



EARNINGS RELEASE

For the quarter ended on September 30, 2010 | 2010. 11. 2

Investor Relations

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- Financial results in this presentation includes parent base results and consolidated base results 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:
 - Domestic SBU (4 subsidiaries):
 - Namu Communications (100%)
 - Daum Service (100%)
 - Daum Global Holdings (100%)
 - Pix Korea (71%)

3Q10 Actual Review

1. Parent Financials

Summary of Income Statement - Parent

(Unit: KRW million, %)

	3Q09	2Q10	3Q10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	61,385	87,117	86,200	-917	-1.1%	24,815	40.4%
Search Ads	30,763	44,562	45,861	1,299	2.9%	15,098	49.1%
Display Ads	26,706	38,586	36,305	-2,280	-5.9%	9,600	35.9%
Transactions	3,916	3,970	4,033	63	1.6%	117	3.0%
Operating Expenses	47,919	62,251	60,098	-2,153	-3.5%	12,179	25.4%
Operating Profit	13,465	24,866	26,101	1,236	5.0%	12,636	93.8%
EBITDA	18,863	30,953	32,274	1,321	4.3%	13,411	71.1%
Net Income	13,554	19,880	56,244	36,364	182.9%	42,690	315.0%

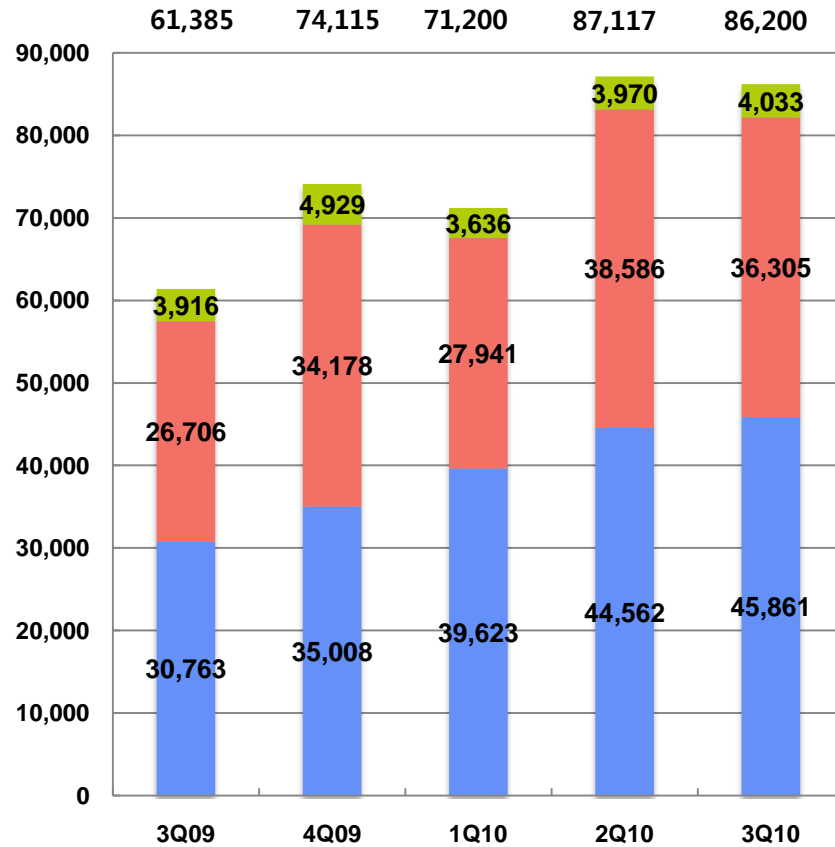
- Revenue decreased by 1.1% QoQ to 86.2bn due to the slow seasonality
- Despite the slow seasonality from summer vacation and holidays, search advertising revenue grew 2.9% QoQ driven by the stable growth of Daum own search product
- Display advertising revenue decreased 5.9% QoQ due to removal of the special effect from the big events

