows from operating activities		
Income before income taxes	38,247	7,832
Depreciation and amortization	8,106	2,980
Share-based compensation expenses	1,127	765
Interest and dividend income	(3,254)	(1,608)
Interest expense	194	14
Impairment loss	1,063	24,492
Equity in (profit) loss of affiliates	(15)	(69)
Exchange (gain) loss	(1,122)	9,646
Increase in trade and other receivables	(8,893)	(11,912)
Decrease in trade and other payables	(2,082)	(3,835)
(Decrease) increase in deferred income	(1,531)	6,260
Other	813	(2,423)
Subtotal	32,653	32,142
Interest and dividends received	3,217	1,900
Interest paid	(228)	(9)
Income taxes paid	(15,432)	(7,513)
Net cash provided by operating activities	20,210	26,520
Cash flows from investing activities		
Increase in other deposits	(8,612)	(29,192)
Purchases of property, plant and equipment	(1,474)	(997)
Proceeds from sales of property, plant and equipment	10	12
Purchases of intangible assets	(1,297)	(633)
Payments associated with increase in long-term prepaid expenses	(600)	(1,107)
Payments for purchase of investment securities	(642)	(1,478)
Proceeds from sale of investment securities	2,330	366
Purchases of affiliates	—	(3,645)
Purchases of subsidiaries	(2,155)	(5,581)
Extension of long-term loans receivable	(3)	(5,002)
Other	449	(758)
Net cash used in investing activities	(11,994)	(48,015)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	750	(250)
Proceeds from long-term borrowings	5,000	—
Repayment of long-term borrowings	(6,179)	(833)
Proceeds from exercise of stock options	3,173	1,732
Purchase of treasury stock	(10,169)	(0)
Purchase of treasury stock of subsidiaries	—	(281)
Cash dividends paid	(2,156)	(2,173)
Other	(249)	(99)
Net cash used in financing activities	(9,830)	(1,904)
Net decrease in cash and cash equivalents	(1,614)	(23,399)
Cash and cash equivalents at the beginning of the period	117,729	194,225
Effects of exchange rate changes on cash and cash equivalents	146	(22,758)
Cash and cash equivalents at the end of the period	116,261	148,068

(6) Notes on Going Concern Assumption

Not applicable

(7) Notes on Significant Changes in the Amount of Equity Attributable to Owners of the Parent Company

Not applicable

(8) Segment information

(a) Outline of reportable segments

Reportable segments of Nexon Group are components of Nexon Group, for which separate financial statements are available, that are evaluated regularly by the board of directors in deciding how to allocate management resources and in assessing performance.

Nexon Group is engaged in production, development and distribution of PC online games and mobile games, and the Company and its domestic consolidated subsidiaries (in Japan) and its local consolidated subsidiaries (overseas) develop overall strategies and operate business activities for their respective products and services in each region as independent units. Accordingly, Nexon Group is comprised of geographical segments based on production, development, and distribution of PC online games and mobile games. There are five reportable segments: “Japan”, “Korea”, “China”, “North America” and “Other” which includes Europe and Asian countries.

(b) Revenues, profit or loss by reportable segment

Information on the segments of Nexon Group is as follows:

(For the six months ended June 30)

For the six months ended June 30, 2015 (From January 1, 2015 to June 30, 2015)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers	11,322	75,171	1,528	5,732	883	94,636	—	94,636
Intersegment revenue	25	1,656	—	9	66	1,756	(1,756)	—
Total	11,347	76,827	1,528	5,741	949	96,392	(1,756)	94,636
Segment profit or loss (Note 1)	(863)	37,202	587	(2,162)	(176)	34,588	(7)	34,581
Other income (expense), net								(1,042)
Operating income								33,539
Finance income (costs), net								4,693
Equity in profit of affiliates								15
Income before income taxes								38,247

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥(7) million represent elimination of intersegment transactions.

