

2Q/1H FY2006 Earnings Release

2Q FY2006 (JUL 2006 ~ SEP 2006) / 1H (APR 2006 ~ SEP 2006)

Daewoo Securities (006800.KS)

- Recording stable income through increased market dominance

Summary

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Company Description

Establishment Sep. 1970
CEO Sohn Bok-Jo (Mr.)
Employees 2,723 (as of Sep. 30)
Domestic Network 116branches, 1 office
Overseas Network 3branches, 1rep.office
(HK, NY, LDN, TKY)
Shareholder's Equity KRW1.85 tln
Major Shareholder Korea Development
Bank (39.09%)

<Common Stock>

Outstanding Shares 190,100,891
Market Capital* KRW 3.13 tln
(*as of Sep 30 KRW 16,450)
Price Quarterly
High(2Q) KRW 16,850 (Sep.01)
Low(2Q) KRW 11,400 (Jul.19)
Daily Trading Vol. 2,607,457 Shares

<Preferred Stock>

Outstanding Shares 14,075,750
Market Capital* KRW 0.14tln
(*as of Sep 30 KRW 10,100)
Price Quarterly
High(2Q) KRW 10,300 (Sep. 01)
Low(2Q) KRW 7,420 (Jul. 19)
Daily Trading Vol. 62,885 Shares

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■ Net Income for 2Q FY2006 records KRW90 bln, accumulating to KRW171 bln for 1H FY2006

Despite of the downtrend market in April to late August, Daewoo Securities expanded its dominance in the market in all business sectors. As a result, 2nd quarter's net income grew 11% QoQ to KRW90 bln, accumulated to KRW171 bln in the first half of FY2006 resulting a 8% growth YoY. As of the end of September 2006, the balance of total assets amounted KRW8.9 tln, and total shareholder's equity posted KRW1.9 tln.

■ Business Performances

▷ **Brokerage Business:** Both KOSPI index and average daily trading value continuously recovered after seeing its bottom in late June. In such recovering market, Daewoo securities strengthened its prominent market share by widening the gap with the second player.

▷ **Investment Banking Business:** Daewoo Securities is leading the market with top performances in all IB business sectors, including corporate bond, ABS, and secondary offerings. Especially in the ABS sector, despite of the decreased market, Daewoo Securities maintained the highest market share of 16%.

▷ **Wealth Management Business:** The balance of total wealth management is continuing its record breaking growth, 25% QoQ and 42% YoY up to KRW14.3 tln in September. Also, pension business performances are leading the market with 30% market share based on the total reserve.

■ Earnings

[Table 1] Earnings

(KRW bln)	FY2006 2Q	FY2006 1Q	QoQ	FY2006 1H	FY2005 1H	YoY
Operating Revenue	624	675	-7.6%	1,299	737	76%
Operating Expenses	558	609	-8.4%	1,167	600	95%
Operating Income	66	66	-0.3%	132	138	-4%
Ordinary Income	79	81	-1.7%	160	139	16%
Net Income	90	81	10.9%	171	158	8%

* The figures for 2Q FY2006 are pre-audited

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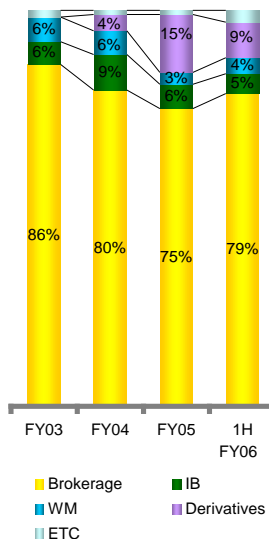
2Q FY2006 (JUL 2006 ~ SEP 2006) / 1H (APR 2006 ~ SEP 2006)

Financial & Business Performance

[Table2] Earnings

(KRW bln)	FY2006	FY2006	QoQ	FY2006	FY2005	YoY
	2Q	1Q		1H	1H	
Net Commissions	101	115	-12%	216	230	-6%
Brokerage Commissions	86	103	-17%	189	197	-4%
Underwriting Commissions	5	3	55%	8	10	-19%
Consulting Commissions	2	2	-7%	4	3	33%
Commissions on Sales of BCs & Wrap	5	5	1%	10	10	1%
Commissions on Sales of Str. Securitais	9	12	-28%	21	30	-29%
Other Commissions	5	1	273%	6	4	55%
Commissions Expenses	11	12	-14%	23	24	-4%
Net Interest¹	37	39	-7%	76	60	26%
Net Gain on Securities ²	17	3	480%	20	18	13%
Other	0	0	-	0	0	-
Net Revenues	155	157	-2%	312	308	1%
Selling & Administrative Expenses	89	91	-3%	180	170	6%
Operating Income	66	66	0%	132	138	-4%
Non-Operating Income	13	15	-8%	28	1	3875%
Ordinary Income	79	81	-2%	160	139	16%
Income Tax (Benefit)	-10	0	9368%	-10	-20	-47%
Net Income	90	81	11%	171	158	8%

[Graph1]
Commission Structure



1. Net interest = Interest revenue + Dividends income + Gain on valuation of reserve for claims of customers' deposits-trust - Interest Expense
2. Net gain on securities = Net gain on valuation of marketable securities/structured securities sold/derivatives, structured securities + Distribution income

1. Net Commissions

Net Commissions revenue recorded KRW101 bln in 2Q FY2006, decreasing 12% from the prior quarter.

