



EARNINGS RELEASE

For the quarter ended March 31, 2009 | 2009. 4. 30

Investor Relations

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- Consolidated financial results for the quarter ended March 31, 2009, have been prepared based on consolidated financial statements of Daum Communications Corp. and its five(5) subsidiaries before the completion of an external audit or review and, as such, figures may be subject to change after the completion of audit or review. Daum Communications has prepared consolidated financials statements with subsidiaries which Daum holds more than 50% of shares.
- Subsidiaries:
 - Domestic SBU (3 subsidiaries):
 - Namu Communications (100%)
 - Daum Service (100%)
 - Twinkle Little Star (82.6%)
 - Global SBU (2 subsidiaries):
 - Lycos US (100%)
 - Chihan (100%)
- Please note that Net Profit in the earnings results are Profit/Loss of controlling company excluding minority interests.

1Q09 Actual Review

1. Parent Financials

[Parent] Summary of Income Statement



Summary of Income Statement - Parent

(Unit: KRW million, %)

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	56,360	59,411	50,688	-8,723	-14.7%	-5,672	-10.1%
Search Ads	29,906	31,473	26,308	-5,165	-16.4%	-3,598	-12.0%
Display Ads	20,212	19,100	14,030	-5,070	-26.5%	-6,182	-30.6%
Shopping	2,820	5,799	7,726	1,926	33.2%	4,905	173.9%
Transactions	3,422	3,039	2,625	-415	-13.6%	-797	-23.3%
Operating Expenses	46,303	49,019	47,053	-1,965	-4.0%	750	1.6%
Operating Profit	10,056	10,393	3,635	-6,758	-65.0%	-6,421	-63.9%
EBITDA	15,323	15,853	9,518	-6,335	-40.0%	-5,805	-37.9%
Net Income	32,870	-1,872	-4,086	-2,214	118.3%	-36,956	-112.4%

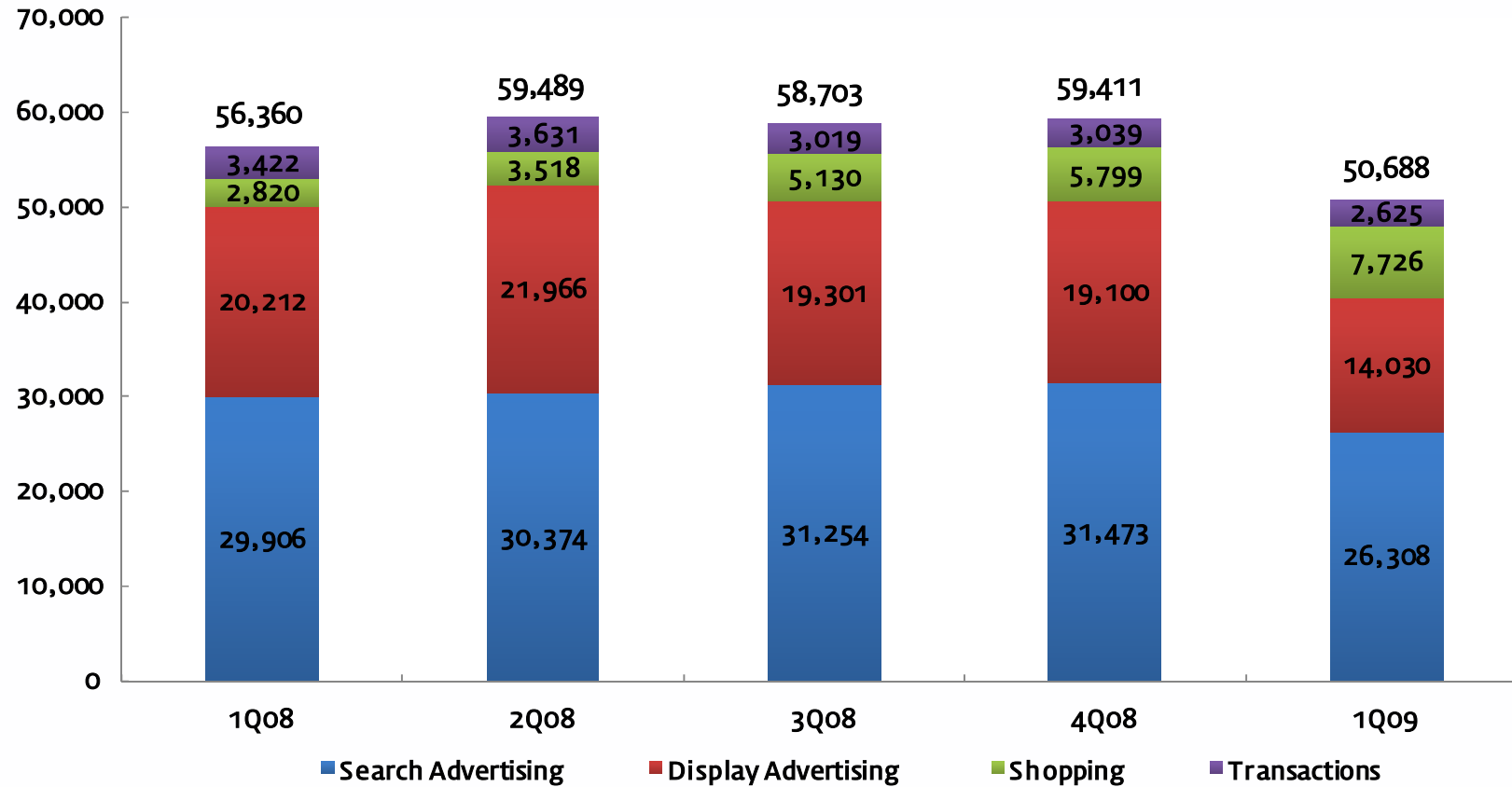
- Revenues for the 1Q09 recorded a decrease for both YoY and QoQ comparisons due to sluggish advertising market as a result of recent economic slowdown

