

# Earnings Release

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For the quarter ended March 31, 2008



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## [Disclaimers]

- Consolidated financial results for the quarter ended March 31, 2008, have been prepared based on consolidated financial statements of Daum Communications Corp. and its seven(7) 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 financial statements with subsidiaries which Daum holds more than 50% of shares.
- Subsidiaries:
  - Media SBU (4 subsidiaries): Namu Communications (100%), ContentsPlug (100%), Daum Service (100%), Twinkle Little Star (82.6%)
  - Global SBU (3 subsidiaries): Lycos US (100%), Lycos Japan (93.4%), Chihan (100%)
- Exclusion of Finance SBU from Consolidation: Finance SBU has been excluded from the consolidated financials after disposal of Daum Direct shares. For the same standard of comparison, historical figures have also been normalized. The impact on the total consolidated revenues for the 1Q07 and 4Q07 is KRW -78.6bn and KRW -79.7bn, respectively. The payment of Daum Direct sales proceeds of KRW 40.9bn has been completed as of March 28 and accordingly, KRW 40.2bn of gain on disposal of equity method investments has been recognized in the first quarter of 2008.
- Please note that all of Profit/Loss accounts; i.e., Operating Profit, EBITDA, and Net Profit in the earnings results are Profit/Loss of controlling company excluding minority interests.

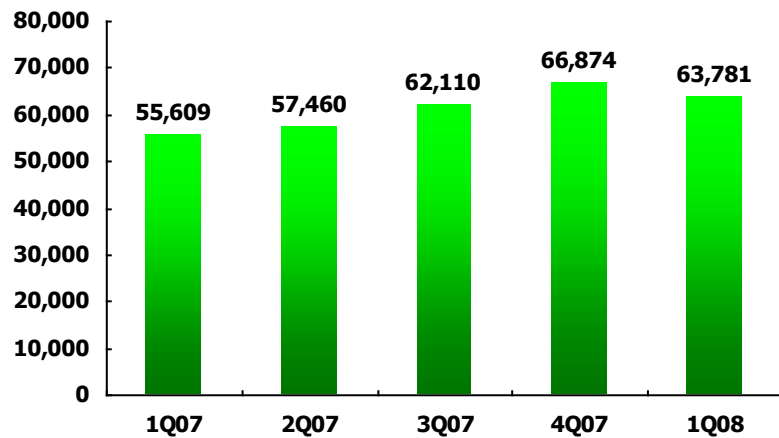
# **1Q 2008 Actual Review**

## **1. Total Consolidated Financials**

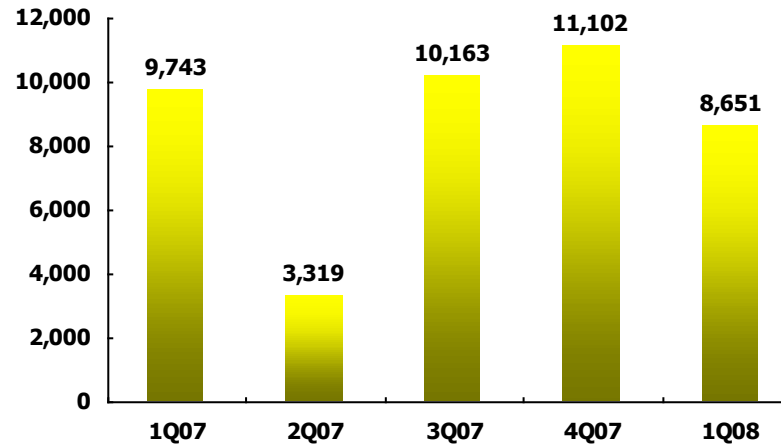
# [Consolidated] Total

(Unit: KRW million)

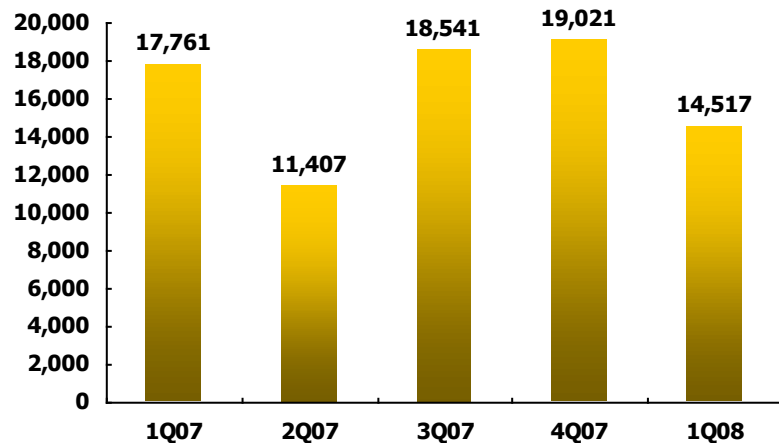
### Revenues (QoQ -4.6%, YoY 14.7%)



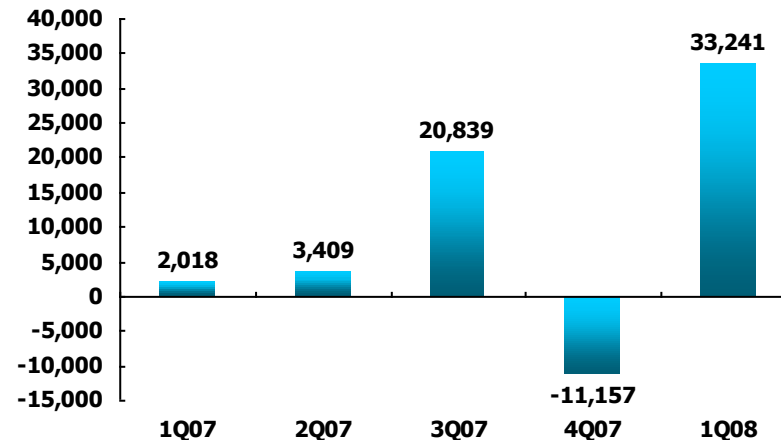
### Operating Profit (-2.5bn QoQ, -1.1bn YoY)



### EBITDA (-4.5bn QoQ, -3.2bn YoY)



### Net Profit (Profit QoQ, 31.2bn YoY)



# [Consolidated] Total

## Income Statement

(Unit: KRW million, %)

|                           | 1Q07          | 4Q07           | 1Q08          | QoQ           | YoY           |
|---------------------------|---------------|----------------|---------------|---------------|---------------|
| <b>Revenues</b>           | <b>55,609</b> | <b>66,874</b>  | <b>63,781</b> | <b>-4.6%</b>  | <b>14.7%</b>  |
| Media SBU                 | 49,918        | 61,186         | 58,667        | -4.1%         | 17.5%         |
| Global SBU                | 5,692         | 5,688          | 5,114         | -10.1%        | -10.1%        |
| <b>Operating Expenses</b> | <b>45,966</b> | <b>55,800</b>  | <b>55,173</b> | <b>-627</b>   | <b>9,207</b>  |
| <b>Operating Profit*</b>  | <b>9,743</b>  | <b>11,102</b>  | <b>8,651</b>  | <b>-2,451</b> | <b>-1,092</b> |
| <b>EBITDA*</b>            | <b>17,761</b> | <b>19,021</b>  | <b>14,517</b> | <b>-4,505</b> | <b>-3,244</b> |
| <b>Net Income*</b>        | <b>2,018</b>  | <b>-11,157</b> | <b>33,241</b> | <b>44,398</b> | <b>31,223</b> |

\* Profit of Controlling Company (Excluding Minority Interests)

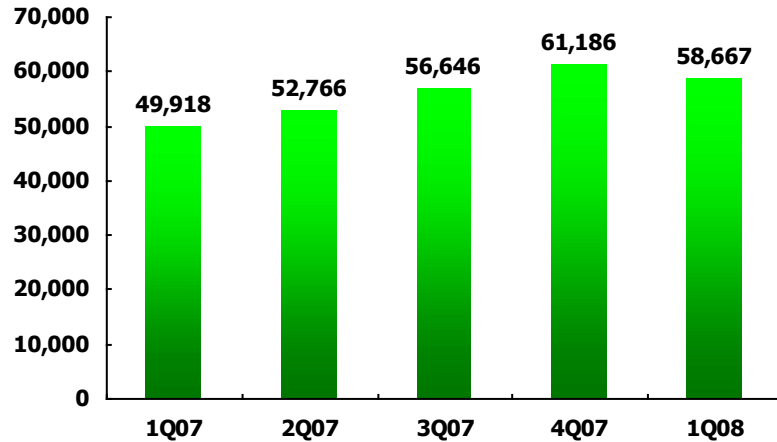
# **1Q 2008 Actual Review**

## **2. Media SBU**

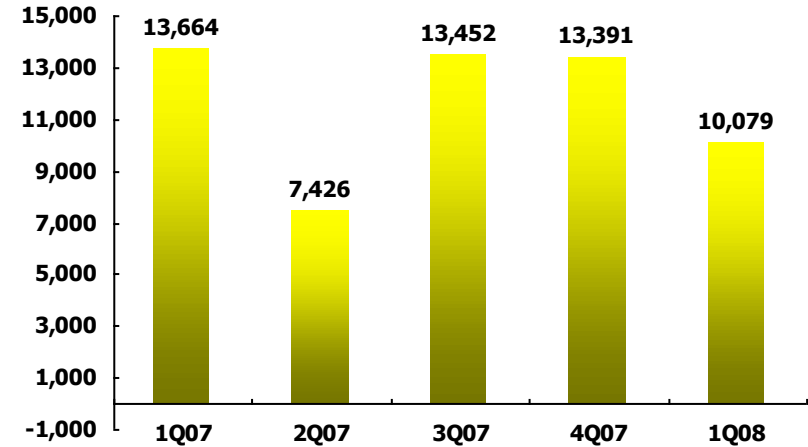
# [Consolidated] Media SBU

(Unit: KRW million)