Net brokerage commission revenue decreased 17% QoQ to KRW86 bln which is mainly due to the declined average daily trading value; KRW5.26 tln in 1Q decreased to KRW4.03 tln in 2Q. Average daily trading value decreased 23% QoQ, while Daewoo Securities brokerage commission revenue only decreased 17%. Daewoo Securities' decrease in market share was limited in the bear market, and picked up quickly as the market conditions improved. Daewoo Securities gained back its dominant commission revenue with an enlarged gap with the 2nd player.

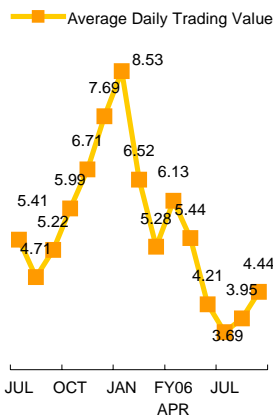
● **2Q FY2006**
Net Commissions
KRW101 bln

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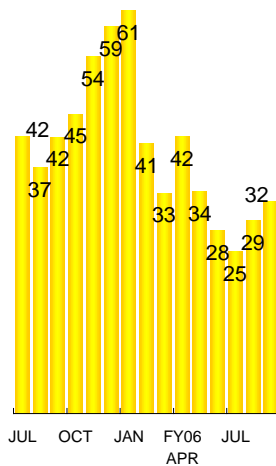
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■ Brokerage Business

[Graph2] Average Daily Trading Value (KRW TLN)



[Graph3] Monthly Brokerage Commissions (KRW BLN)



Market conditions in the securities industry is continuously recovering after seeing its market bottom in late June. In September, KOSPI Index and average daily trading value rose up to 1,371pt, and 4.4tln respectively, which increased expectations for a recovered 2nd half market.

The proportion of investors in 2nd quarter was similar to that of 1st quarter; 63% individuals, 18% foreigners, and 19% institutional. Individual proportion decreased compared to 72% individuals, 15% foreigners, and 13% institutional in 1H FY2005. The decreased individual ratio induced a decrease in the total market share of Korean securities companies. Although the pie for the Korean securities companies decreased, Daewoo Securities managed to recover its market share around 8% and further on increased the gap with the second player every month.

The market share in brokerage performance of all areas (stock, futures, and option) increased in the 2nd quarter. Turnover market share in stocks increased from 6% in 1Q to 8.06% in 2Q, and the total commission revenue market share increased from 2% in 1Q to 8.12% in 2Q. Daewoo Securities' fast recovery of market share contributed to the comparatively less decrease in brokerage commission, whereas competitors stagnated recovering their market share.

The commission revenue market share in retail business increased from 6.23% in June to 7.70% in September. Another monumental fact was that the gap with the second player marked hit its highest at 2.09%pt in September. Also for the first time in two years, online market share recorded the highest among major players recording 4.54%, and showed further potential of growth.

Also, backed by the increased trading value in the ELW market, Daewoo Securities' market share marked a large increase from 5.5% in April, up to 17.1% in September.

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[Table 3] Brokerage Market Share (Turnover)

Turnover Market Share (%)		FY2006 2Q	FY2006 1Q	QoQ	FY2006 1H	FY2005 1H	YoY
Stock	Total Market Share	8.06%	7.59%	6%	7.80%	8.41%	-7%
	KSE	7.88%	7.39%	7%	7.61%	8.15%	-7%
	KOSDAQ	8.46%	8.06%	5%	8.24%	8.85%	-7%
	Off-line	3.85%	3.38%	14%	3.59%	3.46%	4%
	On-line	4.21%	4.21%	0%	4.21%	4.94%	-15%
Futures	Total Market Share	8.76%	7.62%	15%	8.17%	6.76%	21%
	On-line	2.74%	0.98%	179%	1.84%	1.89%	-3%
Options	Total Market Share	4.40%	3.78%	16%	4.05%	4.79%	-15%
	On-line	3.11%	2.53%	23%	2.79%	3.28%	-15%

