

# Shaping the Future

Daewoo Securities Annual Report FY2002





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A continuous rebirth carries promises  
That the cycle of life  
In all of its subtle, blooming grace  
Catches flight and finds its way.

Your expectations are always met with us.



## **We are the securities company of choice for today's investors.**

For the past 30 years,  
Daewoo Securities has maintained its position  
as one of Korea's leading integrated financial service companies.  
From brokerage services to bancassurance, online trading  
to providing tailor-made investment products and services,  
we continue to create wealth for our customers  
by utilizing the finest financial experts, the powerful sales network  
and the most effective financial research and analysis.

Our focus on the customer has always been what has guided  
and shaped our company philosophy:  
we grow and change with the times and with our customers' needs.  
Trust, adaptability, a vision for the future:  
all of these provide a solid basis for why our customers look  
to us with confidence knowing their financial  
and investment needs will be met.

At Daewoo Securities, we are poised and ready to  
shape the future of the Korean total financial service industry.  
We hope you join us on this journey.

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## Financial Highlights

(in billion KRW)

	FY2002	FY2001	FY2000
Operating Revenue	703	814	1,022
Operating Expenses	682	867	922
Operating Income	22	-52	101
Ordinary Income	-60	27	61
Net Income for the Year	-60	51	61
Total Assets	3,399	6,784	3,392
Total Liabilities	2,310	5,577	2,544
Paid-in Capital	1,021	1,021	842
Total Shareholders' Equity	1,089	1,207	849
Market Capitalization	673	1,889	1,167
Total Number of Shares Outstanding	204,176,641	204,176,641	168,464,041
Common Stock	190,100,891	190,100,891	154,388,291
Preferred Stock	14,075,750	14,075,750	14,075,750
Share Price Fiscal Year High (Common Stock) (in KRW)	10,600	12,150	11,400
Fiscal Year Low (Common Stock) (in KRW)	2,800	5,850	2,950
Adjusted Earnings per Share (in KRW)	-318	271	406
Adjusted Book Value per Share (in KRW)	5,729	6,352	5,699
PER (x)	-18.0	33.2	17.2
PBR (x)	0.6	1.5	1.3
ROE (%)	-5.15	5.09	6.67

From the depths of the earth  
To the transparency of water  
Adaptable and growing with new possibilities  
Of absolute contentedness.

Your life-long satisfaction is always our guarantee.



■■■ Dear Fellow Shareholders, Customers, and Investors:

Fiscal year 2002 was a very challenging year for the Company. The wave of pride that swept the entire nation during the World Cup was short-lived as Korea came face-to-face with the reality of a faltering domestic and global economy. Events, such as the imminent threat of conflict in Iraq and concerns over North Korea's nuclear program, served to only magnify uncertainties surrounding the economy. Financial markets at home were also hit hard as the KOSPI, once considered a jewel of Asia's stock markets, continued its year-long slide that began in April of 2002.

As a result of such rapid changes and increased competition, the financial service industry has been forced to restructure itself according to market demands. Additionally, our existing business has reached their saturation points, as overheated competition finally took a toll on profitability. For the first time in Korean industry's history, one local securities firm voluntarily shuttered its operations. Not surprisingly, further trends toward financial integration are expected to intensify competition among players even more in the near future.

However, it is precisely during such uncertain times that threats like these can be turned into opportunities. In this manner, the year 2003 is expected to be a turnaround year for us as we work toward resolving difficulties and freeing ourselves from the burden of non-operating losses. Accordingly, Daewoo Securities endeavors to recast itself as one of the soundest and most transparent companies in the industry.

As a leading integrated financial service provider, Daewoo Securities has been laying the groundwork to become the best securities company in the Korean financial service industry. For this purpose, the Company has reorganized its business around the customer in order to respond more effectively to customers' changing needs. We, at Daewoo Securities, will continue to shape the future of the Korean financial service industry in this way.

### >> FY2002: Sound financials and continued corporate restructuring

Despite the difficult financial environment, Daewoo Securities posted KRW 21.7 billion in operating income in 2002, representing a successful turnaround from the operating losses recorded the year before. Although we ended the year with a net loss of KRW 60.4 billion due to non-operating losses from the disposal of Daewoo Bank Hungary - as well as valuation losses from the Stock Market Stabilization Fund, and the Company's accumulation of reserves for contingent claims in beneficiary certificates-related law suits - fiscal year 2002 was a successful year for us. Furthermore, we were able to bring our operating revenues back into the black amid overall drops in operating profits industry-wide in the face of a slumping stock market. Consequently, we maintained our leading position in the investment banking industry, and increased our market share in corporate sales by more than 130%.

Our commitment to maintaining financial soundness and achieving corporate restructuring has remained well in 2002. For example, illiquid bans to loans to Daewoo Capital that were held as non-current fixed assets were converted into marketable securities through the establishment of a Corporate Restructuring Vehicle (CRV). In addition, we have almost completed the restructuring of our overseas business with the sales of Daewoo Bank Hungary and Daewoo Bank Romania. Such moves were intended to streamline our operations while allowing us to concentrate on our core business in securities. As a result of these restructuring efforts, our financial structure has improved significantly.

### >> Strengthening core competencies

#### Customer focused organization

Daewoo Securities has reorganized itself along clear business lines to make the customer as the focus of all its organizational efforts. This represents a shift from our prior structure, which was based primarily on geographical and operational considerations. Placing the customer first will thus allow the Company to respond quickly to changing customer demands, thereby satisfying customers as enhancing our profitability. Additionally, the Company will provide customized services for each of our business lines. In this way, we will strengthen core areas, such as retail brokerage, while increasing our capabilities in online trading and asset management. Also, the Company's decentralized marketing function will help each individual business unit respond quickly and adapt to market demands, thereby creating more effective and efficient serving unit to its customer base. Such moves are expected to lay the foundation for improving the profitability of our Company by narrowing the gap between the Company and our customers.



Headquarters office:  
"Love Thy Neighbor"  
Community Outreach

Members of this Daewoo Securities community outreach group perform volunteer work in underprivileged areas of the Greater Seoul Metropolitan area at least once a month. By participating in remodeling and rehabilitation charity projects designed to improve housing for homeless children, low-income families and senior citizens, Daewoo Securities employees reach out to neglected areas of the community by helping brighten peoples' lives and homes.



### Creating an asset management infrastructure

With the sheer growth in size of financial institutions and industry consolidation, the regulatory boundaries that previously defined financial institutions' business areas are quickly blurring if not evaporating. Meanwhile, the industry-wide race for new sources of revenue has been ever intensifying. It is at this juncture that the asset management industry has become more important than ever. Changes in the regulatory environment are working in favor of the asset management industry and are expected to provide an engine for continuous expansion for years to come.

As a part of such mounting changes, securities companies will soon be able to start discretionary wrap-account services. Likewise, Daewoo Securities will initially focus on providing standardized products, such as beneficiary certificates, while gradually diversifying and expanding into operations related to banking and insurance in working up to the ultimate goal of providing comprehensive financial service, such as private banking.

In this context, a new division was created earlier this year to effectively leverage our existing asset management sales force. Furthermore, we have recruited new talent and offered training programs as part of a new initiative to strengthen human resources in this area. We are establishing the necessary infrastructure to secure future revenue sources by boosting our product development and our investment advisory capabilities.

### Strengthening our operations in derivatives

The sophistication of equity markets has spurred the importance of futures and options in the securities business. To address this trend, Daewoo Securities has singled out the expansion of its derivatives business as a major corporate initiative, and has focused its resources on strengthening its operations in this area. As a result, we have witnessed its rising market share. In addition, futures and options commission received jumped by 25% from last fiscal year, accounting for 14% of the Company's total commission received, which was double that of last year. We will continue to expand our operations along these lines as part of our corporate initiatives for 2003.

### Maintaining our number one position in investment banking

Daewoo Securities' number one ranking in the investment banking business in 2002 was attributable to our high-caliber staff of professionals whose years of industry expertise, market savvy and financial acumen brought significant value to our clients. As a result, we were successful in capturing an enviable 29% of market share in initial public offerings in fiscal year 2002, which was the largest among the top five major domestic securities companies.

Daewoo Securities also successfully established IPOs for LG Card Co., Ltd., Paradise Co., Ltd. and NHN Corp. This was achieved despite the absence of group affiliates to supply deal flow. In other areas, our corporate bond sales totaled KRW 1.56 trillion while our sales of asset backed securities sales brought in KRW 2.49 trillion. In fact, our dominance in the investment banking business remains unrivalled even if chaebol group-related deals are excluded. In the near future, Daewoo Securities will focus in the emerging over-the-counter (OTC) derivatives markets while creating synergies within existing operations.

### Investment Banking Performance

(in billion KRW)	
IPO and KOSDAQ registration	606
Capital increase with consideration	20
Corporate Bonds	1,563
Derivatives	2,491

### >> Revenue diversification via new business

On October 11, 2002, Daewoo Securities became the first firm in the industry to exercise in OTC derivatives markets. This move toward deregulation has increased discretion in the design of structured products of securities companies, and will further allow them to provide tailored and sophisticated products and services that cater to the special needs of institutional investors. In anticipation of such new opportunities, Daewoo Securities expects revenues of KRW 1 trillion in equity-linked securities (ELS) alone for fiscal year 2003.

Accordingly, by virtue of being the first company to be allowed to start trading in the OTC derivatives markets, we have not only become the important leader in a lucrative new business, but have also proven that our financial soundness, risk management and system reliability meets the standards set forth by regulatory agencies.

#### Our strategy in the discretionary wrap-account business and preparation for bancassurance

We have developed a stock selection system based on a proprietary model portfolio, and have assigned a team to assume responsibility for its operations in preparation for our full-fledged entry into the discretionary wrap-account business in the second half of 2003. We are currently in the process of recruiting professionals and mobilizing the necessary infrastructure to support the requisite research, investment monitoring, asset allocation, and compliance functions. As a result, Daewoo Securities is already set to transform from a traditional brokerage to a total financial service provider.

Daewoo Securities is also motivating preparations to sell insurance products, in anticipation of the nation-wide introduction of bancassurance in August, 2003. We are currently engaged in strategic alliances with leading insurance companies while developing proprietary products in an effort to differentiate our services from services provided by banks and other securities companies.

#### Strengthening online services

Daewoo Securities is working hard to maintain a competitive edge in the rapidly changing online trading business with the development of a sophisticated trading platform. The Company has upgraded numerous features of its online futures and options trading service called, "BESTez Qway" with additional services such as profit-loss simulation and real-time margin calculation. Additionally, in February of 2003, Daewoo Securities became the first major securities company to install a public certification system to ensure online security on its trading platform.

Furthermore, Daewoo Securities has consistently reached to meet customers' online needs. For example, we launched the world's first VM (virtual machine) securities service, which was made possible by strategic alliances with Korea's two-largest wireless telecommunications providers, KTF and SK Telecom. We also launched our new Palmffice service, which is an upgraded version of the current Blue Chip service.

## >> Strengthening risk management and internal controls

### Strengthening compliance

Daewoo Securities has created a new internal inspection unit, that is managed by a chief compliance officer, to strengthen our compliance with internal policies and industry regulations. The Company also set up a new department to support the Audit Committee and tighten internal controls. We will carry out our fiduciary responsibility to protect the assets of our customers by taking measures to prevent the occurrence of credit events, specifically by tightening corporate monitoring, performing regular internal evaluations and providing feedback to compliance officers.

In September, 2002, all Daewoo Securities employees signed an oath swearing to carry out their fiduciary duty to protect the financial interests of our customers, and shareholders, in addition to upholding the integrity of the financial markets. The Company revised its code of ethics accordingly, and drafted a new vision of a leading company grounded in principles, trust and respect. Furthermore, we have channeled our efforts into raising the ethical awareness of our employees through related education programs and monitoring.

## >> Management goals and philosophy

In 2001, we set our management goal to become, "The Shaper of the Korean total financial service industry." Along these lines, we have labored tirelessly, not only to lead the market, but also to shape our future direction. In 2002, we expanded our focus to create a business mind, putting the interests of our customers first. Within this framework, we have strengthened our customer relationship management capabilities to become a choice for today's customers. In recognition of such efforts, the Company was awarded the grand prize for Change Management in an event hosted by Mercer Human Resources Consulting, - the largest human resources consulting firm in the world, - sponsored by the Federation of Korean Industries (FKI) and the Korea Economic Daily newspaper.

In 2003, we fully expect to attain our management goals. Daewoo Securities will achieve this by focusing on relationship with our customers and by revolutionizing our business processes. We will continue to adhere to our code of ethics, and serve the society through philanthropy and community involvement.

Furthermore, we will embark on a knowledge-management initiative, which promotes a learning-based environment and encourages the sharing of information in order to leverage our full potential for maximum results.



Kyungin Sales Division:  
"Ayizhang" Community  
Outreach

On Children's Day, May 5<sup>th</sup>, members of this Daewoo Securities community outreach group visited the Haesung Children's Home to spend time with the children living there. While there, the volunteers worked with the children to create a pretend marketplace. Through this role-playing activity, the children benefited from learning how modern markets function, while the volunteers benefited by having a chance to give back to the community and develop long lasting relationships with the children.

### >> Corporate objectives for fiscal year 2003

Our performance target for the following year is to obtain net income of KRW 120 billion with return on equity (ROE) of 10 percent. We aim to bring our corporate goal of “shaping the Korean total financial service industry” to its final stage and establish ourselves as “the company of choice for today’s investors.”

To this end, we will continue to offer the most competitive financial products and services while maximizing synergies between our various business lines. We will channel our organizational resources into establishing a comprehensive customer support system to quickly respond to all customer needs.