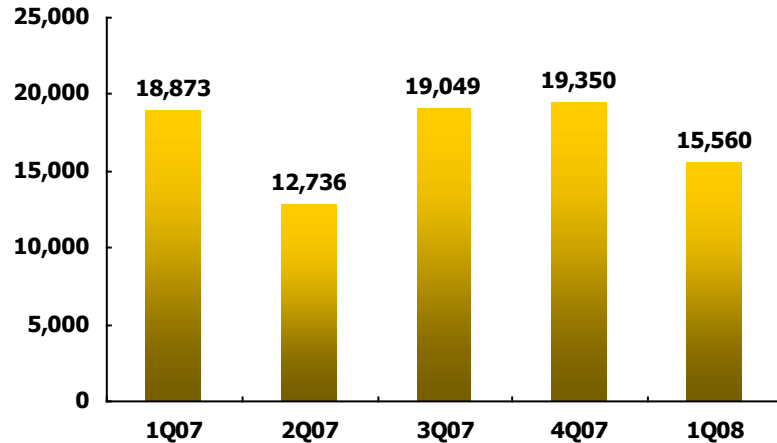
Revenues (QoQ -4.1%, YoY 17.5%)



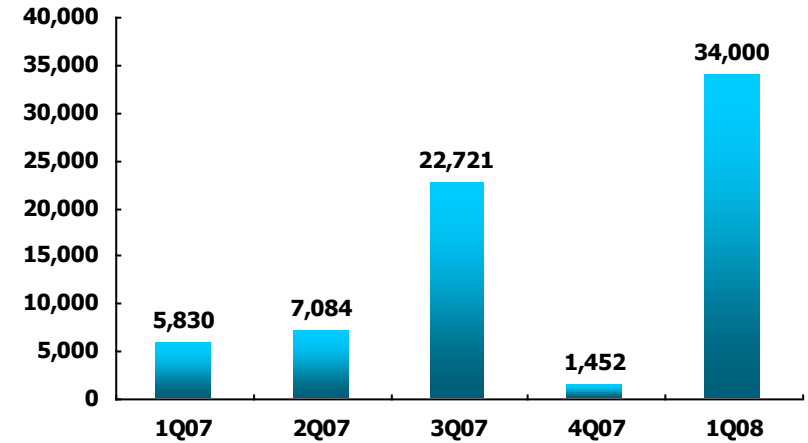
Operating Profit (-3.3bn QoQ, -3.6bn YoY)



EBITDA (-3.8bn QoQ, -3.3bn YoY)



Net Profit (32.5bn QoQ, 28.2bn YoY)





# [Consolidated] Media SBU

## Summary of Income Statement – Media SBU

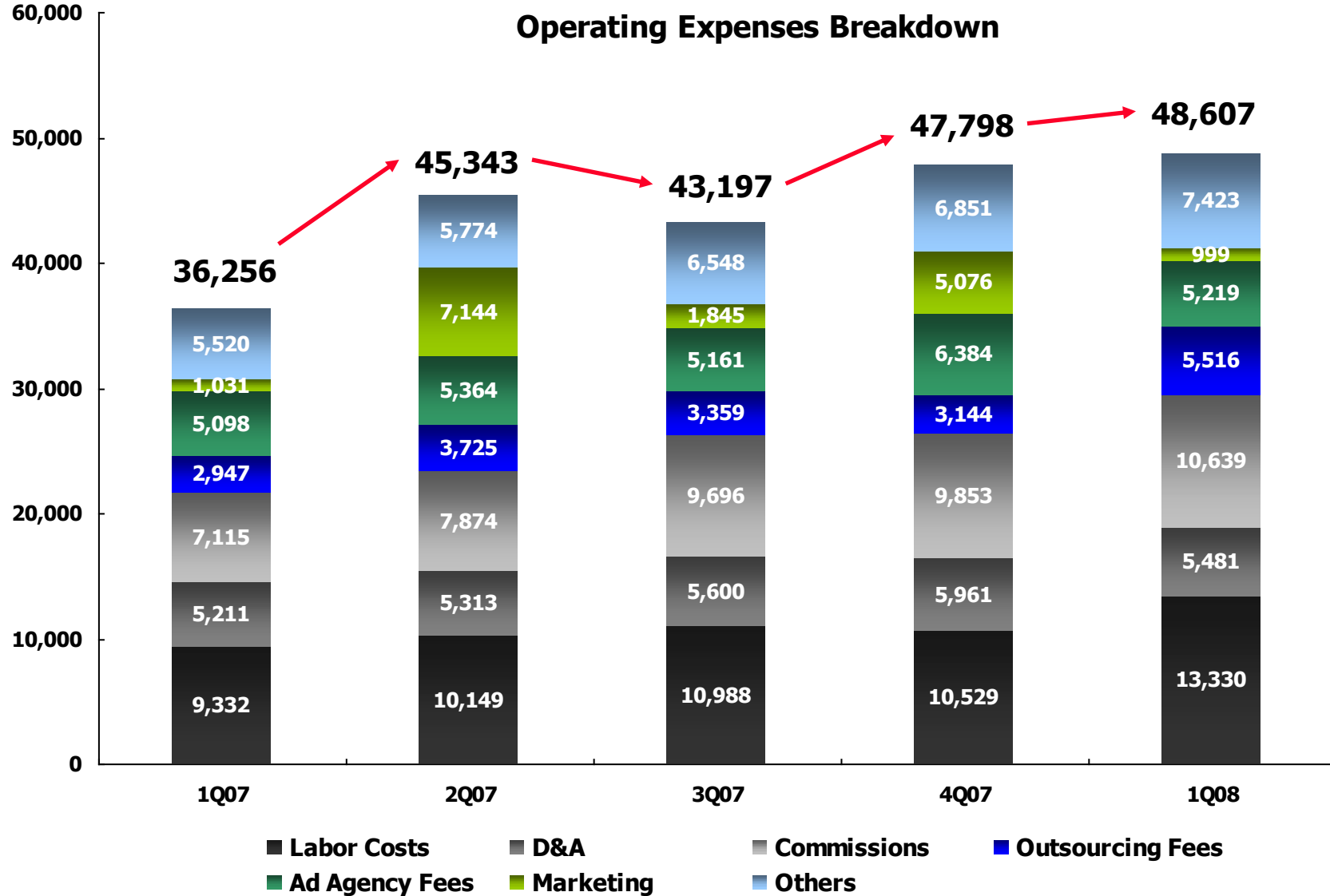
(Unit: KRW million, %)

|                           | 1Q07          | 4Q07          | 1Q08          | QoQ           | YoY           |
|---------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenues</b>           | <b>49,918</b> | <b>61,186</b> | <b>58,667</b> | <b>-4.1%</b>  | <b>17.5%</b>  |
| Display Ads               | 19,656        | 25,820        | 20,212        | -21.7%        | 2.8%          |
| Search Ads                | 22,820        | 28,488        | 29,906        | 5.0%          | 31.0%         |
| Transactions              | 5,110         | 4,827         | 5,741         | 18.9%         | 12.4%         |
| Others                    | 2,331         | 2,052         | 2,808         | 36.9%         | 20.5%         |
| <b>Operating Expenses</b> | <b>36,256</b> | <b>47,798</b> | <b>48,607</b> | <b>809</b>    | <b>12,350</b> |
| <b>Operating Profit*</b>  | <b>13,664</b> | <b>13,391</b> | <b>10,079</b> | <b>-3,312</b> | <b>-3,586</b> |
| <b>EBITDA*</b>            | <b>18,873</b> | <b>19,350</b> | <b>15,560</b> | <b>-3,790</b> | <b>-3,313</b> |
| <b>Net Income*</b>        | <b>5,830</b>  | <b>1,452</b>  | <b>34,000</b> | <b>32,548</b> | <b>28,170</b> |

\* Profit of Controlling Company (Excluding Minority Interests)

# [Consolidated] Media SBU

(Unit: KRW million)



