



EARNINGS RELEASE

For the quarter ended June 30, 2011 | 2011. 8.12

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 (67%), Daum LMC (69%)

2Q11 Actual Review

1. Consolidated Financials (K-IFRS)

Summary of Income Statement

(Unit: KRW million, %)

	2Q 10	1Q 11	2Q 11	QoQ	QoQ (%)	YoY	YoY (%)
Sales Revenues	88,630	97,247	103,416	6,169	6.3%	14,786	16.7%
Search	44,562	49,182	49,003	-178	-0.4%	4,441	10.0%
Display	38,586	43,676	50,534	6,858	15.7%	11,948	31.0%
Transactions	3,933	3,995	3,765	-230	-5.8%	-169	-4.3%
Other Subsidiaries	1,549	394	114	-280	-71.1%	-1,436	-92.7%
Operating Expenses	64,273	65,054	75,291	10,237	15.7%	11,018	17.1%
Other Operating Income	109	219	19,455	19,236	8794.6%	19,346	17729.2%
Other Operating Expenses	2,104	1,861	128	-1,733	-93.1%	-1,976	-93.9%
Operating Profit	22,363	30,551	47,452	16,901	55.3%	25,089	112.2%
EBITDA	28,507	36,739	53,915	17,175	46.7%	25,408	89.1%
Net Profit	19,695	25,626	38,946	13,320	52.0%	19,251	97.7%

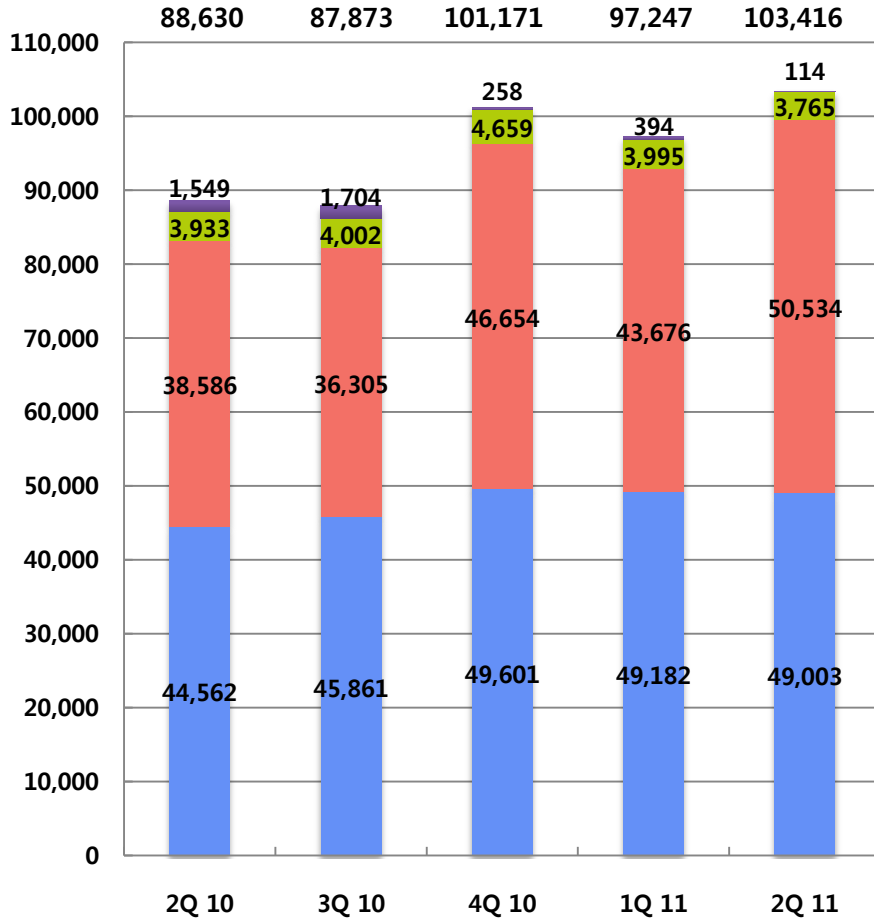
- 2Q Revenue recorded 103.4bn which is increased by 16.7% YoY
- Search ad grew 10.0% YoY to 49.0bn due to the growth of own CPC product and local search
- Display ad grew 31.0% YoY to 50.5bn thanks to increase of large advertisers using DBPA and increase of media preference

