



EARNINGS RELEASE

For the quarter ended September 30, 2012 | 2012. 11. 09

Investor Relations

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- Financial results in this presentation includes consolidated base results and separate base results under K-IFRS standard before the completion of an external review and, as such, figures may be subject to change after the completion of review.
- Daum Communications has prepared consolidated financials statements with subsidiaries which Daum holds more than 50% of shares. Subsidiaries are as follows:
 - Daum Service (100%), Daum Global Holdings (100%), Pix View(80%), Intomos (100%), Daum LMC (97.9%), Fingertouch (100%), Onnet(85.9%)

3Q12 Actual Review

1. Consolidated Financials (K-IFRS)

Consolidated Financial Statements(K-IFRS)



Summary of Income Statement

(Unit: KRW million, %)

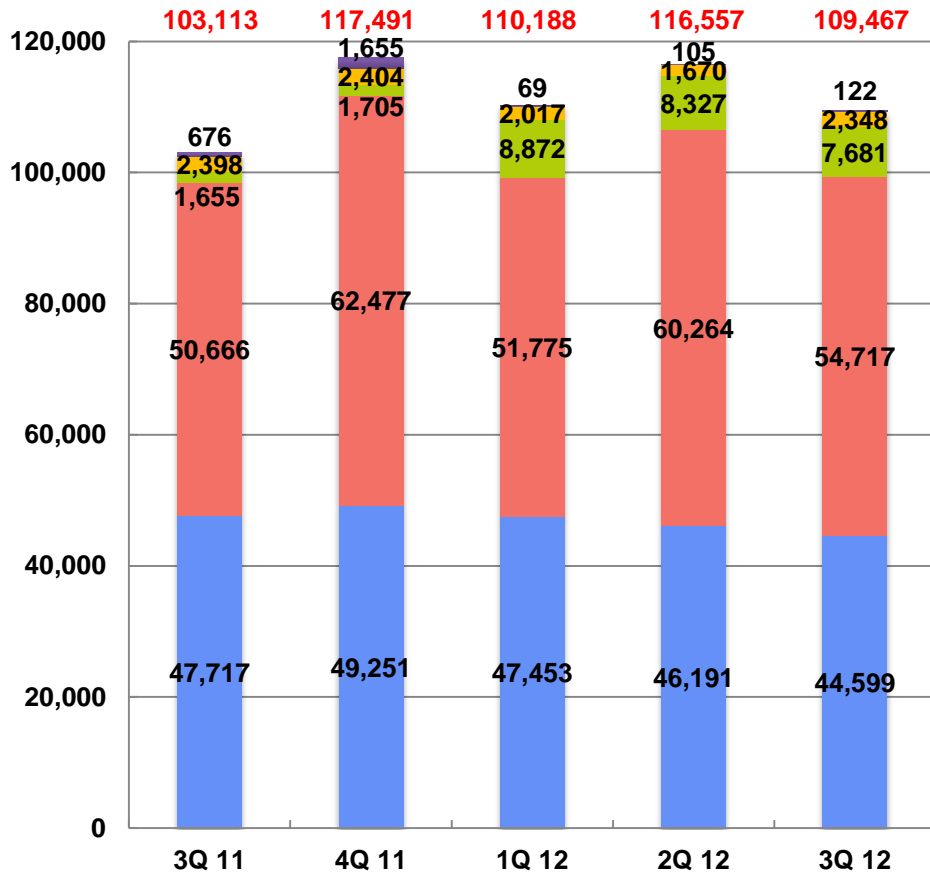
	3Q 11	2Q 12	3Q 12	QoQ	QoQ (%)	YoY	YoY (%)
Sales Revenues	103,113	116,557	109,467	-7,090	-6.1%	6,354	6.2%
Search	47,717	46,191	44,599	-1,592	-3.4%	-3,118	-6.5%
Display	50,666	60,264	54,717	-5,547	-9.2%	4,052	8.0%
Game	1,655	8,327	7,681	-646	-7.8%	6,026	364.1%
Transactions	2,398	1,670	2,348	678	40.6%	-50	-2.1%
Other Subsidiaries	676	105	122	17	16.1%	-555	-82.0%
Operating Expenses	74,409	86,225	87,221	996	1.2%	12,812	17.2%
Operating Profit	28,704	30,332	22,246	-8,086	-26.7%	-6,458	-22.5%
Other Income	35	218	209	-9	-4.2%	174	503.0%
Other Expenses	448	752	1,118	367	48.8%	671	149.7%
EBITDA	35,670	39,195	31,417	-7,778	-19.8%	-4,252	-11.9%
Net Profit	32,370	22,382	19,203	-3,179	-14.2%	-13,167	-40.7%

