



EARNINGS RELEASE

For the quarter ended June 30, 2010 | 2010. 8. 3

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 (3 subsidiaries):
 - Namu Communications (100%)
 - Daum Service (100%)
 - Pix Korea (71%)
 - Global SBU (1 subsidiary):
 - Lycos US (100%)

2Q10 Actual Review

1. Parent Financials

Summary of Income Statement - Parent

(Unit: KRW million, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	58,420	71,200	87,117	15,917	22.4%	28,697	49.1%
Search Ads	30,336	39,623	44,562	4,939	12.5%	14,226	46.9%
Display Ads	24,807	27,941	38,586	10,644	38.1%	13,779	55.5%
Transactions	3,278	3,636	3,970	334	9.2%	692	21.1%
Operating Expenses	46,918	51,949	62,251	10,302	19.8%	15,333	32.7%
Operating Profit	11,502	19,251	24,866	5,615	29.2%	13,364	116.2%
EBITDA	17,131	24,823	30,953	6,130	24.7%	13,822	80.7%
Net Income	12,321	15,670	19,887	4,217	26.9%	7,567	61.4%

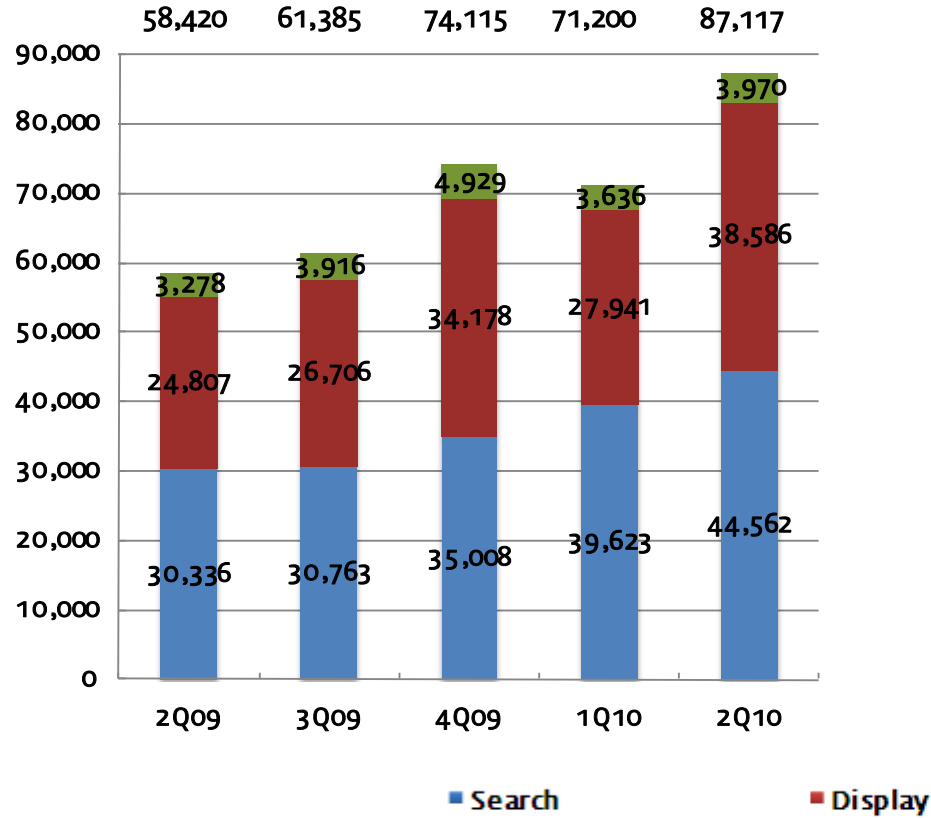
- Revenue grew 22.4% QoQ to 87.1bn due to the high seasonality and the effect of special events such as world cup and local election
- Search advertising revenue was up 12.5 % QoQ driven by increased PPC due to the structure change of DAUM own search product and the growth of business related queries
- Display advertising revenue increased 38.1% QoQ due to high seasonality and the effect of special events.