Consolidated Financial Statements(K-IFRS)

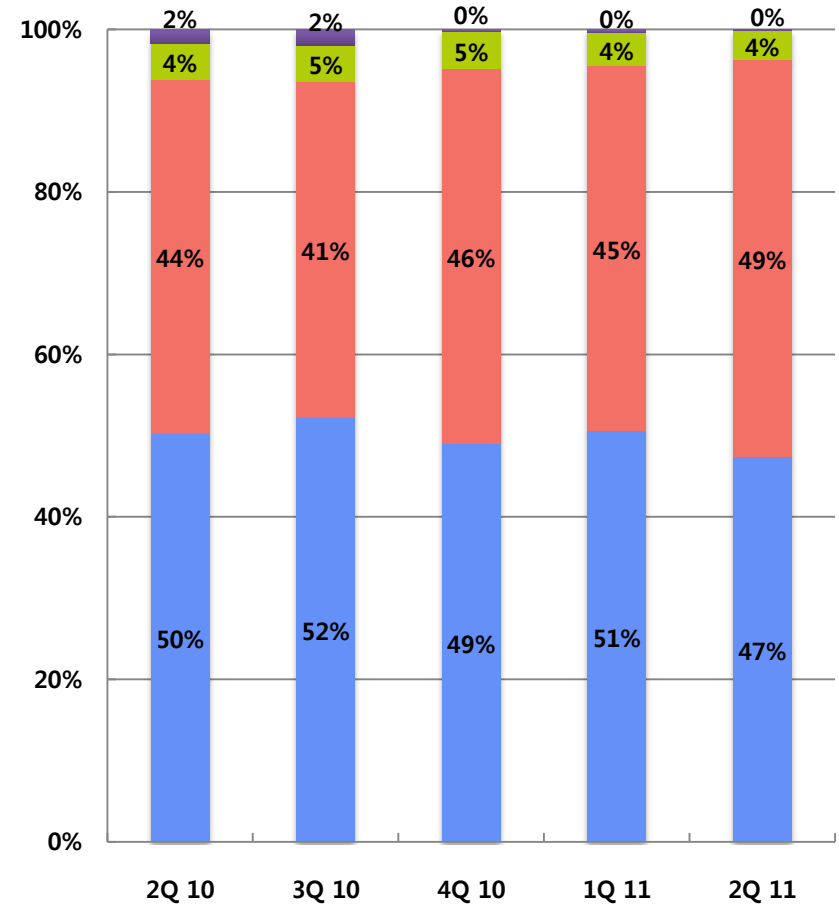


(Unit: KRW million, %)

Quarterly Revenue Trend



% of Revenue



■ Search Ads ■ Display Ads ■ Transactions ■ Other Subsidiaries

Summary of Operating Expenses

(Unit: KRW million, %)

	2Q 10	1Q 11	2Q 11	QoQ	QoQ (%)	YoY	YoY (%)
Operating Expenses	64,273	65,054	75,291	10,237	15.7%	11,018	17.1%
Labor costs	15,859	16,381	19,380	2,999	18.3%	3,521	22.2%
Fringe benefits	3,738	4,234	4,381	147	3.5%	643	17.2%
Depreciation	4,440	4,586	4,704	118	2.6%	264	5.9%
Rental fees	1,987	1,972	2,016	44	2.2%	29	1.5%
Commissions	11,346	13,066	14,847	1,781	13.6%	3,501	30.9%
Advertising	4,504	983	4,162	3,179	323.3%	-342	-7.6%
Bad debt expenses	1,007	92	-91	-183	-199.5%	-1,099	-109.1%
Amortization	1,704	1,602	1,759	156	9.8%	55	3.2%
Outsourcing fees	5,488	4,895	5,864	969	19.8%	375	6.8%
Ad Agency fees	11,480	14,635	15,346	712	4.9%	3,866	33.7%
Event fees	238	214	295	81	38.0%	57	24.0%
Others	2,481	2,394	2,629	234	9.8%	148	6.0%