# [Consolidated] Media SBU

## Summary of Operating Expenses

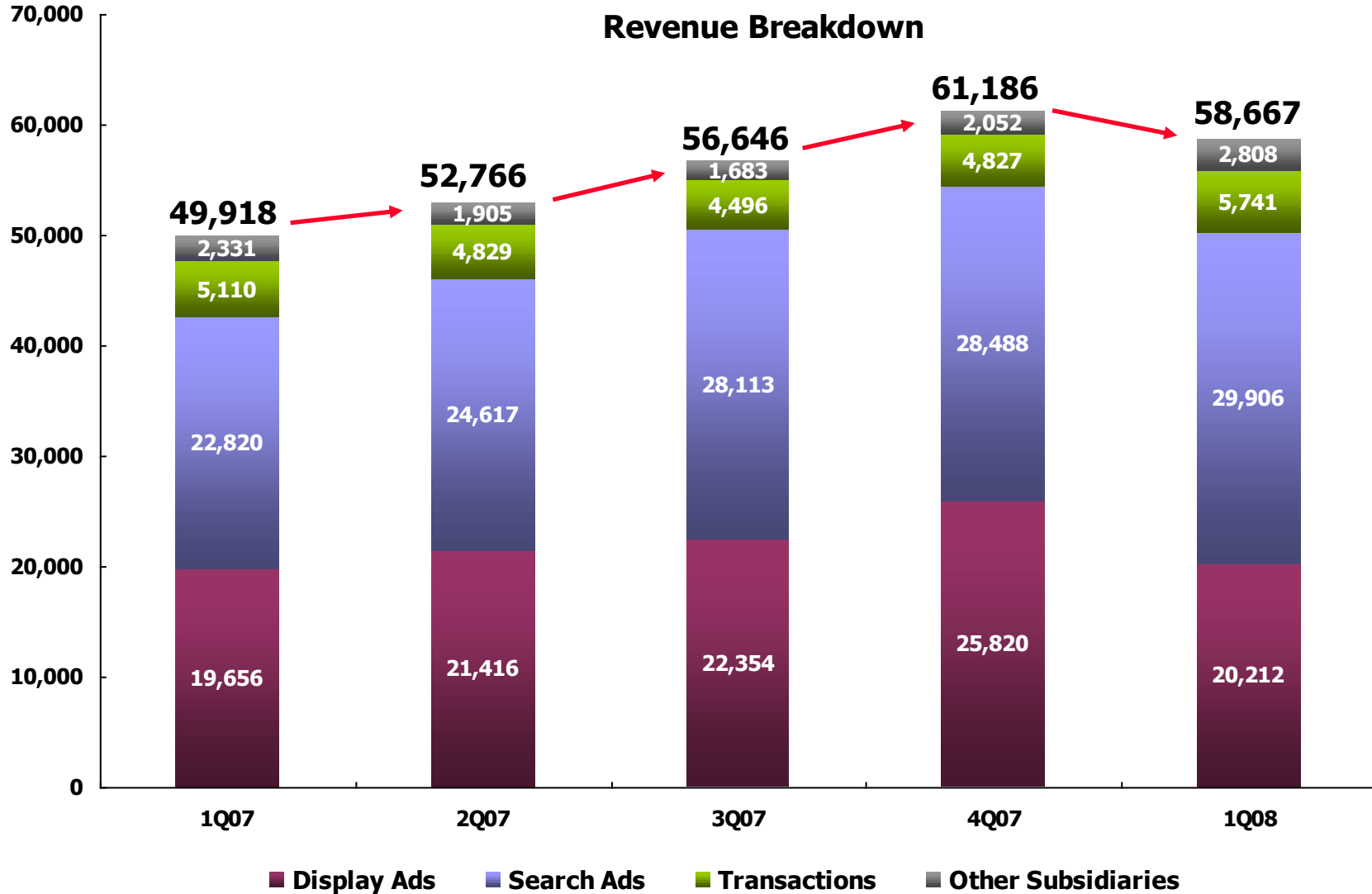
(Unit: KRW million)

|                           | 1Q07          | 4Q07          | 1Q08          | QoQ        | YoY           |
|---------------------------|---------------|---------------|---------------|------------|---------------|
| <b>Operating Expenses</b> | <b>36,256</b> | <b>47,798</b> | <b>48,607</b> | <b>809</b> | <b>12,350</b> |
| Labor Cost                | 9,332         | 10,529        | 13,330        | 2,801      | 3,998         |
| D&A*                      | 5,211         | 5,961         | 5,481         | -480       | 270           |
| Commissions               | 7,115         | 9,853         | 10,639        | 786        | 3,524         |
| Outsourcing Fees          | 2,947         | 3,144         | 5,516         | 2,371      | 2,568         |
| Ad Agency Fees            | 5,098         | 6,384         | 5,219         | -1,164     | 121           |
| Marketing                 | 1,031         | 5,076         | 999           | -4,077     | -32           |
| Others                    | 5,520         | 6,851         | 7,423         | 572        | 1,902         |

\* D&A: Depreciation & Amortization

# [Consolidated] Media SBU

(Unit: KRW million)



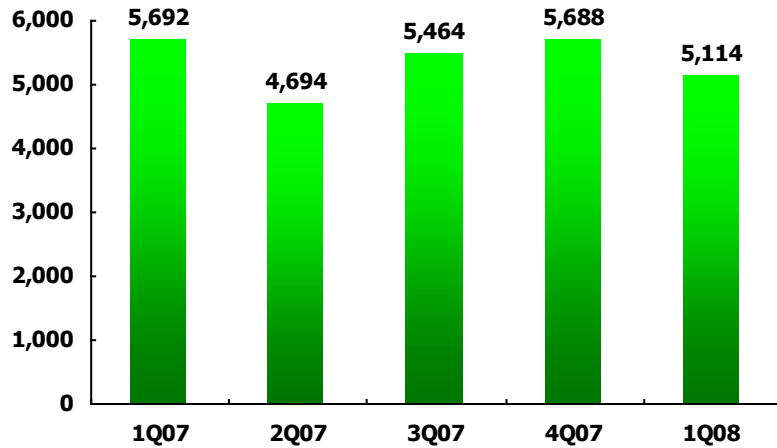
# **1Q 2008 Actual Review**

## **3. Global SBU**

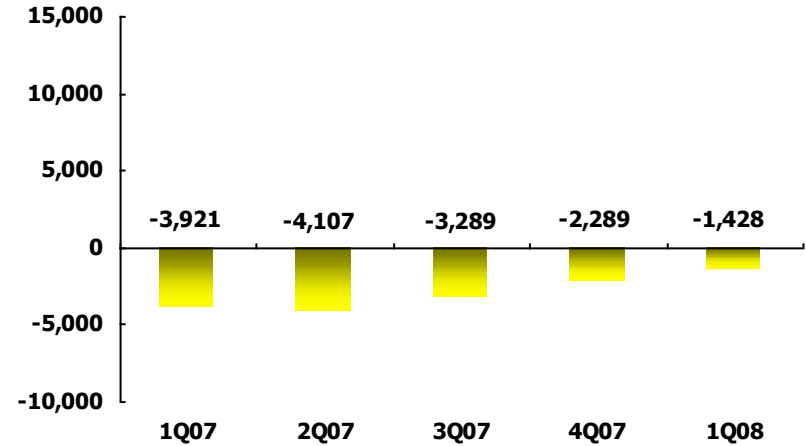
# [Consolidated] Global SBU

(Unit: KRW million)

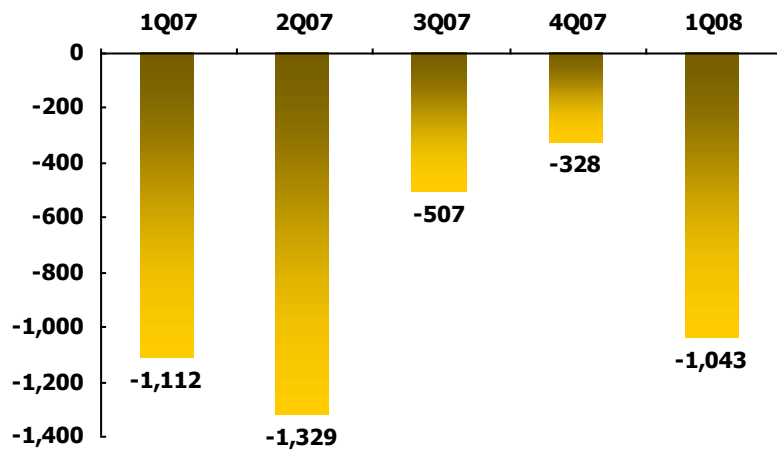
**Revenues (QoQ -10.1%, YoY -10.1%)**



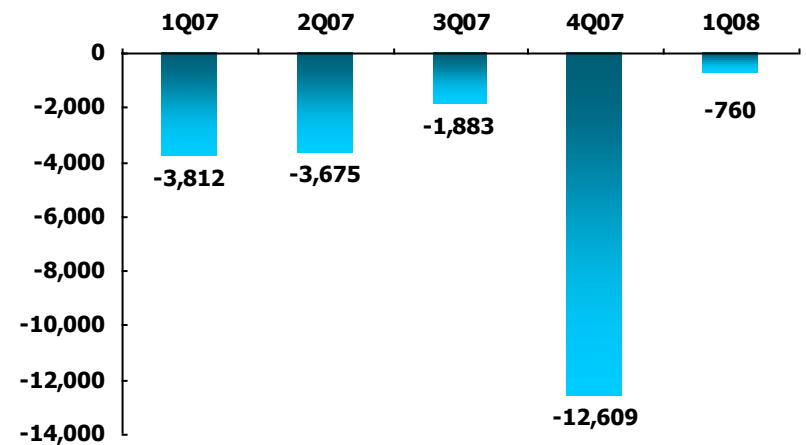
**Operating Profit (0.9bn QoQ, 2.5bn YoY)**