* Starting 3Q 2012, our Operating Profit is based on the revised disclosure and classification of K-IFRS Operating Income(sales revenues – cost of sales & selling and administrative expense) which is announced officially on October 2012. Accordingly, the Operating Profit, which included Other Operating Income and Expenses, is changed.

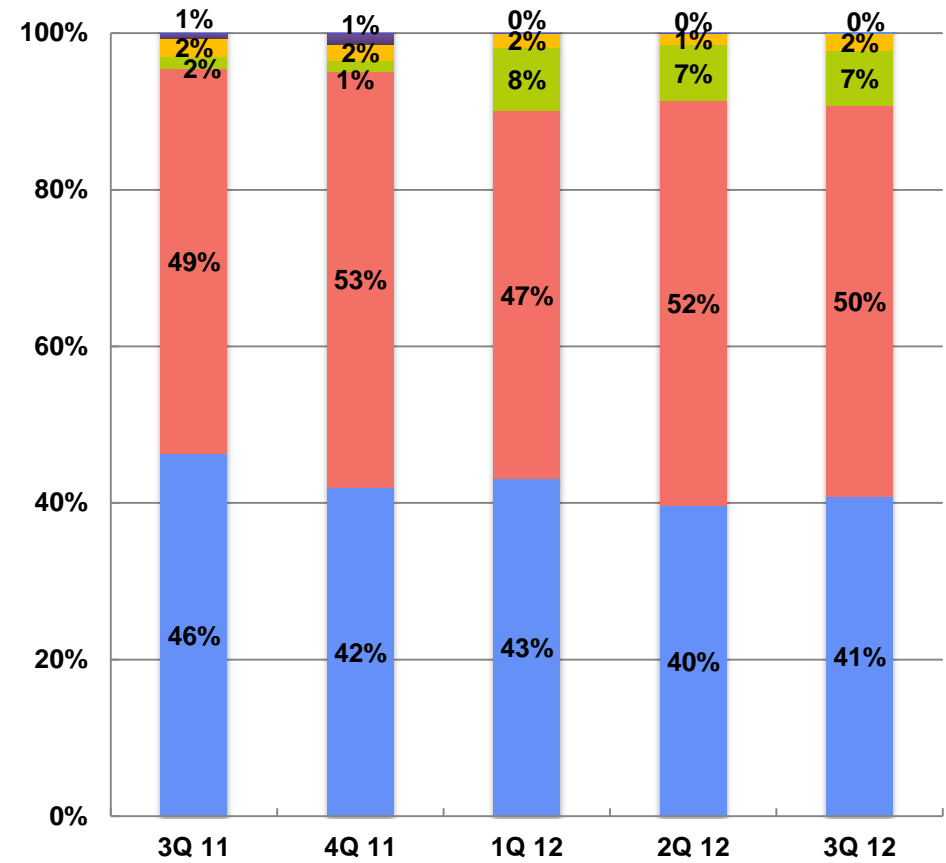
- Revenue grew 6.2% YoY to 109.5 bn KRW due to robust growth of N-Screen revenue, positive impact from the Olympics, and increase in game revenue from the consolidation of Onnet.
- Search Ad decreased 6.5% YoY to 44.6 bn KRW due to economic impact and slowdown of OVT performance.
- Display Ad grew 8.0% YoY to 54.7 bn KRW with positive impact from the Olympics and growth of N-Screen revenue (Ad@m, digital signage, etc.)
- Game revenue increased 364.1% YoY to 7.7 bn KRW due to the consolidation of Onnet from 1Q 2012.