Although recent instabilities, conflicts and crises around the world have caused a rough start in the early 2003, we expect such uncertainties will soon stabilize, and that the economy will bounce back starting from the second half of the year. Despite the fact that it is still premature, we are cautiously optimistic on the recovery of the Korean economy in the second half of the year.

Meanwhile, we are confident that we have successfully resolved the uncertainties, which existed for our Company. That being said, we will continue our drive forward to become a leading securities company known for its financial soundness and transparent structure. Furthermore, we will leverage our competencies to become the company of choice in a dynamic market environment to reemerge as the number one integrated financial service provider in the region. we promise to make the year 2003 another memorable year in keeping with the thirty-year history of the Company.

In conclusion, we, Daewoo Securities, would like to express our heartfelt gratitude for your support. As an integrated financial service provider that endeavors to become the company of choice for all, we will continue our commitment in meeting the diverse financial and investment needs of all our customers.



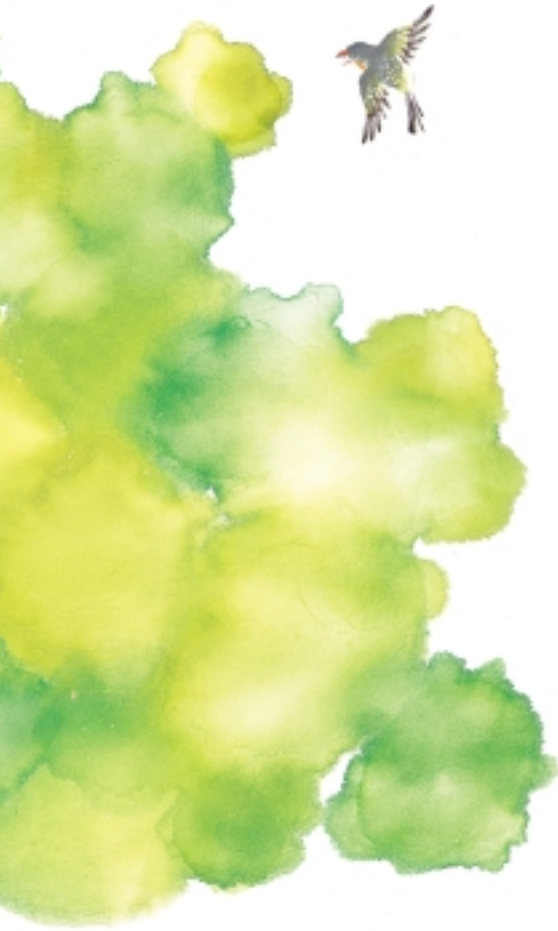
Kyungnam Sales Division:  
“Nanuri Busan” Community  
Outreach

In 2002, this Daewoo Securities volunteer group in Busan committed themselves to reaching out to orphaned children at the SungAeWon orphanage. During this period, volunteers made friends with the children, played with them and helped them with their homework. Starting in 2003, the group began another outreach program for the elderly at the Sungbundo Senior Citizens Home. In these ways, both the young and old are successfully bridging the generation gap by reaching out to each other through friendship, caring and sharing.



A stylized, handwritten signature in black ink, appearing to read 'Jong-Soo Park'.

CEO and President **Jong-Soo Park**



Guided on a definitive path  
As unburdened as the wind  
New life is created and born  
In nature's protective arms.

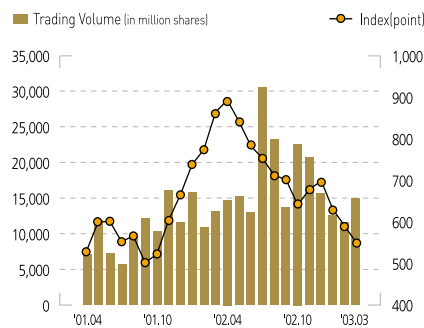
Your trust in us is always what we value most.

>> Stock Market Performance

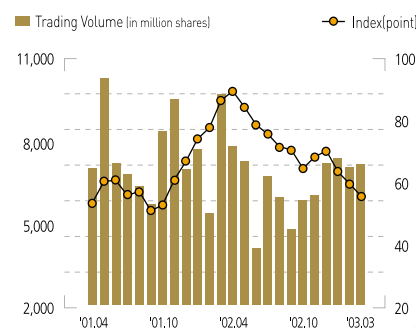
Fiscal year 2002 was a difficult year for financial markets all over the world. Concerns of a double dip in the U.S. economy, worries over North Korea's nuclear program, uncertainties about war in Iraq, problems with domestic credit card companies, and fears from the SARS epidemic further led to a decline in Korea's equity markets. The KOSPI, after soaring to a high of 945.95 points in April of 2002, dropped 43% by fiscal year-end to 535.70 points. Similarly, the technology-heavy KOSDAQ index, after peaking at 92.44 points in April of 2002, plunged 59% by fiscal year-end to 37.77 points.

Amid a sluggish equity market, equity trading value fell 15% in fiscal year 2002 to KRW 847 trillion, compared to KRW 1,000 trillion for the same period last year. Trading value in the Korea Stock Exchange (KSE) remained at similar levels seen last year at KRW 609 trillion, further supported by active arbitrage trading between equity and futures and the rising popularity of exchange traded funds (ETFs). The trading value in the KOSDAQ stock market, however, fell sharply by 40% from KRW 398 trillion last year to only KRW 238 trillion in fiscal year 2002.

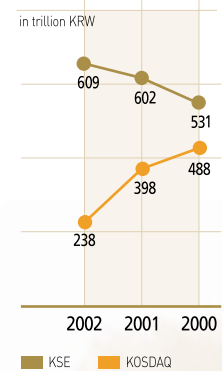
■ KOSPI



■ KOSDAQ Index



■ Annual Trading Value



Futures and options trading continued to rise, fueled by active trading by individual investors, whose trades accounted for 60% of total trading value. Trading value in the futures market grew 68% to KRW 2,193 trillion while trading in the options market increased 96% to KRW 136 trillion compared to the same period last year.

The benchmark 3-year Korean Treasury bond interest rate peaked at 6.47% in the first half of 2002 as economic indicators began to pick up on expectations of an early economic recovery. However, it ended the year at 4.78% as the government continued to maintain a low interest rate policy amid a prolonged slump in the real economy.

The beneficiary certificates market grew slightly until March of 2003 as it continued to attract investment funds. The total sales volume, however, dropped 10% due to measures restricting redemption after the SK Global scandal and ongoing problems of local credit card companies.

Underwriting volume dropped 20% to KRW 79 trillion compared to KRW 100 trillion in fiscal year 2001. Equity underwriting volume, including underwriting volume for IPOs, was especially hard hit as it fell by 52% to KRW 6 trillion primarily because of the slump in the KOSDAQ market.

## >> Balance Sheet

Total assets decreased 50% to KRW 3,399.1 billion as of fiscal year-end 2002, from KRW 6,784.2 billion a year ago. This sharp drop in assets was attributable to a temporary increase in subscription deposits and loans for stock subscription related to the LG Card initial public offering in fiscal year 2001. Current assets stood at KRW 2,356.4 billion while non-current assets totaled KRW 1,042.7 billion.

Total liabilities amounted to KRW 2,310.0 billion as of year-end 2002, which were down 59% from last year's KRW 5,576.7 billion. Current liabilities as of fiscal year-end 2002 totaled KRW 1,833.2 billion while non-current liabilities were KRW 476.8 billion. Again, the sharp difference is attributable to a spike in subscription deposits and short-term loans related to the LG Card IPO in fiscal year 2001.

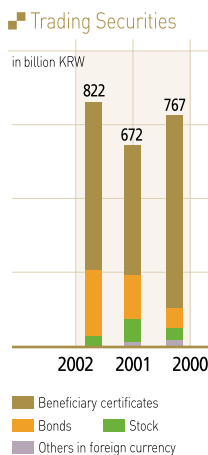
Total shareholders' equity stood at KRW 1,089.1 billion, which was down 10% from last year's KRW 1,207.4 billion. This was primarily due to a KRW 61.0 billion decrease in retained earnings to KRW 65.4 billion after posting a net loss in fiscal year 2002. In addition, a loss on valuation of investment securities due to a decline in equity markets resulted in a downward capital adjustment to KRW -247.9 billion in fiscal year 2002, from KRW -190.6 in the previous year. Paid-in capital and capital surplus remained unchanged from the previous year.

### Current Assets

Deposits and loans which rose during the LG Card IPO subscription process in fiscal year 2001, decreased in fiscal year 2002. Deposits fell to KRW 1,178.5 billion as of fiscal year-end 2002 from KRW 3,102.8 billion a year ago. Loans declined to KRW 20.1 billion as of end of fiscal year 2002 from KRW 682.1 billion the year before. On the other hand, trading securities rose 22% from the previous year to KRW 821.5 billion, primarily due to a temporary increase in redeemed beneficiary certificates in the wake of the SK Global scandal and the ongoing problems in the credit card sector. We plan to liquidate these assets as soon as the corporate bonds markets shows signs of a recovery.

### Non-Current Assets

Non-current assets decreased 24% to KRW 1,042.6 billion from KRW 1,377.9 billion in the previous year largely due to the continuous efforts to increase the liquidity of our non-current assets. Other non-current assets fell as loans to Daewoo Capital were converted to cash and marketable securities. Securities in affiliated companies decreased from the Company's sale of its holdings in Daewoo Bank Hungary and Daewoo Bank Romania.





### Current Liabilities

Current liabilities totaled KRW 1,833.2 billion, which was down 66% from last year's KRW 5,340.5 billion. Customers' deposits for subscription and short-term borrowings decreased by KRW 1,726.6 billion and KRW 1,569.7 billion, respectively. Customers' deposits for brokerage dropped by KRW 85.0 billion amid sluggish equity markets. Other current liabilities fell by KRW 214.7 billion mainly as corporate bonds held reached maturity.

### Non-Current Liabilities

Non-current liabilities rose 102% to KRW 476.8 billion from KRW 236.2 billion in the previous fiscal year. KRW 240.0 billion in corporate bonds that reached maturity were converted to subordinate bonds, accounting for KRW 240.6 billion increase in non-current liabilities. Reserves for severance and retirement benefits increased by KRW 7.8 billion to KRW 23.8 billion.

### Issuance of Debentures

Total debentures issued amounted to KRW 650.0 billion as of the end of March 2003. Of the total amount, KRW 200.0 billion have a maturity of less than one year while KRW 450.0 billion have a maturity of more than one year. Since the raising of our credit rating in April of 2002, the Company has been able to raise funds at 7.0-8.2%, or at an interest rate 1% less than that applied to bonds that have already reached maturity.

### Shareholders' Equity

Shareholders' equity stood at KRW 1,089.1 billion, which was down KRW 118.4 billion from the previous fiscal year. Retained earnings decreased by KRW 61.0 billion after posting a net loss in fiscal year 2002. Capital adjustment decrease of KRW 57.3 billion was mainly due to valuation losses in the amount of KRW 56.8 billion from holdings in Hanaro Telecom.

## &gt;&gt; Income Statement Overview

## ■ Operations Overview

(in billion KRW, billion accounts)

	FY2002	FY2001	FY2000
Stock brokerage	126,754	161,793	181,951
Bonds brokerage	50,143	58,828	63,015
Corporate bond underwriting	6,930	5,899	3,748
Client assets in beneficiary certificates	3,310	4,578	4,914
Assets under management*	14,602	22,021	14,316

\* Assets under management are valued at substitution price and refer to securities in custody (including beneficiary certificates) and deposits.

## ■ Profit and Loss Overview

(in billion KRW)

	FY2002	FY2001	FY2000
<b>Operating revenue</b>	<b>703 (100.0%)</b>	<b>814 (100.0%)</b>	<b>1,022 (100.0%)</b>
Commissions received	347 (49.4%)	475 (58.4%)	527 (51.5%)
Interest and dividends	127 (18.0%)	139 (17.1%)	181 (17.7%)
Gain on sales of trading securities	27 (3.8%)	58 (7.1%)	158 (15.4%)
Gain on derivatives transactions	170 (24.1%)	93 (11.4%)	105 (10.2%)
Gain on valuation of trading securities	16 (2.3%)	13 (1.6%)	41 (4.0%)
Others	17 (2.4%)	37 (4.5%)	12 (1.2%)
<b>Operating expenses</b>	<b>682 (100.0%)</b>	<b>867 (100.0%)</b>	<b>922 (100.0%)</b>
Commission expense	26 (3.9%)	32 (3.7%)	33 (3.6%)
Interest expense	87 (12.7%)	140 (16.1%)	164 (17.8%)
Loss on sales of trading securities	63 (9.2%)	51 (5.9%)	164 (17.8%)
Loss on derivatives transactions	157 (23.0%)	79 (9.1%)	83 (9.0%)
Loss on valuation of trading securities	20 (2.9%)	80 (9.2%)	33 (3.6%)
Selling and administrative expenses	330 (48.4%)	486 (56.1%)	445 (48.2%)

## Operating Revenue

### 1) Commission Received

Commission revenue posted KRW 347.1 billion, representing a 27% decrease from the previous year. This fall came amid a total drop in trading value in equity markets from KRW 1,000 trillion in fiscal year 2001 to KRW 847 trillion in fiscal year 2003. The Company's brokerage commissions fell from KRW 368.3 billion to KRW 282.2 billion this fiscal year as competition continued to put pressure on commission rates. Brokerage commissions generated from Korea Stock Exchange (KSE) decreased by 10% to KRW 206 billion, while commissions from the KOSDAQ fell by 45% to 75.6 billion, showing results commensurate to the performance of each market.