**EBITDA (-0.7bn QoQ, 0.1bn YoY)**



**Net Profit (11.8bn QoQ, 3.1bn YoY)**



# [Consolidated] Global SBU

## Summary of Income Statement – Global SBU

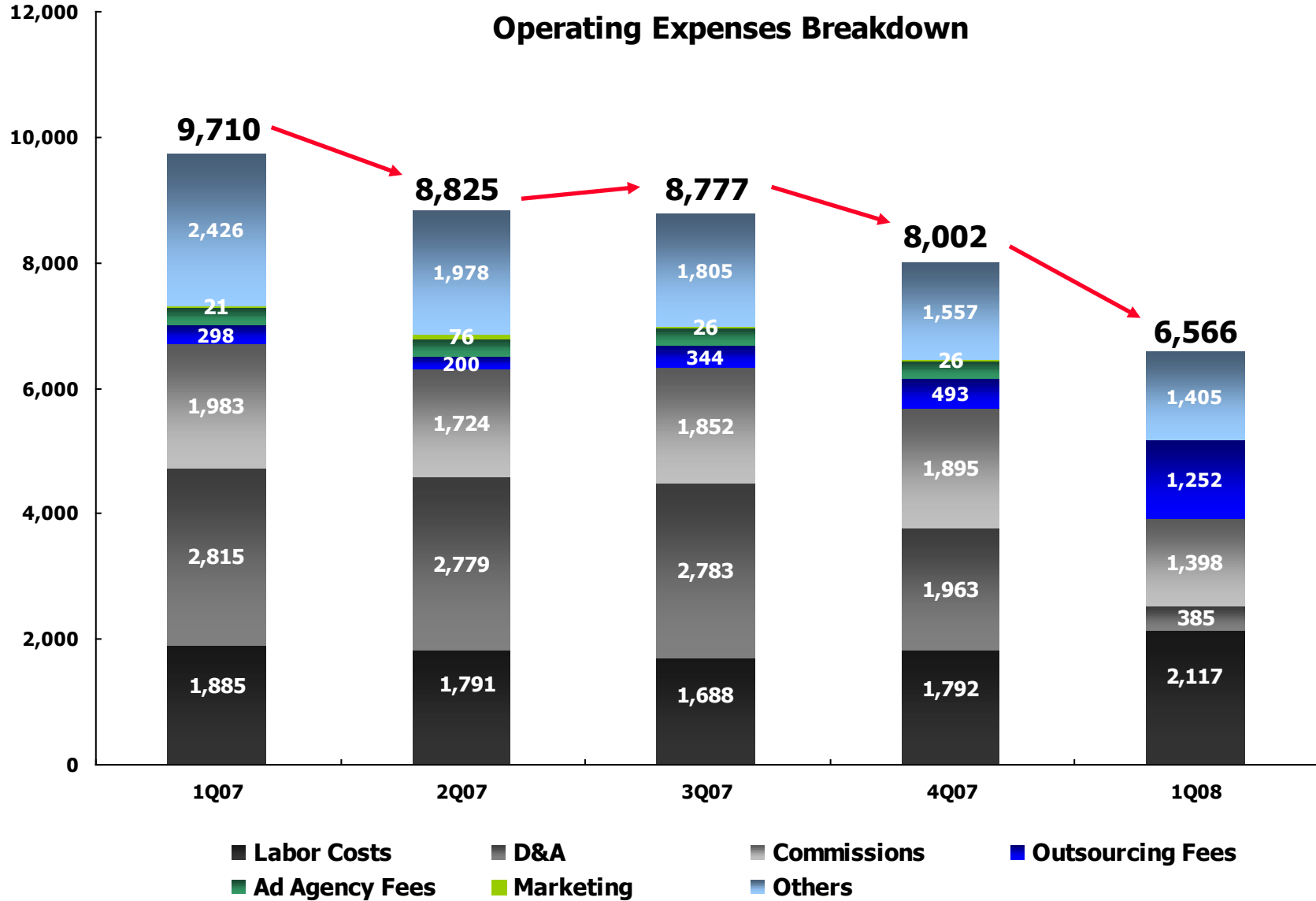
(Unit: KRW million, %)

|                           | 1Q07   | 4Q07    | 1Q08   | QoQ    | YoY    |
|---------------------------|--------|---------|--------|--------|--------|
| <b>Revenues</b>           | 5,692  | 5,688   | 5,114  | -10.1% | -10.1% |
| <b>Operating Expenses</b> | 9,710  | 8,002   | 6,566  | -1,436 | -3,144 |
| <b>Operating Profit*</b>  | -3,921 | -2,289  | -1,428 | 862    | 2,494  |
| <b>EBITDA*</b>            | -1,112 | -328    | -1,043 | -715   | 69     |
| <b>Net Income*</b>        | -3,812 | -12,609 | -760   | 11,849 | 3,052  |

\* Profit of Controlling Company (Excluding Minority Interests)

# [Consolidated] Global SBU

(Unit: KRW million)





# [Consolidated] Global SBU

## Summary of Operating Expenses – Global SBU

(Unit: KRW million)

|                           | 1Q07         | 4Q07         | 1Q08         | QoQ           | YoY           |
|---------------------------|--------------|--------------|--------------|---------------|---------------|
| <b>Operating Expenses</b> | <b>9,710</b> | <b>8,002</b> | <b>6,566</b> | <b>-1,436</b> | <b>-3,144</b> |
| Labor Costs               | 1,885        | 1,792        | 2,117        | 325           | 232           |
| D&A*                      | 2,815        | 1,963        | 385          | -1,578        | -2,430        |
| Commissions               | 1,983        | 1,895        | 1,398        | -497          | -585          |
| Outsourcing Fees          | 298          | 493          | 1,252        | 759           | 954           |
| Ad Agency Fees            | 282          | 276          | 0            | -276          | -282          |
| Advertising               | 21           | 26           | 9            | -17           | -12           |
| Others                    | 2,426        | 1,557        | 1,405        | -151          | -1,021        |

\* D&A: Depreciation & Amortization

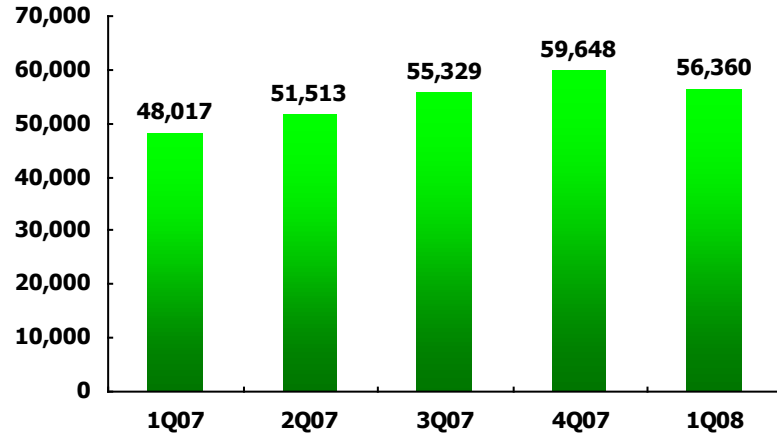
# **1Q 2008 Actual Review**

## **4. Parent Financials**

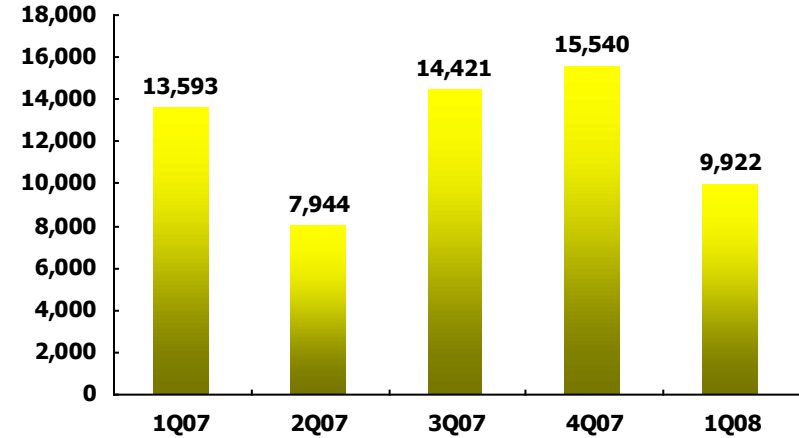
# [Parent] Summary of Income Statement

(Unit: KRW million)

