



EARNINGS RELEASE

For the quarter ended March 31, 2010 | 2010. 5. 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 subsidiaries):
 - Lycos US (100%)

1Q10 Actual Review

1. Parent Financials

[Parent] Summary of Income Statement



Summary of Income Statement - Parent

(Unit: KRW million, %)

	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	50,637	74,115	71,200	-2,914	-3.9%	20,563	40.6%
Search Ads	28,545	35,008	39,623	4,615	13.2%	11,077	38.8%
Display Ads	19,137	34,178	27,941	-6,237	-18.2%	8,804	46.0%
Transactions	2,955	4,929	3,636	-1,293	-26.2%	681	23.1%
Operating Expenses	47,063	58,114	51,949	-6,165	-10.6%	4,886	10.4%
Operating Profit	3,573	16,000	19,251	3,251	20.3%	15,677	438.7%
EBITDA	9,457	21,672	24,823	3,151	14.5%	15,366	162.5%
Net Income	-4,155	9,377	15,670	6,293	67.1%	19,826	Profit

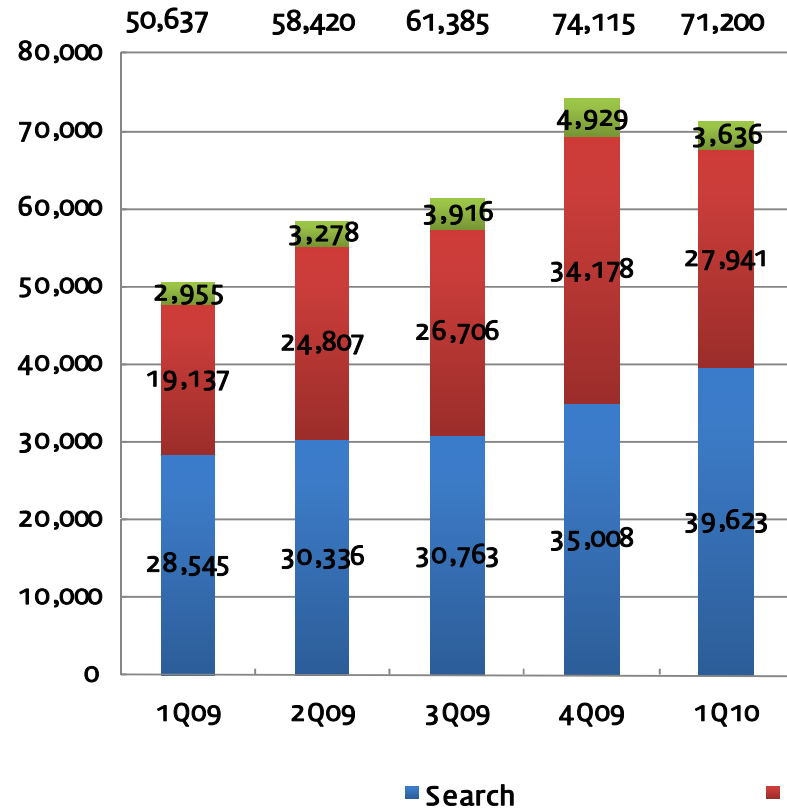
- Revenue recorded over 70bn for two consecutive quarters, despite slow seasonality
- Continuous growth of search advertising driven by increased PPC due to the change of search agency to Overture
- Display advertising revenue decreased due to slow seasonality and base effect from the previous quarter results