[Parent] Summary of Income Statement

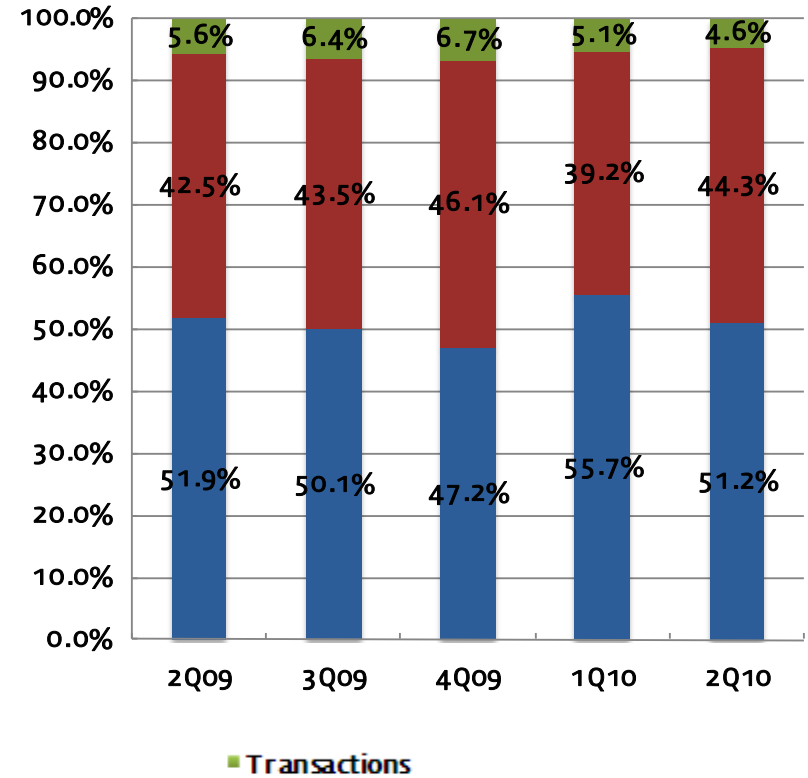


(Unit: KRW million)

Revenue Trend



% of Revenue



Summary of Operating Expenses

(Unit: KRW million, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Operating Expenses	46,918	51,949	62,251	10,302	19.8%	15,333	32.7%
Labor Costs	8,963	10,616	11,640	1,024	9.6%	2,677	29.9%
Fringe Benefits	2,373	2,901	2,949	47	1.6%	575	24.2%
Rental Expenses	1,011	1,371	1,386	15	1.1%	375	37.1%
Ad Agency Fees	8,130	8,986	12,685	3,699	41.2%	4,554	56.0%
Commissions	12,891	13,961	14,443	483	3.5%	1,553	12.0%
Outsourcing Fees	3,490	4,192	5,215	1,023	24.4%	1,725	49.4%
Marketing	1,149	865	4,729	3,865	446.8%	3,580	311.5%
Bad Debt Expenses	1,353	1,354	972	-382	-28.2%	-381	-28.2%
D&A	5,629	5,572	6,087	516	9.3%	458	8.1%
Others	1,928	2,132	2,145	13	0.6%	217	11.2%