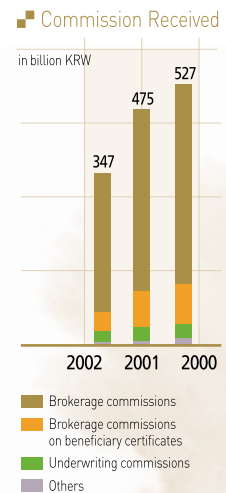
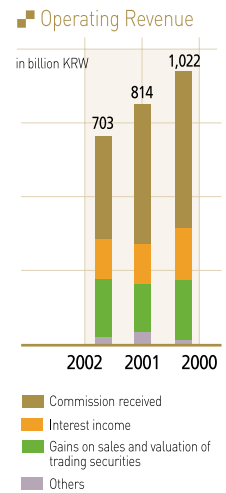
Despite the Company's involvement as lead manager in the IPO for LG Card Co., Ltd., NHN Corp., and Paradise Co., Ltd., underwriting commissions revenue decreased by KRW 5.8 billion to KRW 21.5 billion amid an overall contraction in the underwriting market. Brokerage commissions on beneficiary certificates fell by KRW 35.4 billion to KRW 37.6 billion in fiscal year 2002 due to competitive pressures on margins and the market aftershock caused by revelation of an accounting scandal at SK Global in mid-March of 2003.

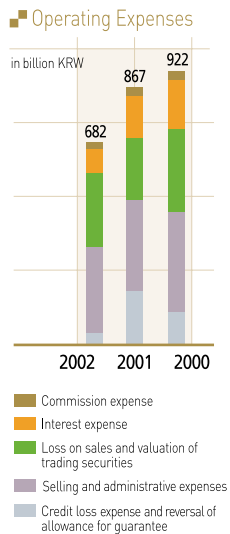
### 2) Interest Income

Interest on loans totaled KRW 3.2 billion, largely arising from loans extended for the subscription of shares in the LG Card IPO. Interest on bonds increased by KRW 10.9 billion due to interest payments received from the Daewoo Capital Corporate Restructuring Vehicle (CRV). Overall, however, total interest income fell 10% to KRW 121.2 billion as other interest income decreased by KRW 15.6 billion. Dividends income increased by KRW 0.9 billion to KRW 5.7 billion while distribution income fell from KRW 17.3 billion to KRW 2.4 billion in fiscal year 2002 due to the fall in market interest rates and the contraction in holdings of marketable beneficiary certificates.

### 3) Income from Trading Securities

Net income from trading securities increased to KRW -26.3 billion, from KRW -45.8 billion in the previous fiscal year. Although unsold beneficiary certificates increased slightly to KRW 568.4 billion in the aftermath of the SK Global accounting scandal, the Company's exposure to SK Global in terms of direct holdings and holdings in funds was paltry. Accordingly, valuation loss in beneficiary certificates and trading loss in debt securities was also small.





## Operation Expenses

### 1) Commission Expense

Commission expense decreased 17% to KRW 26.3 billion in fiscal year 2002 compared to KRW 31.6 billion the previous year. The fall is attributable to the lowering of trading commissions and investment consultant fees amid a weak market environment.

### 2) Interest Expense

Interest expense decreased 38% to KRW 86.6 billion from KRW 139.6 billion last year. This decline was attributable to one-time large interest payment for Daehan Investment Securities bridge call loans that were made in fiscal year 2001 but not the following year. Interest on debentures fell KRW 14.8 billion as 11% coupon corporate bonds were converted to 8% bonds.

### 3) Selling and Administrative Expense

Selling and administrative expenses decreased by 32% to KRW 329.8 billion in fiscal year 2002, from KRW 485.9 billion in fiscal year 2001. Excluding credit-loss expenses and reversal of allowance for guarantees, selling and administrative expenses decreased by about 5% to KRW 298.0 billion in fiscal year 2002 from KRW 314.2 billion in fiscal year 2001. Salary expenses decreased by KRW 4.6 billion to KRW 161.5 billion and advertising expenses fell by KRW 3.7 billion to KRW 12.4 billion. Tax and dues also decreased by KRW 4.4 billion from the previous year due to sluggish market conditions. Credit loss expense amounted to KRW 31.8 billion, compared to KRW 171.8 billion in fiscal year 2001. Excluding KRW 4.0 billion in credit loss expense arising from the transfer loans to Daewoo Capital and KRW 5 billion in reserves for the purchase amount in excess of net assets for Delta Info-Comm., the remaining KRW 22.7 billion in credit loss expense is considered to be normal for securities company's operations.

### 4) Non-Operating Income and Extraordinary Income

A non-operating loss of KRW 82.0 billion was posted in fiscal year 2002, compared to a non-operating income of KRW 78.9 billion in fiscal year 2001. The Company experienced a loss on the valuation of KRW 22.2 billion in the Stock Market Stabilization Fund as the KOSPI dipped to lower levels, compared to valuation gains of KRW 59.1 billion in fiscal year 2001. The sale of Daewoo Bank Hungary accounted for KRW 25.7 in loss on disposition of investment securities. Other non-operating expenses increased to KRW 63.0 billion as KRW 45.6 billion in reserves were set aside for lawsuits related to redemption of beneficiary certificates.

### 5) Income Tax Expense

Income tax expenses were not applicable in fiscal year 2002 due to losses carried over from fiscal year 1999, after the Daewoo Group crisis. Deferred income tax payments were not recognized due to the uncertainty of their disposition in the future. It is expected that income tax expenses will not be applicable for some periods.

6) Net Income

Operating income improved to KRW 21.7 in fiscal year 2002, compared to operating losses of KRW 52.4 billion in fiscal year 2001. However, due to significant non-operating expenses, fiscal year 2002 ended with a net loss of KRW 60.4 billion, compared to a net income of KRW 51.4 billion in fiscal year 2001.

>> Risk Management

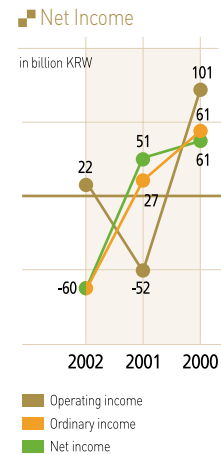
Daewoo Securities is committed to maintaining an asset management framework that can capture profit opportunities within a tolerable range of risk as well as uphold a sound financial structure through the effective risk management. The Company's risk management philosophy is grounded on the belief that profits can be maximized only when the interests of the shareholders and customers are protected.

To this end, a risk governance organization consisting of CEO, Risk Management Committee, Risk Management Department, and Risk Managers are actively involved in managing risks that accompany the deployment of the Company's assets. The Risk Management Department is responsible for establishing and implementing risk management policies and monitoring the Company's risks. It is an independent department that reports to management both regularly and on an ad hoc basis.

Additionally, the Company analyzes market risks using the Kamakura Risk Manager (KRM) module. It also uses a proprietary Enterprise Risk Manager (ERM) program to calculate a variety of risk indicators. In light of the increasing emphasis on operational risk, a special department was designated for the effective management and control of operational risk. The Company has established a procedural checklist of internal controls for each department and engages in regular training programs and seminars for risk management. Furthermore, the Company will apply two among three methods, namely the Standardized Approach and Internal Measurement Approach (IMA), to quantify and assess the Company's operational risk.

>> Capital Adequacy Ratio

As of March 2003, net working capital totaled KRW 1,168.3 billion while risk-weighted assets amounted to KRW 193.0 billion. As a result, the capital adequacy ratio increased by 73.4% to 605.3% in fiscal year 2002 from 349.1% in fiscal year 2001.



To the Board of Directors and Shareholders  
Daewoo Securities Co., Ltd.

We have audited the accompanying non-consolidated balance sheets of Daewoo Securities Co., Ltd. (hereafter, the Company) as of March 31, 2003 and 2002, and the related non-consolidated statements of operations, appropriations of retained earnings and cash flows for the years then ended, expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Daewoo Securities Co., Ltd. as of March 31, 2003 and 2002, and the result of its operations, the changes in its retained earnings and its cash flows for the years then ended in conformity with financial accounting standards generally accepted in the Republic of Korea.

As discussed in Note 19 to the non-consolidated financial statements, the Company has been named as a defendant as of March 31, 2003 in legal actions filed by twelve financial institutions with respect to redemption requests of beneficiary certificates amounting to approximately ₩601 billion. Those financial institutions requested the Company to redeem the beneficiary certificates, which they purchased through the sales agency of the Company, at carrying value of underlying assets at time of the request in accordance with a certain article of the related Investment Trust Act. However, the Company rejected the requests and offered that the redemption should be made based on fair value of the underlying assets because the fair value significantly declined as contrasted with the carrying value enough to invoke the fundamental principle of the Investment Trust Act that customers should bear losses from the beneficiary certificates. Such offer was not accepted, and resultantly, the redemptions have been delayed. The aforementioned cases, except for the Korean Teachers Pension's suit are pending as of March 31, 2003.

In case of the suit filed by the Korea Teachers Pension (total claim amount: ₩3,500 million), the first verdict was against the Company in February, 2003 on the ground that the Company missed to obtain the prior approval from the Financial Supervisory Service which was necessary in order to delay the redemption of beneficiary certificates for some reasons. The juridical decision was the Company should redeem the beneficiary certificates at the carrying value plus related overdue interest. However, the Company appealed to the high court because the management of the Company believes that thirteen cases, including this case will be with merit in that there had been the verdict for the other similar case in the high court that the prior approval from the Financial Supervisory Service was not a prerequisite.

Although the management believes that this case is with merit, the Company recognized related expense in accordance with the established regulation of the Financial Supervisory Service, amounting to ₩5,300 million, which the Company paid to the Korea Teachers Pension after the first verdict. In addition, a provision for losses of ₩45,600 million in connection with those cases has been charged to operations in the accompanying non-consolidated financial statements for 2003.

Meanwhile, based on the judgment and the confirmation from the Company's lawyer, the ultimate outcome of this matter cannot be clearly forejudged as of the audit report date due to its complexity involved in the conflict of interests between the principle of the Investment Trust Act and that of the old Investment Trust Act regarding the range of the Company's responsibility as the selling agency of the beneficiary certificates, the disagreement among each court on the requirement of the prior approval from the Financial Supervisory Service for postponing the redemption, the insufficiency of objective standards for qualifying the postponement of the redemption, including the abnormal devaluation of the underlying assets, the matter of the equality in redemption of the beneficiary certificates, as compared with similar previous repurchasing case of which underlying assets included dishonored corporate bonds issued by Daewoo Group in bankruptcy, and the different interpretation of the related law regarding the application of the principle for the beneficiary's equality, between individual investors and institution investors.

**SAMIL ACCOUNTING CORPORATION**

**PRICEWATERHOUSECOOPERS** 

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As discussed in Note 4 to the non-consolidated financial statements, after the "Daewoo Group Bankruptcy" in 1999, the Company repurchased beneficiary certificates related to Daewoo Group's bonds from customers, which amounted to ₩568,357 million as of March 31, 2003. The above beneficiary certificates are valued at the price, which were announced by the investment trust management companies. Subsequently, the Company amortized beneficiary certificates by ₩10,461 million due to the cooperate bonds, which were issued by ailing companies, including the Hynix Semiconductor Inc. In this regard, the Company classified those beneficiary certificates as current assets in accordance with the Financial Accounting Standards of the Republic of Korea as the management of the Company believes that they were evaluated down at the fair value and, accordingly, easily convertible for cash.

As discussed in Note 4 to the non-consolidated financial statements, trading securities as of March 31, 2003 include corporate bonds amounting to ₩90,700 million issued by local credit card and capital companies, which have difficulties in operations. Accordingly, those bonds also have trouble being traded in the market. The ultimate effect of this matter cannot presently be determined. Accordingly, these non-consolidated financial statements do not contain any adjustments in consideration of this uncertainty.

As discussed in Note 19 to the non-consolidated financial statements, in September 2000 the Company made a contract with a European bank regarding the transfer of rights related to offshore funds. Accordingly, in April 2001 the Company acquired the right of claiming performance of an obligation. On April 4, 2001, the Company filed a suit amounting to USD 127 million against Korea Investment Trust Management & Securities Company and Hyundai Investment Trust & Securities Co., Ltd. as a claim for compensation. The ultimate outcome of the case cannot presently be determined.

As discussed in Note 19 to the non-consolidated financial statements, on August 23, 2002, five million shares of Delta Inform-comm. Co., Ltd. were traded at ₩25,853 million through the customers' trade accounts on the Korean Securities Dealers Automated Quotation ("KOSDAQ") stock market as fictitious orders were made on line through the cyber order account. In this regard, the Company acquired the entire shares related to this accident in order to do its fiduciary duty, such as comply with the related laws and regulations, protect good faith investors, and stabilize the market. Meanwhile, the Company put trade accounts, deposit accounts and checks amounting to ₩18,166 million, ₩19,752 million and ₩2,500 million, respectively under provisional attachment in relation with this accident.

When acquiring those shares as described above, the Company recorded the proportional net asset value of the investee amounting to ₩8,600 million as the acquisition cost of the investment, and the excess amounting to ₩7,252 million as other non-current asset. The management of the Company believes that the non-current assets can be recovered through exercising the subrogation right as a large portion of the owners of the provisionally attached accounts were proved to be involved in the commitment of the crime. However, a provision for allowance for doubtful accounts amounting to ₩5,129 million, which is equivalent to 30% of that asset, has been charged to operations in the accompanying non-consolidated financial statements for 2003 in the consideration of all the related matters, including the timing of recovering that asset and probable difficulties in exercising the subrogation right.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those who are knowledgeable about Korean accounting principles or auditing standards and their application in practice.

