



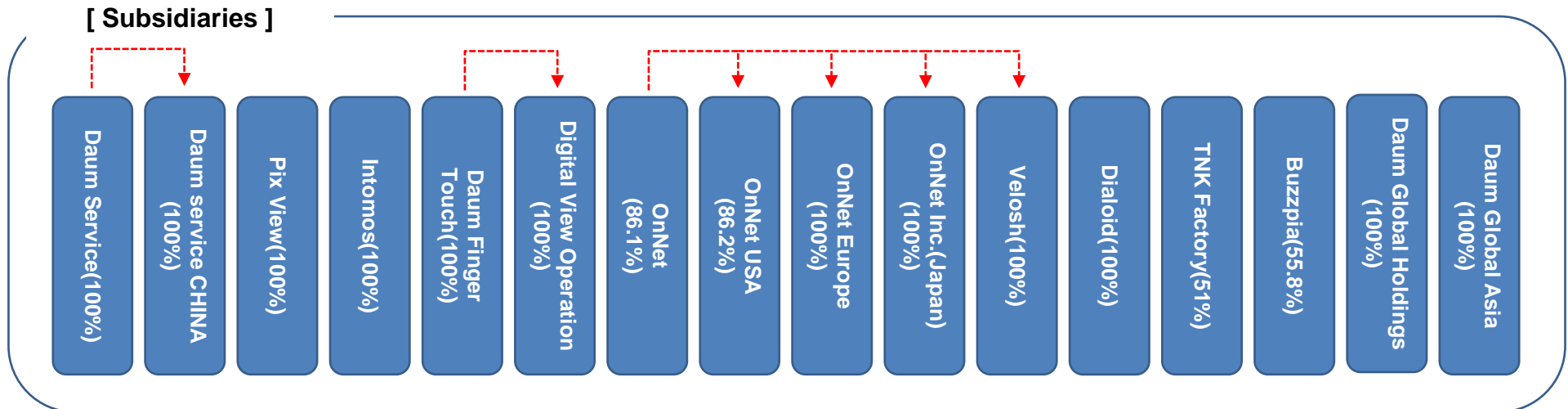
# EARNINGS RELEASE

For the quarter ended March 31, 2014 | 2014. 5. 13

Investor Relations

<b>Page</b>	<b>Contents</b>
<b>2</b> .....	<b>Disclaimers</b>
<b>3</b> .....	<b>1Q14 Actual Review</b>
<b>3</b> .....	<b>1. Consolidated Financials</b>
<b>10</b> .....	<b>2. Separate Financials</b>
<b>14</b> .....	<b>3. Appendix</b>

- Financial results in this presentation includes consolidated base results and separate base results under K-IFRS standard before the completion of an external audit and, as such, figures may be subject to change after the completion of audit.
- Daum Communications has prepared consolidated financials statements with 16 subsidiaries. Subsidiaries are as follows:



# 1Q14 Actual Review

## 1. Consolidated Financials (K-IFRS)

# Consolidated Financial Statements(K-IFRS)



## Summary of Income Statement

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Sales Revenues</b>	<b>124,869</b>	<b>143,711</b>	<b>127,067</b>	<b>-16,644</b>	<b>-11.6%</b>	<b>2,197</b>	<b>1.8%</b>
Search	63,902	66,976	64,682	-2,294	-3.4%	780	1.2%
Display	51,077	67,001	52,562	-14,439	-21.5%	1,486	2.9%
Game	8,243	8,291	7,813	-478	-5.8%	-430	-5.2%
Transactions	1,523	1,307	1,255	-52	-3.9%	-268	-17.6%
Other Subsidiaries	124	136	754	618	454.0%	629	506.3%
<b>Operating Expenses</b>	<b>102,287</b>	<b>128,661</b>	<b>111,871</b>	<b>-16,790</b>	<b>-13.0%</b>	<b>9,585</b>	<b>9.4%</b>
<b>Operating Profit</b>	<b>22,582</b>	<b>15,050</b>	<b>15,195</b>	<b>146</b>	<b>1.0%</b>	<b>-7,387</b>	<b>-32.7%</b>
<b>Operating Profit Margin</b>	<b>18.1%</b>	<b>10.5%</b>	<b>12.0%</b>				
<b>EBITDA</b>	<b>31,939</b>	<b>25,752</b>	<b>24,988</b>	<b>-765</b>	<b>-3.0%</b>	<b>-6,952</b>	<b>-21.8%</b>
<b>Net Profit</b>	<b>19,342</b>	<b>5,571</b>	<b>8,342</b>	<b>2,770</b>	<b>49.7%</b>	<b>-11,000</b>	<b>-56.9%</b>

