



EARNINGS RELEASE

For the quarter ended September 30, 2009 | 2009. 10. 28

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%)
 - Twinkle Little Star (82.6%)
 - Global SBU (1 subsidiaries):
 - Lycos US (100%)

3Q09 Actual Review

1. Parent Financials

Summary of Income Statement - Parent

(Unit: KRW million, %)

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	58,703	58,420	61,385	2,965	5.1%	2,681	4.6%
Search Ads	31,254	27,741	27,947	206	0.7%	-3,308	-10.6%
Display Ads	19,301	16,602	16,371	-231	-1.4%	-2,929	-15.2%
Shopping	5,130	10,956	13,307	2,351	21.5%	8,177	159.4%
Transactions	3,019	3,122	3,760	638	20.4%	741	24.6%
Operating Expenses	46,228	46,918	47,921	1,003	2.1%	1,692	3.7%
Operating Profit	12,475	11,502	13,464	1,962	17.1%	989	7.9%
EBITDA	17,852	17,131	18,861	1,730	10.1%	1,009	5.7%
Net Income	3,979	12,321	13,552	1,232	10.0%	9,573	240.6%

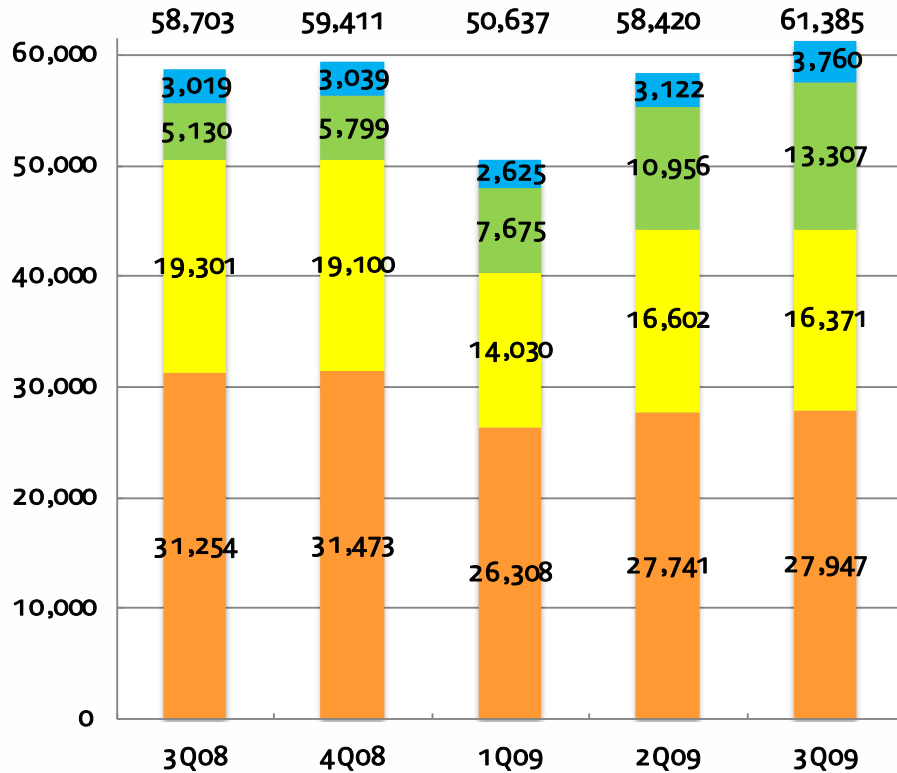
- Revenues for 3Q09 recorded KRW 61.4bn, representing an increase of 5.1% QoQ, due to improved advertiser sentiments and robust growth of shopping business, despite slow seasonality
- With revenue growth and stabilized operating expenses, operating profit recorded KRW 13.5bn, representing an increase of 17.1% QoQ