Seoul, Korea, April 18, 2003

*Samil Accounting Corporation*

*This report is effective as of April 18, 2003, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.*

## Balance Sheets

as of March 31, 2003 and 2002

	In Thousands of Korean Won	
	2003	2002
<b>ASSETS</b>		
Current assets :		
Cash and bank deposits (Notes 3 and 6)	₩ 248,724,541	₩ 791,139,589
Deposits with KSFC (Note 3)	1,178,467,629	3,102,761,050
Trading securities (Notes 4 and 6)	821,534,058	671,717,563
Options purchased (Notes 2 and 5)	692,999	543,300
Loans to customers, net of allowance for doubtful accounts of ₩109,857 thousand in 2003 and ₩260,081 thousand in 2002 (Note 7)	19,975,688	681,869,590
Accounts receivable from customers, net of allowance for doubtful accounts of ₩4,711,910 thousand in 2003 and ₩2,754,405 thousand in 2002	43,676,791	107,024,071
Accrued income	12,846,567	29,979,593
Advance payments	10,585,157	10,541,350
Prepaid income tax	3,730,699	2,258,151
Prepaid expenses	1,289,271	1,394,731
Derivatives instruments assets (Notes 2 and 5)	239,858	900
Others	14,639,692	6,990,658
<b>Total current assets</b>	<b>2,356,402,950</b>	<b>5,406,220,546</b>
Investment securities (Notes 6 and 8)	489,266,413	400,959,753
Long-term deposits (Note 3)	98,000	111,000
Long-term loans, net of allowance for doubtful accounts of ₩541,221 thousand in 2003 and ₩458,993 thousand in 2002	24,520,293	34,052,559
Guarantee deposits	93,898,366	86,844,077
Other investment	5,198,803	5,572,695
Troubled loans, net of allowance for doubtful accounts of ₩98,727,976 thousand in 2003 and ₩94,710,319 thousand in 2002 and net of discount on present value (Notes 10 and 13)	45,757,818	67,794,807
Collective fund for default loss (Note 3)	11,225,909	10,439,660
Property, plant & equipment, net of accumulated depreciation (Note 9)	296,945,015	320,175,332
Others, net of allowance for doubtful accounts of ₩78,221,578 thousand in 2003 and ₩668,441,876 thousand in 2002 (Note 11)	68,148,312	444,459,736
Intangible assets	7,591,239	7,498,607
<b>Total assets</b>	<b>₩ 3,399,053,118</b>	<b>₩ 6,784,128,772</b>



## Balance Sheets

as of March 31, 2003 and 2002

	In Thousands of Korean Won	
	2003	2002
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities :		
Call money (Note 14)	₩ 45,000,000	₩ -
Short-term borrowings (Note 14)	78,000,000	1,647,675,086
Bonds sold under reverse resale agreements	89,244,565	34,148,830
Deposits from customers (Note 15)	1,266,006,316	3,085,792,099
Securities sold	929,534	4,126,640
Accrued expenses	24,942,285	36,297,512
Guarantee deposits received	7,510,768	8,982,367
Current portion of long-term debts (Note 16)	200,000,000	444,524,660
Derivatives instruments liabilities (Notes 2 and 5)	498,023	-
Others	121,042,994	78,933,493
<b>Total current liabilities</b>	<b>1,833,174,485</b>	<b>5,340,480,687</b>
Subordinated debentures, net of discount on debenture issued (Note 16)	449,786,163	200,000,000
Allowance for guarantees (Note 18)	2,006,933	12,544,858
Reserve for severance and retirement benefits (Note 17)	23,351,970	15,571,764
Others	1,678,617	8,088,734
<b>Total liabilities</b>	<b>2,309,998,168</b>	<b>5,576,686,043</b>
Commitments and contingencies (Note 19)		
Shareholders' equity :		
Capital stock, par value : ₩5,000,		
Authorized : 600,000,000 shares, Issued and outstanding (Note 20) :		
Common stock : 190,100,891 shares	950,504,455	950,504,455
Preferred stock : 14,075,750 shares	70,378,750	70,378,750
Capital surplus (Note 20)	250,723,794	250,723,794
Retained earnings (Note 21)	65,429,096	126,473,448
Capital adjustments (Note 24)	(247,981,145)	(190,637,718)
<b>Total shareholders' equity</b>	<b>1,089,054,950</b>	<b>1,207,442,729</b>
<b>Total liabilities and shareholders' equity</b>	<b>₩ 3,399,053,118</b>	<b>₩ 6,784,128,772</b>

## Statements of Operations

for the years ended March 31, 2003 and 2002

	In Thousands of Korean Won	
	2003	2002
<b>Operating revenue (Note 26) :</b>		
Commissions received	₩ 347,125,063	₩ 475,211,063
Interest and dividends	126,826,803	138,888,321
Gain on sales of trading securities	26,596,274	57,829,351
Gain on derivatives transactions	169,526,195	92,972,476
Gain on valuation of trading securities	16,444,921	12,739,129
Others	16,794,750	36,638,102
	<b>703,314,006</b>	<b>814,278,442</b>
<b>Operating expenses (Note 26) :</b>		
Commission expense	26,315,160	31,633,239
Interest expense	86,624,912	139,591,695
Loss on sales of trading securities	62,843,607	51,036,658
Loss on derivatives transactions	156,604,588	78,734,811
Loss on valuation of trading securities	19,469,095	79,604,921
Selling and administrative expenses (Note 31)	329,768,641	485,933,581
Others	5,791	111,800
	<b>681,631,794</b>	<b>866,646,705</b>
<b>Operating income (loss)</b>	<b>21,682,212</b>	<b>(52,368,263)</b>
<b>Other income (expenses) :</b>		
Office rental income	7,735,979	6,664,500
Gain on equity method valuation, net (Note 8)	9,786,552	10,543,650
Gain on foreign currency transactions, net	(38,735)	(431,072)
Gain on foreign exchanges translation, net	(4,094,505)	373,619
Gain on valuation of investment in stock market stabilization fund, net (Notes 2 and 8)	(22,203,911)	59,066,677
Loss on impairment of investment securities	(1,418,106)	(44)
Loss on disposition of tangible assets, net	(99,062)	(1,670,713)
Gain on disposition of investment securities, net (Note 8)	(16,097,709)	10,067,958
Gain on recovery of write-offs	2,283,235	50,405
Donations	(184,210)	(42,110)
Loss on contingency provision (Note 19)	(45,600,000)	-
Others, net	(12,107,155)	(5,769,948)
	<b>(82,037,627)</b>	<b>78,852,922</b>
<b>Ordinary income (loss)</b>	<b>(60,355,415)</b>	<b>26,484,659</b>
<b>Extraordinary gain (Note 29)</b>	₩ -	₩ 25,112,004
<b>Extraordinary loss</b>	<b>39,964</b>	<b>169,605</b>
<b>Income (loss) before income taxes</b>	<b>(60,395,379)</b>	<b>51,427,058</b>
<b>Income tax expense (Note 25)</b>	-	-
<b>Net income (loss) for the year</b>	<b>₩ (60,395,379)</b>	<b>₩ 51,427,058</b>
Income (loss) per share in Korean won (Note 27)	₩ (318)	₩ 271
Ordinary income (loss) per share in Korean Won (Note 27)	₩ (318)	₩ 139

## Statements of Appropriations of Retained Earnings

for the years ended March 31, 2003 and 2002

	In Thousands of Korean Won	
	2003	2002
Retained earnings before appropriations		
Unappropriated retained earnings carried-forward from prior year	₩ 86,942,056	₩ 14,742,952
Effect of valuation of equity-method investments (Note 8)	(648,973)	3,006,370
Net income	(60,395,379)	51,427,058
	25,897,704	69,176,380
Transfers from voluntary reserves		
Transfer from reserve for losses on securities transactions	17,765,689	17,765,689
	17,765,689	17,765,689
Appropriations of retained earnings		
Reserve for losses on securities transactions	21	13
	21	13
<b>Unappropriated retained earnings to be carried over to subsequent year</b>	<b>₩ 43,663,372</b>	<b>₩ 86,942,056</b>

## Statements of Cash Flows

for the years ended March 31, 2003 and 2002

	In Thousands of Korean Won	
	2003	2002
<b>Cash flows from operating activities :</b>		
<b>Net income (loss)</b>	<b>₩ (60,395,379)</b>	<b>₩ 51,427,058</b>
Transactions not involving operating cash flows:		
Provision for severance and retirement benefits	9,832,445	8,490,469
Depreciation	34,478,071	38,310,684
Provision for doubtful accounts	31,761,423	171,754,047
Loss from trading securities valuation	19,469,095	79,604,921
Loss (gain) on disposition of investments, net	16,097,709	(10,067,958)
Loss on impairment of investment securities	1,418,106	44
Loss (gain) on foreign exchanges translation, net	4,049,857	(299,441)
Loss (gain) on valuation of investment in stock market stabilization fund, net	22,203,911	(59,066,677)
Gain on trading securities valuation	(16,444,921)	(12,739,129)
Gain on equity method valuation	(9,786,552)	(10,543,650)
Amortization of present value discounts	(14,882,735)	(19,339,861)
Loss on contingency provision	45,600,000	-
Other	(10,479,656)	(19,072,143)
	<b>133,316,753</b>	<b>167,031,306</b>
Changes in operating assets and liabilities :		
Decrease (increase) in deposits with KSFC	1,928,094,505	(2,294,943,110)
Decrease (increase) in trading securities	(152,120,455)	32,175,694
Decrease (increase) in account receivables	61,389,775	(61,800,606)
Decrease (increase) in accrued income	18,103,103	(2,002,048)
Decrease (increase) in prepaid income tax	(1,472,547)	1,208,516
Decrease (increase) in troubled loans	35,093,467	(1,572,265)
Increase (decrease) in customers' deposits	(1,819,785,784)	2,186,428,921
Increase (decrease) in accrued expenses	(11,355,227)	16,010,965
Payments of severance and retirement benefits	(2,078,841)	(12,829,565)
Other	46,720,037	(53,044,150)
	<b>102,588,033</b>	<b>(190,367,648)</b>
	<b>₩ 175,509,407</b>	<b>₩ 28,090,716</b>

## Statements of Cash Flows

for the years ended March 31, 2003 and 2002

	In Thousands of Korean Won	
	2003	2002
<b>Cash flows from investing activities :</b>		
Decrease (increase) in broker's loans, net	₩ 662,031,195	₩ (660,874,355)
Disposal of investment securities	130,863,504	81,241,407
Decrease in long-term deposits	13,207	4,163,763
Decrease in long-term loans	11,789,500	43,692,132
Disposal of property and equipment	4,881,387	4,589,959
Acquisition of investment securities	(14,673,542)	(8,795,470)
Increase in long-term loans	(2,339,461)	(2,148,950)
Increase in guarantee deposits	(13,561,814)	(13,799,265)
Acquisition of property and equipment	(15,624,994)	(10,176,624)
Other	(10,468,206)	30,334,513
	<b>752,910,776</b>	<b>(531,772,890)</b>
<b>Cash flows from financing activities :</b>		
Increase (decrease) in call money, net	45,000,000	(141,000,000)
Increase (decrease) in short-term borrowings, net	(1,569,675,085)	1,381,399,214
Increase (decrease) in bonds sold under resale agreements	55,095,736	(51,154,165)
Issuance of subordinate debentures	450,000,000	200,000,000
Issuance of long-term debts	-	200,000,000
Repayment of current portion of long-term debts	(200,000,000)	-
Repayment of subordinated current portion of long-term debts	(244,524,660)	(423,472,020)
Other	(6,731,217)	(7,138,576)
	<b>(1,470,835,226)</b>	<b>1,158,634,453</b>
Increase (decrease) in cash and cash equivalents	(542,415,043)	654,952,279
Cash and cash equivalents at beginning of the year	791,139,589	136,187,310
<b>Cash and cash equivalents at end of the year</b>	<b>₩ 248,724,546</b>	<b>₩ 791,139,589</b>

## 1. The Company

Daewoo Securities Co., Ltd. (hereinafter, the Company) was originally incorporated in September 1970 under the name of Dong Yang Securities Co., Ltd. The Company was organized pursuant to the laws of the Republic of Korea to engage in securities trading. In September 1975, the Company's shares were listed on the Korea Stock Exchange and its outstanding capital stock as of March 31, 2003 is ₩1,020,883 million. The Company changed its name to Daewoo Securities Co., Ltd. and merged with Sambo Securities Co., Ltd. on December 19, 1983, and has 124 branches as of March 31, 2003.

Pursuant to resolutions of the board of directors in the period of 2000, Korea Development Bank became the major shareholder of the Company by acquiring all the unsubscribed common stocks.

As of March 31, 2003, the Company's major shareholders are as follows:

	Number of Shares	Percentage of Ownership (%)
Korea Development Bank	74,309,252	39.09
Hana Bank	3,130,000	1.65
Korea Exchange Bank	3,080,000	1.62
Chohung Bank	3,130,000	1.65
Woori Bank	3,130,000	1.65
Koram Bank	3,130,000	1.65
Kookmin Bank	3,040,000	1.60
Employees	2,712,203	1.43
POSTEL	3,711,900	1.95
Other	90,727,536	47.71
	190,100,891	100%

Under the Articles of Incorporation, the Company is authorized to issue convertible debentures and debentures with stock purchase options up to ₩1,200,000 million each. Through March 31, 2003, ₩150,000 million of convertible debentures and ₩250,000 million of subordinated convertible debentures have been issued. ₩141,460 million of convertible debentures have been converted into common stocks, and convertible debentures amounting to ₩8,540 million have been redeemed. In addition, ₩250,000 million of subordinated convertible debentures have been converted into common stocks.