[Parent] Summary of Income Statement – Before Shopping Reclassification

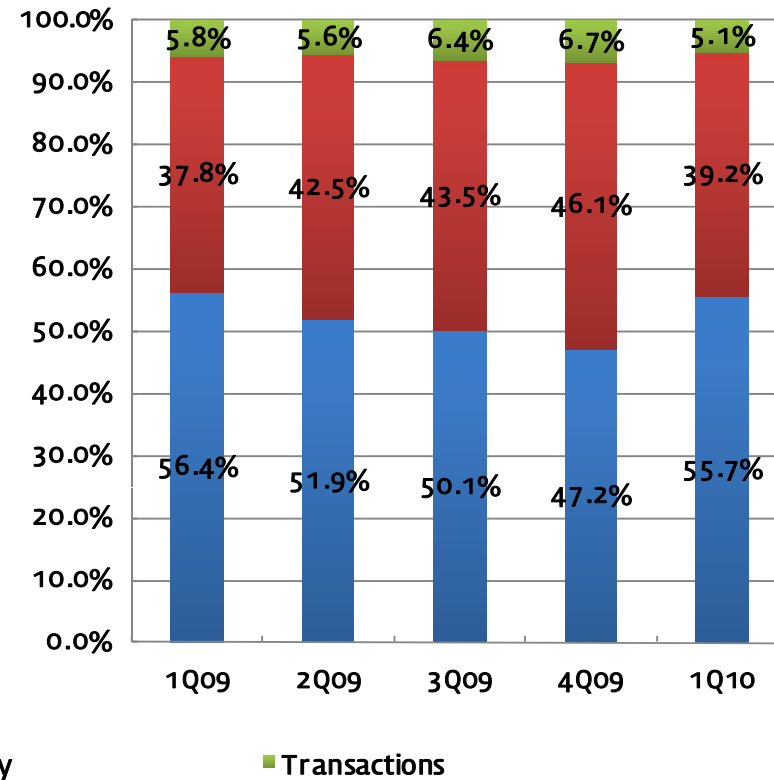


(Unit: KRW million)

Revenue Trend



Revenues Breakdown



[Parent] Summary of Operating Expenses



Summary of Operating Expenses

(Unit: KRW million, %)

	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Operating Expenses	47,063	58,114	51,949	-6,165	-10.6%	4,886	10.4%
Labor Costs	9,299	12,251	10,616	-1,635	-13.3%	1,317	14.2%
Fringe Benefits	2,569	2,763	2,901	138	5.0%	333	12.9%
Rental Expenses	997	1,362	1,371	9	0.6%	374	37.5%
Ad Agency Fees	7,089	9,967	8,986	-982	-9.8%	1,897	26.8%
Commissions	14,472	13,387	13,961	574	4.3%	-512	-3.5%
Outsourcing Fees	3,393	4,622	4,192	-430	-9.3%	800	23.6%
Marketing	474	5,343	865	-4,478	-83.8%	391	82.3%
Bad Debt Expenses	981	727	1,354	627	86.2%	373	38.0%
D&A	5,883	5,672	5,572	-100	-1.8%	-311	-5.3%
Others	1,906	2,020	2,132	112	5.5%	226	11.9%

*D&A: Depreciation & Amortization

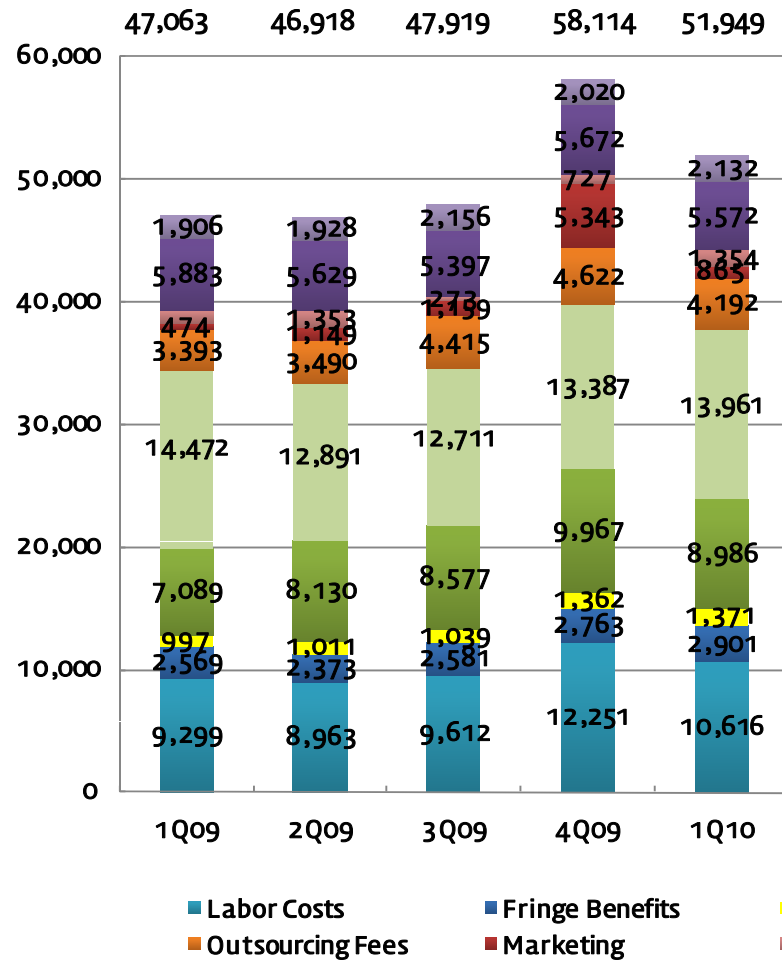
- Labor cost decreased 1.6bn QoQ due to incentive in the previous quarter
- Ad agency fees decreased 1bn QoQ as advertising revenue decreased
- Marketing expense decreased 4.4bn QoQ due to the base effect and the postponement of marketing campaign to 2Q