(Unit: KRW million, %)

Quarterly Revenue Trend



% of Revenue



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

Summary of Operating Expenses

(Unit: KRW million, %)

	3Q 11	2Q 12	3Q 12	QoQ	QoQ (%)	YoY	YoY (%)
Operating Expenses	74,409	86,225	87,221	996	1.2%	12,812	17.2%
Labor costs	18,357	22,034	22,548	514	2.3%	4,191	22.8%
Fringe benefits	4,852	5,641	5,213	-428	-7.6%	361	7.4%
Depreciation	4,884	5,679	5,830	152	2.7%	946	19.4%
Rental fees	2,134	2,342	2,198	-144	-6.2%	63	3.0%
Commissions	14,663	19,232	19,829	597	3.1%	5,166	35.2%
Advertising	2,886	2,354	2,815	461	19.6%	-71	-2.5%
Bad debt expenses	-54	-43	-22	21	-	32	-
Amortization	2,082	3,184	3,341	157	4.9%	1,259	60.5%
Outsourcing fees	6,501	5,690	6,398	708	12.4%	-104	-1.6%
Ad Agency fees	14,708	15,958	15,293	-665	-4.2%	586	4.0%
Event fees	381	560	261	-299	-53.3%	-120	-31.4%

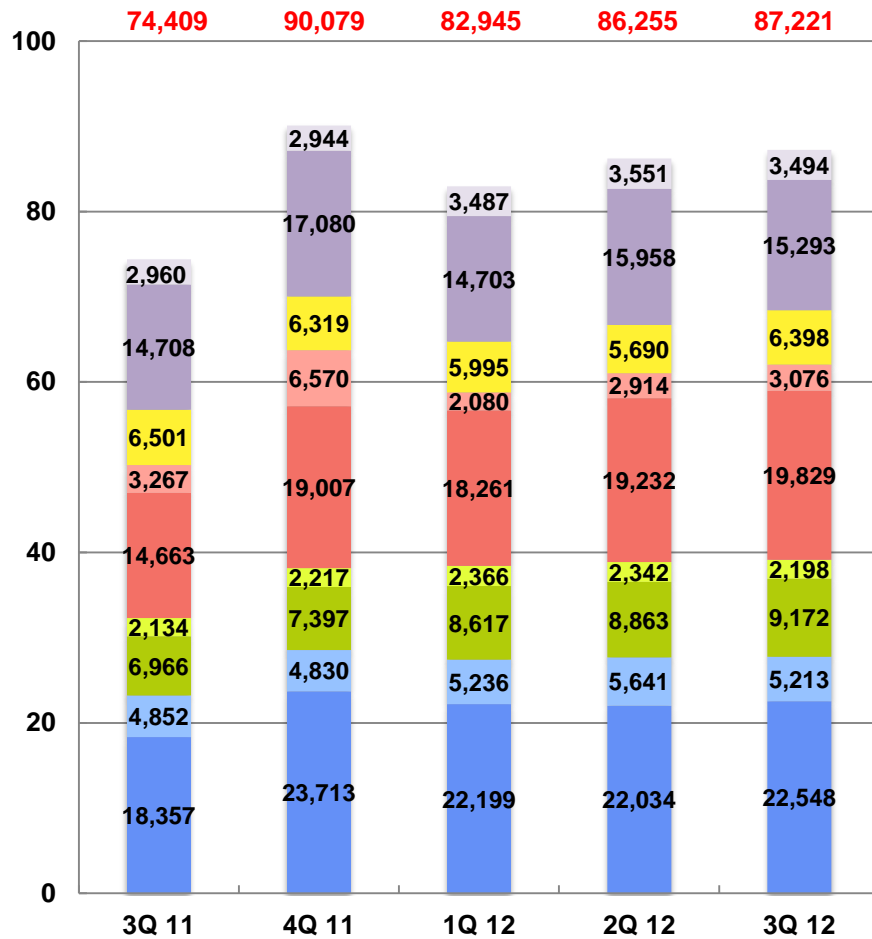
- Advertising expenses increased 0.5 bn KRW QoQ to 2.8 bn KRW due to increase in game marketing and brand marketing (BIFF, etc.)
- Outsourcing fees increased 0.7 bn KRW QoQ to 6.4 bn KRW due increase in contents sourcing fee including Olympics broadcasting rights, etc.
- Ad agency fees decreased 0.7 bn KRW QoQ to 15.3 bn KRW due to decrease in sales from the slow seasonality.