[Parent] Summary of Income Statement

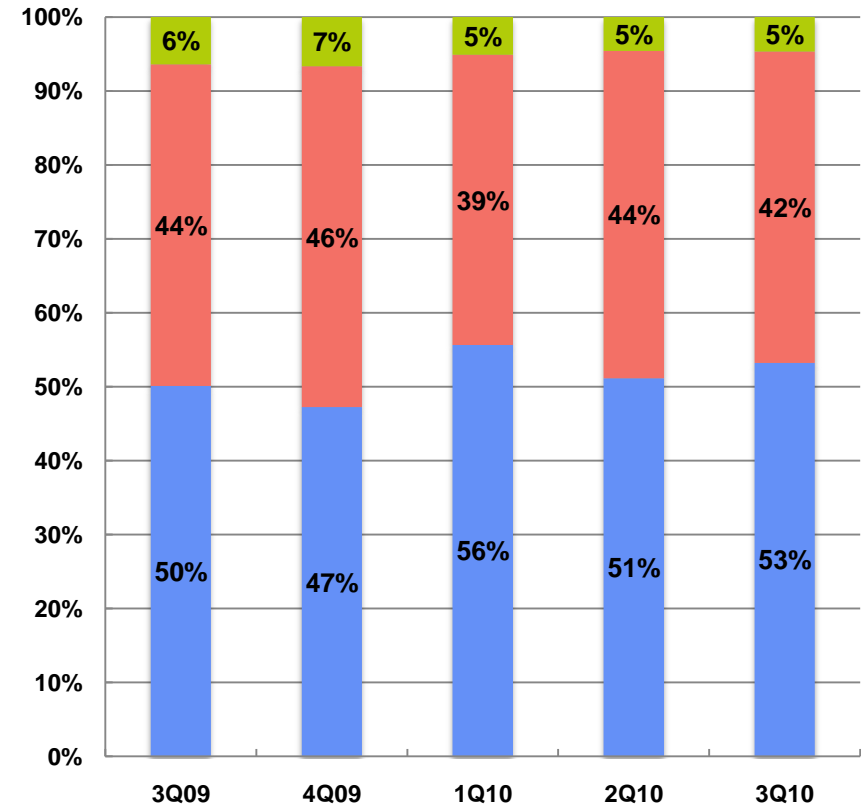


(Unit: KRW million)

Quarterly Revenue Trend



% of Revenue



■ Search

■ Display

■ Transactions

Summary of Operating Expenses

(Unit: KRW million, %)

	3Q09	2Q10	3Q10	QoQ	QoQ(%)	YoY	YoY(%)
Operating Expenses	47,919	62,251	60,098	-2,153	-3.5%	12,179	25.4%
Labor Costs	9,612	11,640	11,475	-165	-1.4%	1,863	19.4%
Fringe Benefits	2,581	2,949	3,136	188	6.4%	556	21.5%
Rental Expenses	1,039	1,386	1,402	16	1.2%	363	35.0%
Ad Agency Fees	8,577	12,685	12,823	138	1.1%	4,246	49.5%
Commissions	12,711	14,443	15,042	598	4.1%	2,331	18.3%
Outsourcing Fees	4,415	5,215	5,328	112	2.2%	913	20.7%
Marketing	1,159	4,729	3,432	-1,297	-27.4%	2,274	196.2%
Bad Debt Expenses	273	972	-850	-1,822	-	-1,124	-
D&A	5,397	6,087	6,173	85	1.4%	775	14.4%
Others	2,156	2,145	2,138	-7	-0.3%	-18	-0.9%

