



EARNINGS RELEASE

For the quarter ended September 30, 2011 | 2011. 11.01

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 Korea (80%), Intomos (100%), Daum LMC (82.5%), Fingertouch (99.1%)

3Q11 Actual Review

1. Consolidated Financials (K-IFRS)

Consolidated Financial Statements(K-IFRS)



Summary of Income Statement

(Unit: KRW million, %)

	3Q 10	2Q 11	3Q 11	QoQ	QoQ (%)	YoY	YoY (%)
Sales Revenues	87,873	103,416	103,357	-59	-0.1%	15,483	17.6%
Search	45,861	49,003	47,717	-1,286	-2.6%	1,856	4.0%
Display	36,305	50,534	50,666	132	0.3%	14,360	39.6%
Transactions	4,002	3,765	4,053	289	7.7%	51	1.3%
Other Subsidiaries	1,704	114	920	806	708.3%	-784	-46.0%
Operating Expenses	61,876	75,291	74,496	-795	-1.1%	12,619	20.4%
Operating Profit before Other Operating Income and Expenses*	25,997	28,125	28,861	736	2.6%	2,864	11.0%
Other Operating Income	42	19,455	91	-19,364	-99.5%	49	115.9%
Other Operating Expenses	1,153	128	448	320	250.8%	-705	-61.2%
Operating Profit	24,886	47,452	28,503	-18,949	-39.9%	3,618	14.5%
EBITDA	31,113	53,915	35,470	-18,445	-34.2%	4,357	14.0%
Net Profit	72,988	38,946	32,370	-6,576	-16.9%	-40,618	-55.6%

* Operating profit before other operating income and expenses: In order to enhance the comparability and consistency in comparing the earnings, the other operating income and other operating expenses, which include one-off effect account such as disposal gains on other assets and donations, have been eliminated.

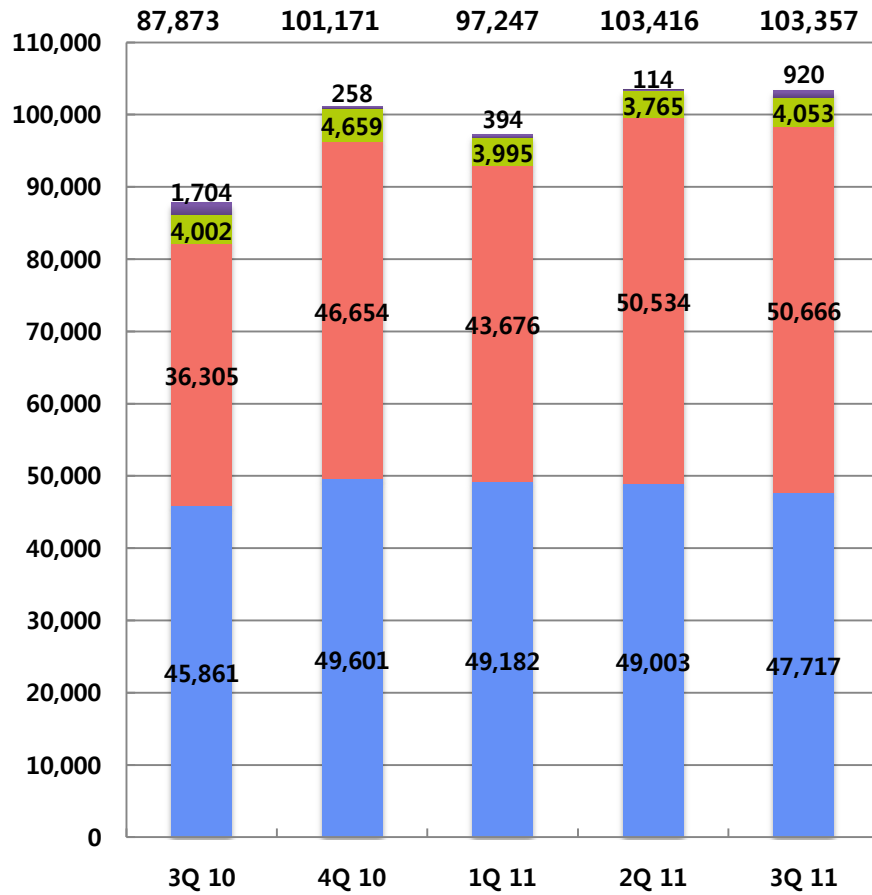
- 3Q revenue increased 17.6% YoY to 103.4 billion
- Search grew 4.0% YoY to 47.7 billion by the growth of own CPC product and local search despite the low seasonality
- Despite the low seasonality, display ad had a slight increase QoQ and grew 39.6% YoY to 50.7 billion due to the increased marketing budgets of big advertisers on DBPA and good performance of Ad@m