For the six months ended June 30, 2016 (From January 1, 2016 to June 30, 2016)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers	7,759	80,421	2,259	4,422	759	95,620	—	95,620
Intersegment revenue	98	1,101	—	539	22	1,760	(1,760)	—
Total	7,857	81,522	2,259	4,961	781	97,380	(1,760)	95,620
Segment profit or loss (Note 1)	(1,303)	43,338	1,572	(2,036)	(134)	41,437	19	41,456
Other income (expense), net								(24,374)
Operating income								17,082
Finance income (costs), net (Note 4)								(9,319)
Equity in profit of affiliates								69
Income before income taxes								7,832

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥19 million represent elimination of intersegment transactions.

4. A major component of finance costs is foreign exchange loss of ¥10,631 million.

(For the three months ended June 30)

For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers	5,458	32,110	706	3,980	410	42,664	—	42,664
Intersegment revenue	—	810	—	8	66	884	(884)	—
Total	5,458	32,920	706	3,988	476	43,548	(884)	42,664
Segment profit or loss (Note 1)	(605)	13,990	206	(1,483)	(116)	11,992	(5)	11,987
Other income (expense), net								(667)
Operating income								11,320
Finance income (costs), net								2,234
Equity in profit of affiliates								11
Income before income taxes								13,565

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥ (5) million represent elimination of intersegment transactions.

For the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)

(Millions of yen)

	Reportable Segments					Total	Adjustments (Note 3)	Consolidated
	Japan	Korea	China	North America	Other			
Revenue								
Revenue from external customers	3,575	31,190	929	2,075	354	38,123	—	38,123
Intersegment revenue	37	505	—	232	22	796	(796)	—
Total	3,612	31,695	929	2,307	376	38,919	(796)	38,123
Segment profit or loss (Note 1)	(1,038)	15,171	558	(1,218)	(31)	13,442	4	13,446
Other income (expense), net								(67)
Operating income								13,379
Finance income (costs), net (Note 4)								(3,593)
Equity in profit of affiliates								53
Income before income taxes								9,839

(Notes) 1. Segment profit or loss is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. Price for intersegment transactions is based on the general market price.

3. Adjustments in segment profit or loss of ¥4 million represent elimination of intersegment transactions.

4. A major component of finance costs is foreign exchange loss of ¥4,164 million.

(c) Information on each region

Revenue from external customers are as follows:

(For the six months ended June 30)

(Millions of yen)

	Six months ended June 30, 2015 (From January 1, 2015 to June 30, 2015)	Six months ended June 30, 2016 (From January 1, 2016 to June 30, 2016)
Japan	11,313	8,452
Korea	36,715	37,509
China	38,691	41,454
North America	4,509	3,869
Other	3,408	4,336
Total	94,636	95,620

(Notes) 1. Revenue is classified into country or region category based on the customers' location.
2. The category of country or region is based on geographic proximity.
3. Main countries or regions in each category:
(1) North America: USA and Canada
(2) Other: Europe, Central and South America and Asian countries

(For the three months ended June 30)

(Millions of yen)

	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Japan	5,455	3,891
Korea	16,251	14,954
China	15,994	15,625
North America	2,814	1,706
Other	2,150	1,947
Total	42,664	38,123

(Notes) 1. Revenue is classified into country or region category based on the customers' location.
2. The category of country or region is based on geographic proximity.
3. Main countries or regions in each category:
(1) North America: USA and Canada
(2) Other: Europe, Central and South America and Asian countries

(d) Revenue by major business

Revenue by business is as follows:

(For the six months ended June 30)

(Millions of yen)

	Six months ended June 30, 2015 (From January 1, 2015 to June 30, 2015)	Six months ended June 30, 2016 (From January 1, 2016 to June 30, 2016)
PC online	75,324	73,687
Mobile	18,523	21,651
Other	789	282
Total	94,636	95,620

(For the three months ended June 30)

(Millions of yen)

	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
PC online	32,114	28,800
Mobile	10,153	9,208
Other	397	115
Total	42,664	38,123

(9) Subsequent Event

Not applicable