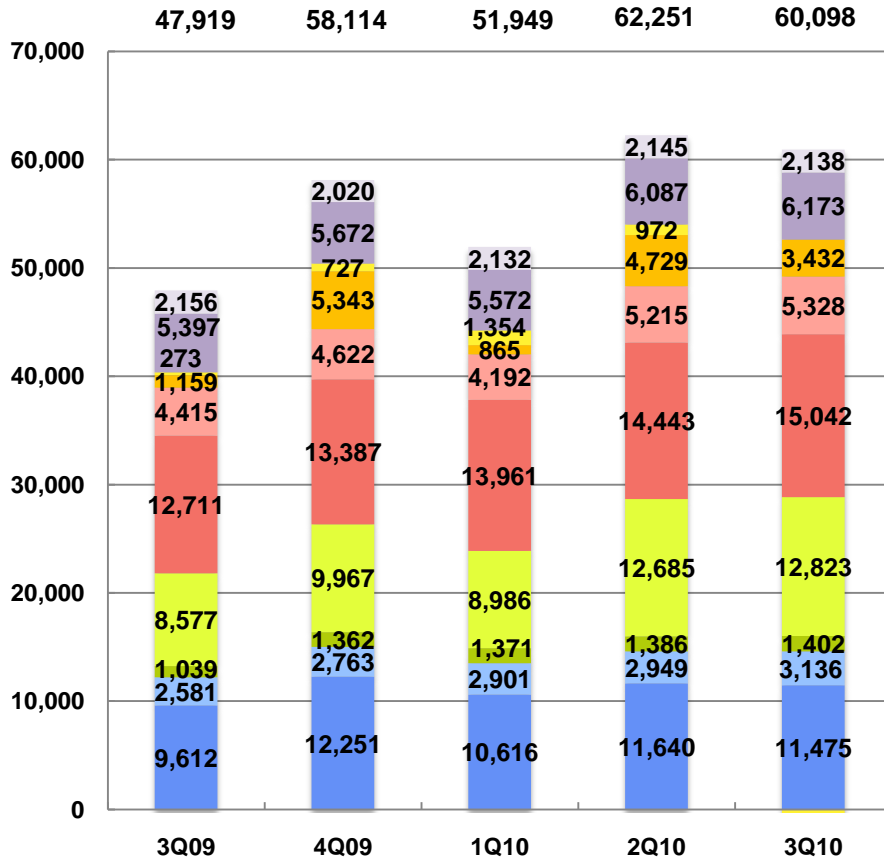
- Commissions increased 6bn QoQ due to the traffic related cost increase from broadcasting the World Cup and English Premier League
- Marketing expense recorded 3.4bn due to the aggressive marketing activities, such as TV commercials, in the second half

[Parent] Summary of Operating Expenses

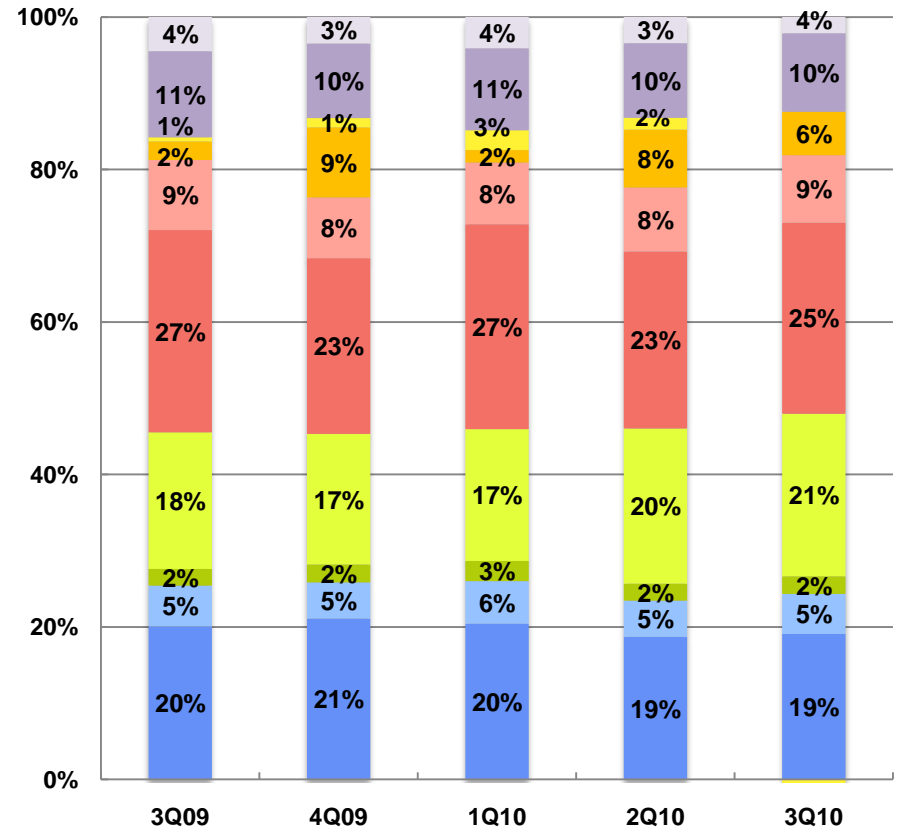


(Unit: KRW million)