Consolidated Financial Statements(K-IFRS)

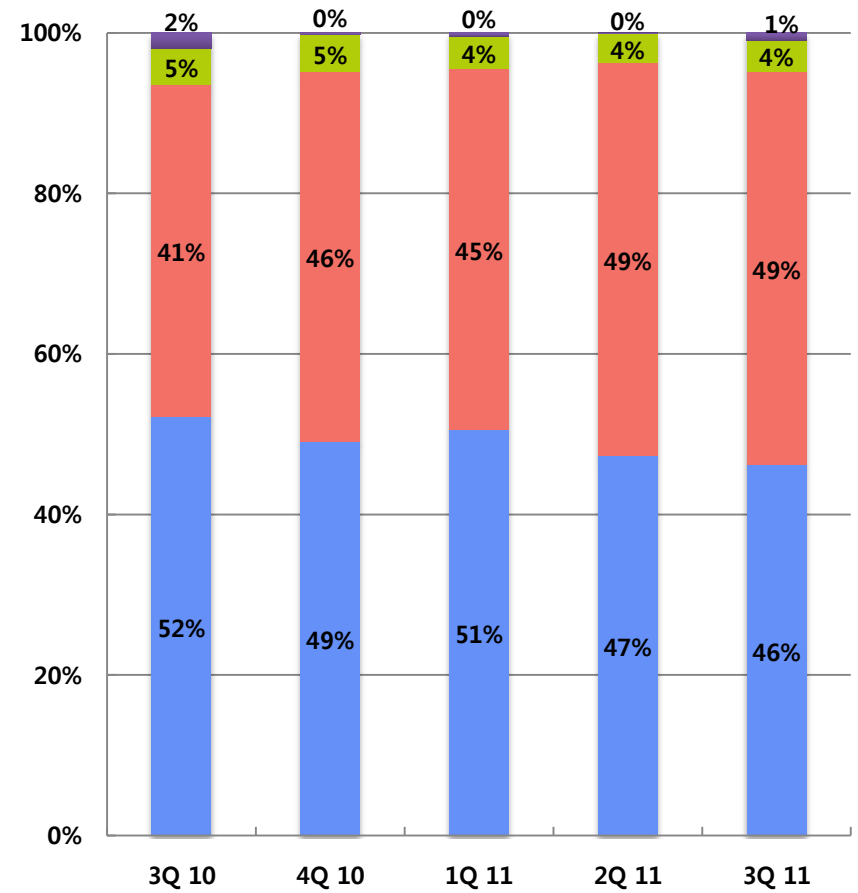


(Unit: KRW million, %)

Quarterly Revenue Trend



% of Revenue



■ Search Ads
 ■ Display Ads
 ■ Transactions
 ■ Other Subsidiaries

Summary of Operating Expenses

(Unit: KRW million, %)

	3Q 10	2Q 11	3Q 11	QoQ	QoQ (%)	YoY	YoY (%)
Operating Expenses	61,876	75,291	74,496	-795	-1.1%	12,619	20.4%
Labor costs	15,384	19,380	18,357	-1,022	-5.3%	2,973	19.3%
Fringe benefits	4,012	4,381	4,852	471	10.7%	840	20.9%
Depreciation	4,529	4,704	5,146	442	9.4%	617	13.6%
Rental fees	2,021	2,016	2,134	119	5.9%	113	5.6%
Commissions	11,988	14,847	14,663	-184	-1.2%	2,675	22.3%
Advertising	3,255	4,162	2,886	-1,277	-30.7%	-369	-11.3%
Bad debt expenses	-878	-91	2	93	-	880	-
Amortization	1,698	1,759	1,820	61	3.5%	122	7.2%
Outsourcing fees	5,329	5,864	6,501	638	10.9%	1,173	22.0%
Ad Agency fees	11,875	15,346	14,739	-608	-4.0%	2,864	24.1%
Event fees	190	295	381	86	29.2%	192	101.0%
Others	2,475	2,629	3,014	385	14.7%	539	21.8%