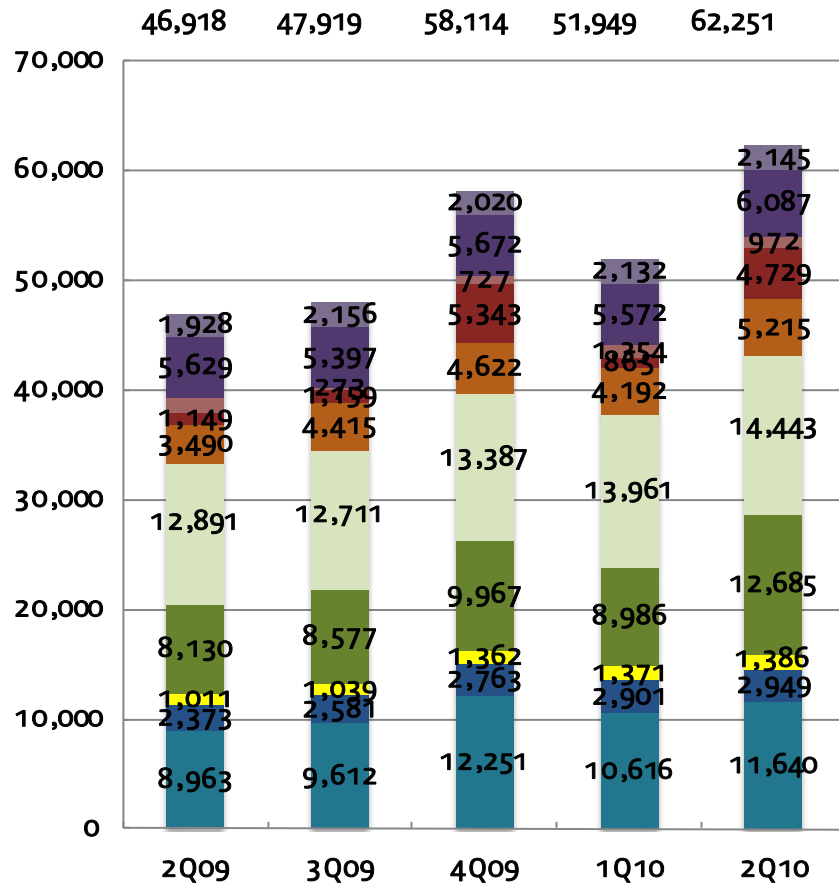
- Labor cost increased 1bn QoQ due to increase in the number of employees
- Ad agency fees increased 3.7bn QoQ along with display ad revenue and DAUM own search ad revenue increase
- Marketing expense increased 3.9bn QoQ as marketing campaigns for Roadview service were executed on various media including terrestrial TV since May

[Parent] Summary of Operating Expenses

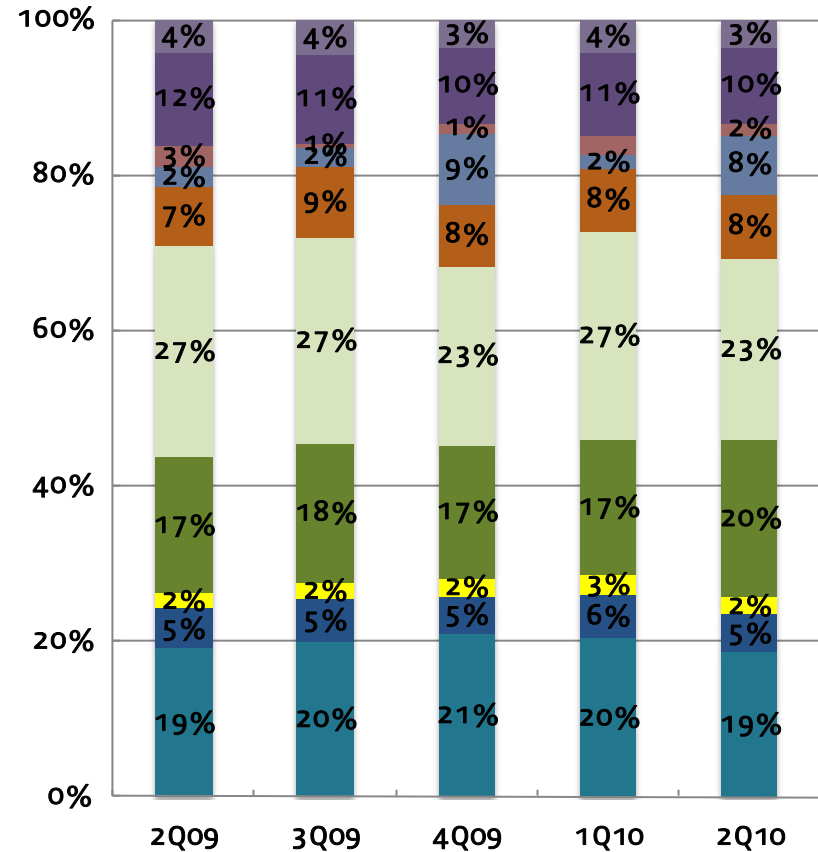


(Unit: KRW million)