Quarterly Expenses Trend



% of Expenses



- Labor Costs
- Fringe Benefits
- Rental Expenses
- Ad Agency Fees
- Commissions
- Outsourcing Fees
- Marketing
- Bad Debt Expenses
- D&A
- Others

[Parent] Non-operating Profit/Loss



Non operating profit/loss

(Unit: KRW million, %)

	3Q09	2Q10	3Q10	QoQ	QoQ(%)	YoY	YoY(%)
Non-operating income	926	3,716	20,542	16,826	452.8%	19,616	2117.8%
Interest income	612	851	994	143	16.8%	382	62.4%
Equity method gains	187	2,763	19,538	16,776	607.2%	19,352	10,350.5%
Gain on disposal of equity method investments	0	0	0	0	-	0	-
Miscellaneous	121	97	8	-89	-91.9%	-113	-93.5%
Others	6	6	1	-4	-75.8%	-5	-77.6%
Non-operating expense	874	2,725	1,329	-1,396	-51.2%	455	52.0%
Interest expense	446	4	4	0	2.2%	-443	-99.2%
Impairment loss on equity method investees	-815	568	208	-360	-63.3%	1,023	-
Disposal loss on tangible assets	265	0	0	0	-	-265	-100.0%
Impairment loss in intangible assets	0	1,296	0	-1,296	-100.0%	0	-
Commissions	8	0	400	400	-	392	5,223.4%
Donation	589	290	510	220	76.0%	-79	-13.4%
Miscellaneous	20	51	206	155	305.2%	186	948.0%
Others	361	517	1	-516	-99.8%	-360	-99.9%

Equity Method Investments

(Unit: KRW million)

Name	Equity Share	2009		2010						
		Full Year		1Q		2Q		3Q		Book Value
		G/L	Book Value	G/L	Other G/L	G/L	Other G/L	G/L	Other G/L	
Namu Communications	100%	-1,025	1,869	-79		-85	0	-28	0	1,676
Daum Service	100%	-554	2,253	152		469	0	269	0	3,143
Daum Global Holdings	100%	94	25,201	1,934	-57	2,183	193	19,047	11,538	60,039
Pix Korea	71%	0	0	-364	3,550	-537	-1	-180	1	2,469
Intomos	67%	0	0	0	0	0	0	0	900	900
Daesung Mimir	13%	66	1,002	-54		164	0	222	0	1,335
Open IPTV	50%	-800	2,391		-2,391			0	0	0
Total		-3,006	32,716	1,589	1,102	2,195	192	19,330	12,439	69,562

- Pix Korea was included as one of the equity method investments in January 2010
- Open IPTV has been excluded from equity method investments from 1Q
- Intomos was included as one of the equity method investments in 3Q 2010
- Other Gain/Loss include acquisition of equity method investments and capital adjustment due to disposals

3Q10 Actual Review

2. Consolidated Financials

[Consolidated] Summary of Income Statement



Summary of Income Statement

(Unit: KRW million, %)

	3Q 09	2Q 10	3Q 10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	62,124	87,839	87,313	-526	-0.6%	25,190	40.5%
Daum	61,355	87,089	86,175	-914	-1.0%	24,820	40.5%
Other Subsidiaries	769	750	1,138	389	51.9%	369	48.0%
Operating Expenses	49,133	63,321	61,243	-2,078	-3.3%	12,110	24.6%
Operating Profit	12,991	24,518	26,070	1,552	6.3%	13,079	100.7%
Daum	16,973	28,995	30,072	1,076	3.7%	13,099	77.2%
Other Subsidiaries	-3,982	-4,477	-4,002	476	10.6%	-19	-0.5%
EBITDA	18,480	30,915	32,552	1,637	5.3%	14,072	76.1%
Net Income*	13,647	19,887	56,237	36,350	182.8%	42,590	312.1%

* Profit of controlling company (Excluding minority interests)

- Net income recorded 56.3bn due to reflecting the amount from disposal of Lycos

[Consolidated] Non-operating Profit/Loss



Non-operating profit/loss

(Unit: KRW Million, %)