[Table 4] Brokerage Market Share (Commissions)

Commission Revenue Market Share (% , bln)		FY2006 2Q	FY2006 1Q	QoQ	FY2006 1H	FY2005 1H	YoY
Total Commissions		8.12%	7.94%	2%	8.02%	8.97%	-11%
Stock	Total Market Share	7.57%	7.59%	0%	7.51%	8.43%	-11%
	Off-line	4.98%	5.02%	-1%	4.93%	5.41%	-9%
	On-line	2.59%	2.57%	1%	2.58%	3.02%	-15%
Futures	Total Market Share	0.21%	0.16%	34%	0.18%	0.18%	-1%
	On-line	0.16%	0.10%	49%	0.13%	0.13%	-1%
Options	Total Market Share	0.34%	0.32%	7%	0.33%	0.36%	-7%
	On-line	0.27%	0.26%	4%	0.26%	0.29%	-9%

※ Source : Internal Data

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■ Investment Banking Business

● **2Q FY2005**
Underwriting
commission
increased 55% QoQ
to KRW5 bln

Underwriting commission increased 55% QoQ to KRW5 bln in the 2nd quarter.

In the corporate bond business, Daewoo securities dominated first place in the market with 11% market share amounting KRW415 bln. Daewoo securities overruled the 2nd player by a gap in market share of 4.8%pt.

Also, in the ABS underwriting market Daewoo Securities marked number one with a 36% increased underwriting amount of KRW551 bln. Daewoo Securities enlarged its underwriting amount to KRW23 tln, in a 48% contracted market QoQ.

However increased skepticism on the KOSDAQ market and risk factors contracted rights offering and IPO business. Daewoo Securities recorded a KRW5 bln underwriting amount in secondary offerings.

[Table 5] Investment Banking

(KRW bln, %)	FY2006 2Q	FY2006 1Q	FY2006 1H	FY2005 1H
Corporate Bonds				
Daewoo Sec. Underwriting Amt	415	501	92	1,414
Market	3,722	3,544	727	12,707
Market Share	11%	14%	13%	11%
ABS				
Daewoo Sec. Underwriting Amt	551	404	95	1,340
Market	2,302	4,503	681	10,635
Market Share	24%	9%	14%	13%
Rights Offering				
Daewoo Sec. Underwriting Amt	5	72	8	106
Market	326	976	130	917
Market Share	2%	7%	6%	12%
#of Deals(Mkt)	2	4	6	13
#of Deals(Daewoo)	22	46	68	90

※ Source : Bloomberg

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■ Wealth Management Business

● **Balance of wealth management as of the end of Sep. recorded KRW14 tln** Daewoo Securities' wealth management end balance in September increased 25% QoQ, 42% YoY to KRW14.3 tln. Especially high commission products increased 530% YoY to be KRW0.86 tln.

On the other hand starting July 1st, changed policies in institutional MMF brought a 69% decrease YoY in the balance of MMF. However, as modifications were settled by the second quarter, resulting a QoQ 25% increase in MMF balance to be KRW0.9 tln.

Also, Daewoo Securities' wrap accounts such as 'Dynamic Asia', 'Research house based wrap' recorded an increased balance of 108% YoY, 70% QoQ to KRW4.5 tln.

● **Pension trust fees increased 160%** Pension business showed prominent performance among securities companies. As of the end of September the performance was accumulated to 5,515 subscribers with a total balance of KRW7 bln ranking 30% market share among securities companies. Furthermore, among the 44 financial institutes involved in the pension business, Daewoo Securities is the only one to be appointed as the consulting firm for four public companies. Hence, the trust fees and commissions increased 160% QoQ to KRW1.9 tln.

ELS performances leaded the market with KRW746 bln newly underwriting balance, marking a 13% market share in the second quarter. Thus, the end balance of ELS increased 192% YoY to KRW1.2 tln as of the end of September. The number of newly issued ELS products continuously grew from 240 deals in July to 282 deals in September.

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[Table 9] Asset Management

(KRW bln, As the end of)	2Q FY2006	1Q FY2006	QoQ	2Q FY2005	YoY
BCs & MMF	5,377	4,856	10.7%	5,524	-2.7%
BCs	4,447	4,112	8.2%	2,514	76.9%
Bond type	1,294	1,103	17.2%	1,110	16.6%
Bond-hybrid type	1,270	1,268	0.1%	778	63.2%
Equity-hybrid type	157	127	24.1%	156	0.9%
Equity type	869	797	9.1%	138	529.9%
Others	858	817	5.0%	332	158.6%
MMF	929	744	24.9%	3,010	-69.1%
Wrap	1,542	906	70.2%	743	107.6%
RP	2,297	1,881	22.1%	1,430	60.6%
CD/CP/Bonds	2,047	1,967	4.0%	1,607	27.4%
ELS	1,247	1,112	12.2%	427	191.8%
Trust/Pension	1,432	378	278.5%	0	-
ETC.	360	386	-6.8%	306	17.8%
Total Balance	14,302	11,486	25%	10,037	42%