* Marketing expenses = Advertising + Event fees

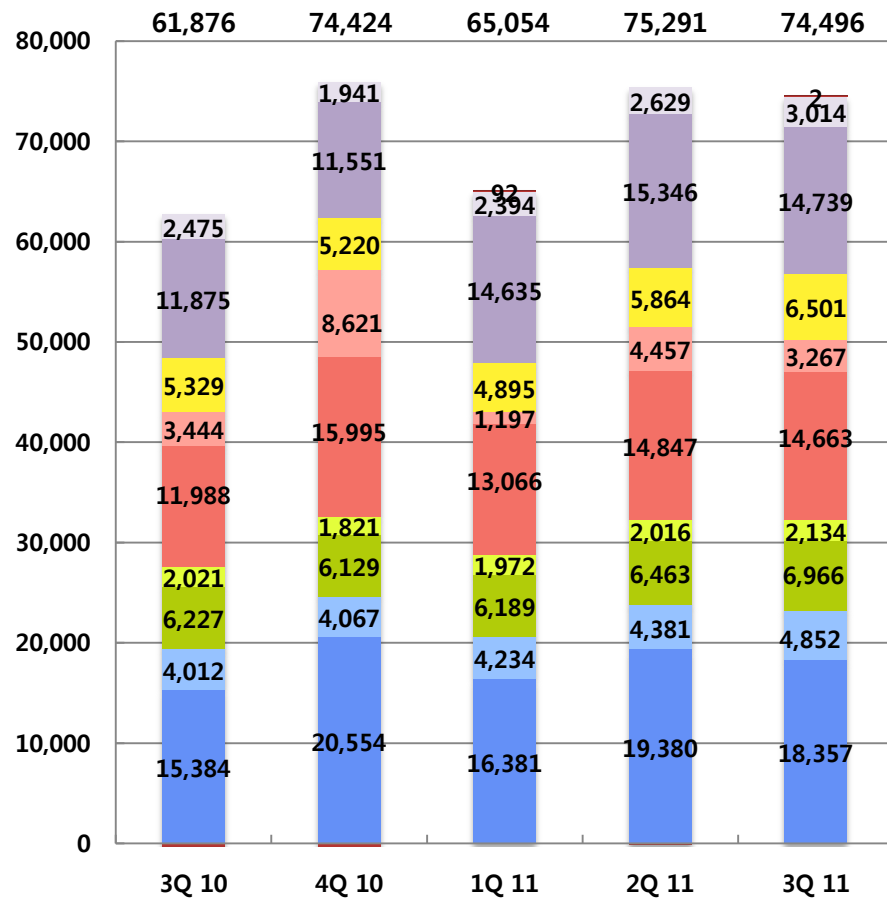
- Number of employees has increased due to the acquisition of Fingertouch and new hiring of Daum Communications and other subsidiaries, but labor costs dropped 10 billion QoQ due to the elimination of bonus payment in 2Q
- Marketing expenses were executed for the terrestrial TV commercial of 'Daum Cloud' and other promotion activities.
- Outsourcing fees increased 600 million QoQ due to the investments in sports and premium entertainment contents.

Consolidated Financial Statements(K-IFRS)