Non-Operating Income	3Q 09	2Q 10	3Q 10	QoQ	QoQ(%)	YoY	YoY(%)
Interest income	1,346	3,286	26,969	23,684	720.9%	25,624	1,903.9%
FX transaction gain	836	987	1,218	230	23.3%	382	45.6%
Disposal gain of LT AFS securities	43	0	4	4	813.9%	-39	-90.7%
Disposal gain of equity method investments	0	61	0	-61	-100.0%	0	-
Gain on valuation of equity method investees	325	0	25,488	25,488	-	25,164	7,750.7%
Miscellaneous	73	2,030	222	-1,808	-89.0%	150	205.7%
Others	146	118	8	-110	-93.2%	-138	-94.5%
Non-Operating Expense	-76	89	29	-60	-67.1%	105	-
Interest expense	750	2,090	1,225	-864	-41.4%	475	63.3%
Loss on valuation of equity-method investees	446	13	16	3	22.0%	-430	-96.3%
Impairment loss on LT AFS securities	-937	-54	0	54	-	937	-
Disposal loss of equity method investments	0	0	0	0	-	0	-
Impairment loss on equity method investments	0	0	0	0	-	0	-
Impairment loss on intangible assets	0	1,296	0	-1,296	-100.0%	0	-
Commissions	8	0	400	400	-	392	5,223.4%
Other Bad Debt Expenses	-124	0	0	0	-	124	-
Donations	589	290	514	224	77.3%	-76	-12.8%
Miscellaneous	24	53	206	153	286.4%	182	749.2%
Others	744	491	45	-445	-90.8%	-699	-94.0%

3. Appendix

Number of Employees

Parent Financial Statements

Consolidated Financial Statements

[Appendix] Number of Employees



(Unit: person)

Name	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	QoQ	YoY
Daum Communications	949	939	937	954	1,017	1,044	1,083	39	146
Namu Communications	286	300	244	195	201	203	191	-12	-53
Daum Service	316	299	376	390	445	451	464	13	88
Pix Korea					33	33	46	13	46
Intomos							12	12	12
Total	1,551	1,538	1,557	1,539	1,696	1,731	1,796	65	239

* Note: The above number of employees include full-time and part-time employees

Summary of Income Statement

(Unit: KRW million, %)

	3Q09	2Q10	3Q10	QoQ	QoQ(%)	YoY	YoY(%)
Operating revenues	61,385	87,117	86,200	-917	-1.1%	24,815	40.4%
Operating expenses	47,919	62,251	60,098	-2,153	-3.5%	12,179	25.4%
Operating profit	13,465	24,866	26,101	1,236	5.0%	12,636	93.8%
Non-operating income	926	3,716	20,542	16,826	452.8%	19,616	2117.8%
Interest income	612	851	994	143	16.8%	382	62.4%
Equity method gains	187	2,763	19,538	16,776	607.2%	19,352	10,350.5%
Gain on disposal of equity-method investments	0	0	0	0	-	0	-
Non-operating expense	874	2,725	1,329	-1,396	-51.2%	455	52.0%
Interest expense	446	4	4	0	2.2%	-443	-99.2%
Loss on valuation of equity-method investees	-815	568	208	-360	-63.3%	1,023	-
Donation	589	290	510	220	76.0%	-79	-13.4%
Income before tax expense	13,517	25,856	45,314	19,458	75.3%	31,797	235.2%
Income tax expense	-37	5,976	-10,930	-16,906	-282.9%	-10,894	-
Net income	13,554	19,880	56,244	36,364	182.9%	42,690	315.0%

Balance Sheet

(Unit: KRW million, %)