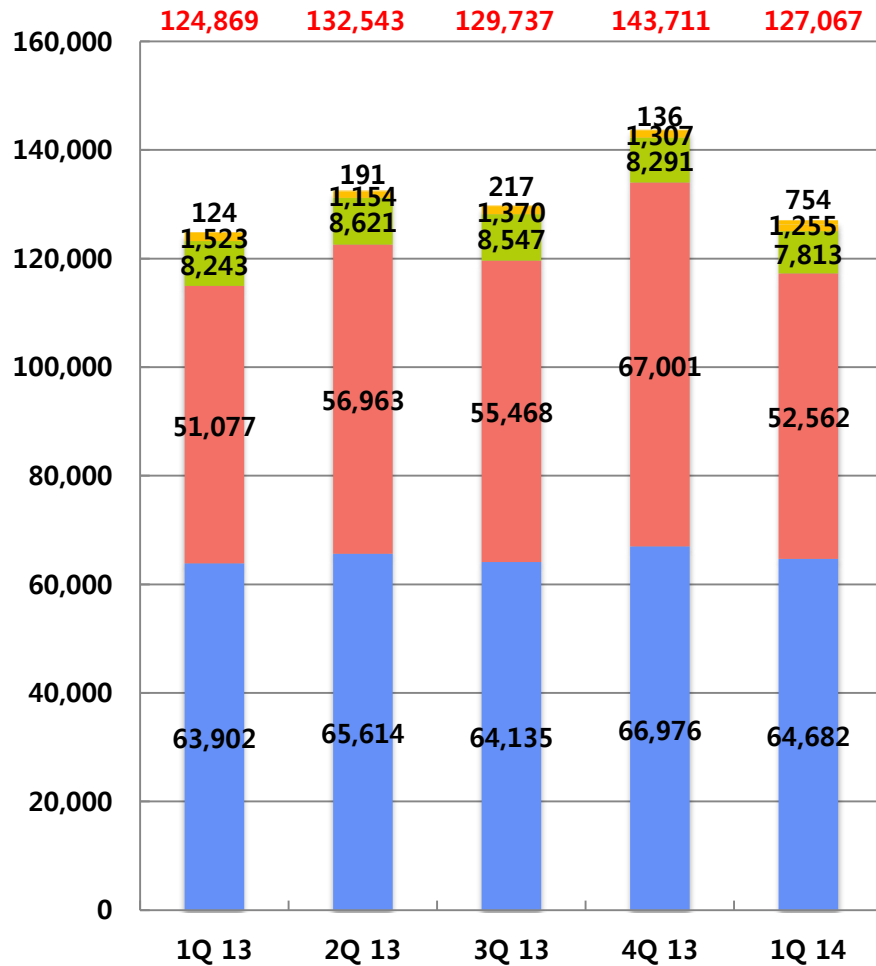
- Despite the high base effect of the platform switch, Search ad increased 1.2% YoY due to the increase of SA network and mobile revenue.
- Display ad increased 2.9% YoY due to the increased revenue from mobile display ad and mobile shopping.
- Game decreased 5.2% YoY due to the decrease in web board game channeling revenue and OnNet publishing revenue, even though PC publishing revenue posted growth.