① Others: Shipment Funds, REITs, Planmaster, FolioStar, and etc

※ Source : Internal Data

[Table 8] ELS

(KRW bln, %)	FY2006 2Q	FY2006 1Q	FY2006 1H	FY2005 1H
Daewoo Sec. Underwriting Amt	746	768	1,514	559
Market	5,677	6,443	12,119	6,005
Market Share	13%	12%	13%	9%

※ Source : Internal Data

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2. Net Interest & Gain on Securities

- **2Q FY2006**
Net Interest Income
KRW37 bln

2Q FY2006 combined net interest income (interest revenue + dividends + gain on valuation of reserve for claims) recorded KRW37 bln. Out of the combined interest revenue, interest revenue alone rose 18% to KRW58 bln, also interest expense increased 34% to KRW35 bln.

- **Interest income of Credit and Securities based loans offset the decrease in margin loans**

In September, there was increased concern that FSS's announcement to reduce margin loan and promote credit transactions will influence securities firms' income structure. However, Daewoo Securities successfully managed to shift the decreased balance in margin loan to credit and securities backed loans. In fact, compared to first halves of FY2005 and FY2006, interest revenue for credit-based loans increased 95% to KRW3 bln, 88% to KRW18 bln respectively, while margin loan decreased 36% to KRW5 bln, resulting an overall increase in interest income.

- **2Q FY2006**
Net Gain on Securities
Recorded KRW17bln

Also, interest on bonds increased 52% to KRW71 bln compared to 1H FY2005.

Net gain in securities increased 455% to KRW 17bln in 2Q FY2006. This is derived especially due to improved operation performance in bond and stocks.

3. Selling & Administrative Expenses

- **2Q FY2006**
Selling & Admin.
Expense records
KRW89 bln

Selling and administrative expenses recorded a slight 3% reduction to KRW89 bln in 2Q FY2006.

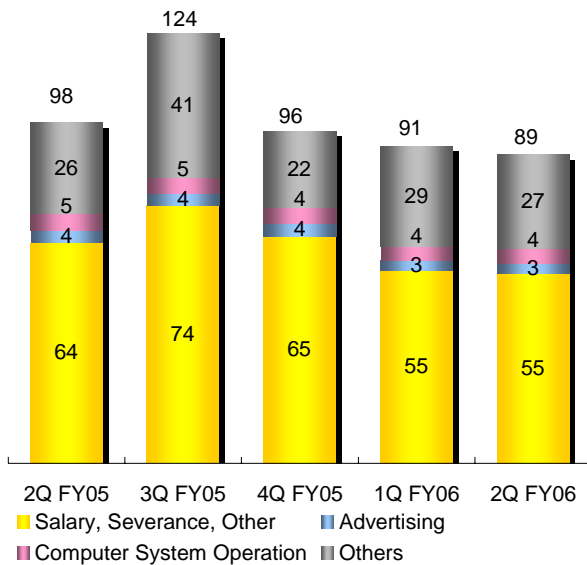
Total salary, severance & other benefits decreased 1% QoQ to KRW55 bln. Although the total number of employees had a rise from 2,509 employees in June to 2,723 as of the end September, the decreased incentive expense due to the contracted market leveled out the total salary expense to be consistent.

Bad debt expense recorded KRW3 bln in FY2006. Computer system operation expense increased 8% to KRW4 bln and rental expense increased 11% to KRW5 bln.

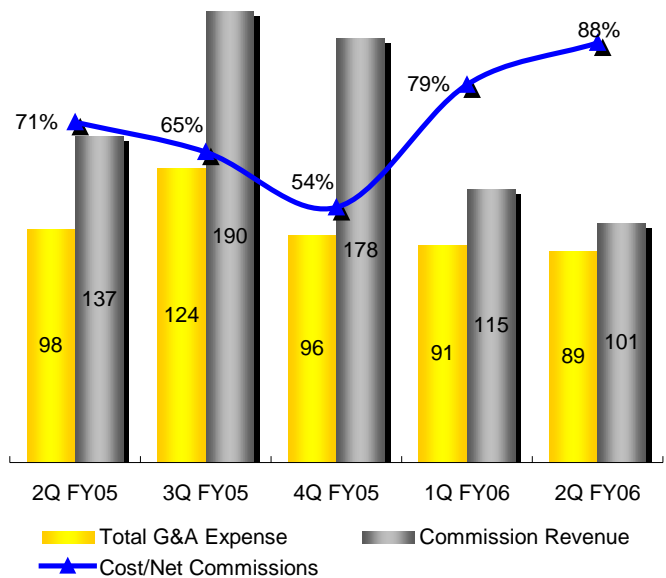
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[Graph4] Selling & Administrative Expenses (KRW BLN)



[Graph5] Cost/Net Commissions (%)



4. Operating & Non-Operating Income / Net Income

● 2Q FY2006

**Operating income
KRW66 bln**

**Non-operating
income KRW 13bln**

**Net income
KRW90 bln**

Second quarter's operating income recorded a similar amount with the first quarter being KRW66 bln. Net income increased 11% to KRW90 bln.