Consolidated Financial Statements(K-IFRS)

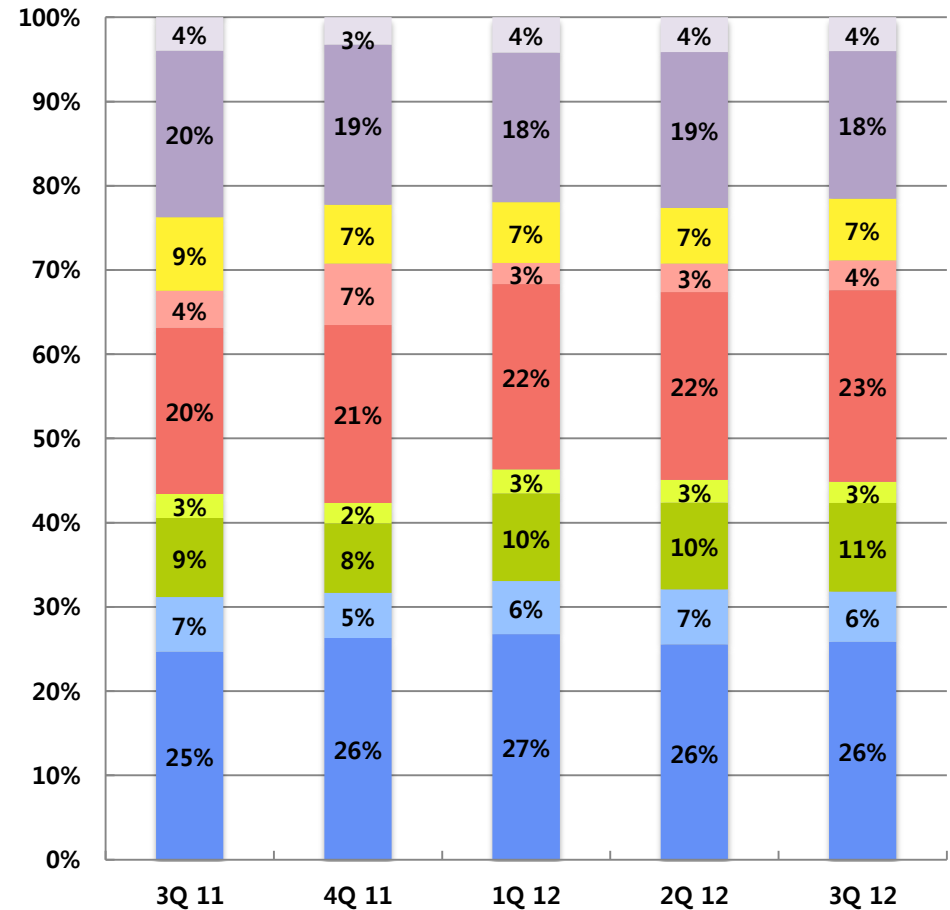


(Unit: KRW million, %)

Quarterly Expenses Trend



% of Expenses



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

Consolidated Financial Statements(K-IFRS)



Other Income and Expenses

(Unit: KRW million, %)