# Consolidated Financial Statements(K-IFRS)

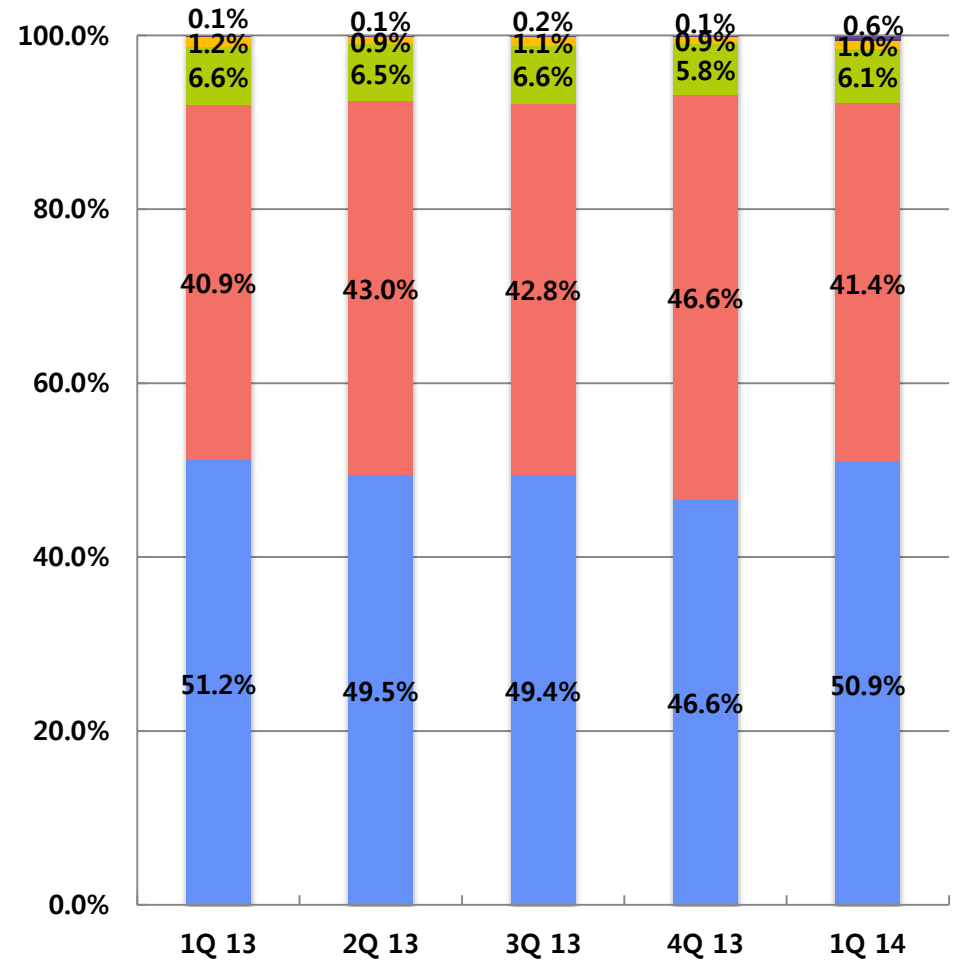


(Unit: KRW million, %)

## Quarterly Revenue Trend



## % of Revenue



■ Search Ads ■ Display Ads ■ Game ■ Transactions ■ Other Subsidiaries

## Summary of Operating Expenses

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Operating Expenses</b>	<b>102,287</b>	<b>128,661</b>	<b>111,871</b>	<b>-16,790</b>	<b>-13.0%</b>	<b>9,585</b>	<b>9.4%</b>
Labor cost	24,051	27,088	27,076	-12	0.0%	3,026	12.6%
Fringe benefits	5,593	6,040	5,881	-158	-2.6%	288	5.2%
Depreciation	5,818	6,394	6,591	197	3.1%	773	13.3%
Rental fees	1,898	2,296	2,215	-81	-3.5%	317	16.7%
Commission	27,367	38,168	33,746	-4,422	-11.6%	6,378	23.3%
Advertising	4,105	7,555	2,748	-4,806	-63.6%	-1,357	-33.0%
Bad debt expenses	77	249	-1,074	-1,324	-	-1,151	-
Amortization	3,539	4,309	3,201	-1,107	-25.7%	-337	-9.5%
Outsourcing fees	6,055	8,110	6,861	-1,249	-15.4%	806	13.3%
Ad Agency fees	19,671	23,882	20,135	-3,747	-15.7%	464	2.4%
Event fees	220	910	259	-651	-71.5%	39	17.7%