Net non-operating income amounted KRW13bln in the second quarter; non-operating income recorded 14bln, and non-operating expense recorded 1bln. In the second quarter, reversal on the allowance and deposit on the GKO lawsuit brought KRW14 bln non-operating income. In the first quarter there was non-operating income on the disposition of Hynix shares amounting KRW7 bln.

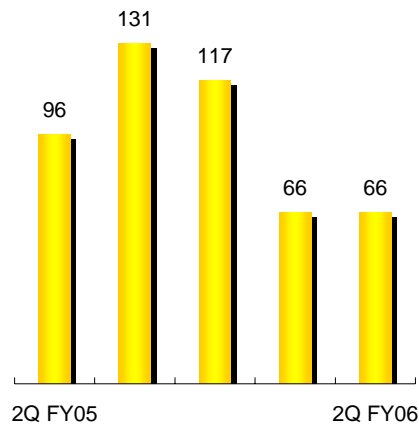
Due to the tax deficit carried forward from FY1999, there are no tax expenses in the second quarter of FY2006. However, tax benefit of KRW10 bln incurred due to the reversal of tax liability from gain on valuation of securities available for sale.

Also in October, Daewoo Securities sold 6bln Hanaro Telecom shares held. Hence, KRW4 bln gain on disposition of securities will be realized in the third quarter. Moreover, as reduction loss regarding Hanaro Telecom's decreased share price was included in FY2004, only the tax benefit amounting KRW55 bln will be realized in FY2006.

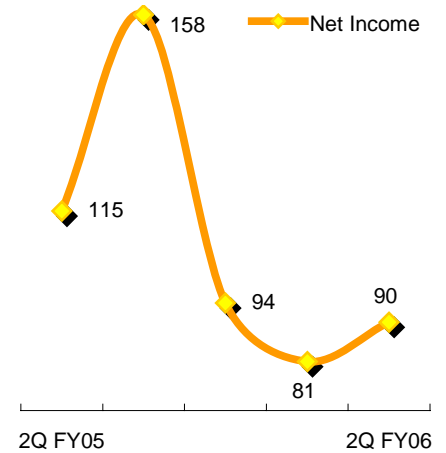
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[Graph 6] Operating Income (KRW BLN)



[Graph 7] Net Income (KRW BLN)

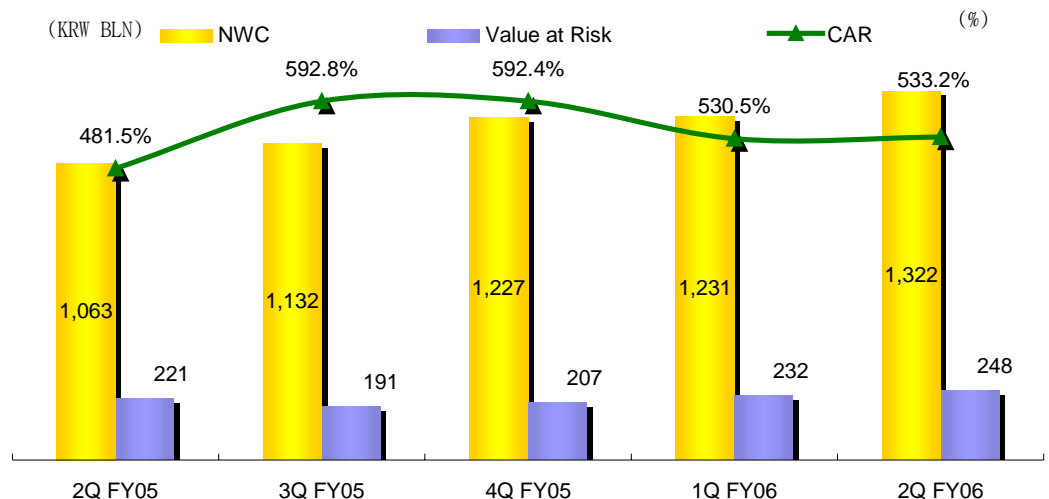


5. Capital Adequacy Ratio

As the end of September 2006, the Company's capital adequacy ratio (CAR) recorded 533.2%. The ending balance of net working capital (NWC) for FY2005 posted KRW 1.32tn, and total value at risk posted 248bln.