	3Q 11	2Q 12	3Q 12	QoQ	QoQ (%)	YoY	YoY (%)
Other Income	35	218	209	-9	-4.2%	174	503.0%
Reversal of allowance for doubtful accounts	2	40	50	10	25.0%	48	2715.3%
Disposal gains on tangible assets	1	12	14	2	13.3%	13	958.2%
Miscellaneous	32	166	145	-21	-12.6%	113	359.3%
Other Expenses	448	752	1,118	367	48.8%	671	149.7%
Disposal losses on tangible assets	14	0	114	114	-	100	713.4%
Impairment losses on intangible assets	18	0	211	211	-	193	1064.4%
Donations	338	240	660	419	174.5%	321	95.1%
Miscellaneous	78	419	134	-285	-68.0%	56	72.4%

Consolidated Financial Statements(K-IFRS)



Financial Income and Expenses

(Unit: KRW million, %)

	3Q 11	2Q 12	3Q 12	QoQ	QoQ (%)	YoY	YoY (%)
Financial Income	12,967	2,921	3,971	1,050	35.9%	-8,995	-69.4%
Interest income	2,947	2,792	2,720	-72	-2.6%	-227	-7.7%
FX Transaction gains	19	74	30	-44	-59.4%	11	60.3%
FX Translation gains	2,321	3	-10	-14	-	-2,332	-
Disposal gains of LT AFS	2,310	0	0	0	-	-2,310	-100.0%
Valuation gains on derivative instruments	5,370	0	0	0	-	-5,370	-100.0%
Transaction gains on derivative instruments	0	0	1,232	1,232	-	1,232	-
Financial Expenses	2,332	2,920	-802	-3,723	-	-3,134	-
Interest expenses	8	4	1	-3	-83.5%	-7	-91.8%
FX Transaction losses	13	20	15	-4	-21.5%	3	21.2%
FX Translation losses	-968	-508	1,131	1,639	-	2,099	-
Valuation losses on derivative instruments	0	2,861	-1,949	-4,810	-	-1,949	-
Transaction losses on derivative instruments	3,279	544	0	-544	-100.0%	-3,279	-100.0%
Equity-method Income	-35	-482	-466	16	-	-430	-
Gains on Equity method investments	0	0	0	0	-	0	-
Losses on Equity method investments	35	482	466	-16	-3.4%	430	1220.2%

- Transaction gains on derivative instruments and FX Translation losses are result of the FX Hedging transactions entered into for FX risk regarding outstanding for the sale of Lycos.
- Valuation losses on derivative instruments recorded -1.9 bn KRW due to the increase in the valuation amount of the Neowiz Games warrant on the BW.

3Q12 Actual Review

2. Separate Financials (K-IFRS)

Separate Financial Statements (K-IFRS)



Summary of Income Statement

(Unit: KRW million, %)

	3Q11	2Q12	3Q12	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	102,498	110,087	103,953	-6,134	-5.6%	1,455	1.4%
Search	47,717	46,191	44,599	-1,592	-3.4%	-3,118	-6.5%
Display	50,666	60,266	54,717	-5,549	-9.2%	4,052	8.0%
Game	1,655	1,899	2,238	339	17.8%	583	35.2%
Transactions	2,460	1,731	2,399	668	38.6%	-61	-2.5%
Operating Expenses	72,366	78,779	79,758	979	1.2%	7,392	10.2%
Labor costs	14,553	15,902	16,229	327	2.1%	1,676	11.5%
Fringe benefits	3,995	4,398	3,969	-429	-9.8%	-26	-0.7%
Depreciation	4,750	5,414	5,583	169	3.1%	833	17.5%
Rental fees	1,776	1,835	1,750	-84	-4.6%	-26	-1.5%
Commissions	18,530	21,840	22,339	498	2.3%	3,809	20.6%
Advertising	2,878	1,936	2,545	609	31.5%	-333	-11.6%
Bad debt expenses	-56	-140	-85	55	-	-29	-
Amortization	1,950	2,297	2,480	183	8.0%	530	27.2%
Outsourcing fees	6,461	5,948	6,580	632	10.6%	119	1.8%
Ad Agency fees	14,623	16,109	15,363	-746	-4.6%	740	5.1%
Event fees	380	553	250	-303	-54.9%	-131	-34.3%