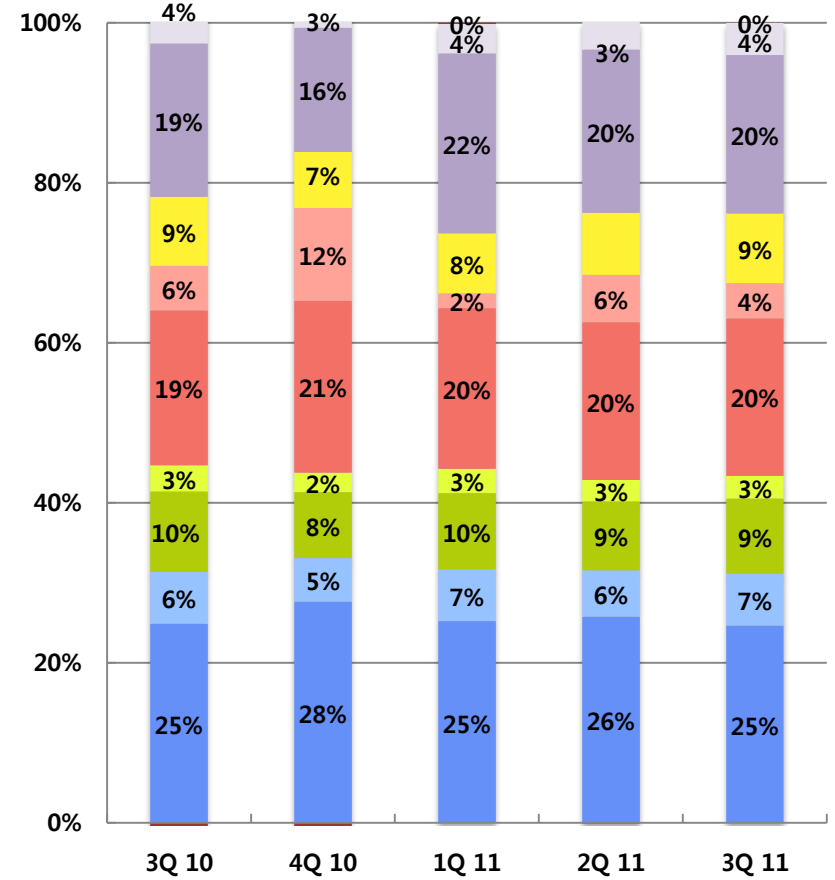


(Unit: KRW million, %)

Quarterly Expenses Trend



% of Expenses



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

Other Operating Income and Expenses

(Unit: KRW million, %)

	3Q 10	2Q 11	3Q 11	QoQ	QoQ (%)	YoY	YoY (%)
Other Operating Income	42	19,455	91	-19,364	-99.5%	49	115.9%
Reversal of allowance for doubtful accounts	23	321	58	-263	-82.0%	35	150.3%
Disposal gains on other assets	11	0	0	0	-	-11	-100.0%
Miscellaneous	8	19,132	32	-19,101	-99.8%	23	284.1%
Others	0	1	1		0.0%		-
Other Operating Expenses	1,153	128	448	320	250.8%	-705	-61.2%
Disposal losses on tangible assets	21	4	14	10	220.3%	-7	-32.5%
Impairment losses on intangible assets	0	0	18	18	-	18	-
Commissions	400	0	0	0	-	-400	-100.0%
Donations	514	98	338	240	245.6%	-176	-34.2%
Miscellaneous	206	25	78	52	205.1%	-128	-62.3%
Others	12	0	0	0	-	-12	-100.0%

- Other operating income decreased 19.4 billion QoQ due to the reduction of the gains from Lycos disposal and disposal gains on other securities in 2Q

Financial Income and Expenses

(Unit: KRW million, %)

	3Q 10	2Q 11	3Q 11	QoQ	QoQ (%)	YoY	YoY (%)
Financial Income	1,382	4,672	12,967	8,295	177.5%	11,585	838.3%
Interest income	1,372	2,787	2,947	160	5.7%	1,575	114.8%
FX Transaction gains	4	11	19	8	76.4%	15	371.6%
FX Translation gains	7	-5	2,321	2,326	-	2,314	31899.6%
Disposal gains of LT AFS	-1	0	2,310	2,310	-	2,311	-
Valuation gains on derivative instruments	0	436	5,370	4,933	1130.2%	5,370	-
Disposal gains on derivative instruments	0	1,442	0	-1,442	-100.0%	0	-
Financial Expenses	55	487	2,332	1,845	378.9%	2,277	4120.1%
Interest expenses	16	9	8	-1	-6.0%	-8	-51.0%
FX Transaction losses	38	2	13	11	475.3%	-25	-66.6%
FX Translation losses	1	476	-968	-1,444	-	-969	-
Disposal loss of LT AFS	0	0	0	0	-	0	-
Valuation losses on Trading Securities	0	0	0	0	-	0	-
Transaction losses on derivative instruments	0	0	3,279	3,279	-	3,279	-

- Disposal gains of LT AFS increased 2.3 billion QoQ due to the disposal of Digital Daesung shares.
- Valuation gains on derivative instruments increased 4.9 billion QoQ by reflecting the increase amount from warrant valuation due to the rising stock price of Neowiz Games.
- FX Translation gains, FX Translation losses, and Transaction losses on derivative instruments are result of exchange rate fluctuation effect on the FX-hedge positions for the outstanding balance for the sale of Lycos.