* Marketing expenses = Advertising + Event fees

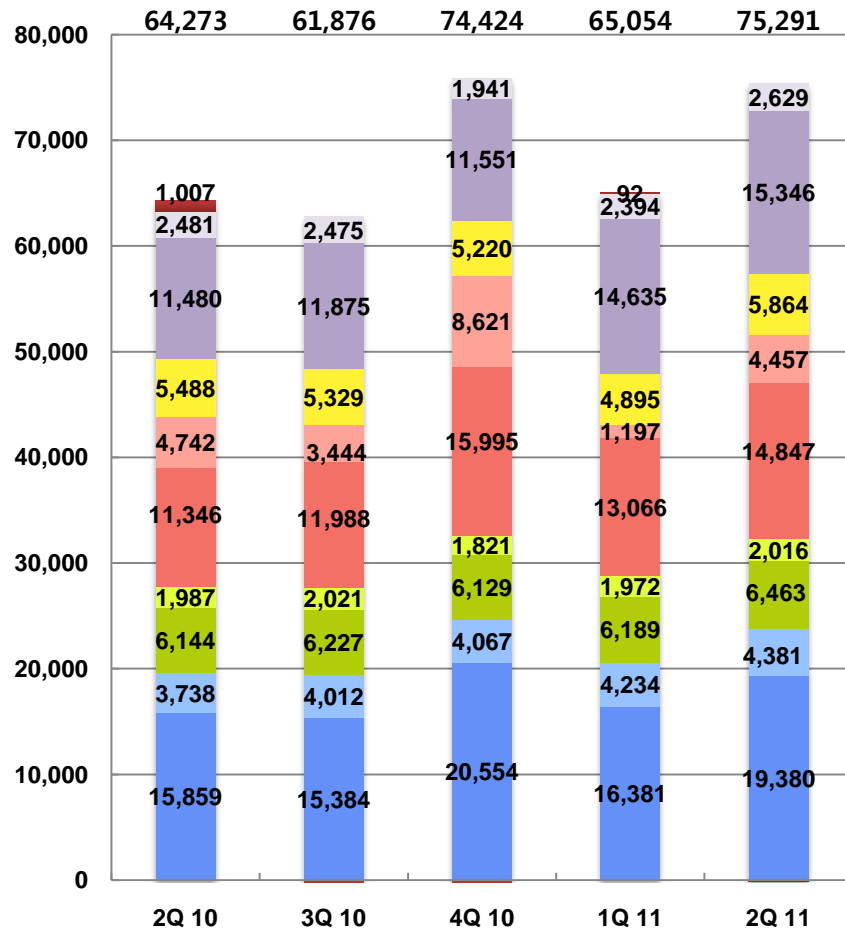
- Labor costs increased 3bn QoQ due to the new hiring and bonus payment
- Marketing expenses increased 3.3bn QoQ as marketing campaigns for 'My People' were executed on terrestrial TV and increase of other promotion activities
- Commissions increased 1.8bn due to increase in the variable costs and network costs

Consolidated Financial Statements(K-IFRS)