[Parent] Summary of Operating Expenses

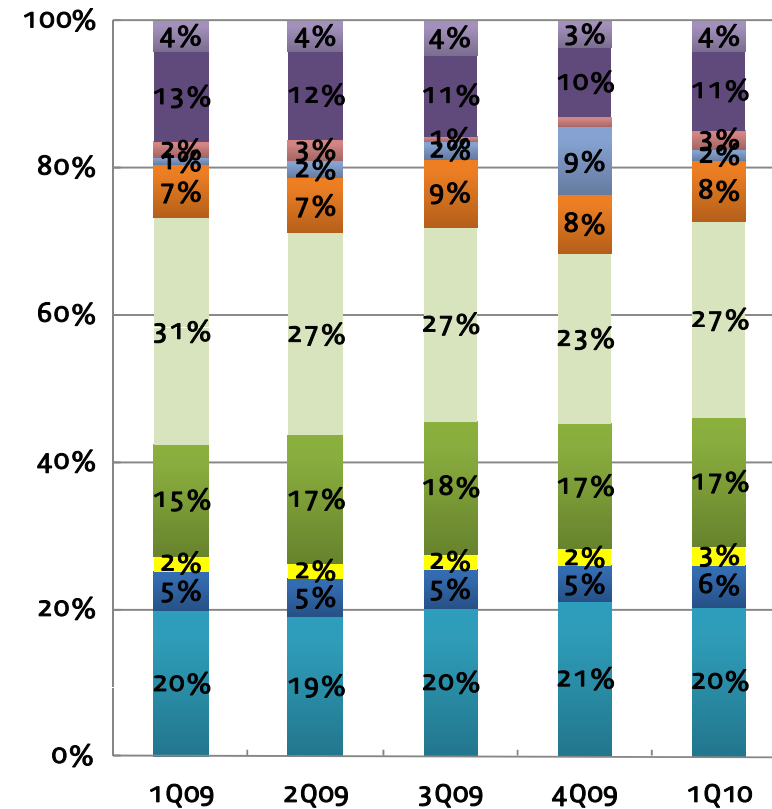


(Unit: KRW million)

Operating Expenses



% of Revenues



[Parent] Non-operating Profit/Loss



Non operating profit/loss

(Unit: KRW million, %)