Under the Articles of Incorporation, the Company is also authorized to grant stock options to the Company's employees and directors up to 15% of issued common stock. As of March 31, 2003, the number of granted stock options is 399,250 shares.

According to the Supervisory Regulation on Securities Companies prescribed by the Korean Securities and Exchange Law, the Company is restricted in ownership of securities issued by related parties, as well as in providing surety obligations or loans to related parties.

## 2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its financial statements in accordance with Financial Accounting Standards of the Republic of Korea, and the Supervisory Regulation on Securities Companies prescribed by the Korean Securities and Exchange Law are summarized below.

### Basis of Financial Statement Presentation

The official accounting records of the Company, on which the Korean language financial statements are based, are maintained in Korean Won in accordance with the laws and regulations of the Republic of Korea.

The Company maintains its official accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with financial accounting standards generally accepted in the Republic of Korea. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements.

Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. Certain information attached to the Korean language financial statements, that are not required for a fair presentation of the Company's financial position and results of operations, are not presented in the accompanying non-consolidated financial statements.

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

#### **Trading Securities**

The cost of trading securities is determined by the moving average method and securities sold are stated at sales value. If the costs of trading securities and sales value of securities sold are different from fair value, they are carried at fair value. The difference amount is recognized as current expense.

Trading securities other than bonds and beneficiary certificates are recorded at the closing price of relevant markets on the balance sheet date. If no closing price exists at the balance sheet date, the most recently available closing price is applied. Bonds are stated at fair value determined using the basic earning rate published by bond pricing institutions including the Korea Securities Dealers Association. Beneficiary certificates are stated at net realizable value considering the price published by investment trust management companies (see Note 4).

#### **Accounting for Derivatives**

The Company recorded assets and liabilities related to derivatives in the accompanying balance sheets and stated them at market value. Resulting net valuation gains or losses are included in operating revenues or expenses.

Stock index (interest rate) futures are recorded at footnote in balance sheets. Losses or gains on sales or settlement of stock index (interest rate) futures are recorded as operating expenses or revenue.

As of the beginning of contract, stock index options are stated at the value of long position or short position. Losses or gains on sales of stock index options or valuation of stock index options are recorded as operating expenses or revenue, respectively.

#### **Allowance for Valuation and Bad Debts**

Pursuant to supervisory regulations provided by the Korean Financial Supervisory Commission, the Company has classified receivable including loans to customers into the following five categories and provided an allowance for bad debts.

<b>Classification</b>	<b>The Ratio of Allowance for Bad Debt</b>
Current	over 0.5%
Special mention	over 2%
Substandard	over 20%
Doubtful	over 75%
Loss	100%

### Present Value Discount Account

Pursuant to the Supervisory Regulations for Securities Companies provided by the Korean Financial Supervisory Commission, if the difference between the nominal value and present value is material, as discounted at an appropriate interest rate, troubled loans restructured unfavorably under workout plans or other similar restructuring agreements are recorded at their present value.

Discounts are amortized using the effective interest rate method and recognized as interest income over the term of the related accounts.

### Investment Securities

All investments in equity and debt securities are initially carried at cost, including incidental expenses. In the case of debt securities, cost includes the premium paid or discount received at the time of purchase. The following paragraphs describe the subsequent accounting for investment securities by the type of security.

Investments in marketable equity securities of non-controlled investees are carried at fair value. Temporary changes in fair value are accounted for in the capital adjustment account, a component of stockholders' equity. Declines in fair value, which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in the capital adjustment account.

Investments in the stock market stabilization fund is stated at proportionate amount, among the net book value of stock market stabilization fund and the difference between the balance sheet amount and carrying value is shown as gain or loss on valuation of investment in stock market stabilization fund, and is reflected in current operations.

Investments in non-marketable equity securities of non-controlled investees are carried at cost, except for declines in the Company's proportionate ownership of the underlying book value of the investee which are anticipated to be permanent, which are recorded in current operations. Subsequent recoveries are also recorded in current operations up to the original cost of the investment.

Investments in equity securities of companies over which the Company exerts significant control or influence (controlled investees) are recorded using the equity method of accounting. Under the equity method, the Company records changes in its proportionate ownership of the book value of the investee as current operations, capital adjustments or adjustments to retained earnings, depending on the nature of the underlying change in book value of the investee.

Premiums and discounts on debt securities are amortized over the life of the debt using the effective interest method. Investments in debt securities, which the Company has the intent and ability to hold to maturity, are generally carried at cost, adjusted for the amortization of discounts or premiums. Declines in the fair value of debt securities that are anticipated to be permanent are recorded in current operations. Subsequent recoveries are also recorded in current operations up to the reduced cost of the investment.

### Property, plant and Equipment

Property, plant and equipment are recorded at cost except for upward revaluation in accordance with the Korean Asset Revaluation Law. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as described below.

	Estimated Useful Lives
Buildings	40 years
Vehicles	4 years
Furniture and equipment	4 years

Effective April 1, 2002, the Company elected to change its method of depreciation for newly purchased property, plant and equipment, from the half-year convention to a method which used monthly calculation for depreciation expense. As a result of the change in depreciation method, the depreciation expense decreased by ₩4,993 million for the year ended March 31, 2003.



### Intangible Assets

Intangible assets are stated at cost, net of accumulated amortization. Amortization is computed using the straight-line method over the following estimated economic lives.

	Estimated Economic Life
Development costs	4 years
Software	4 years
Others	5 years

### Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the exchange rates prevailing at the balance sheet date. Resulting exchange losses and gains are currently recognized.

### Accounting for Bonds Sold under Repurchase Agreements

Under the repurchase agreements, the Company recorded bonds sold under repurchase agreements at the amount of bonds sold, and such bonds are included in current liabilities. Also the Company recorded the difference between the repurchase price and the bonds sold price as interest from bonds sold under repurchase agreements.

Under the resale agreements, the bonds purchased under resale agreements are stated at acquisition cost and are included in current assets. The Company recorded the difference between the bonds resale price the acquisition cost as interest from bonds purchased under resale agreements.

### Reserve for Severance and Retirement Benefits

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company, based on their length of service and rate of pay at the time of termination. The accrued severance benefit liability represents the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the balance sheet date.

Actual payments of severance benefits during the years ended March 31, 2003 and 2002 were ₩2,079 million and ₩12,830 million , respectively.

### Deferred Income Taxes

The Company has adopted the deferred method of accounting for income taxes. Under this method, the future tax effects of temporary differences between the financial and tax bases of assets and liabilities are reflected in the balance sheet. As the realizability of future tax effects on temporary differences and indisposed accumulated deficits cannot be assured, the Company didn't recognize the deferred income tax asset.

### Stock Option

Compensation costs for stock options granted to employees and executive are recognized on the basis of fair value. Under the fair value basis method, compensation costs for stock option plans are determined using the option-pricing model, and the Company recognizes an equal amount of compensation expense over vesting period.

### 3. Restricted Cash and Deposits

Restricted cash and deposits as of March 31, 2003 and 2002, comprise the following:

	Millions of Won	
	2003	2002
Negotiable certificate of deposits	₩ 14,832	₩ -
Subscription deposits	-	1,727,300
Reserve for claims of customers' deposits	700	1,375,400
Reserve for claims of customers' deposits-trust	1,177,401	-
Long-term deposits	98	111
Collective fund for default loss	11,226	10,440
	₩ 1,204,257	₩ 3,113,251

Negotiable certificate of deposits are pledged as collateral for short-term borrowings and, accordingly, withdrawal of these deposits is restricted (see Note 14).

The customers' subscription deposits of newly issued or sold securities are in custody with the Korea Securities Finance Corporation and others.

Long-term deposits are subject to withdrawal restrictions for opening checking accounts under the Investment Advisor Act.

According to the Regulation on Securities Industry prescribed by the Korean Securities and Exchange Law, the Company is to deposit with the Korean Securities Financial Corporation (KSFC) on other banks the amount of deposits from customers for the customers' claims.

Pursuant to the Korean Securities and Exchange Law, collective fund for default loss is funded for compensating loss resulting from breaching securities in stock exchange.

### 4. Trading Securities

Trading securities, as of March 31, 2003 and 2002, comprise the following:

	Millions of Won	
	2003	2002
Stocks	₩ 32,800	₩ 86,463
Government & public bonds	181,753	134,227
Corporate bonds	37,931	15,277
Unsold beneficiary certificates	568,357	435,751
Other beneficiary certificates	693	-
	₩ 821,534	₩ 671,718

After the "Daewoo Group Bankruptcy" in 1999, the Company repurchased beneficiary certificates related to Daewoo Group's bonds from customers, which amounted to ₩568,357 million as of March 31, 2003. The above beneficiary certificates are valued at the price, which were announced by the investment trust management companies. Subsequently, the Company amortized these beneficiary certificates by ₩10,461 million due to the cooperate bonds, which were issued by ailing companies including the Hynix Semiconductor Inc. In this regard, the Company classified those beneficiary certificates as current assets in accordance with the Financial Accounting Standards of the Republic of Korea as the management of the Company believes that they were evaluated down at the fair value and, accordingly, easily convertible for cash.

Trading securities as of March 31, 2003 include corporate bonds amounting to ₩90,700 million issued by local credit card and capital companies, which have difficulties in operations. Accordingly, those bonds also have trouble being traded in the market. The ultimate effect of this matter cannot presently be determined. Accordingly, these non-consolidated financial statements do not contain any adjustments in consideration of this uncertainty.

## 5. Derivatives

Derivatives, as of March 31, 2003 and 2002, comprise the following:

	2003		Millions of Won	
				2002
Stock index futures (Long position)	₩	2,480	₩	-
Stock index futures (Short position)		-		27,570
Stock index option (Long position)		434		543
Stock index option (Short position)		248		1,136
Interest rate futures (Short position)		20,242		1,032
Currency forward (Long position)		7,601		-
Currency forward (Short position)		7,601		1,990

The Company has pledged trading securities amounting to ₩26,098 million and ₩21,218 million as collateral for futures and options proprietary trading as of March 31, 2003 and 2002, respectively.

## 6. Assets Denominated in Foreign Currency

Assets denominated in foreign currency as of March 31, 2003 and 2002, comprise the following:

	2003		2002	
	Thousands of U. S. Dollars	Millions of Korean Won	Thousands of U. S. Dollars	Millions of Korean Won
Asset:				
Bank Deposits	\$ 622	₩ 779	\$ 1,526	₩ 2,024
Stocks (Trading securities)	-	-	2,302	3,053
Bonds (Trading securities)	-	-	1,620	2,149
Accounts receivables	4,670	5,852	-	-
Other non-current asset	54,228	67,942	54,240	71,928
	\$ 59,520	₩ 74,573	\$ 59,688	₩ 79,154

Above assets are composed of multiple currencies and converted into U.S. Dollars using basic rate of exchange as of March 31, 2003 and 2002.

## 7. Loans

Loans as of March 31, 2003 and 2002 comprise the following:

	2003		Millions of Won	
				2002
Loans to customer:				
Broker's loans	₩	20,038	₩	682,069
Short-term loans		48		61
		20,086		682,130
Allowance for doubtful accounts		(110)		(260)
	₩	19,976	₩	681,870

## 8. Investment Securities

Investment securities, as of March 31, 2003 and 2002, comprise the following:

Investments	Ownership Percentage (%)	Acquisition Cost	Fair Value	2003	2002
				Book Value	Book Value
<b>(1) Non-marketable equity securities</b>					
Daewoo Capital CRV Co., Ltd.	23.97%	₩ 71,908	₩ 74,774	₩ 71,908	₩ -
Korea Securities Finance Corp.	4.05%	13,788	17,501	13,788	13,788
Korea ENC Securities Co., Ltd.	3.13%	800	603	800	800
Yuongheung Iron and Steel Co., Ltd.	19.58%	3,338	3,291	3,338	3,338
Korea Securities Depository	2.31%	1,217	7,182	1,217	1,217
Korea Securities Computer Corp.	4.07%	1,097	4,525	1,097	1,097
Daesung Meditech Co., Ltd.	0.30%	144	19	19	144
Other	-	4,944	5,822	4,149	6,071
		97,236	113,717	96,316	26,455
<b>(2) Marketable equity securities</b>					
Hanaro Telecom Inc.	4.55%	243,352	32,640	32,640	89,400
Keangnam enterprises Co., Ltd.	3.71%	7,467	1,741	1,741	3,280
Shin Won Development	1.38%	8,025	460	460	1,868
KP Chemical Co., Ltd.	1.33%	10,298	3,004	3,004	-
Cell Biotech Co., Ltd.	1.05%	720	132	132	720
Other	-	1,244	290	290	360
		271,106	38,267	38,267	95,628
<b>(3) Beneficiary certificates</b>					
C.E.D.F.	-	-	-	-	1,471
<b>(4) Investment in partnerships</b>					
Korea Stock Exchange	3.20%	1,784	19,890	1,784	1,784
Stock Market Stabilization Fund	13.95%	31,630	40,055	40,055	87,370
Other	-	-	-	-	887
		33,414	59,945	41,839	90,041
<b>(5) Securities in affiliated companies</b>					
Seoul Investment Trust Co., Ltd.	81.85%	17,350	21,158	21,158	16,052
Daewoo Bank (Hungary)	-	-	-	-	34,224
Daewoo Sec. (Europe) Ltd.	100.00%	18,628	25,683	25,683	27,531
Daewoo Sec. (America) Inc.	100.00%	9,621	14,468	14,468	14,820
Daewoo Sec. (Hong Kong) Ltd.	100.00%	7,775	17,929	17,929	21,117
Uz Daewoo Bank	55.00%	4,747	6,058	6,058	6,197
Daewoo Bank (Rumania) S.A.	-	-	-	-	21,266
Shanghai Woosang Investment Consulting Co., Ltd.	100.00%	1,338	1,138	1,138	1,326
Optimal Access Inv.	69.98%	3,845	8,106	8,106	3,717
Delta Info-Comm Co., Ltd.	68.12%	8,600	5,452	5,452	-
		71,904	99,992	99,992	146,250
<b>(6) Corporate bonds</b>					
	-	245,300	209,782	209,782	38,046
<b>(7) Other investments</b>					
	-	3,070	2,474	3,070	3,070
		₩ 722,030	₩ 524,177	₩ 489,266	₩ 400,961

Investment in marketable equity securities are valued at their fair value, and the resulting unrealized valuation losses of ₩232,839 million are recorded as a separate component of shareholders' equity ("capital adjustment").