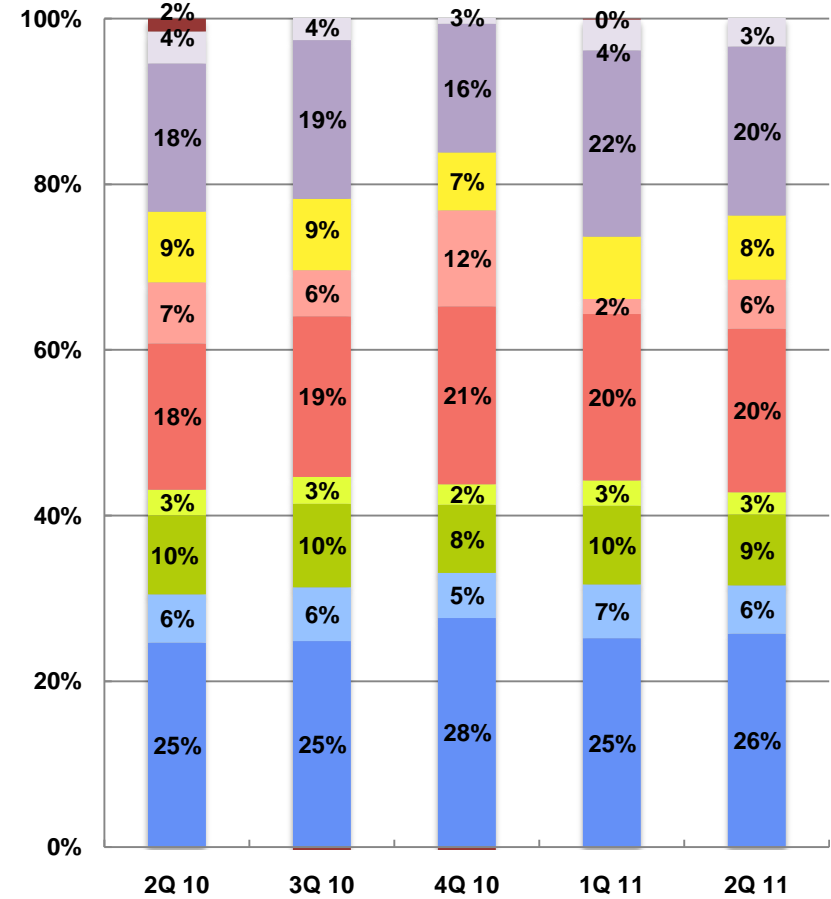


(Unit: KRW million, %)

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, %)

	2Q 10	1Q 11	2Q 11	QoQ	QoQ (%)	YoY	YoY (%)
Other Operating Income	109	219	19,455	19,236	8794.6%	19,346	17729.2%
Reversal of allowance for doubtful accounts	2	0	321	321	-	319	14210.4%
Miscellaneous	101	219	19,132	18,914	8647.5%	19,032	18904.3%
Others	6	0	1	1	-	5	-
Other Operating Expenses	2,104	1,861	128	-1,733	-93.1%	-1,976	-93.9%
Disposal losses on tangible assets	465	53	4	-49	-91.7%	-460	-99.1%
Impairment losses on intangible assets	1,296	748	0	-748	-100.0%	-1,296	-100.0%
Donations	290	1,052	98	-954	-90.7%	-192	-66.3%
Miscellaneous	53	8	25	18	225.4%	-28	-52.2%
Others	0	0	0	0	-	0	-

- Miscellaneous in other operating income recorded 19.1bn due to 18.2bn additional gains from Lycos disposal and 0.9bn profit derived from put option of BT&I stock which Daum Communication owns.

Financial Income and Expenses

(Unit: KRW million, %)

	2Q 10	1Q 11	2Q 11	QoQ	QoQ (%)	YoY	YoY (%)
Financial Income	1,260	3,106	4,672	1,566	50.4%	3,412	270.8%
Interest income	1,120	2,063	2,787	724	35.1%	1,667	148.9%
Dividend income	0	63	0	-63	-100.0%	0	-
FX Transaction gains	0	1	11	10	1983.8%	10	2343.7%
FX Translation gains	81	6	-5	-10	-183.1%	-86	-105.7%
Disposal gains of LT AFS	59	321	0	-321	-100.0%	-59	-100.0%
Valuation gains on derivative instruments	0	653	436	-216	-33.1%	436	-
Disposal gains on derivative instruments	0	0	1,442	1,442	-	1,442	-
Financial Expenses	40	569	487	-82	-14.5%	446	1102.4%
Interest expenses	13	9	9	-1	-7.2%	-5	-36.4%
FX Transaction losses	9	18	2	-16	-87.9%	-7	-75.4%
FX Translation losses	-40	542	476	-66	-12.1%	516	-
Disposal loss of LT AFS	58	0	0	0	-	-58	-100.0%