	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Non-operating income	1,137	960	3,905	2,945	306.7%	2,767	243.3%
Interest income	948	850	904	54	6.4%	-44	-4.7%
Equity method gains	5	-94	2,086	2,180	-2317.3%	2,081	43069.9%
Gain on disposal of equity method investments	0	63	862	799	1259.5%	862	
Miscellaneous	40	73	19	-55	-74.4%	-21	-52.9%
Others	145	68	35	-33	-48.8%	-110	-76.0%
Non-operating expense	8,389	4,153	1,231	-2,922	-70.4%	-7,158	-85.3%
Interest expense	469	453	384	-69	-15.2%	-85	-18.2%
Loss on valuation of equity-method investees	6,763	1,466	497	-970	-66.1%	-6,267	-92.7%
Disposal loss on tangible assets	0	918	54	-864	-94.2%	54	
Impairment loss in intangible assets	201	306	0	-306	-100.0%	-201	-100.0%
Commissions	471	423	0	-423	-100.0%	-471	-100.0%
Donation	127	152	293	141	93.2%	166	130.9%
Miscellaneous	39	100	2	-98	-98.5%	-37	-96.1%
Others	319	336	2	-333	-99.3%	-316	-99.2%

- Equity method gains was recorded at 2.1bn which includes 1.9bn from Lycos after its restructuring in 2009
- Gain on equity method investment disposal was recorded at 0.9bn – one time gain from disposing Open IPTV’s remaining assets after its liquidation during 1Q

[Parent] Equity Method Investments



Equity Method Investments

(Unit: KRW million)

Name	Equity Share	2008			2009			2010		
		Full Year			Full Year			1Q		
		G/L	Other G/L	Book Value	G/L	Other G/L	Book Value	G/L	Other G/L	Book Value
Namu Communications	100%	1,869	0	2,894	-1,025	0	1,869	-79	0	1,790
Daum Service	100%	831	37	2,807	-554	0	2,253	152	0	2,405
Twinkle Little Star	100%	-1,684	0	0	0	0	0	0	0	0
Daum Global Holdings	100%	-8,725	7,391	26,007	94	-900	25,201	1,934	-57	27,078
Open IPTV	50%	-2,062	5,253	3,191	-800	0	2,391	0	-2,391	0
Daesung Mamac	13%	-549	67	849	66	88	1,002	-54	0	948
Pix Korea	71%				0	0	0	-364	3,550	3,186
Total		-10,319	12,749	35,748	-2,219	-812	32,716	1,589	1,102	35,407

- 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

1Q10 Actual Review

2. Consolidated Financials

[Consolidated] Summary of Income Statement



Summary of Income Statement

(Unit: KRW million, %)

	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	59,395	82,006	79,235	-2,771	-3.4%	19,840	33.4%
Domestic SBU	51,224	74,877	72,677	-2,200	-2.9%	21,453	41.9%
Global SBU	8,171	7,128	6,558	-570	-8.0%	-1,614	-19.7%
Operating Expenses	60,183	64,803	58,762	-6,041	-9.3%	-1,421	-2.4%
Operating Profit	-788	17,203	20,473	3,271	19.0%	21,261	Profit
Domestic SBU	3,610	15,182	18,778	3,596	23.7%	15,168	420.2%
Global SBU	-4,398	2,021	1,696	-325	-16.1%	6,094	Profit
EBITDA	5,763	23,542	26,734	3,192	13.6%	20,971	363.9%
Net Income*	-4,077	9,379	15,670	6,292	67.1%	19,747	Profit

- Operating profit was recorded at 20.5bn as Lycos continued to generate profits from operations after its restructuring, a turn to profits YoY
- Net income was recorded at 15.7bn, a turn to profits YoY

[Consolidated] Non-operating Profit/Loss



Non-operating profit/loss

(Unit: KRW Million, %)

	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Non-Operating Income	1,774	1,227	2,126	899	73.3%	353	19.9%
Interest income	1,228	1,096	1,111	15	1.3%	-117	-9.5%
FX transaction gain	99	1	5	3	214.4%	-94	-95.4%
Disposal gain of LT AFS securities	0	16	16	0	1.0%	16	
Disposal gain of equity method investments	0	63	862	799	1259.5%	862	
Gain on valuation of equity method investees	0	-74	0	74	-100.0%	0	
Miscellaneous	117	118	70	-47	-40.3%	-46	-39.9%
Others	330	7	63	56	857.8%	-267	-81.0%
Non-Operating Expense	4,320	5,671	846	-4,826	-85.1%	-3,474	-80.4%
Interest expense	477	136	392	256	187.8%	-84	-17.7%
Loss on valuation of equity-method investees	624	539	54	-485	-90.0%	-570	-91.4%
Impairment loss on LT AFS securities	1,292	-27	0	27	-100.0%	-1,292	-100.0%
Disposal loss of equity method investments	1,154	133	0	-133	-100.0%	-1,154	-100.0%
Impairment loss on intangible assets	201	386	0	-386	-100.0%	-201	-100.0%
Commissions	471	423	0	-423	-100.0%	-471	-100.0%
Other Bad Debt Expenses	228	157	0	-157	-100.0%	-228	-100.0%
Donations	127	152	293	141	93.2%	166	130.9%
Miscellaneous	-331	2,778	11	-2,767	-99.6%	342	
Others	78	994	96	-898	-90.3%	18	23.2%