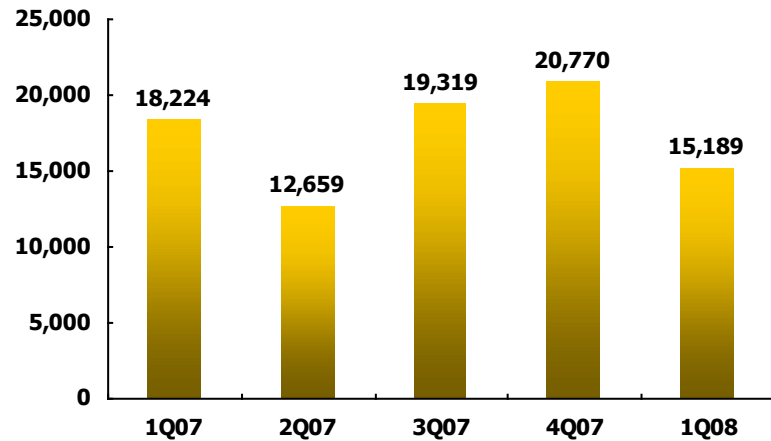
**Revenues (QoQ -5.5 %, YoY 17.4 %)**



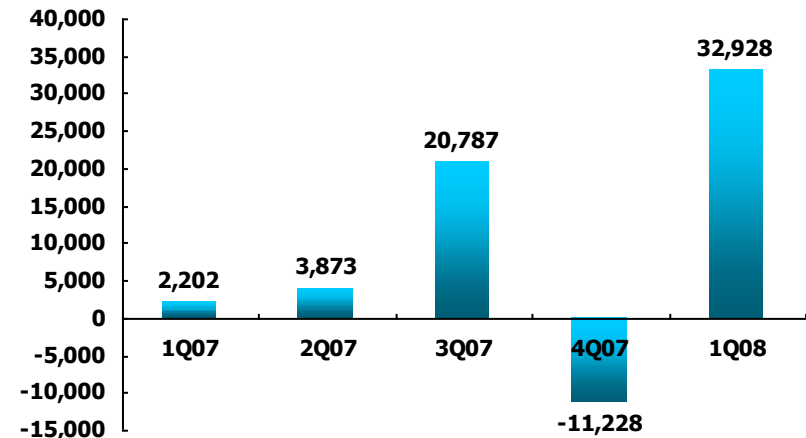
**Operating Profit (-5.4bn QoQ, -3.5bn YoY)**



**EBITDA (-5.4bn QoQ, -2.8bn YoY)**

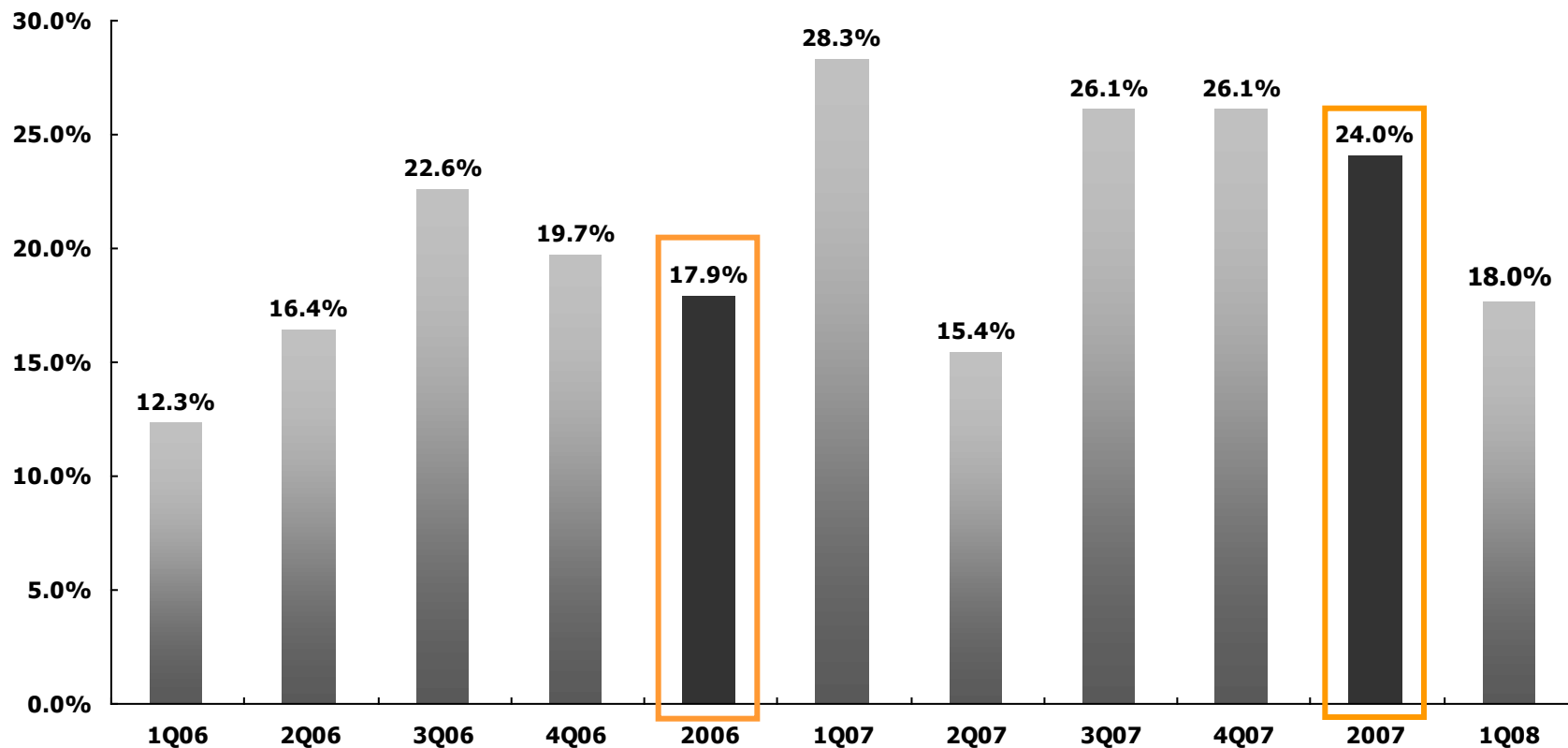


**Net Profit (Profit QoQ, 30.7bn YoY)**



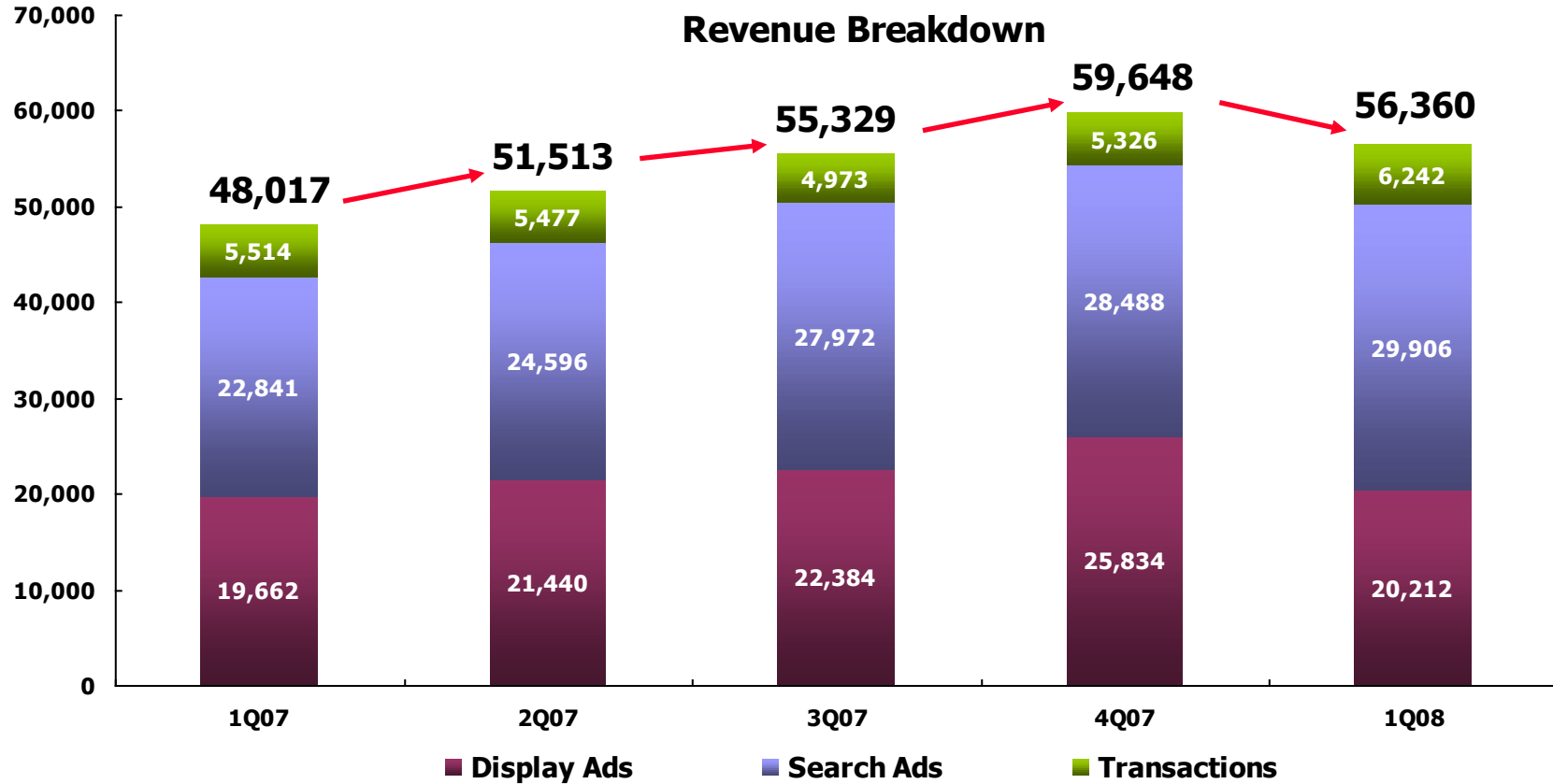
# [Parent] Summary of Income Statement

## Operating Profit Margin



# [Parent] Summary of Income Statement

(Unit: KRW million)