Separate Financial Statements (K-IFRS)



Other Income and Expenses

(Unit: KRW million, %)

	3Q11	2Q12	3Q12	QoQ	QoQ(%)	YoY	YoY(%)
Other Income	26	134	152	18	13.2%	126	482.3%
Reversal of allowance for doubtful accounts	0	0	50	50	0.0%	50	0.0%
Miscellaneous	25	128	102	-26	-20.4%	77	310.7%
Other Expenses	416	600	1,009	408	68.0%	593	142.4%
Disposal losses on tangible assets	14	0	31	31	-	17	118.4%
Impairment losses on intangible assets	18	0	215	215	-	197	1090.2%
Donations	338	230	660	429	186.4%	321	95.1%
Miscellaneous	46	369	103	-266	-72.0%	57	124.1%

Separate Financial Statements (K-IFRS)



Financial Income and Expenses

(Unit: KRW million, %)

	3Q11	2Q12	3Q12	QoQ	QoQ(%)	YoY	YoY(%)
Financial Income	10,357	2,620	2,460	-160	-6.1%	-7,896	-76.2%
Interest income	2,676	2,580	2,441	-138	-5.4%	-234	-8.7%
Dividend income	0	7	0	-7	-100.0%	0	-
FX Transaction gains	2	27	13	-15	-53.5%	11	478.0%
FX Translation gains	-1	5	6	0	6.7%	7	-
Disposal gains of LT AFS	2,310	0	0	0	-	-2,310	-100.0%
Valuation gains on derivative instruments	5,370	0	0	0	-	-5,370	-100.0%
Financial Expenses	25	2,865	-1,947	-4,812	-	-1,972	-
FX Transaction losses	13	4	2	-2	-48.7%	-11	-84.4%
FX Translation losses	12	0	0	0	-76.7%	-12	-99.6%
Valuation losses on derivative instruments	0	2,861	-1,949	-4,810	-	-1,949	-

3. Appendix

Number of Employees

Consolidated Financial Statements

Separate Financial Statements

[Appendix] Number of Employees



(Unit: person)

Name	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	QoQ	YoY
Daum Communications	1,123	1,241	1,283	1,295	1,307	1,336	1,353	1,383	30	88
Daum Service	477	522	533	543	536	529	543	545	2	2
Daum LMC			74	108	143	147	159	121	-38	13
Pix View	39	34	33	30	38	43	42	39	-3	9
Fingertouch				29	30	23	25	25	0	-4
Intomos	15	16	15	12	11	12	12	11	-1	-1
Daum Global Holdings	3	2	2	6	11	13	15	16	1	10
Onnet						174	168	171	3	171
(Concurrent position)	2	2	2	2	11	11	11	13	2	11
Subtotal(*)	1,655	1,813	1,938	2,021	2,065	2,266	2,306	2,298	-8	277

* The above number of employees include full-time and part-time employees and consolidated total is excluding concurrent positions

* Increase in the number of employees due to the acquisition of Onnet in 1Q 2012.

Consolidated Statements of Income

(Unit: KRW million, %)