[Parent] Summary of Income Statement



(Unit: KRW million)

Revenues Breakdown



- Display advertising more directly affected by the economic downturn
- Search advertising showed minus growth due to sluggish economy & Daum agency's limited sales capability
- However, price comparison business grew more than 30%

[Parent] Summary of Operating Expenses



Summary of Operating Expenses

(Unit: KRW million)

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Operating Expenses	46,303	49,019	47,053	-1,965	-4.0%	750	1.6%
Labor Costs	10,120	9,064	9,299	235	2.6%	-821	-8.1%
Fringe Benefits	2,456	2,685	2,569	-116	-4.3%	113	4.6%
D&A	5,267	5,460	5,883	423	7.7%	616	11.7%
Rental Fees	758	887	1,003	116	13.0%	245	32.4%
Commissions	12,001	13,333	14,472	1,139	8.5%	2,472	20.6%
Outsourcing Fees	4,761	3,598	3,393	-205	-5.7%	-1,368	-28.7%
Ad Agency Fees	6,795	8,371	7,089	-1,282	-15.3%	294	4.3%
Marketing	990	2,808	474	-2,333	-83.1%	-516	-52.1%
Others	3,157	2,813	2,870	58	2.1%	-287	-9.1%

D&A: Depreciation & Amortization

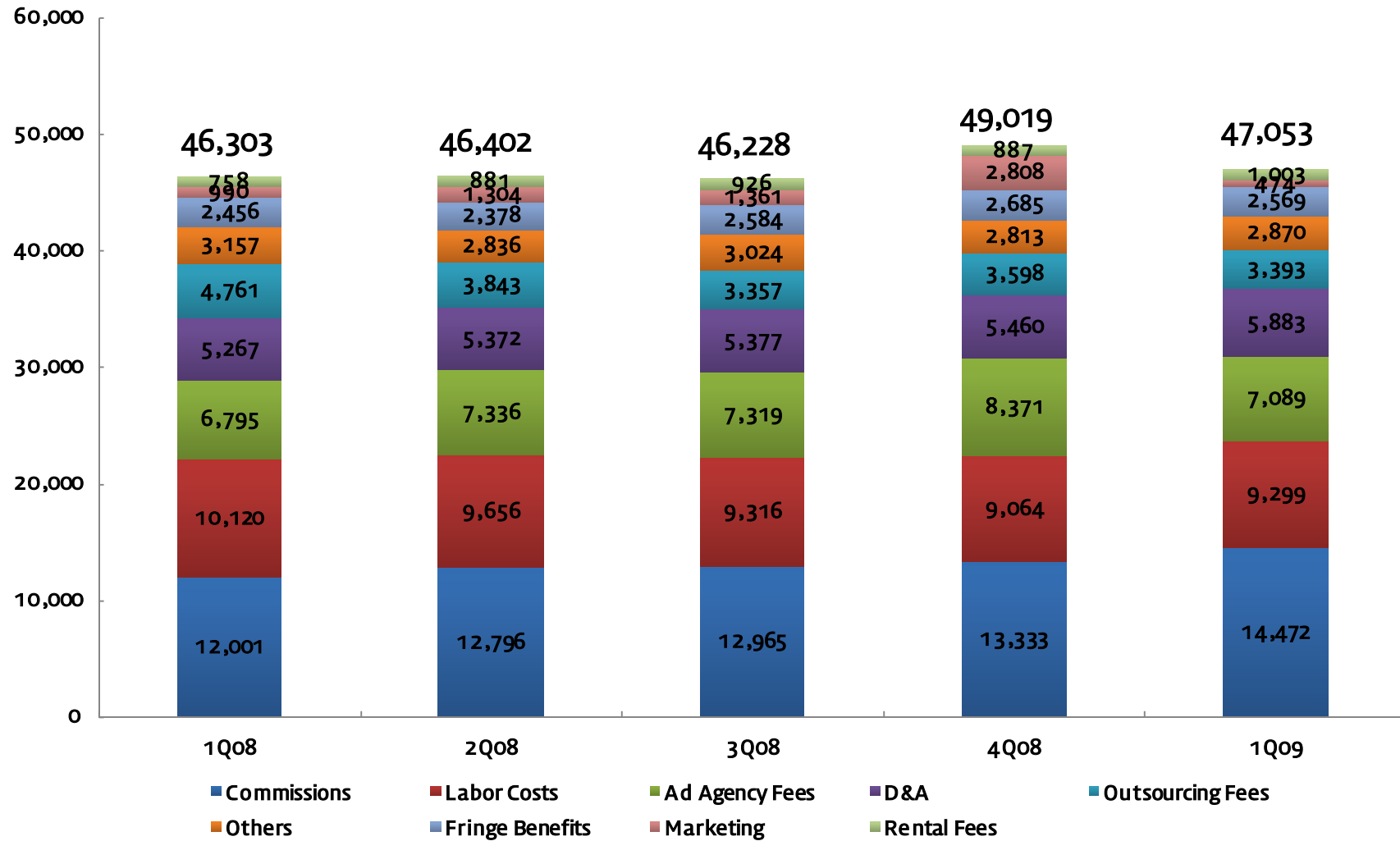
- Overall operating expenses decreased by KRW 2 bn QoQ
- Commissions increased KRW 1bn due to agency fee increase from search syndication with Yahoo Korea
- Marketing fee decreased by KRW 2bn QoQ

[Parent] Summary of Operating Expenses



(Unit: KRW million)

Operating Expenses



[Parent] Non-operating Profit/Loss



Non-operating profit/loss

(Unit: KRW million, %)