[Parent] Summary of Income Statement

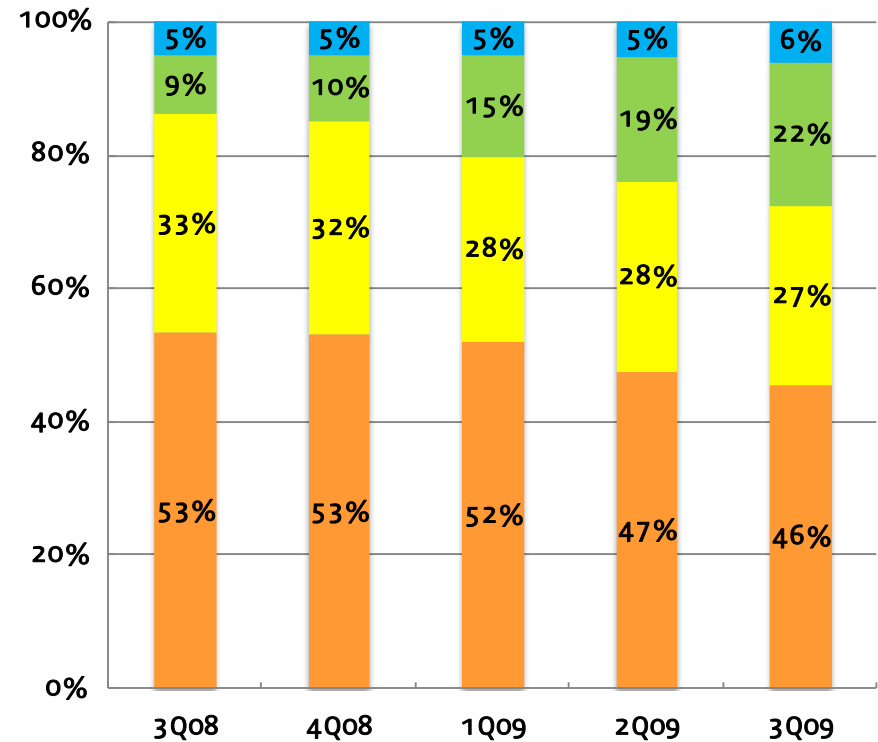


(Unit: KRW million)

Revenues Trend



Revenues Breakdown



■ Search
 ■ Display
 ■ Shopping
 ■ Transactions

- CPT sales decrease while CPC syndication sales increased with query growth
- Display revenue records slight decrease in sales due to improved advertisers' sentiments, despite slow seasonality
- Shopping revenue continued robust growth, recording 20% increase QoQ, thanks to improved advertising effects

Summary of Operating Expenses

(Unit: KRW million)

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Operating Expenses	46,228	46,918	47,921	1,003	2.1%	1,692	3.7%
Labor Costs	9,316	8,963	9,612	649	7.2%	297	3.2%
Fringe Benefits	2,584	2,373	2,581	207	8.7%	-4	-0.1%
D&A*	5,377	5,629	5,397	-232	-4.1%	20	0.4%
Rental Fees	926	1,011	1,039	28	2.8%	113	12.2%
Commissions	12,965	12,891	12,713	-178	-1.4%	-252	-1.9%
Outsourcing Fees	3,357	3,490	4,414	924	26.5%	1,057	31.5%
Ad Agency Fees	7,319	8,130	8,577	446	5.5%	1,258	17.2%
Marketing	1,361	1,149	1,159	9	0.8%	-203	-14.9%
Bad Debt Expenses	-59	1,353	273	-1,080	-79.8%	332	-566.5%
Others	3,082	1,928	2,156	228	11.8%	-926	-30.0%