	3Q 11	2Q 12	3Q 12	QoQ	QoQ (%)	YoY	YoY (%)
Sales Revenues	103,113	116,557	109,467	-7,090	-6.1%	6,354	6.2%
Operating Expenses	74,409	86,225	87,221	996	1.2%	12,812	17.2%
Operating Profit	28,704	30,332	22,246	-8,086	-26.7%	-6,458	-22.5%
EBITDA	35,670	39,195	31,417	-7,778	-19.8%	-4,252	-11.9%
Other Income	35	218	209	-9	-4.2%	174	503.0%
Other Expenses	448	752	1,118	367	48.8%	671	149.7%
Financial Income	12,967	2,921	3,971	1,050	35.9%	-8,995	-69.4%
Financial Expenses	2,332	2,920	-802	-3,723	-	-3,134	-
Gains on Equity method investments	0	0	0	0	-	0	-
Losses on Equity method investments	35	482	466	-16	-3.4%	430	1220.2%
Profit Before Income Tax Expenses	38,890	29,318	25,645	-3,673	-12.5%	-13,245	-34.1%
Income Tax Expenses	6,733	6,936	6,442	-495	-7.1%	-291	-4.3%
Net Profit from Continued Operations	32,157	22,382	19,203	-3,179	-14.2%	-12,954	-40.3%
Net Profit from Discontinued Operations	213	0	0	0	-	-213	-100.0%
Net Profit	32,370	22,382	19,203	-3,179	-14.2%	-13,167	-40.7%
Net Profit of Controlling Interests	32,772	22,295	19,281	-3,014	-13.5%	-13,491	-41.2%
Net Profit of Non-controlling Interests	-402	87	-78	-165	-	324	-

Consolidated Statements of Financial Position

(Unit: KRW million, %)

	3Q11	2Q12	3Q12	QoQ	QoQ(%)	YoY	YoY(%)
Total Assets	534,772	583,793	603,280	19,487	3.3%	68,508	12.8%
Current Assets	362,680	320,064	339,289	19,224	6.0%	-23,392	-6.4%
Non-Current Assets	172,091	263,729	263,991	263	0.1%	91,900	53.4%
Total Liabilities	91,384	93,567	93,538	-29	0.0%	2,153	2.4%
Current Liabilities	83,022	79,458	79,132	-326	-0.4%	-3,890	-4.7%
Non-Current Liabilities	8,362	14,108	14,405	297	2.1%	6,043	72.3%
Total Equity	443,387	490,226	509,742	19,516	4.0%	66,355	15.0%
Stockholders' equities	6,766	6,799	6,801	2	0.0%	34	0.5%
Additional Paid-in and Other Capital	175,145	181,481	182,342	861	0.5%	7,197	4.1%
Capital Adjustments	3,816	2,784	1,955	-829	-29.8%	-1,861	-48.8%
Accumulated other comprehensive income	3,440	7,091	7,494	404	5.7%	4,055	117.9%
Retained Earnings (Accumulated Deficit)	254,500	287,406	306,686	19,281	6.7%	52,186	20.5%
Non-controlling Interests	-279	4,667	4,464	-203	-4.3%	4,744	-

Consolidated Statements of Cash Flows

(Unit: KRW million, %)

	2010	2011	3Q 12
I. Cash Flows from Operating Activities	117,779	111,763	94,360
1. Cash flows from operating	118,062	116,703	109,150
Profit for the period	122,429	107,976	62,773
Adjustments (*1)	-3,059	34,641	47,464
Decrease (increase) in working capital	-1,308	-25,914	-1,087
2. Interest Received	5,257	7,595	7,202
3. Interest Paid	-354	-32	-13
4. Dividends Received	18	63	52
5. Income Tax Refund	-5,203	-12,564	-22,032
II. Cash Flows from Investing Activities	-93,951	-114,634	-6,110
1. Cash Inflows from Investing Activities	121,155	275,307	171,263
2. Cash outflows from Investing Activities	-215,106	-389,940	-177,373
III. Cash Flows from Financing Activities	-1,763	-13,441	-31,373
1. Cash Inflows from Financing Activities	18,892	12,535	3,362
2. Cash outflows from Financing Activities	-20,655	-25,977	-34,735
IV. Exchange gains(losses) on Cash and Cash Equivalents	6	3	-31
V. Net Increase(Decrease) in Cash and Cash Equivalents(I + II + III)	22,072	-16,308	56,846
VI. Cash and cash equivalents at the beginning of period	75,210	97,282	80,973
VII. Cash and cash equivalents at the end of period	97,282	80,973	137,819