3Q11 Actual Review

2. Separate Financials (K-IFRS)

Separate Financial Statements (K-IFRS)



Summary of Income Statement

(Unit: KRW million, %)

	3Q10	2Q11	3Q11	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	86,200	103,383	102,498	-885	-0.9%	16,298	18.9%
Search	45,861	49,003	47,717	-1,286	-2.6%	1,856	4.0%
Display	36,305	50,534	50,666	132	0.3%	14,360	39.6%
Transactions	4,033	3,845	4,115	270	7.0%	82	2.0%
Operating Expenses	60,210	75,452	72,422	-3,030	-4.0%	12,212	20.3%
Labor costs	11,576	16,806	14,553	-2,253	-13.4%	2,978	25.7%
Fringe benefits	3,136	3,703	3,995	292	7.9%	859	27.4%
Depreciation	4,354	4,612	4,750	138	3.0%	396	9.1%
Rental fees	1,556	1,751	1,776	25	1.4%	220	14.2%
Commissions	15,042	18,721	18,530	-191	-1.0%	3,488	23.2%
Advertising	3,245	4,162	2,878	-1,284	-30.9%	-367	-11.3%
Bad debt expenses	-850	-92	0	92	-	850	-
Amortization	1,677	1,754	1,950	197	11.2%	273	16.3%
Outsourcing fees	5,328	6,021	6,461	440	7.3%	1,134	21.3%
Ad Agency fees	12,823	15,346	14,623	-723	-4.7%	1,801	14.0%
Event fees	188	267	380	113	42.3%	193	102.7%
Others	2,138	2,401	2,525	124	5.2%	387	18.1%

Other Operating Income and Expenses

(Unit: KRW million, %)

	3Q10	2Q11	3Q11	QoQ	QoQ(%)	YoY	YoY(%)
Other Operating Income	8	1,218	82	-1,135	-93.2%	74	952.2%
Reversal of allowance for doubtful accounts	0	321	56	-265	-82.5%	56	-
Miscellaneous	8	895	25	-871	-97.2%	17	217.0%
Others	0	1	1	0	0.4%	1	-
Other Operating Expenses	1,116	114	416	302	264.3%	-700	-62.7%
Disposal losses on tangible assets	0	4	14	10	219.0%	14	-
Impairment losses on intangible assets	0	0	18	18	-	18	-
Commissions	400	0	0	0	-	-400	-100.0%
Donations	510	98	338	240	245.6%	-172	-33.7%
Miscellaneous	206	12	46	34	282.7%	-160	-77.7%
Others	0	0	0	0	-	0	-

Separate Financial Statements (K-IFRS)



Financial Income and Expenses

(Unit: KRW million, %)

	3Q10	2Q11	3Q11	QoQ	QoQ(%)	YoY	YoY(%)
Financial Income	1,146	3,705	10,357	6,651	179.5%	9,210	803.7%
Interest income	1,145	2,610	2,676	65	2.5%	1,531	133.7%
FX Transaction gains	1	11	2	-8	-79.1%	1	56.5%
FX Translation gains	0	-5	-1	4	-	-1	-
Disposal gains of LT AFS	0	0	2,310	2,310	-	2,310	-
Valuation gains on derivative instruments	0	1,089	5,370	4,281	393.0%	5,370	-
Financial Expenses	5	7	25	18	273.4%	20	447.7%
Interest expense	4	4	0	-4	-100.0%	-4	-100.0%
FX Transaction losses	0	2	13	11	535.3%	13	5324.4%
FX Translation losses	1	1	12	11	1355.0%	12	1602.0%
Disposal loss of LT AFS	0	0	0	0	-	0	-
Valuation losses on derivative instruments	0	0	0	0	-	0	-