Among securities in affiliated companies, Daewoo Bank (Hungary) Ltd. and Daewoo Bank (Rumania) S.A. are sold to Korea Development Bank and Giovanni Andrea Innocenti consortium, respectively. In this regard, the Company recognizes ₩24,115 million as a loss on disposition of investment securities and ₩8,902 million as a gain on disposition of investment securities.

Among marketable equity securities, 10,000 shares of Hanaro Telecom Inc. are pledged as collateral for investment security borrowing transaction to Korea Securities Depository.

As of March 31, 2003 and 2002, the investment securities in affiliated companies valued using the equity method are as follows (Millions of Won):

#### Current year

	Adjustments							Ending Balance
	Beginning Balance	Acquisition	Retained Earnings	Capital Adjustment	Valuation Gain (Loss)	Dividends		
Seoul Investment Trust Co., Ltd.	₩ 16,052	₩ -	₩ -	₩ -	₩ 5,106	₩ -	₩ 21,158	
Daewoo Bank (Hungary)	34,224	-	-	6,572	707	(41,503)	-	
Daewoo Securities (Europe) Ltd.	27,531	-	-	(1,503)	906	(1,251)	25,683	
Daewoo Securities (America) Inc.	14,820	-	-	(810)	458	-	14,468	
Daewoo Securities (Hong Kong)	21,117	-	-	(1,158)	463	(2,493)	17,929	
Uz Daewoo Bank	6,197	-	(649)	(479)	989	-	6,058	
Daewoo Bank (Rumania) S.A.	21,266	-	-	(2,189)	-	(19,077)	-	
Shanghai Woosang Investment Consulting Co., Ltd.	1,326	-	-	(76)	(112)	-	1,138	
Optimal Access Inv.	3,717	-	-	(86)	4,475	-	8,106	
Delta Info-Comm. Co., Ltd.	-	8,600	-	57	(3,205)	-	5,452	
	₩ 146,250	₩ 8,600	₩ (649)	₩ 328	₩ 9,787	₩ (64,324)	₩ 99,992	

For the equity method investees, except for Seoul Investment Trust Co., Ltd. and Delta Info-Comm. Co., Ltd., the equity method of accounting is applied based on their most recent available audited financial statements, as of December 31, 2002 on account of difficulties in closing books in advance of the Company's closing. The management of the Company believes that the differences between their net assets as of March 31, 2003 and those as of December 31, 2002 are not material.

#### Previous year

	Adjustments							Ending Balance
	Beginning Balance	Acquisition	Retained Earnings	Capital Adjustment	Valuation Gain (Loss)	Dividends		
Seoul Investment Trust Co., Ltd.	₩ 9,903	₩ -	₩ -	₩ -	₩ 6,149	₩ -	₩ 16,052	
Daewoo Bank (Hungary)	35,448	-	-	(2,037)	4,264	(3,451)	34,224	
Daewoo Securities (Europe) Ltd.	27,712	-	-	(326)	145	-	27,531	
Daewoo Securities (America) Inc.	15,919	-	-	(39)	(1,060)	-	14,820	
Daewoo Securities (Hong Kong)	18,953	-	-	(20)	2,184	-	21,117	
Uz Daewoo Bank	6,586	-	(37)	(2,567)	2,215	-	6,197	
Daewoo Bank (Rumania) S.A.	32,578	-	-	(483)	2,825	(13,654)	21,266	
Shanghai Woosang Investment Consulting Co., Ltd.	-	1,338	-	(12)	-	-	1,326	
Optimal Access Inv.	-	5,952	3,043	901	(6,179)	-	3,717	
Daewoo Capital Management Co., Ltd.	10,572	-	-	-	-	(10,572)	-	
	₩ 157,671	₩ 7,290	₩ 3,006	₩ (4,583)	₩ 10,543	₩ (27,677)	₩ 146,250	

As of March 31, 2003 and 2002, corporate bonds included in investment securities comprise the following:

	2003			Millions of Won 2002	
	Book Value	Allowance for Bad Debts	Net Book Value	Net Book Value	Net Book Value
Private placement bonds	₩ 227,900	₩ (18,118)	₩ 209,782	₩ 9,973	
Private placement convertible bonds	17,400	(17,400)	-	1,043	
Bonds with guarantees	-	-	-	26,490	
Convertible bonds	-	-	-	540	
	₩ 245,300	₩ (35,518)	₩ 209,782	₩ 38,046	

### 9. Property, Plant and Equipment

Property, plant and equipment as of March 31, 2003 and 2002, comprise the following:

	2003		Millions of Won 2002	
Buildings	₩	143,602	₩	143,602
Vehicles		98		89
Furniture and equipments		159,507		157,875
		303,207		301,566
Less: Accumulated depreciation		(143,976)		(122,528)
		159,231		179,038
Land		136,936		140,961
Construction-in-progress		603		-
Others		175		176
	₩	296,945	₩	320,175

As of March 31, 2003, the Company's land and buildings are pledged up to a maximum value of ₩215,000 million as collateral for borrowings to Korea Development Bank. However, at March 31, 2003, the balance of borrowings is cleared. In addition, some portion of building is pledged as collateral for guarantee for rent liabilities, up to maximum of ₩34,570 million.

As of March 31, 2003, buildings are insured against fire and other casualty losses up to approximately ₩143,752 million.

In accordance with the Asset Revaluation Law, the Company revalued a substantial portion of its property and equipment on July 1, 1998. The asset revaluation surplus amounting to ₩101,623 million was recognized and offset against accumulated deficits.

As of March 31, 2003 and 2002, the values of the Company's land, as announced by the Korean local government for property tax assessment purposes, approximate ₩106,146 million and ₩104,961 million, respectively.

### 10. Troubled Loans

Troubled loans as of March 31, 2003 and 2002 comprise the following:

	2003		Millions of Won 2002	
Advances for customers:				
Advances for payment on bonds guarantee	₩	2113,061	₩	2147,540
Advances for payment on loss compensation		3,799		3,564
Advances for payment for others		11,076		11,926
Dishonored bonds:		25,411		20,997
Dishonored bills receivable:		6		122
		153,353		184,149
Less: Present value discount account		(8,867)		(21,644)
Allowance for doubtful accounts		(98,728)		(94,710)
	₩	45,758	₩	67,795

## 11. Other Non-Current Assets

Details of other non-current assets as of March 31, 2003 and 2002 comprise the following:

	Companies	Millions of Won	
		2003	2002
Private placement bonds	Daewoo Capital Corporation	₩ -	₩ 774,400
Call loan	Daewoo Capital Corporation	-	180,000
Advances for compensation	Delta Info-comm. Co., Ltd.	17,252	-
Debt-to-equity swap credit	KOHAP Corporation, etc.	60,067	83,990
Other		69,051	74,511
		₩ 146,370	₩ 1,112,901

Meanwhile, other non-current assets as of March 31, 2002 included private placement bonds and the call loan of Daewoo Capital Corporation. During the current year, the proceeds from those assets according to the agreement regarding the incorporation of Daewoo Capital Corporate Restructuring Vehicle (Daewoo Capital CRV) for the normalization of Daewoo Capital Corporation is as follows (see Note 8).

	Millions of Won
Beginning balance	₩ 954,400
Recovered in cash	(99,216)
Stocks of Daewoo Capital CRV	(71,908)
Bonds of Daewoo Capital CRV	(206,723)
Offset by allowance	(576,553)
Ending balance	₩ -

According to the agreement regarding the incorporation of Daewoo Capital CRV, receivable amounting to ₩71,908 million was provided for the investment in Daewoo Capital CRV at ₩10,000 per share, and receivable amounting to ₩206,723 million was exchanged by corporate bonds of Daewoo Capital CRV.

## 12. Allowances for Bad Debts

Pursuant to supervisory regulations provided by the Korean Financial Supervisory Commission, the Company has classified receivable, including loan to customers into the following five categories and provided an allowance for bad debts. The details as of March 31, 2003 and 2002 are as follows (Unit: Millions of Won):

Current year

Accounts	Current	Special Mention	Substandard	Doubtful	Loss	Total
Loan to customer	₩ 20,077	₩ -	₩ -	₩ -	₩ 9	₩ 20,086
Account receivables	42,996	-	-	3,583	1,810	48,389
Accrued income	12,885	-	-	104	538	13,527
Long-term loan	24,644	-	-	-	418	25,062
Corporate bonds & other investments	206,723	4,177	-	-	34,400	245,300
Troubled loans	1,971	10,454	54,268	16,387	70,273	153,353
Other non-current assets	282	-	85,195	-	60,893	146,370
Totals	₩ 309,578	₩ 14,631	₩ 139,463	₩ 20,074	₩ 168,341	₩ 652,087

## Previous year

Accounts	Current	Special Mention	Substandard	Doubtful	Loss	Total
Loan to customer	₩ 44,512	₩ -	₩ -	₩ -	₩ 38	₩ 44,550
Account receivables	106,402	1,074	-	-	2,302	109,778
Accrued income	30,130	-	-	-	1,500	31,630
Long-term loan	34,205	-	-	307	-	34,512
Corporate bonds & other investments	-	26,376	16,717	43,400	632	87,125
Troubled loans	2,627	16,037	50,754	52,808	61,923	184,149
Other non-current assets	-	-	1,026,328	62,442	23,850	1,112,620
Totals	₩ 217,876	₩ 43,487	₩ 1,093,799	₩ 158,957	₩ 90,245	₩ 1,604,364

In the last three years, the allowance for doubtful accounts and percentage to total receivables are as follows (Unit: Millions of Won):

Date	Receivables Balances	Allowance for Doubtful Accounts(*)	Rates
March 31, 2001	1,535,925	726,020	47.27%
March 31, 2002	1,604,364	839,100	52.30%
March 31, 2003	652,087	228,221	35.00%

(\*) The amount includes present value discount account.

## 13. Present Value Discount Account

As of March 31, 2003 and 2002, troubled debts, which are restructured by reorganization plans, approved by the court or agreed to by creditors comprise the following (Unit: Millions of Won):

## Current year

Accounts	Period	Discount Rate (%)	Nominal Value	Present Value	Difference
Troubled loan	June 1998 ~ December 2011	8.0 ~ 14.0	₩ 40,744	₩ 31,877	₩ 8,867
Investments	December 2001 ~ September 2018	5.2	2,570	1,973	597
			₩ 43,314	₩ 33,850	₩ 9,464

## Previous year

Accounts	Period	Discount Rate (%)	Nominal Value	Present Value	Difference
Troubled loan	June 1998 ~ December 2011	8.0 ~ 14.0	₩ 73,794	₩ 52,150	₩ 21,644
Investments	December 2001 ~ September 2018	5.2	2,557	1,925	632
Account receivables	February 1999 ~ December 2003	12.35	1,175	1,074	101
			₩ 77,526	₩ 55,149	₩ 22,377

## 14. Short-Term Borrowings

Short-term borrowings as of March 31, 2003 and 2002, comprise the following:

	Present Annual Interest Rate (%)	Millions of Won	
		2003	2002
Bank borrowings	-	₩ -	₩ 150,000
Other short-term borrowings	-	-	886
Borrowing from KSFC	1.26 - 4.50	78,000	1,496,789
		78,000	1,647,675
Call money	4.35	45,000	-
		₩ 123,000	₩ 1,647,675

As of March 31, 2003, cash and bank deposits, trading securities, treasury stock and investments amounting to ₩115,890 million are pledged as collateral for repayment of the above borrowing from KSFC.



## 15. Deposits from Customers

Deposits from customers as of March 31, 2003 and 2002, comprise the followings:

	Millions of Won	
	2003	2002
Customers' deposits for brokerage	₩ 1,026,924	₩ 1,111,963
Customers' deposits for futures and options trading	83,830	85,123
Customers' deposits for subscriptions	-	1,726,632
Customers' deposits for savings	64,409	152,360
Customers' deposits for beneficiary	87,826	6,975
Other	3,017	2,739
	₩ 1,266,006	₩ 3,085,792

## 16. Debentures and Long-Term Borrowings

Debentures and long-term borrowings as of March 31, 2003 and 2002, comprise the followings:

	Annual Interest Rate (%)	The Terms of Redemption	Millions of Won	
			2003	2002
Unguaranteed public offering bond	-	2003.1.10	₩ -	₩ 200,000
Subordinate debentures (*)	6.28 ~ 8.20	2003.6.30 ~ 2005.1.13	650,000	444,525
			650,000	644,525
Less : Current portion of long-term debts			(200,000)	(444,525)
Discount on the debentures			(214)	(-)
			₩ 449,786	₩ 200,000

(\*) The redemption of subordinated debentures will be performed only after other indebtednesses are cleared up in case the Company goes into bankruptcy.