(*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, %)

	3Q11	2Q12	3Q12	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	102,498	110,087	103,953	-6,134	-5.6%	1,455	1.4%
Operating Expenses	72,366	78,779	79,758	979	1.2%	7,392	10.2%
Operating Profit	30,132	31,308	24,195	-7,113	-22.7%	-5,937	-19.7%
EBITDA	36,832	39,018	32,258	-6,760	-17.3%	-4,574	-12.4%
Other Income	26	134	152	18	13.2%	126	482.3%
Other Expenses	416	600	1,009	408	68.0%	593	142.4%
Financial Income	10,357	2,620	2,460	-160	-6.1%	-7,896	-76.2%
Financial Expenses	25	2,865	-1,947	-4,812	-	-1,972	-
Profit Before Income Tax Expenses	40,074	30,597	27,746	-2,851	-9.3%	-12,328	-30.8%
Income Tax Expenses	6,532	7,448	6,925	-523	-7.0%	393	6.0%
Net Profit from Discontinued Operations	0	0	0	0	-	0	-
Net Profit	33,542	23,149	20,821	-2,328	-10.1%	-12,721	-37.9%

Separate Statements of Financial Position

(Unit: KRW million, %)

	3Q 11	2Q 12	3Q 12	QoQ	QoQ(%)	YoY	YoY(%)
Total Assets	495,271	539,270	556,023	16,753	3.1%	60,752	12.3%
Current Assets	301,726	281,861	295,228	13,367	4.7%	-6,497	-2.2%
Non-Current Assets	193,545	257,409	260,795	3,386	1.3%	67,250	34.7%
Total Liabilities	85,338	88,766	84,402	-4,364	-4.9%	-936	-1.1%
Current Liabilities	77,816	81,419	76,692	-4,728	-5.8%	-1,124	-1.4%
Non-Current Liabilities	7,522	7,347	7,710	364	5.0%	188	2.5%
Total Equity	409,932	450,503	471,621	21,118	4.7%	61,689	15.0%
Stockholders' equities	6,766	6,799	6,801	2	0.0%	34	0.5%
Additional Paid-in and Other Capital	174,482	180,941	182,038	1,096	0.6%	7,556	4.3%
Capital Adjustments	3,816	2,784	1,982	-802	-28.8%	-1,834	-48.1%
Accumulated other comprehensive income	1,386	1,446	1,446	0	0.0%	60	4.3%
Retained Earnings(Accumulated Deficit)	223,482	258,534	279,355	20,821	8.1%	55,873	25.0%

Separate Statements of Cash Flows

(Unit: KRW million, %)

	2010	2011	3Q12
I. Cash Flows from Operating Activities	108,983	135,096	91,761
1. Cash flows from operating	115,678	124,383	118,197
Profit for the period	90,657	105,288	66,865
Adjustments (*1)	30,139	39,425	43,586
Decrease (increase) in working capital	-5,118	-20,331	7,745
2. Interest Received	4,382	6,554	6,833
3. Interest Paid	-390	-	-
4. Dividends Received	18	11,418	7
5. Income Tax Refund	-10,705	-7,258	-33,276
II. Cash Flows from Investing Activities	-99,767	-120,766	-24,266
1. Cash Inflows from Investing Activities	78,579	222,935	139,106
2. Cash outflows from Investing Activities	-178,347	-343,701	-164,184
III. Cash Flows from Financing Activities	-4,051	-14,454	-26,095
1. Cash Inflows from Financing Activities	16,150	12,439	4,190
2. Cash outflows from Financing Activities	-20,201	-25,663	-29,473
IV. Exchange gains(losses) on Cash and Cash Equivalents			
V. Net Increase(Decrease) in Cash and Cash Equivalents(I + II + III)	5,164	1,107	41,400
VI. Cash and cash equivalents at the beginning of period	69,400	74,565	75,672
VII. Cash and cash equivalents at the end of period	74,565	75,672	117,071

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



Thank you