3. Appendix

Number of Employees

Consolidated Financial Statements

Separate Financial Statements

[Appendix] Number of Employees



(Unit: person)

Name	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	QoQ	YoY
Daum Communications	1,017	1,044	1,083	1,123	1,241	1,283	1,295	12	212
Daum Service	445	451	464	477	522	533	543	10	79
Daum LMC						74	108	34	108
Pix Korea	33	33	46	39	34	33	30	-3	-16
Finger Touch							29	29	29
Intomos			12	15	16	15	12	-3	0
Daum Global Holdings	3	3	3	3	2	2	6	4	3
Namu Communications	201	203	191	-	-	-	-	0	-191
Subtotal (*)	1,697	1,732	1,797	1,655	1,813	1,938	2,021	83	224

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

* Namu Communications employees have been excluded from the number of employees due to the disposal of the company in 4Q 2010

* Increase in the number of employees due to the acquisition of Daum LMC(Myone Card) in 2Q and Fingertouch in 3Q 2011.

Consolidated Statements of Income

(Unit: KRW million, %)

	3Q 10	2Q 11	3Q 11	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	87,873	103,416	103,357	-59	-0.1%	15,483	17.6%
Operating Expenses	61,876	75,291	74,496	-795	-1.1%	12,619	20.4%
Operating Profit before Other Operating Income and Expenses	25,997	28,125	28,861	736	2.6%	2,864	11.0%
Other Operating Income	42	19,455	91	-19,364	-99.5%	49	115.9%
Other Operating Expenses	1,153	128	448	320	250.8%	-705	-61.2%
Operating Profit	24,886	47,452	28,503	-18,949	-39.9%	3,618	14.5%
EBITDA	31,113	53,915	35,470	-18,445	-34.2%	4,357	14.0%
Financial Income	1,382	4,672	12,967	8,295	177.5%	11,585	838.3%
Financial Expenses	55	487	2,332	1,845	378.9%	2,277	4120.1%
Gains on Equity method investments	222	0	0	0	-	-222	-100.0%
Losses on Equity method investments	0	44	35	-9	-19.9%	35	-
Profit Before Income Tax Expenses	26,435	51,593	39,103	-12,490	-24.2%	12,668	47.9%
Income Tax Expenses	-10,646	12,647	6,733	-5,914	-46.8%	17,379	-
Net Profit from Continued Operations	37,081	38,946	32,370	-6,576	-16.9%	-4,711	-12.7%
Net Profit from Discontinued Operations	35,907	0	0	0	-	-35,907	-100.0%
Net Profit	72,988	38,946	32,370	-6,576	-16.9%	-40,618	-55.6%
Net Profit of Controlling Interests	72,994	39,036	32,772	-6,264	-16.0%	-40,222	-55.1%
Net Profit of Non-controlling Interests	-6	-90	-402	-312	-	-396	-

Consolidated Statements of Financial Position

(Unit: KRW million, %)

	3Q10	2Q11	3Q11	QoQ	QoQ(%)	YoY	YoY(%)
Total Assets	421,875	510,181	543,247	33,066	6.5%	121,372	28.8%
Current Assets	280,914	349,342	369,710	20,368	5.8%	88,796	31.6%
Non-Current Assets	140,961	160,839	173,537	12,698	7.9%	32,576	23.1%
Total Liabilities	89,606	99,867	99,859	-7	0.0%	10,254	11.4%
Current Liabilities	80,091	89,203	90,052	849	1.0%	9,961	12.4%
Non-Current Liabilities	9,514	10,664	9,807	-856	-8.0%	293	3.1%
Total Equity	332,269	410,315	443,387	33,073	8.1%	111,118	33.4%
Stockholders' equities	6,653	6,747	6,766	19	0.3%	113	1.7%
Additional Paid-in and Other Capital	157,511	172,202	175,145	2,943	1.7%	17,634	11.2%
Capital Adjustments	8,402	4,730	3,816	-915	-19.3%	-4,587	-54.6%
Accumulated other comprehensive income	1,591	3,580	3,440	-140	-3.9%	1,848	116.2%
Retained Earnings (Accumulated Deficit)	158,013	221,728	254,500	32,772	14.8%	96,487	61.1%
Non-controlling Interests	99	1,327	-279	-1,606	-121.0%	-378	-