- **CAR 533.2%**
as of the end of September

[Graph8] Quarterly Capital Adequacy Ratio (CAR)



* The figures of 2nd quarter fiscal 2006 are pre-audited.

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Daewoo Securities at a Glance

Opened Tokyo Representative Office – July 3rd, 2006

Tokyo Representative Office, which closed in 2002 reopened after 4years. It is expected to research on the Japanese finance market and the securities industry.

“1H 2006 Best Securities Company” selected by Hankyung Business – July 19th, 2006

For 3 times in a row, Daewoo Securities won the no. 1 prize in all sectors including best securities company, best research team, and best institutional sales team.

Published ‘Daewoo Securities, 2006 Sustainability Report’

– *September 2006*

Daewoo Securities published ‘2006 sustainability report’ for the first time in the securities industry. The ‘2006 Sustainability Report’ announced its core values, denoted performances in economic, social, environmental areas, and provided the vision to expand as a globally competitive financial company.

‘2006 Best Equity House in Korea’ selected by Finance Asia, Hong Kong – September 7th, 2006

Daewoo Securities was selected as ‘2006 Best Equity House in Korea’ in FinanceAsia’s ‘2006 Country Awards’



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Appendix 1. Balance Sheet

(KRW million)	as of SEP 30, 2006	as of JUN 30, 2006	as of SEP 30, 2005
ASSETS			
Current assets	8,059,696	7,307,386	6,145,986
Cash and bank deposits	278,123	83,194	489,939
Deposits	1,206,351	1,217,119	1,998,330
Securities	4,075,863	3,751,548	2,452,944
Structured securities	1,358,503	1,075,870	356,761
Options purchased	88	99	0
Loans	496,074	543,228	464,041
Other current assets	668,888	660,437	405,491
Allowance for credit loss(Current assets)	-24,195	24,109	21,520
Non - current assets	869,115	816,435	1,021,361
Investment securities	510,860	457,874	641,420
Investment assets	109,354	108,944	109,058
Tangible fixed assets	231,856	232,064	248,206
Others non-current assets	17,045	17,552	22,678
TOTAL ASSETS	8,928,810	8,123,821	7,167,347
LIABILITIES			
Current liabilities	7,022,622	6,339,852	5,430,179
Call money	546,100	735,500	121,700
Short-term borrowings	23,350	35,750	570,750
Bonds sold under reverse resale agreements	2,517,189	2,074,804	1,559,908
Customers' deposits	1,283,028	1,284,193	2,011,183
Securities sold	7,537	3,895	2,968
Structured securities sold	2,023,573	1,761,168	766,136
Options sold	222	1	236
Others	621,622	444,542	397,297
Long-term liabilities	55,665	50,612	243,106
Debenture	1,000	1,000	1,000
Reserve for severance and retirement benefits	54,665	49,612	42,106
Others	0	0	200,000
TOTAL LIABILITIES	7,078,287	6,390,464	5,673,284
STOCKHOLDER'S EQUITY			
Stockholder's equity	1,020,883	1,020,883	1,020,883
Capital	222,792	222,792	250,724
Retained earnings	572,701	483,019	187,554
Capital adjustment	34,147	6,663	34,902
TOTAL STOCKHOLDER'S EQUITY	1,850,524	1,733,357	1,494,063
LIABILITIES & TOTAL STOCKHOLDER'S EQUITY	8,928,810	8,123,821	7,167,347

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Appendix 2. Income Statement