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Non-operating income	40,944	2,951	1,137	-1,813	-61.5%	-39,807	-97.2%
Interest income	293	1,138	948	-190	-16.7%	655	223.4%
Equity method gains	308	1,716	5	-1,711	-99.7%	-303	-98.4%
Disposal gain on equity method investments	40,209	-550	0	550	-100.0%	-40,209	-100.0%
Miscellaneous	24	416	40	-376	-90.4%	16	66.0%
Others	110	231	145	-86	-37.4%	35	31.7%
Non-operating expense	5,995	12,082	8,389	-3,693	-30.6%	2,394	39.9%
Interest expense	709	694	469	-225	-32.4%	-239	-33.8%
Impairment loss on equity method investees	2,574	1,390	0	-1,390	-100.0%	-2,574	-100.0%
Loss on valuation of equity-method investees	2,127	6,614	6,763	149	2.3%	4,636	218.0%
Commissions	0	584	471	-113	-19.3%	471	
Donation	203	714	127	-587	-82.2%	-76	-37.3%
Miscellaneous	0	1,954	39	-1,915	-98.0%	39	
Others	383	132	520	388	294.4%	137	35.8%

- KRW 6.8bn loss on valuation of equity method investees include 6.2bn loss from Daum Global Holdings
- KRW 6.2bn loss from Daum Global Holdings include 5.2bn loss from Lycos, 0.2bn loss from Chihan and 1.2bn loss from Daum Japan
- KRW 5.2bn loss from Lycos include severance payment of 2.1bn, impairment loss on investments of 1bn and 0.5bn loss due to difference in fiscal term

[Parent] Equity Method Investments



Equity Method Investments

(Unit: KRW million)

Name	2008				2008				2009			
	Full Year				1Q		4Q		1Q			
	G/L	Impair G/L	Other G/L	Book Value	G/L	Impair G/L	G/L	Impair G/L	G/L	Impair G/L	Other G/L	Book Value
Namu Communications	1,869	0	0	2,894	122	0	1,559	0	5	0	0	2,899
Daum Service	831	0	37	2,807	66	0	233	0	-165	0	0	2,643
Twinkle Little Star	-283	-1,401	0	0	-157	-1,401	0	0	0	0	0	0
Daum Global Holdings	-8,725	0	7,391	26,007	-1,172	0	-4,219	0	-6,182	0	1,295	21,120
Open IPTV	-672	-1,390	5,253	3,191	0	0	-280	-1,390	-40	0	0	3,151
Daum Onket	-1,255	0	0	927	-287	0	-332	0	-338	0	0	589
Daum Direct	-2,053	0	-567	4,402	-455	0	-1,748	0	0	0	-4,402	0
Daesung Mimirac	-36	-513	67	849	-55	-513	-102	0	-39	0	0	809
Total	-10,420	-3,984	10,013	41,077	-1,819	-2,574	-4,898	-1,390	-6,758	0	-3,107	31,211

- Other Gain/Loss of Daum Global Holdings of KRW 1.3bn include FX translation of 1.3bn, decreased stock options of 0.5bn and minus capital adjustment of 0.5bn from the disposal of Daum Japan.
- Daum Direct book value of 4.4bn won will be classified as LT available for sale securities as it will no longer be included as equity method investees.

1Q09 Actual Review

2. Consolidated Financials

[Consolidated] Summary of Income Statement



Summary of Income Statement

(Unit: KRW million, %)

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	62,537	68,805	59,651	-9,155	-13.3%	-2,886	-4.6%
Domestic SBU	57,507	60,162	51,479	-8,683	-14.4%	-6,028	-10.5%
Global SBU	5,030	8,643	8,171	-472	-5.5%	3,142	62.5%
Operating Expenses	53,520	59,886	60,851	965	1.6%	7,330	13.7%
Operating Profit	8,812	8,920	-1,200	-10,119	-113.5%	-10,012	-113.6%
EBITDA	14,619	15,050	5,289	-9,761	-64.9%	-9,330	-63.8%
Net Income*	33,206	-2,211	-4,397	-2,186	98.9%	-37,603	-113.2%

* Profit of Controlling Company (Excluding Minority Interests)

- A decrease in the revenues of both Domestic and Global SBU due to sluggish economy

[Consolidated] Non-operating Profit/Loss



Non-operating Profit/Loss

(Unit: KRW million, %)