\* Marketing cost: Advertising + Event fees

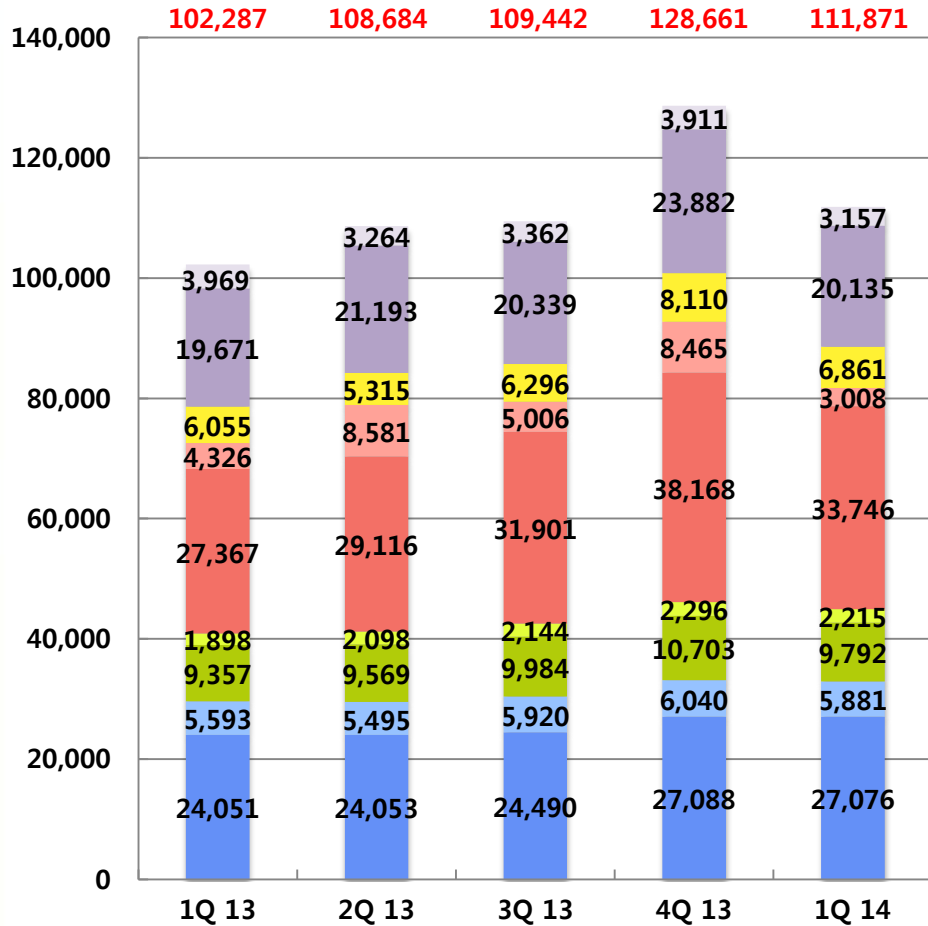
- Commission decreased 4.4bn QoQ from falling TAC in line with the decrease of network sales due to the seasonality and cost for the outsourced services
- Marketing cost decreased 5.5bn QoQ as the marketing cost for mobile services and game decreased.
- Ad Agency fees decreased 3.7bn QoQ due to the decline of revenue caused by low seasonality.

# Consolidated Financial Statements(K-IFRS)

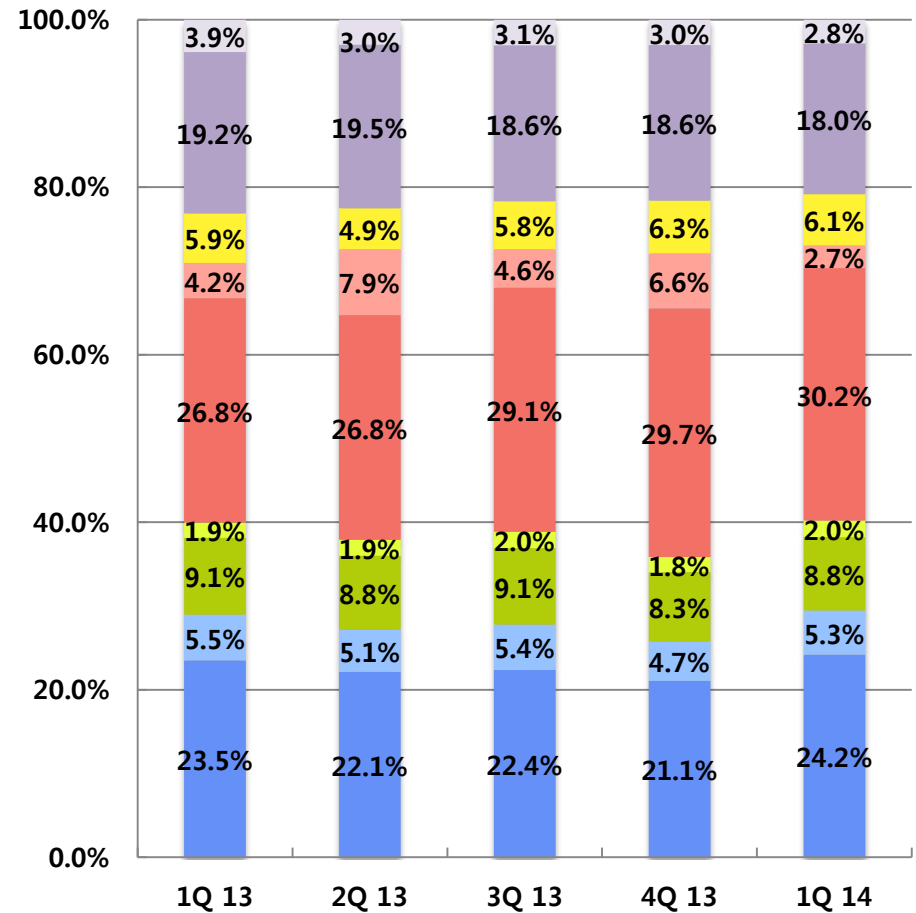


(Unit: KRW million, %)