Operating Expenses



% 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, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Non-operating income	2,136	3,905	3,716	-189	-4.8%	1,580	74.0%
Interest income	671	904	851	-53	-5.8%	180	26.8%
Equity method gains	62	2,086	2,763	677	32.5%	2,701	4349.9%
Gain on disposal of equity method investments	0	862	0	-862	-100.0%	0	
Miscellaneous	1,141	19	97	78	413.6%	-1,044	-91.5%
Others	262	35	6	-29	-82.9%	-256	-97.7%
Non-operating expense	-1,267	1,231	2,724	1,493	121.3%	3,992	-315.0%
Interest expense	437	384	4	-380	-99.1%	-433	-99.2%
Loss on valuation of equity-method investees	-4,289	497	568	72	14.4%	4,857	-113.2%
Disposal loss on tangible assets	0	54	0	-54			
Impairment loss in intangible assets	0	0	1,296	1,296		1,296	
Commissions	1,437	0	0	0		-1,437	-100.0%
Donation	1,110	293	290	-3	-1.1%	-820	-73.9%
Miscellaneous	33	2	51	49	3231.2%	17	51.9%
Others	5	2	516	514	20671.5%	511	10300.0%

Equity Method Investments

(Unit: KRW million)

Name	Equity Share	2009			2010			2010		
		Full Year			1Q			2Q		
		G/L	Other G/L	Book Value	G/L	Other G/L	Book Value	G/L	Other G/L	Book Value
Namu Communications	100%	-1,025	0	1,869	-79	0	1,790	-85	0	1,704
Daum Service	100%	-554	0	2,253	152	0	2,405	469	0	2,874
Daum Global Holdings	100%	94	-900	25,201	1,934	-57	27,078	2,183	193	29,454
Open IPTV	50%	-800	0	2,391	0	-2,391	0	0	0	0
Daesung Mimirac	13%	66	88	1,002	-54	0	948	164	0	1,113
Pix Korea	71%	0	0	3,550	-364	0	3,186	-537	-1	2,648
Total		-2,219	-812	36,266	1,589	-2,448	35,407	2,195	192	37,793

- 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
- Gain/Loss include equity method impairment loss
- Other Gain/Loss include acquisition of equity method investments and capital adjustments due to disposals

2Q10 Actual Review

2. Consolidated Financials

[Consolidated] Summary of Income Statement



Summary of Income Statement

(Unit: KRW million, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	66,287	79,235	96,823	17,588	22.2%	30,536	46.1%
Domestic SBU	59,029	72,677	87,839	15,162	20.9%	28,810	48.8%
Global SBU	7,259	6,558	8,984	2,426	37.0%	1,725	23.8%
Operating Expenses	54,977	58,762	70,379	11,618	19.8%	15,402	28.0%
Operating Profit	11,310	20,473	26,444	5,971	29.2%	15,134	133.8%
Domestic SBU	11,390	18,778	24,560	5,783	30.8%	13,170	115.6%
Global SBU	-81	1,696	1,884	188	11.1%	1,964	Profit
EBITDA	17,535	26,734	33,235	6,501	24.3%	15,700	89.5%
Net Income *	12,216	15,670	19,887	4,217	26.9%	7,671	62.8%

* Profit of controlling company (Excluding minority interests)

- Both revenue and expenses of global SBU increased as Lycos has been awarded a new contract for the search syndication
- Operating profit and net income increased by 6.0bn, 4.2bn respectively due to increase in domestic revenue