The annual maturities of long-term borrowings and debentures outstanding as of March 31, 2003 are as follows:

Year	Subordinated Debentures
April 1, 2004 ~ March 31, 2005	₩ 450,000

## 17. Reserve for Severance and Retirement Benefits

Reserve for severance and retirement benefits as of March 31, 2003 and 2002 are as follows:

	Millions of Won	
	2003	2002
Beginning balance	₩ 16,015	₩ 20,451
Provisions	9,833	8,490
Severance payments	(2,079)	(12,830)
Other	-	(96)
	23,769	16,015
Less : National pension fund for severance and retirement benefits	(417)	(443)
	₩ 23,352	₩ 15,572

### 18. Allowance for Guarantees

As of March 31, 2003 and 2002, the details of guarantees offered by the Company and the related allowance are as follow:

Classification	2003		2002	
	Guaranteed Amount	Allowance	Guaranteed Amount	Allowance
Normal	₩ -	₩ -	₩ -	₩ -
Precautionary	37,380	748	37,426	748
Substandard	6,297	1,259	8,505	1,701
Doubtful	-	-	10,740	10,096
Estimated loss	-	-	-	-
Others (*)	17,800	-	60,165	-
Total	₩ 61,477	₩ 2,007	₩ 116,836	₩ 12,545

(\*) The portion of guarantees on the bonds acquired by the Company

### 19. Commitments and Contingencies

As of March 31, 2003, the Company has entered into bank overdraft agreements for borrowings up to ₩139,000 million with five banks, including Shinhan Bank.

As of March 31, 2003 and 2002, the Company's total contract amounts for derivatives are ₩39,269 million and ₩32,270 million respectively.

As of March 31, 2003, the Company has pledged a blank note to LG Card Co., Ltd. as collateral for the capital lease execution guarantee and a blank note to the Korea Securities Finance Corporation as collateral for borrowings.

As of March 31, 2003, the Company has been sued in a number of (total claim amount: ₩39,699 million) cases, except for claims for compensation loss on the beneficiary certificates mentioned below. The ultimate outcome of the cases cannot presently be determined and accordingly, no adjustment has been made in the accompanying non-consolidated financial statements.

As of March 31, 2003, the Company has been named as a defendant in legal actions filed by twelve financial institutions with respect to redemption requests of beneficiary certificates amounting to approximately ₩601 billion. Those financial institutions requested the Company to redeem the beneficiary certificates, which they purchased through the sales agency of the Company, at carrying value of underlying assets at time of the request in accordance with a certain article of the related Investment Trust Act. However, the Company rejected the requests, and offered that the redemption should be made based on fair value of the underlying assets because the fair value was significantly declined as contrasted with the carrying value enough to invoke the fundamental principle of the Investment Trust Act that customers should bear losses from the beneficiary certificates. Such offer was not accepted, and resultantly, the redemptions have been delayed. The aforementioned cases, except for the Korean Teachers Pension's suit are pending as of March 31, 2003.

In case of the suit filed by the Korea Teachers Pension (total claim amount: ₩3,500 million), the first verdict was against the Company in February 2003, on the ground that the Company missed to obtain the prior approval from Financial Supervisory Service which was necessary to delay the redemption of the beneficiary certificates. Accordingly, the Company should redeem the beneficiary certificates at the carrying value plus related overdue interest. However, the Company appealed to the high court, because the management of the Company believes that thirteen cases, including this case, will be with merit in that there was the verdict for the other similar case in the high court that the prior approval from the Financial Supervisory Service was not a prerequisite.

Although the management believes that this case is with merit, the Company recognized related expense in accordance with the established regulation of the Financial Supervisory Service, amounting to ₩5,300 million, which the Company paid to the Korea Teachers Pension after the first verdict. In addition, a provision for losses of ₩45,600 million in connection with those cases has been charged to operations in the accompanying non-consolidated financial statements for the year ended December 31, 2003.

During the current year, the Company's employee embezzled the deposits from customers of Yonje Credit Union and the Gupo Credit Union fund amounting to approximately ₩17,800 million. Meanwhile, the Gupo Credit Union filed a suit against the Company claiming the payment for subordinate bonds amounting to ₩3,500 million and related interest, and this case is pending in court as of March 31, 2003. However, the ultimate outcome of this case cannot presently be determined, and no adjustment has been made to the accompanying financial statement for the year ended March 31, 2003, accordingly.

In September 2000 the Company made a contract with a European bank regarding the transfer of rights related to offshore funds. Accordingly, in April 2001 the Company acquired the right of claiming performance of an obligation. On April 4, 2001, the Company filed a suit amounting USD 127 million against Korea Investment Trust Management & Securities Company and Hyundai Investment Trust & Securities Co., Ltd. as a claim for compensation. The ultimate outcome of the case cannot presently be determined.

On August 23, 2002, five million shares of Delta Info-Comm. Co., Ltd. were traded at ₩25,853 million on the Korean Securities Dealers Automated Quotation ("KOSDAQ") stock market as the fictitious orders were made on line through the cyber order account. In this regard, the Company acquired the entire shares related to this accident in order to do its fiduciary duty, such as comply with the related laws and regulations, protect good faith investors, and stabilize the market. Meanwhile, the Company put trade accounts, deposit accounts and checks, which are believed to be used and related to this accident amounting to ₩18,166 million, ₩19,752 million and ₩2,500 million, respectively under provisional attachment.

When acquiring those shares as described above, the Company recorded the proportional net asset value of the investee amounting to ₩8,600 million as the acquisition cost of the investment, and the excess amounting to ₩17,252 million as other non-current asset. The management of the Company believes that the other non-current asset can be recovered through exercising the subrogation right as a large portion of owners of the provisionally attached accounts amounting to ₩40,418 million were proved to be involved in the commitment of the crime. However, a provision for allowance for doubtful accounts amounting to ₩5,129 million, which is equivalent to 30% of that asset, has been charged to operations in the accompanying non-consolidated financial statements for 2003 in the consideration of all the related matters, including the timing of recovering that asset and probable difficulties in exercising the subrogation right.

On April 20, 2002, the Financial Supervisory Committee ordered the Company to cease the operation of the branch in Andong City for its employees' manipulation of the prices by illegally trading with trusted fund. In addition, the Financial Supervisory Service ordered the Company to stop opening the new cyber order account for a month, October 2002.

During the current year, the Company entered into the contract for sale of the stock and the transfer of the right of management related to Daewoo Bank (Hungary) Ltd. ("DBH") with Korea Development Bank. According to the contract, the Company provides guarantees for the certain portion of contingent losses arising from off-balance sheet liabilities ("ordinary contingent liabilities") of DBH for two years from the date of the transfer of management. Under the contract, the Company should provide the whole amount guarantees for losses arising from off-balance sheet liabilities due to DBH's intentional or material negligence, and the excess amount over HUF 2,500,000 per a transaction due to unintentional or immaterial negligence.

In addition, as for contingencies ("specific contingent liabilities") agreed upon in the contract, the Company should settle the difference between the fixed amount of losses and the allowance provided amounting HUF 970,275,000 when contingent situations cease to exist. Accordingly, fixed liabilities amounting to ₩3,001 million was charged to operations in the accompanying non-consolidated financial statements for the year ended March 31, 2003.

In response to the generally unstable economic conditions, the Korean government and the private sector have been implementing structural reforms to historical business practices. Implementation of these reforms is progressing, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The Company may be either directly or indirectly affected by these generally unstable economic conditions and the reform program described above. The accompanying non-consolidated financial statements reflect management's assessment of the impact to date of the economic situation on the financial position of the Company. Actual results may differ materially from management's current assessment.

## 20. Capital Stock and Capital Surplus

The changes in capital stock and capital surplus during the current year are as follows:

Year	Millions of Won		
	Common Stock	Preferred Stock	Capital Surplus
At the beginning of the prior year	₩ 771,941	₩ 70,379	₩ 173,282
Conversion of convertible debentures (November 16, 2001)	178,563	-	77,442
At the end of the prior year	950,504	70,379	250,724
During the current year	-	-	-
End of the current year	₩ 950,504	₩ 70,379	₩ 250,724

Preferred stock is non-participating, non-cumulative and non-voting. The Company can issue preferred stock that can be converted into common stock with a time limit.

## 21. Retained Earnings

Retained earnings as of March 31, 2003 and 2002, comprise as following:

Appropriated	Reference	Millions of Won	
		2003	2002
Reserve for loss on securities transaction	(A)	₩ 17,766	₩ 35,531
Reserve for loss on futures trading	(B)	-	-
Reserve for financial structural improvement	(C)	4,000	4,000
Unappropriate:		43,663	86,942
		₩ 65,429	₩ 126,473

(A) In accordance with the Korean Securities and Exchange Law, the Company has provided a reserve for losses on securities transactions until March 31, 2001. However, the accumulated reserve for losses on securities transactions should be transferred to unappropriated retained earning during three years from prior period since related regulations were abolished. If any, the reserve may be transferred to common stock or used to offset accumulated deficit.

(B) The Korean Futures Trading Act requires the Company to appropriate an amount to available retained earnings as a reserve for losses on futures trading every financial period. If available retained earnings are more than 0.1% of brokerage commissions, reserve for losses on futures trading is equal to 0.1% of brokerage commissions. This reserve may only be utilized for compensating for losses of assigner, which losses are responsible for the Company's directors and employees, if any. Unless this reserve is utilized over three financial years after providing, it should be transferred to unappropriated retained earning.

(C) Up to 2001, the Tax Exemption and Reduction Control Law requires the Company to appropriate, as a reserve for business rationalization, an amount equal to the exemption of income taxes resulting from restructuring tax credit and certain deductions from taxable income specified by such law.

## 22. Offset Deficit

With the approval of general shareholders' meeting as of May 27, 2000, the Company's disposition of undisposed deficit comprises the following:

	Millions of Won
(1) Undisposed deficit	₩ 1,236,184
(2) Disposition of deficit	1,236,184
1. Capital surplus	995,564
2. Retained earnings	240,620
(3) Undisposed accumulated deficit to be carried over to subsequent year	₩ -

## 23. Stock Options

The Company granted stock options to some of its directors and employees as follows:

	Provision 1	Provision 2
Dates of provision	June 2000	August 2001
Option type	Stock option or Stock right	Stock option or Stock right
Number of shares granted	340,000 shares	98,000 shares
Number of shares exterminated	38,750 shares	-
Number of shares as of balance date	301,250 shares	98,000 shares
Condition	Service until June 2002	Service until August 2003
Exercise price	₩ 7,000	₩ 8,900
Period of exercise	June 3, 2003 ~ June 2, 2010	August 24, 2003 ~ August 23, 2008

During the current year, the Company recognized ₩684 million as compensation expense and will recognize ₩92 million as compensation expense in the aggregate in the following fiscal years.

The fair value model is used to estimate the value of option and compensation expense, which is based on fair value of the option using the Black-Scholes Model, and the value is determined by the assumptions described below:

	Provision 1	Provision 2
Risk free interest rate	8.07 %	5.07 %
Expected term of exercise	10 years	7 years
Expected volatility of the stock option	72.71 %	73.05 %

## 24. Capital Adjustments

As of March 31, 2003 and 2002 capital adjustments are as follows:

	Millions of Won	
	2003	2002
Treasury stock	₩ (32,970)	₩ (32,970)
Loss on valuation of investment securities (Note 8)	(216,775)	(158,748)
Reserve for stock options (Note 23)	1,764	1,080
	₩ (247,981)	₩ (190,638)

As of March 31, 2003, the Company owned 1,796,320 shares of preferred stock as treasury stock.

## 25. Income Taxes

Income taxes for the years ended March 31, 2003 and 2002 comprise the following:

	Millions of Won	
	2003	2002
Current income taxes	₩ -	₩ -
Deferred income taxes	-	-
Income tax benefits	₩ -	₩ -

The following table reconciles the Company's pretax income to the taxable income for the years ended March 31, 2003 and 2002.

	Millions of Won	
	2003	2002
Income before taxes	₩ (60,396)	₩ 51,427
Permanent differences	3,421	1,944
Temporary differences	(896)	(88,601)
Loss carry-forwards	₩ (57,871)	₩ (35,230)

The details of deferred taxes as of March 31, 2003 are as follows (Unit: Millions of Won):

Account	Beginning Balance	Increases	Decreases	Ending Balance	Deferred Income Tax Assets
Accrued interest receivables	₩ (1,302)	₩ (4,006)	₩ 1,302	₩ (4,006)	₩ (1,190)
Gain on valuation of trading securities	(44,054)	(15,800)	12,058	(47,796)	(14,195)
Loss on valuation of trading securities	189,888	19,469	(86,795)	122,562	36,401
Investment securities impairment loss	45,604	1,418	(4,353)	42,669	12,673
Gain on valuation of investment securities (stock market stabilization fund)	(30,629)	22,204	-	(8,425)	(2,502)
Loss on contingency provision	-	45,600	-	45,600	13,543
Present value discount account	22,377	-	(12,913)	9,464	2,811
Affiliated company securities	(26,873)	(6,042)	32,714	(201)	(60)
Land revaluation surplus	(46,912)	-	2	(46,910)	(13,932)
Allowance for payment guarantee	12,545	-	(10,538)	2,007	596
Others	17,013	5,696	(912)	21,797	6,473
Accumulated temporary differences	137,657	68,539	(69,435)	136,761	40,618
Operating loss carry forward	806,673	57,871	(11,331)	853,213	253,404
	₩ 944,330			₩ 989,974	294,022
				Valuation allowance	(294,022)
					₩ -

As the realizability of future tax effects on temporary differences and operating loss carry-forwards cannot be assured, the Company does not recognize the tax benefits from operating loss carry-forwards and accumulated temporary differences.