*D&A: Depreciation & Amortization

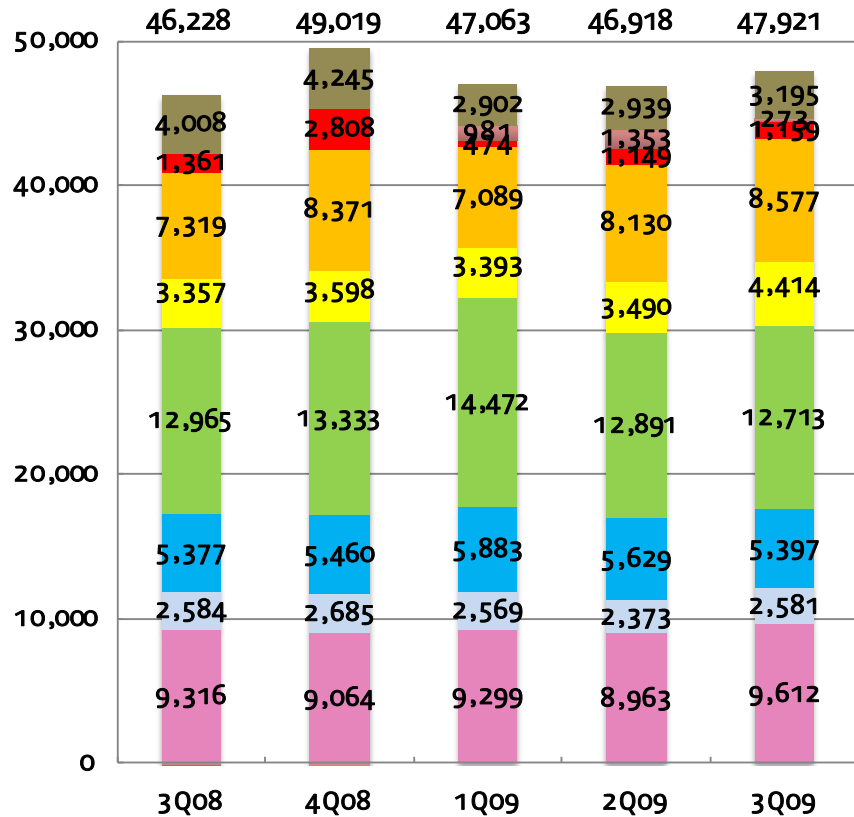
- Labor costs increased KRW 0.6bn QoQ due to Chuseok incentives
- Bad debt expenses decreased KRW 1.1bn due to recovery of previously written off accounts receivables
- Marketing expenses recorded similar level compared to previous quarter
- Outsourcing fees increased KRW 0.9bn due to music service launch and mobile service development

[Parent] Summary of Operating Expenses

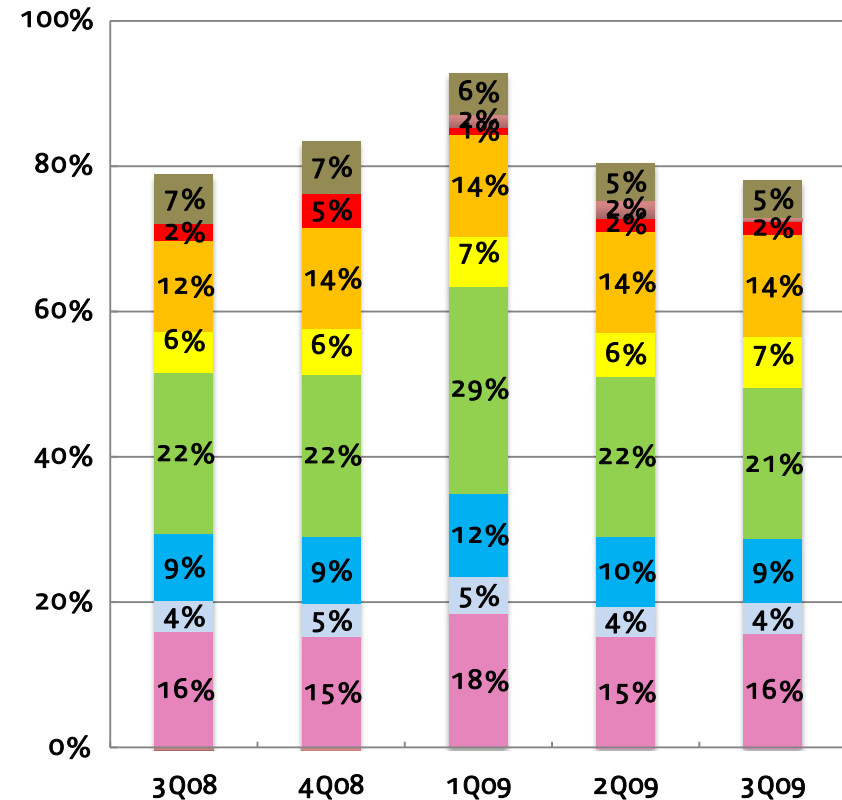


(Unit: KRW million)