## Quarterly Expenses Trend



## % of Expenses



- Labor costs
- Fringe benefits
- D&A
- Rental fees
- Commissions
- Marketing
- Outsourcing fees
- Ad Agency fees
- Others



## Other Income and Expenses

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Other Income</b>	<b>1,272</b>	<b>395</b>	<b>129</b>	<b>-266</b>	<b>-67.4%</b>	<b>-1,143</b>	<b>-89.9%</b>
Reversal of allowance for doubtful accounts	0	-5	0	5	-100.0%	0	-
Disposal gains on tangible assets	4	10	55	46	465.6%	51	1240.8%
Miscellaneous	1,268	390	73	-317	-81.2%	-1,195	-94.2%
<b>Other Expenses</b>	<b>687</b>	<b>6,172</b>	<b>5,283</b>	<b>-889</b>	<b>-14.4%</b>	<b>4,597</b>	<b>669.3%</b>
Disposal losses on tangible assets	226	21	190	169	795.7%	-36	-16.0%
Impairment losses on intangible assets	240	4,368	2,359	-2,009	-46.0%	2,119	884.5%
Impairment losses on equity method investees	0	847	1,101	254	30.0%	1,101	-
Commissions	0	47	39	-8	-17.9%	39	-
Donations	120	703	185	-518	-73.7%	65	53.9%
Miscellaneous	29	156	1,409	1,254	805.9%	1,380	4722.2%

- Impairment losses on intangible assets reflect 2.4bn impairment of game license and intangible asset of a subsidiary.
- Impairment losses on equity method investees is the result of recognizing the total equity value of PlayPlus as impairment loss.
- Miscellaneous is the result of recognizing loss on the portion of prepaid expenses for Game business.

# Consolidated Financial Statements(K-IFRS)



## Financial Income and Expenses

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Financial Income</b>	<b>4,133</b>	<b>2,188</b>	<b>2,805</b>	<b>618</b>	<b>28.2%</b>	<b>-1,327</b>	<b>-32.1%</b>
Interest income	2,747	2,305	2,324	19	0.8%	-423	-15.4%
Dividend income	5	0	5	5	-	0	-
FX Transaction gains	18	25	27	1	4.6%	8	44.0%
FX Translation gains	1,362	-143	450	593	-	-912	-67.0%
<b>Financial Expenses</b>	<b>3,162</b>	<b>685</b>	<b>295</b>	<b>-390</b>	<b>-57.0%</b>	<b>-2,868</b>	<b>-90.7%</b>
Interest expenses	44	54	49	-5	-9.3%	5	10.6%
FX Transaction losses	10	30	41	11	37.0%	31	299.4%
FX Translation losses	16	526	2	-524	-99.6%	-14	-87.4%
Valuation losses on derivative instruments	1,776	74	202	128	172.9%	-1,574	-88.6%
Transaction losses on derivative instruments	1,315	0	0	0	-	-1,315	-100.0%
<b>Equity-method Income</b>	<b>-285</b>	<b>-297</b>	<b>-844</b>	<b>-548</b>	<b>-</b>	<b>-560</b>	<b>-</b>
Gains on Equity method investments	0	0	0	0	-	0	-
Losses on Equity method investments	285	297	844	548	184.7%	560	196.5%

# 1Q14 Actual Review

## 2. Separate Financials (K-IFRS)

# Separate Financial Statements (K-IFRS)



## Summary of Income Statement

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Sales Revenues</b>	<b>119,215</b>	<b>134,595</b>	<b>119,441</b>	<b>-15,154</b>	<b>-11.3%</b>	<b>226</b>	<b>0.2%</b>
Search	63,902	66,976	64,682	-2,294	-3.4%	780	1.2%
Display	51,077	62,966	49,952	-13,015	-20.7%	-1,125	-2.2%
Game	2,664	3,294	3,516	222	6.8%	852	32.0%
Transactions	1,572	1,359	1,291	-67	-5.0%	-281	-17.9%
<b>Operating Expenses</b>	<b>95,607</b>	<b>119,000</b>	<b>102,864</b>	<b>-16,136</b>	<b>-13.6%</b>	<b>7,257</b>	<b>7.6%</b>
Labor cost	18,354	20,838	20,810	-28	-0.1%	2,457	13.4%
Fringe benefits	4,405	4,824	4,609	-215	-4.4%	204	4.6%
Depreciation	5,594	6,151	6,379	229	3.7%	786	14.0%
Rental fees	1,463	1,736	1,681	-55	-3.2%	218	14.9%
Commission	30,594	39,936	36,210	-3,726	-9.3%	5,615	18.4%
Advertising	3,717	7,310	2,504	-4,806	-65.7%	-1,213	-32.6%
Bad debt expenses	5	160	-1,124	-1,284		-1,128	
Amortization	2,603	2,758	2,205	-553	-20.1%	-398	-15.3%
Outsourcing fees	5,961	8,057	6,747	-1,310	-16.3%	787	13.2%
Ad Agency fees	19,681	23,445	19,918	-3,527	-15.0%	237	1.2%
Event fees	215	864	136	-729	-84.3%	-79	-36.9%