	3Q09	2Q10	3Q10	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	278,261	336,791	401,450	64,659	19.2%	123,189	44.3%
1. Current assets	130,214	185,537	197,435	11,898	6.4%	67,221	51.6%
Quick assets	130,214	185,537	197,435	11,898	6.4%	67,221	51.6%
2. Non-current assets	148,047	151,254	204,015	52,761	34.9%	55,968	37.8%
Investments	58,288	60,276	89,549	29,272	48.6%	31,261	53.6%
Tangible assets	63,232	58,038	60,902	2,864	4.9%	-2,330	-3.7%
Intangible & other non-current assets	26,526	32,939	53,564	20,625	62.6%	27,038	101.9%
Total liabilities	80,532	79,589	74,811	-4,777	-6.0%	-5,721	-7.1%
1. Current liabilities	76,320	71,031	66,983	-4,048	-5.7%	-9,337	-12.2%
2. Non-current liabilities	4,212	8,557	7,828	-729	-8.5%	3,616	85.8%
Total shareholders' equity	197,728	257,202	326,639	69,437	27.0%	128,910	65.2%
1. Stockholders' equity	6,501	6,642	6,653	11	0.2%	152	2.3%
2. Additional paid-in capital	135,438	151,829	153,829	2,000	1.3%	18,392	13.6%
3. Capital Adjustments	10,458	8,753	8,402	-350	-4.0%	-2,056	-19.7%
4. Other Cumulative Gains/Losses	-11,211	-11,138	393	11,531	-	11,604	-
5. Retained Earnings (Deficit)	56,543	101,116	157,360	56,244	55.6%	100,818	178.3%
Cash(1)*	80,225	119,694	132,921	13,227	11.1%	52,696	65.7%
Interest-bearing Debt(2)	19,899	0	0	0	-	-19,899	-100.0%
Net Cash(1-2)	60,326	119,694	132,921	13,227	11.1%	72,595	120.3%

* (1) Cash = Cash & Cash Equivalents – Government Subsidy + Short Term Financial Instruments + Long Term Financial Instruments

Cash Flow Statement

(Unit: KRW million, %)

	2008	2009	3Q10
1. Cash flows from operating activities	59,217	55,667	65,712
Net income	45,934	31,096	91,795
Depreciation	17,390	16,912	12,617
Amortization	4,087	5,669	5,225
Bad Debt Expenses	0	3,335	1,581
Accrual of severance benefits	2,501	3,176	2,453
Loss (gain) on foreign currency translation, net	-104	-2	0
Loss (gain) on valuation of equity-method investments, net	10,420	2,965	-23,114
Loss (gain) on disposal of equity-method investment, net	-39,844	70	-862
Decrease (increase) in working capital	10,701	-12,051	-27,062
Others	8,133	4,497	3,078
2. Cash flows from investing activities	-38,709	-13,782	-48,411
Decrease (increase) of securities or financial instruments	-37,586	9,948	-22,888
Disposal (acquisition) of equity-method investments	42,951	8	3,253
Recovery of loans (lending)	4,244	104	-958
Disposal (acquisition) of PPE	-19,019	-10,688	-15,854
Disposal (acquisition) of real property, buildings	-20,804	-208	-2,845
Decrease (increase) in intangible assets	-2,655	-2,352	-5,137
Others	-5,840	-10,593	-3,982
3. Cash flows from financing activities	1,818	-12,284	-7,971
Increase (decrease) of current portion of long-term debts	-2,384	-15,368	-20,000
Proceeds from exercise of stock option	3,264	3,700	12,430
Others	937	-616	-401
4. Net increase of cash (1+2+3)	22,326	29,601	9,330
5. Beginning of the year	17,465	39,790	69,391
6. End of the year (4+5)	39,790	69,391	78,721

Summary of Income Statement

(Unit: KRW million, %)

	3Q09	2Q10	3Q10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	62,124	87,839	87,313	-526	-0.6%	25,190	40.5%
Daum	61,355	87,089	86,175	-914	-1.0%	24,820	40.5%
Other Subsidiaries	769	750	1,138	389	51.9%	369	48.0%
Operating Expenses	49,133	63,321	61,243	-2,078	-3.3%	12,110	24.6%
Operating Profit	12,991	24,518	26,070	1,552	6.3%	13,079	100.7%
Daum	16,973	28,995	30,072	1,076	3.7%	13,099	77.2%
Other Subsidiaries	-3,982	-4,477	-4,002	476	10.6%	-19	-0.5%
Non-operating profit	1,346	3,286	26,969	23,684	720.9%	25,624	1,903.9%
Non-operating expenses	750	2,090	1,225	-864	-41.4%	475	63.3%
Tax expense	-51	5,980	-4,417	-10,397	-	-4,367	8,646.0%
Net Income	13,637	19,734	56,231	36,498	185.0%	42,595	312.3%
Profit of Controlling Company*	13,647	19,887	56,237	36,350	182.8%	42,590	312.1%
Profit of Minority Interests	-10	-154	-6	148	-96.2%	4	-42.5%