FY2006 2Q: July 1st, 2006 ~ September 30th, 2006

FY2006 1Q: April 1st, 2006 ~ June 30th, 2006

FY2006 1H: April 1st, 2006 ~ September 30th, 2006

FY2005 1H: April 1st, 2005 ~ September 30th, 2005

(KRW million)	2Q FY2006	1Q FY2006	QoQ	1H FY2006	1H FY2005	YoY
OPERATING REVENUES	623,760	675,243	-8%	1,299,003	737,442	76%
Commissions received	111,719	127,448	-12%	239,168	254,112	-6%
Brokerage commissions	85,978	103,418	-17%	189,396	196,990	-4%
Underwriting commissions	5,109	3,290	55%	8,399	10,429	-19%
Underwriting commissions on debentures	47	68	-31%	115	130	-12%
Brokerage commissions on beneficiary certificates	2,843	3,112	-9%	5,955	6,159	-3%
Wrap commissions	1,825	1,648	11%	3,472	3,439	1%
Consulting fee	2,022	2,174	-7%	4,196	3,160	33%
Commissions on sale of structured securities	8,881	12,340	-28%	21,221	29,753	-29%
Trust fees and commissions received from trust acc	193	74	160%	267	0	-
Other	4,821	1,325	264%	6,147	4,052	52%
Interest income	57,585	48,675	18%	106,260	75,664	40%
Interest on margin loans	1,335	1,514	-12%	2,849	1,460	95%
Interest on loans	9,939	8,283	20%	18,221	9,712	88%
Interest on bonds	40,515	30,927	31%	71,442	47,137	52%
Interest on negotiable commercial papers	405	164	147%	568	871	-35%
Interest on certificate of deposit	91	120	-25%	211	6	3441%
Interest on deposits with institutions	1,904	3,697	-49%	5,600	4,606	22%
Interest on call loans	1,054	696	51%	1,751	1,429	23%
Gain on transaction of certificate of deposit	4	4	-12%	8	5	54%
Interest on advances for customers.	7	8	-11%	15	303	-95%
Interest on receivables	2,116	2,717	-22%	4,833	7,505	-36%
Others	217	545	-60%	762	2,632	-71%
Dividends income	138	2,297	-94%	2,436	7,218	-66%
Distribution income	14,756	1,191	1139%	15,947	5,417	194%
Gain on sales of marketable securities	40,550	36,844	10%	77,394	73,969	5%
Gain on sales of stock	32,830	29,978	10%	62,809	58,198	8%
Gain on sales of bonds	5,941	5,524	8%	11,464	10,118	13%
Gain on sales of beneficiary certificates	1,066	859	24%	1,925	4,785	-60%
Gain on sales of negotiable commercial papers	72	22	219%	94	66	42%
Gain on redemption of trading securities	642	460	40%	1,102	797	38%
Others	0	1	-100%	1	0	-
Gain on valuation of trading securities	7,927	18,277	-57%	26,205	32,917	-20%
Gain on valuation of stock	6,528	4,119	58%	10,646	8,754	22%
Gain on valuation of bonds	4,505	1,523	196%	6,028	494	1121%
Gain on valuation of beneficiary certificates	-3,105	12,636	-125%	9,531	23,669	-60%
Gain on structured securities transactions	119,210	75,032	59%	194,242	74,467	161%
Gain on sales of structured securities	0	6	-100%	6	-	-
Gain on valuation of structured securities	-3,920	60,492	-106%	56,572	32,487	74%
Gain on redemption of structured securities	123,130	14,534	747%	137,664	41,980	228%
Gain on valuation of securities sold	10	226	-96%	235	3	8496%
Gain on structured securities sold	90,180	153,546	-41%	243,727	17,289	1310%
Gain on valuation of structured securities sold	-60,999	83,990	-173%	22,991	7,176	220%
Gain on redemption of structured securities sold	151,180	69,556	117%	220,736	10,113	2083%
Gain on valuation of reserve for claims of customers' d	13,921	14,567	-4%	28,488	22,958	24%
Gain on derivatives transactions	163,869	197,127	-17%	360,997	173,215	108%
Gain on futures transactions	93,984	130,316	-28%	224,300	114,999	95%
Gain on Exchange trading options transactions	25,002	27,854	-10%	52,856	57,334	-8%
Gain on OTC derivatives transactions	44,883	38,958	15%	83,840	882	9409%
Gain on sales of loans	3,600	0	-	3,600	212	1597%
Other operating income	292	13	2202%	305	0	-

2Q/1H FY2006 Earnings Release

2Q FY2006 (JUL 2006 ~ SEP 2006) / 1H (APR 2006 ~ SEP 2006)