[Consolidated] Non-operating Profit/Loss



Non-operating profit/loss

(Unit: KRW Million, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Non-Operating Income	7,207	2,126	1,360	-766	-36.0%	-5,847	-81.1%
Interest income	913	1,111	980	-131	-11.8%	67	7.3%
FX transaction gain	1,019	5	0	-4	-90.4%	-1,018	-100.0%
Disposal gain of LT AFS securities	2,167	16	45	29	185.2%	-2,122	-97.9%
Disposal gain of equity method investments	0	862	0	-862	-100%		
Gain on valuation of equity method investees	67	0	111	111		44	65.2%
Miscellaneous	3,172	70	118	48	68.1%	-3,054	-96.3%
Others	-130	63	106	44	69.6%	237	-181.7%
Non-Operating Expense	3,634	846	2,090	1,244	147.1%	-1,544	-42.5%
Interest expense	437	392	13	-379	-96.6%	-423	-96.9%
Loss on valuation of equity-method investees	373	54	-54	-107	-200.0%	-427	-114.4%
Impairment loss on LT AFS securities	-44	0	0	0		44	-100.0%
Impairment loss on intangible assets	0	0	1,296	1,296		1,296	
Commissions	1,437	0	0	0		-1,437	-100.0%
Other Bad Debt Expenses	-114	0	0	0		114	-100.0%
Donations	1,115	293	290	-3	-1.1%	-826	-74.0%
Miscellaneous	404	11	53	43	403.8%	-351	-86.8%
Others	25	96	491	395	410.1%	466	1892.7%

Appendix

Number of Employees

Parent Financial Statements

Consolidated Financial Statements

[Appendix] Number of Employees



SBU	BU	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	QoQ	YoY
Domestic	Daum Communications	949	939	937	954	1,017	1,044	27	105
	Namu Communications	286	300	244	195	201	203	2	-97
	Daum Service	316	299	376	390	445	451	6	152
	Pix Korea					33	33	0	33
	Domestic Subtotal	1,551	1,538	1,557	1,539	1,696	1,731	35	193
Global	Lycos	56	54	48	47	50	53	3	-1
	Global Subtotal	56	54	48	47	50	53	3	-1
Total Consolidated Employees		1,607	1,592	1,605	1,586	1,746	1,784	38	192

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

Summary of Income Statement

(Unit: KRW million, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Operating revenues	58,420	71,200	87,117	15,917	22.4%	28,697	49.1%
Operating expenses	46,918	51,949	62,251	10,302	19.8%	15,333	32.7%
Operating profit	11,502	19,251	24,866	5,615	29.2%	13,364	116.2%
Non-operating income	2,136	3,905	3,716	-189	-4.8%	1,580	74.0%
Interest income	671	904	851	-53	-5.8%	180	26.8%
Gain on valuation of equity-method investees	62	2,086	2,763	677	32.5%	2,701	4349.9%
Gain on disposal of equity-method investments	0	862	0	-862	-100%		
Non-operating expense	-1,267	1,231	2,724	1,493	121.3%	3,992	-315.0%
Interest expense	437	384	4	-380	-99.1%	-433	-99.2%
Loss on valuation of equity-method investees	-4,289	497	568	72	14.4%	4,857	-113.2%
Donation	1,110	293	290	-3	-1.1%	-820	-73.9%
Income before tax expense	14,905	21,925	25,857	3,933	17.9%	10,952	73.5%
Income tax expense	2,585	6,254	5,970	-284	-4.5%	3,385	131.0%
Net income	12,321	15,670	19,887	4,217	26.9%	7,567	61.4%