# Separate Financial Statements (K-IFRS)



## Other Income and Expenses

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Other Income</b>	<b>1,230</b>	<b>5,230</b>	<b>146</b>	<b>-5,084</b>	<b>-97.2%</b>	<b>-1,083</b>	<b>-88.1%</b>
Reversal of allowance for doubtful accounts	0	5,100	0	-5,100	-100.0%	0	-
Disposal gains on tangible assets	4	10	45	35	358.6%	41	1155.0%
Miscellaneous	1,226	120	34	-86	-71.4%	-1,192	-97.2%
<b>Other Expenses</b>	<b>1,120</b>	<b>10,137</b>	<b>3,009</b>	<b>-7,128</b>	<b>-70.3%</b>	<b>1,889</b>	<b>168.7%</b>
Impairment losses on intangible assets	9	1,308	1,280	-28	-2.1%	1,271	-
Impairment losses on equity method investees	955	7,921	71	-7,851	-99.1%	-884	-92.6%
Commissions	0	47	39	-8	-17.9%	39	-
Donations	110	686	180	-506	-73.7%	70	64.0%
Miscellaneous	17	173	1,396	1,223	707.2%	1,379	8059.9%

# Separate Financial Statements (K-IFRS)



## Financial Income and Expenses

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Financial Income</b>	<b>2,528</b>	<b>4,594</b>	<b>2,060</b>	<b>-2,534</b>	<b>-55.2%</b>	<b>-468</b>	<b>-18.5%</b>
Interest income	2,499	2,076	2,040	-36	-1.7%	-459	-18.4%
Dividend income	5	2,500	5	-2,495	-99.8%	0	0.0%
FX Transaction gains	4	19	14	-6	-29.5%	9	210.5%
FX Translation gains	19	-1	1	2	-	-18	-95.0%
<b>Financial Expenses</b>	<b>1,825</b>	<b>145</b>	<b>250</b>	<b>105</b>	<b>72.6%</b>	<b>-1,576</b>	<b>-86.3%</b>
Interest expense	44	48	41	-7	-14.1%	-3	-7.1%
FX Transaction losses	2	17	6	-11	-66.2%	4	206.0%
FX Translation losses	3	6	1	-5	-85.2%	-2	-71.6%
Valuation losses on derivative instruments	1,776	74	202	128	172.9%	-1,574	-88.6%

# 3. Appendix

**Number of Employees**

**Consolidated Financial Statements**

**Separate Financial Statements**

# [Appendix] Number of Employees



(Unit: person)

Name	2011	2012	1Q13	2Q13	3Q13	4Q13	1Q14	QoQ	YoY
Daum Communications	1,307	1,402	1,474	1,497	1,516	1,539	1,592	53	118
Daum Service	536	560	596	617	641	669	740	71	144
Pix View	38	28	28	32	31	31	36	5	8
Daum Fingertouch	30	24	26	28	28	34	29	-5	3
Intomos	11	2	1	1	1	1	1	0	0
Daum Global Holdings	11	16	17	1	1	1	2	1	-15
Onnet		178	180	191	187	177	178	1	-2
Dialoid		5	5	5	5	5	5	0	0
TNK Factory					7	7	7	0	7
Buzzpia					23	27	41	14	41
(Concurrent position)	11	13	15	14	16	17	15		
<b>Total(*)</b>	<b>2,065</b>	<b>2,276</b>	<b>2,313</b>	<b>2,359</b>	<b>2,425</b>	<b>2,475</b>	<b>2,616</b>	141	303

- Except for Daum Communications, each of the subsidiaries' number of employee is on a consolidated basis.
- The above number of employees include full-time and part-time employees and consolidated total is excluding concurrent positions
- Daum LMC was liquidated during 1Q 2014.