The maturities of the future tax effects of temporary differences and operating loss carry-forwards that were not recognized as deferred income tax assets are as follows:

	Millions of Won		Carry-forward Period limitation
	Temporary Difference, etc.	Deferred Income Tax Assets	
Deferred tax assets from temporary difference	₩ 136,761	₩ 40,618	-
Deferred tax assets from undisposed accumulated deficit			
March 31, 2000	300,358	89,206	March 31, 2005
March 31, 2001	458,333	136,125	March 31, 2006
March 31, 2002	36,651	10,885	March 31, 2007
March 31, 2003	57,871	17,188	March 31, 2008
	853,213	253,404	
	₩ 989,974	₩ 294,022	

## 26. Related Party Transactions

Significant transactions with related parties for the years ended March 31, 2003 and 2002 are summarized as follows:

### Current year

	Millions of Won			
	Revenue	Expenses	Receivables	Payables
Daewoo Sec. (Europe)	-	₩ 165	₩ -	₩ -
Daewoo Sec. (America)	-	203	-	-
Daewoo Sec. (Hong Kong)	-	1,055	-	-
The Korea Development Bank	2,212	36,618	113,761	210,991
Delta Info-Comm. Co., Ltd.	-	-	-	1,295

### Previous Year

	Millions of Won			
	Revenue	Expenses	Receivables	Payables
Daewoo Sec. (America)	-	₩ 364	₩ -	₩ -
Daewoo Sec. (Hong Kong)	-	352	-	-
Daewoo Bank (UZ)	-	1,140	-	-
The Korea Development Bank	8,134	9,595	212,752	204,550
Daewoo Bank (Rumania)	469	-	-	-

## 27. Loss per Share

Loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the years ended March 31, 2003 and 2002. Ordinary loss per share is computed by dividing ordinary loss, after adjustment of extraordinary gains or losses and related income taxes, by the weighted average number of common shares outstanding for the year ended March 31, 2003.

Ordinary loss per share and loss per share, for the years ended March 31, 2003 and 2002, are calculated as follows:

	Millions of Won	
	2003	2002
Ordinary income (loss)	₩ 60,355,414,767	₩ 26,484,659,046
Weighted average number of common shares outstanding(*)	190,100,891	190,100,891
Ordinary gain (loss) per share	₩ (318)	₩ 139

	Millions of Won	
	2003	2002
Net income (loss)	₩ (60,395,379,159)	₩ 51,427,058,228
Weighted average number of common shares outstanding	190,100,891	190,100,891
Gain (loss) per share	₩ (318)	₩ 271

Stock purchase options, which may be converted into the Company's common stock, have no dilution effect. Accordingly, diluted income per share is not presented.

## 28. Offshore Funds

As of March 31, 2003 and 2002, offshore funds of the Company are as follows (Unit: USD):

Fund Name	Location	Ratio of Shareholding	Net Asset Value as of March 31, 2003	Total Borrowings as of March 31, 2003
Optimal Access Inv.	Malaysia	69.98%	US\$ 9,245,369	US\$ -

2003		2002	
Money Invested by the Company	Net Asset Value (the Company's Portion)	Net Asset Value (the Company's Portion)	Net Asset Value (the Company's Portion)
US\$ 3,305,755	US\$ 6,469,909	US\$ 2,809,618	

The Optimal Access Inv. has subsidiary fund (Legend Inv.).

## 29. Gain on Debt Exemption

In 1999, the Company accepted ₩200,000 million note receivables from the Daewoo Group of companies and in turn issued a ₩200,000 million note to Daehan Investment Trust Management & Securities Co., Ltd.(DITS). The proceeds from the note were passed from DITS to the Daewoo Group of companies through the Company. The Daewoo Group of companies has defaulted on the note to the Company, and the Company filed lawsuits for provisional arrangement to prohibit DITS from exercising its rights on the note issued by the Company, as the Company intended to serve as a only bridge in relation to call loans from DITS to the Daewoo Group of companies. However, as the Company and DITS accepted arbitration of court in 2001, the Company recognized a gain on debt exemption, consisting of 10% of principal, amounting to ₩20,000 million and ₩2,676 million of payable interest as an extraordinary gain in the prior period. Additionally, the Company recognized ₩48,000 million of bad debt expense on note receivables in 2002.



### 30. Securities in Custody

As of March 31, 2003 and 2002, the securities in custody which are owned by the customers related are as follows:

Accounts	Millions of Won	
	2003	2002
Trustor securities in custody	₩ 9,627,656	₩ 13,910,503
Saver securities in custody	290,417	542,470
Beneficiary securities in custody	3,309,863	4,577,836
Other securities in custody	108,453	44,166
Depreciation	34,478	38,311

### 31. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended March 31, 2003 and 2002 comprise the following:

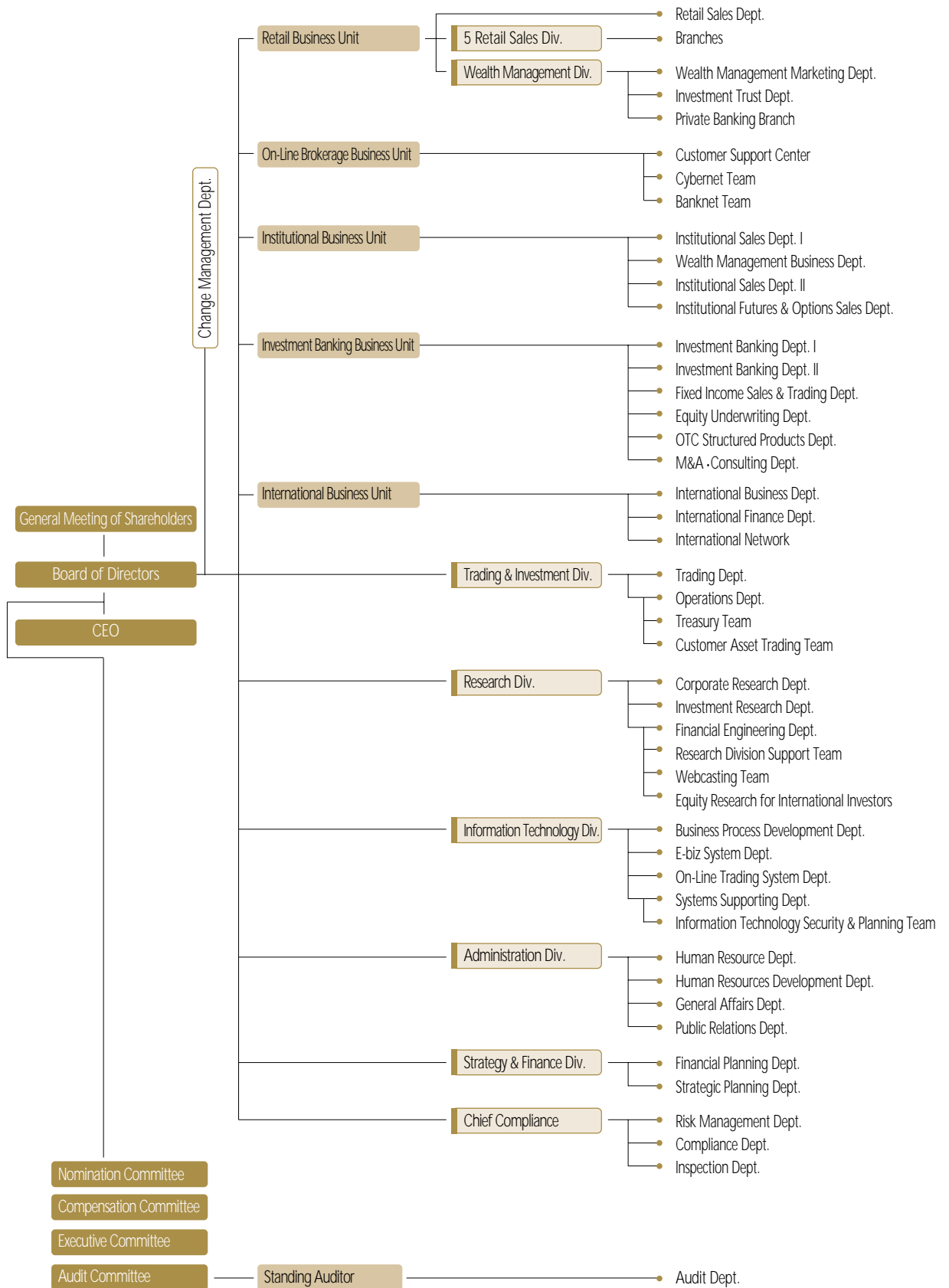
Accounts	Millions of Won	
	2003	2002
Salary	₩ 83,138	₩ 76,542
Other benefits for employees	68,523	81,096
Computer system operation expenses	24,570	25,363
Rental expenses	14,415	14,945
Advertising expenses	12,437	16,107
Depreciation	34,478	38,311
Credit loss expense	31,761	171,754
Others	60,447	61,816
	₩ 329,769	₩ 485,934

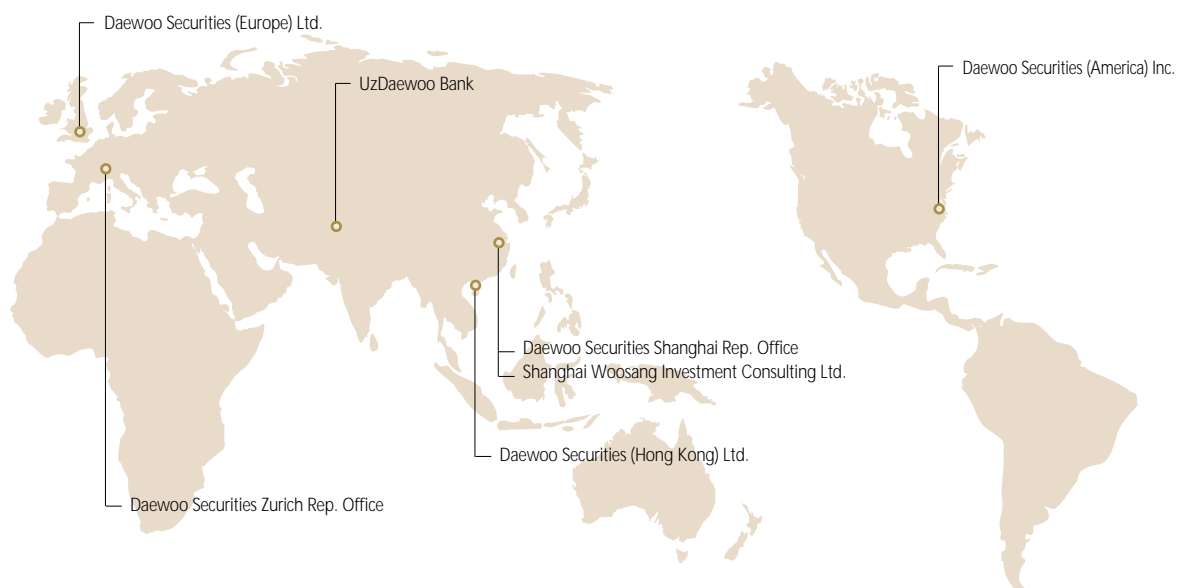


CEO & President	<b>Jong-Soo Park</b>	
Standing Auditor	<b>Pyung-Ki Moon</b>	
Executive Managing Director	<b>Nam-In Kim</b>	Head of Investment Banking Business Unit
Managing Director	<b>Seung-Kyun Park</b>	Head of Institutional Business Unit
Independent Director	<b>Yong-Tae Kim</b>	Former Auditor of Kia Steel Company
Independent Director	<b>Shin-Mo Chung</b>	Chairman of I LOVE CO.
Independent Director	<b>Choong-Min Han</b>	Professor of Hanyang University
Independent Director	<b>Yong-Sung Kim</b>	CEO of Neoplux Capital

(as of June 2003)

- 1 Standing Auditor, 1 Chief Compliance  
 - 5 Business Units, 12 Divisions, 36 Departments, 18 Teams  
 - 120 Branches, 1 Private Banking Branch, 1 Office





Company	Address	Telephone No.
Daewoo Securities (Europe) Ltd.	41st Flr., Tower 42, 25 Old Broad Street, London EC2N 1HQ, U.K.	44-20-7982-8000
Daewoo Securities (America) Inc.	101 East 52nd Street, Manhattan Tower, 28th Flr., New York, NY 10022, U.S.A.	1-212-407-1000
Daewoo Securities (Hong Kong) Ltd.	Suite 816-819, Jardine House, 1 Connaught Place, Central, Hong Kong, China	852-2845-6332
UzDaewoo Bank	1 Pushkin Street, Tashkent, 700000, Uzbekistan	998-71-1208000
Daewoo Securities Zurich Rep. Office	Gessnerallee 28, CH-8001, Zurich, Switzerland	41-1-212-2500
Daewoo Securities Shanghai Rep. Office	Room 409, Pacheer Commercial Centre No. 555, Nanjing Road (West), Shanghai, P.R.C. 20041, China	86-21-6215-5776
Shanghai Woosang Investment Consulting Co., Ltd.	Room 409, Pacheer Commercial Centre No. 555, Nanjing Road (West), Shanghai, P.R.C. 20041, China	86-21-6215-5776