- Increase of 600mn in Interest income due to the depreciation of warrant(Neowiz Games BW) based on the effective interest method
- Reflect 1.1bn, the increase amount from warrant valuation due to the increased stock price of Neowiz Games, on Valuation gains on derivative instruments
- Due to the liquidation of DGH's derivative instruments, the Valuation gains on derivative instruments decreased by 600mn, the Disposal gains on derivative instruments increased by 1.4bn and the FX Translation losses increased by 500mn

2Q11 Actual Review

2. Separate Financials (K-IFRS)

Separate Financial Statements (K-IFRS)



Summary of Income Statement

(Unit: KRW million, %)

	2Q10	1Q11	2Q11	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	87,117	96,929	103,383	6,454	6.7%	16,266	18.7%
Search	44,562	49,182	49,003	-178	-0.4%	4,441	10.0%
Display	38,586	43,676	50,534	6,858	15.7%	11,948	31.0%
Transactions	3,970	4,071	3,845	-226	-5.6%	-124	-3.1%
Operating Expenses	62,611	64,840	75,452	10,612	16.4%	12,841	20.5%
Labor costs	11,989	13,930	16,806	2,876	20.6%	4,817	40.2%
Fringe benefits	2,949	3,518	3,703	185	5.3%	755	25.6%
Depreciation	4,264	4,489	4,612	123	2.7%	347	8.1%
Rental fees	1,538	1,720	1,751	31	1.8%	213	13.9%
Commissions	14,443	16,483	18,721	2,238	13.6%	4,277	29.6%
Advertising	4,500	982	4,162	3,179	323.7%	-338	-7.5%
Bad debt expenses	972	92	-92	-183	-200.0%	-1,063	-109.4%
Amortization	1,682	1,599	1,754	155	9.7%	72	4.3%
Outsourcing fees	5,215	5,000	6,021	1,022	20.4%	806	15.4%
Ad Agency fees	12,685	14,635	15,346	712	4.9%	2,662	21.0%
Event fees	230	213	267	55	25.7%	38	16.5%
Others	2,145	2,182	2,401	219	10.0%	256	11.9%

Other Operating Income and Expenses

(Unit: KRW million, %)

	2Q10	1Q11	2Q11	QoQ	QoQ(%)	YoY	YoY(%)
Other Operating Income	102	52	1,218	1,166	2248.5%	1,115	1092.8%
Reversal of allowance for doubtful accounts	0	0	321	321	-	321	-
Miscellaneous	97	52	895	843	1627.1%	799	827.1%
Others	6	0	1	1	-	-4	-76.1%
Other Operating Expenses	2,101	1,859	114	-1,745	-93.9%	-1,987	-94.6%
Disposal losses on tangible assets	464	53	4	-49	-91.7%	-460	-99.1%
Impairment losses on intangible assets	1,296	748	0	-748	-100.0%	-1,296	-100.0%
Donations	290	1,052	98	-954	-90.7%	-192	-66.3%
Miscellaneous	51	6	12	6	95.5%	-39	-76.4%
Others	0	0	0	0	-	0	-

Separate Financial Statements (K-IFRS)



Financial Income and Expenses

(Unit: KRW million, %)

	2Q10	1Q11	2Q11	QoQ	QoQ(%)	YoY	YoY(%)
Financial Income	990	13,386	3,705	-9,681	-72.3%	2,715	274.2%
Interest income	990	1,641	2,610	969	59.1%	1,620	163.7%
Dividend income	0	11,418	0	-11,418	-100.0%	0	-
FX Transaction gains	0	1	11	10	1983.8%	10	2343.7%
FX Translation gains	0	6	-5	-10	-183.1%	-5	-
Disposal gains of LT AFS	0	321	0	-321	-100.0%	0	-
Valuation gains on derivative instruments	0	0	1,089	1,089	-	1,089	-
Financial Expenses	57	6	7	1	14.1%	-50	-88.1%
Interest expenses	4	4	4	0	2.2%	0	9.0%
FX Transaction losses	9	2	2	0	21.7%	-7	-77.6%
FX Translation losses	0	0	1	0	85.4%	1	29108.1%
Disposal loss of LT AFS	44	0	0	0	-	-44	-100.0%