## Consolidated Statements of Income

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	124,869	143,711	127,067	-16,644	-11.6%	2,197	1.8%
Operating Expenses	102,287	128,661	111,871	-16,790	-13.0%	9,585	9.4%
Operating Profit	22,582	15,050	15,195	146	1.0%	-7,387	-32.7%
EBITDA	31,939	25,752	24,988	-765	-3.0%	-6,952	-21.8%
Other Income	1,272	395	129	-266	-67.4%	-1,143	-89.9%
Other Expenses	687	6,172	5,283	-889	-14.4%	4,597	669.3%
Financial Income	4,133	2,188	2,805	618	28.2%	-1,327	-32.1%
Financial Expenses	3,162	685	295	-390	-57.0%	-2,868	-90.7%
Gains on Equity method investments	0	0	0	0	-	0	-
Losses on Equity method investments	285	297	844	548	184.7%	560	196.5%
Profit Before Income Tax Expenses	23,853	10,479	11,707	1,228	11.7%	-12,146	-50.9%
Income Tax Expenses	4,511	1,880	3,366	1,486	79.0%	-1,146	-25.4%
Net Profit from Continued Operations	19,342	8,599	8,342	-257	-3.0%	-11,000	-56.9%
Net Profit from Discontinued Operations	0	-3,028	0	3,028	-100.0%	0	-
Net Profit	19,342	5,571	8,342	2,770	49.7%	-11,000	-56.9%
Net Profit of Controlling Interests	19,333	5,553	8,989	3,436	61.9%	-10,344	-53.5%
Net Profit of Non-controlling Interests	9	18	-648	-666	-	-657	-

## Consolidated Statements of Financial Position

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Total Assets</b>	<b>650,437</b>	<b>660,001</b>	<b>669,727</b>	9,726	1.5%	19,290	3.0%
Current Assets	371,993	349,720	352,622	2,902	0.8%	-19,371	-5.2%
Non-Current Assets	278,444	310,281	317,105	6,824	2.2%	38,661	13.9%
<b>Total Liabilities</b>	<b>120,600</b>	<b>105,865</b>	<b>122,527</b>	16,663	15.7%	1,927	1.6%
Current Liabilities	103,537	86,964	104,467	17,503	20.1%	930	0.9%
Non-Current Liabilities	17,063	18,901	18,060	-841	-4.4%	997	5.8%
<b>Total Equity</b>	<b>529,837</b>	<b>554,136</b>	<b>547,200</b>	-6,936	-1.3%	17,363	3.3%
Stockholders' equities	6,829	6,830	6,830	0	0.0%	1	0.0%
Additional Paid-in and Other Capital	187,447	187,591	187,321	-271	-0.1%	-127	-0.1%
Capital Adjustments	230	-28,479	-28,479	0	-	-28,709	-
Accumulated other comprehensive income	6,282	1,844	1,960	115	6.3%	-4,323	-68.8%
Retained Earnings (Accumulated Deficit)	324,543	371,087	365,087	-6,001	-1.6%	40,544	12.5%
Non-controlling Interests	4,505	15,263	14,482	-781	-5.1%	9,977	221.5%

## Consolidated Statements of Cash Flows

(Unit: KRW million, %)

	2012	2013	2014 1Q
<b>I. Cash Flows from Operating Activities</b>	<b>122,717</b>	<b>125,668</b>	<b>27,334</b>
1. Cash flows from operating	138,110	142,282	26,544
Profit for the period	76,637	66,101	8,342
Adjustments (*1)	68,100	63,970	16,330
Decrease (increase) in working capital	-6,627	12,210	1,872
2. Interest Received	10,491	7,431	1,401
3. Interest Paid	-13	-10	-9
4. Dividends Received	52	11	
5. Income Tax Refund	-25,923	-24,045	-601
<b>II. Cash Flows from Investing Activities</b>	<b>-50,819</b>	<b>-97,277</b>	<b>-10,350</b>
1. Cash Inflows from Investing Activities	219,935	204,163	44,987
2. Cash outflows from Investing Activities	-270,754	-301,441	-55,337
<b>III. Cash Flows from Financing Activities</b>	<b>-32,185</b>	<b>-38,930</b>	<b>-1,154</b>
1. Cash Inflows from Financing Activities	3,688	5,643	40
2. Cash outflows from Financing Activities	-35,873	-44,573	-1,194
<b>IV. Exchange gains(losses) on Cash and Cash Equivalents</b>	<b>-256</b>	<b>-84</b>	<b>-8</b>
<b>V. Net Increase(Decrease) in Cash and Cash Equivalents( I + II + III)</b>	<b>39,456</b>	<b>-10,623</b>	<b>15,822</b>
<b>VI. Cash and cash equivalents at the beginning of period</b>	<b>80,973</b>	<b>120,429</b>	<b>109,806</b>
<b>VII. Cash and cash equivalents at the end of period</b>	<b>120,429</b>	<b>109,806</b>	<b>125,628</b>

(\*1) Adjustments : Income and expenses, interest expenses, interest income, dividend income, income tax expenses without cash flow