Appendix

- Number of Employees
- Parent Financial Statements
- Consolidated Financial Statements

[Appendix] Number of Employees



SBU	BU	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	QoQ	YoY
Domestic	Daum Communications	878	909	943	968	949	939	937	954	1,017	63	68
	Namu Communications	197	209	221	254	286	300	244	195	201	6	-85
	Daum Service	113	136	190	247	273	274	330	325	326	1	53
	Twinkle Little Star	33	33	33	33	33	32	20	14	28	14	-5
	Pix Korea									33	33	33
	Domestic Subtotal		1,221	1,287	1,387	1,502	1,541	1,545	1,531	1,488	1,605	117
Global	Lycos	79	82	81	82	56	54	48	47	50	3	-6
	Global Subtotal	79	82	81	82	56	54	48	47	50	3	-6
Total Consolidated Employees		1,300	1,369	1,468	1,584	1,597	1,599	1,579	1,535	1,655	120	58

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

[Appendix] Parent Financials



Summary of Income Statement

(Unit: KRW million, %)

	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Operating revenues	50,637	74,115	71,200	-2,914	-3.9%	20,563	40.6%
Operating expenses	47,063	58,114	51,949	-6,165	-10.6%	4,886	10.4%
Operating profit	3,573	16,000	19,251	3,251	20.3%	15,677	438.7%
Non-operating income	1,137	960	3,905	2,945	306.7%	2,767	243.3%
Interest income	948	850	904	54	6.4%	-44	-4.7%
Gain on valuation of equity-method investees	5	-94	2,086	2,180		2,081	43069.9%
Gain on disposal of equity-method investments	0	63	862	799	1259.5%	862	
Non-operating expense	8,389	4,153	1,231	-2,922	-70.4%	-7,158	-85.3%
Interest expense	469	453	384	-69	-15.2%	-85	-18.2%
Loss on valuation of equity-method investees	6,763	1,466	497	-970	-66.1%	-6,267	-92.7%
Donation	127	152	293	141	93.2%	166	130.9%
Income before tax expense	-3,678	12,807	21,925	9,117	71.2%	25,603	Profit
Income tax expense	477	3,430	6,254	2,824	82.3%	5,777	1211.5%
Net income	-4,155	9,377	15,670	6,293	67.1%	19,826	Profit

[Appendix] Parent Financials



Balance Sheet

(Unit: KRW million, %)