# [Parent] Summary of Income Statement

## Summary of Income Statement - Parent

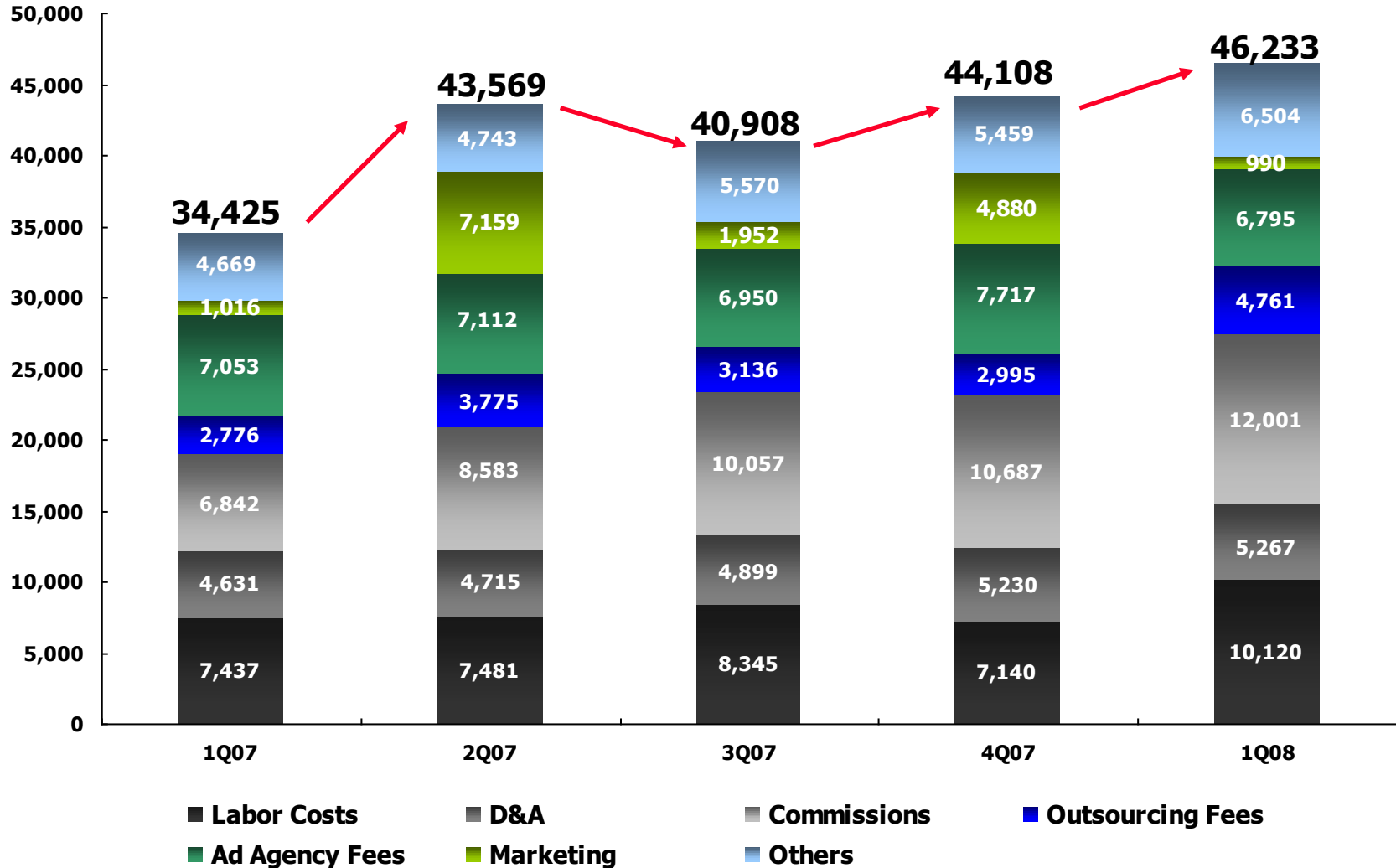
(Unit: KRW million, %)

|                           | 1Q07          | 4Q07           | 1Q08          | QoQ           | YoY           |
|---------------------------|---------------|----------------|---------------|---------------|---------------|
| <b>Revenues</b>           | <b>48,017</b> | <b>59,648</b>  | <b>56,360</b> | <b>-5.5%</b>  | <b>17.4%</b>  |
| Display Ads               | 19,662        | 25,834         | 20,212        | -21.8%        | 2.8%          |
| Search Ads                | 22,841        | 28,488         | 29,906        | 5.0%          | 30.9%         |
| Transactions              | 5,514         | 5,326          | 6,242         | 17.2%         | 13.2%         |
| <b>Operating Expenses</b> | <b>34,425</b> | <b>44,108</b>  | <b>46,233</b> | <b>2,125</b>  | <b>11,809</b> |
| <b>Operating Profit</b>   | <b>13,593</b> | <b>15,540</b>  | <b>10,126</b> | <b>-5,414</b> | <b>-3,466</b> |
| <b>EBITDA</b>             | <b>18,224</b> | <b>20,770</b>  | <b>15,393</b> | <b>-5,377</b> | <b>-2,831</b> |
| <b>Net Income</b>         | <b>2,202</b>  | <b>-11,228</b> | <b>32,928</b> | <b>44,157</b> | <b>30,726</b> |

# [Parent] Summary of Operating Expenses

(Unit: KRW million)

## Operating Expenses Breakdown



# [Parent] Summary of Operating Expenses

## Summary of Operating Expenses

(Unit: KRW million)

|                           | 1Q07          | 4Q07          | 1Q08          | QoQ          | YoY           |
|---------------------------|---------------|---------------|---------------|--------------|---------------|
| <b>Operating Expenses</b> | <b>34,425</b> | <b>44,108</b> | <b>46,233</b> | <b>2,125</b> | <b>11,809</b> |
| Labor Costs               | 7,437         | 7,140         | 10,120        | 2,980        | 2,683         |
| D&A*                      | 4,631         | 5,230         | 5,267         | 37           | 636           |
| Commissions               | 6,842         | 10,687        | 12,001        | 1,314        | 5,158         |
| Outsourcing Fees          | 2,776         | 2,995         | 4,761         | 1,766        | 1,986         |
| Ad Agency Fees            | 7,053         | 7,717         | 6,795         | -922         | -258          |
| Marketing                 | 1,016         | 4,880         | 990           | -3,890       | -26           |
| Others                    | 4,669         | 5,459         | 6,300         | 840          | 1,631         |

\* D&A: Depreciation & Amortization



# [Parent] Equity Method Investments

## Equity Method Investments

(Unit: KRW million)

| Equity Method Investees    | 1Q08          |                         |               | 1Q07          |                         |               | 2007           |                         |               |
|----------------------------|---------------|-------------------------|---------------|---------------|-------------------------|---------------|----------------|-------------------------|---------------|
|                            | Gain/Loss     | Other Increase/Decrease | Book Value    | Gain/Loss     | Other Increase/Decrease | Book Value    | Gain/Loss      | Other Increase/Decrease | Book Value    |
| Tour Express               | 0             | 0                       | 0             | -299          | 0                       | 642           | -341           | -601                    | 0             |
| Daum Direct Auto Insurance | -455          | -638                    | 5,929         | -3,188        | -1                      | 11,077        | -8,092         | 847                     | 7,022         |
| Namu Communications        | 122           | 0                       | 1,147         | 226           | 0                       | 2,349         | -1,099         | 0                       | 1,025         |
| Twinkle Little Star        | -1,558        | 0                       | 126           | -203          | 0                       | 796           | -516           | 1,200                   | 1,684         |
| Lycos Japan Corp           | 0             | -228                    | 0             | -357          | 7                       | 1,588         | -1,818         | 107                     | 228           |
| Daum international corp    | 0             | 0                       | 0             | -3,458        | 554                     | 47,272        | -8,888         | -41,288                 | 0             |
| Daum Global Holdings       | -1,172        | 1,943                   | 28,658        | 0             | 0                       | 0             | -14,153        | 42,041                  | 27,888        |
| Daum Onket                 | -287          | 0                       | 1,895         | -49           | 0                       | 2,786         | -654           | 0                       | 2,182         |
| Daum Service               | 66            | 0                       | 2,005         | -215          | 0                       | 1,494         | 230            | 0                       | 1,939         |
| ContentsPlug               | 119           | 0                       | 2,837         | 306           | 0                       | 3,338         | -314           | 0                       | 2,717         |
| Daum Asia Holding corp     | 0             | 0                       | 0             | 0             | 0                       | 0             | 0              | 0                       | 0             |
| Daesung Mimac              | -568          | 0                       | 762           | -139          | 0                       | 1,969         | -641           | -136                    | 1,330         |
| Open IPTV                  | 0             | 500                     | 500           | 0             | 0                       | 0             | 0              | 0                       | 0             |
| ActBiz                     | -660          | 660                     | 0             | 0             | 0                       | 0             | 0              | 0                       | 0             |
| <b>합계</b>                  | <b>-4,393</b> | <b>2,237</b>            | <b>43,858</b> | <b>-7,376</b> | <b>560</b>              | <b>73,312</b> | <b>-36,285</b> | <b>2,170</b>            | <b>46,015</b> |

- 2007 손익 및 기타증감액은 연간 누적금액입니다.
- 손익에는 지분법평가손익외에 지분법주식감액손실이 포함되어 있습니다.  
회사는 당기중 (주)트윈클리틀스타, (주)엑트비즈, (주)대성마이맥에 대하여 각각 1,401백만원, 660백만원, 513백만원의 지분법주식감액손실을 인식하였습니다.
- 기타증감액은 지분법적용투자주식의 취득, 처분에 따른 자본변동액입니다.