Operating Expenses



% of Revenues



- Labor Costs
- Fringe Benefits
- Depreciation
- Commissions
- Ad Agency Fees
- Marketing
- Bad Debt Expenses
- Others
- Outsourcing Fees

Non-operating profit/loss

(Unit: KRW million, %)

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Non-operating income	2,264	2,136	926	-1,210	-56.6%	-1,337	-59.1%
Interest income	892	671	612	-59	-8.7%	-280	-31.4%
Equity method gains	387	62	187	125	201.1%	-200	-51.7%
Miscellaneous	723	1,141	121	-1,020	-89.4%	-603	-83.3%
Others	261	262	6	-256	-97.6%	-255	-97.5%
Non-operating expense	4,017	-1,267	879	2,146	-169.3%	-3,138	-78.1%
Interest expense	683	437	446	10	2.3%	-237	-34.7%
Impairment loss on equity method investees	0	0	41	41		41	
Loss on valuation of equity-method investees	2,294	-4,289	-815	3,474	-81.0%	-3,109	-135.5%
Commissions	0	1,437	8	-1,430	-99.5%	8	
Donation	405	1,110	589	-520	-46.9%	185	45.7%
Miscellaneous	625	33	24	-9	-27.9%	-601	-96.1%
Others	10	5	586	581	11704.8%	575	5622.0%

- Equity method gain recorded KRW 1bn, a decrease by KRW 3.5bn QoQ, due to one-off gain from DGH in 2Q
- Equity method gain of DGH recorded KRW1.6bn which include Lycos profits of KRW1.1bn and DGH profits of KRW0.5bn
- Other expenses include KRW 0.3bn loss from disposal of tangible assets and waste materials

Equity Method Investments

(Unit: KRW million)

Company	2008	2009				2009				2009			
	Full Year	1Q				2Q				3Q			
	Book Value	G/L	Impair G/L	Other G/L	Book Value	G/L	Impair G/L	Other G/L	Book Value	G/L	Impair G/L	Other G/L	Book Value
Namu Communications	2,894	5	0	0	2,899	-10	0	0	2,889	-266	-4	0	2,619
Daum Service	2,807	-165	0	0	2,643	-8	0	0	2,635	-169	-37	0	2,430
Twinkle Little Star	0	0	0	0	0	0	0	0	0	0	0	0	0
Daum Global Holdings	26,007	-6,182	0	1,295	21,120	4,684	0	-1,699	24,106	1,611	0	-515	25,202
Open IPTV	3,191	-40	0	0	3,151	-178	0	0	2,973	-43	0	0	2,930
Daum Onket	927	-338	0	0	589	-244	0	0	345	-204	0	0	141
ERGO Direct	4,402	0	0	-4,402	0	0	0	0	0	0	0	0	0
Daesung Mimir	849	-39	0	0	809	106	0	0	916	73	0	88	1,076
Total	41,077	-6,758	0	-3,107	31,211	4,351	0	-1,699	33,864	1,002	-41	-428	34,398

• As Daum no longer has substantial influence on ERGO Daum Direct, investments on ERGO Daum Direct has been reclassified as long-term available for sale securities from 1Q09.

3Q09 Actual Review

2. Consolidated Financials

Summary of Income Statement

(Unit: KRW million, %)

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	66,467	66,536	69,140	2,604	3.9%	2,673	4.0%
Domestic SBU	59,523	59,277	62,330	3,053	5.1%	2,807	4.7%
Global SBU	6,944	7,259	6,810	-449	-6.2%	-134	-1.9%
Operating Expenses	55,401	55,667	54,750	-917	-1.6%	-652	-1.2%
Operating Profit	11,066	10,869	14,390	3,521	32.4%	3,324	30.0%
EBITDA	16,852	17,031	20,286	3,255	19.1%	3,434	20.4%
Net Income*	4,033	11,647	13,541	1,894	16.3%	9,508	235.7%

*Net income of controlling company after minority interests

- Revenues was recorded at KRW 69.1bn, due to strong sales in the domestic market and increasing sales from online shopping business, despite slow seasonality of advertising market
- Consolidated operating profit was biggest-ever, recording KRW 14.4bn, as Global SBU recorded operating profit