	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	254,855	297,485	290,425	-7,060	-2.8%	35,570	14.0%
1. Current assets	117,672	160,171	147,640	-12,531	-10.6%	29,968	25.5%
Quick assets	117,672	160,171	147,640	-12,531	-10.6%	29,968	25.5%
2. Non-current assets	137,183	137,314	142,785	5,471	4.0%	5,602	4.1%
Investments	48,876	56,116	57,973	1,857	3.8%	9,097	18.6%
Tangible assets	66,240	55,299	52,025	-3,274	-4.9%	-14,215	-21.5%
Intangible assets	16,782	14,395	20,151	5,756	34.3%	3,369	20.1%
Other non-current assets	5,285	11,505	12,636	1,131	21.4%	7,351	139.1%
Total liabilities	82,925	87,915	61,384	-26,531	-32.0%	-21,541	-26.0%
1. Current liabilities	80,449	77,786	52,155	-25,631	-31.9%	-28,294	-35.2%
2. Non-current liabilities	2,477	10,129	9,229	-900	-36.3%	6,752	272.6%
Total shareholders' equity	171,930	209,570	229,040	19,470	11.3%	57,110	33.2%
1. Stockholders' equity	6,482	6,529	6,565	36	0.6%	83	1.3%
2. Additional paid-in capital	133,522	138,262	142,092	3,830	2.9%	8,570	6.4%
3. Capital Adjustments	9,909	10,469	10,467	-2	0.0%	558	5.6%
4. Other Cumulative Gains/Losses	-8,904	-11,255	-11,320	-65	0.7%	-2,416	27.1%
5. Retained Earnings (Deficit)	30,922	65,565	81,235	15,670	50.7%	50,313	162.7%
Cash(1)*	62,822	100,591	88,739	-11,852	-18.9%	25,917	41.3%
Interest-bearing Debt(2)	19,796	19,953	0	-19,953		-19,796	
Net Cash(1-2)	43,026	80,638	88,739	8,101	18.8%	45,713	106.2%

[Appendix] Parent Financials



Cash Flow Statement

(Unit: KRW million)

	2008	2009	1Q10
1. Cash flows from operating activities	59,217	55,667	12,915
Net income	45,934	31,096	15,670
Depreciation	17,390	16,912	5,572
Amortization	4,087	5,669	0
Bad Debt Expenses	0	3,335	1,354
Accrual of severance benefits	2,501	3,176	735
Loss (gain) on foreign currency translation, net	-104	-2	1
Loss (gain) on valuation of equity-method investments, net	10,420	2,965	-1,589
Loss (gain) on disposal of equity-method investment, net	-39,844	70	-862
Decrease (increase) in working capital	10,701	-12,051	-8,608
Others	8,133	4,497	643
2. Cash flows from investing activities	-38,709	-13,782	-11,675
Decrease (increase) of securities or financial instruments	-37,586	9,948	-3,604
Disposal (acquisition) of equity-method investments	42,951	8	3,253
Recovery of loans (lending)	4,244	104	-988
Disposal (acquisition) of PPE	-19,019	-10,688	-406
Disposal (acquisition) of real property, buildings	-20,804	-208	-373
Decrease (increase) in intangible assets	-2,655	-2,352	-3,729
Others	-5,840	-10,593	-5,830
3. Cash flows from financing activities	1,818	-12,284	-16,695
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	3,306
Others	937	-616	-1
4. Net increase of cash (1+2+3)	22,326	29,601	-15,455
5. Beginning of the year	17,465	39,790	69,391
6. End of the year (5+6)	39,790	69,391	53,936

[Appendix] Consolidated Financials



Summary of Income Statement

(Unit: KRW million, %)

	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	59,395	82,006	79,235	-2,771	-3.4%	19,840	33.4%
Domestic SBU	51,224	74,877	72,677	-2,200	-2.9%	21,453	41.9%
Global SBU	8,171	7,128	6,558	-570	-8.0%	-1,614	-19.7%
Operating Expenses	60,183	64,803	58,762	-6,041	-9.3%	-1,421	-2.4%
Operating Profit	-788	17,203	20,473	3,271	19.0%	21,261	Profit
Domestic SBU	3,610	15,182	18,778	3,596	23.7%	15,168	420.2%
Global SBU	-4,398	2,021	1,696	-325	-16.1%	6,094	Profit
Non-operating profit	1,774	1,227	2,126	899	73.3%	353	19.9%
Non-operating expenses	4,320	5,671	846	-4,826	-85.1%	-3,474	-80.4%
Tax expense	739	3,366	6,166	2,801	83.2%	5,427	734.1%
Net Income	-4,073	9,392	15,587	6,195	66.0%	19,661	Profit
Profit of Controlling Company*	-4,077	9,379	15,670	6,292	67.1%	19,747	Profit
Profit of Minority Interests	3	14	-83	-97	Loss	-86	Loss

[Appendix] Consolidated Financials



Balance Sheet

(Unit: KRW million, %)