# Appendix

- **Number of Employees**
- **Consolidated Financials**
- **Parent Financials**

## [Appendix] Number of Employees

| SBU   | BU                  | 1Q07         | 2Q07         | 3Q07         | 4Q07         | 1Q08         | QoQ | YoY  |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|-----|------|
| <b>Media</b>                                  | Daum Communications | 718          | 751          | 770          | 794          | 878          | 84  | 160  |
|   | Namu Communications | 215          | 193          | 187          | 195          | 197          | 2   | (18) |
|   | ContentsPlug        | 45           | 44           | 41           | 33           | 37           | 4   | (8)  |
|   | Daum Service        |              | 24           | 51           | 150          | 242          | 92  | 242  |
|   | Twinkle Little Star |              |              |              |              | 33           | 33  | 33   |
|   | <b>Media SBU</b>    | <b>978</b>   | <b>1,012</b> | <b>1,049</b> | <b>1,172</b> | 1,387        | 215 | 409  |
| <b>Global</b>                                 | Lycos               | 67           | 69           | 76           | 77           | 79           | 2   | 12   |
|   | Lycos Japan         | 17           | 19           | 16           | 17           | 17           | 0   | 0    |
|   | Chihan              | 26           | 12           | 14           | 14           | 12           | (2) | (14) |
|   | <b>Global SBU</b>   | <b>110</b>   | <b>100</b>   | <b>106</b>   | <b>108</b>   | 108          | 0   | (2)  |
| <b>Total Consolidated Number of Employees</b> |                     | <b>1,088</b> | <b>1,112</b> | <b>1,155</b> | <b>1,280</b> | <b>1,495</b> | 215 | 407  |

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

# [Appendix] Consolidated Financials

## Income Statement

(Unit: KRW million, %)

|                                       | 1Q07   | 4Q07    | 1Q08   | QoQ     | YoY    |
|---------------------------------------|--------|---------|--------|---------|--------|
| <b>Revenues</b>                       | 55,609 | 66,874  | 63,781 | -4.6%   | 14.7%  |
| Media SBU                             | 49,918 | 61,186  | 58,667 | -4.1%   | 17.5%  |
| Global SBU                            | 5,692  | 5,688   | 5,114  | -10.1%  | -10.1% |
| <b>Operating Expenses</b>             | 45,966 | 55,800  | 55,173 | -627    | 9,207  |
| <b>Operating Profit*</b>              | 9,743  | 11,102  | 8,651  | -2,451  | -1,092 |
| Media SBU                             | 13,664 | 13,391  | 10,079 | -3,312  | -3,586 |
| Global SBU                            | -3,921 | -2,289  | -1,428 | 862     | 2,494  |
| <b>Non-operating profit</b>           | 1,384  | 1,009   | 41,781 | 40,772  | 40,397 |
| <b>Non-operating expenses</b>         | 6,422  | 21,606  | 5,028  | -16,578 | -1,394 |
| <b>Tax expense</b>                    | 2,681  | 1,646   | 12,164 | 10,518  | 9,483  |
| <b>Net Income</b>                     | 1,924  | -11,169 | 33,198 | 44,367  | 31,273 |
| <b>Profit of Minority Interests</b>   | -94    | -12     | -43    | -31     | 51     |
| <b>Profit of Controlling Company*</b> | 2,018  | -11,157 | 33,241 | 44,398  | 31,223 |

\* Profit of Controlling Company (Excluding Minority Interests)

# [Appendix] Consolidated Financials

## Balance Sheet

(Unit: KRW million)

|   | 1Q07           | 4Q07           | 1Q08           | QoQ            | YoY            |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Total assets</b>                     | <b>244,173</b> | <b>233,038</b> | <b>270,489</b> | <b>37,451</b>  | <b>26,316</b>  |
| <b>1. Current assets</b>                | <b>126,525</b> | <b>128,956</b> | <b>172,961</b> | <b>44,005</b>  | <b>46,436</b>  |
| Quick assets                            | 126,525        | 128,956        | 172,961        | 44,005         | 46,436         |
| <b>2. Non-current assets</b>            | <b>117,648</b> | <b>104,082</b> | <b>97,529</b>  | <b>-6,553</b>  | <b>-20,119</b> |
| Investments                             | 27,817         | 25,950         | 23,242         | -2,708         | -4,575         |
| Tangible assets                         | 50,851         | 56,287         | 58,162         | 1,875          | 7,311          |
| Intangible and other non-current assets | 38,980         | 21,845         | 16,125         | -5,720         | -22,855        |
| <b>Total Liabilities</b>                | <b>154,003</b> | <b>119,716</b> | <b>120,619</b> | <b>903</b>     | <b>-33,384</b> |
| <b>1. Current Liabilities</b>           | <b>113,222</b> | <b>83,432</b>  | <b>97,645</b>  | <b>14,213</b>  | <b>-15,577</b> |
| <b>2. Non-current Liabilities</b>       | <b>40,782</b>  | <b>36,285</b>  | <b>22,974</b>  | <b>-13,311</b> | <b>-17,808</b> |
| <b>Total shareholders' equity</b>       | <b>90,170</b>  | <b>113,322</b> | <b>149,870</b> | <b>36,548</b>  | <b>59,700</b>  |
| <b>1. Stockholders' equity</b>          | <b>6,318</b>   | <b>6,443</b>   | <b>6,459</b>   | <b>16</b>      | <b>141</b>     |
| <b>2. Additional paid-in capital</b>    | <b>108,413</b> | <b>119,589</b> | <b>133,585</b> | <b>13,996</b>  | <b>25,172</b>  |
| <b>3. Capital Adjustments</b>           | <b>2,809</b>   | <b>5,599</b>   | <b>6,925</b>   | <b>1,326</b>   | <b>4,116</b>   |
| <b>4. Other cumulative gain/loss</b>    | <b>-2,440</b>  | <b>-6,451</b>  | <b>-15,117</b> | <b>-8,666</b>  | <b>-12,677</b> |
| <b>5. Retained earnings</b>             | <b>-25,017</b> | <b>-11,936</b> | <b>17,949</b>  | <b>29,885</b>  | <b>42,966</b>  |
| <b>6. Minority interests</b>            | <b>87</b>      | <b>77</b>      | <b>70</b>      | <b>-7</b>      | <b>-17</b>     |

# [Appendix] Consolidated Financials

## Cash Flow

(Unit: KRW million)

|  |                |                |                |
|--|----------------|----------------|----------------|
| <b>1. Cash flows from operating activities</b>             | <b>39,369</b>  | <b>84,306</b>  | <b>4,454</b>   |
| Net Income (Loss)  | 11,801         | 15,109         | 33,198         |
| Depreciation   | 19,842         | 20,052         | 4,636          |
| Amortization   | 18,858         | 16,405         | 1,229          |
| Impairment loss(gain) on intangible assets, net            | 31,223         | 12,522         | 1,365          |
| Accrual of severance benefits                              | 2,076          | 3,692          | 898            |
| Loss (gain) on foreign currency translation, net           | 1,310          | -23            | -126           |
| Loss (gain) on valuation of equity-method investees, net   | 5,500          | 2,168          | 687            |
| Loss (gain) on disposal of equity-method investment, net   | -13,116        | -6,168         | -40,027        |
| Decrease (increase) in working capital                     | -21,236        | -1,105         | -507           |
| Others   | -16,890        | 21,654         | 3,101          |
| <b>2. Cash flows from investing activities</b>             | <b>33,935</b>  | <b>-47,097</b> | <b>38,039</b>  |
| Decrease (increase) of securities or financial instruments | 15,863         | -12,615        | 46,988         |
| Disposal (acquisition) of plant & equipment                | 10,731         | -25,645        | -5,319         |
| Disposal (acquisition) of real property & buildings        | -7,503         | -519           | -947           |
| Disposal (acquisition) of intangible assets                | -1,263         | -4,756         | -124           |
| Others   | 16,107         | -3,562         | -2,559         |
| <b>3. Cash flows from financing activities</b>             | <b>-22,610</b> | <b>-14,145</b> | <b>28</b>      |
| Proceeds from (repayment of) short-term borrowings         | 20,691         | -21,402        | 0              |
| Proceeds from (repayment of) PPE                           | 0              | -7,900         | 0              |
| Increase (repayment) of bonds                              | -20,000        | 15,000         | 0              |
| Increase (repayment) of current portion of long-term debts | -31,901        | -30,352        | -1,486         |
| Increase (decrease) in capital lease obligation            | -4,030         | 0              | 0              |
| Proceeds from exercise of stock option                     | 5,740          | 14,786         | 1,514          |
| Others   | 6,890          | 15,722         | -1             |
| <b>4. Cash flows from foreign currency translation</b>     | <b>0</b>       | <b>279</b>     | <b>-212</b>    |
| <b>5. Cash flows from changes in subsidiaries</b>          | <b>0</b>       | <b>-913</b>    | <b>-63,190</b> |
| <b>6. Net increase of cash (1+2+3+4+5)</b>                 | <b>50,694</b>  | <b>22,431</b>  | <b>-20,881</b> |
| <b>7. Beginning of the year</b>                            | <b>15,425</b>  | <b>66,119</b>  | <b>88,550</b>  |
| <b>8. End of the year (6+7)</b>                            | <b>66,119</b>  | <b>88,550</b>  | <b>67,668</b>  |

• In case of change in subsidiaries such as disposal of a business unit, Cash Flow Statement reflects the accumulated effect as of the most recent earnings release date.  
(As for the Income Statement and Balance Sheet, past figures have been normalized for each earnings release period and date.)