[Appendix] Consolidated Financials



Balance Sheet

(Unit: KRW million, %)

	3Q09	2Q10	3Q10	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	283,930	343,409	414,038	70,629	21%	130,108	46%
1. Current assets	161,752	217,994	270,827	52,833	24%	109,075	67%
Quick assets	161,752	217,994	270,827	52,833	24%	109,075	67%
2. Non-current assets	122,179	125,415	143,212	17,797	14%	21,033	17%
Investments	28,544	27,650	22,221	-5,429	-20%	-6,323	-22%
Tangible assets	64,536	59,509	62,226	2,716	5%	-2,310	-4%
Intangible assets	15,028	22,281	25,133	2,852	13%	10,105	67%
Other non-current assets	14,071	15,975	33,632	17,657	111%	19,561	139%
Total Liabilities	86,299	86,298	87,507	1,209	1%	1,208	1%
1. Current Liabilities	84,073	76,896	78,548	1,652	2%	-5,525	-7%
2. Non-current Liabilities	2,227	9,402	8,959	-443	-5%	6,732	302%
Total shareholders' equity	197,631	257,112	326,531	69,420	27%	128,900	65%
1. Stockholders' equity	6,501	6,642	6,653	11	0%	152	2%
2. Additional paid-in capital	135,145	151,738	153,738	2,000	1%	18,593	14%
3. Capital Adjustments	11,046	8,753	8,402	-350	-4%	-2,643	-24%
4. Other cumulative gain/loss	-11,298	-11,134	393	11,527	-104%	11,691	-103%
5. Retained earnings	56,278	101,214	157,451	56,237	56%	101,174	180%
6. Minority interests	-40	-101	-107	-6	6%	-67	166%
Cash(1)*	106,530	142,901	159,947	17,046	12%	53,417	50%
Interest-bearing Debt(2)	19,899	470	545	76	16%	-19,353	-97%
Net Cash(1-2)	86,631	142,431	159,402	16,970	12%	72,770	84%

* (1) Cash = Cash & Cash Equivalents – Government Subsidy + Short Term Financial Instruments + Long Term Financial Instruments

Cash Flow Statement

(Unit: KRW million, %)

	FY2008	FY2009	3Q10
1. Cash flows from operating activities	60,346	56,159	66,838
Net Income (Loss)	45,908	31,165	91,795
Depreciation	18,986	19,064	13,122
Amortization	4,557	5,731	5,628
Impairment loss(gain) on intangible assets, net	1,457	598	1,296
Accrual of severance benefits	3,561	5,849	3,253
Loss (gain) on foreign currency translation, net	-669	143	-87
Loss (gain) on valuation of equity-method investees, net	6,137	1,748	-4,003
Loss (gain) on disposal of equity-method investment, net	-39,663	898	-862
Decrease (increase) in working capital	8,121	-15,145	-46,434
Others	11,949	6,108	3,130
2. Cash flows from investing activities	-29,389	-27,738	-45,123
Decrease (increase) of securities or financial instruments	-32,581	-8,110	-20,504
Decrease (increase) in equity method investments	49,294	10,070	-1,196
Disposal (acquisition) of plant & equipment	-19,837	-11,498	-16,148
Disposal (acquisition) of real property & buildings	-20,804	-118	-2,845
Disposal (acquisition) of intangible assets	-2,687	-2,544	-5,168
Others	-2,775	-15,537	738
3. Cash flows from financing activities	1,088	-7,009	-7,924
Proceeds from (repayment of) long-term borrowings	11,973	0	0
Increase (repayment) of bonds	0	-810	-50
Increase (repayment) of current portion of long-term debts	-989	-15,368	-20,153
Increase (decrease) in capital lease obligation	-1,395	0	0
Proceeds from exercise of stock option	3,264	3,679	12,430
Others	-11,766	5,489	-151
4. Cash flows from foreign currency translation	0	0	0
5. Cash flows from changes in subsidiaries	0	0	588
6. Net increase of cash (1+2+3+4+5)	32,044	21,412	14,379
7. Beginning of the year	21,552	53,596	75,008
8. End of the year (6+7)	53,596	75,008	89,387



THANK YOU