계정과목	1Q09	4Q09	1Q10	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	276,253	308,674	297,122	-11,552	-3.7%	20,869	7.6%
1. Current assets	134,717	193,752	178,837	-14,915	-7.7%	44,120	32.8%
Quick assets	134,717	193,752	178,837	-14,915	-7.7%	44,120	32.8%
2. Non-current assets	141,536	114,922	118,286	3,364	2.9%	-23,250	-16.4%
Investments	44,113	26,959	23,697	-3,262	-12.1%	-20,416	-46.3%
Tangible assets	71,555	58,826	55,379	-3,447	-5.9%	-16,176	-22.6%
Intangible assets	17,823	14,927	23,977	9,050	60.6%	6,154	34.5%
Other non-current assets	8,044	14,210	15,232	1,022	7.2%	7,188	89.4%
Total Liabilities	104,341	99,104	67,691	-31,413	-31.7%	-36,650	-35.1%
1. Current Liabilities	102,474	88,869	58,065	-30,804	-34.7%	-44,409	-43.3%
2. Non-current Liabilities	1,867	10,236	9,627	-609	-5.9%	7,760	415.6%
Total shareholders' equity	171,912	209,570	229,431	19,861	9.5%	57,519	33.5%
1. Stockholders' equity	6,482	6,529	6,565	36	0.6%	83	1.3%
2. Additional paid-in capital	133,188	137,501	142,001	4,500	3.3%	8,813	6.6%
3. Capital Adjustments	10,873	10,850	10,467	-383	-3.5%	-406	-3.7%
4. Other cumulative gain/loss	-7,672	-9,646	-9,852	-206	2.1%	-2,180	28.4%
5. Retained earnings	29,094	64,336	79,859	15,523	24.1%	50,765	174.5%
6. Minority interests	-54	0	391	391		445	-824.1%
Cash(1)*	69,599	127,895	114,599	-13,296	-10.4%	45,000	64.7%
Interest-bearing Debt(2)	20,898	19,953	350	-19,603	-98.2%	-20,548	-98.3%
Net Cash(1-2)	48,701	107,942	114,249	6,307	5.8%	65,548	134.6%

[Appendix] Consolidated Financials



Cash Flow Statement

(Unit: KRW million)

	FY2008	FY2009	1Q10
1. Cash flows from operating activities	59,360	54,887	11,620
Net Income (Loss)	45,908	31,165	15,670
Depreciation	18,986	19,064	4,453
Amortization	4,557	5,731	1,808
Impairment loss(gain) on intangible assets, net	1,457	598	0
Accrual of severance benefits	3,561	5,849	960
Loss (gain) on foreign currency translation, net	-669	143	41
Loss (gain) on valuation of equity-method investees, net	6,137	1,748	54
Loss (gain) on disposal of equity-method investment, net	-39,663	898	-862
Decrease (increase) in working capital	7,118	-16,427	-12,415
Others	11,967	6,119	1,911
2. Cash flows from investing activities	-27,933	-25,890	-11,693
Decrease (increase) of securities or financial instruments	-15,142	2,398	-4,535
Decrease (increase) in equity method investments	37,291	-540	-296
Disposal (acquisition) of plant & equipment	-23,763	-11,485	-603
Disposal (acquisition) of real property & buildings	-20,761	-371	-373
Disposal (acquisition) of intangible assets	-2,760	-2,563	-3,729
Others	-2,799	-13,329	-2,156
3. Cash flows from financing activities	1,118	-7,009	-17,101
Proceeds from (repayment of) long-term borrowings	0	-810	0
Increase (repayment) of bonds	0	0	-20,000
Increase (repayment) of current portion of long-term debts	-989	-15,368	-398
Increase (decrease) in capital lease obligation	-1,395	0	0
Proceeds from exercise of stock option	3,264	3,679	3,298
Others	237	5,489	-1
4. Cash flows from foreign currency translation	399	-899	-82
5. Cash flows from changes in subsidiaries	76	0	395
6. Net increase of cash (1+2+3+4+5)	33,020	21,088	-16,861
7. Beginning of the year	23,514	56,534	77,622
8. End of the year (6+7)	56,534	77,622	60,761



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