3. Appendix

Number of Employees

Consolidated Financial Statements

Separate Financial Statements

[Appendix] Number of Employees



(Unit: person)

Name	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	QoQ	YoY
Daum Communications	1,017	1,044	1,083	1,123	1,241	1,283	42	239
Daum Service	445	451	464	477	522	533	11	82
Daum LMC						74	74	74
Pix Korea	33	33	46	39	34	33	-1	0
Intomos			12	15	16	15	-1	15
Daum Global Holdings	3	3	3	3	2	2	0	-1
Namu Communications	201	203	191	-	-	-	-	-203
Subtotal (*)	1,697	1,732	1,797	1,655	1,813	1,938	125	206

* 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

* Daum LMC employees have been included in the number of employees due to the acquisition of the company(Myone Card) in 2Q 2011

Consolidated Statements of Income

(Unit: KRW million, %)

	2Q 10	1Q 11	2Q 11	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	88,630	97,247	103,416	6,169	6.3%	14,786	16.7%
Operating Expenses	64,273	65,054	75,291	10,237	15.7%	11,018	17.1%
Other Operating Income	109	219	19,455	19,236	8794.6%	19,346	17729.2%
Other Operating Expenses	2,104	1,861	128	-1,733	-93.1%	-1,976	-93.9%
Operating Profit	22,363	30,551	47,452	16,901	55.3%	25,089	112.2%
EBITDA	28,507	36,739	53,915	17,175	46.7%	25,408	89.1%
Financial Income	1,260	3,106	4,672	1,566	50.4%	3,412	270.8%
Financial Expenses	40	569	487	-82	-14.5%	446	1102.4%
Gains on Equity method investments	111	0	0	0	-	-111	-100.0%
Losses on Equity method investments	-54	0	44	44	-	98	-182.0%
Profit Before Income Tax Expenses	23,746	33,087	51,593	18,505	55.9%	27,847	117.3%
Income Tax Expenses	5,979	7,462	12,647	5,185	69.5%	6,668	111.5%
Net Profit from Continued Operations	17,768	25,626	38,946	13,320	52.0%	21,178	119.2%
Net Profit from Discontinued Operations	1,927	0	0	0	-	-1,927	-100.0%
Net Profit	19,695	25,626	38,946	13,320	52.0%	19,251	97.7%
Net Profit of Controlling Interests	19,830	25,658	39,036	13,378	52.1%	19,206	96.9%
Net Profit of Non-controlling Interests	-135	-33	-90	-57	-	45	-

Consolidated Statements of Financial Position

(Unit: KRW million, %)

	2Q10	1Q11	2Q11	QoQ	QoQ(%)	YoY	YoY(%)
Total Assets	356,349	492,927	510,181	17,255	3.5%	153,832	43.2%
Current Assets	225,104	341,149	349,342	8,193	2.4%	124,238	55.2%
Non-Current Assets	131,245	151,777	160,839	9,062	6.0%	29,594	22.5%
Total Liabilities	93,875	117,373	99,867	-17,507	-14.9%	5,991	6.4%
Current Liabilities	78,018	106,695	89,203	-17,492	-16.4%	11,185	14.3%
Non-Current Liabilities	15,857	10,678	10,664	-14	-0.1%	-5,194	-32.8%
Total Equity	262,474	375,553	410,315	34,761	9.3%	147,841	56.3%
Stockholders' equities	6,642	6,714	6,747	34	0.5%	106	1.6%
Additional Paid-in and Other Capital	155,511	165,887	172,202	6,315	3.8%	16,691	10.7%
Capital Adjustments	8,526	6,560	4,730	-1,830	-27.9%	-3,796	-44.5%
Accumulated other comprehensive income	6,887	3,461	3,580	119	3.4%	-3,307	-48.0%
Retained Earnings (Accumulated Deficit)	85,019	193,034	221,728	28,694	14.9%	136,709	160.8%
Non-controlling Interests	-111	-102	1,327	1,429	-	1,438	-