Balance Sheet

(Unit: KRW million, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	264,517	290,425	342,146	51,721	17.8%	77,629	29.3%
1. Current assets	124,178	147,640	190,892	43,252	29.3%	66,714	53.7%
Quick assets	124,178	147,640	190,892	43,252	29.3%	66,714	53.7%
2. Non-current assets	140,338	142,785	151,254	8,469	5.9%	10,916	7.8%
Investments	53,021	57,973	60,276	2,303	4.0%	7,255	13.7%
Tangible assets	62,873	52,025	58,038	6,013	11.6%	-4,835	-7.7%
Intangible assets	16,004	20,151	19,480	-671	-3.3%	3,476	21.7%
Other non-current assets	8,440	12,636	13,460	824	6.5%	5,020	59.5%
Total liabilities	81,640	61,384	84,934	23,550	38.4%	3,294	4.0%
1. Current liabilities	77,697	52,155	76,377	24,222	46.4%	-1,320	-1.7%
2. Non-current liabilities	3,943	9,229	8,557	-672	-7.3%	4,614	117.0%
Total shareholders' equity	182,877	229,040	257,211	28,171	12.3%	74,334	40.6%
1. Stockholders' equity	6,482	6,565	6,642	77	1.2%	160	2.5%
2. Additional paid-in capital	133,584	142,092	151,829	9,737	6.9%	18,245	13.7%
3. Capital Adjustments	10,381	10,467	8,753	-1,714	-16.4%	-1,628	-15.7%
4. Other Cumulative Gains/Losses	-10,814	-11,320	-11,135	185	-1.6%	-321	3.0%
5. Retained Earnings (Deficit)	43,242	81,235	101,123	19,888	24.5%	57,881	133.9%
Cash(1)*	70,487	88,739	119,694	30,955	34.9%	49,207	69.8%
Interest-bearing Debt(2)	19,846	0	0			-19,846	-100.0%
Net Cash(1-2)	50,641	88,739	119,694	30,955	34.9%	69,053	136.4%

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

Cash Flow Statement

(Unit: KRW million)

	2008	2009	2Q10
1. Cash flows from operating activities	59,217	55,667	49,161
Net income	45,934	31,096	35,558
Depreciation	17,390	16,912	8,263
Amortization	4,087	5,669	3,396
Bad Debt Expenses	0	3,335	2,326
Accrual of severance benefits	2,501	3,176	1,527
Loss (gain) on foreign currency translation, net	-104	-2	1
Loss (gain) on valuation of equity-method investments, net	10,420	2,965	-4,648
Loss (gain) on disposal of equity-method investment, net	-39,844	70	0
Decrease (increase) in working capital	10,701	-12,051	44
Others	8,133	4,497	2,695
2. Cash flows from investing activities	-38,709	-13,782	-29,779
Decrease (increase) of securities or financial instruments	-37,586	9,948	-8,449
Disposal (acquisition) of equity-method investments	42,951	8	3,241
Recovery of loans (lending)	4,244	104	-978
Disposal (acquisition) of PPE	-19,019	-10,688	-11,021
Disposal (acquitisation) of real property, buildilngs	-20,804	-208	-455
Decrease (increase) in intangible assets	-2,655	-2,352	-8,337
Others	-5,840	-10,593	-3,781
3. Cash flows from financing activities	1,818	-12,284	-8,882
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	11,120
Others	937	-616	-2
4. Net increase of cash (1+2+3)	22,326	29,601	10,499
5. Beginning of the year	17,465	39,790	69,391
6. End of the year (4+5)	39,790	69,391	79,890

Summary of Income Statement

(Unit: KRW million, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	66,287	79,235	96,823	17,588	22.2%	30,536	46.1%
Domestic SBU	59,029	72,677	87,839	15,162	20.9%	28,810	48.8%
Global SBU	7,259	6,558	8,984	2,426	37.0%	1,725	23.8%
Operating Expenses	54,977	58,762	70,379	11,618	19.8%	15,402	28.0%
Operating Profit	11,310	20,473	26,444	5,971	29.2%	15,134	133.8%
Domestic SBU	11,390	18,778	24,560	5,783	30.8%	13,170	115.6%
Global SBU	-81	1,696	1,884	188	11.1%	1,964	Profit
Non-operating profit	7,207	2,126	1,360	-766	-36.0%	-5,847	-81.1%
Non-operating expenses	3,634	846	2,090	1,244	147.1%	-1,544	-42.5%
Tax expense	2,664	6,166	5,981	-186	-3.0%	3,317	124.5%
Net Income	12,219	15,587	19,734	4,146	26.6%	7,514	61.5%
Profit of Controlling Company	12,216	15,670	19,887	4,217	26.9%	7,671	62.8%
Profit of Minority Interests	3	-83	-154	-70	84.9%	-157	Loss

Balance Sheet

(Unit: KRW million, %)