(KRW million)	2Q FY2006	1Q FY2006	QoQ	1H FY2006	1H FY2005	YoY
OPERATING EXPENSES	557,752	609,014	-8%	1,166,766	599,598	95%
Commissions expense	10,709	12,497	-14%	23,205	24,050	-4%
Trading commissions	6,145	6,992	-12%	13,137	13,014	1%
Investment consultant fees	2,133	2,732	-22%	4,865	4,325	12%
Other commissions	2,431	2,772	-12%	5,203	6,711	-22%
Interest expenses	34,888	26,044	34%	60,932	45,508	34%
Interest on borrowings from KSFC	65	374	-83%	439	2,289	-81%
Interest on customer's deposits	3,272	4,026	-19%	7,298	6,449	13%
Interest on bonds sold under repurchase	24,038	15,289	57%	39,327	20,971	88%
Loss on transactions of certificates of deposits	0	0	1855%	0	0	-
Interest on call money	7,419	6,043	23%	13,462	5,660	138%
Interest on debentures	11	11	-2%	23	8,000	-100%
Others	81	301	-73%	382	0	-
Loss on sales of trading securities	12,267	32,881	-63%	45,148	34,119	32%
Loss on sales of stock	10,547	26,613	-60%	37,160	21,322	74%
Loss on sales of debentures	1,116	4,744	-76%	5,860	10,760	-46%
Loss on sales of beneficiary certificates	546	1,249	-56%	1,795	500	259%
Loss on sales of negotiable commercial papers	8	0	4730%	8	14	-43%
Loss on redemption of trading securities	49	274	-82%	323	1,523	-79%
Loss on valuation of marketable securities	1,823	10,932	-83%	12,756	12,401	3%
Loss on valuation of stock	-5,813	7,258	-180%	1,445	920	57%
Loss on valuation of debentures	-1,677	2,898	-158%	1,221	10,725	-89%
Loss on valuation of beneficiary certificates	9,314	777	1099%	10,090	756	1234%
Loss on structured securities transaction	80,044	124,965	-36%	205,009	10,798	1799%
Loss on sales of structured securities	7	219	-97%	226	0	-
Loss on valuation of structured securities	-52,441	68,666	-176%	16,225	5,760	182%
Loss on redemption of structured securities	132,477	56,080	136%	188,558	5,038	3643%
Loss on valuation of trading securities sold	374	82	358%	456	461	-1%
Loss on structured securities transaction sold	163,363	113,973	43%	277,336	131,236	111%
Loss on valuation of structured securities sold	2,768	80,603	-97%	83,370	73,505	13%
Loss on redemption of structured securities sold	160,595	33,370	381%	193,965	57,731	236%
Loss on derivatives transactions	165,100	196,456	-16%	361,556	170,618	112%
Loss on futures transactions	95,493	132,832	-28%	228,325	113,102	102%
Loss on exchange trading options transactions	23,624	27,186	-13%	50,810	56,623	-10%
Loss on OTC derivatives transactions	45,984	36,437	26%	82,421	893	9125%
Loss on sales of loans	0	0	-	0	51	-
Selling and administrative expenses	88,847	91,184	-3%	180,031	170,356	6%
Salary, Severance pay, other benefits	54,696	55,389	-1%	110,085	109,732	0%
Computer system operations expenses	4,328	3,995	8%	8,323	9,562	-13%
Rental expenses	4,530	4,088	11%	8,618	7,773	11%
Advertising expenses	2,701	2,971	-9%	5,672	5,499	3%
Depreciation	3,453	3,502	-1%	6,955	5,823	19%
Credit loss expense	-31	2,551	-101%	2,519	90	2699%
Others	19,171	18,688	3%	37,859	31,877	19%
Other operating expense	337	2	-	338	0	-
OPERATING INCOME	66,009	66,228	-	132,237	137,844	-4%

2Q/1H FY2006 Earnings Release

2Q FY2006 (JUL 2006 ~ SEP 2006) / 1H (APR 2006 ~ SEP 2006)

(KRW million)	2Q FY2006	1Q FY2006	QoQ	1H FY2006	1H FY2005	YoY
NON - OPERATING INCOME	14,334	15,250	-6%	29,585	10,568	180%
Gain on disposition of tangible assets	151	0	-	151	0	-
Rental income	1,788	1,968	-9%	3,755	4,256	-12%
Gain on disposition of securities available for sale	0	6,858	-100%	6,858	0	-
Gain on equity method securities	-417	708	-159%	291	1,747	-83%
Reversal of reduction loss on securities	0	0	-	0	1	-
Gain on equity method valuation	0	0	-	0	0	-
Gain on foreign currency transactions	81	229	-65%	310	2,466	-87%
Gain on foreign exchanges translation	47	2	2345%	49	68	-28%
Gain on recovery of write-offs	39	63	-39%	102	89	15%
Others	12,646	5,421	133%	18,067	1,940	831%
NON - OPERATING EXPENSES	958	670	43%	1,628	9,865	-83%
Loss on disposition of tangible assets	155	50	208%	205	10	2051%
Loss on disposition of securities available for sale	7	0	-	7	152	-95%
Reduction loss on securities available for sale	0	0	-	0	115	-
Loss on equity method valuation	179	0	-	179	14	1201%
Loss on equity method securities	0	0	-	0	0	-
Loss on foreign currency transactions	121	161	-25%	283	3,839	-93%
Loss on foreign exchanges translation	89	112	-21%	201	0	-
Donations	75	207	-64%	282	42	576%
Others	331	140	137%	471	5,694	-92%
ORDINARY INCOME (LOSS)	79,385	80,808	-2%	160,194	138,548	16%
Income tax expense (benefit)	-10,297	-109	-9368%	-10,406	-19,609	
NET INCOME (LOSS)	89,682	80,917	11%	170,599	158,157	8%