Consolidated Statements of Cash Flows

(Unit: KRW million, %)

	2010	1H11
I. Cash Flows from Operating Activities	96,609	65,092
1. Cash flows from operating	102,437	67,034
Net Income	86,046	64,571
Adjustments (*1)	38,441	11,813
Decrease (increase) in working capital	-22,050	-9,350
2. Cash Inflows from Interest Revenues	5,318	3,367
3. Cash Outflows for Interest Expenses	-331	-10
4. Cash Inflows from Dividends Income	18	63
5. Refund of Income Tax Expenses	-10,832	-5,361
II. Cash Flows from Investing Activities	-77,220	-65,222
1. Cash Inflows from Investing Activities	103,774	97,433
2. Cash outflows from Investing Activities	-180,994	-162,655
III. Cash Flows from Financing Activities	68	-12,233
1. Cash Inflows from Financing Activities	20,876	8,351
2. Cash outflows from Financing Activities	-20,808	-20,584
IV. Increase (Decrease) in Cash Due to Changes in the Exchange Rate		-69
V. Net Increase(Decrease) of Cash (I + II + III)	19,458	-12,432
VI. Cash at the Beginning of the Fiscal Period	77,824	97,282
VII. Cash at the End of the Fiscal Period	97,282	84,850

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

Separate Statements of Income

(Unit: KRW million, %)

	2Q10	1Q11	2Q11	QoQ	QoQ(%)	YoY	YoY(%)
Sales Revenues	87,117	96,929	103,383	6,454	6.7%	16,266	18.7%
Operating Expenses	62,611	64,840	75,452	10,612	16.4%	12,841	20.5%
Other Operating Income	102	52	1,218	1,166	2248.5%	1,115	1092.8%
Other Operating Expenses	2,101	1,859	114	-1,745	-93.9%	-1,987	-94.6%
Operating Profit	22,508	30,282	29,034	-1,248	-4.1%	6,526	29.0%
EBITDA	28,454	36,369	35,399	-970	-2.7%	6,945	24.4%
Financial Income	990	13,386	3,705	-9,681	-72.3%	2,715	274.2%
Financial Expenses	57	6	7	1	14.1%	-50	-88.1%
Net Profit from Continued Operations	23,441	43,662	32,732	-10,930	-25.0%	9,291	39.6%
Income Tax Expenses	5,966	7,454	7,790	336	4.5%	1,824	30.6%
Net Profit from Discontinued Operations	0	0	0	0	-	0	-
Net Profit	17,475	36,208	24,942	-11,266	-31.1%	7,467	42.7%

Separate Statements of Financial Position

(Unit: KRW million, %)

	2Q10	1Q11	2Q11	QoQ	QoQ(%)	YoY	YoY(%)
Total Assets	343,934	463,459	465,316	1,857	0.4%	121,381	35.3%
Current Assets	199,354	292,354	286,272	-6,082	-2.1%	86,918	43.6%
Non-Current Assets	144,580	171,105	179,043	7,938	4.6%	34,463	23.8%
Total Liabilities	85,288	109,721	92,577	-17,145	-15.6%	7,289	8.5%
Current Liabilities	73,725	100,075	83,380	-16,695	-16.7%	9,656	13.1%
Non-Current Liabilities	11,563	9,646	9,197	-449	-4.7%	-2,366	-20.5%
Total Equity	258,647	353,738	372,739	19,001	5.4%	114,092	44.1%
Stockholders' equities	6,642	6,714	6,747	34	0.5%	106	1.6%
Additional Paid-in and Other Capital	151,829	162,206	168,601	6,395	3.9%	16,772	11.0%
Capital Adjustments	8,753	6,560	4,730	-1,830	-27.9%	-4,022	-46.0%
Accumulated other comprehensive income	1,445	2,918	2,720	-198	-6.8%	1,275	88.2%
Retained Earnings(Accumulated Deficit)	89,978	175,340	189,940	14,600	8.3%	99,962	111.1%



Thank you