	2Q09	1Q10	2Q10	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	281,613	297,122	349,195	52,073	17.5%	67,582	24.0%
1. Current assets	161,226	178,837	225,290	46,453	26.0%	64,064	39.7%
Quick assets	161,226	178,837	225,290	46,453	26.0%	64,064	39.7%
2. Non-current assets	120,387	118,286	123,905	5,619	4.8%	3,518	2.9%
Investments	23,632	23,697	23,761	64	0.3%	129	0.5%
Tangible assets	67,386	55,379	61,263	5,884	10.6%	-6,123	-9.1%
Intangible assets	16,912	23,977	22,820	-1,157	-4.8%	5,908	34.9%
Other non-current assets	12,457	15,232	16,062	830	5.4%	3,605	28.9%
Total Liabilities	99,521	67,691	92,083	24,392	36.0%	-7,438	-7.5%
1. Current Liabilities	97,525	58,065	82,662	24,597	42.4%	-14,863	-15.2%
2. Non-current Liabilities	1,996	9,627	9,421	-206	-2.1%	7,425	372.0%
Total shareholders' equity	182,092	229,431	257,112	27,681	12.1%	75,020	41.2%
1. Stockholders' equity	6,482	6,565	6,642	77	1.2%	160	2.5%
2. Additional paid-in capital	133,195	142,001	151,738	9,737	6.9%	18,543	13.9%
3. Capital Adjustments	11,433	10,467	8,753	-1,714	-16.4%	-2,680	-23.4%
4. Other cumulative gain/loss	-10,289	-9,852	-9,666	186	-1.9%	623	-6.1%
5. Retained earnings	41,311	79,859	99,747	19,888	24.9%	58,436	141.5%
6. Minority interests	-40	391	-101	-492	-125.8%	-61	152.5%
Cash(1)*	99,697	114,599	145,841	31,242	27.3%	46,144	46.3%
Interest-bearing Debt(2)	19,846	350	470	120	34.3%	-19,376	-97.6%
Net Cash(1-2)	79,851	114,249	145,372	31,123	27.2%	65,521	82.1%

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

Cash Flow Statement

(Unit: KRW million)

	FY2008	FY2009	2Q10
1. Cash flows from operating activities	59,360	54,887	47,950
Net Income (Loss)	45,908	31,165	35,558
Depreciation	18,986	19,064	9,181
Amortization	4,557	5,731	3,871
Impairment loss(gain) on intangible assets, net	1,457	598	1,296
Accrual of severance benefits	3,561	5,849	1,988
Loss (gain) on foreign currency translation, net	-669	143	-80
Loss (gain) on valuation of equity-method investees, net	6,137	1,748	-111
Loss (gain) on disposal of equity-method investment, net	-39,663	898	-862
Decrease (increase) in working capital	7,118	-16,427	-6,589
Others	11,967	6,119	3,698
2. Cash flows from investing activities	-27,933	-25,890	-25,860
Decrease (increase) of securities or financial instruments	-15,142	2,398	-5,337
Decrease (increase) in equity method investments	37,291	-540	-309
Disposal (acquisition) of plant & equipment	-23,763	-11,485	-11,352
Disposal (acquisition) of real property & buildings	-20,761	-371	-455
Disposal (acquisition) of intangible assets	-2,760	-2,563	-8,323
Others	-2,799	-13,329	-84
3. Cash flows from financing activities	1,118	-7,009	-9,161
Proceeds from (repayment of) long-term borrowings	0	-810	-25
Increase (repayment) of bonds	0	0	-20,000
Increase (repayment) of current portion of long-term debts	-989	-15,368	-254
Increase (decrease) in capital lease obligation	-1,395	0	0
Proceeds from exercise of stock option	3,264	3,679	11,120
Others	237	5,489	-2
4. Cash flows from foreign currency translation	399	-899	96
5. Cash flows from changes in subsidiaries	76	0	395
6. Net increase of cash (1+2+3+4+5)	33,020	21,088	13,421
7. Beginning of the year	23,514	56,534	77,622
8. End of the year (6+7)	56,534	77,622	91,043



THANK YOU