Consolidated Statements of Cash Flows

(Unit: KRW million, %)

	2010	11 3Q (YTD)
I. Cash Flows from Operating Activities	96,609	81,193
1. Cash flows from operating	102,437	90,715
Net Income	86,046	96,942
Adjustments (*1)	38,441	14,180
Decrease (increase) in working capital	-22,050	-20,406
2. Cash Inflows from Interest Revenues	5,318	5,385
3. Cash Outflows for Interest Expenses	-331	-18
4. Cash Inflows from Dividends Income	18	63
5. Refund of Income Tax Expenses	-10,832	-14,952
II. Cash Flows from Investing Activities	-77,220	-77,274
1. Cash Inflows from Investing Activities	103,774	99,799
2. Cash outflows from Investing Activities	-180,994	-177,073
III. Cash Flows from Financing Activities	68	-11,098
1. Cash Inflows from Financing Activities	20,876	10,913
2. Cash outflows from Financing Activities	-20,808	-22,011
IV. Increase (Decrease) in Cash Due to Changes in the Exchange Rate		-61
V. Net Increase(Decrease) of Cash (I + II + III)	19,458	-7,241
VI. Cash at the Beginning of the Fiscal Period	77,824	97,282
VII. Cash at the End of the Fiscal Period	97,282	90,041

(*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, %)

	3Q10	2Q11	3Q11	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	86,200	103,383	102,498	-885	-0.9%	16,298	18.9%
Operating Expenses	60,210	75,452	72,422	-3,030	-4.0%	12,212	20.3%
Operating Profit before Other Operating Income and Expenses	25,989	27,931	30,076	2,145	7.7%	4,087	15.7%
Other Operating Income	8	1,218	82	-1,135	-93.2%	74	952.2%
Other Operating Expenses	1,116	114	416	302	264.3%	-700	-62.7%
Operating Profit	24,881	29,034	29,742	708	2.4%	4,861	19.5%
EBITDA	30,912	35,399	36,442	1,043	2.9%	5,530	17.9%
Financial Income	1,146	3,705	10,357	6,651	179.5%	9,210	803.7%
Financial Expenses	5	7	25	18	273.4%	20	447.7%
Net Profit from Continued Operations	26,022	32,732	40,074	7,341	22.4%	14,051	54.0%
Income Tax Expenses	-10,969	7,790	6,532	-1,258	-16.2%	17,501	-
Net Profit from Discontinued Operations	0	0	0	0	-	0	-
Net Profit	36,992	24,942	33,542	8,600	34.5%	-3,450	-9.3%

[Appendix] Separate Financial Statements (K-IFRS)



Separate Statements of Financial Position

(Unit: KRW million, %)

	3Q10	2Q11	3Q11	QoQ	QoQ(%)	YoY	YoY(%)
Total Assets	377,792	465,316	499,283	33,967	7.3%	121,491	32.2%
Current Assets	211,400	286,272	304,415	18,143	6.3%	93,015	44.0%
Non-Current Assets	166,392	179,043	194,868	15,824	8.8%	28,476	17.1%
Total Liabilities	80,501	92,577	91,752	-825	-0.9%	11,251	14.0%
Current Liabilities	69,566	83,380	84,230	850	1.0%	14,664	21.1%
Non-Current Liabilities	10,934	9,197	7,522	-1,674	-18.2%	-3,412	-31.2%
Total Equity	297,291	372,739	407,531	34,792	9.3%	110,240	37.1%
Stockholders' equities	6,653	6,747	6,766	19	0.3%	113	1.7%
Additional Paid-in and Other Capital	153,829	168,601	174,482	5,881	3.5%	20,653	13.4%
Capital Adjustments	8,402	4,730	3,816	-915	-19.3%	-4,587	-54.6%
Accumulated other comprehensive income	1,436	2,720	1,386	-1,333	-49.0%	-50	-3.5%
Retained Earnings(Accumulated Deficit)	126,970	189,940	221,081	31,140	16.4%	94,111	74.1%



Thank you