# [Appendix] Separate Financial Statements(K-IFRS)



## Separate Statements of Income

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	119,215	134,595	119,441	-15,154	-11.3%	226	0.2%
Operating Expenses	95,607	119,000	102,864	-16,136	-13.6%	7,257	7.6%
Operating Profit	23,608	15,595	16,578	982	6.3%	-7,031	-29.8%
EBITDA	31,805	24,504	25,162	658	2.7%	-6,643	-20.9%
Other Income	1,230	5,230	146	-5,084	-97.2%	-1,083	-88.1%
Other Expenses	1,120	10,137	3,009	-7,128	-70.3%	1,889	168.7%
Financial Income	2,528	4,594	2,060	-2,534	-55.2%	-468	-18.5%
Financial Expenses	1,825	145	250	105	72.6%	-1,576	-86.3%
Profit Before Income Tax Expenses	24,421	15,137	15,525	388	2.6%	-8,895	-36.4%
Income Tax Expenses	4,434	3,620	3,463	-157	-4.3%	-971	-21.9%
Net Profit from Discontinued Operations	0	0	0	0		0	
Net Profit	19,986	11,517	12,062	545	4.7%	-7,924	-39.6%

# [Appendix] Separate Financial Statements(K-IFRS)



## Separate Statements of Financial Position

(Unit: KRW million, %)

	1Q 13	4Q 13	1Q 14	QoQ	QoQ(%)	YoY	YoY(%)
<b>Total Assets</b>	<b>606,969</b>	<b>601,548</b>	<b>618,949</b>	17,401	2.9%	11,980	2.0%
Current Assets	327,801	294,925	299,884	4,959	1.7%	-27,917	-8.5%
Non-Current Assets	279,168	306,622	319,065	12,443	4.1%	39,897	14.3%
<b>Total Liabilities</b>	<b>114,242</b>	<b>93,531</b>	<b>113,836</b>	20,304	22%	-407	-0.4%
Current Liabilities	99,565	81,374	100,015	18,641	23%	450	0.5%
Non-Current Liabilities	14,677	12,157	13,821	1,663	14%	-857	-5.8%
<b>Total Equity</b>	<b>492,727</b>	<b>508,016</b>	<b>505,113</b>	-2,903	-0.6%	12,387	2.5%
Stockholders' equities	6,829	6,830	6,830	0	0.0%	1	0.0%
Additional Paid-in and Other Capital	188,252	188,367	188,367	0	0.0%	115	0.1%
Capital Adjustments	230	-28,479	-28,479	0	0.0%	-28,709	-12501.6%
Accumulated other comprehensive income	1,992	-201	-176	25	-12.3%	-2,168	-108.8%
Retained Earnings (Accumulated Deficit)	295,424	341,499	338,571	-2,928	-0.9%	43,148	14.6%

## Separate Statements of Cash Flows

(Unit: KRW million, %)

	2012	2013	2014 1Q
<b>I. Cash Flows from Operating Activities</b>	<b>127,871</b>	<b>125,221</b>	<b>27,276</b>
1. Cash flows from operating	153,385	136,905	26,367
Profit for the period	77,938	66,062	12,062
Adjustments (*1)	67,509	63,971	12,241
Decrease (increase) in working capital	7,938	6,872	0
2. Interest Received	8,182	8,063	1,032
3. Interest Paid	-	4	-1
4. Dividends Received	7	2,505	
5. Income Tax Refund	-33,703	-22,256	-122
<b>II. Cash Flows from Investing Activities</b>	<b>-73,492</b>	<b>-116,175</b>	<b>-10,620</b>
1. Cash Inflows from Investing Activities	217,611	82,935	38,418
2. Cash outflows from Investing Activities	-291,103	-199,110	-49,038
<b>III. Cash Flows from Financing Activities</b>	<b>-28,260</b>	<b>-39,055</b>	<b>0</b>
1. Cash Inflows from Financing Activities	3,690	4,583	0
2. Cash outflows from Financing Activities	-31,950	-43,638	0
<b>IV. Exchange gains(losses) on Cash and Cash Equivalents</b>			
<b>V. Net Increase(Decrease) in Cash and Cash Equivalents ( I + II + III)</b>	<b>26,120</b>	<b>-30,008</b>	<b>16,656</b>
<b>VI. Cash and cash equivalents at the beginning of period</b>	<b>75,672</b>	<b>101,791</b>	<b>71,783</b>
<b>VII. Cash and cash equivalents at the end of period</b>	<b>101,791</b>	<b>71,783</b>	<b>88,439</b>

(\*1) Adjustments : Income and expenses, interest expenses, interest income, dividend income, income tax expenses without cash flow



**Thank you**