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Non-Operating Income	41,920	3,456	1,775	-1,681	-48.6%	-40,144	-95.8%
Interest income	672	1,565	1,230	-335	-21.4%	558	83.1%
FX transaction gain	35	1,690	99	-1,591	-94.2%	64	181.0%
Disposal gain of equity method investments	40,209	-550	0	550	-100.0%	-40,209	-100.0%
Gain on valuation of equity method investees	119	-75	0	75	-100.0%	-119	-100.0%
Miscellaneous	697	485	117	-368	-75.9%	-581	-83.3%
Others	187	342	330	-12	-3.5%	143	76.8%
Non-Operating Expense	5,382	10,609	4,364	-6,244	-58.9%	-1,018	-18.9%
Interest expense	713	696	477	-219	-31.5%	-236	-33.1%
Loss on valuation of equity-method investees	1,153	3,573	655	-2,918	-81.7%	-499	-43.3%
Impairment loss on LT AFS securities	291	1,847	1,292	-555	-30.0%	1,001	344.2%
Disposal loss of equity method investments	182	65	1,154	1,088	1667.4%	972	533.2%
Impairment loss on equity method investees	1,173	1,390	0	-1,390	-100.0%	-1,173	-100.0%
Impairment loss on intangible assets	1,457	0	201	201		-1,256	-86.2%
Commissions	0	584	471	-113	-19.4%	471	
Donations	208	723	127	-596	-82.4%	-81	-39.0%
Miscellaneous	2	124	-331	-455	-366.6%	-333	
Others	202	1,607	320	-1,288	-80.1%	117	58.0%

Appendix

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

[Appendix] Number of Employees



Number of Employees

SBU	BU	1Q08	2Q08	3Q08	4Q08	1Q09	QoQ	YoY
Domestic	Daum Communications	878	909	943	968	949	-19	71
	Namu Communications	197	209	221	254	286	32	89
	Daum Service	242	284	320	332	316	-16	74
	Twinkle Little Star	33	33	33	33	33	0	0
	Domestic SBU	1,350	1,435	1,517	1,587	1,584	-3	234
Global	Lycos	79	82	81	82	56	-26	-23
	Chihan	12	12	4	2	2	0	-10
	Global SBU	91	94	85	84	58	-26	-33
Total Consolidated		1,441	1,529	1,602	1,671	1,642	-29	201

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

Summary of Income Statement

(Unit: KRW million, %)

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Operating revenues	56,360	59,411	50,688	-8,723	-14.7%	-5,672	-10.1%
Operating expenses	46,303	49,019	47,053	-1,965	-4.0%	750	1.6%
Operating profit	10,056	10,393	3,635	-6,758	-65.0%	-6,421	-63.9%
Non-operating income	40,944	2,951	1,137	-1,813	-61.5%	-39,807	-97.2%
Interest income	293	1,138	948	-190	-16.7%	655	223.4%
Gain on disposal of equity-method investments	40,209	-550	0	550	-100.0%	-40,209	-100.0%
Gain on valuation of equity-method investees	308	1,716	5	-1,711	-99.7%	-303	-98.4%
Non-operating expense	5,995	12,082	8,389	-3,693	-30.6%	2,394	39.9%
Interest expense	709	694	469	-225	-32.4%	-239	-33.8%
Loss on valuation of equity-method investees	2,127	6,614	6,763	149	2.3%	4,636	218.0%
Impairment loss of equity-method investees	2,574	1,390	0	-1,390	-100.0%	-2,574	-100.0%
Donation	203	714	127	-587	-82.2%	-76	-37.3%
Income before tax expense	45,005	1,262	-3,617	-4,879	-386.6%	-48,622	-108.0%
Income tax expense	12,135	3,134	469	-2,665	-85.0%	-11,666	-96.1%
Net income	32,870	-1,872	-4,086	-2,214	118.3%	-36,956	-112.4%

[Appendix] Parent Financials



Balance Sheet

(Unit: KRW million, %)