Non-operating Profit/Loss

(Unit: KRW million, %)

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Non-Operating Income	2,501	7,208	1,231	-5,977	-82.9%	-1,270	-50.8%
Interest income	1,183	913	833	-80	-8.7%	-350	-29.6%
FX transaction gain	39	1,019	43	-977	-95.8%	4	9.4%
Disposal gain of LT AFS securities	0	2,167	-54	-2,221	-102.5%	-54	
Disposal gain of equity method investments	0	0	325	325		325	
Gain on valuation of equity method investees	42	67	73	6	8.7%	31	72.4%
Miscellaneous	755	3,172	89	-3,083	-97.2%	-667	-88.3%
Others	481	-130	-77	52	-40.3%	-559	-116.1%
Non-Operating Expense	3,336	3,895	2,186	-1,709	-43.9%	-1,150	-34.5%
Interest expense	685	437	767	331	75.7%	82	12.0%
Loss on valuation of equity-method investees	1,327	373	247	-126	-33.8%	-1,080	-81.4%
Impairment loss on LT AFS securities	-92	-44	-28	16	-35.4%	63	-69.1%
Disposal loss of equity method investments	2	0	0	0		-2	-100.0%
Commissions	0	1,698	8	-1,691	-99.6%	8	
Other Bad Debt Expenses	267	-114	-124	-11	9.5%	-391	-146.6%
Donations	419	1,115	589	-526	-47.2%	171	40.8%
Miscellaneous	625	404	24	-380	-94.0%	-601	-96.1%
Others	104	25	703	678	2754.7%	599	577.3%

Appendix

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

Number of Employees

SBU	BU	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	QoQ	YoY
Domestic	Daum Communications	878	909	943	968	949	939	937	-2	-6
	Namu Communications	197	209	221	254	286	300	244	-56	23
	Daum Service	113	136	190	247	273	274	330	56	140
	Twinkle Little Star	33	33	33	33	33	32	20	-12	-13
	Domestic Subtotal	1,221	1,287	1,387	1,502	1,541	1,545	1,531	-14	144
Global	Lycos	79	82	81	82	56	54	48	-6	-33
	Global Subtotal	79	82	81	82	56	54	48	-6	-33
Total Consolidated Employees		1,300	1,369	1,468	1,584	1,597	1,599	1,579	-20	111

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

Summary of Income Statement

(Unit: KRW million, %)

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Operating revenues	58,703	58,420	61,385	2,965	5.1%	2,681	4.6%
Operating expenses	46,228	46,918	47,921	1,003	2.1%	1,692	3.7%
Operating profit	12,475	11,502	13,464	1,962	17.1%	989	7.9%
Non-operating income	2,264	2,136	926	-1,210	-56.6%	-1,337	-59.1%
Interest income	892	671	612	-59	-8.7%	-280	-31.4%
Gain on disposal of equity-method investments	0	0	0				
Gain on valuation of equity-method investees	387	62	187	125	201.1%	-200	-51.7%
Non-operating expense	4,017	-1,267	879	2,146	-169.3%	-3,138	-78.1%
Interest expense	683	437	446	10	2.3%	-237	-34.7%
Impairment loss of equity-method investees	0	0	41	41		41	
Loss on valuation of equity-method investees	2,294	-4,289	-815	3,474	-81.0%	-3,109	-135.5%
Donation	405	1,110	589	-520	-46.9%	185	45.7%
Income before tax expense	10,722	14,905	13,511	-1,394	-9.4%	2,790	26.0%
Income tax expense	6,742	2,585	-41	-2,626	-101.6%	-6,783	-100.6%
Net income	3,979	12,321	13,552	1,232	10.0%	9,573	240.6%

Balance Sheet

(Unit: KRW million, %)