# [Appendix] Parent Financials

## Income Statement

(Unit: KRW million)

|   | 1Q07          | 4Q07           | 1Q08          | QoQ            | YoY           |
|---|---------------|----------------|---------------|----------------|---------------|
| <b>Operating revenues</b>                     | <b>48,017</b> | <b>59,648</b>  | <b>56,360</b> | <b>-5.5%</b>   | <b>17.4%</b>  |
| <b>Operating expenses</b>                     | <b>34,425</b> | <b>44,108</b>  | <b>46,233</b> | <b>2,125</b>   | <b>11,809</b> |
| <b>Operating profit</b>                       | <b>13,593</b> | <b>15,540</b>  | <b>10,126</b> | <b>-5,414</b>  | <b>-3,466</b> |
| <b>Non-operating income</b>                   | <b>1,361</b>  | <b>336</b>     | <b>40,939</b> | <b>40,603</b>  | <b>39,578</b> |
| Interest income                               | 235           | 295            | 287           | -8             | 52            |
| Gain on disposal of equity-method investments | 0             | 0              | 40,209        | 40,209         | 40,209        |
| Gain on valuation of equity-method investees  | 532           | -11            | 308           | 319            | -224          |
| <b>Non-operating expense</b>                  | <b>10,097</b> | <b>25,355</b>  | <b>6,001</b>  | <b>-19,353</b> | <b>-4,095</b> |
| Interest expense                              | 1,492         | 752            | 709           | -43            | -783          |
| Loss on valuation of equity-method investees  | 7,908         | 24,402         | 2,127         | -22,275        | -5,782        |
| Donation                                      | 578           | 180            | 203           | 23             | -375          |
| <b>Income before tax expense</b>              | <b>4,857</b>  | <b>-9,479</b>  | <b>45,063</b> | <b>54,542</b>  | <b>40,206</b> |
| <b>Income tax expense</b>                     | <b>2,655</b>  | <b>1,749</b>   | <b>12,135</b> | <b>10,386</b>  | <b>9,480</b>  |
| <b>Net income</b>                             | <b>2,202</b>  | <b>-11,228</b> | <b>32,928</b> | <b>44,157</b>  | <b>30,726</b> |

# [Appendix] Parent Financials

## Balance Sheet

(Unit: KRW million)

|   | 1Q07           | 4Q07           | 1Q08           | QoQ            | YoY            |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Total assets</b>                     | <b>229,937</b> | <b>220,875</b> | <b>255,302</b> | <b>34,427</b>  | <b>25,365</b>  |
| <b>1. Current assets</b>                | <b>83,233</b>  | <b>87,957</b>  | <b>130,111</b> | <b>42,154</b>  | <b>46,878</b>  |
| Quick assets                            | 83,233         | 87,957         | 130,111        | 42,154         | 46,878         |
| <b>2. Non-current assets</b>            | <b>146,704</b> | <b>132,918</b> | <b>125,191</b> | <b>-7,727</b>  | <b>-21,513</b> |
| Investments                             | 83,770         | 59,689         | 57,759         | -1,931         | -26,011        |
| Tangible assets                         | 47,158         | 53,904         | 54,302         | 398            | 7,144          |
| Intangible & other non-current assets   | 15,776         | 19,324         | 13,130         | -6,194         | -2,646         |
| <b>Total liabilities</b>                | <b>138,898</b> | <b>106,570</b> | <b>104,251</b> | <b>-2,319</b>  | <b>-34,647</b> |
| <b>1. Current liabilities</b>           | <b>98,184</b>  | <b>70,407</b>  | <b>80,765</b>  | <b>10,359</b>  | <b>-17,418</b> |
| <b>2. Non-current liabilities</b>       | <b>40,714</b>  | <b>36,163</b>  | <b>23,486</b>  | <b>-12,678</b> | <b>-17,229</b> |
| <b>Total shareholders' equity</b>       | <b>91,039</b>  | <b>114,305</b> | <b>151,051</b> | <b>36,747</b>  | <b>60,012</b>  |
| <b>1. Stockholders' equity</b>          | <b>6,318</b>   | <b>6,443</b>   | <b>6,459</b>   | <b>16</b>      | <b>141</b>     |
| <b>2. Additional paid-in capital</b>    | <b>109,008</b> | <b>120,244</b> | <b>131,394</b> | <b>11,150</b>  | <b>22,386</b>  |
| <b>3. Capital Adjustments</b>           | <b>2,809</b>   | <b>5,604</b>   | <b>6,337</b>   | <b>734</b>     | <b>3,528</b>   |
| <b>4. Other Cumulative Gains/Losses</b> | <b>-2,853</b>  | <b>-7,129</b>  | <b>-15,211</b> | <b>-8,081</b>  | <b>-12,357</b> |
| <b>5. Retained Earnings (Deficit)</b>   | <b>-24,243</b> | <b>-10,857</b> | <b>22,072</b>  | <b>32,928</b>  | <b>46,315</b>  |
| <b>Cash(1)*</b>                         | <b>25,367</b>  | <b>21,515</b>  | <b>58,072</b>  | <b>36,558</b>  | <b>32,705</b>  |
| <b>Interest-bearing Debt(2)</b>         | <b>73,661</b>  | <b>38,117</b>  | <b>36,677</b>  | <b>-1,440</b>  | <b>-36,984</b> |
| <b>Net Cash(1-2)</b>                    | <b>-48,294</b> | <b>-16,603</b> | <b>21,395</b>  | <b>37,998</b>  | <b>69,689</b>  |

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



# [Appendix] Parent Financials

## Cash Flows

(Unit: KRW million)

|  | 2006           | 2007           | 1Q08          |
|--|----------------|----------------|---------------|
| <b>1. Cash flows from operating activities</b>             | <b>8,621</b>   | <b>56,697</b>  | <b>479</b>    |
| Net income   | 16,801         | 15,634         | 32,928        |
| Depreciation   | 15,112         | 15,307         | 4,237         |
| Accrual of severance benefits                              | 0              | 0              | 617           |
| Loss (gain) on foreign currency translation, net           | -206           | -4             | 2             |
| Loss (gain) on valuation of equity-method investments, net | 12,359         | 36,285         | 1,819         |
| Loss (gain) on disposal of equity-method investment, net   | -13,137        | -6,194         | -40,209       |
| Decrease (increase) in working capital                     | -30,549        | -12,118        | 1,081         |
| Others   | 8,240          | 7,787          | 4             |
| <b>2. Cash flows from investing activities</b>             | <b>35,252</b>  | <b>-19,942</b> | <b>36,717</b> |
| Decrease (increase) of securities or financial instruments | 24,826         | 7,217          | 41,937        |
| Recovery of loans (lending)                                | 28,639         | -3,800         | 129           |
| Disposal (acquisition) of PPE                              | -15,593        | -21,533        | -3,695        |
| Disposal (acquisition) of real property, buildings         | -381           | -444           | -947          |
| Decrease (increase) in intangible assets                   | -4,231         | -3,780         | -69           |
| Others   | 1,991          | 2,398          | -638          |
| <b>3. Cash flows from financing activities</b>             | <b>-45,697</b> | <b>-21,971</b> | <b>875</b>    |
| Proceeds from (repayment of) short-term borrowings         | 21,609         | -21,402        | 0             |
| Increase (repayment) of bonds                              | 0              | 15,000         | 0             |
| Increase (decrease) of current portion of long-term debts  | -60,581        | -30,352        | -1,486        |
| Proceeds from exercise of stock option                     | 5,722          | 14,786         | 1,515         |
| others   | -12,447        | -4             | 847           |
| <b>5. Net increase of cash (1+2+3-4)</b>                   | <b>-1,825</b>  | <b>14,784</b>  | <b>38,071</b> |
| <b>6. Beginning of the year</b>                            | <b>4,506</b>   | <b>2,680</b>   | <b>17,465</b> |
| <b>7. End of the year (5+6)</b>                            | <b>2,680</b>   | <b>17,465</b>  | <b>55,536</b> |

**| THANK YOU**