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	255,244	283,193	254,942	-28,251	-10.0%	-302	-0.1%
1. Current assets	129,707	141,677	117,962	-23,715	-16.7%	-11,745	-9.1%
Quick assets	129,707	141,677	117,962	-23,715	-16.7%	-11,745	-9.1%
2. Non-current assets	125,536	141,516	136,980	-4,536	-3.2%	11,444	9.1%
Investments	58,104	51,576	48,876	-2,700	-5.2%	-9,228	-15.9%
Tangible assets	54,302	76,421	66,240	-10,181	-13.3%	11,938	22.0%
Intangible & other non-current assets	13,130	13,519	21,863	8,344	61.7%	8,733	66.5%
Total liabilities	104,251	108,856	82,943	-25,913	-23.8%	-21,308	-20.4%
1. Current liabilities	80,749	86,305	80,466	-5,839	-6.8%	-283	-0.4%
2. Non-current liabilities	23,502	22,551	2,477	-20,074	-89.0%	-21,025	-89.5%
Total shareholders' equity	150,993	174,337	171,999	-2,338	-1.3%	21,006	13.9%
1. Stockholders' equity	6,459	6,482	6,482	0	0.0%	23	0.4%
2. Additional paid-in capital	131,394	133,522	133,522	0	0.0%	2,128	1.6%
3. Capital Adjustments	6,337	9,544	9,909	365	3.8%	3,572	56.4%
4. Other Cumulative Gains/Losses	-15,211	-10,288	-8,904	1,384	-13.5%	6,307	-41.5%
5. Retained Earnings (Deficit)	22,013	35,077	30,991	-4,086	-11.6%	8,978	40.8%
Cash(1)*	58,075	81,607	62,822	-18,785	-23.0%	4,747	8.2%
Interest-bearing Debt(2)	36,677	35,924	19,796	-16,128	-44.9%	-16,881	-46.0%
Net Cash(1-2)	21,395	45,683	43,026	-2,657	-5.8%	21,631	101.1%

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

Cash Flow Statement

(Unit: KRW million, %)

	2007	2008	As of 1Q09
1. Cash flows from operating activities	56,697	59,217	3,236
Net income	15,634	45,934	-4,086
Depreciation	15,307	17,390	4,407
Accrual of severance benefits	0	2,501	1,003
Loss (gain) on foreign currency translation, net	-4	-104	-45
Loss (gain) on valuation of equity-method investments, net	36,285	10,420	6,758
Loss (gain) on disposal of equity-method investment, net	-6,194	-39,844	0
Decrease (increase) in working capital	-12,118	10,701	-8,214
Others	7,787	12,220	3,414
2. Cash flows from investing activities	-19,942	-38,709	-14,880
Decrease (increase) of securities or financial instruments	7,217	-20,625	-21,043
Recovery of loans (lending)	-3,800	4,033	0
Disposal (acquisition) of PPE	-21,533	-19,019	-2,087
Disposal (acquisition) of real property, buildings	-444	-20,804	-196
Decrease (increase) in intangible assets	-3,780	-2,655	-240
Others	2,398	20,362	8,685
3. Cash flows from financing activities	-21,971	1,818	-16,178
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	0
Others	-4	-458	-810
4. Net increase of cash (1+2+3)	14,784	22,326	-27,822
5. Beginning of the year	2,680	17,465	39,790
6. End of the year (5+6)	17,465	39,790	11,968

(Unit: KRW million, %)

Summary of Income Statement

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Revenues	62,537	68,805	59,651	-9,155	-13.3%	-2,886	-4.6%
Domestic SBU	57,507	60,162	51,479	-8,683	-14.4%	-6,028	-10.5%
Global SBU	5,030	8,643	8,171	-472	-5.5%	3,142	62.5%
Operating Expenses	53,520	59,886	60,851	965	1.6%	7,330	13.7%
Operating Profit	8,812	8,920	-1,200	-10,119	-113.5%	-10,012	-113.6%
Domestic SBU	9,735	10,592	3,198	-7,394	-69.8%	-6,537	-67.1%
Global SBU	-923	-1,673	-4,398	-2,725	162.9%	-3,475	376.4%
Non-operating profit	41,920	3,456	1,775	-1,681	-48.6%	-40,144	-95.8%
Non-operating expenses	5,382	10,609	4,364	-6,244	-58.9%	-1,018	-18.9%
Tax expense	12,162	3,909	671	-3,237	-82.8%	-11,491	-94.5%
Net Income	33,187	-2,142	-4,460	-2,318	108.2%	-37,648	-113.4%
Profit of Minority Interests	-19	69	-63	-132	-191.2%	-44	235.4%
Profit of Controlling Company*	33,206	-2,211	-4,397	-2,186	98.9%	-37,603	-113.2%