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	275,120	264,517	278,257	13,740	5.2%	3,137	1.1%
1. Current assets	128,708	124,178	130,214	6,036	4.9%	1,506	1.2%
Quick assets	128,708	124,178	130,214	6,036	4.9%	1,506	1.2%
2. Non-current assets	146,412	140,338	148,043	7,705	5.5%	1,631	1.1%
Investments	60,328	53,021	58,288	5,267	9.9%	-2,040	-3.4%
Tangible assets	73,599	62,873	63,232	359	0.6%	-10,367	-14.1%
Intangible & other non-current assets	12485	24444	26523	2,079	8.5%	14,038	112.4%
Total liabilities	99,865	81,640	80,532	-1,108	-1.4%	-19,333	-19.4%
1. Current liabilities	77,850	77,697	76,313	-1,384	-1.8%	-1,537	-2.0%
2. Non-current liabilities	22,015	3,943	4,219	276	7.0%	-17,796	-80.8%
Total shareholders' equity	175,255	182,877	197,725	14,848	8.1%	22,470	12.8%
1. Stockholders' equity	6,482	6,482	6,501	19	0.3%	19	0.3%
2. Additional paid-in capital	133,522	133,584	135,438	1,854	1.4%	1,916	1.4%
3. Capital Adjustments	8,549	10,381	10,458	77	0.7%	1,909	22.3%
4. Other Cumulative Gains/Losses	-10,247	-10,814	-11,215	-401	3.7%	-968	9.4%
5. Retained Earnings (Deficit)	36,949	43,242	56,542	13,300	30.8%	19,593	53.0%
Cash(1)*	66,949	70,487	80,225	9,738	13.8%	13,276	19.8%
Interest-bearing Debt(2)	35,994	19,846	19,899	53	0.3%	-16,095	-44.7%
Net Cash(1-2)	30,955	50,641	60,326	9,685	19.1%	29,371	94.9%

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

Cash Flow Statement

(Unit: KRW million)

	2007	2008	3Q09
1. Cash flows from operating activities	56,697	59,217	39,175
Net income	15,634	45,934	21,718
Depreciation	15,307	17,390	12,612
Amortization	4,168	4,087	4,298
Bad Debt Expenses	0	0	2,607
Accrual of severance benefits	0	2,501	2,600
Loss (gain) on foreign currency translation, net	-4	-104	17
Loss (gain) on valuation of equity-method investments, net	36,285	10,420	1,405
Loss (gain) on disposal of equity-method investment, net	-6,194	-39,844	0
Decrease (increase) in working capital	-12,118	10,701	-8,575
Others	3,619	8,133	2,494
2. Cash flows from investing activities	-19,942	-38,709	-328
Decrease (increase) of securities or financial instruments	1,850	-37,765	25,617
Recovery of loans (lending)	-3,800	4,033	-159
Disposal (acquisition) of PPE	-21,458	-19,019	-7,915
Disposal (acquisition) of real property, buildings	-519	-20,804	-118
Decrease (increase) in intangible assets	-3,780	-2,655	-1,352
Others	7,765	37,502	-16,400
3. Cash flows from financing activities	-21,971	1,818	-14,612
Proceeds from (repayment of) short-term borrowings	-21,402	0	0
Increase (repayment) of bonds	15,000	0	0
Increase (decrease) of current portion of long-term debts	-30,352	-989	-15,368
Proceeds from exercise of stock option	14,786	3,264	1,452
Others	-4	-458	-696
4. Net increase of cash (1+2+3)	14,784	22,326	24,235
5. Beginning of the year	2,680	17,465	39,790
6. End of the year (5+6)	17,465	39,790	64,025

(Unit: KRW million, %)

Summary of Income Statement

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	66,467	66,536	69,140	2,604	3.9%	2,673	4.0%
Domestic SBU	59,523	59,277	62,330	3,053	5.1%	2,807	4.7%
Global SBU	6,944	7,259	6,810	-449	-6.2%	-134	-1.9%
Operating Expenses	55,401	55,667	54,750	-917	-1.6%	-652	-1.2%
Operating Profit	11,066	10,869	14,390	3,521	32.4%	3,324	30.0%
Domestic SBU	12,294	10,950	12,865	1,915	17.5%	571	4.6%
Global SBU	-1,228	-81	1,525	1,606	-1992.4%	2,753	-224.2%
Non-operating profit	2,501	7,208	1,231	-5,977	-82.9%	-1,270	-50.8%
Non-operating expenses	3,336	3,895	2,186	-1,709	-43.9%	-1,150	-34.5%
Tax expense	6,278	2,596	-362	-2,958	-114.0%	-6,640	-105.8%
Net Income	3,953	11,587	13,798	2,211	19.1%	9,844	249.0%
Profit of Minority Interests	-80	-60	257	317	-526.5%	337	-421.8%
Profit of Controlling Company	4,033	11,647	13,541	1,894	16.3%	9,508	235.7%