[Appendix] Consolidated Financials



Balance Sheet

(Unit: KRW million, %)

	1Q08	4Q08	1Q09	QoQ	QoQ(%)	YoY	YoY(%)
Total assets	271,427	300,748	275,347	-25,401	-8.4%	3,920	1.4%
1. Current assets	170,167	172,677	135,414	-37,263	-21.6%	-34,753	-20.4%
Quick assets	170,167	172,677	135,414	-37,263	-21.6%	-34,753	-20.4%
2. Non-current assets	101,260	128,071	139,932	11,861	9.3%	38,672	38.2%
Investments	28,019	31,976	43,818	11,842	37.0%	15,799	56.4%
Tangible assets	57,496	78,925	71,553	-7,372	-9.3%	67,973	1898.7%
Intangible and other non-current assets	15,745	17,170	24,561	7,391	43.0%	18,574	310.2%
Total Liabilities	123,049	125,391	105,026	-20,365	-16.2%	-18,023	-14.6%
1. Current Liabilities	100,075	102,779	102,664	-115	-0.1%	2,589	2.6%
2. Non-current Liabilities	22,974	22,613	2,362	-20,251	-89.6%	-20,612	-89.7%
Total shareholders' equity	148,378	175,357	170,320	-5,037	-2.9%	21,942	14.8%
1. Stockholders' equity	6,459	6,482	6,482	0	0.0%	23	0.4%
2. Additional paid-in capital	133,529	132,023	132,023	0	0.0%	-1,506	-1.1%
3. Capital Adjustments	6,925	10,131	10,873	742	7.3%	3,948	57.0%
4. Other cumulative gain/loss	-15,902	-8,694	-7,672	1,022	-11.8%	8,230	-51.8%
5. Retained earnings	17,387	35,510	28,688	-6,822	-19.2%	11,301	65.0%
6. Minority interests	-21	-95	-74	21	-22.1%	-53	252.4%

[Appendix] Consolidated Financials



Cash Flow Statement

(Unit: KRW million, %)

	FY2007	FY2008	As of 1Q09
1. Cash flows from operating activities	53,453	59,445	-1,047
Net Income (Loss)	16,013	47,185	-4,397
Depreciation	17,544	18,986	5,018
Amortization	12,905	4,557	1,471
Impairment loss(gain) on intangible assets, net	11,601	1,457	201
Accrual of severance benefits	0	0	1,100
Loss (gain) on foreign currency translation, net	-42	-669	-235
Loss (gain) on valuation of equity-method investees, net	13,142	6,137	655
Loss (gain) on disposal of equity-method investment, net	-6,249	-39,663	1,154
Decrease (increase) in working capital	-14,511	11,611	-8,937
Others	3,050	9,844	2,923
2. Cash flows from investing activities	-40,393	-27,933	-23,981
Decrease (increase) of securities or financial instruments	-12,016	17,737	-20,677
Disposal (acquisition) of plant & equipment	-22,204	-23,763	-2,549
Disposal (acquisition) of real property & buildings	-519	-20,761	-196
Disposal (acquisition) of intangible assets	-3,929	-2,760	-366
Others	-1,726	1,614	-193
3. Cash flows from financing activities	-22,095	1,118	-15,578
Proceeds from (repayment of) short-term borrowings	0	0	601
Proceeds from (repayment of) PPE	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	0
Others	-21,529	237	0
4. Cash flows from foreign currency translation	277	399	393
5. Cash flows from changes in subsidiaries	0	76	0
6. Net increase of cash (1+2+3+4+5)	-8,758	33,105	-40,212
7. Beginning of the year	32,272	23,514	56,619
8. End of the year (6+7)	23,514	56,619	16,407



Thank you