Balance Sheet

(Unit: KRW million, %)

	3Q08	2Q09	3Q09	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	292,376	280,273	291,208	10,935	3.9%	-1,168	-0.4%
1. Current assets	148,330	161,803	168,516	6,713	4.1%	20,186	13.6%
Quick assets	148,330	161,803	168,516	6,713	4.1%	20,186	13.6%
2. Non-current assets	144,045	118,470	122,693	4,223	3.6%	-21,352	-14.8%
Investments	51,787	22,917	26,790	3,873	16.9%	-24,997	-48.3%
Tangible assets	76,825	67,439	65,843	-1,596	-2.4%	-10,982	-14.3%
Intangible and other non-current assets	15,434	28,114	28,764	650	2.3%	13,330	86.4%
Total Liabilities	116,300	100,145	95,404	-4,741	-4.7%	-20,896	-18.0%
1. Current Liabilities	93,206	97,568	92,783	-4,785	-4.9%	-423	-0.5%
2. Non-current Liabilities	23,094	2,576	2,621	45	1.7%	-20,473	-88.7%
Total shareholders' equity	176,076	180,129	195,804	15,675	8.7%	19,728	11.2%
1. Stockholders' equity	6,482	6,482	6,501	19	0.3%	19	0.3%
2. Additional paid-in capital	132,023	132,085	133,338	1,253	0.9%	1,315	1.0%
3. Capital Adjustments	9,136	11,433	11,431	-2	0.0%	2,295	25.1%
4. Other cumulative gain/loss	-9,141	-10,289	-9,990	299	-2.9%	-849	9.3%
5. Retained earnings	37,739	40,560	54,525	13,965	34.4%	16,786	44.5%
6. Minority interests	-163	-143	0	143	-100.0%	163	-100.0%

Cash Flow Statement

(Unit: KRW million)

	FY2007	FY2008	3Q09
1. Cash flows from operating activities	53,453	59,445	38,401
Net Income (Loss)	16,013	47,185	21,051
Depreciation	17,544	18,986	14,234
Amortization	12,905	4,557	4,312
Impairment loss(gain) on intangible assets, net	11,601	1,457	201
Accrual of severance benefits	2,272	3,561	5,043
Loss (gain) on foreign currency translation, net	-42	-669	43
Loss (gain) on valuation of equity-method investees, net	13,142	6,137	1,135
Loss (gain) on disposal of equity-method investment, net	-6,249	-39,663	1,154
Decrease (increase) in working capital	-14,511	11,611	-9,820
Others	778	6,283	1,049
2. Cash flows from investing activities	-40,393	-27,933	1,059
Decrease (increase) of securities or financial instruments	-12,016	17,737	25,623
Disposal (acquisition) of plant & equipment	-22,204	-23,763	-8,417
Disposal (acquisition) of real property & buildings	-519	-20,761	-371
Disposal (acquisition) of intangible assets	-3,929	-2,760	-1,480
Others	-1,726	1,614	-14,296
3. Cash flows from financing activities	-22,095	1,118	-15,276
Proceeds from (repayment of) short-term borrowings	-21,402	0	0
Proceeds from (repayment of) long-term borrowings	0	0	0
Increase (repayment) of bonds	15,000	0	0
Increase (repayment) of current portion of long-term debts	-30,352	-989	-16,178
Increase (decrease) in capital lease obligation	0	-1,395	0
Proceeds from exercise of stock option	14,786	3,264	1,511
Others	-128	237	-608
4. Cash flows from foreign currency translation	277	399	-161
5. Cash flows from changes in subsidiaries	0	76	0
6. Net increase of cash (1+2+3+4+5)	-8,758	33,105	24,024
7. Beginning of the year	32,272	23,514	56,619
8. End of the year (6+7)	23,514	56,619	80,643



Thank you